



# City of Gahanna

## Meeting Minutes

### Finance Committee

Office of the Clerk of Council  
200 South Hamilton Road  
Gahanna, Ohio 43230

*Michael Schnetzer, Chair, Karen J. Angelou, Ryan P. Jolley,  
Thomas R. Kneeland, Brian D. Larick, Jamie Leeseberg, Stephen A. Renner*

*Kimberly McWilliams, CMC, Clerk of Council*

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Monday, March 10, 2014

Council Committee Rooms

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#### Immediately Following Committee of the Whole

#### ROLL CALL:

**Present** 6 - Brian D. Larick, Karen J. Angelou, Michael Schnetzer, Ryan P. Jolley,  
Stephen A. Renner, and Thomas R. Kneeland  
**Absent** 1 - Jamie Leeseberg

#### ADDITIONAL ATTENDEES:

Mayor Stinchcomb, Dottie Franey, Matt Holdren, Karl Wetherholt,  
Jennifer Teal, Joann Bury, Chief Murphy, Tony Collins, Anthony Jones,  
Niel Jurist, General Williams, Clerk McWilliams, City Attorney Ewald,  
Press.

#### DISCUSSION ITEMS:

#### 1. ECONOMIC STRATEGIC PLANNING

Collins said they sent Suppliers, Inputs, Process, Outputs and Customers (SIPOC) document on Friday; we brainstormed the process; took that and put it in rough draft format; is a live document. Teal referenced SIPOC and the main pieces of the process; each of those process pieces are their own processes we need to work through; may influence one another; wanted to start with a rough timeline; distributed rough timeline draft document; met with Larick last week; wanted to bring this draft timeline to the group; course may change as we go but did want timeline for next few committee meetings; think about horizontal lines as processes; third one down is reserve policy; want to discuss mechanics this evening; next committee meeting comes to a point of reviewing draft; process items discussed were quick turn around items; some have to be answered now even though we'd rather do it all at once; want to list and brainstorm those items; then next committee, work through decisions on those; big conceptual policy questions are the 5th line item; want to identify that list as we have it now and then next time we meet, come

up with plan for prioritizing them; stage those questions in a prioritized order; some items in the operations plan need answers; working on a template; talking about one-time capital investment; public input is one we have not talked about yet; know there is some desire from Council to get out in the streets; April 28th Committee meeting we will bring forward first quarter financials and performance dashboard; our action will be to keep updating this. Collins added that we wanted to be aggressive and keep energy going; look at these items and talk about them; this sets us up nicely to have a tentative idea in April; this takes concept idea through a couple more stages; little more clear to start getting public input; can eventually get it up on website or present it at different meetings, etc.

Kneeland asked about Reserve Policy and One-Time Capital; need to have a formalized action plan around those. Teal stated yes but didn't want to assume a terminal action on that. Kneeland stated his expectation would be to have that done by June budgeting time. Teal stated they are very much linked. Larick stated the level of reserve is the critical part; the mechanics can take a much longer period of time once we have an understanding. Schnetzer anticipates we'll be there by June. Teal said we will keep updating and sharing this with everyone.

Collins stated look at March 10th; first item is quick turn around items; decisions that need to be made now; like to brainstorm as a group those immediate decisions; things to come back with an action plan; may be a short list; example would be the swimming pool; there are some decisions that just need to be communicated and some that still need to be decided; first is, "Is the pool closing this summer?"; barring any catastrophic equipment failure, the pool will be open this summer; currently our plan shows the City will not open the pools in 2015; this is an example of something that just needs to be communicated; example of an operational decision that still needs to be made is investing \$30,000 versus \$50,000 roughly for maintenance of the pools this year dependent upon whether we are opening in 2015 or not; life guard chairs, painting, etc. Teal stated let's brainstorm the questions tonight and next Committee would be to work through action plans.

Jolley added Pool Business in 2015 to the list.

Larick added economic development plan (staffing).

Larick stated staffing and operational items need to be on that list.

Collins added Unclassified Staff increase.

Kneeland stated when we talk about staffing in general, needs to be tied to the department, service, etc. Teal stated that falls better into changes in operations plan.

Kneeland added the Senior Center; blended use versus dedicated facility.

Collins added special events; trying to make public aware of it.

Larick asked if there are items from list of reductions planned that

should be reinstated.

Angelou stated everyone needs to have a copy of that June '13 list identifying reductions; perhaps we can get that again as well as a list of items cancelled.

Teal said on March 24th you'll be getting a detailed, itemized list of changes that have been made.

Schnetzer asked what is your desired medium in getting input from the public. Larick stated thinking of something outside of formal meetings; softly structured setting; ongoing means to get general public input.

Collins continued with a vision of doing a public meeting; similar to Wetherholt's public meetings; see a combination of a couple of opportunities for input. Teal said next time we meet we'll provide a rough listing of those changes; that comes to you on March 24th, from that point forward, there is now something to discuss; more nebulous up to now.

Teal continued with a homework assignment; pulled together big discussion items; provided list of financial forecast discussion questions; rather than discuss them tonight, take this home; review it; will track status of these questions. Collins said we will continue to work on operational definition, combined with white elephants and discussion items into one list; big questions; these are ones primarily listed by Council; encourage staff to please put those out there as well; this is the whole team, not just Council; want to be clear from staff perspective; this is intended to be an open dialogue; this is the opportunity to have those discussions.

Larick stated today Teal and Collins gave their presentation for Lean Ohio; had a chance to talk to Bill Demodovitch; he was very happy with the input from our folks; the energy in the room between previous presenter and these two was night and day; exceptional response; people were engaged. Angelou thanked them for their work and the energy provided.

## 2. RESERVE POLICY

Teal provided documents; working towards a number; referenced bullet point items; pointed out that it is only 41 pages because of added source pages; shows mechanics of policy and key components that have been identified about best practice policies; 1. how do we fund, 2. conditions for use, 3. authority over reserves, 4. how do we replenish fund; highlighted what GFOA had to say about that topic; pulled out examples from policies that show language that dealt with that; plan to talk about each of those briefly then when I do bring a draft, we could better make a decision about it; first one is funding the target amount; how do we make sure we have this much money in the fund; unless we decide that it needs to be 90%, we definitely will have enough; don't have to be that concerned about how it is initially built because it is already built; not the case for many communities; when

there are excess revenues over expenditures, they shall be used to fund the reserve as needed; that would be sufficient; will talk about replenishment later; that needs to be more specific. Schnetzer agreed completely. Teal continued with conditions for use; this is more complicated; in our conversations, we have been talking about physical type emergencies like tornadoes or floods but also of an economic nature; think Mendocino's example fits the bill for me; speaks to multiple items discussed. Schnetzer asked whether or not we should create a true emergency fund and then couple that with a stabilization fund; use the ballpark of 10% natural disaster and 15% stabilization. Teal stated any amount up to the full 25% would be available for natural disaster; a smaller portion of that would be available for economic stabilization. Kneeland stated he likes that. Larick said it is a fundamental change; would need to document and structure it carefully. Williams stated percentages based on information brought back by staff; have to do what you can do for the City; what's in the private sector has to be covered by the private sector; very low figure when you look at what might befall the City in terms of physical damage versus a huge number of people out of work; the natural disaster figure is really low but other issues are significantly higher. Schnetzer stated what pops into my mind is a recession; where it is temporary; losing a major employer is more catastrophic. Teal stated the good news in that scenario is two-fold; it is highly unlikely; something of that nature does not impact us overnight; we would have lead time; think generally we have a good feel for it; two types of uses; we can work those out and incorporate that as we move forward; next item is authority over reserves; how do we get to the money; we have a mechanical project to work on from an accounting standpoint; should decide whether we are going to create another fund; that piece of it does not matter to anyone; part that does matter is how we accomplish that; saw in examples simple Council approval; think that is best in an emergency. Kneeland stated think having a separate fund would show our commitment to making this happen and protecting it; seems like a statement to the people we represent. Angelou asked about doing away with fund to move that money. Teal stated that currently applies to our Capital Fund; being a Charter City, we can create whatever restrictions we desire. Schnetzer asked what is our current legislation on going below that. Teal stated it has never happened but from a mechanic standpoint, there are no walls; nothing in place that would keep us from dipping in there; from a protecting the money standpoint, that is why this is critical; we have a preference for a dedicated fund; simple Council approval. Larick said we need something with the examples; not an explicit list; looking for guidance for people at the table in the future to use the funds. Teal said that's why Mendocino's speaks to me; knowing any conversation about this use requires Council approval. Kneeland referenced the Mendocino example; liked the limitations in bullet 5. Schnetzer asked

if it would be beneficial to have some sort of examples for context. Teal asked about replenishment; mechanism for bringing the amount back up after spending; examples show a 2-3 year replenishment time frame; Portland was 24 months; Fremont's was no more than 3 years; have a hard time saying which one is better; alternative could be to say that at time of approval, a replenishment plan must come with it. Schnetzer said even during authority process, in order for Council to authorize, it would need to be accompanied by a replenishment plan. Larick asked about "up to" versus "at least" language. Teal stated many communities have policies in place for excess carryover; so they have to define if they are going to take away money from those funds; that is more advanced than we are at this point; if we had excess reserves, the first place to look for money to replenish reserve is excess reserves. Schnetzer asked about shortening the time frame around that so that someone can see it through from beginning to end; like it to be shorter; liked Portland's example asked how difficult it would be to find 5% a year in savings to pay back reserves. Teal said that would be a completely different City than we've ever seen; an idea is a line item dedicated to fund the reserve fund; policy says we budget this but can be decided by Council at appropriations every year. Larick suggested some sort of mechanics of a minimum calculation for reinvestment along with a maximum time duration for replenishment. Kneeland asked what happens if we have multiple items hit the City at the same time; how do we protect ourselves in those situations. Teal said remember being in Colorado Springs when they had a mandate to replenish reserve funds and they chose not to; goal is to make something hard to bust but doesn't have to completely change who we are as a City if the world changes; other thing that helps here is if our nut gets smaller because we do less, our amount gets smaller; there is some elasticity there. Williams said it is really related to a risk analysis or hazard analysis; if we do that study right, that will help provide information Finance needs. Teal added it may help to review this on a routine basis. Larick and Angelou agreed. Larick said economic changes can be structured different than a catastrophic event. Teal said can research examples that really spell that out; see if the structure for replenishment is stricter.

Action: Rough draft of worksheet for March 24th Finance Committee.

### **Working Documents -**

**FIN DOC**

**RESERVE POLICY**

**Attachments:** [RESERVE POLICY](#)  
[SIPOC - 2-24-2014](#)  
[Reserve Policy Clips and Samples](#)  
[Rating Methodolgy Attachment](#)

**DOC-0055-2014** Reserve Policy Discussion Notes

**Attachments:** [Staff responses for reserve policy discussion 2 24 14 \(3\)](#)

**DOC-0057-2014** Reserve Calculation Worksheet

**Attachments:** [GFOAFinancialPoliciesDoc4AGFReserveCalculationWorksheet \(2\)](#)

**Jayne Maxwell, CMC, Reporting**