



# City of Gahanna

## Meeting Minutes

### Finance Committee

200 South Hamilton Road  
Gahanna, Ohio 43230

*Michael Schnetzer, Chair*  
*Brian D. Larick*  
*Jamie Leeseberg*  
*Karen J. Angelou*  
*Brian Metzbower*  
*Stephen A. Renner*  
*Nancy McGregor*

*Kimberly Banning, CMC, Clerk of Council*

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Monday, November 28, 2016

Council Committee Rooms

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#### Immediately following Committee of the Whole

#### CALL TO ORDER

Chair Schnetzer called the meeting to order at 7:46 p.m.

**Present** 7 - Stephen A. Renner, Brian D. Larick, Brian Metzbower, Karen J. Angelou, Nancy R. McGregor, Michael Schnetzer, and Jamie Leeseberg

#### 2017 BUDGET DISCUSSION - CITY ADMINISTRATOR:

[ORD-0118-2016](#) TO MAKE APPROPRIATIONS FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CITY OF GAHANNA, OHIO DURING THE FISCAL YEAR 2017.

Teal said have received a handful of questions; have been responding to questions via email; Schnetzer said sent follow-up questions; first question is the advance being paid back over a 5-year period; concerned with staff turn-over; Bury said Director of Finance would be the one controlling this; the annual audit will see this and look for the repayment; Franey said will also be in the water model; Schnetzer asked about assessing interest on the advance to compensate on the general fund; Bury said we have not; basically because of the way financing works; we pull all of our money for investment purposes; all posted to the general fund; unless there is a law that it needs to be posted to another fund; 1.2 million in interest will still be posted; Schnetzer asked when it is discharged; Bury said will move that money to the water fund; Franey said will pay that right away; we do not object to paying interest; Schnetzer asked Council about alternatives; Teal said not opposed to the concept; have historically advanced in transferred funds and never charged interest; there has not historically been a practice of charging interest; not for or against; Schnetzer asked if those loans had an alternative method to raise that capital; Teal said there have been

transfers among utility funds; in other instances, no; Schnetzer said each year we raise our rates in response to the City of Columbus; asked if there are thoughts or projections on how long it will take for the increase to be realized; if water rates are roughly going to be 8% higher in the years to come; does it make sense to raise rates now and hold them there; Teal said there is a part of this that we have not discussed in depth; there is an expense that the utility funds currently experience related to cost allocation to the general fund; working on improving and updating that cost allocation; do not know if it will swing up or down; thought it was pre-mature to have that conversation; Franey said since 2008, rates have gone up 19.8%; average of 2.5% a year; was not 2.5% a year; in 2016 the rates went up 7.23%; if we raise them 8%, will have gone up 15%; very dramatic for our customers; that is what got us talking about doing what we can to slow down those hits to the customers; even if it is minor; may be more than customers can deal with in 2 years; Angelou asked if we did at some point pick that up for customers; because it was going to be too large of an increase; Franey said we found we had a large carry-over from years ago; when we started seeing what the carry-over was, we understood that the customers needed to get the advantages; Angelou asked about the last time for a rate study; Schnetzer said we saw comparables a few months ago; Franey said a full blown study was done 10 some years ago; Larick asked about the 8.1% and 3.9%; are those numbers together or separate; Franey said 3.9% is if we take the loan and what we need to raise the rates; the 8.1% increase is if we are not getting a loan from Columbus; looked at the overall rate increase and got the 8.1%; as opposed to the 3.9%; Larick said Columbus said they would take two payments instead of one; moving the full amount in 2017; moving or paying 20% back per year to the general fund; plan is to move the full \$1.26 bill; Franey confirmed; Larick asked why we would not just move half and half; Teal said we could; would have \$600,000 in the general fund accruing interest; from a record-keeping standpoint, is cleaner to do it as one; the sooner we pay it back; recommended the simplest method; Larick asked if it would be a transfer of a ballpark of a million; Teal said first would be paid back next year; Renner asked what the 3.9% payback is; Franey said standard annual increase; we do a calculation of the carry-over and Columbus' carryover and our expenses and looked at how it ends up; also the \$1.2 back charge was that a meter was not registering properly; we then had to calculate what we would pay forward now that it is being registered properly; Renner said was stuck in a similar situation with Columbus in his County day-job; understands this; the payback is the 5 years; Schnetzer said that 1.26 million would receive some interest; once moved to Columbus, it is gone and we are no longer getting interest; alternative is raising rates and paying Columbus on a pay-go basis; Renner said opposed to that; the water and sewer funds are enterprise

funds; they should be paying the cost of business; the water fund needs to pay this; not at the expense of the rate-payer; is simply the cost of business; Schnetzer said understands water funds do not have the money; Leeseberg said have held the water rates down because we had a surplus; Franey said the water rates were being kept low because of carry-over due to way years back; this said Columbus' code only allows them to go back 2 years; Angelou asked if they do not test their meters; Franey said in this case they were reading it wrong; it was a mistake on their part; but we got the water; we sold the water; Angelou asked about future issues like this; Schnetzer said in the long run it averages it out; Renner said at the expense of the residents; Teal said is around \$12,000 in lost revenue; Larick said we establish rates based on cost to Columbus and capital overhead; is on a per-unit basis; Franey said we pay Columbus out of one line item in our budget; we look at all line items in our budget; we pay Columbus in different volume calculations; Larick asked for further clarification on the gap; Franey said this is one of the dangers of trying to keep the carryover tight and rates tight; Leeseberg said we have not charged enough for the water used; Schnetzer once it is out of the fund, it is out of there; potential for a downgrade in our rating due to this; Bury said would be footnoted; Teal said we are fine to split into two lumps; Larick asked if all investment revenue is given back; Bury said all except federal funds; they get a portion of interest quarterly; McGregor asked about streets using a portion of parkland; streets would give parks money; not out of the question; Franey said we do that with equipment; Leeseberg asked about a third of a part-time person in HR and Finance; confirmed they would share one part-time person; asked if we can just put them in just Finance; Bury said want to capture the cost per department; Teal said there are a handful of benefit changes; when we look at one small department, insurance impacts this; said they have been doing this all year; much more efficient than any one of them having a part-timer; Leeseberg asked about the Marketing and Communications; looks like we are adding \$80K in salary; and \$80K for the brand launch; Mayor Tom Kneeland said will likely have a consultant help with the brand launch; said the two people are realigning and moving internally; one is from the Parks Department; see the education there; Teal said we are transferring the funds from department for these salary changes; using one-time funds for the brand launch; Mayor Kneeland said no increase in cost; just to bring them under one umbrella; Renner said our budget does not necessarily close at the end of the year; would like to see what those dollars are, pertaining to which years and see what they were approved for; when we have a reporter that reports, would like to see that and those expenditures; Teal said have cracked down on the carryover of encumbrances; the number of previous year purchase orders has decreased; hopeful he will be happy to see that; can also incorporate that in the quarterly process; Renner asked if there is an

interest to get to a year-to-year basis; knows it is a lot of work; Bury said difficult as we get invoices in the following year; Renner said at the County they only bill per year; asked if there is an interest on this and how do we get this on a map; Bury asked about the capital programs over multi-years; Renner said there are some that carry; Teal said would imagine this will be a substantial research project for staff; would bring something in mid-year 2017; will discuss before we are budgeting for 2018 but after we close out 2016; Larick asked when CAFR is complete; Bury said late June; Larick asked for an item on the agenda to be discussed; Mayor Tom Kneeland said he has been a patriot of this; believes we need to get in more control; great idea; if we can get a better idea of our real carryover; how do we unlock funds that can contribute to the general fund; is a valid question; Larick said is a sequence of steps; Teal said hopes this year that everyone has seen fewer requests for supplementals; look first within the departments and have done more transfers; Renner said this is also about telling our residents the story of the budget; Teal said the software aspect is where a lot of research would go to; believes there are other options to consider; can provide some information over the next several months; Schnetzer asked about a previous question in an email; the 2.4 million balance in the general fund; spending 17% less than appropriated, believes that is a projection; credit is due and spending less is a win; Teal said have had two public hearings; on track with the calendar; have had some adjustments and we are not yet finished with open enrollment; try to budget that tightly; will update that and bring forward a summary adjustment document; may be depending on the committee cycle; request you introduce and amend by substitution on the 19th; also with the updating charter change; this may be the updating schedule for years to come; Schnetzer said so this will be discussed in one more Committee meeting; Teal confirmed.

## **ADJOURNMENT**

8:33 p.m.