

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
December 9, 2014

The Finance Committee met in Council Chambers on Monday December 8, 2014 with these members in attendance:

Jeremy Blake
Doug Marmie
Bill Cost Jr.

Carol Floyd
Ryan Bubb

We wish to report:

1. **Resolution No. 14-100** appropriating monies for the current expenses of the municipal corporation was considered.

Section 1. A request for an appropriation of the unappropriated balance of the 231, Probation Grant Fund, in the amount of \$8,500.00 (Funds needed for Salaries/Wages and Health Insurance for 2014 for 3 employees)

Account	Description	Amount
231.232.5111	Salaries/Wages	\$3,800.00
231.232.5124	Health Insurance	4,700.00

Kevin Sadd, Adult Probation Director- this is in regards to the Probation Improvement grant. It is for the remainder of this year and it is to pay the salaries and health insurance for three employees.

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

Section 2. A request for an appropriation of the unappropriated balance of the 954, Law Library Fund, in the amount of \$3997.42

Account	Description	Amount
954.126.5266	Law Library	\$3,997.42

Marcia Phelps- we over collected from what we estimated we would collect and in order for it to be paid out to the County it has to be appropriated. The Law Library was established in I believe 1986; it was established to pay for a law library in every county in the State of Ohio.

Motion by Mrs. Floyd to send to full Council, second by Mr. Cost

Mr. Blake- do a lot of people utilize the Law Library?

Marcia Phelps- I wouldn't know. We used to have a full time employee but since I am not a Commissioner anymore I don't pay attention.

Director Sassen- we use our online research, most of our research is on line now. We have cut our book subscription account dramatically and we are able to get a reduced rate for that on line research program by partnering with the County Law Library. So we save a significantly amount of money by using that Law Library so there is some value to it beyond the fact that it is there.

Motion passed by a vote of 5-0.

Section 3. A request for a disappropriation of the appropriated balance of the 221, Street/Traffic Fund, in the amount of \$43,899.00

Account	Description	Amount
221.222.5147	Sick Leave Conversion	\$5,739.00
221.301.5118	Overtime	8,000.00
221.301.5122	Pension	4,000.00
221.301.5122100	Pension Pickup	1,500.00
221.301.5123	Waived Insurance	1,000.00
221.301.5124	Health Ins	9,000.00
221.301.5147	Sick Leave Conversion	14,660.00

Director Rhodes- the reason for the disappropriation is an under collection of revenue.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Mr. Guthrie- can you explain the under collection what does that result from?

Director Rhodes- projections of what we are going to collect

Mr. Guthrie- ok so we projected one thing and it came in under that.

Director Rhodes- yes, it is really a bookkeeping issue.

Motion passed by a vote of 5-0.

Section 4. A request for a disappropriation of the appropriated balance of the 236, Community Development Fund, in the amount of \$579,323.00

Account	Description	Amount
236.601.5199	Salaries Contingency	\$46,681.00
236.601.5299	All other Contingencies	532,642.00

Director Mauter- this is similar to what Director Rhodes had, we had an under collection of funds and it was due to some purchase order carryovers and some incomplete projects or delayed projects which was in part from us receiving our grant funds so late in the year.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Motion passed by a vote of 5-0.

Section 5. A request for a disappropriation of the appropriated balance of the 958, Fire Damage Fund, in the amount of \$39,373.67

Account	Description	Amount
958.127.5621	Refunds	\$39,373.67

Director Spurgeon- this is a bookkeeping entry. The Fire Damage Fund is a portion of insurance money that we collect to make sure that a property post a fire is brought back to snuff. We had two things affecting that under collection.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Mr. Blake- I just wanted to make sure that the Committee understands with this being the end of the year this piece of legislation is going to be expedited and the two day reading rule waived.

Motion passed by a vote of 5-0.

Section 6. A request for a disappropriation of the appropriated balance of the 100, General Fund, in the amount of \$512,900.00

Account	Description	Amount
100.202.5111	Salaries	\$183,000.00
100.202.5121	Pension	9,000.00
100.202.5124	Health Ins	9,000.00
100.203.5111	Salaries	22,000.00
100.203.5118	Overtime	7,000.00

100.204.5111	Salaries	38,000.00
100.205.5111	Salaries	123,000.00
100.205.5118	Overtime	35,000.00
100.205.5121	Pension	33,000.00
100.205.5124	Health Ins	40,000.00
100.205.5127	Workers Comp	5,000.00
100.205.5147	Sick Leave Conversion	8,900.00

Stephen E Johnson, City Auditor- this is just getting appropriations off of the books. That is why everybody is here tonight disappropriating money. We being the City are sited if we appropriate things that we are not going to be able to fund. These are appropriations that were made and shouldn't be on the books and this is taking them off.

Motion by Mr. Bubb to send to full Council, second by Mr. Cost

Mr. Guthrie- I am not real clear here on what some of these are. Are some of these salaries Police and Fire?

City Auditor- those are but they are unneeded funds at this point.

Mr. Guthrie- so it is money that we appropriated for salaries that was not used therefore it has to come off of the books? You are not really the one to answer why we wouldn't have used these funds?

City Auditor- no I am just cleaning it up.

Mr. Marmie- is there any reason with these funds we didn't resupply the Budget Stabilization Fund? I don't know if you can answer that or who made the decision not to do that? Can anybody answer that

Mayor Hall- we got an estimate from the County Auditor of 2.4 million in property tax collections and then got 2.1 million so there is \$300,000.00 less dollars. We have to use the number that they give us to approximate. If we had put it in Budget Stabilization we would have had to turn around and take it right back out to balance the budget. It is one big pot at the end of the day and we use it to help balance the budget.

Mr. Guthrie- are these salaries in police and fire examples of someone retiring and they weren't replaced within period of time or the decision was made not to fill a position?

Mayor Hall- correct. With about 270 employees across the City you have dynamics there. We have many employees who have been with us for many years so we have retirements from a few to several within a year. They retire and not necessarily is there someone working in that position the next day so there are savings. I think that everybody needs to understand that salaries plus benefits adds up to quite a bit, an employee in police and fire may end up costing us \$80-90,000.00 a year.

Motion passed by a vote of 4-1 (Mr. Marmie)

Section 7. A request for a disappropriation of the appropriated balance of the 250, Police & Fire Pension Fund, in the amount of \$637.02

Account	Description	Amount
250.100.5284	Auditor Treasurer Fee	\$637.02

Stephen E Johnson, City Auditor- we received funding from the County through millage for the accrued liability of police and fire pension fund. When the fund was initially started it was grossly underfunded so every city in the State of Ohio that had a police department got a share of making up that deficit. We received this through real estate tax collections. It is something that is estimated and in this case not as much came in. These fees are collection fees that the County charges us. This is no real appropriation other than a book entry because we post the net amount that we receive from the County. We used to do it that way but now what we do is post the gross amount that is entitled to us less the fees. It is one of those bookkeeping things that we have to do.

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

Section 8. A request for a disappropriation of the appropriated balance of the 623, Water Projects Fund, in the amount of \$2,000,000.00

Account	Description	Amount
623.706.5521	Water Lines	\$2,000,000.00

Roger Loomis- we are required when we do budgeting to anticipate money that will come into this fund. This money is a loan that we thought we were going to get in December for the downtown project. We projected it last year but we aren't going to get the money until in January. These are memo appropriations we never saw this money it was a loan we were going to get.

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

Section 9. A request for a disappropriation of the appropriated balance of the 665, Sewer Projects Fund, in the amount of \$11,650,000.00

Account	Description	Amount
665.755.5522	Sewer Lines	\$11,650,000.00

Roger Loomis- this is the same thing for the same project. It was money from a loan anticipated to come in December but won't until January.

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

Section 10. A request for an appropriation of the unappropriated balance of the 152, Budget Stabilization Fund, in the amount of \$20,000.00

Account	Description	Amount
152.100.5901001	OPT	\$20,000.00

Section 11. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$20,000.00

Account	Description	Amount
100.106.5632	Settlement	\$20,000.00

Law Director Sassen- Section 10 and Section 11 is an appropriation from the Budget Stabilization Fund into the General Fund I believe it is actually going into an account in my office for disbursement. It is the City's share of an agreed settlement that is agreed contingent on Council's approval of the appropriation of these funds for the settlement of a pending Federal litigation. I recommend that Council approve the appropriation and allow the settlement to go forward. I am uncomfortable answering too many questions regarding the appropriation other than a generic question of whether I think it is a good idea or not outside of executive session so if you have specific questions about the settlement, the case or where it came from or where it goes to I would strongly suggest that you go into executive session.

Motion by Mrs. Floyd to go into executive session, second by Mr. Cost

Director Sassen- just for the record that motion I assume would be for the purpose of discussing this pending litigation and would include all members of Council, the administration, the Auditor, Deputy Auditor and the Law Director in that session?

Mrs. Floyd- yes please thank you.

Motion to go into executive session passed by a vote of 5-0.

Motion to come out of executive session by Mrs. Floyd, second by Mr. Bubb
Motion passed to come out of executive session 5-0.

Motion by Mrs. Floyd, second by Mr. Cost to forward Section 10 on to full Council
Motion passed by a vote of 5-0.

Motion by Mrs. Floyd, second by Mr. Cost to forward Section 11 on to full Council
Motion passed by a vote of 5-0.

2. **Ordinance No. 14-40** to make an appropriation for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2015 was considered. General Fund
Judge Higgins was the representative to discuss the Judicial Budget

Mr. Blake- how many employees are funded through the Municipal Court?

Judge- I guess it depends on how you define the Municipal Court. Marcia Phelps has a large number of employees that are not answerable to the Judges since she is a separately elected public official. Currently we have 13 people working for us in the Probation Department which includes 11 full time employees, Mr. Harrington who is a contract hire and handles the community service aspect of probation and we also have a part time position that helps the 2 secretaries. Then the Court, Judge Stansbury and I each have 3 employees. We have a Bailiff, Court Recorder and an Assignment Commissioner. We share Rose Peck who is the Court Administrator who does our budget and we also share Deb Kraning. Currently she is the Small Claims Hearing Officer Administrator, she does arbitrations. Then we have a part time lawyer who hears all of the eviction and small claims cases in Licking County.

Mr. Blake- the Committee had earlier received a letter from Judge Stansbury about the need for more funds for the physiological evaluations; does the budget presented to us tonight include the necessary funds?

Judge- At best it is an estimate. It is not something that we have no control over. If someone pleads not guilty by reason of insanity or if someone comes in that suggests they are not competent to stand trial we have no choice but to send those folks of for an evaluation. Net Care does our evaluations for us which cost about \$1,000.00. For some reason we had a lot of those this year.

Mr. Blake- do the funds for the evaluations come out of the judicial budget or probation?

Judge- judicial

Mr. Marmie- I don't know if my question is for just Judicial or Clerk of Courts. I have a couple of questions. One I saw that the insurance went down significantly, a little over 10% but waived insurance stayed the same. I didn't know what would have caused the decrease but yet no change in waived insurance.

Marcia Phelps- we detected that problem in the budget on Friday and sent an email to Lori and met with her today. She is going to research it because it is \$25,412.00 I believe and we certainly don't want to come to Council with a budget that might not be correct. At best we will leave it the way it is until she can do her evaluation and advise us. She did send us some information late this afternoon but we haven't had time to analyze it

before we came before you tonight. Thanks for noticing, we did too and were concerned as well. We did narrow it down to being in the Health Insurance line item.

Mayor Hall- I might add a few points to that. FYI in a larger departments you will see a fluctuation in that. A single is about \$6,000.00 and a family is about \$18,000.00. You could have a \$12,000.00 swing on one employee without effecting waived insurance.

Mr. Blake – I have a few questions for Mr. Sadd in the Probation Department. Adult Probation's budget for 2014 was \$664,132.00 and in 2015 it is \$577,283.00 could you speak to that difference.

Kevin Sadd- David Priest was an Adult Probation Officer 2 and he left in September and we did not replace him from an outside posting we moved current employees around and his whole entire package was about \$72,000.00

Mr. Blake- the other question that I had relates to the Jail Diversion Grant, in January of this year Scott Fulton came to us and asked that we appropriate \$62,391.00 and for 2015 it is down to \$58,300.00 so there is about a \$3,000.00 difference, are you not projecting the need to be there?

Kevin Sadd- the closest figure I have to the \$58,300 is \$54,300.00 which is for programming through LAPP and Behavior Health Partners. I'm not sure in his budget he could have projected that we were going to have more defendants.

Mr. Blake- asked about the court computerization fund.

Judge- stated that the court fees are split among the Clerk's office and judges 80/20 and those court fees are used to update computers and software.

Mr. Marmie- I see in Adult Probation that Professional Services and Services General have increased significantly that usually means that we are hiring out. It is over 100% increase on both of those.

Kevin Sadd- the Professional Services \$29,362.00 is for Steve Herrington who is a contract hire, last year Scott brought Tory on as a contract hire. She is a support for the secretarial staff. During Mr. Bain's time as Mayor our department had to lay off our 3rd secretary and we have never recovered from that. We have a small office but each one of those ladies serves a specific function. Last year Scott brought on a contract hire and from what I understand it is a better route to go as far as money rather than hiring a part time or full time person. What was the other line item?

Mr. Marmie- Services General \$4,390.00

Kevin Sadd- we have had to add money to this account to purchase incentive cards which I spoke about at one of the last committee meetings and we have service contracts for radios that is paid out of this account.

Mr. Marmie- supplies has increased across the board in Courts, Judicial and Probation but particularly law enforcement supplies in the Probation Department. None of the other departments have an increase that big.

Kevin Sadd- we are going to equate that to the loss of our OVI Court Grant, the original one. Looking back at past budgets that Scott Fulton had developed I could see where in those budgets he was as high as \$11,000.00 but when the grant came in he reduced it by half so our thought process is that we are going to have to up that if we want to stay where we were with purchasing of drug testing supplies, we test a lot of folks.

Mr. Marmie- asked about the increase in office supplies in the Clerk's office

Marcia Phelps- advised Mr. Marmie that they are sending out reminders and their collections this year increased by \$45,000.00.

Mayor Hall- I want to first thank all of the departments including Judicial. There are some mandates when you get into courts and other segments of government that become very challenging at times. We run somewhat of a decentralized government here which you have to with this many departments. We have open dialogue with them and talk to them. Sometimes you will have grants that cover costs and sometimes you won't that dynamic can change from year to year. The budget this year started with the Auditor's office which has done a great job, actually all of the departments have. We worked the last three years to try to educate them financially a little bit more so that they understand when there are challenges. As I have said the job is a whole lot easier for everybody in the city when we have extra dollars and you just have to decide how to spend it but when you have the reverse of that it makes it quite challenging. It makes this a whole different project for everyone in each department trying to do as much with less. In the last two years we have had cuts in revenue just north of 2 million dollars per year through local government funding and the elimination of estate tax. Over that period of time we have had no less duties to do in the city and quite frankly we have rising expenses just as everyone in this room has had.

It wasn't a lack of effort to get the budget to you a day or two earlier, it was our intentions. I want to thank Lori in the Auditor's department we had about a 14 hour day and a 12 hour day towards the end trying to get the budgets out. We surely don't want to give you a budget that has errors.

We do have a budget but we do divide it into three categories. The General Fund budget is the most challenging one, it can be used for anything but because it is so lean it needs to address the departments that are in it. We will discuss the Grants Fund budget next which covers the Department of Development and Adult Probation that has grants. All Others budget is all the other departments that kind of have requirements to them like the Water Fund because we can't use water revenue to pay for police and fire or any other general fund services. Same thing for License Plate Permissive tax and Gasoline Excise Tax, we can't use that for anything else but street development, improvement and infrastructure.

GENERAL FUND BUDGET

Mayor Hall- we have had the most challenging year I think we have ever had with the General Fund Budget since I have been here. With the cuts that I mentioned earlier it has been very, very tough at the same time having fewer employees. Employees take up a lot of your resources financially but there are certain things that you can't do when you get so lean in employees. All of our employees are working hard, doing multiple duties much more than they did 10 years ago. We have presented a balanced budget to this body which basically means that we are projected revenues based on projected expenses. Key words are projected and budget. It is not an exact road map; hence we always have left over money at the end of the year and can help roll that into the final

year. Without a doubt we know it is an extremely tight budget and we have to run very lean 2015 still.

We have a balanced budget that includes the use of a carryover of \$300,000.00. As you look through the Budget Stabilization \$300,000.00 was used into that. It is a rainy day fund and it is raining. You will also see Capital Improvement legislation to slide the split from 85/15 to 90/10. We have looked over the recent history and that formula has probably been changed 7 times. It is important to know that before we do capital improvements we need to be able to function every day, it is important to operate every day. There are things that we do within the capital improvement fund that are not optional and I agree with that completely. The other piece is that we are partially self-insured since 2005. We have a stop loss of \$100,000.00 so when a claim is submitted we pay those internally out of our insurance fund up to \$100,000.00 anything beyond that is paid by an insurance company by a wraparound policy is what it is called. That was brought in in 2005 and is a huge win win for the city. The HR department has pushed out potential savings to help the insurance and one way has been through free medications that you might encourage employees to get off of costly medications such as acid reflux or other very common things today and to get on medication that is free to them.

Looking into that fund it is heavily funded at this time and we are using that to help remedy the budget short fall also on Capital improvements. Some members of this body a couple of years ago approved legislation that said if there is ever a premium holidays no payment for a period for insurance than any savings to the city would go into capital improvements. To be blunt with you there is no plan a, b and c this is the only way to balance by taking the split from 85/15 and sliding it to 90/10 but with the premium holidays that are justified for next year that makes up that difference within about \$5,000.00. To be honest and blunt the only way you could do savings at this time with the budget is to lay off employees. There are some really small departments where you couldn't lay off at all so you are going to have to look at your larger departments and without a doubt that includes police and fire. At this time we believe that we can balance the budget and offer the same services to the city.

Mr. Bubb- in regards to the premium holidays that is an administrative function is that correct?

Mayor Hall- yes the administrative function is to oversee that fund to be sure it is not too fat.

Mr. Bubb- jumping in on that capital improvement split if we are doing the three premium holidays this year I can see that but why do we need to make it permanent later on, why can't we maybe look at that every year? Is that a possibility?

Mayor Hall- sure, absolutely because premium holidays aren't going to be every year necessarily. We will look at it every year and that's fine. To put it into dollars and cents three premium holidays saves the city \$384,000.00.

Mr. Bubb- I am ok with that this year but I would like to look at it every year before we make that permanent split. I don't serve on the Capital Improvements Committee but it is kind of correlates with what we are talking about here.

Mayor Hall- we will still have 2 million dollars in that account which is plenty healthy for

the employees we have. When we overfund we do have to look at that because it means we are using too many tax payers dollars to pay for health insurance and too many employees' dollars.

Mr. Marmie- on that same note philosophy wise last year when we used budget stabilization we said at the end of the year if we did not utilize all the funds we would put it back into budget stabilization. Tonight you said no we are not going to do that because that will mean that we are going to have to take more out this year. So you have that going on plus last year you came to this Council and said look our roads are deteriorating we need to focus more on roads. We want to try to increase taxes in order to do that. The whole reason why those premium holidays were going towards capital improvements because it gave of us more money to throw at roads. So now we are saying that we are going to balance the budget with that and we are going to an eggshell thing here and use those premium holidays as our regular capital improvements and take money out of capital improvements. I am a little lost as to our prioritization with our streets being the way they were and are but yet we are taking money away from capital improvements.

Mayor Hall- with the premium holidays the level of capital improvement dollars remain the same which means the funding for the streets will remain the same.

Mr. Marmie- you said we don't have enough to fund. The whole premise when Mr. Rhodes was on City Council with us and some of these other folks those premium holidays were to focus on additional money for paving. Now we are saying we might move that to paving but we are going to reduce the amount that our regular general fund put towards that.

Mayor Hall- we are not reducing dollars to pave

Mr. Marmie- you aren't reducing it but if we were doing it the way that it was legislated we would have an additional \$384,000.00 to put towards paving.

Mayor Hall- it is legislated to capital improvements not towards paving.

Mr. Marmie- I understand that you are correct.

Mayor Hall- I don't know if anybody would anticipate financial conditions even 4-5 years ago where we are at today. The economy has turned many ways. Nobody could have projected a loss of 2 million dollars of local government funds and the estate tax eliminations. So with that you have to be dynamic and make changes.

Mr. Marmie- you have no problem reducing police and fire salaries but you are basically saying that we can go ahead and do that with money that was set aside for paving.

Mayor Hall- the police and fire salaries is a varying amount, you are comparing 2014 to 2015?

Mr. Marmie- correct

Mayor Hall- a minimum to hire one of them either police or fire is \$75,000.00 and you don't have that kind of spread there. We don't necessarily implement on personnel head we reach out and talk to the departments on their effectiveness and see what kind of job they are doing in the city. Once again if we had the extra 2 million dollars I don't think we all would be here even now tonight.

Mr. Guthrie- worker's comp, this year we received I think a rebate in the general fund of 201,000.00 in one fund and about \$50,000.00 in the other fund. My understanding is

that is going to go into the year-end balance. There have been numerous news reports where BWC saying we are going to have a reduced rate again next year too that will be fairly substantial. Yet when I look at 80% or more of these worker's comp lines all have increases. Is there are reason that we didn't take into account the projected reduction in premiums for next year?

Mayor Hall- we have to get official approval that we are going to have that. Generally the reductions in the last year or two have been from favorable investment experience by workman's comp of the State of Ohio. There is no guarantee on those until we get a declaration or I hate to say it a check in the mail. Our position and the total agreement from the safety forces is to hire someone in on anticipated revenue is very challenging and then in a year lay them off.

City Auditor, Stephen Johnson- the Bureau of Worker's Compensation signs a factor or a rate and it is based on salaries so if salaries go up then worker's comp appropriations go up as well. I don't think we have been notified of any decreases yet.

Mr. Marmie- they have increased a crossed the board over 5% and salaries only increased about 1%. Then that means the rates went up.

Stephen Johnson- they assign us a rate a year in advanced so we use whatever rate they gave us times the salaries we pay.

Mr. Guthrie- are we using the 2014 rate because I have read several articles about this maybe none of them are true but what they were saying was basically we got rebates this year, we got a rebate last year and then next year they are actually adjusting rates and municipal rates were dropping 13.5 %. We have received no notification to that effect?

Stephen Johnson- no

Mr. Guthrie- I understand the argument that if we earmark that for salaries then we put those people in a difficult situation but why could not we for instance, we know we have a need in both police and fire for equipment. Why couldn't we ear mark 2014 for equipment and the dollars we receive for reduced rates in 2015 for equipment? We do have significant safety equipment needed right?

Mayor Hall- we understand that and if by chance fire overtime comes in at \$50,000.00 over where would we get the money? Or if police overtime comes in at a \$100,000.00 where would we get the money? We have taken police and fire overtime down to minimum numbers to balance this budget. While we are comfortable with that any what if situation could make that change and we are certainly not going to ask the police and fire to stay in the respective locations and not go out and help the citizens. The only place left would be budget stabilization if we have nothing because we have nothing unappropriated. Any found monies throughout the year we analyze them all the time and look at them I mean really that is my job as administration to constantly oversee that money. If it gets legislated and then we run short on money for daily operations like overtime for safety we are going to have a problem.

Mr. Guthrie- so what you are saying is that the \$201,000.00 rebate this year and the reduced rates during 2015 you in essence want to put that money into a cushion?

Mayor Hall- 2014 was used to balance the budget. Anything that we get in 2015 would come into what we call unappropriated monies but it has to go over to respective

departments understand that is not all general fund money. What I am saying I it presents a cushion and if that unappropriated grows to something that we feel comfortable with but quite honestly I am worried about 2016. I would like to build a larger carry over for 2016. I would love to have an unappropriated and not use it. A year from now when we are talking and we have a balanced budget again and being able to offer the services and potentially not go into budget stabilization as much. Any money that we could get in there would help keep that fund steady.

Mr. Blake- if we could look under department 111, when we talk about the premium holiday this is the \$386,920.00 will come from that, this is the transfer out account.

Mayor Hall- yes

Mr. Blake- then on the previous page the operating transfer capital improvements says \$509,913.00 so this is taking into account the 90/10 split?

Mayor Hall- yes. We will have \$386,920.00 on top of that because they are coming in different direction. That is the operating transfer capital coming through the income tax.

Mr. Blake- last year when we adopted the budget the operating transfer TIF was zero and this year we are going to appropriate \$281,000.00

Mayor Hall- we had a colliding of a few things beyond our control. I talked about the local government funding reduction and the loss of estate tax then the property taxes were under collected by around \$275,000.00. The other thing is the Longaberger TIF. They owe property taxes and are delinquent on that and there is debt associated with that which we believe that we have an obligation of \$281,000.00 unless they get caught up on their payments. They have started to make sizable payments and if that continues that could be additional monies next year but I don't want to count on it. \$281,000.00 bail out \$275,000.00 under collection in property taxes it just starts adding up.

Mr. Marmie- the estate tax, there was \$10,000.00 in there last year and this year there is \$1,000.00 is there still something going on with that?

Stephen Johnson- the county suggested that we appropriate something in there so we just threw in \$1,000.00 and they thought that was realistic.

Mr. Guthrie- asked Mr. Johnson, could you give us a base line regarding the revenue, what the high was say 4-5 years ago

Stephen Johnson- the high I remember was about 14 years ago and it was about 1.7 million. The 7 year average was right around \$800,000.00

Mr. Guthrie- so between the local government funding and the estate tax it is 2 million because I thought it was like 2.5 million.

Mayor Hall and Stephen Johnson- agreed it is the 2 million

Stephen Johnson- there is also a loss of revenue on interest. Interest earnings comes into the general fund unrestricted. In 2000 we earned a little over 1 million and this year we are going to be lucky to earn \$50,000.00.

Mr. Marmie- why was income tax moved into the general fund

Stephen Johnson- it is an accounting requirement. The auditors told us in order to be compliant with the GASB statement 38 the income tax should be part of the general fund.

Mr. Marmie- the \$130,000.00 for the bed tax was that our final payment for that portion that we had to pay? There is nothing in that line item for this year.

Stephen Johnson- the bed tax has become a special revenue fund. It should not be in the general fund. Initially it was but is now a special revenue fund.

Mr. Marmie- what does custodial need with road salt? We have never had it under there before that is why I am asking.

Mayor Hall- it is for sidewalks. We are trying to clean up many of these budgets to be more reflective of how we spend that money. The software we are using has a history piece to it that years down the road it can help us with projections.

Mr. Blake- I have a question for the Service Department. The \$788,670.00 for the other intergovernmental billings, what does that go towards?

Director Rhodes- the service agreement with the Licking County Health Department

Mr. Blake- what is House Bill 300 fund?

Director Rhodes- that was done under the Bain administration. House Bill 300 allowed cities to borrow money for capital improvements within buildings. The dollars used were to do energy upgrades. You are supposed to be able to pay for the debt out of the savings that you receive. We are still paying on that for a few more yes.

Mayor Hall- the money went to new lighting and putting in new HVAC thermostats.

Mr. Guthrie- was there energy savings?

Director Rhodes- there was I have it on a PDF that I could send it to you and all members of Council if you would like.

Mr. Marmie- if I remember correctly it also should what are increases would be but because we went with the replacement. It is not just going to show a pure savings dollar for dollar but it reduced our increases that we were going to have.

Mr. Marmie- Lori you may want to check this, the Auditor's department you had a 4% increase in Medicaid.

Lori Resta- certain employees if you are employed before a certain date you didn't have to pay Medicare. Now I am paying Medicare but years before I was not. It hit my pay check too so I noticed.

Mr. Blake- I had a question about Babe Ruth Park. Last year it was \$17,100.00 and this year there is \$1700.00

Director Rhodes- what we did there Jeremy was sat down and discussed the bed tax legislation. The Auditor, the Law Director, myself and the Mayor discussed the bed tax legislation and decided because of all the out of town tournaments that are coming in that would be eligible to use \$15,000.00 of bed tax dollars rather than general fund dollars thus creating a relief to the general fund.

Mayor Hall- The pool doesn't generate out of town stays so that isn't something you can do with the pool. We had 350 games down there this past summer and because of the Double Tree Hotel those bed tax dollars for 2015 are growing.

Mr. Blake- the \$1700.00 goes to the YMCA then and it is the same for the Hollander Pool the \$25,500.00?

Director Rhodes- they are not bed tax items but they do go to the YMCA and Hollander Pool

Mr. Bubb- I want to compliment everyone for their efforts and will make a motion to pass this on to full Council.

Motion to pass Ordinance 14-40 to full Council by Mr. Bubb, second by Mrs. Floyd

Mr. Blake- last Friday when we had talked Lori you were going to send out the employee break down

Lori Resta- I have them I just got them done earlier, I will give you copies after Council
Motion passed by a vote of 4-1(Mr. Marmie)

3. **Ordinance No. 14-41** to make an appropriation for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2015 was considered. Grant Fund

Director Mauter- not all of these grants fall under my department, for instance the Probation Grant so I am going to hit on the ones that fall under the Department of Development. The first one is going to be under the 232 Fund which is the Transit Fund. We don't have the Transit program here and haven't for 2 years however the FTA is still in the process of bringing this to closure for the City of Newark so there are a few dollars in there to take care of that. Primarily it is cash on hand dollars that is in there that we receive from the State of Ohio. We will be either forwarding those dollars to Licking County Transit or back to the State or the FTA.

Fund 234 which is the Brownfield Clean Up. We have three grants that are active in that program right now. The first one is 145, the action plan which we refer to as the Brownfield Action Plan. This is primarily tied to the Union Street corridor. The legislation that we just presented this evening to perhaps take on the demo of 100-114 Union Street. That is what those grant funds are going towards. 146 under the Brownfield is Hazardous Substance Assessment. This is a \$200,000.00 US EPA Assessment Grant Fund that we have had a lot of success here throughout the City. Basically we offer property owners to do assessments on their properties to see if there is any sort of contaminations or asbestos that would be associated with property which becomes very important when they go to sell their property. These grant assessment funds don't have to be paid back so it is actually a real service to some of these people who chose to participate. A few of the participants were: Good Guys Garage, The Arcade, and Mid State Warehouses. There is only about \$35,000.00 left of this grant that we can dispense out in this upcoming year. The last item under Brownfield is listed as 148, a 21st Street project; specifically the address is 209-217 South 21st Street. The property is directly south of Packaging Corp of America. That business would like to expand but they need more space because they are bound by the railroad tracks on the north side and 21st Street to the east. We think we are closer to a solution to remediate the contamination that is on that property. Once the contamination has been removed PAC can come in and the expansion that they want to do.

Fund 236 is our Community Block District Grant (CDBG). The best way to summarize this is to tell you what the primary objective of CDBG is. It is to develop viable urban communities. What are the objectives to do that: provide decent housing in a suitable living environment and third to expand the economic opportunities for all moderate to low income families in our community.

We had a public hearing regarding our 1 year budget and once we are allocated the funds from HUD we will do a formal presentation of the budget at that time. With this money we do small business assistance loans, downtown revitalization projects for

businesses in this area and we do emergency minor home repairs for residents that qualify in that moderate to low income level. An example of a minor emergency home repair would be repairing a furnace or an air conditioner or a water line that bursts. We get involved with other departments in the city as well. We work with Brian Morehead on street improvement projects. Every time he goes to repave a road the Federal Government requires him to do the curb ramps you see at all the intersections and we are involved in that. We get involved with Director Rhodes with his park improvements. We are also going to be heavily involved in street scaping for the downtown sewer separation project. We have about \$100,000.00 reserved to help out with that.

Fair Housing is a requirement that we have to supply since we receive the CDBG. Finally, we are going to fund about 8 different local non-profits that have made applications for assistance and they are St. Vincent de Paul, Behavior Health Partners, Salvation Army, Licking County Coalition for Care, Woodlands, Licking County coalition for Housing, The Works and South Newark Civic Association.

The 237 Community Development Home Fund is the CHIP 14 grant that we were successful in securing just this fall. That money will be used for 6 projects which are whole house renovations for low to moderate income owner occupied homes.

Fund 260 Community Development Revolving Loan Fund this can be used for a variety of CDBG eligible projects, it can also be used to supplement some of these programs I just mentioned in our one year plan.

Mr. Guthrie- where is the \$60,000.00 for the CIC in here?

Director Mauter- that is in our one year plan and is going to fall under fund 236 in all other accounts. \$498,700.00 account number 5200

Mr. Guthrie- that is still \$60,000.00? I believe that was a three year commitment. When is that commitment completed?

Director Mauter- yes it is and it went 2013, 2014, and 2015.

Fund 262 Home Revolving Loan Fund. Recently we have used these funds to help Habitat for Humanity homes in our community. In most cases we are taking vacant property and building a new home for a qualifying family who didn't have one before in many cases.

Fund 264 Lead Grant Revolving Loan Fund, we will use this in conjunction with the CHIP 14 program because most of these older houses have a lead problem as well.

Fund 265 Housing Development Action Grant, primarily which is tied in with 191 Hudson Ave for maintenance, expenses and taxes. We are working on a solution to get that house demolished.

Fund 293 AG Demo Grant, these dollars can be used to help with city demolitions.

Fund 294 Cops Grant this is a 3 year Federal Grant that helped to pay police wages and benefits.

Fund 297 Fire Safety Grant is a State EMS grant that helps purchase medical supplies for the fire department.

Mr. Guthrie- in reference to Cops Grant, what are our plans for applying for future Cops grants and I think there is a Federal Grant to hire firefighters?

Director Mauter- Barbara Gilkes has done a good job of constantly keeping up with those grants and making applications for anything that can help support our police and fire departments.

Director Spurgeon- Barbara has done an excellent job. Those grants have been revolving. When one grant application period ends typically another kicks in. I would say it is her MO to apply again. I am unaware that she has never not.

Fund 298 ODNR that is a parks grant that Director Rhodes can use.

Mr. Bubb- I want to thank you Mark for your efforts here and getting the department cleaned up and back on track. With that I make a motion to send this on to full Council

Motion Mr. Bubb to send Ordinance 14-41 on to full Council, second by Mrs. Floyd

Mrs. Floyd- I want to thank him for his presentation. I think it is very helpful for us to get an overview of what is going on.

Rhonda Loomis- I just wanted to clarify that fund 262 the RLF for CHIP. You are recycling those funds for Habitat for Humanity basically?

Director Mauter- that is one of the projects that we have been doing but we can also do some additional CHIP programs with this.

Rhonda Loomis- because you have a new CHIP grant right?

Director Mauter- right

Rhonda Loomis- the \$1500.00 for the HoDAG, you said those were taxes and maintenance. I was just wondering if you can sell that property and someone can do whatever they want with it and we are not under restrictions from HODAG?

Director Mauter- the answer yes, as soon as the \$35,000.00 is paid back.

Rhonda Loomis- for the 311 Transit I had four questions I wrote down. Has DOD satisfied all of the FTA issues?

Director Mauter- the last email that I received stated that we has gone through an audit and had addresses 99.9 % of the \$612,000.00 that they were auditing and that they were forwarding a favorable report to FTA in Chicago.

Rhonda Loomis- that answers my other questions then as well. This is something that we talked about a long time ago, the 21st Street property under the 148 Brownfield. There were taxes on that because Guthrie and I have talked about that before. Who is going to pay the taxes and the liens on that? There was a significant amount there.

Director Mauter- ultimately there is going to have to be a developer involved in that project that is going to have to assume the whole risk. What the city brings to the table is a \$500,000.00 grant that can be used for remediation. We can't do anything over and above that. We have been working to find a developer who will take this project on and who will work with PCA as well as Heartland Bank who has the mortgage on the property. We are getting close; we just had a meeting a week ago with a potential developer with Tom Watson the manager of PCA and with the President of Heartland Bank.

Motion to send Ordinance 14-41 on to full Council passed by a vote of 5-0.

4. **Ordinance No. 14-42** to make an appropriation for the expenditures of the City of Newark, Ohio during the year ending, December 31, 2015 was considered. All Other Fund

Mayor Hall- these are restricted funds. When we solicit for dollars or have legislation that covers dollars and is guided to where it can go it will go into one of these accounts.

Mr. Blake- going to the Hotel/Motel Fund, the \$130,000.00 for bed tax disbursements, what do we plan to do with that?

Mayor Hall- we actually have two amounts there. We are finishing up the purchase of Don Edwards Park that was approved by prior administration and prior Council. We are making our last \$50,000.00 payment. That is the difference between the \$180,000.00 and \$130,000.00. The \$130,000.00 also has legislation attached to it. What it has been used for by legislation is the ice arena and NASSA soccer fields which both do provide bed nights. Through Don Edwards Park we have given some to the Settlers, Newark high School and Newark Catholic for the basketball tournaments that they bring in. Also the Midland Theatre and The Works.

Mr. Blake- this is kind of a combined question about the State Highway Fund, License Permissive Tax, and the Capital Improvements that is listed in here. I know this year we got out bids late for paving so paving for 2014 won't actually happen until the spring but for this coming year will there be a timeline as to when these funds...

Mayor Hall- we try to get 1 million dollars and sometimes it varies from the State Capital Improvement Fund. That is never declared until after July 1 because the State's fiscal year. We can line things up but we can't legally award a bid until after that. What you want to do is put together an attractive paving package for a vendor there aren't many paving contractors so it is advantageous to wait until after July 1. The challenge that we had this year was that the State did an amazing amount of paving so the few paving companies we do have obviously were going to do that. If they push back our project because of weather or demand we don't have a choice. We were able to save \$10,000.00 in the bidding process by agreeing to allow it to go into next year understanding we didn't think any of them would be able to get to it this year.

Mr. Blake- a lot of this is educational, under 422 Debt Service can you break down what each of these are?

Stephen Johnson- Finance accounts for the fees that the county charges us on TIFs. The rest of the things in the 422 are just principal and interest payments on our various debts.

Mr. Blake- then Evans Blvd is over by the school, it is the road itself and then the recreational facilities?

Stephen Johnson- the ice arena

Mr. Blake- the safety facility, which one is that

Stephen Johnson- there is a couple. The Police Station and the West Main St fire station.

Mr. Guthrie- Steve is the ice arena folks making their agreed payments?

Stephen Johnson- the interest payments yes.

Mr. Guthrie- no principal?

Stephen Johnson- no

Mr. Guthrie- wasn't principal part of the agreement?

Mayor Hall- what they are doing is capital improvements on the arena but we required them to reinvest in the structure to improve it and keep it in good shape. I look at it a

few times a year and it is in great shape. We don't want them to drain it so in lieu of that we feel comfortable with improvements.

Mr. Guthrie- I understand Mayor but was principal part of the agreement?

Stephen Johnson- I don't believe it was

Mr. Guthrie- so who is going to pay it off if we are only paying interest?

Stephen Johnson- we pay principal too

Mr. Guthrie- the City is paying the principal?

Stephen Johnson- exactly, \$10,000.00

Mr. Guthrie- can you fill us in on the agreement sometime

Stephen Johnson- yes we have a copy of it.

Mayor Hall- Mr. Rhodes can answer that too, he signs agreements as the Service Director and would have it too.

Mr. Cost- did I understand that you said we are making our last payment on Don Edwards Park?

Mayor Hall- there were 5 \$50,000.00 payments, this year 2015 will be the last payment

Mr. Blake- under the fund 669 Storm Water Utility, what are the priorities next year with this fund?

Brian Morehead- next year the first portion of work to be implemented is storm sewer in W Church Street through the 30th Street intersection with W Church Street. They also an intersection project going on in that area so we want to get the storm sewer done before building the intersection on top of that. That will start in spring time and construction on that will probably take place throughout the summer time. The other item that we also want to do through that study is there is some land that we would like to purchase for a retention area off of Buckeye Ave.

Motion to pass Ordinance 14-42 on to full Council, second by Mrs. Floyd

Motion passed by a vote of 5-0.

Jeremy Blake, Chair