



CITY OF OLMSTED FALLS
FINANCE COMMITTEE
MINUTES
FEBRUARY 5, 2019
6:30 PM
COUNCIL CHAMBERS

Councilwoman Lori Jones called the meeting to order at 6:46 p.m. Roll call was conducted. Councilmen Paul Stibich, Jim Haviland, Ed Gorski, Terry Duncan (arrived at 6:50 p.m.), Denise Nicolay and Lee Fenrich was excused.

Also Present: Vic Nogalo, Finance Director. Audience: 1.

Ms. Jones indicated that she had requested a cumulative vendor list from Mr. Nogalo. Mr. Nogalo indicated that he is working on a 2018 vendor listing for the years 2015, 2016, 2017 and 2018 and a break down of each department. He will need additional time to get this listing completed.

NEW BUSINESS

2018 Year End Review and 2019 Budget Review – Mr. Nogalo indicated that he distributed information to Council this evening. For 2018 the general fund had a cash balance of \$579,612.14, but there is \$209,539.68 of purchase orders that are still open for 2018. He indicated that 2019 will begin with a balance of \$370,000 not \$579,000 in cash.

Mr. Nogalo stated that every six years the county performs a reappraisal and the city's property valuation has increased approximately 9.89% and the county average is 9.54%. Ms. Jones asked if the 2019 budget was revised to include this increase. Mr. Nogalo indicated that he increased the revenue by 9% as he was being conservative.

He stated that in 2017 the city received \$524,000 of the total \$1,019,000 collected; in 2018 the city received \$532,000; and what he is projecting for 2019 is \$580,000 to the general fund. The mills for fund 104 are frozen by HB 920 so there will be no increase.

Mr. Nogalo indicated that the park levy and fire levy will need to be placed on the ballot for renewal as this is the last collection year. He stated that the Southwest General levy should be placed on next year's ballot but due to the fact that there are six or seven communities involved they are asking all the cities to place it on this year's ballot in case the levy fails. If the levy fails, they will ask us to place it on next year's ballot as well. The money collected for the Southwest Levy is collected by us and forwarded to the hospital, it does not stay with the city.

Ms. Jones asked if the park and fire levies would be renewals. Mr. Nogalo replied yes. Ms. Jones asked if Southwest is also a renewal. Mr. Nogalo replied yes. He stated that the last time the Southwest levy was on the ballot it failed which is why they are placing it on the ballot a year early.

Mr. Nogalo stated that in 2017 the city collected \$3,055,000 in income tax; RITA reduced that by 3% for fees; the net for 2017 was \$2,951,000. In 2018 the city collected \$3,220,000. Ms. Jones stated that the 2019 budget shows a decrease in income tax collections. Mr. Nogalo indicated that he increased it by 1% for 2019 to \$3,284,000. He indicated that he needs to correct the 2019 budget to reflect the 1% increase. He stated that he is unsure what the state will send the city for its central collections so he is projecting \$10,000 for a total of \$3,294,000 in raw revenues and 88% goes into the general fund with the rest placed in other funds. Mr. Gorski stated that he noticed on Report 52 for municipal income tax is \$10,000 off between that and the projected allocation. Mr. Nogalo indicated that there is another \$10,000 for public utility net profit tax which is historical where all the utilities file centrally. Mr. Gorski replied that he does understand.

Mr. Nogalo stated that the intergovernmental tax, the local government, is the one that the State of Ohio has been reducing. The state also gives the city the funds for the property taxes that are reduced for various reductions. These intergovernmental funds have been reduced by \$13,000. The city has a few grants that are pending that have not been added into the budget until those grants are awarded to the city. He stated that building permits does fluctuate and the city will receive a large impact with Chandlers Lane. He has been conservative on the revenue side of the budget and hopes the numbers are exceeded.

Mr. Nogalo stated that the fire department he left the budget as if Mr. Gluss was still in the fire chief position and since he moved to firefighter it will save on the part time budget. When the testing process is over and the new chief begins the budget will need to be reviewed. Ms. Jones indicated that the new fire chief cannot start until Council is aware of the salary for the budget. Mr. Haviland stated that as he understands, the adjustment to the department will be in part time hours. Mr. Nogalo stated that before Mr. Gluss moved to firefighter the part timers were used as fill in's as we only had 6 full time employees, now there will be seven plus a chief. He also had to increase civil service commission in order to incorporate the examination.

Mr. Nogalo indicated that there have been no changes in personnel. The unions received a 2% increase that Council passed and the non-union employees were adjusted based on the personnel ordinance. He stated that during the budget process its hard to budget for payout for personnel times, earned time, etc., and believes that should be reviewed.

Ms. Jones asked why there was an increase in solid waste. Mr. Nogalo replied that it is Republic Services and the city has piggy backed off of the contract from Olmsted Township. There was an increase because the recycling market is not longer profitable.

Mr. Nogalo indicated that the monthly maintenance fee for using RITA software was reduced from \$1,700 to \$600 but he does anticipate leaving RITA and converting to a State of Ohio software program.

Mr. Gorski asked if the increase in Council's budget was due to the fact that the Clerk's hours are allocated at the end of the year. Mr. Nogalo replied yes. The clerk is allocated in five different funds, so for budget purposes he allocated 100% to Council and will allocate to other funds later in the year. The service department is handled the same way as those employees are allocated to five or six funds as well.

Mr. Nogalo indicated that there was an increase in the building department personnel as well as a decrease in contractual services due to the fact that the city terminated its contract with Safebuilt.

Mr. Nogalo reviewed funds 102, 103, road repair, fire levy fund. For the fire levy fund, we take \$450,000 out of the general fund for wages and place in this fund. The 106 is another property tax levy for fire equipment. The service and fire departments have their own funds but the police department does not. Chief Rogers is discussing assessing certain fees for car usage when we have construction companies asking for officer's to be present. He is also considering adding an addition court cost to all traffic violations that would be assessed to every fine and that fee would be used towards the purchase of police vehicles. The police levy fund we also take wages out of the general fund and put in this fund which is also property tax driven. Fund 108, also service department fund maintains the city parks. The cemetery fund is a pass-through account, the city receives the funds and forwards them to the cemetery. Fund 110 is police department fund. Southwest General is also a pass-through fund. Fund 114 is a service department fund which is utilized for storm sewer maintenance or repair. Ms. Jones asked why this fund was increased by so much. Mr. Nogalo indicated that she would need to speak with Mr. Borczuch. He also reviewed the shade tree, street lighting and refuse funds. Fund 128 is used to maintain the sanitary sewers. There is a mayor's court computerization fund which supports any computerization needed for the court. The Covered Bridge fund is used for maintenance and repairs on the Charles Harding bridge.

Mr. Nogalo stated that there is another Mayor's court fund that he is discussing using this fund to purchase outside cameras. The FEMA fund still has a balance that he will need to research to see why there is a remaining balance as all funds should have been expended. He is unsure what the UASI fund is utilized for. Long term compensation will be used for all employee's comp time, so when they request a payout money will be available. The community paramedicine fund will no longer be utilized.

Mr. Nogalo stated that there are five funds that receive assessments and have served their purpose for construction. Funds 204 through 210 will need to be discussed at another meeting as he would like to consolidate all these funds.

He stated that Fund 213 will be utilized for the Phase V construction project. We issued out debt in the amount of \$1.5 million last year and will issue out another \$4,250,000 which brings the total debt to \$5,750,000. The grants will approach around \$4.3 million and should cover the expenses for that fund.

Mr. Nogalo stated that Baker's Creek bridge had an engineer's expense of \$4,000 last year. This fund does not collect revenue and will be trying to avoid any further expenses. Mr. Gorski asked if Mr. Nogalo could explain the \$3,859 expenditures. Mr. Nogalo replied the \$4,306 was an engineering expense from Don Sheehy; he was asked to do something and charged the city. The \$29,000 was an advance due to the fact that this fund has no revenue but did accumulate approximately \$33,000 of expenditures throughout the year. The \$28,000 spent in 2017 was not only for the engineer but also a law firm. Ms. Duncan stated that this was an attempt to get all the residents to sign off on a project. Mr. Nogalo indicated that \$18,000 was paid to Mansour Gavin for legal services in 2017 and Mr. Sponseller also charged \$4,500.

Mr. Nogalo stated that the capital improvement's revenue comes from 10% of the income taxes. This fund mainly pays for debt services. This fund needs to start being utilized for capital improvements, streets, etc.

The 313 fund is the capital improvement service equipment fund and 2% of the income tax revenue is placed into the fund. The service department uses this fund for vehicle and equipment purchases.

The 317 fund is the railroad fund and is restricted and can only be used for the overpass bridge on Columbia.

Mr. Nogalo indicated that he will be proposing an ordinance to amend the 2019 budget to include any amendments now that final numbers are in. He also believes that the finance committee should meet half way through the year to discuss the budget again once the income taxes and property taxes are received.

MISCELLANEOUS - None

ADJOURNMENT

Mr. Gorski moved to **adjourn**; Ms. Duncan **seconded**. Poll: 5 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 8:10 p.m.

Lori Jones, Chairman Finance Committee

Angela Mancini, Clerk of Council