

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
December 6, 2021
5:45pm

The Finance Committee met in Council Chambers December 6, 2021 with these members in attendance:

Doug Marmie – Chair
Spencer Barker – Sitting In for vacant seat
Jeff Harris
Jeff Rath – sitting in for Jonathan Lang
Jeremy Blake

We wish to report :

1. **Resolution No. 21-78 Expedite** A RESOLUTION APPROPRIATING MONIES FOR CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$18,500.00 (Request appropriation of funds from the sale of Tower 1)

100.204.5331	Equipment	18,500.00
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Tim Hickman, Safety Director – This is the proceeds from the sale of the old ladder truck and the Fire Department would like to take that money and use it to outfit the new ladder truck.

Motion to send to full council by Mr. Barker, second By Mr. Harris, motion passed 5-0

Section 2. There is hereby an appropriation of the unappropriated balance of the 422 Debt Service Fund, in the amount of \$121,529.35 (Principal pymt Note Hornshill)

422.929.5411103	Principal Pymt Note Hornshill	121,529.35
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Roger Loomis, Water Administrator – This is money that was collected on the Horns hill Project for assessments, so the people who paid in advance to pay part of the note before we issue the debt for that.

Motion to send to full council by Mr. Barker, second by Mr. Harris, motion passed 5-0

Section 3. There is hereby an appropriation of the unappropriated balance of the 931 JEDZ 2 Fund, in the amount of \$250,000.00 (JEDZ 2)

931.136.5289	Inter/Intra Gov't	250,000.00
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Mayor Jeff Hall – These are the JEDZ2 funds that were collected, we over collected this year, we had a successful year, so we need to appropriate more money so we can distribute those.

Motion to send to full council by Mr. Barker, second by Mr. Rath, motion passed 5-0

Section 4. There is hereby an appropriation of the unappropriated balance of the 220 COVID-19 ARP Fund, in the amount of \$60,000.00 (Computer Software/Hardware)

200.100.5536	Computer Software/Hardware	60,000.00
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Bill Spurgeon, HR Director – This is HR asking for your continued support to digitize our office. We have NEOGOV an online robust reporting system that reduces touches and promotes separation therefore we urge your support.

Motion to send to full council by Mr. Barker, second by Mr. Harris

Mr. Marmie – I just want to commend you on this. After our discussion and what you indicated this will do for the city of Newark as far as going paperless, making it more seamless, less room for error, I think it will be fantastic for HR and for all the departments, so I really commend you for what you're doing.

Mr. Spurgeon – Thank you Mr. Chair, we are proud of those efforts, it's truly a value add for internal customers as well as those wishing to work here.

Mayor Hall – Kudos to the staff, great job. We used to hire new great ambitious employees and give them a big stack of paperwork to fill out. That wasn't very progressive looking. So, it's more COVID friendly, they really have an account from when the job is first posted and the name carries through all the way to Bill's department and it also has some learning modules in it which is just phenomenal. A lot of bells and whistles, so we look forward to your support.

Motion passed 5-0

2. **Ordinance No. 21-38 AN ORDINANCE TO MAKE APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2022 (General Fund)**

Ryan Bubb, City Auditor – Our office takes great pride in productivity and efficiency. Over the past 6 weeks Deputy Auditor Jim Weisent and Jackie Prince have shown great leadership. We asked each Department Head and Director to bring forth to you as promised a balanced budget at the first meeting in December and we're very proud of that. I'm going to highlight a few items of the General Fund Budget, would you also Mr. Chair like me to address the All Other legislation, or do you want to make those separate.

Mr. Marmie – You can discuss them all, that's fine.

Mr. Bubb – We're bringing forth a balanced budget with a cash carryover from the unappropriated balance \$2250K with a budget stabilization a little north of \$1million for paving. Capital Improvements out of that after debt service is paid back, I believe Mr. Rhodes is getting part of that million dollars, \$200k for paving, it will leave about \$150k of budget for other Capital Improvements. You will see a few line items for COVID ARP expenditures that will occur for a potential land purchase, those will occur after the money is realized next year, but we wanted to go ahead and put that on the budget, so that will go ahead and be approved. You're also going to see 6 new positions in this budget that have already been created that are going to be funded. So, I think it's a very well rounded budget, we're very happy, just great cooperation from all department leaders. So, we are here tonight, myself along with Deputy Auditor Jim Weisent and Accounting Tech. Jackie Prince, we are here to answer any questions. I've also asked the Fire Chief and Police Chief to be here tonight along with the Directors and some Department Heads if you have any questions.

Mr. Marmie – Just one general question for you, maybe it's something you know or don't know, but I noticed Workers Compensation we budgeted at a higher number last year then it came in way below a percentage, I say way below, a larger percentage below what we actually budgeted and then this year we're still lower than what we were last year as far as budget, so what can we attribute that to. Was there a change in our Workers Comp?

Jackie Prince – That Workers Comp was put in there, it's hard to know if we're going to have a claim that we're going to have to pay for.

Mr. Marmie – So did our experience rate go down?

Ms. Prince – It did go down, yes. I think a whole percentage point for 2022

Mayor Hall – I can probably add to that. We went from 2 ½ to 1 ½, they give you what that's going to be. I would tend to say we're not going to have refunds from the State like we've had in the past, which isn't bad, but it'll get that premium a little more accurate, but it was a sizeable savings.

Mr. Bubb – Mr. Chair, I will add, assuming this passes this evening, we are open to all members of council to go over these line items with you.

Mr. Marmie – As far as the first area, Fire Uniform, I see that we've increased close to 8% our salaries account. Last year we did not spend close to \$400k in that account, so did our numbers increase that significantly as far as Fire Fighters overall increase due to pay raises and things it should be between 3-4%, so what's that attributed to?

Patrick Connor, Fire Chief – I'd have to look at it specifically, I guess I wasn't as prepared to talk about this part of the budget as I was Operating Expenses, but the cost of providing service is going up, the 4% raise we got is factored in there as well, there are some costs associated that automatically increase as well. In that specific line item, or any type of personnel budget line item, it is budgeted specifically for who we have working and their benefits package, there is no other additional costs attributed in there. I don't have the entire budget in front of me right now to look at that specific item, is there something specific you're looking at?

Mr. Marmie – Just salaries and wages we went from \$5,086,322 to \$5,484,102, that's a 7.2% increase and our pay raises and such should be 4%, even if we account for some tenure and things like that bump it up, that's 3.82% more. The SAFR Grant percentages go up, I think there was a miscalculation this year on the contribution from the City and the Government contribution was miscalculated this year, so we would make up the difference next year, that's reimbursable. We have 4 SAFR Grants, each have specific guidelines on percentages of municipal funding and the Federal portion and the Federal Portion scales down over the period of the specific Grant period and we have to pay the excess and we didn't get that adjusted properly, so that is probably the difference there.

Mr. Harris – You keep saying 6 new positions this year in the budget, can you tell us what they are?

Mr. Bubb – Yes, I can. There are two positions being requested in the Income Tax Department, two positions within Tricia Moore's Office and one in Adult Probation and two in Street and Traffic. The two in Street and Traffic, Mr. Rhodes is very budget conscious, he's not going to add those until April for mowing and trimming, for more details of those jobs I would refer you to those specific directors.

Mayor Hall – If you created the 2 in Streets in council, the others were on the books, so Income Tax has cut back over several years a position or two but it's to put another account clerk on.

Mr. Marmie – Just to cover that a little bit more, in discussion I had with the Service Director, gas taxes have been down, so that's what's hurt some of the funding for the Street Department. We really have to keep a close eye on that this year because we've made up for it a little bit this year as far as in Street and Traffic, but we need to have a game plan if those gas taxes stay down, we're going to have to figure out some way to create efficiencies or look at other opportunities that's going to reduce the expenses in that department because it's just not there for us. So, those gas taxes, my belief is that they'll come up somewhat, I don't think they're going to come up enough to cover that entire amount, but we don't know where the future lies, they may come up enough eventually to cover all that. That's just something the Service Director and Administration's going to have to keep a close eye on this year to make sure if it's not going to be the case for next year, we're going to have to try to find alternatives to make sure we figure out a way to fund that department.

Mayor Hall – We are building out budget stabilization and project almost \$1.4 million by the end of next year and that's up from the beginning of this year \$650k, so we put a big chunk in this year and we'll put a big chunk in next year, some of that surely with our involvement with ODOT, we got the \$9.5 million for the Thornwood bridge, the State is also a recipient of that. So keep in mind while it's not a short term fix, that's why there's a 10.5% excise tax to try to help make up for their funding. Mr. Marchbanks who heads up ODOT, we have discussions occasionally and they're having the same issues, is what I'm getting at over gas consumption, so the legislators will be looking at some alternatives. It's always a challenge when people are getting cars that get more mpg, there's electric cars that have always challenged that, now you have COVID. I do think there will be accommodation. We'll watch it real close, keep you updated and if there's any changes over in Columbus that'll give some options. Again, that will take a while.

Mr. Barker – Mr. Mayor, can I clarify, I want to make sure I understood what you said. The positions that are being created, we had 4 that were established and not funded, correct, and the two we created.

Mayor Hall – Correct. There's probably rough numbers going back to years before I was Mayor, we maybe had 150 more employees. This city has been pretty lean and efficient for years. I'm very proud of that in a lot of ways. Doing what we do with 1.75% Income Tax is pretty awesome. Some of those positions were not funded because there wasn't funding, hoping it might come back, years later it doesn't come back, so there's some on the books that way. Really some of those positions are there because that's what they almost kind of need to run some of those departments properly, but they've had to forgive that a bit and have it not funded, so they're on the books, to answer your question.

Mr. Marmie – I just want to comment holistically as far as the budget. I really believe the administration has promised a budget that keeps us true to our priorities, our safety forces of course being a huge priority and then infrastructure being another. Looking at the street paving, I really want to thank the administration for keeping that higher number in there in the budget, hopefully we might be able to squeak out a little bit more, we'll see what comes in the future, what our needs are as far as Capital Improvements and then looking at some things like Wastewater, Stormwater and out of that, I see that our funding is in those areas where the priorities lie and I appreciate making certain that those areas are secure and safe and that we have appropriate funds, in particular for personnel and safety forces and making sure that we can fund all the positions and hopefully we'll be able to hire enough to fill all those positions and maintain what we have also. I want to commend the administration and all those that worked on the budget for keeping true to those priorities I would just say thanks.

Motion to send to full council by Mr. Barker, second by Mr. Harris. Motion passed 5-0

3. **Ordinance No. 21-39 AN ORDINANCE TO MAKE APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2022 (All Other Fund)**

Motion to send to full council by Mr. Barker, second by Mr. Harris, motion passed 5-0

4. **Ordinance No. 21-40 AN ORDINANCE TO MAKE APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2022 (Grants Fund)**
Motion to send to full council by Mr. Barker, second by Mr. Harris, motion passed 5-0

Mr. Marmie – A couple other things just to make everyone aware. I know that it was fairly quick from when we received this budget, for everyone on Council, we will have a Finance Committee meeting in two weeks, so we can discuss it even then, I'll have a line item that we can have a discussion for anybody that has any further questions or comments. Those of you who came here just for that, I'm going to say you don't have to be here unless somebody has contacted you and said hey I've got questions about this. I don't want to have to make you come here and then nobody has any questions, so those department heads and things like that if we ask you to come for further clarification.

Mayor Hall – Kudos to the Auditors Department and Auditor Bubb and Deputy Auditor Weisent and surely Jackie, they've done a yeoman's job. Tough time of the year to come into that office, there's a lot going on, year end and wrapping up the budget, they did a great job and I want to thank them. All of the departments are included in that, they've watched their budgets and become more fiscally responsible over the last 10 years, because we've tried to teach them that. And to understand what carryover means and what unspent money does to the budget and things like that, but the Auditor's Department did a great job and I want to thank them for that. It's always nice when you have some money, but the software is pretty complicated, it does a great job, but they did a great job and I want to thank everybody across the City.

Mr. Marmie – I want to thank them also. The Auditor sent me a message today and said that the unappropriated balance for the General Fund is at \$652, that's about right where we should be at the end of the year and our rainy day balance is just slightly over \$1 million. The reason why we need that to be high is because when we do go to borrow money if we do not have funds like that and a carryover and everything our bond rating is reduced and therefore we don't get as good of interest rates and we want to make sure when we need to order a fire truck or police cars or whatever large expenditures that we need bonded, or repairs in our infrastructure, we need the lowest rates possible for those, so we need to make sure we keep that up and keep that high.

Mr. Barker – I would just echo thanks to the whole department, the whole city staff, this is a crunch time of the year and lots going on and you brought us a balanced budget that I think is great for the City and our citizens and we're proud to stand behind it.

Mr. Marmie – Communication was great. I really appreciated all the information. If you didn't have it, you let us know when you would get it, I really appreciated that transparency and constantly communicating with us during the entire process. Thank you all very much.

Finance Committee meeting stands adjourned

Doug Marmie, Chair