

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
August 17, 2020

The Finance Committee met via Zoom streaming live on YouTube on Monday, August 17, 2020 with these members in attendance:

Doug Marmie - Chair
Ryan Bubb
Jeff Harris
Jonathan Lang
Sean Fennell – sitting in for Jeremy Blake
Absent: Jeremy Blake – Vice-Chair

We Wish to Report:

1. Consider Resolution No. 20-60 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 \$3851.58 (Vehicle Maintenance)

Account	Description	Amount
100.204.5274	Vehicle Maintenance	3851.58

Director Rhodes – A Medic was involved in an accident, a claim was submitted through the City’s insurance, a check was sent to reimburse the payment we made to the ambulance company.

Motion to send to full council by Mr. Bubb, Second by Mr. Harris

Motion passed 5-0

Section 2. There is hereby an appropriation of the unappropriated balance of the 100 General Fund , in the amount of \$12,874.92 (Vehicle Maintenance)

Account	Description	Amount
100.204.5331	Equipment Supplies	12,874.92

Director Rhodes – The Fire Department sold some outdated equipment and we are just asking to have the monies go back into the equipment account.

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

Motion passed 5-0

2. Consider Resolution No. 20-61 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 261 Court Computerization Fund, in the amount of \$10,210.55 (Judicial Computer Software/Hardware)

Account	Description	Amount
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261.161.5536	Judicial Computer Software/Hardware	10,210.55
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Director Rhodes – It appears this is computer software the requester was Marie Woods

Director Sassen – Marie Woods is the Jury Commissioner. I’m not sure what the request is for, but I assume it’s because they are resuming jury trials.

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

Director Rhodes – I will do a little research and get back to you tomorrow on this.

Mr. Marmie – If you could just have someone send an email to all of council, just making sure that’s what it’s for that would be great.

Mr. Lang – I’m okay with sending this on to full council, but I definitely want to understand what this is for before we vote on it.

Motion passed 5-0

3. Consider Resolution No. 20-63 Expedite A RESOLUTION APPROPRIATING MONIES FOR COVID-19 PANDEMIC-RELATED EXPENSES OF THE MUNICIPAL CORPORATION

A RESOLUTION APPROPRIATING MONIES FOR COVID-19 PANDEMIC-RELATED EXPENSES OF THE MUNICIPAL CORPORATION

City Auditor, Stephen Johnson – As you know, the city has received \$1,393,000.00 that’s COVID related. This has to be encumbered before October 1st or we lose the money. This legislation allows it to be placed into a contingency fund for COVID relief. By being in a contingency account, it can be moved later on. We don’t spend money out of this account, this literally will just appropriate it until the Administration comes up with a plan on how it is to be spent. It also needs to be expedited.

Mr. Marmie – So, you’re telling me that once it goes into this contingency account that council would then have to approve where it’s moved to.

Mr. Johnson – No, it could be moved by a simple transfer. The Administration would just advise you on how it’s going to be spent that hasn’t been determined yet. We have to appropriate it or we will lose it. This is the quickest way of doing it.

Mr. Marmie – Can we move it somewhere where council has to approve the expenditures and where it goes to and how it’s being spent?

Mr. Johnson – That would have to be a specific account. That’s the difficulty right now because it’s not broken down yet as to how it’s going to be spent. If council wanted to do that, you would have to specify what account you wanted it to go into. This just allows it to be appropriated so we don’t lose the money.

Mr. Marmie – I’m not comfortable with this amount of money just given a checkbook without council having a say as to where it’s going to be spent. We’ve had different entities come to us asking for funds from this. If we pass this legislation then we wouldn’t have a say who would or would not get that and where it would go to.

Mr. Johnson – That’s fine, it would just have to be broken down into what accounts it would be going into. That would have to be done by October 1st. We would just have to appropriate it by then, we don’t have to spend it by that date.

Mr. Lang – I guess this question would be for Director Sassen. I’m looking particularly at Section II of this legislation which authorizes the Mayor to make transfers. Could we make an amendment to that section that would require further involvement from council to be able to transfer those sums?

Director Sassen – I’ll get Mr. Johnson to weigh in on this, but I think if you wanted council to have the final authority over the spending of these funds, you could probably get by with just eliminating Section II. That’s language that I pirated from previous legislation that I think Mr. Marmie will remember, when we had a new software system put in place and we had year -end transfers that needed to be made because sometimes a salary account or something would come up \$100 short and rather than making Mr. Johnson come back to council to do that to balance by December 31st, we enacted that piece of legislation back in 2013. This language was pirated from that to allow a similar process to go forward. In part I think the theory was because of the urgency of the need of these COVID mitigation expenditures brought with them. That’s why I put that language in there, was to allow The Administration more of an ability to respond rapidly when a need arises involving a COVID mitigation. I will defer to Mr. Johnson on whether what I’m about to say is correct or not. If council wants to control all of the money that’s spent out of there, I think we could just eliminate Section II. I will add though that your concern being checks and balances, it may not be council exercising those checks and balances. Any expenditure over \$30k would have to be reviewed and approved by the Board of Control. Any expenditure over \$75k would first have to be bid unless council waived that bidding. So council would

involve council action there, but it would still require oversight by the Board of Control. Again, I'll defer to Mr. Johnson on the removal of Section II.

Mr. Johnson – I suppose that would be okay. I'm just looking at it from an accounting standpoint in order to spend the money it has to be appropriated to a particular account. Council does the appropriation so whoever determines how the money is to be spent will have to take steps to have it appropriated. My point is only appropriate it so we don't lose the money. I really don't have a say in how it's spent, so Mr. Sassen as long as you say that's legal I suppose we can mop up later to make sure it meets various accounting requirements.

Director Sassen – I'm not concerned about the legality quite honestly as the accounting, and you know I don't understand Municipal Accounting, that's why I defer to you on that. If we pass Section I and place these funds in a COVID-19 Contingency Fund that's numbered there in Section I, does that require further action from council?

Mr. Johnson – If it's appropriated into this account, it can be spent as soon as council passes that appropriation. We can't spend it out of a contingency account. We aren't allowed to and I don't even know if our software would let us. So, whoever comes up with a plan how to spend this, just let me know where to put the money and I don't have a problem with it.

Mr. Sassen – So, if I understand you correctly, if we pass Section I of this legislation, place these funds into that 5299 account then those funds would be appropriated so we would not lose them but it would still require council action to actually spend them.

Mr. Johnson – my understanding is if it's appropriated to this contingency account, they could be transferred into some type of expense account and then expended at that point. This is just getting it appropriated. It can't be paid out of this account, it has to be moved somewhere. The way our system is set up now, all someone has to do is write a transfer request and we can make the transfer. If council wants to add some kind of language that would require their involvement, that's okay with me. It's up to the Administration to determine how to spend this money.

Mr. Marmie – If we were to just appropriate it into the unappropriated balance then it will require council action, is that not correct?

Mr. Johnson – It's in the unappropriated balance right now. This legislation is getting it out of there. It has to move out of there before October 1st. It's not in the unappropriated balance of the General Fund. It's in a special COVID Relief Fund.

Mayor Hall – We're three weeks out in the process of trying to do this correctly with little guidance from the State or even the Feds. We just want to be sure we're moving in the right direction we're getting closer all the time. We want to be sure the city is taken care of. Obviously we aren't going to be able to spend all of the money within the city government. We're getting input from outside. This is a time factor here really, so I would ask that if this would get passed to council tonight, which the next meeting is three weeks away, I would be happy to give you a game plan at the next council meeting where you will be looking at approving it so you will know where those monies are going. Obviously if we don't, then you don't pass it I guess, but the timeframe is kind of a tight crunch to be able to push this off any further.

Mr. Lang – What I would like to see at a minimum is a rough outline of where we think the money is going to go. I think ultimately it's up to the Mayor to figure out what that plan's going to look like, but I'm not sure I'm comfortable passing it on to full council without a road map of how we're going to do it. I think we certainly could use Rule 11 if we needed to pass it quickly, but I feel like there are some pieces missing as far as a plan for how this money is going to be spent. We have until October 1st to encumber it. We still have two meetings in September if we need to expedite it to meet those deadlines. I put it back to the Mayor for as far as when you're going to have a good plan as to how we're going to divvy this up and outline the expenses that the city has seen so we can see what amounts would be available to other organizations. I've certainly received a number of requests and follow ups from people. I think they've been summarized nicely there by the clerk. I just want to be able to articulate to folks what kind of funds might be available for these other needs.

Mayor Hall – I really think within three weeks. We've sent emails out to the State. There are lots of gray areas there are things we can and can't do with it. They have about 4-5 people answering thousands of emails and it takes several days to get replies. Another thing we want to be careful about is we want the allocations to be as precise as possible because if council passes it within certain segments that will earmark us and if we don't spend it in that segment that money will not be able to be moved to another segment because there wouldn't be time and then there would be unspent money that maybe could help the community. I think within the next three weeks with 24 departments across the city, they've never had to think in this direction about how to use money to make it a safer environment for the citizens plus our employees. So, it's taken a little more time and that's a lot of money in a short time anyway. Whatever council is

comfortable with. I would say we could give you a game plan at the next council meeting if you want to get this out of committee, but you can handle it anyway you want.

Mr. Bubb – I would like to make a recommendation that we pass it out of committee this evening and then within three weeks if there's not a plan that council's comfortable with we can always table it later. I think Fall is quickly approaching and in three weeks if council is still not comfortable we could table it at that time.

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

Motion passed 5-0

Mr. Lang – I guess I'm not totally opposed to sending it on. I think we need to remove Section II before we send it on and we can address that at council when we have a plan we can attach to fully articulate how it's to be spent.

Motion to amend removing Section II by Mr. Lang, second by Mr. Bubb

Mr. Bubb – I just wanted the Administrations input regarding Section II.

Mayor Hall – Coming out of tonight it doesn't give any more or less power. It can be amended at council. It's going to take your action twice with a waive rule. I don't think amending it tonight makes any difference or if you amend it three weeks from now. That's entirely up to you guys.

Mr. Marmie – I'll give my input. If we don't hear anything until the meeting in three weeks, I don't know if folks will be willing to expedite it at that point. Maybe it would be prudent to send out emails to everyone in advance and even if we discuss it in committee. So we can start asking questions before the meeting. I wouldn't feel comfortable expediting it at that first meeting in September if there are still questions out there.

Mayor Hall – I'm fine with that. The other thing going through my head is people are getting COVID funds from lots of angles. They are asking from all of the areas. We're trying to do our due diligence because we don't want a single entity to receive double and another one get left out completely. The county has some money, there's money specially formulated just for schools that we're not totally privy to. We got a letter as recently as this past week from our new school superintendent of Newark City Schools, David Lewis. It was asking for money that was to be used in a different way than before when they asked. There are still a lot of moving parts to this so that's why we didn't want to do it too quickly. We couldn't have backed this up much, maybe one council meeting. So, I'm happy to give you a plan ahead of time and see what it would look like and what would be prudent for the city of Newark and it's employees and the population out there that's been at risk though this. It takes a lot of work to spend that kind of money, but we want to do it and do it right.

Mr. Lang – There are potentially additional expenses coming too, so I don't think we need a specific plan within three weeks but just some articulation of general speaking we've already incurred these expenses for the city and we're going to put some money towards these organizations. I think it's mainly about getting some type of outline together.

Mr. Bubb – I just wanted to add some encouragement to the Administration regarding these third parties that are asking for funds, that I hope there is a real tight plan in place to account for every dollar. From my reading on this situation if every dollar is not accounted for the city will be held responsible, so I just offer my encouragement that there's a real plan in place whether it's by the city or these other entities so that we're not on the hook down the road.

Mayor Hall – I agree. I certainly don't want to be coning to you a year down the road asking to pull \$200k out of the General Fund because something got thrown out. That's why we're doing our due diligence. When we give it out as a sub-recipient grant there is limited regulation we have over that, if they're a non-profit and they can prove to us they've ad expenses related to that. Again it has to be for this period of the virus, it can't be for next year, so people can't be buying ahead of time. That isn't the intent. When it passes out of congress and through the state and you know politicians, it has all those bells and whistles attached it makes it a little more challenging. So, Budget Management in Columbus is not giving us firm yes or no's on lots of things. We're trying to do more due diligence by reaching out to other communities to see if there is some precedence there because there are some gray areas. I've been in several meetings and seminars about this and people have said how do we spend this much money if we can't spend it on bigger dollar items. Then someone will have a suggestion about how to make city hall safer and everyone will say, "well, I never thought of that!" In a city like Columbus, if they get the virus, I think they've already quarantined 31 firefighters over there and we can't afford to do that. I'm happy to get a plan together in the next couple weeks and get it out to all council members so that if you have any questions I can answer them and we can get this passed in an expeditious fashion.

