

## Finance Committee Minutes

Honorable Council  
City of Newark, Ohio  
July 2, 2019

The Finance Committee met in Council Chambers on Monday July 1, 2019 with these members in attendance:

Doug Marmie  
Jeremy Blake  
Ryan Bubb  
Bill Cost Jr.  
Mark Labutis for Mark Fraizer- Section 1

We Wish to Report:

1. **Resolution No. 19-52** appropriating monies for the current expenses of the municipal corporation was considered.- Expedite

Section 1. There is hereby an appropriation of the unappropriated balance of the 152 Budget Stabilization Fund, in the amount of \$34,400.00 (Playground Equipment for North St Park)

Account	Description	Amount
152.100.5901.100	OPT	\$34,400.00

**Director Rhodes-** we want to take this out of Budget Stabilization for North Street Park and the only reason that we want to take it out of Budget Stabilization because it allows us to go ahead and order equipment. When we get our 2019 release of funds from block grant the Budget Stabilization money will be paid back.

**Motion by Mr. Bubb to send to full Council, second by Mr. Labutis**

**Michelle Bolen Smith, 237 Violet Ct-** is the park getting basketball nets and things like that?

**Director Rhodes-** I'd have to look at the plans, it is getting a new shelter house and new equipment, and we will get you a copy of the plan.

**Mr. Marmie-** I have a couple of questions, I spoke to Steve Johnson and he said he didn't know why we couldn't have just paid for it out of the grants. We are projecting it but we don't actually have the money and he didn't understand why we couldn't pay for it under your budget and then when the money comes back

put it back it is anticipated funds. The other thing was that it is coming under finance but it truly is a capital improvement.

**Director Rhodes-** Barbara and I called Steve and asked him how he would like it handled this is the direction that he gave us originally he could have changed his response.

**Mr. Marmie-** he was on vacation and wasn't aware of the exact facts.

**Director Mauter-** Barbara also got with Jackie and Doug to get to the core of your question for us the Department of Development we can only keep a certain level of funds on hand. If we exceed that level then we run into what is called a timeliness issue and they can actually revoke some of our funds. We are trying to be proactive and get the PO done so we can order the equipment because we haven't been getting our money until almost September. If we were to wait until September to put an order in for the equipment then by the time it came in trying to find a crew that can install it we would be pushing the end of the year.

**Mr. Marmie-** Steve was under the impression that it had to be paid for then we get reimbursed.

**Director Mauter-** exactly, so we want to do a PO which allows us to place the order and allows us to pay for it then the equipment will be here and ready to go this fall. We are hiring out the labor from the company that we are getting the equipment from because they have that expertise to install all of that equipment so really it is a timing issue as much as anything.

**Mr. Marmie-** what I am saying is that you have anticipated funds in your budget for that grant.

**Director Mauter-** we do which allows us to pay this back.

**Mr. Marmie-** right so therefore we can have a PO based on anticipated funds.

**Director Mauter-** the Department of Development can't have a PO ahead of the releasement of funds or we will not be able to use our funds for it. That is why we are here today is to get ahead of this.

**Mr. Marmie-** so like this one with a reimbursement we have to pay for it all the time, 100%?

**Director Mauter-** we can't initiate a transaction until we have the release of funds for that year's spending. 2019 CDBG funds won't probably be released until the earliest maybe August likely the middle of September is when we have been seeing it. If we initiate a transaction with a PO then we are ahead of the funds then we can't use our CDBG funds for that purchase.

**Mr. Marmie-** isn't that actually what we are doing?

**Director Mauter-** no we are moving money from Budget Stabilization

**Mr. Marmie-** we are initiating a purchase prior to you having the funds so we are hiding the fact that we are purchasing ahead of time? If the rule says we aren't allowed to then why are we?

**Director Mauter-** as far as HUD goes we are on their January 1<sup>st</sup> is when we are supposed to get our funds, we don't see those funds until almost September which is getting close to the end of the construction season. Why we get it that late I don't know but we do that is the fact of the matter and so to get this

project done by the end of the year and in the season that we can do the work this is about our only alternative that is available to us; using city funds that we will reimburse when we get the release of our CDBG funds.

**Mr. Marmie-** here are questions that I want answers to not this evening but prior to voting on it. Your statement that the Department of Development is not allowed to spend funds prior to us having the funds available I want to know what the difference of us purchasing it prior to you having the funds available so why is the difference ok? I go back to Steve Johnson says that any department as long as they have anticipated revenue in their budget you're allowed to have Po's for that anticipated revenue no you're saying that you're not because of the rules of the grant.

**Mr. Marmie-** here's the thing we are getting around the rules of the grant. Here is the thing I don't want to do something that is breaking the rules.

**Director Mauter-** we are also trying to get us out of position what the call timeliness of HUD where you have to have so many of these funds out the door by the end of the year but it is hard to get them out of the door when you don't get the until September 15<sup>th</sup> and these funds are weather and temperature related in order to do the projects. We are trying to do the right that so we can get the project done and also stay within the guidelines of CDBG and HUD meaning don't go out and spend these until you have your release from us. We are going to reimburse the city.

**Mr. Marmie-** so you're telling me that this isn't a guarantee that we are going to get this \$34,000.00 back

**Director Mauter-** it is a guarantee because we have already got our allocation of funds we are just waiting for the release of funds which puts it into our account. We can't write a purchase order against it until they put it into your account.

**Mr. Marmie-** that is what I want to make sure that the city is not doing and that is what I want clarified. If it is against the rules we should not go forward.

**Director Mauter-** we wouldn't be doing it if it was against the rules. Do you want something from HUD? The city would be fronting it just like they front all of the rest of our grants that are reimbursement grants. Everything that we do upstairs we spend it, we pay for it, the fronts it and then we reimburse it from the grant money.

**Mr. Marmie-** but that is in your budget right?

**Director Mauter-** yes it is

**Mr. Marmie-** the CDBG was not in your budget?

**Director Mauter-** the CDBG is our budget

**Mr. Marmie-** that is what Steve was saying that he doesn't understand why you can't do a purchase order even though you haven't received the funds.

**Director Mauter-** I would have to get with Steve and explain it to him I guess but I can tell you that Barbara has been doing this for 25 years and she know CDBG better than most people. I guarantee it is not something outside of the realm as far as doing something right or wrong. We wouldn't be doing it if it wasn't correct.

**Mr. Marmie-** I just am making sure that we are not voting on something that is going around something.

**Director Mauter-** no what we are trying to do is be expeditious with our funds, get the project done, Mark I am looking at you because it is right in your backyard and that is the only way that we know how to do this. It is really difficult if you have ever done any work with contractors. You have to have materials to match up with the labor. We are just trying to get the materials there so when the labor is ready we are ready to go.

**Mr. Fraizer-** this is to purchase the equipment right because there is a 6-8 week lag time of getting the equipment in. The CDBG funds are going to be used for the installation and the reimbursement and it is projected in the fall and so to Doug's point I think that he wants to make sure that the unappropriated balance is the appropriate budgetary resource to use and if there is a better mechanism to use whether it is the CDBG account or another account we just want to make sure that Steve Johnson is on board. At the end of the day we want to get this completed by the end of this month so by next Council you might want to have an updated finance meeting to say this is the right account. To your point of timeliness and execution with the construction window but from the HHCA and the city perspective we want to get this project done by this year because that is what the community is looking for. There has been a lot of work that has been going on for the last year for this and I appreciate Barbara's work and her reaching out to me as well and giving us an update but if it is ok with everybody my recommendation is to move forward and come back next finance committee and make sure everything is on board and take it from there.

**Mr. Marmie-** I need an answer by the end of the week. I can't wait until the Monday of for responses and updates.

**Director Mauter-** just for clarity we started with Steve I guess he was out of town and said to talk to Jackie and she will give you the best account to use for this situation and what you are trying to accomplish and that is when she suggested the Budget Stabilization fund and knowing that we will be able to pay that back in full just as soon as we get our release of funds just like we do for everything else upstairs.

**Mr. Blake-** Mr. Rhodes mentioned a new shelter house do you know what else is going in at the park.

**Mr. Fraizer-** June of last year a tree took down all of the equipment. There has been a swing set there and no playground equipment for about a year. This is to replace that equipment. There is going to be a teeter totter, slide, jungle gym and general play activity for the age range of 5-12. There is also going to be some unique equipment to give everybody in the community something a little different. The community garden will stay and the HHCA will be putting shrubs in. A shelter house and a sidewalk will be added there to allow ADA access to everything as well.

**Mr. Blake-** can that be forwarded to the committee what all those items are?

**Director Rhodes-** that is not a problem

**Motion passed by a vote of 5-0.**

Section 2. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$34,400.00 (Playground Equipment for North St Park)

Account	Description	Amount
100.432.5314	Recreational Supplies	\$34,400.00

**Motion by Mr. Fraizer to send to full Council, second by Mr. Bubb  
Motion passed by a vote of 5-0.**

Section 3. There is hereby an appropriation of the unappropriated balance of the 661 Sewer Department Fund, in the amount of \$30,000.00 (Seed Bio solids Trucking Costs)

Account	Description	Amount
661.713.5241	Sludge Program	\$30,000.00

**Roger Loomis-** this is part of our annual digestive project, we need to truck some seed bio solids from the city of Columbus over to us to get our digester started up, hopefully later on this month so this is to pay for the trucking of that material from Columbus to our plant.

**Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer  
Motion passed by a vote of 5-0.**

Section 4. There is hereby an appropriation of the unappropriated balance of the 153 Compensated Absences Fund, in the amount of \$35,200.00 (Payout Rose Peck)

Account	Description	Amount
153.112.5143	Termination Sick	\$12,000.00
153.112.5144	Termination Vacation	17,500.00
153.112.5145	Termination Comp	5,700.00

**Director Rhodes-** Rose is retiring and these are payouts she is due.  
**Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer  
Motion passed by a vote of 5-0.**

Section 5. There is hereby an appropriation of the unappropriated balance of the 153 Compensated Absences Fund, in the amount of \$28,800.00 (Payout Tim Kelley)

Account	Description	Amount
153.122.5143	Termination Sick	\$12,000.00
153.122.5144	Termination Vacation	16,100.00
153.122.5145	Termination Comp	700.00

**Director Rhodes-** this is for Tim Kelley who retired also.

**Motion by Mr. Bubb to send to full Council, second by Mr. Cost  
Motion passed by a vote of 5-0.**

Section 6. There is hereby an appropriation of the unappropriated balance of the 231 Probation Grant Fund, in the amount of \$57,715.00 (Incentive money)

Account	Description	Amount
231.236.5318	Community Correction Supplies/Services	\$57,715.00

**Director Saad-** this is part of our Justice Reinvestment and incentive grant, this is the actual incentive part. The State of Ohio Department of Corrections specifically awards grant recipients that perform well in their grant cycles. We performed well so this is our reward and we would like to appropriate that money so that we can spend some of it.

**Motion by Mr. Fraizer to send to full Council, second by Mr. Bubb**

**Mr. Marmie-** what is your plan with it?

**Director Saad-** they have actual reduced it considerably from the last two grant cycles so we typically use this for training, we have used it for equipment, we have used this for programs, there is a section of the code that regulates what this can be spent on it has to be a community corrections program.

**Motion passed by a vote of 5-0.**

Doug Marmie, Chair