

BUDGET AND FINANCE COMMITTEE

Meeting Summary

January 27, 2020

Attendance:

Brian Mueller, Chair
Scott Gehring, City Council
Tom Henning, City Council
Tom Moeller, City Manager
C. Robert Paul, Treasurer
Kristie Lowndes, Assistant Treasurer

The meeting was called to order at 6:30 PM.

1. **Monthly Financial Reports.** Mr. Moeller reviewed the December 2019 report. A copy of his memo to the committee is attached. He stated that the report represents an unaudited year-end report. Mr. Mueller asked about the difference in the cash balances and the latest reported balances in the budget document. Mr. Moeller stated that the cash balance will differ from the fund balances reported in the budget until the year has been audited.
2. **Indian Hill Water System Update.** Mr. Gehring reported on a meeting held with Mr. Moeller and Indian Hill staff regarding the effort to have Indian Hill take ownership of the water mains in the east side of the City. He expressed confidence that an agreement can be accomplished. Indian Hill and Madeira are fine-tuning the cost of water main replacements and the effect the replacement program has on future rates for the customers. Mr. Moeller is working with the City Engineer to provide water main cost information and an updated schedule of street paving to assist with the analysis. Mr. Moeller stated that another meeting will be scheduled when that updated information is available. Mr. Mueller stated he believed this to be an acceptable outcome for the residents as there will be rate increases to cover the cost of water mains regardless of who owns the system. He asked about how “title” of the system will be transferred to Indian Hill. Mr. Moeller stated that this would be done contractually.
3. **FY2020 Budget Update.** Mr. Mueller requested the committee review the updated FY2020 Budget and Five Year Forecast per the discussion at the January 13, 2020 Budget and Finance Committee meeting. He stated the current document provides for no cuts in services and full funds the Police and Fire Depts. Representing a total of 54% of the General Fund Expenditures. It also fully funds the Street Repair Fund and Capital Improvement Fund based on the most recent Capital Improvement Schedule. This now includes the \$30,000 expense to replace the Municipal Building lift. He noted that SR-21 Street Repair Fund now includes the increasing transfer from the General Fund to provide funding for both residential streets as well as the major roads that are eligible for State Capital Improvement Project funding. Mr. Moeller stated he included a 3% escalator for the cost of street improvements in the transfer amount. He also stated, per the direction of the committee, is showing an expenditure in 2021 for SCIP eligible Euclid Avenue, in 2023 for SCIP eligible Camargo Road/East and in 2025 for SCIP eligible Miami Avenue/North of Euclid. The expenditure amounts represent the City’s match for the SCIP grants. The committee also discussed the timing for Dawson and Kenwood Roads.

Mr. Moeller stated that since both streets were completely rebuilt, the pavement is estimated to last beyond the standard 20 year schedule.

4. **2020 Capital Budget and Capital Plan Policy.** Mr. Mueller stated that on tonight's council agenda, Council will be asked to approve Resolution No. __-20 to amend the 2019 Capital Budget & Capital Plan Policy. He asked the committee to review the most current document one last time before it is debated and voted on by City Council this evening. The committee agreed to recommend the proposed 2020 Capital Budget and Capital Plan Policy to City Council.

5. **Balancing Budget/Revenue Review.**

- Mr Mueller noted in the FY2020 Budget, as a result of fully funding Street Repairs and Capital Improvements, the General Fund Reserve Balance decreases until it becomes less than \$500,000 in FY2025. With the anticipated increase in the Fire Contract to include more full-time personnel in the future, he stated he sees the need to increase revenue by a net \$500,000 per year to retain the appropriate balance in the General Fund into the future.
- He noted that there could be a reduction in service by eliminating the annual expense of the Waste Collection contract which would require residents and businesses to contract individually with a waste hauler. This would reduce the General Fund budget by \$550,000/year.
- The other option would be to implement a fee to all residents and businesses equivalent to the amount of the contract as additional revenue to offset the cost of the waste collection contract. He noted this is a "regressive" fee/tax as all units would pay regardless of income levels. He also noted that residents would be charged less for waste collection service if the city were to contract for the service and charge a fee (\$14/month) as individual subscription service is typically costing \$20/month. The fee would increase as the annual contract for service increases.
- Mr. Mueller also stated that the City could consider special assessments for road and storm water maintenance, although he is not advocating for this approach. Mr. Moeller noted that the City of Middletown has used this approach for a number of years. He also stated that the special assessment process can be lengthy and, therefore, not very timely relative to repaving streets. Mr. Gehring stated that the City of Hamilton may also use this process for street maintenance.
- Mr. Mueller asked the committee to review the draft ordinance which would increase the motor vehicle license fee by \$5/vehicle effective January 1, 2021. When the State of Ohio increased the gasoline tax last year, they also approved local jurisdictions to increase its portion of the motor vehicle license fee by \$5 for a total of \$20 per vehicle. Mr. Mueller stated this would generate an additional \$20,000 per year for Street Improvements. He also noted that by implementing the additional fee, Madeira would improve its applications for future SCIP projects as the District review committee uses this as criteria in the application process. By instituting the additional fee, the City gains the maximum points for the scoring criteria. Motion by Mr. Gehring, second by Mr. Henning to recommend to City Council this legislation be on the February 10th council meeting agenda. Motion approved by unanimous voice vote.

- Mr. Mueller stated another option would be to reduce the earnings tax credit from .9% to .6% effective January 1, 2021. This amount would generate an estimated \$570,000/year. Mr. Gehring stated he is not in favor of a waste collection fee as there are a number of seniors who would be burdened by the additional monthly expense. He more favors a reduction in the earnings tax credit as it impacts only wage earners and not those on fixed incomes.
- Mr. Paul asked the committee to consider including on the City's tax return/form a line for residents to donate to specific uses or projects. He noted that the State of Ohio does this for a variety of programs and services. While he does not know how successful it would be, the form could be easily modified to include several donation "boxes". The committee agreed to discuss this further.
- The committee continued discussions on the relative merits of implementing a waste collection fee versus reducing the earnings tax credit. Mr. Mueller stated he more favors the waste collection fee as it would continue to cover the expense of future waste collection contracts. Both Mr. Henning and Mr. Gehring expressed support for the credit reduction over waste collection fees. After additional deliberations, Mr. Henning made the motion, second by Mr. Gehring, to recommend to City Council's consideration in increasing revenue by \$550,000/year by one of these methods. Motion approved by unanimous voice vote.

Meeting adjourned at 7:30 PM.

Brian Mueller, Chair