

Finance Committee Minutes

Honorable Council
 City of Newark, Ohio
 December 10, 2013

Finance Committee met in Council Chambers on Monday December 25, 2013 at 5:30 P.M. with these members in attendance:

Doug Marmie, Chair
 Bill Cost Jr.
 Carol Floyd

Rhonda Loomis for Ryan Bubb
 Curtis Johnson

1. **Resolution No. 13-105** appropriating and disappropriating monies for current expenses of the Municipal Corporation discuss.
 - a) a request for a disappropriation of the appropriated balance of the 255, State Highway Tax Fund, in the amount of \$1,000.00 (OPT)

Account Description Amount

255.307.5901100	OPT	\$1,000.00
-----------------	-----	------------

City Auditor Stephen E. Johnson- I was here a couple of weeks ago and I told you that we needed to get some appropriations off the books this is just a continuation of that. The first one is a gasoline excise tax that we will not be receiving this was based on an estimate

**Motion by Mrs. Floyd, second by Mrs. Loomis to send to full Council
 Motion passed by a 5-0 vote.**

- b) a request for a disappropriation of the appropriated balance of the 250, Fire & Police Fund, in the amount of \$19,068.90

Account Description Amount

250.100.5282	Delinquent Tax Advertising	\$15.00
250.100.5252100	Delinquent Tax Advertising Mfg Homes	5.00
250.100.5283	Dretac Fees	33.90
250.100.5283100	Dretac Fees Mfg Homes	2.94
250.100.5284	Auditor/Treasurer	947.56

	Fee	
250.100.5284100	Auditor/Treasurer Fee Mfg Homes	13.40
250.202.5121	Police & Fire Pension	9,025.55
250.205.5121	Police & Fire Pension	9,025.55

City Auditor Steve Johnson- this is more of the same, we received millage for the Police and Fire pension past liability and a little less came in this year than what was anticipated

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

Motion passed by a 5-0 vote.

- c) a request for a disappropriation of the appropriated balance of the 247, SID Fund, in the amount of \$729.15

Account Description Amount

247.147.5283	Dretec Fees	\$19.13
247.147.5284	Auditor Fees	146.56
247.147.5611	Refunds	563.46

City Auditor Steve Johnson- this was a special improvement fund downtown, we received money through the County tax settlement, the project is over, and these were just remaining appropriations in the expenses memos.

Mrs. Floyd- so this SID is done with?

City Auditor Steve Jonson- that is my understanding

Motion by Mrs. Floyd to send to full Council, second by Johnson

Motion passed by a 5-0 vote.

- d) a request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$45,000.00 (OPT)

Account Description Amount

100.111.5901335	OPT	\$45,000.00
-----------------	-----	-------------

City Auditor Steve Johnson- there is an over collection in income tax and some unused funds in income tax that are being transferred back to the General Fund.

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

Motion passed by a 5-0.

- e) a request for an appropriation of the unappropriated balance of the 228, Income Tax Fund, in the amount of \$272,270.70 (OPT)

Account	Description	Amount
228.131.5901001	OPT	\$272,270.70

City Auditor Steve Johnson- this is actually the income tax over collection and unspent funds that need to be transferred to the General Fund. This is something that we do every year.

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

Mr. Marmie- so this is basically our cash carry over?

City Auditor- no, that would be a portion of it

Mrs. Loomis- it's not in addition to?

City Auditor- it will increase the cash carry over because this is an over collection that just occurred. Cash carry over as you know is an estimate because it represents our year-end balance and since we still have a few weeks to go it is subject to change, we review it all the time and adjust it as needed.

Motion passed by a vote of 5-0.

- f) a request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$1,000.00 (Courthouse Fountain donation)

Account	Description	Amount
100.124.5271	Building Grounds Maintenance	\$1,000.00

Mr. Marmie- this is going to be modified, it is going to be \$7,500.00 instead of \$1,000.00 because we received some additional checks.

Director Rhodes- this is donation money that we are asking to have appropriated

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

Motion passed by a vote of 5-0.

- g) a request for an appropriation of the unappropriated balance of the 954, Law Library Fund, in the amount of \$11,000.00 (To balance available funds required to be disbursed)

Account	Description	Amount
954.126.5266	Law Library	\$11,000.00

City Auditor Steve Johnson- this is an appropriation from the Law Library fund that will allow us to pay the Law Library their share of court fines. I have talked about this before in front of this Committee. A portion of court fines have to be set aside for use by the County Law Library Association and additional funds are needed so that is what this is.

**Motion by Mrs. Floyd to send to full Council, second by Mrs. Loomis
Motion passed by a 5-0 vote.**

- h) a disappropriation of the appropriated balance of the 665, CSO Projects Fund, in the amount of \$234,850.00

Account	Description	Amount
665.751.5231	Professional Services	\$55,000.00
665.752.5522	Sewer Lines	2,850.00
665.753.5231	Professional Services	127,000.00
665.753.5533	Machinery & Equipment	50,000.00

City Auditor Steve Johnson- again these are funds that have to come off of the books. I don't know if these were expense memos or just money not used for the project. Mr. Loomis could speak in detail on this if you would like for him to.

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

- i) a request for a disappropriation of the appropriated balance of the 626, Automated Meter Project Fund, in the amount of \$110,000.00

Account	Description	Amount
626.706.5534	Meters	\$110,000.00

City Auditor Steve Johnson- I am not sure if this project is not being done this year or what the situation is.

Mrs. Loomis- is it completed

Roger Loomis- we have all of the material, our people are installing the equipment, we appropriated this money last year, this is not cash coming back to us it is just less we are borrowing for the project. Instead of 2.2 million it is 2.1 million.

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

Motion passed by a 5-0 vote.

- j) a request for a disappropriation of the appropriated balance of the 360, LPA Fund, in the amount of \$66,969.65

Account	Description	Amount
360.122.5901001	OPT	\$66,969.65

City Auditor Steve Johnson- this is for the Local Public Agency fund, last year some money was not drawn down from the County we have an appropriation in the General fund to bring this fund out of the red because it can't be in the red at the end of the year. This was money that we appropriated in the 360 fund to send back to the General fund but the money came in at the end of the year we didn't need to do it so this is just reversing the appropriation in the 360 fund.

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

Mr. Marmie- will this be drawn down upon in 2014?

City Auditor Steve Johnson- no this is a correction.

Motion passed by a vote of 5-0.

- k) a request for a disappropriation of the appropriated balance of the 272, LPPT Fund, in the amount of \$67,000.00

Account	Description	Amount
272.122.5276	Maintenance of Streets	\$67,000.00

City Auditor Steve Johnson- this is the License Plate Permissive Tax the fund was under collected this year so there is \$67,000.00 too much appropriated.

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

Lesa Best- what does under collected mean?

City Auditor Steve Johnson- we estimate how much money we are going to receive if we are going to receive \$1,000,000.00 and we only receive \$950,000.00 then we have under collected. It is just a term meaning we didn't get what we thought that we would.

Lesa best- what do you base your thoughts on collection

City Auditor Steve Johnson- we receive the information from the source and they base it on history and knowledge of the market. My office practically generates no revenue on our own so we rely on the source of revenue as to what we are going to receive.

Motion passed by a 5-0 vote.

- l) a request for an appropriation of the unappropriated balance of the 663, High Rate Treatment Fund, in the amount of \$15,822.26

Account	Description	Amount
663.712.5901661	OPT	\$15,822.26

Roger Loomis- this was our Highway Treatment project, we spent about \$21 million on this project. This is the cash left over in the 663 fund that was used to fund this whole project; this is cash that came out of our 661 Fund originally. We are closing out the 663 account and putting that cash back in our 661 Fund which is our normal operating fund.

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

Mr. Marmie- next the discussion will be of the budget the first one we are going to discuss is the General Fund. The Budget Stabilization Fund, when I last asked for the amount that was in there which was the beginning of this month there was \$626,699.70. What was the estimated cash carry over that we utilized in this budget I couldn't find that dollar amount.

City Auditor Steve Johnson- right now the estimated cash carry over is going to be around 1.3 million

Mayor Hall- he stated that his team along with the Auditor's office started budgeting for this back in August. The new software allowed them to have a good picture of personnel costs including benefits by utilizing position budgeting with a complete payroll for 2014.

We do have a balanced budget using some Budget Stabilization dollars from the General Fund side. The General Fund budget is projected to be just short of 2.5 million dollars. Some of the dynamics that affect it this year is that the Estate Tax will truly be next to nothing for 2014. Over the last 5 years that has estimated about \$840,000.00 a year. It hasn't been that every year but it has been anywhere between \$340,000.00 up to 1 million or a little over a million. Property taxes are also estimated down a little bit. The budgeting process isn't an exact road map of what we are going to spend it is surely an estimate. Expenses based on projected revenues. For 2013 the projected property tax was a little over 2.4 million dollars, we get those dollars from the County Auditor. We Have collected just a little over 2.1 million dollars. We are a little over 300,000.00 short but we are doing ok. The projection for 2014 is 2.1 million on property taxes. In October they had to base a lot of their projections and budget on those numbers at that time. While we do have one budget for the City technically we divide that up and in previous years we have done that to make things a little easier to think. The All Other which is the special revenue money includes Water, Streets, those funds can't be used for what General Funds can be used for. General Funds can be used across the

board. I can't collect Water money and use it to pay Fire and Police. Same way with the License Plate Permissive Tax and Gasoline Excise Tax those dollars have to be used for street improvements. Of course the Grant budget involves the grants. The General Fund is everything that is left. As of a couple Police and Fire are included within the General Fund budget. We used about \$300,000.00 of the Budget Stabilization Fund to balance the 2014 budget. For 2013 we used \$200,000.00 of Budget Stabilization it paid back in through collections about \$100,000.00 so it netted \$100,000.00 expense out of Budget Stabilization and that is projected into that year-end balance of right around \$610,000.00 give or take of Budget Stabilization. Projection for 2014 would be to use \$300,000.00 Budget Stabilization and again we will get back projected \$100,000.00 and we will net about a \$200,000.00 cost from Budget Stabilization. It is a rainy day fund it is money that sits there for in cases. We have cut and trimmed this budget. This is my third budget, this City runs very lean and efficient but we do have services to deliver. I believe any further cuts certainly the size of \$300,000.00 is going to sacrifice services. We think there are some advantages to having a budget by January 1 because you can realize your efficiencies. He explained that they could have an interim budget but they would have to have a full budget by the end of the first quarter so the end of March. An interim is just taking a partial and sometimes you may not recognize your full savings.

Mrs. Floyd- why in the Treasurer's Department is there zeros

Mayor Hall- the Treasurer's Department was absorbed by the Income Tax Department into one department. We did that after our Assistant Treasurer retired. Barb Jobs in the Tax Department agreed to absorb that and there were savings involved. You will see it on the books for a little bit because there is history there but it is not an active department by itself anymore.

Mrs. Loomis- I am looking at Safety Service, the Fire Uniform, 7.3 million how much of that is in overtime?

Mayor Hall- this year just to give a picture a little bit, over the years we have brought overtime down sizably. In 2013 we projected \$120,000.00 but Fire came in and asked to appropriate more dollars so when I worked on the budget and Deputy Auditor Lori has helped a lot too, I looked back a couple of years. When you are comparing budget to budget adopted to what we are proposing now you also have to look at the amended, the changes that occurred, the appropriations that came before you. It is nearly \$180,000.00 or up around that number right now so it is higher than we projected so we settled at \$150,000.00 as a projection for 2014. Being in personnel accounts there is very little wiggle room to spend that if there is excess. Police overtime is a little different; police and fire are two different departments. We may have a crime or a situation where we also have to do overtime or special duty around town sometimes which is a little harder to predict.

All the departments and department heads worked hard to make their budgets more efficient understand revenue cuts and downturns in recent years. Some things are dictated by Union contracts what we can and can't cut and trim but that still doesn't mean we can't still do things efficient and we are all working on being more efficient together.

Lesa Best- what is the total budget in 2014 for Newark City

Mayor Hall- 1.4 million 7 hundred thousand that is total, everything

Lesa Best- what is the Safety budget

Mr. Marmie- Police department is \$8,327,601.00; Fire department is \$8,157,055.00 that is uniform and non-uniform

Lesa Best- what was 2013 budget for the safety forces

Mayor Hall- last year was about 8.2 million

Lesa Best- what was the budget for 2013

Mayor Hall- 89.5, the biggest dynamic change was in the all other side.

Lesa Best- for 2014 what is your projected budget for Property Maintenance

Mayor Hall- \$195,313.00

Lesa Best- what was it last year

Mayor Hall- \$189,114.00

Lesa Best- did you do any figuring as far as the 2014 budget for another employee for Property Maintenance

Mayor Hall- he explained that an employee making \$44,000.00 a year costs the City about \$62,000.00 with family benefits and how there wasn't that kind of money in this year's budget for that however he said they were trying to get creative to fill a void that will happen with a vacancy of one person.

Lesa Best- so the \$90,000.00 that has gone uncollected in fines that could be useful to Property Maintenance

Mayor Hall- it's probably no different than uncollected in income tax or uncollected in property taxes

Mr. Guthrie- I don't know whether this is you or Steve since Steve referenced the carryover, I think it is easy to misunderstand the difference between the carryover and the rainy day fund. You hear that 1.3 million and you hear what is in the rainy day fund. Correct me if I am wrong the carryover does include some dollars that are encumbered, is that correct?

City Auditor, Steve Johnson- no, the carryover is basically the balance in the checkbook at the end of the year.

Mr. Guthrie- can you explain why you would not assume that would be part of the rainy day fund.

City Auditor, Steve Johnson- the rainy day fund is separate from the General Fund for purposes throughout the course of the year. The cash carryover just represents the money that was budgeted for the General Fund that was not spent. The rainy day fund doesn't have any activity other than \$200,000.00 is allowed to be used for balancing the budget. That is the only activity it has. So the cash carry over is completely separate from the General Fund.

Mayor Hall- the rainy day fund is by legislation specifically.

Mr. Guthrie- how much did we carry over into 2013

City Auditor Steve Johnson- roughly over 2 million dollars

Mr. Guthrie- so the cash carryover is gradually going down

City Auditor Steve Johnson- it is but it peaked because we didn't have one until 2004 and the reason that we came up with cash carryover was to strengthen our bond rating. . By building reserves we were able to maintain an acceptable preferred bond rating. The cash carryover since 2004 has been increasing, it started out that we tried to put \$50,000.00 a year into it if the General Fund had the cash to put in. Now it has a source of revenue which is a portion of the EMS billing proceeds that just changes in 2012 and I don't remember what the percentage is that goes into the cash carry over but it is declining slightly because if we use \$300,000.00 of it to balance this budget we will be putting another \$100,000.00 in its' revenue stream so it will decline by \$200,000.00

Mr. Guthrie- so the Budget Stabilization is a part of the cash carryover?

City Auditor- no it's not.

Mayor Hall- many cities don't have one, it is another layer of savings set aside. We are projecting expenses based on projected revenues, when Council approves the budget all of that money is appropriated. Then at Finance Committee meetings the budget changes with the appropriations of unappropriated money. For instance with the donations for the fountain, we didn't plan on doing that project there wasn't any money appropriated so when donations came in we had to ask for that money to be appropriated before we could spend it. We are still collecting income tax, closing and reducing PO's which will free up more dollars. The most accurate budget is on December 31st at 4:30 P.M.

Mr. Guthrie- let's say hypothetically that there is some form of increase as a result of the negotiations with the City Unions would that come out of the 1.3?

City Auditor- no the 1.3 is part of the revenue stream

Mayor Hall- it is included in the budget it is already projected to be spent. Anything we collect above and beyond what we projected in income tax building in what the revenue is does not include the reduction of purchase orders that is all additional money that way, so no it would not. In that case really only fund wise you would have to go to Budget Stabilization which this body would have to approve or at the end of the day potential layoffs. That is the only way to rectify that.

Mr. Marmie- that is why I asked about a month ago that at least \$50,000.00 of the unappropriated balance go into the Budget Stabilization versus the cash carryover but that didn't happen. I personally don't think that it is prudent to spend 50% of your Budget Stabilization. The \$100,000.00 going back into Budget Stabilization that is required by law, the Mayor has to do that by law because it was legislated by this body that a certain percentage of the EMS funding and that's where the \$100,000.00 otherwise there wouldn't have to

be a dime. It used to be that the administration would put so much money into that Budget Stabilization before EMS billing. The reason for the budget stabilization was because things come up and we wanted extra cash somewhere significant dollars if that is needed. That is why it is called a rainy day fund. That was our savings basically within the City. That is something that I feel strongly about making sure that we stay fiscally sound and that was my concern with the Budget Stabilization.

I would like to know what caused the decrease in Worker's Compensation from 2.29 down to 1.06, who gives us that number

Mayor Hall- that is our rate we get it from the State

City Auditor Steve Johnson- that comes from Worker's Comp, they give us an estimate based on our rate of what our cost is

Mr. Guthrie- is that connected in some way with the Worker's Comp refund that we got this year as a result of the refund they thought they better push the rates down

City Auditor Steve Johnson- rates I think are based on experiences

Mr. Guthrie- confirmed we did get a refund in 2013 and asked where the money goes

City Auditor Steve Johnson- it goes back to the source

Mr. Marmie- asked why under Council there was such a high increase of Health Life insurance versus other departments. Ours went up 22% and other departments went up 5%.

Lori Resta- stated she would look into that and that it could depend on who signed up for the insurance. Some Council members didn't sign up for it in 2013. Employees sign up for it in HR.

Mr. Marmie- stated that he was seeing an overall increase in a lot of departments, Judicial account their increase was 13.8% others were drastically cut. A .62% increase to our Fire Department but yet our Park's and Cemetery had a 25.43% increase could you explain that

Mayor Hall- this body appropriated at least \$40,000.00 to Judicial in 2013

Director Rhodes- you have to remember that one of the positions wasn't fully funded in 2013 one of the employees was missed while doing the budget for last year so that position is fully budgeted for this year.

Mr. Marmie- ok but your non-personnel costs increased 44%.

Mayor Hall- stated he would be happy to answer that after he looked at the data. He asked Mr. Marmie for some line items to discuss.

Mr. Marmie- the rent/lease went up 56%, temporary services went up 25%, and Services General went up 67%, Service General Indigent Burial went up 25%, Building Maintenance Grounds went up 67%, Office Supplies went up 33%, Miscellaneous Supplies went up 33%, Machine Equipment, Supplies/ Parts went up 20%, Vehicles Supplies/Parts went up 100%, Fuel went up 92%, Supplies for resale went up 400%.

Mayor Hall- some of that is because of a lot of work they are doing with Property Maintenance. We have cross trained them to reach out and do more than just work on Cemetery and Parks.

Mr. Marmie- so we are paying for Property Maintenance through our Park's and Cemetery?

Mayor Hall- in some ways, some of it gets billed back but it has to be in the budget to start with and it depends on the condition of their equipment, you're not going to buy a vehicle every year so maintenance will depend on the situation of the equipment at that time.

Mr. Marmie- equipment goes through this budget, it goes through Capital Improvements, parts will.

Mayor Hall- right equipment will but not services of parts which they have a lot of equipment. They had a busy year this year.

Director Rhodes- discussed the difference between using percent versus dollars and that percent sound higher than the dollar amounts the line item referenced was the supplies for resale that went up 400%.

Mayor Hall- the supplies for resale is another way to try to generate some more revenue dollars off of our Cemetery. One way we do that this time of year is selling wreaths. We are trying to create some more revenue sources but we have to invest in that to start with.

Mr. Marmie- did we increase our revenue estimate on that?

Mayor Hall- that would have been correlated

Mr. Marmie- where do I see that

Mayor Hall- there is untapped monies in the Cemetery. He stated that they were getting ready to take a road trip soon to look at some cemeteries to see how they do business and ways we can collect more money over there to help offset the expenses in that. There aren't many departments in the City that generate much revenue if any so wherever we can do that we are certainly looking at.

Mr. Marmie- asked about the savings in Fire Uniform and if it was equated out to efficiencies

Mayor Hall- each of the Chiefs both Fire and Police run their departments and we give them a lot of altitude in their decisions. That being said certainly Director Spurgeon and I work with them to try to create more efficiency. But at the end of the day I have firm belief that the department head is the best to run that department. They come in and put in the budget that they desire. What Fire has decided is that they are going to take money out of Uniform and put it in Non-Uniform because they feel as though they need another administrative position. There is a position already there called Secretary I.

Mr. Marmie- So the Fire Chief decided that was best

Mayor Hall- that's correct

Mr. Marmie- so he has chosen to take a boot off of the street and put them in as a secretary

Mayor Hall- you have to understand every employee in the City has sick time and vacation time and if there isn't a backup sometimes work isn't going to get done. It is important. We don't look at head counts we look at results from Police and Fire and we talked with the Chiefs on this about what is getting done in the community.

Mr. Marmie- the Police did somewhat the same they took less of an increase on Police Uniform and more of an increase on Non-Uniform.

Mayor Hall- the dynamics of rising expenses, you have to address them somehow. It is the Chiefs' budgets and we do work with them on how they want to allocate it as long as we think that it is being done in the right fashion and we are getting the right results out in the community. The rising expenses in what I call the All Other Accounts or Non-Uniform you have to address it somehow, without additional revenues coming in to the City you either have to shift personnel or lay off personnel. You are not going to gain \$100,000.00-200,000.00 just through buying less office supplies, we have already done that.

Mr. Marmie- under Police Uniform the cost of health insurance raised quite a tick yet waived insurance didn't change at all. Is there a reason?

Mayor Hall- asked Lori Resta to answer because it was a bit of a software issue.

Lori Resta- unless we go back and look what changed in the life of a police officer or somebody things like that go through HR and we could study that and look at that.

Mr. Marmie- right and I think I already you about the Fire Uniform going from to \$43,000.00 down to \$3,000.00 on waived insurance.

Mayor Hall- that will be corrected

Mr. Marmie- while we are talking about health insurance, under zoning they had a 55% increase in health insurance but nothing changed, there isn't any waived.

Mayor Hall- In 2013 we built the budget to have a person in that position and things didn't work out the way we transferred some of the money out of there into Engineering and it was paid out of Service General/Professional Services as a contract hire. The position now is now filled as of a month or two ago so that will be a full year in 2014 of zoning and will look a little different. I compared that to the Engineering budget and it is a pretty equal offsetting.

Mr. Marmie- thanked the Law Director for the only increase in his budget being the mandatory salary increase.

Mayor Hall- echoed Mr. Marmie's comment and stated that the Law Director has a rate set up to reach out and provide services for neighboring communities and that may be the future of government for medium size cities like ours.

Mr. Marmie- in the Human Resource department we have a huge increase under health insurance which I can understand if there is going to be somebody who is going to be taking the health insurance but there are only

two people in that department and there is still a waived insurance and it appears according to the funding are taking the insurance so why do we still have the waived in there?

Mayor Hall- that is probably just an oversight and we will take the \$3,000.00 out of there. When we have new hires coming in we budget for the high end of the pay scale which is a step 6 and that the person will take double insurance. Those dollars may actually come in less that is just the conservative way to building in extra dollars because we don't want to come up short.

Mr. Marmie- our unemployment went up 25%; we haven't had layoffs like we did last year and we didn't have a turnover of personnel with the administrative change, why the increase in unemployment?

Mayor Hall- we have two layoffs coming in the Department of Development and that is the figure that the HR Director could anticipate. The great advantage to that is one of those positions has already got a job so we anticipate that number to be about half.

Mr. Marmie- in the Safety Department to Intra/Inter Government billings I was told last year it was decreased so much because of savings but now it is back up, why?

Mayor Hall- it is based on the billings. Based on the billing history, that is looking at the actual expenses, when we are trying to put a budget together, the bills came in not overly consistent, to our advantage I will be blunt about it. This year we built a little extra in because there are different people billing and we think that they could be more efficient in their billing and do that in a more efficient manner.

Mr. Marmie- what is the average that we have paid in the last three years?

Mayor Hall- quarterly billing 70 some thousand, \$72,000.00-73,000.00 it has been as high as \$80,000.00. It changes, it flexes, and that was the agreement that was set up. We are looking into it and different ways to be creative with that but it depends on their costs. We took the mean.

Mr. Marmie- so if the bills come in around \$70,000.00 and you have a \$40,000.00 savings where are you going to put the money?

Mayor Hall- it will likely sit there, I don't know

Mr. Marmie- last year I asked if we would put money back in the Budget Stabilization and you said yes. What I am asking again this year is are you going to put savings like that back into the Budget Stabilization?

Mayor Hall- your point on the \$50,000.00 Mr. Marmie we knew a month ago, 2-3 weeks ago when you threw that out we needed that to balance the budget. Realistically if we had put \$50,000.00 into that Budget Stabilization than we would be asking for \$350,000.00 instead of \$300,000.00.

If we realize a savings we will be happy to put that into savings. I am happy to revise down the governmental billings, the 911; as long as this body knows and we will base it on history but we have a new person at 911 sending bills that we think will be on top of things. You will appropriate it out of there if the

billing comes in higher. Or we can leave it in there and I am not going to move it around and we will realize it at the end of the year.

Mr. Marmie- you say that you are not going to move it around but I look at the accounts and the transfers that are done within the departments and money is being moved around and you don't need this body to appropriate and move those funds.

Mayor Hall- not within that latitude that is correct but it is within my discretion and the Auditors of a horizontal transfer and certainly we are not moving large, large dollars, it is usually smaller dollars as dynamics change in the departments. That is a large dollar account. I will be honest with you that account used to be in the Fire Department; I pulled it out and put it in the Safety Director's for the first year so we could have a little more control over it.

Mr. Marmie- the 17% increase in the Engineering budget for the All Others it is mainly Building Maintenance and Service General why such high increases in those?

Mayor Hall- It was determined that he was referring to the Custodial Director Rhodes and Mayor Hall stated that they would look at the notes and get back to him.

Mr. Marmie asked what the wish of the Committee was

Mrs. Loomis asked what the feeling of the Chair was

Mr. Marmie- I can tell you that I can't support it the way that it is, I have a lot of unanswered questions. The Budget Stabilization is a huge concern with negotiation out there and also what we were told by the Tax Department that might happen in the very near future. Why would we put ourselves in the position of failure? This City could be under distress and we wouldn't have the funding. Then what happens, that State comes in. Is that what we want? I see some of these accounts, the percentages go up and I understand.

There was discussion between Mr. Rhodes, Mayor Hall and Mr. Marmie about when the budget came out and that Mr. Marmie as the Chair didn't have much time to look it over because of the timing of the release.

Mayor Hall- stated that he could have answers to all of his questions next Council meeting if the budget passes through Committee but that he couldn't change the \$300,000.00 out of Budget Stabilization. If Council doesn't believe in that then tell me where you want to layoff. In the General Fund 17 million out of 29 million comes out of Safety, you are going to have to look at that, those are some real figures. We are concerned about the future I get that. What is going to happen in 2015, 2016, 2017, 2018 but I surely reach out to our Auditor who has been around many years for his endorsement on Budget Stabilization money. I am not so sure that we cut ourselves too short this year which would include layoffs by anticipation of not predicting the future. I meet with Senator Shaffer later this week to talk about the income tax. The Senate has slowed it down a little bit that what the House did, there are no guarantees any which way but there is a lot on that whole issue. They were

even talking about making up the cuts with more increased Local Government Funds. There is no way to cut \$300,000.00 out of this budget without laying people off. If you endorse doing that today then tell me where. I am not so sure that you cut services when you have a Budget Stabilization Fund there to come in. If the budget doesn't need money this year I don't know when it does.

Mr. Marmie- I will tell you, next year. You are going to run this City out of money in two years.

Mayor Hall- that is your opinion

Law Director- I know that I am not part of the debate but I am sensing maybe there is a little failure of communication on some of these issues because I don't understand this near as way as the members of this Committee do but some things are jumping out at me can I ask Mr. Johnson some questions. If you have an account, let's call it the 911 account and you think that it is going to come in somewhere between \$270,000.00 and \$320,000.00 but you aren't sure so you budget \$320,000.00. If at the end of the year you should have went with your first guess, it came in at \$270,000.00 that leaves \$50,000.00 unspent. From a budgeting standpoint does it make a difference whether at day one at the beginning of the year that was in the 911 account or the Budget Stabilization account for your purposes? Do you understand why I am asking this?

Mr. Marmie- yes and I can answer this in my opinion and correct me if I am wrong. The Budget Stabilization it stays in that fund. If it goes into the other it just goes into your cash carryover.

Law Director- unless Council say in October you are running short in another one, you come back and say can we take some money out of that 911 and Mr. Johnson says sure we kind of over budgeted for it, let's take 10 out and put it where you need it. Which is what we do kind of every meeting of Finance Committee. So whether it comes out of 911 to bail out this other department or it comes out of Budget Stabilization isn't it kind of the same when it comes out as a wash isn't it?

Mayor Hall- stated that Granville just passed their budget this week and they only had \$70,000.00 left revenue over expense All the cities are fighting these budget cuts. Mr. Marmie is correct there is some transfer use but I will be blunt with you there has to be some trust built in the administration from this body up here. I hope we gained some of that over the previous administration and we worked hard at that. This is an easy job when you have money, it is easy to administrate when you have money but a whole other story if you don't.

Mr. Guthrie- I have talked to the Mayor and I have talked with David about the fact that we are all going to have to put our heads together and do some creative thinking. I am pretty darn certain I am accurate on this, if you go back to 2001 when we passed the Safety Levy to today, I believe we have almost the exact same number of firefighters and yet we passed the Safety Levy and

we passed the EMS billing, virtually the same number of firefighters. But at the same time you have about 2.3 million dollars of revenue that have been taken from us which just about equals the Safety Levy. It's like two steps forward and three steps back. I am encouraged the City administration is willing to look at creative ways to stay up and move forward next year because I think that everybody in this room understands what is ahead of us.

Mrs. Floyd- I think that we have no choice; we can't afford to lose employees, particularly in our safety forces. We have some departments that are down to two people like Parks & Recs and Property Maintenance is a very small department. I just don't think that we can lose employees. Mr. Mayor, all the questions Doug has brought up, he wants answers to. Do you want us to vote in favor of this tonight and move it on to City Council and then at that point you will answer those questions?

Mayor Hall- we have torn this budget apart for a couple of months now and this is our solution based on all facts we know working here well over 40 hours a week. This is our best solution for this year. We believe on the whole conditions and that is a collaborative effort from the Auditors department, my department and my Directors. From day one we brought each department in and taught them more finance and that is important because when there are cuts in their department I want them to make those decisions. We are pushing that out across the board. No one knows better than the person that is in that department all day. I have involved the Directors and that is why I deferred to Director Rhodes once and a while for some answers, I deferred to them and the departments to create good cohesion in getting a budget and bringing it forward and doing it in a right way, they want to call it the Mayor's budget there are a lot of parts and pieces to it. I wouldn't profess I know every part of it but I am in the decision process of most of it. We have no other major solutions other than layoffs. This is a budget, a projection for what we are going to spend for 2014, we always spend less and we anticipate to do that once again but we have to keep the City moving and keep it rolling and keep building in efficiencies. If we want to do quarterly budget reviews I am happy to do that. I am working on the budget constantly, all the time, every day. We have built in savings from two years ago is quite sizable. You can see the expenses because they are listed in the software but the savings aren't always there. Where the City is in a few of years I don't know but the voters are going to have to decide and I am not advocating a tax increase but that is a predominate source of our funds we can only provide the services which we can pay with expenses. We have a balanced budget. I think a balanced budget is a great thing. Washington D.C. does not and that's why they are in the trouble they are in. But with that you have challenges in economic times and in a city with a lower income tax rate I think that is a good thing it is attractive to the City but the bigger cities and absorb certain changes better. Columbus has a 2 ½%, Dublin, Upper Arlington they have higher income taxes. If we had 2 ½ % here we would have 8 million more dollars. You wouldn't have any

questions here tonight because that would be more revenue than we have ever had and we could do every fix in the City anybody wanted to do but we don't have it. Again, I am not advocating a tax increase but when a private company's expenses go up they raise the cost of the widget they sell. State Farm raises the cost of insurance it is going up another 19%, you can do that we can't arbitrarily within the General Fund because most of it is tax revenue. It is very challenging; we are giving the duty to try to deliver the goods in such an efficient manner without cutting services. We believe this is a sound budget for 2014, 2015 we will have to look at. I would like to project ahead but I don't want to do cuts for 2014 when there are dynamics involved for the future years. That is not to say we may not have to do a tough cut in the future.

Mrs. Floyd- I know you have put a lot of work into this, based on that I will make a motion to pass the General Fund budget.

Motion by Mrs. Floyd to send to full Council second by Mrs. Loomis

Mr. Marmie- yes, I definitely feel as if the Budget Review Committee meetings should occur. That is something that the Mayor chairs, the Mayor has to call those meetings, and it is supposed to be done annually at a minimum which is legislated. I like the quarterly idea myself that is at the discretion of the chair.

Mr. Bubb- I'm glad that there is motion on the floor to pass this budget onto full Council. I think as everybody realizes we have a balanced budget, we have it early something we didn't have previously. We are still paving roads were not laying anybody off so I would encourage this Committee to pass it on to Council.

Motion passed by a 4-1 (nay: Mr. Marmie)

Mr. Marmie- the next item, we are going to do the All Others.

Mayor Hall- these are specific funds that need to be used for specific purposes that is why we segregate those out, they are very locked in. It will change depending on the projects that we have coming up and the debt services that we use to fund those projects.

Motion by Mrs. Floyd to send the All Other budget to full Council, second by Mr. Johnson

Motion passed by a 5-0.

Mr. Marmie- the next item is the Grant budget

Mayor Hall- we reach out and communicate with other cities and other grant departments or community development departments. The grants are reducing everywhere, we are drying up, that is one dynamic. They are also getting much more stringent in how to use it. Our CDBG funds were once over a million we are projecting about \$640,000.00 for 2014. We projected 710 for this year and came in at 730. I believe in this administration, I believe that in

previous years through the previous administration we took on more than we could chew in the Department of Development. They were unable to perform so they left a lot of dollars on the table that does not look good, it hurt us in some places. Transit was something that while some people think that there were options the Federal Transit Administration said Newark will not delivery transit service, they County will do that for you. There weren't a whole lot of options but it was also the right option because we had a one person department in that and they had a full department where all they subbed out was the drivers. Unemployment is not terribly higher in double digits but it is higher than what they call full employment about 3%. All grants are is tax dollars so when you have less people working that affects our General Fund revenues and it affects our grant dollars, it affects everything. I am going to let Mr. Mauter talk about that it is his specialty in that department.

Director Mauter- as the Mayor said a lot of things have changed from the last couple of years. This budget you are going to see still consists of a Transit portion, Brownfield Grants, Community Development Block Grant funds, various revolving loan funds, some housing development action grant funds, the Moving Ohio Forward Grant that we referred to as the AG Demo Grant Fund, there are some various Police and Fire Grants as well as Ohio Department of Natural Resources Grant. The reason that there is still a Transit budget is to allow for the closing of this Transit Grant. We still have the Wilson Street building, the grant is still open. We are trying to close down the final part of the last funding grant. The CDBG portion of the budget is the larger component of the budget. Five primary areas of that budget are Economic Development, Safety, Housing, Community Development and also demolition as well as Parks. Department of Development will continue to work closely with the safety and service department as we have in the past. As the Mayor mentioned we are budgeting for about a 10% decrease from HUD for the funding of our budget this year.

Mrs. Floyd- you said a 10% decrease is what you anticipate? And you don't know until much later in the year how much you are going to get from HUD is that correct?

Director Mauter- he answered that she was correct on both questions

Mayor Hall- if I might the dynamics of that, the budgeting on the anticipation of what you might be getting. In years past we knew in February, March last year it was August. It is very challenging in many ways. We anticipate a little bit of a cut and that is why we do that.

Mr. Johnson- this is anticipated money coming from grants?

Mr. Marmie- no some of it is already realized, we already know. It is the CDBG that we don't know until the final decisions are made. We have had it as early as March and as late as July.

Mayor Hall- CDBG is kind of a formula. Once Congress decides how much then there is a formula used to which to distribute it across the United States.

Mr. Marmie- your CDBG funds, the contingency account that is where you

have all the items that go to the different agencies, is that where you are housing those dollars until it is allocated?

Director Mauter- the contingency portion is really an addition of the General Services part of it. That is going to have a heavy weight towards reserves as well as downtown improvement as we go through the sewer separation project. Mr. Rhodes is looking for some dollars to do some things there. Another part of this is where do you get grant dollars? A very important component I have learned is that you have to have funds available to match. If you don't have that sort of funding available then you aren't going to be considered to receive these grants. That is really what that contingency is all about.

Mr. Marmie- I just want to make sure that this body knows especially those of you who are new there is a process with the CDBG, they need legislation from us that occurs around September or October so then they can go into their planning process. They come to us with their plan but we still have to allocate the funds. You are approving the money now for what they had planned. If there was something in that plan that you didn't like, once we allocate these funds it is available to them. As he said it is at his discretion whether he uses it for what Mr. Rhodes wants or whether it is for some of the agencies we provide funds for, that is all part of that and it is all lumped into that fund.

Mrs. Loomis- stated she was concerned with just the 10% decrease, she felt it wasn't conservative enough, 20% maybe. My big fear is that we don't get the money anywhere from April to August. The City basically front you that money and if we don't collect or if it comes in under that then we are going to be hurting in the General Fund. I am not really comfortable anticipating a 10% decrease.

Mr. Mauter- that is the reason for the contingency funds you are seeing here

Mrs. Loomis- ok, what about HODAG? What is HODAG still doing on the books?

Director Mauter- we continue to receive revenue every year

Mrs. Loomis- to do what with?

Director Mauter- about \$40,000.00 a year has come in for that fund, it is a revolving loan fund, when the grant was administered there was a pay back to the company that received those funds for the projects that they did, I believe it was a 10 year payback period and I think we are in about the 6th year of that payback. It needs an end use. We had some individuals in the community interested in rehabbing the pink house, 191 Hudson Ave. My department is taking the approach that it is extremely deteriorated; Mr. Paul has made numerous trips there from break-ins of it. The roof is terribly deteriorated which is now causing the rest of the structure to deteriorate internally. We are continuing down the path of what it is going to take to demolish this building. There are 5 critical steps set up by the State Historically Society that we have to go through to do that, it is a pretty laborious task to do that. The

other option is for someone in the community to go along and take it off our hands and pay us back the Federal funds that we have invested.

Mrs. Floyd- the AG Demo grant, is that money that we definitely have? The \$31,000.00 is that definitely money that we will have for this year or is it projected?

Director Mauter- Barbara Gilkes was handling that that is the figure she put on the table at this point for the budget. There was an approximately 1.1 million dollar allocation that came down from the Attorney General's office; the first \$500,000.00 was non-matching funds. That money has been used but the grant has been extended from December 31st of this year to May of next year. At this point the grant requires matching funds so if the City would like to use any more of those funds they would have to come up with matching funds likewise any other municipalities in Licking County or the County Commissioners who are doing the rural areas of the County. We still have a little over half a million dollars available to us.

Lesa Best- what was the 2013 Grant budget?

Mayor Hall- 4.4 million

Lesa Best- what is going on with the Wilson Street building?

Director Mauter- right now we are in the process of working with the Federal Transit Administration. At this point the FTA came up with a solution, where by the property could be transferred to Federal Registry. Where public entities such as Newark who own properties can put this property into a Federal Registry where other public entities across the Country have the option of obtaining it. We are also working with County Commissioners who have an interest in that property. This property can transfer to the County without dipping into their checkbook. This is a win for the City because with the down economy it probably would have been very difficult to recoup the \$300,000.00 we spent on it originally, the win really is for the entire community.

Mr. Guthrie- getting back to the AG Grant, leaving that kind of money lay on the table for both the City and the County is a terrible thing. We know that the Commissioners pick up an extra 2 million dollars from the casino money. Why couldn't we go to them to try to get them to provide matching money to do demos in both the City and the County?

Mayor Hall- I think that dialogue is always there but it is their decision. The Children's Home was used in that fashion so about a \$300,000.00 project cost about half of that. The matching dollars can't be other grant dollars they have to be General Fund dollars or private dollars.

Motion by Mrs. Floyd to send the Grant budget on to Council, second by Mr. Cost

Motion passed by a 5-0 vote.

Chair, Doug Marmie