

City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Michael Schnetzer, Chair
Karen J. Angelou
Merisa K. Bowers
Nancy R. McGregor
Kaylee Padova
Stephen A. Renner
Trenton I. Weaver

Jeremy VanMeter, Clerk of Council

Monday, October 24, 2022

City Hall, Council Chambers

Immediately following Committee of the Whole meeting on October 24, 2022

A. CALL TO ORDER:

Councilmember Michael Schnetzer, Chair, called the meeting to order at 8:17 p.m. The agenda for the meeting was published on October 21, 2022. All members were present for the meeting. There were no additions or corrections to the agenda.

B. DISCUSSIONS:

1. Capital Improvement Plan (CIP) Presentation

Mayor Jadwin said for the past year the administration has been working on the development of the City's first-ever long-term capital improvement plan. With the passage of Issue 12 in May of 2019, there is now a dedicated funding stream that enables us to move capital projects forward. Residents have entrusted the City with those dollars, and it is critical that we have a defined strategic approach as to how we will invest those dollars for the overall betterment of the city. A capital improvement plan (CIP) is a tool that the City of Gahanna will use to ensure that public services improve over multiple years. This will ensure the timely repair and replacement of aging infrastructure. It will provide a level of certainty for residents and businesses regarding the location and timing of public investments and help to ensure that we have responsible growth with responsible spending. Once developed, the CIP will be a living, breathing, and working document that will be reviewed and updated on an annual basis to reflect the changing needs of the community and changing priorities. Jadwin said the focus over the past year has been to develop a strong CIP that truly embodies accountability, transparency, and sustainability not only for tomorrow, but for five, ten, 15, and 20 years down the road. Jadwin said that part of tonight's presentation is about what a CIP is, what it is not, what the difference is between a CIP and a

capital budget, how the CIP is implemented, and how it functions. It will look different from the capital needs assessments (CNAs) which have been done for many years. Jadwin said the presentation will include the work that has been done to date and what next steps will look like after tonight as work with [Council] on this plan moves forward.

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CIP Presentation 10.24.2022

Corey Wybensing, Finance Manager, provided an overview of the CIP. He said that for some of [Council] this is possibly a refresher on CIPs. A capital improvement plan is intended to assist in making choices. It is a tool Gahanna will use to ensure infrastructure and public services improve over multiple years. Once this tool is developed, it should be a working document. A strong CIP embodies accountability, transparency, and sustainability. The capital improvement plan typically includes or does the following: a description of proposed capital projects (these projects will be ranked based upon priority and funding consideration and ensures the timely repair and replacement of aging infrastructure), a level of certainty for residents, businesses, and developers regarding the location and timing of public investments, identifies the most economical means of financing improvement projects, provides an opportunity for public input in the budget and financing process, and eliminates unanticipated, poorly planned and unnecessary capital expenditures, defines debt levels to help cover unexpected capital improvements, helps to ensure that patterns of growth and development are consistent and applicable city studies and plans balance desired public improvement, and that financial resources in the annual budgeting process are closely linked. The first year of the capital improvement plan will be known alternately as the capital budget. It outlines specific projects and appropriate funding for those projects. It is intended to be adopted in addition to the city's annual operating budget. Following the public review and revisions as part of the budget process, the government body will be requested to vote to adopt the CIP as the capital budget. Funding for projects set to be developed in later years would then be authorized in the fiscal year in which they occur. Later projects aren't funded immediately. The plan helps the government anticipate upcoming needs and budget accordingly. This includes a list of projects, equipment, and major studies, priority ranking of those projects, a financing plan, timetables for construction, completion of those projects, project justifications, classifications, itemization, and explanations for the project expenditures. The process begins with the collection of a list of capital projects, equipment needs, etc. Major studies, plans, and initiatives are all collected and reviewed. The inclusion of the major studies, plans, and initiatives are extremely important as these have been built from engagements of the citizens and stakeholders that provided input. Project description and justification, an estimate of the initial project cost, ongoing operating and maintenance costs, and recommended potential funding sources are sought to be provided. This will help with creating the CIP to rank the projects in order of priority. Assignment of the CIP coordinator, or a single official who is responsible for coordinating the preparation of the capital improvement plan, is needed to take ownership and accountability of the plan.

Evaluation and selection of current projects and funding sources should be considered through the following criteria: desired service-level standard for the community, project demand determined by the inventory of existing land, equipment, and facility conditions, number of residents, geographic area served, return on investment, cost savings, and revenue generation, sustainability or energy efficiency, improvement of economic, environmental, aesthetic, or social impact, public health, safety or other legal concerns, consistency with plans and policies, and public or political support. Finance will then collect all financial data, including historic and projected, on local government revenues, expenditures, and debt service. This information is used to assess the City's ability to pay for proposed projects. The analysis also helps to select the appropriate financing and funding options. The CIP coordinator will update the capital improvement plan, which includes a list of recommended projects by funding year, scheduling details, and financing sources. The coordinator will also ensure that detailed maps, photos, graphs, timelines, and other illustrations to help accompany the plan are updated as needed to create transparency and fluidity of the document. When the fully developed CIP is in place, it will synchronize capital and operating budgets. It will systematically evaluate competing demands for resources based upon prior prioritization. It will reflect the City's long-term goals and objectives. It will identify, prioritize, and optimize the financing of capital projects. It will link all comprehensive plans with fiscal capacity, inform the public about the government's investment and infrastructure, and incorporate appropriate policy. Wybensigner said that a CIP needs to be dynamic. It may be created to look at five, 10, or 20 years out, but it is not a "set it and forget it" document. The document should guide the leadership team and create sustainability. It will need to be reviewed and updated for changing needs and priorities.

Joann Bury, Director of Finance, discussed progress with the current CIP. Where are we today? What have we done so far? Now that we know what CIP is and everything that it should incorporate, what plans do we need to create to get into action? To date, the City has looked at all of the plans that exist across the city, along with the help of consultants and inside advisors. This included the original CNA from last year. They looked at the Economic Development Plan and the Land Use Plan. From those plans, they consolidated everything into a large list of capital projects. At that point, Bury said the City also looked at what projects it had outstanding. Meetings were held with department directors to go through that list to determine what should stay on the list, what was currently in progress, and what needed further analysis before it was actually determined to be included in the CIP. Before moving forward, it was important to take a step back and look at all the encumbrances that were currently outstanding for projects and determine what stage they were in. This included looking at whether request for proposal (RFP) documents had been issued, what documents had been prepared, were they already done with planning and design, were they in the construction phase, or were they near completion? In figuring out for all those projects that were outstanding, what level were they at? Bury said once they identified what level those projects were at and whether any progress taken place, it was important to determine what the actual capacity for 2023 was.

The process, again, was looking at current projects outstanding, determining what stage they were in, and determining what we have capacity for. From there, they developed the 2023 capital budget request. Bury shared that there were not going to go through each project, but that Council would be provided the list when she sends the PowerPoint so that Council could look at it in more detail as we lead up to the 2023 budget discussion. Bury said she wanted to look at totals, where the City is wrapping up 2022 projects that are currently in progress, and what the City is going to be looking to forward to in 2023. She said that in looking at the Capital Improvement Fund, we currently have about \$19.3 million in projects that are ongoing and in various stages. For 2023, looking at that and what we have capacity for, the City is looking at a budget request of about \$6.7 million. Therefore, in the Capital Projects Fund alone, we are looking at managing approximately \$26 million in capital as we complete 2022. This includes those projects that might move into 2023, that carryover, plus what the City is requesting for 2023. Looking at Governmental Funds in total, which would include the Street Fund, the remainder of the ARP funding, and what the City is predicting to bring in for TIF funds that it could use those for projects, we are at about \$21.9 million for 2022 projects to complete and requesting additional \$8.4 million to bring us to about \$30.3 million just in the Governmental Funds.

Councilmember Schnetzer referred to what was on the screen and said he wanted to understand the interplay between the various fiscal years and also the nexus between a capital budget and the capital plan. He asked if it is accurate to say that for 2022 those are dollars that have recently been appropriated but might be projects that are not completed or moving from calendar year 2022 into calendar year 2023, and then inclusive in the capital budget is also appropriations from 2023? Is this how Bury gets to that \$20-ish million? Bury said this is correct. She added that by the end of the year that number will shrink a little bit as far as what the City is carrying over. What she presented is only a snapshot from about the beginning of October. So, there will be some run out of these 2022 projects before the end of the year. She added that, yes, there will be some carryover as projects need to be completed depending on what stage they are currently in. Projects are in various stages. Some just have documents prepared. Some might just be planning and design. Again, the numbers are depending on what stage they are in and what can be accomplished by the end of the year.

Councilmember Schnetzer asked when taking the capital budget and dialing the lens out a little wider to the capital plan, is it safe to say that what Council is seeing on the screen is in essence year one of the capital improvement plan? Bury said that is correct. She said they will look at what was planned for Proprietary Funds as well. The one key thing that she said Council would notice here is when the City looked at what it had capacity for, when looking at Proprietary Funds, it is remembering that the main department who handles most of the projects on the Governmental side is also the main department that is handling the Proprietary Funds, or the Engineering Department. In looking at the Proprietary Funds and what they currently had in progress and what they would have capacity to do in 2023, the decision was made that the

City needed to firm up and complete those 2022 projects, so that it could analyze what really was needed moving forward. The plan currently is to just run out those 2022 projects and complete them before any future requests are made. That brings the total Enterprise Funds, looking at 2022, to about \$6.4 million in projects that the City will be working on through 2022 and 2023. Looking at the City as a whole, we are looking at about \$36.7 million in projects that will be managed through the end of the year and into the 2023 timeframe. Schnetzer asked if there were any other questions from Council.

Vice President Bowers said in skimming over this list, it looks like it is mostly either maintenance, or deferred maintenance, at this point and not any kind of prospective project. She noted that she did see the Price Road House, as far as a prospective project. She asked Bury if this is a fair kind of assessment, that the City is trying catch up right now? Bury said this is correct. She added that some of the other newer projects that are on the list mainly fall under the TIF funding, such as the Hamilton Road bridge. There is also the continual work on the Taylor Station and Claycraft intersection improvement. These are some new ones, but for the for the majority of them, especially in the Capital Improvement Fund, it is running out those maintenance programs and getting ourselves to a point where we could look at them a little bit more responsibly.

Director Bury reviewed the next steps and what the City will be doing. The City is looking at modernizing and enhancing some of its rating programs. With the maintenance programs, this involves figuring out a way that the City could enhance those programs to make forecasting a little bit better. This includes looking at street rating, how the City rates vehicles and equipment and determines replacement, along with some of those other maintenance programs. She said the City also has the Parks Master Plan nearing completion, which includes a capital maintenance and improvement part, that is already going through a pretty extensive process. Those capital improvements will be incorporated into the CIP. The next thing is drafting Council policies. She explained that policies will be intended to give the City the guardrails for requesting capital improvements and for policy on what occurs after the funding is requested. For example, how is the administration going to report back progress and how are we going to determine the best way to close out those projects and return the funding? She said making sure we have those guidelines based on Council policy, will keep the City in line and on track with what it is doing with the CIP. Next, Bury said that thanks to the new City Engineer who has been working very hard on drafting templates for the City to better forecast projects and monitor the various planning phases, it will be coming up with templates that can be used to determine things like planning and design, how long is that going to take, and what the cost looks like. She added that once a project moves from planning and design, when can construction really begin, and what does that cost look like? This is using more of a basis for design and using a template that could be replicated across departments. When departments are requesting items, it will be more standardized. The City will be selecting what is going to be designed, when that is going to be occurring, and when construction is going to begin. The other thing that will happen is bringing the focus group back

together, once all those things are updated and we have the templates and policies drafted. This focus group consists of the Mayor, department directors, and a couple members of Council. This focus group will be firming up what those policies are, making sure that we have those in place, identifying what is the actual length of the plan of firming up the focus areas, and then figuring out how we are going to prioritize projects. The group will consider whether it will be a five, 10, 15, or 20-year plan or what is the appropriate length that should be used to make sure that focus areas are good and make sure we are comfortable with how we are prioritizing projects. Once that occurs, all that groundwork laid, then the City will be able to update the timeline, update associated costs for each project, and that will allow for using resources in a better planned manner, making sure that we are keeping the request within the resources available. She said the goal will also be to position the city to take advantage of alternate funding sources, such as grants and partnerships. With these, the majority of the time, you must have all your assessment feasibility studies and your plan and design done before you could approach looking for those alternate resources. By using a new template and determining when a plan and design can be done, we can have our assessments and feasibility done to then look for funding opportunities available beyond the resources that the City has in its possession. Bury noted that as we continue through the process through 2022 and into the future, there may be a need for adjustment and change, especially as we are completing 2022 in our work. She said that there might be additional requests for 2023, either as the budget is finalized, or as we move into 2023 requesting some supplemental appropriations. She stressed the importance of making sure that we have policies and processes in place to report back changes that are made. This includes understanding why changes are being made with the rationale behind it. After all of this is complete, then every year it is figuring out the process to bring it forward along with the budget request. She said the CIP could be formally adopted at least annually. Then, the City can use them to create the capital budget request as it approaches the capital process and approving appropriations.

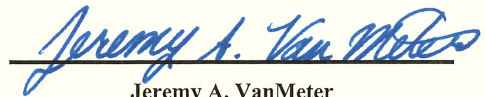
Vice President Bowers said she appreciated really comprehensively going over the CIP. She knows the City has been talking about it for years, so it is good to see it coming forward. Bowers is curious about the engagement of Council, and specifically the development of Council policy around this. Could Bury talk a little bit more about this? Bowers said she thought she heard Bury say some things. Bury responded that as part of the CIP development process, a focus group was created which includes two members of Council (Michael Schnetzer and Stephen Renner). Their job will be to attend those meetings, look at what the administration is proposing and then report back to fellow councilmembers on progress. This is what process the group is leaning towards. Then, as the CIP is brought forward to Council as a whole, there will be additional opportunity to weigh-in before adoption.

Councilmember Schnetzer said that Bury had mentioned something about Council rules as it pertains to the CIP. Could she shed a little bit more light on hypothetically what this involved? Bury said this is about getting the guardrails

up for how administration is requesting capital improvements. What needs to be accomplished first before they even make an ask for capital dollars? Does the administration need to have certain assessments done? Do they need to have feasibility studies done? Then, once capital projects are approved and the appropriations set, if a project for whatever reason were to sit stagnant, should it sunset? Bury said that they could approach Council and explain why there has been no movement on that project, and Council could agree that it should stay in place, or that based on the circumstances, it should sunset. She said that once a project is completed, right now there is an informal process. The Council policies are about establishing what those guardrails would look like. She noted further that maybe after a project is completed, all outstanding encumbrances are automatically closed after two years (or setting some sort of window to close those out without somebody from finance having to reach out and find out if the project has been closed) or keep the funding in place. This, again, is setting up a regular process of looking at once it is completed, and we are past that two-year mark, all encumbrances are closed out of that part. Any remaining funds would be returned to on-reserve balance to be used for future projects. These are the top three that have been discussed internally. She noted that this is going to be an ever evolving and changing document. So, as we move through the process, we could determine there is a need for more policy or amendment to policy. Schnetzer thanked Bury for the presentation.

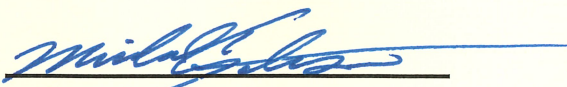
C. ADJOURNMENT:

With no further business before the Finance Committee, the Chair adjourned the meeting at 8:45 p.m.



Jeremy A. VanMeter
Clerk of Council

*APPROVED by the Finance Committee, this
21ST day of Nov. 2022.*



Michael Schnetzer