

FINANCE COMMITTEE MINUTES

JANUARY 16, 2014

The meeting was called to order by Chairman Berbee at 4:00 p.m.

MEMBERS PRESENT: Henk Berbee, Mark Reams, J.R. Rausch

OTHERS PRESENT: Terry Emery, Jenny Chavarria, Tim Aslaner

CITIZENS PRESENT: Nevin Taylor

REPORTERS PRESENT: Ryan Horns-Journal Tribune

REORGANIZATION: Mr. Rausch nominated Mr. Berbee as Chairman, seconded by Mr. Reams. Affirmative voice vote was unanimous. Mr. Berbee is Chairman.

APPROVAL OF MINUTES: The minutes for the meeting on December 12, 2013 were approved as presented.

AGENDA:

- o **Monthly Budget Review and Accept December Financials**

Ms. Chavarria reported that 2013 General Fund Revenues were about \$930,000 more than anticipated, mainly due to income tax revenues being higher than expected. Income tax ended the year at just over \$14M, which is \$783,000 more than anticipated.

Expenditures were 1.7% less than anticipated.

Sewer Fund - Charges for services. Receipts were \$268,000 more than 2012, which is only 3.2% more. Contributing to that was the 1% increase in the sewer rate that was effective January 1, 2013. Total usage for 2013 was up 2% from 2012, mainly due to our main user, whose usage was 4.2% higher.

Expenditures were slightly less than anticipated. Capacity fees exceeded previous years. Capacity fees were higher, and Jerome Village took advantage of the decrease in tap-in fees, plus other users tapped in last year.

Water Fund – Charges for services were down compared to 2012, due to a decrease in overall usage. It was a wet summer. Overall, we were about \$280,000 less than 2012.

Expenditures were about 12.8% lower than budgeted for the year. Capacity fees were higher.

Mr. Berbee said that he happened to talk to an installer of the AMI system and was told there are about 500 more units to be installed. Staff was unsure of the number, but felt it was less than that. Mr. Berbee asked how the billing was going. Ms. Chavarria said that training has been held the last three days. Training consisted of learning the software that would detect high usage or leaks. Mr. Emery will get an update on the whole process and report back at the next Finance Committee meeting.

Ms. Chavarria noted that the Sewer and Water Fund have the revenue coverage ratio that is required to meet the debt covenants, and both the Water and Sewer Fund met coverage on a cash basis last year.

Mr. Berbee asked about a note renewal in January. Ms. Chavarria said that was done, and the interest rate was less than 1%. \$150,000 was paid on the principal this year, based on Council's recommendation made during the budget process.

Mr. Reams asked if we're still behind in reimbursements from Medicount Management. Ms. Chavarria said we are not behind, but we are in the process of switching billing providers from Medicount Management to Med 3000.

Mr. Berbee asked how the contract with the reformatory is working out. Ms. Chavarria said, per Chief Riley, there are a lot of runs, but she's uncertain of the numbers. Mr. Emery will report back at the next Finance Committee meeting.

Mr. Reams moved to accept the December financials, seconded by Mr. Rausch. December financials were accepted.

- o **Credit Card Payments**

Ms. Chavarria reported that the credit card company did reduce the credit card service fee from \$3.95 per transaction to \$3.25 per transaction for credit cards. The debit card transaction fee is \$1.95.

The Finance team met with the credit card company, Official Payments, and they have a goal of implementation before April 15th, because they process for the IRS as well. They will try to get the implementation done in March. The Law Director is currently reviewing the existing contract with Chase Payment Tech to make sure there are no

issues with ending the contract and also reviewing the new contract with Official Payments.

Ms. Chavarria noted a benefit to moving to Official Payments. Right now we have three vendors, one is printing the bills, one is doing online payments and one is doing just the processing of it. Official Payments will do all three processes, which mean a cost savings in processing fees alone. Official Payments has e-bill software that they utilize where a customer can go in and check their payments. They store up to one year of bills and the customers can pay online. Going with Official Payments consolidates some services; it's going to be cheaper for the City just in printing. They also have the ability to e-bill instead of a paper copy. The city will no longer be in the credit card business, which removes the city from the fees, which is about \$10,000/\$12,000 per month. The city will continue to do our own ACH's, because Official Payments charges \$2.50 up to \$5,000 for an e-check, where right now we can pull it from their account without any fee. A media blitz will be needed in order to let people know of the changes in processing.

Ms. Chavarria noted there are still options available with no fee; ACH, paying by check or cash.

Ms. Chavarria is still waiting on a quote from Official Payments to print and mail the utility bills. They have said it will either be the same or cheaper than what the city is doing now.

- o **2014-2018 Financial Priorities**

Ms. Chavarria broke down the areas as being beneficial to staff as far as prioritizing.

The main financial objective for 2014 would be to return the two notes, one for the Municipal Services Complex and one for the Fire Station, to the normal amortization schedule, so that they can be paid off in the original timeframe. Projected pay off is in 5-7 years. In preparation of the 2014 budget, in order to do some of the projects such as Pedestrian Bridge and the matches that were needed for that project, staff reduced the amount that will be paid on the principal in 2014. For the Municipal Services Complex, that would be an additional \$500,000. Have been budgeting \$600,000 a year to get it paid off in 5-6 years. For the fire station note, it would be an additional \$100,000, so \$600,000 for those notes for the principal would be the number one priority as a recommendation from Administration.

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Another priority would be to do some capital projects. Staff would like to put more money into our streets program. They also believe if there is an opportunity to secure property for parking, primarily in the uptown area, they would like to do that.

Mr. Emery said staff would like to be able to maintain our reserves at the \$5M level, with the opportunity over the next three or four years to possibly allow that to expand closer to \$6/7M range.

Staff would like to improve some of the security in some of our parks, the ability to extend fiber into a couple of our busier parks and provide some security cameras. Also believe that might be important in parks like Eljer and Legion, but also adequate surveillance in Partners Park. This would help deter things from happening in our parks.

Sidewalk improvements and connectivity are important, as well as maintaining our trails to adequate levels.

Mr. Reams noted the flooding in the ball fields. He said we put these fields in the places we had available; not in the best place for them. It would be nice to have a park that is not in the flood plain where those fields could be used any day. He would like to see this happen in 2015/2016.

Mr. Rausch said he's not sure there is any property in the city limits that would be conducive to ball fields/parks. We may need to go just outside the city limits, i.e. ORW property.

Ms. Chavarria handed out a sheet entitled "Finance Committee's Potential Financial Goals for 2014". Per discussions from previous meetings, she took the Recommendations, Finance Committee's Comments and Potential Goal and combined them into ten goals.

Mr. Rausch said that it's prudent to aggressively pay down debt, but he hates to pay it down so aggressively that we miss out on an opportunity because we don't have cash available to do something, especially as low as the interest rates are. "It's not going to be that way forever, and the more we can get paid down before they pick up, and it's coming, the better."

Ms. Chavarria said she feels very comfortable that Andy Brossart has his pulse on the rate and environment, and that he will let staff know the appropriate time to lock it in.

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Mr. Reams has mixed feelings on security cameras in parks. "It sounds great, but at the same time it sounds 1984, and the only way that happens is if we choose to allow that to happen." We need to think about that. Mr. Emery said staff would not be monitoring it constantly, but if there was an incident, staff could go back and review the tape to possibly see something that would assist in solving the problem.

Ms. Chavarria asked that the Committee members review the priorities and note any necessary changes for the next meeting.

Mr. Berbee asked when it would be appropriate to take the proposed Council compensation schedule to Council. Mr. Reams feels the middle of the year may be appropriate.

Mr. Rausch feels the role of Council, once the form of government changes, needs to be addressed before compensation is set.

The meeting adjourned at 4:51 p.m.