



City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Michael Schnetzer, Chair
Merisa K. Bowers
Jamille Jones
Nancy R. McGregor
Kaylee Padova
Stephen A. Renner
Trenton I. Weaver

Jeremy A. VanMeter, Clerk of Council

Monday, May 13, 2024

City Hall, Council Chambers

Immediately following Committee of the Whole beginning at 7:00 PM on May 13, 2024

A. CALL TO ORDER:

Councilmember Michael Schnetzer, Chair, called the meeting to order at 8:45 p.m. The agenda was published on May 10, 2024. All members were present for the meeting. There were no additions or corrections to the agenda.

B. DISCUSSIONS:

1. Quarterly Financial Report to Council

[2024-0095](#)

Quarter 1 Financial Report FY 2024

Director of Finance Joann Bury provided an overview of the financial status of funds receiving income tax dollars through the first quarter. The presentation included a summary of the Capital Improvement Plan, income tax trends, investment performance, and a conclusion based on these results.

General Fund Revenue Current Status: The General Fund revenue is at 24% of the planned amount, which is on target. However, there is a 6% decrease compared to previous expectations.

Property Tax Settlement: The first property tax settlement typically occurs in March and August. This year, it did not arrive until April 1st, resulting in a zero entry for the first quarter. This amount will be accounted for in the second quarter.

Income Tax Revenue: This revenue is tracking as expected, with a planned 4% increase. The actual increase for the first quarter is approximately 6%.

Investment Income: Investment income is higher than expected. Initially, it was assumed that interest rates would decline in the second quarter, but new

estimates suggest high rates will persist through the end of the year.

Intergovernmental Revenue: This revenue is at 18% of the budget, lower than anticipated. Changes in the state biennial budget redirected some general revenues for specific uses, reducing the amount available for sharing. Although there was a slight increase to offset this, it is insufficient to meet the target, affecting the Local Government Fund (LGF) funding.

Councilmember McGregor inquired if receiving the property tax on time would have added approximately \$2-2.5 million dollars more. Director Bury responded that the amount would be closer to \$1 million dollars since half of the property tax is received in the first part of the year and the other half in the second part. Consequently, the 24% revenue would have been slightly higher had the property tax been received on time.

General Fund Expenditures:

Director Bury reported that expenditures were at about 19% of the planned amount, which included a 3% increase, aligning with expectations for the end of the first quarter. She highlighted a 4% reduction in salaries and benefits, attributing this decrease to a premium holiday received for health insurance and some existing vacancies. Additionally, there was an increase in expenditures for materials and supplies, driven by more activity in the first quarter compared to the previous year. Director Bury explained that despite inflationary pressures, the costs were similar to those of the previous year, indicating that prices were stabilizing.

General Fund Balance:

Director Bury discussed the impact on the fund balance, noting a slight uptick in transfers out compared to the previous year, which was associated with the leave payout fund. She explained that during the budget planning process, they anticipated a higher number of retirements in 2024 compared to 2023, necessitating a larger than normal transfer to the sick leave payout fund for severance payments. Bury further reported that approximately \$602,000 was added to the fund balance, bringing the total to \$36.1 million. Of this, \$8.2 million is reserved for encumbrances, and the emergency reserve was increased by \$1 million to \$8.45 million. This adjustment left an unreserved balance of \$19.4 million, equivalent to about eight months of operations, which is well above the two months required by policy.

Special Revenue Funds:

Director Bury reviewed the status of the three special revenue funds in comparison to the budget, noting that the expenditures for all were within the 22% to 24% range, as anticipated for this time of year. She specified that Public Safety expenditures aligned with expectations, while Parks & Recreation expenditures were lower due to their season not starting until the second quarter. Public Service expenditures were notably lower at 9%

because several planned initiatives and contract services, such as the Thoroughfare Plan update, sign reflectivity, code updates, and drainage mapping, had not yet commenced. Bury also addressed the year-over-year comparison of the special revenue funds to the actual results of 2023, pointing out variations in income tax allocations, which are reassessed annually. She highlighted an increase in charges for services in Parks & Recreation, particularly noting strong performance at the golf course and increased camp resources compared to the previous year. Furthermore, the salary and benefits increase in the Public Safety fund was as expected, due to the addition of a school resource officer. Parks & Recreation had added positions and increased seasonal pools based on the previous year's operations and anticipated needs for the current season. Lastly, Public Service was almost fully staffed, a significant change from the first quarter of 2023, reflecting their achievement in reaching the desired staffing levels.

Capital Improvement Fund:

Director Bury provided an update on the Capital Improvement Fund, noting that revenue figures were as expected, including intergovernmental revenue derived from an OPWC Grant reimbursement for the Cherry Bottom stabilization project. Capital expenditures were reported at about 5% of the planned amounts, which was anticipated given that the construction season does not begin until the second quarter. She summarized the status of the Capital Improvement Plan as outlined on pages 4 through 6 of the report. To date, \$3 million had been spent and \$20.4 million had been encumbered. The first quarter expenditures primarily covered runoff from the previous year's invoices for projects and non-weather-dependent purchases, such as equipment and vehicles. Of the total amounts, \$626,000 and \$1.7 million encumbered were for projects identified in the 2023 and 2024 Capital Improvement Plans. With \$19.4 million initially appropriated for these projects, there remains \$17.1 million to be encumbered and spent. The chart in the report details these remaining amounts, which are allocated for pre-CIP projects scheduled to continue over the next few years.

Income Taxes:

Director Bury reported that there were no surprises with income tax and its distribution among the three main categories. Withholding was expected to grow in line with economic growth. At the end of 2023, there had been an anomaly with individual taxes that was not sustainable into the future, so a decrease in that area was anticipated. Net profit taxes had fully recovered and were now tracking with economic growth, showing increases as the economy continued to trend upward.

Investments:

Director Bury reported on the status of the City's investments. The majority of the funds were invested either through STAR Ohio or various other eligible investments. She noted that interest rates were likely to remain high through

the rest of 2024 and into 2025. STAR Ohio was yielding slightly above 5%, while the overall investment portfolio was yielding about 4%. There had been an increase of approximately 1.22% in the investment portfolio compared to the same time last year, reflecting the rising rates during that period.

Chair Schnetzer inquired about the weighted average maturity or weighted average life of the investment portfolio. Director Bury responded that it was 1.18 years. Chair Schnetzer then asked if RedTree, the City's investment adviser, had provided any indications on when rates might start to decrease. Director Bury explained that the general expectation was for rates to remain stable through the remainder of 2024 and that they might start to decline in the first quarter of 2025. She noted that while high rates were beneficial for investments, they were unfavorable for borrowing.

Conclusion:

Director Bury concluded her report by stating that the majority of economic indicators were suggesting a "soft landing," indicating that fears of a recession had diminished. She explained that the financial policies set by the Federal Reserve were moving slowly towards their targets: 2% inflation, 4% unemployment, and a gross domestic product growth rate between 2.5% and 3%, with current rates around 1.8%. This suggested that the targets could be met without triggering a recession, which had been a concern earlier. Bury predicted continued growth in both revenues and expenditures for the City. She emphasized the importance of updating the economic development plan and the strategic plan to position the City for the challenges associated with increased growth, such as higher demand for services and increased costs. She also noted the importance of ensuring that resources remained adequate to meet these challenges, given the decreasing availability of areas for development and redevelopment.

2. Capital Improvement Plan (CIP) Update

[2024-0096](#)

CIP Advisory Committee Report

Senior Director of Operations Kevin Schultz provided an update on the Capital Improvement Plan (CIP). He explained that the report presented was the result of the CIP Advisory Committee's first meeting back on April 9th. The meeting had been postponed from February due to the passage of legislation that required minor adjustments to the document. Schultz clarified that the report in front of the council members was largely the same as the one discussed during the committee meeting. He reminded Council that the intent of the advisory committee was not to provide detailed updates on every project but to address necessary actions for managing and maintaining the CIP itself. The report was designed to follow a consistent format and structure over time. Schultz anticipated that this report would be included in Director Bury's quarterly reports and function similarly. Schultz encouraged councilmembers to request additional information if something was not

included in the report but was deemed necessary for management and maintenance. He highlighted that the first few sections of the report were mainly housekeeping. He pointed out the list of already scheduled meetings under item number one and drew attention to item number three, which detailed the CIP annual update schedule. Important upcoming dates included June 10th, when the draft plan update would be available for review, with the schedule continuing from there. Schultz paused periodically to allow for questions from the Council.

Senior Director Schultz continued his update on the Capital Improvement Plan, focusing on project updates and amendments in section four of the report. He explained that this section included actions taken since the adoption of the CIP, such as bidding processes, supplemental requirements, permissions to bid, and contract awards. These actions were documented to ensure comprehensive tracking. Schultz highlighted a few specific items. For example, the street program was bid, which would typically be excluded from reports had the meeting occurred in February. He emphasized that the report encapsulated all activities from the CIP adoption, including any changes or amendments. One notable change involved the Bridge Maintenance and Replacement project. The encumbrance was reduced from \$2.4 million to \$1.1 million, and a new project, the Wynne Ridge Bridge Reconstruction, was created. Detailed information about this project was available in the project addition section. Schultz pointed out that the report was structured according to the categories in the CIP, with this particular information falling under transportation and mobility. He then paused to make a special note regarding the Westside Gahanna Sanitary Sewer Analysis. The City received a request from Columbus to report all sewer-related work on the west side, including Inflow & Infiltration (I&I) studies and system improvements. All requested information had been provided to Columbus, and the City was awaiting further instructions. Schultz noted that a meeting to discuss the next steps was to be scheduled, but the timing depended on the City of Columbus.

Vice President Weaver asked about the structure of the document, specifically regarding the status updates on projects like the street program listed at the top of page two. He inquired whether items would fall off the report once the contract was awarded or if they would remain to track progress until the work was completed. He questioned if this process differed from item to item. Director Schultz explained that the process varied depending on the project. For larger projects, like the Westside Gahanna Sanitary Sewer Analysis, detailed updates would continue to be provided due to the project's magnitude and need for regular updates. However, more routine projects, such as the street program, would likely fall off the report once the contract was awarded, unless there were special circumstances requiring further updates, such as the need for supplemental funding or the addition of more streets. Schultz noted that if a project closed successfully, it would return to the report with an indication of its completion. Schultz emphasized that the absence of a project from the report did not prevent councilmembers from asking questions about it at any time. He suggested that, for housekeeping purposes, councilmembers could circulate their

questions in advance when they knew Director Bury's report was on the agenda. This would allow the necessary support staff to provide accurate information.

Councilmember McGregor asked if the West Gahanna Sanitary Sewer project was related to the smoke testing conducted years ago. Director Schultz confirmed that the project was related to the smoke testing. He elaborated that after the smoke testing, work continued, culminating in October of the previous year with design consultants presenting three or four different alternatives to improve the system in that area. The preferred option was submitted to Columbus, and the City has been waiting for a response from Columbus since then. Schultz clarified that the delay was due to waiting for Columbus's decision on another connection to the Columbus mainline to alleviate or increase the current capacity.

President Bowers commended Director Schultz for the tool and process, expressing appreciation for seeing it implemented. She then asked about the cost difference for increasing the capacity of the Taylor waterline, recalling discussions about its negligible increase due to material costs only. Director Schultz indicated that he didn't have the specific number off the top of his head. He confirmed that the increase in size from an 8-inch to a 12-inch line would primarily affect material costs, with no change in labor costs. While acknowledging that the material costs would be significant, he emphasized that there would be no additional labor costs for installation. President Bowers emphasized the importance of having the cost value for the size increase, particularly for the benefit of Niagara Bottling. She requested the number to ensure that the Council had the necessary knowledge. Director Schultz explained that the phase one improvement of the Taylor Road water line was recommended regardless of Niagara's bottling capacity plans. He mentioned two other potential improvements that would come into play if Niagara expanded its plant, indicating that discussions with Niagara would be necessary. President Bowers inquired whether TIF (Tax Increment Financing) dollars could be used for the waterline improvement, regardless of Niagara's participation in the subsequent phases. Director Schultz stated that he needed to confirm if the waterline improvement fell within the TIF district boundaries. Mayor Jadwin highlighted the need to review the legislation to determine the eligibility of TIF dollars for the project and the benefit of TIFs in general in allowing investments in infrastructure.

Councilmember Renner raised the topic of the West Gahanna Sanitary Sewer Analysis and inquired about plans for discussing it with residents. He sought information on any analysis or strategies for initiating conversations with the community. Director Schultz admitted that there hadn't been significant internal discussions on this matter yet. He acknowledged the need for such conversations but highlighted the challenge of providing concrete answers to residents regarding the timeline of the project. He emphasized the importance of being prepared to address residents' questions to build credibility, particularly regarding the timeline, which was largely dependent on approval from Columbus for an additional connection to the main line. He

mentioned ongoing efforts, including the Mayor's outreach to contacts in relevant departments, to expedite the process and provide residents with timely information. Schultz also discussed the possibility of exploring alternative strategies, such as implementing expensive expansion sewers, to address the issue in the interim. Councilmember Renner expressed appreciation for Schultz's efforts and stressed the importance of clearly communicating the problem to residents. He emphasized the need to articulate why a larger sewer was necessary, especially since the issue might not be well understood by residents. Director Schultz thanked Councilmember Renner for his input and noted that he had taken note of the issue.

President Bowers expressed gratitude for the inclusion of the wayfinding project, expressing her happiness about its presence.

Director Schultz continued on with the report, providing an overview of sections five and six. He mentioned that section five covered completed projects, expressing hope for continued progress in this area. Regarding section six, he highlighted the Wynne Ridge Bridge Project and the recent action taken by Director Komlanc on April 1, involving a resolution of necessity and right of way and temporary construction easements. Schultz addressed the Taylor Road water line replacement, noting that the OHM report discussed increasing the size of the line and associated costs. However, he didn't have the exact cost for replacing the current 8-inch pipe. He mentioned an estimated figure of \$3.3 million for upsizing the pipe. He also emphasized the plan's provision to remove stagnant projects after 18 to 24 months, although no projects were currently slated for removal. While no projects were scheduled for removal at present, Director Schultz noted that adjustments might occur as the plan matured, similar to the modifications made in earlier sections of the document.

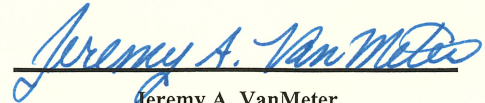
Director Schultz discussed section eight of the report, which focused on other items under review. He highlighted the inclusion of the street tree program into the sidewalk program worksheet, noting that this integration was not previously done. He emphasized the importance of understanding the costs associated with tree removal within the sidewalk program to provide a comprehensive overview. Additionally, he mentioned the attachments, which included the 2024 Capital Improvement project list and the zone 2 water distribution planning study, as referenced by Ms. Bowers.

Vice President Weaver expressed gratitude for the inclusion of the street tree program under item 8. He appreciated the effort put forth to incorporate this program into the agenda, noting its significance. Weaver acknowledged the ongoing efforts to advance this initiative over the past several years and expressed satisfaction in seeing it listed in the report.

C. ADJOURNMENT:

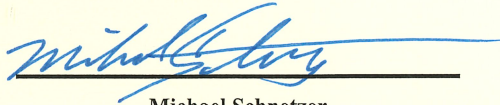
With no further business before the Finance Committee, the Chair adjourned

the meeting at 9:18 p.m.



Jeremy A. VanMeter
Clerk of Council

APPROVED by the Finance Committee, this
20th day of *May* 2024.



Michael Schnetzer