

FINANCE COMMITTEE MINUTES

March 19, 2015

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

Members Present: J.R. Rausch, Henk Berbee.
Mark Reams - excused

Others Present: Terry Emery, Brian Dostanko, Nancy Myers, Jenny Chavarria, Tim Aslaner, Taylor Evans with Journal Tribune

Approval of Minutes: The minutes for the meeting on February 19, 2015 were approved as presented.

AGENDA:

Monthly Budget Review and Accept February Financials: Ms. Chavarria said with regards to income tax, we have a total of just over \$3million. She said it is about \$440,000 more than this time last year. She said expenditures are as expected for February.

Ms. Chavarria said Sewer Fund year-to-date is just under \$1.5 million, which is a little less than this time last year. She said for the Water Fund we are just under \$1 million at this time. She said Sewer and Water expenditures are as expected for February.

Mr. Berbee moved to accept February's financials, seconded by Mr. Rausch. The financials were approved.

Update Regarding Sale of Bonds and/or Notes: Ms. Chavarria said that Mr. Brossart sent her an update on the refinanced portion. Mr. Brossart said currently the refunding is sitting over 4.8 with a net present savings of 1.411 million. She said if this rate continues we will see a \$95,000.00 per year rate savings by refunding those bonds.

She said we did get our rating back from Standard and Poor on the mortgage revenue side which is just the sewer portion of the bonds. They reaffirmed our A- rating, which is what we expected, but they did give serious consideration for an upgrade to an A. They stated that as of right now they want to see how our projections pan out for the next several years. She said with what we have projected, and that was a very conservative projection, and if it continues, we will see an upgrade within the next few years. She said this is great news considering five years ago we were in default.

She said she will let Finance Committee know the pricing of the bonds as of March 31st. Mr. Berbee asked if we go to bonds would we have a wash. He said unfortunately we may not see that \$95,000 per year in savings because some of that would go into a higher percentage for the new bonds instead of the notes. He asked Ms. Chavarria if she thinks she could get close enough for us to have a wash. He said he liked the \$95,000 but those notes are still bothersome. Ms. Chavarria said it is a guessing game, and that it is hard to determine. She said because the rates are so low, it is very hard to say

we are going to break even. She said something else that needs to be considered is every year we have cost for issuing the notes, so you will save there as well.

Stipends for Future Mayor and Vice Mayor: Mr. Berbee said he contacted the IRS to figure out if the word “stipend” was an acceptable term. The IRS defined stipend as a fixed and regular payment, such as a salary for services rendered or an allowance. Mr. Aslaner said he spoke with Mr. Dostanko who spoke with PERS, who said a stipend is not considered salary in order to get full time service credits. Mr. Aslaner said he recommended changing the wording after conversations with Mr. Dostanko and PERS. He changed it to “additional wage” instead of using the word “stipend”.

Mr. Dostanko said whether “stipend” is accepted or not, “wage” makes it pensionable is a different issue from service credit. Mr. Dostanko said service credit is given for a minimum of \$600 a month or \$7,200 per year.

Mr. Berbee thanked Mr. Dostanko for reaching out to other communities. He said with the exception to Solon who pays their Vice Mayor. Mr. Aslaner said his opinion is that we should only be giving additional compensation to the Mayor and not the Vice Mayor. According to State law, we cannot increase the salary of an elected official during the term of the elected official. He said we can set the increase up front prior to the election but cannot decide to change it midterm.

Mr. Aslaner said in our Charter states we need to set the compensation for the Mayor but no provision for the Vice Mayor. Mr. Aslaner said that is why he has the legislation stating that it is an additional wage for the Council-elected Mayor.

Mr. Berbee asked Mr. Rausch what his thoughts on this were since he is the chairman of the Ad Hoc Committee. Mr. Rausch said it makes sense to him. He said according to the chart that Mr. Dostanko passed out everyone pretty much pays their Mayor and President. Mr. Rausch said he would be ok with just paying the Council-elected Mayor.

Mr. Berbee said the difficult part will be how do you come up with a wage, if there is no job description, and how do you come up with a job description for an elected official. Mr. Rausch said with the additional reporting and oversight that the Mayor is going to have and additional conversations with administration, the Mayor’s position, even outside of the ceremonial duties, is going to be enhanced. Mr. Emery explained to the Committee that he plans on attending all of the ceremonial functions like he currently does. He said his goal is for Mayor or President of Council to lead the ceremonies. He said that if the Mayor or President of Council is unable to attend, he would be willing to cover the ceremony for them.

Mr. Rausch said something that the Ad Hoc Committee has not even discussed and we should take it on a case by case basis is whether the Mayor is going to have office hours? Mr. Rausch said by Charter, they do not need to. He said he and Mr. Taylor come at 6:00pm on Council nights as an extra hour that a citizen could come in and talk.

Mr. Rausch said he does not see the Mayor having set office hours but could see someone saying I want to be in the office a little bit. Mr. Berbee said it will depend on the type of personality, some people like to be hands on.

Mr. Berbee said it is hard to put a price on the position without having a job description. He said we just looked at what other cities have done. Mr. Berbee asked Mr. Aslaner when we set the wage how long is it for? Mr. Aslaner said it is up to the Committee, it can be set annually, bi-annually. He said you can also add that the wage will be reviewed by Council every x number of years.

Mr. Dostanko said he agrees that it is difficult to set a price on something without having a job description. He said you have to go by comparable studies and it is very rare in any municipality that any elected official has a job description.

Mr. Rausch said he would be ok with \$100.00 per month, that would give \$1,200 per year. He would be ok if that was something that we would want to evaluate a couple years down the road. Mr. Berbee said if the Mayor's additional wage would be \$125.00 per month, that would make it \$1,500 annually.

Mr. Emery said his intention is to make it seamless for the Mayor, they would already have the proclamations ready and if the Mayor shows up to an event just hand it to them. Mr. Emery said no one would need to come in during the day to do a proclamation or commendation, Mrs. Krutowskis has it down on how to prepare both of them.

Mr. Berbee and Mr. Rausch agreed that the additional wage for the Mayor will be \$1,500 annually and it will be reviewed by Council every three years.

Discuss Future Meeting Times for Finance Committee: Mr. Berbee said since we have April's meeting set on a different date and starting at 5:00pm, he would like to table this agenda item until the next meeting.

Resident/Nonresident Income Tax: Mrs. Myers said one of the big pushes of HB5 is to identify what is residential and nonresidential income tax collection for withholding for local businesses. She was asked by Mindy Frank with the City of Columbus, to provide some information to her in attempt to identify the dollar amounts that the nonresidents are paying to the City of Marysville because they are working within the city. Mrs. Myers said this could be a much bigger issue than HB5. She said she is reviewing information and also added that it could have a dramatic impact financially. Mr. Berbee said it would be Senate Bill 282. Mrs. Myers said former Senate Bill 282 which was rolled into HB5.

Mr. Berbee said according to the budget our total income tax from all citizens (residents and nonresidents) is around \$16 million. Ms. Chavarria said last year in 2014 it was just over \$15 million. Mr. Berbee said that if half of the people that work here do not live here, then that number would drop back to \$7.5 million. Mrs. Myers said the talk is they are looking at credits of 25-50%. She said she was just asked to prep some numbers and

be aware of what is going on. Mrs. Myer thinks 50% being residents is a high number, she said three of the top seven employers only average 18% being residents. She said those are generally very high paying jobs. She said there is no formal proposal but she just wanted to make sure everyone is aware.

Mr. Berbee said the State has been playing with the numbers. He asked if anyone knew the amount of State income tax being charged. Mrs. Myers said it would depend on the amount of wages you earn. Mr. Berbee thanked Mrs. Myers for bringing this to their attention.

Citizen Comments: None.

The meeting was adjourned at 4:45pm.