

## Finance Committee Minutes

Honorable Council  
City of Newark, Ohio  
December 11, 2018

The Finance Committee met in Council Chambers on Monday December 10, 2018 with these members in attendance:

Doug Marmie, Chair  
Jeremy Blake  
Ryan Bubb  
Bill Cost Jr.  
Mark Fraizer

We wish to report:

1. **Ordinance No. 18-45** an ordinance to make appropriations for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2019 was considered.  
General Fund Budget

**Mayor Hall-** this is a culmination of a process that takes months and months. I would be remiss for not thanking everyone who has been a part of this and that drills sown to each individual department. Since I have been here we have worked hard to teach finance to those departments so they understand efficiencies and they surely are a piece and the software that we have is a great tool for them to input their budgets. They say what they think it is going to take to run their department next year. We have seen them getting very efficient and very good. We had to control expenses in the last quarter of the year several years ago and now we don't have to do that quite as much. They are understanding what they don't spend will carry over to the next year and help the budget. We had late income tax collections last year that came in and this Council by our recommendation put \$500,000.00 in the Budget Stabilization. We are not suggesting that we need to use any of that this year. That was a big win; we didn't know that a few weeks ago. We are collecting every day until 12.31 of this year and when you have some challenges that pushes it off a little longer and we'll see how those collections come in. There is no exact pattern to that it can vary from week to week. We have put about \$100,000.00 every year into the Budget Stabilization we are projecting by the end of this year to have about \$840,000.00 in there. The General Fund budget was some work for us, we had pay raises again and we believe on the General Fund side the culmination of all of the General Fund dependent department that pay raise from 18 to 19 was an increase of somewhere north of \$400,000.00. At the same time health insurance, we have raising health costs at times and we have come to this Committee and Council before to talk about that and we are going to have more

discussion about how to get health care working smooth. We are raising premiums; we participate in at least 88% of those premiums for our employees who wish to participate in the plan so when you are self-funded you are raising the premiums on yourself. That is to the tune of about \$313,000.00 for next year on the General Fund side. I am painting a picture of somewhere near an additional \$700,000.00 expenses on the General Fund budget without the anticipation of any additional revenue. There was some shifting around and changing of a few things. We don't see any areas that we are worried about.

**Mr. Fraizer-** the biggest thing that stood out to me was on the HR side the \$100,000.00 line for Services General is that for contract negotiations?

**Mayor Hall-** yes, I think you know through the footnotes we have combined Services General and Professional Services and that is in anticipation of upcoming contract negotiations. We have two contracts with our safety forces that will end at the end of this year and AFSME will be the following year. We do hire outside counsel many times to contract those. Grievance settlements come out of that too.

**Mr. Marmie-** one area that I have seen an uptick across the board and I know that there are increases but the postage and the way that it is done with the postage meter and how much they have on there, is there a good handle on how much they have left over when they look at it as far as their budget? Postage rates are going up after the first of the year and we know that but I don't know if there is a better way to get a handle on that but if they continue this way along with the increase in our postage rate it is going to really get out of hand.

**Mayor Hall-** two things that we did in that discussion and not just about postage, we had a five year lease on our existing machine upstairs so we replaced that and saved some money instead of costs going up. We saved a lot from the 5 years prior to that. With the cost of those machines it's not advantageous to have 2 or 3 of them but we also have to have control on postage versus having rolls of postage sitting in someone's drawer. Each department logs into that machine when they use it. That is tracked by my assistant Jennifer who looks to see what is on there but some of this that you are going to see is the sensitiveness of this by certain departments. Courts obviously do a lot of certified mail. Marcia has made improvements through her software. We have also met with the postage machine people and I think that it is the most efficient. One part you are also going to see is the Income Tax Office that is part of the drill down from the State legislature who changed the rules on how we have to implement and manage municipal tax collection. For example, someone would send in their completed tax return and put the right amount down but on the wrong line. We would typically in the past take that and correct it for them as we audited it and mail them a copy showing the change but now under State law it has to be certified mail. You are going to see the same thing in Property Maintenance we are doing some legal things to try to force people to take care of their properties and those things have to go certified and as we do more activity in a year there is more postage.

**Mr. Marmie-** Lori, I couldn't remember your answer why was Services General increased so much in custodial?

**Lori Resta-** it was really a house keeping issue where we tried to clean the budget up where it needed to be. We transferred some accounts that were in 121 that really belonged in the other.

**Mayor Hall-** we have been trying to maintain that, sometimes an account that was needed 10 years ago that isn't needed today. Sometimes technology is the reason for that.

**Mr. Marmie-** in the impound lot Services General increased a lot and the note was that we're impounding more cars does that also mean that we increased our revenue from those sales?

**Mayor Hall-** yes but the other factor to balance that is the price of scrapped metal. We are very firmly having two sales a year maybe three the amount we are getting off of those sales is less than it was 5 years or so ago because scrap metal isn't as high. The money is great off of that but we also need space. It costs money to increase space whether you're saving records or cars. When the impound lot fills up we have to increase space or we have to move cars. That is equally as important as that revenue collection.

**Mr. Marmie-** in the Police, non-uniformed there was a new item, holiday pay for police non-uniformed.

**Captain Riley-** none of our non-uniformed employees are scheduled to work holidays but we have two technologies sensitive software programs that if they go down our cops can't work. We ran into that this year on a holiday and we had to bring in one of our civilian employees. It is just to be clearer on where that money is being spent.

**Mr. Fraizer-** when it comes to Babe Ruth and the new negotiations we are having is there a potential for that to decrease over the next year?

**Mayor Hall-** yes and it is based on advertising sales. Always at the beginning of things I'm not going to over anticipate, I am going to conservatively predict but after we get some track record down there and some history and if feel very positive that it can. It is not only to serve the community but to offset the costs of the parks that have such an important role in the community. We work hard on our parks and I appreciate Council's involvement because that is the first thing that communities cut when they are tight. To me discount your community and nobody wants to live in a community with closed parks.

**Mr. Marmie-** that has already decreased by the amount that we are paying the Y to manage that and additional revenue will go in a fund that is going to support that park so we won't have to take money out of the general fund. We are more or less having it replenish itself.

**Mayor Hall-** and you don't want to forget that we want to avoid raising costs. Sometimes you don't see that if they are off set. It is a well-used park and we expect to use it more.

**Mr. Marmie-** our capital improvements budget is going to be a tight one this year because of the amount that we are transferring over for debt services. It is a formula that we pay the debt services first and then it is a percentage after that. This year we are down a little bit but I talked to the Mayor and there are funds set aside for street

improvement, I know that is a priority for this administration but realize capital improvements is going to be pretty tight this year.

**Mayor Hall-** we projected about two years of tightness then we see some easing. It's all in the staggering and layering of your debt. At that same time budget stabilization is a part of the general fund but we like that because there are uncertainties out there.

**Mr. Blake-** this question is probably more for Lori regarding the formatting for what information we have, in some previous years I know you provided a column that in this example said the adopted 2018, the amended 2018 and the final. I was wondering if you could provide that same information on this document.

**Lori Resta-** yes I just want to make it clear it's not part of the legislation but I would be happy to give you that spreadsheet.

**Mr. Marmie-** and the line items won't match up.

**Mayor Hall-** every time there is an appropriation a finance form comes to this committee and goes to Council that changes this document. Our departments are going to project 2019 including all of those amendments. Twelve months is a long time and things change. We can provide it; it's a good learning tool.

**Mr. Marmie-** they combined some of the training to clean it up, they have a new line item called reimbursements that is specific for reimbursing an employee for their expenses such as mileage so that it's not mixed in with training. Those items weren't on the previous years.

**Mr. Fraizer-** as for budgeting for the staffing for Police and Fire, I talked to the Chief before and it sounds like 79 for the Fire Department, do you know how many we are budgeting for Police?

**Director Baum-** 72 Officers

**Mayor Hall-** it isn't any different from 2018 to 2019 in head count. We have positions that are funded and filled and we have some that are funded and not filled due to hiring challenges and then we have positions that are not funded and not filled. There was not a reduction in anticipated staffing.

**Mr. Fraizer-** the other one is income tax returns, I see there is a line item in there for \$500,000.00 and we have some issues with the State with the change in a business return do we feel comfortable with that \$500,000.00 in income tax returns?

**Lori Resta-** that is up from last year and we feel very comfortable with that.

**Mayor Hall-** Barb will be conservative but not evasive. We don't want to get this time in 2018 and be short money but we don't want it so lean that we have to lay people off to balance the budget. She is projecting that based on the past but there are no guarantees, refunds are refunds. Twenty years ago we had a lot of contingency line items and a lot of money, each department had what if money built in. We can't afford that today in Newark. She thinks that amount is adequate.

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

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

2. **Ordinance No. 18-46** an ordinance to make appropriations for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2019 was considered. All Other Fund Budget

**Mayor Hall-** since we do this once a year, this is all one budget technically. We divide it into three budgets to make it simpler in the mind set. The first three digits of an account number is the fund where the money is coming from to pay for those services. The general fund can basically be used for anything and it starts with 100. This is everything else that has some other 3 digit number at the beginning other than 100 and those have to be used for a specific purpose. License Plate Permissive Tax and Gasoline Excise Tax have to be used for streets. If I am trying to solve the general fund I can't say let's cut back on streets because that doesn't help the general fund. This also includes the special projects that are going on. This number is up this year and Roger is here and he can't talk about it. Any of the water fund projects would fall into this budget. The budget is 100 million but that doesn't necessarily mean we are going to spend 100 million in 2019. There is the appropriation of the money and the timing of the project.

**Mr. Fraizer-** there was a new line item on here for infrastructure that I haven't seen in previous years, do you want to walk through why that was put in. Page 3 in capital improvements.

**Mayor Hall-** its principal pay notes and interest pay notes on infrastructure.

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

**Mr. Fraizer-** we have the water projects line item for 17 million, last year I had 6.5 million and I get that we are bonding now partly because of interest rates and anticipated need, the other one is CSO and sewer/water project that I assume is associated with the 4<sup>th</sup> Street project.

**Roger Loomis-** when we take out a loan for a project it is called a memo appropriation, we don't actually have that money it is borrowed money. Let's say this project is going to be 30 million dollars and we signed the contract in December, I have to have a memo appropriation to get that purchase order for 30 million. We aren't just going to give them the money, we are going to do this project over the next three or four years. These numbers get a little funky. Our numbers get inflated at the beginning of a project.

**Mr. Marmie-** it is kind of like what we did with HR last week you have to show it in the account even though you're not going to spend it. If that money isn't showing available in the Auditor's Office he can't write a purchase order on it.

**Mr. Fraizer-** the other one was EMS transport, was that pretty conservative based on what we got or how do we plan for that?

**Mayor Hall-** we project that on the past and talk with Ilene at Med Bill because she has a lot of experience.

**Director Baum-** we tend to be a little more conservative on the EMS funds right now because as you may have read in the Advocate that we sent \$400,000.00 to collections we don't know that we will collect any of that but we are making a legitimate attempt to collect it. It runs pretty close from year to year but what I have found this year is that we are making more runs they are less life threatening runs but I am finding that more people are paying their bill. It is working out in our favor but I still wouldn't anticipate more than high 1.4 or low 1.5 where it's been for quite a while.

**Mr. Fraizer-** on the debt service side I see the trend for the last four years that I have in front of me, 2016 looked very high and we have been chipping away at it what does the future look like?

**Mayor Hall-** like I said we expect to be a little high in 2019 and 2020 and then some relief in 2021. From my point of view when I came in the right time to borrow money is when rates are low. It is a good time because things need fixed.

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

3. **Ordinance No. 18-47** an ordinance to make appropriations for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2019 was considered. Grant Fund Budget

**Mayor Hall-** you will see a combination of grants in our Department of Development, safety forces and Adult Probation Department. They are all lumped into one piece. I don't think that there is anything there that you haven't seen before. If you have any questions I encourage you to reach out and we will get you an answer before Monday.

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

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

4. **Resolution No. 18-101** appropriating Monies for the current expenses of the municipal corporation was considered. – Late Item- Expedite

Section 1. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$87,602.90 (OPT)

Account	Description	Amount
100.111.5901422	OPT	\$87,602.90

**Mayor Hall-** the item that was purchased for that first installment payment was the bridge over State Route 16 on Mt. Vernon Road. There was a little bit of a mix up on the timing of that payment sometimes when you get to the end of the year that happens. The first payment is due 31 months after the closing of the loan they thought that it was 31 months after closing the project. Long story short it would have been a payment we would have had to make anyways, no additional funding it is just the timing of that. Some of it is paid through the Engineering Department and some of it is paid through Roger Loomis's Water.

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

**Mayor Hall-** the State Infrastructure Bank is where we are pulling the money so that is the SID part of it, they give us favorable rates for borrowing money so that is why we used it in this case.

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

Section 2. There is hereby an appropriation of the unappropriated balance of the 422 Debt Service Fund, in the amount of \$87,602.90

Account	Description	Amount
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422.923.5426210	Interest Pymt SIB 13D	\$35,774.78
422.923.5416210	Principal Pymt SIB 13D	51,828.12

**Mr. Marmie**- the second part of this is like what the Mayor said; the appropriation of \$87,602.90 is the interest payment for the SID and it is broken down in two separate accounts.

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

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

Doug Marmie, Chair