

# CITY COUNCIL 2015 BUDGET WORK SESSION

## MINUTES

October 29, 2014

The meeting was called to order by President Taylor at 6:00 p.m.

**MEMBERS PRESENT:** Mr. Rausch, Mrs. Richardson, Mr. Taylor, Mrs. Groat, Mr. Reams, Mr. Berbee, Mr. Fogt- Excused.

**OTHERS PRESENT:** Mayor John Gore, Director of Administration Terry Emery, Finance Director Jenny Chavarria, Fire Chief Jay Riley, Police Chief Floyd Golden, Public Service Director Mike Andrako, City Engineer Jeremy Hoyt, Human Resource Director Brian Dostanko, Law Director Tim Aslaner, IT Director Aaron Story, Assistant Finance Director Nancy Myers, Acting Clerk Kris Jones

**CITIZENS PRESENT:** John Cunningham, Tina Knotts, Steve Stolte, Eric Phillips

### AGENDA:

#### PRESENTATION 2015 APPROPRIATION BUDGET

The following PowerPoint presentation was given by Administration.



## Agenda

- ▶ Objectives
- ▶ 2015 Budget Overview
- ▶ Economic Development and Tourism
- ▶ Debt Management
- ▶ Capital Improvement Plan



## What's Included?

- ▶ Operating Budget - Expenditures are related to the day-to-day needs of the City. Examples include personnel, materials, supplies, and contracts.
- ▶ Capital Budget - Expenditures are for the purchase of capital assets or improvements to a City owned asset.
- ▶ Debt Service Budget - Includes expenditures for principal & interest payments on outstanding debt.



## Objectives

- ▶ 2015 Budget focuses on objectives as outlined by Finance Committee and confirmed by City Council
  - ▶ Long-term financial planning
  - ▶ Maintain \$5 million General Fund reserve
  - ▶ Make maximum principal payments on City's outstanding notes
  - ▶ Invest \$100,000-\$150,000 per year in capital improvements for Parks & Recreation
  - ▶ Include an aggressive pavement maintenance program

## 2015 Budget



	2015	2014	Difference	
Operating	\$28,851,624	\$27,637,991	1,213,633	4.39%
Capital	8,221,163	7,043,900	1,177,263	16.71%
Debt Service	40,704,032	41,736,706	(1,032,674)	(2.47%)
<b>TOTAL</b>	<b>\$77,776,819</b>	<b>\$76,418,597</b>	<b>1,358,222</b>	<b>1.78%</b>

- ▶ Administration has reduced initial requests by \$3.4M.



## Operating Budget Detail

- ▶ Provides for all core services
- ▶ Overall a 4.39% increase mainly due to two reasons
  - ▶ Water Fund - Sludge Removal (\$250,000)
  - ▶ Economic Development/Tourism (\$56,886)
- ▶ Maintain \$5 million General Fund reserve
- ▶ Includes 2 new reserve funds
  - ▶ Accrued Leave Payout (max reserve \$300K)
  - ▶ Capital Reserve Fund

Ms. Chavarria said the Accrued Leave Payout would be for employees leaving service from the City. This fund will help alleviate Ms. Chavarria coming back to Council for an appropriations.

The Capital Reserve Fund, will be used for any matches from grant funds that the City may accumulate, and if the City needs to buy any equipment.

## Economic Development/Tourism

- ▶ Increase contribution to economic development to \$100,000 from \$83,114
- ▶ Increase contribution to Convention & Visitor's Bureau (CVB) to \$50,000 from \$10,000 (Mayor increased to \$20,000 for 2014 only)
- ▶ Funding to be more in line with comparable communities. County to also increase funding.
- ▶ Additional funds will be used to:
  - ▶ Enhance Uptown Marysville
  - ▶ Retention and attraction efforts
  - ▶ Expand marketing efforts
  - ▶ Develop Tourism Strategic Plan

The increase in contributions into the Economic Development and to the Convention & Visitor's Bureau those funds come from the City's hotel tax. The City generates between \$140,000 to \$150,000 a year in hotel tax. Some of these funds are used for City sponsored events. Our agreement is \$10,000.00, but the Mayor increased that to \$20,000.00 for 2014 and in the 2015 budget we will increase that to \$50,000.00. The goal is to be aligned with some comparable communities and the County will be contributing as well.

Mr. Phillips spoke about economic development goals in the future.

## Debt Management

- ▶ \$12.2M in principal & interest
- ▶ Plan to roll notes as long as interest rate environment remains favorable
- ▶ Aggressive pay down on 2 facility notes - \$750,000 to achieve Finance Committee and Administration's objective
- ▶ Maximum payments on Sewer Improvement BANS
  - ▶ \$120,000 - Acquisition Note
  - ▶ \$250,000 - Improvement Note



## Capital Program

- ▶ \$8,221,163 in Capital Expenditures
  - ▶ Vehicles & equipment replaced as per standard rotation
    - ▶ Viewing occurred on October 23, 2014
  - ▶ \$725,000 in total pavement maintenance
  - ▶ \$152,000 invested in Parks & Recreation
  - ▶ \$3,200,000 in water distribution upgrades



## Distribution Upgrades

- ▶ Replaces deficient materials (cast iron and transite pipe) and varying size of waterlines primarily along 4<sup>th</sup> & 5<sup>th</sup> Street
- ▶ Allows for the future water treatment plant to go “online” without causing numerous watermain breaks
- ▶ Anticipated to start in Spring 2015
- ▶ Estimated cost - \$3.2M



Mr. Andrako said we have a sizeable waterline replacement project scheduled for next year. Below the red represents water lines that will be fixed. We are replacing lines that contain cast iron and transite pipe. Replacing these lines fix the weak points in our system. This allows for a future water treatment plant to go “online” without causing numerous water main breaks. This will be a noticeable project. We will try to do most of the work at night.



Taylor asked if there were any general questions on the operating budget section?

Mrs. Groat referred to page 42. She would like to take out the ORW runs and see how Fire compares to Police. Mr. Emery said we have researched the runs at ORW and we are making a profit. Mrs. Groat asked are we able to compare fire and police in relation to personnel and salaries, are they about the same? Mayor Gore said we cannot compare fire and police equally. Police has just recently hired two new officers. Mr. Emery said you also have to look at that fire does mutual aid with some of the surrounding townships. Chief Riley said they cover 86 square miles above the City limits.

Mr. Taylor asked both Chiefs, if they are happy with the budget that they proposed to their administration? Mr. Taylor said if you are sitting in my seat, is Marysville safe fire wise? Chief Riley said he feels they submitted a very fair budget. Chief Golden said he also feels they submitted a very fair budget, and they have been able to get a couple more officers.

Mrs. Richardson said on page one of the Summary Revenues and Expenditures, as far as Intergovernmental receipts, she sees a trend in decreasing revenue since 2012. Can you explain that? Ms. Chavarria said that is the State of Ohio and they are decreasing the amount they are passing to us. The Local Government Fund and Estate Tax. The Estate Tax has been eliminated completely and the Local Government Fund has been reduced by 50%.

Mrs. Richardson asked Mr. Dostanko, if the cost of living was calculated before or after we re-figured the salaries? Mr. Dostanko said prior to.

Mr. Taylor moved to the Capital Improvements section. Mr. Taylor said Ms. Chavarria, in 2015 when you are looking at the budget for 2016, he needs to make sure that there is money in a Cemetery Land Fund. Mrs. Groat said we have \$300,000 in cemetery right now, but over a period of time it will need to become more.

Mrs. Richardson said she has two general questions in the Operating Budget. Can you explain the concept of a Engineering Intern. What are we doing with the intern, why are we having them? Mr. Taylor said those are questions that you need to take to your meeting, we are trying to keep it about generals; that is about an individual line. Mr. Reams said he would like to hear about it as well. Mr. Hoyt said the intent of the Engineering Intern would be to perform minor inspections, i.e. inspections on sidewalks, getting the GIS system up-to-date, and there is also some scanning and filing that needs caught up from the move over to the new building.

Mrs. Richardson asked are we comfortable with the \$10,000.00 for salt? Mr. Andrako said that is based on 1500 tons we plan on buying this year. Mr. Tracey is comfortable with this amount. Ms. Chavarria said there is a total of \$15,000 for salt this year, it is located in two places in the budget on page 31-Street Maintenance Fund and on page 37-State Highway.

Mrs. Richardson said in the Law Director's budget there is a line item for \$31,500.00 for office allowance, which was eliminated in 2015, why do we not need it anymore? Mr. Aslaner said it was when he operated the private practice and the money was brought to the office to fund Kris and office expenses to do all of the City work. Mr. Aslaner said that was eliminated before this year. Now that Kris works for the City and has her own salary, we can delete that office allowance. Mrs. Richardson said thank you.

Mr. Taylor said, now to the Capital Improvement. Mr. Taylor said he is proud of the way we have setup the replacement of our equipment. He would like to do that with everything.

Mr. Reams said he noticed in one fund we have \$30,000.00 for sidewalks on Fifth Street, and in another we have \$168,000.00 for replacing sidewalks along Fifth Street. Mr. Hoyt said the \$168,000.00 is a Safe Walks to School Grant, it is just a pass through, there will be no cost to the City. The \$168,000 is for the westside of town and the \$30,000 is for the eastside of town. Mr. Taylor asked how do we stand on getting curbs on Fifth Street? Is that in the plans? Mr. Hoyt said there is a certain amount of money allocated towards curbs, City wide. To his knowledge, they have not allocated the money towards something specific.

Mr. Reams asked about the watermain oversized \$150,000.00, can you tell me where that is? Mr. Hoyt said that is just a contingency, if a developer only needs an eight inch waterline, but we think a twelve inch is better for the system we will pay the material cost difference plus 20%.

Mr. Taylor said when he looks at police and fire, are we retiring in 2016 Chief Golden or do we have no needs for Capital Improvement in 2017, 2018, 2019, 2020 because we have nothing on that page or is that just a typo and it was missed? Ms. Chavarria said we have a new facility and a lot of the equipment was new at that time. So it is difficult to try and figure out what the needs would be.

Mrs. Richardson said is the 150k for Town Run our reimbursement or is that now our portion? Ms. Chavarria said is the Seventh Street culvert separate from the Town Run. Mr. Emery said Seventh Street will be completely redone. We will also be taking care of the section of Town Run that is located on Seventh Street as well. Mr. Rausch said that Town Run opens up across the street from the Eagles near the old "goodwill" building. Mr. Hoyt said we are going to get a work agreement with the owners of that building and get the hole covered up and/or filled in.

Mrs. Richardson asked are we looking at paying \$200,000 for Amrine Mill culvert? Are we looking at sharing that costs or are we paying the full cost of the project? Mr. Emery said Amrine Mill is a City street. Mr. Hoyt said this is an OPWC project and we already have 50% of this covered by OPWC. Mrs. Richardson said we are essentially looking at a 100k instead of the 200k.

Mrs. Richardson spoke about the need to improve the traffic on 31. She did not see anything in the Capital Improvement plan to help improve the traffic on 31. Mrs. Richardson said it is a safety issue that needs to be addressed.

Mr. Taylor said the Personnel Section has already been covered in the previous sections, and we are not going to devolve of this, so don't ask. Mr. Taylor said he would like thank the Administration for preparing the budget.

**ADJOURNMENT:** There being no further business to come before Council, the meeting adjourned at 7:01 p.m.