City of Gahanna

200 South Hamilton Road
Gahanna, Ohio 43230

Meeting Minutes

Finance Committee

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

Kimberly Banning, Clerk of Council

Tuesday, November 13, 2018 **Council Committee Room**

***Immediately Following Committee of the Whole**

CALL TO ORDER

BY MR. SCHNETZER AT 8:09 PM

ITEMS FROM THE DIRECTOR OF FINANCE

1. Q3 REPORT TO COUNCIL

Ms. Bury said nothing unusual for 3rd quarter. Revenue $21.4 M, 79% of plan, a little higher than you'd expect. Increased by 6% or $1.3M since 2017. Fines fees and other taxes didn't increase. Increased tax %556,000 largest increase. Property tax and other taxes, property tax was expected due to reappraisal. Other revenue, there are certain items outperforming prior year, rebates related to credit card, insurance settlement, donations for Parks & Recreation. $19.6M, 64% of plan expenditures, 83% taking into account encumbrances. Increased 8% or $1.5M expenditures. Personnel services and contractual services, police department org study, accounting/timekeeping system, land use plan. Transfers in/out were 74%/92%. $6.9M to capital improvement fund. $630,000 for the last advance to water fund. Water fund will make repayments annually. Fund balance decreased about $5M. Planned $5.9M for funding capital one-time uses.

New accounting/timekeeping system training this week for phase 1. Planned start 1/1/19 for first of 3 phases.

Income tax for 3rd quarter, 69% of revenue, $14.7M to date, 69% for withholdings by businesses in Gahanna, 21% individual returns, 10% business net profits. Top 300 of each analysis. For individuals, we saw a large increase related to one-time payment events. We don't anticipate this going forward in the future. One was a lottery winner, one was the sale of a multi-million dollar business. Compared to 2017, increased $485,000 in top

300 withholders, which is approximately $32M in wage growth.

Net profit, still not sure why we're seeing a decrease. Top 300 is 91% of collections, increased $462,000. Could be due to a delay on State distribution side. Businesses can opt in to that system. We started to get some access to reporting to see what's being distributed to us. In looking at top 300 net profit payers, we shouldn't be seeing the decrease we're seeing, so I assume we're waiting on distribution from the State.

Looking at 12 month trailing, we exceeded projections by 1%. Planned on 2% increase over 2017. We're currently tracking more toward 3%.

Page 6 of quarterly report. Since 2014, unreserved. Using portion of that for capital. The point is to provide that back to the citizens. 2014-2016, looking at what we have above mandated reserve, $11M. We have $7.1M emergency reserve still intact.

At end of 3rd quarter, $1.7M expenditures within revenues. Made cuts. Used $1.3M for Detroit streets. As we move into 2019 we're looking at a $2.9M shortfall. We've made recommendation as to where reductions should come from.

Mr. Schnetzer summarized, economy continues moving, but we're not experiencing the growth.

2. 2019 BUDGET

2018-0073 2019 Budget Discussion Documents

Mr. Schnetzer said said: It may be beneficial to begin with some historical context to guide the conversation. The 30,000 foot overview is of a town that grew up 30-35 years ago. According to the US Census Bureau, half of all homes were constructed before/after 1984. About the same time the City's growth rate leveled off, the economy was hit with the worst recession since the Great Depression. The result of the Great Recession was a contraction of revenues stemming from cuts to intergovernmental aid - aid which the city had relied on for decades - as well as a collapse of interest rates which precipitated a severe decline in investment earnings income. This one-two punch of flat lining growth and falling revenue has led to an environment whereby recurring expenses are outpacing recurring revenues. That has forced past administrations and past councils with a difficult choice. That choice is primarily one of tradeoffs. Tradeoffs between maintaining existing services or adequately funding the city's existing capital infrastructure. Thus far as I can tell, again for years predating this council and this administration, the preference has been to maintain service levels at the expense of capital investment. And I can understand why that is. Capital can be deferred for a short while. To do so is less visible than immediate service cuts. The problem with that approach is that infrastructure is not optional. To underinvest in our roads, bridges, and facilities is not a free pass. Punting those liabilities to the future simply delays the day of reckoning, by digging a deeper and deeper hole, with deferred capital costs continuing to pile up and ultimately increasing the final bill when you do get around to fixing the capital items.

Mr. Schnetzer asked is 75 PCR the most efficient from engineering perspective? Mr. Priestas said as pavement starts to degrade, it's not linear, it starts to degrade exponentially. It becomes increasingly expensive. Mr. Schnetzer said the S-curve detailed by USDOT-FHA modeling pointed to every dollar spent keeping roadways above 75 PCR saved $4. Mr. Priestas said that could save $4 in maintenance costs if you maintain it. Mr. Schnetzer said anything less than a 75 is wasteful. Mr. Priestas said it can be. There's potential for additional costs. Mr. Schnetzer said the optimal point of efficiency is 75 PCR. Mr. Priestas said big picture is to maintain 96% of roads at 75, as 4% per year will likely fall below that rating. Mr. Schnetzer asked has that amount increased? Mr. Priestas said looking at ratings, this year we saw an increase of streets with ratings below 75.

Mr. Leeseberg asked, Mr. Priestas can you explain the process for everyone in layman's terms? Mr. Priestas said every year we rate each street segment. They're graded on number of cracks; it's structural, not aesthetic. Typically life of roadway is 20-25 years, but some last longer, some shorter. We evaluate every mile of city street each year.
Mrs. Angelou asked how many other communities use our rating system? Mr. Priestas said several other communities are contracted to use the program. I would describe it as a best practice.

Mr. Schnetzer said, given that percentage of streets below 75 PCR has increased over the years, and I see a cut to the asphalt program in the future, is it likely that costs will go up? Mr. Priestas said if we're unable to fund the street program, the conditions will continue to degrade and costs increase. Mr. Schnetzer said, the capital needs assessment incorporates rolling 5-year outlook. What is your estimate to achieve 75 PCR? Mr. Priestas said to use most efficient, accelerating program to bring all streets in line would be a onetime cost of $7.8M. Annually to maintain would be $3.3M resurfacing and rebuild Detroit streets. $1.29M for resurfacing+ $1.9M for Detroit. $3.3M + $1.6M each year for 5 years. Detroit street is concrete with curb and gutter combined. They've now been overlaid with asphalt.

Mr. Schnetzer said I would argue that we need to be on a path to get the streets to a 75 PCR, otherwise it digs a deeper and deeper hole. It may politically unpopular, but it seems we need to look at reduced services, as infrastructure is not an option. It's a problem that predates this council and this administration. To not do so, essentially, wastes money.

Mr. Larick said, I want clarity around the amount. What I heard was $4.9M versus $1.2M, which is what is in the budget. What I heard was $1.29 for overlay, Detroit streets specifically are $1.9M. A one-time catch-up of all streets to 75 PCR is $7.8M. Divide that by 5, gets to $4.9M per year for five years. Mr. Priestas said $1.56M additional catchup, $1.29M maintenance, and Detroit $1.9M for rebuilds. Mr. Schnetzer said, $2.8-2.9M for resurfacing, $1.9M for Detroit streets, per year. Mr. Priestas said 7 years to finish Detroit streets.

Mr. Larick said as capital items are required, what is the reduction from $225,000 to $200,000? Physical Server Lifecycle Replacement - is that a onetime reduction, or is that a change to how we're going to do things? Has the administration defined a new lifecycle as viable for the long run? If we can go 5 years on a server instead of 3, I understand the logic. If we've said, we have a server that seems stable, let's hope for the best, that's a different story. That core question follows the same for all of these items.

Mr. Main said it is a onetime adjustment that we can extend what we have for an additional year. The other piece is that as we move forward with other applications, and push to the cloud, we don't need physical servers, and once we reach the recycle stage, we won't need as many the next time around. Mr. Larick said I understand both sides of that. Are you satisfied that the $17,175 number is an effective run rate? Mr. Main said based on the number of apps we support today, yes. My concern is that there may be additional apps that we push to the cloud and that's known yet. Mr. Larick said based on best info and experience, and migrations to cloud, is this viable going forward? Mr. Main said yes. I believe so.

Mr. Schnetzer said the reason for the questions for Mr. Priestas, underfunding our streets is not free money. It's analogous to making minimum payments on a credit card, and the balance doesn't get paid for 20 years, if ever. Where can we find $1.6M in the 2019 budget so we can stop the bleeding on the resurfacing, at least on the asphalt overlay?

Mr. Leeseberg said looking through the budgets I've got a list of projects: pg. 119 and on, running from top to bottom: golf cart replacement $30,000; west side park $450,000; Carpenter/Walnut; Hedley Park $300,000, TIFF money so we can discuss that; Havens Corner propriety storm $250,000; $55,000 for Walnut rebuild. Some development at

Walnut and Carpenter, walkability, on street parking, so I've asked to defer those in the past and have the developer pay it back with TIFF money that's not prevailing wage. As far as west side park, we got more of a park than we ever wanted to so I think we defer $450,000. The total for all of that is $1,195,000.

Mr. Schnetzer said I can't justify spending down our cash balance. We're probably closer to the next economic downturn than the last, and I can't justify spending down savings

Mrs. Angelou asked what the money for the park is for. Mr. Barr Barr said Picnic shelter, 1-2 pickleball courts, sidewalks are 4' we'd add the 8' path around the park, landscaping, our infrastructure is pretty much done as far as water, sewer, electric.

Mr. Larick to clarify, that park, the phase 1 is expected to be completed with what is already underway. Mr. Barr said the obligations from grantors, ODNR and Blue Jackets, will be completed this year.

Mr. Schnetzer said the transfer necessary to fund the streets, that's out of the general fund correct? Mr. Priestas said yes. Mr. Schnetzer asked Mr. Leeseberg if those funds were general fund. Mr. Leeseberg said some of them are TIFF and some are proprietary. Mr. Schnetzer said we can debate the merits of the projects, but some of them are spending down savings.
Mr. Schnetzer asked is there any objection to nixing the $450,000 for the park? Mr. Larick said I don't know how we can spend that.

Mr. Leeseberg said Hunters Ridge Pool; the auditor recommended that we consolidate our pools. Just some round numbers, looks to be $234,000 for HRP. Mr. Schnetzer said I have similar questions: what are the costs for operating pools, net of fees?

Mr. Barr said I would look at 2017 to answer that question. I don't have 2018 season at the ready. So 2017, HRP expenditures were $180,000. Gahanna Swimming Pool was $305,000. Revenue at HRP was $161,000. GSP was $228,000. If you purchase a pass it's good for both locations. GSP is City subsidized at $77,000, HRP subsidized at $19,000. That's about $100,000 the city subsidizes. I would tack on another 10% because Parks crew is completely funded by general fund and they do work over there, repairs etc. 75/25 split approximately GSP/HRP.

Mr. Schnetzer asked if there had been any analysis of shortened operations. Mr. Barr said, if we were open 1 hour less each day, that would be a $23,000 savings. Another way to look at cost savings is that HRP stays open an abbreviated schedule when school resumes. If we closed both pools when school resumes, that would save another $8,500 rather than staying open through Labor Day weekend. That's over $30,000 savings there. If we reduced more than 1 hour a day, with the programming such as lessons and swim teams and matches, we could get into reductions in revenue. Don't have that fully analyzed yet, that would require a lot of data crunching to factor in contractors etc.

Mr. Larick asked, are the lessons/swim team, are those in hours, out of hours, what about safety? Mr. Barr said GSP it's normally out of hours, they need to provide their own guards. If for some reason they can't, they repay us per their contract. We get a piece of any revenue they collect. I think we get 30% of revenue they collect. Mr. Larick asked what you're suggesting so far is 1-hour reduction and an early end to the season? Mr. Barr said that's low-hanging fruit that we can implement pretty easily. Mr. Larick said there is a large population that uses these and let's cover the more impactful items before we get to the smaller items.

Mr. Metzbower asked what would the fee increase be to cover the City subsidized gap? Mr. Barr said it would have to be a combination of our biggest revenue generator, which is our pool membership. Council knows that any municipal pool usually operates in the red. We would also look at our third party providers to take more of their revenue or have them raise their revenue. Lifetime fitness pays us $30,000 for their members to use our pool. I'm referring more to swim lesson providers.

Mr. Schnetzer asked what's the history of the pools? My understanding is that the City did not construct those pools, that they fell into a financial pinch, and the city bailed them out. Mr. Barr said HRP is similar to Foxboro. It was run by an HOA. Eventually they turned it over to the city because they couldn't afford to keep the pool going. [Multiple council members and administrators spoke, noting that HRP was taken over by the City first, and then GSP, sometime in the 1990s and 2000s.]

Mr. Schnetzer said, the city took over the pools long after the tax was implemented in 1976, so the City is providing more services than it intended to offer originally. We have to right-size the budget, period. This council gets dealt the hand that has to deal with it.

Mrs. Angelou says we put $100,000 into the liner, which has a 10-year warranty period. Was there more activity at the pool after that was done? Mr. Barr said safety, maintenance (we were putting about $10-11,000 a year into that pool), it's kind of an offset for what we were already paying to upkeep the pool. It just bought us time. Mr. Larick asked has the liner has eliminated the need for an annual repaint? Mr. Barr said yes.

Mrs. Angelou said to flip back to the west side park; are there any grants? Mr. Barr said I've asked staff to look into other grants. Niagara bottling company linked us to potential $85,000 grant. We're pursuing the private side. The public side are all cyclical, and we can't go back to the source for this park, as we've already got the grants for this park, Senate Bill 310, etc. Mrs. Angelou said the public-private partnerships could help with that. Mr. Barr said, yes we continue to look for those sources.

Mr. Schnetzer said it sounds like further analysis is needed regarding the pools, but we have a charge form the Auditor of State to look at the pools and what we can do. I'd ask when we come back in 2 weeks that we would have more information about the various options. Mr. Barr said we did just invest $100,000 in the liner, so that colors the options. There's also a different clientele at the different facilities. I'll have information about how we can reduce costs, but what I won't be able to determine is necessarily what will happen if we close one pool, what will happen to memberships, etc. I think the Auditor's report talks generally about the potential savings, but didn't really take into account the offsetting revenue. They didn't give specific recommendations. Myself and staff would have to come up with recommendations as to what to cut and how. Mr. Larick said before we get too far down that path, I'd like to hear Mr. Barr's information at the next committee.

Mr. Leeseberg said while we're talking about unpopular cuts, the Auditor noted that the senior center is out of whack in terms of users versus costs. Have we done anything to increase numbers? Mr. Barr said our operating budget for 2017 was $139,000. Revenue was $53,000. The City subsidizes it by $86,000. Increase in membership there might be a handful from 2017 to 2018. I don't know there's much that staff can do compared to the size of the facility if it could sustain increased usage. Staff does a good job of soliciting senior living facilities to host luncheons. Revenue is from program fees and memberships. We'd need to look at how much you raise it before you start decreasing the numbers. Seniors are generally on fixed income so it's a tight rope to walk. I don't know if there's any marketing effort that we'll go from a couple hundred memberships to several thousand memberships. Mr. Leeseberg said I know, I don't expect thousands of memberships.

Mr. Barr said the other thing to note was combining services, let's say with Reynoldsburg. Most people live in the city here, they want to associate with neighbors here, not travel to other cities. We do partner on our travel program, I think there's a minimum of 40 per trip, and we work with those others to get the minimum number, which is helpful, but there's very few programs that would get partners due to distances, and they have their own programs as well.

Mr. Leeseberg said we're still carrying $86,000 for salaries and benefits for OHEC. Mr. Barr said we're working on the contract with the City Attorney. Plan in 2 weeks to bring contract to committee and CVB will review it as well. That would take us into January. We remain positive that that contract will be implemented in mid-January.

Mayor Kneeland said basically it's a gap check in case something happens with the contract in case there's any discussion that causes delay, the employees stay productive and there's no gap in service. Once this contract is executed, we'll move those monies back into the general fund.

Mr. Metzbower said while we're on the topic of parks, have we done an analysis on the overall value of our parkland in terms of real estate value? Mr. Barr said some parks may have some recent appraisal from some nearby development, but we don't have any overall information on that. Mayor Kneeland said we had an intern a little over a year ago put together a list of all properties and associated costs so that we can take a look at areas that we might want to investigate further. We don't evaluate properties on a regular basis, as we're not in the business of selling property, so we wouldn't pay for those appraisals. Mr. Metzbower said could we talk with the County Auditor's office. Mayor Kneeland said we now have a comprehensive list, so we can look at that down the road.

Mrs. Angelou said I have some good news. MORPC leadership strategy group. Policy recommendations: maintaining what we have and planning for the future. The number one item on Mr. Dewine's list since being elected is restoring local government funding to pre-2011 levels. We are pushing that, along with OML. When I spoke with Mr. Dewine I put it on the table and said we need to have more local government funds. Mr. Schnetzer, I'll keep my fingers crossed, but I won't hold my breath. It's also not immediate; the State's fiscal calendar starts in June, ours starts in January.

Mr. Larick said I want to go back to reductions that have been made, page iv. These items add up to about $160,000. Not large in the scheme of roads, but they are material. The question goes to ongoing serviceability based on the value to reduce them. Capital maintenance for Creekside was cut in half; does that represent a viable ongoing run rate? Mr. Barr said, there is a deficiency with the brick pavers, which has an estimated $1.3 M cost. Part of the $125,000 was rolled year over year to save for the larger project. In 2017 and 2018, that same applied, but determined that steps, handrails, safety-- Mr. Larick commented, are you saying it takes $1.3M to make it viable? Mr. Barr said, water damage is an issue, and time will tell with that. Mr. Larick said, the purpose of that is to make it viable long-term. How do you cover $1.3M at $62,500 per year? Mr. Barr said, it would have to be some one-time expense, probably in the next 3-5 years.

Mr. Larick said, what does the $62,500 cover, what will it be used for, and what was taken out? Mr. Barr said, money was rolled over, so I don't think anything was taken out. It's about a quarter-million that we currently have saved up for that project. We know the railings were re-installed, so we're replacing section by section. That was 2 years ago for $90,000. Mr. Larick asked if $1.3M was spent to do the replacement, would any of those have to be done again? Mr. Barr said no. A few years ago we had a $75,000 project to replace the steps. We had the back steps near the barbecue restaurant. There again, it could be another $75,000 project to make sure those are safe and functional.

Mr. Larick said, what I suggest for next committee, is an outline of the $1.3M, what that entails, economic development, etc. Also, the impact of the $1.3M, what is the tipping point for when that becomes potentially more expensive? Mr. Barr said I'll go back and dig deeper. Mr. Larick said one point is to clarity about this as a whole, and one is 2019 and whether or not there should be cost cutting.

Mr. Larick said the $25,000 for police equipment, where was that taken from? Ms. Franey said I have history with that program. The consideration always was that we would routinely evaluate the program and see whether we could do with less. That line item and the police line item were reduced. Equipment that has reached a rating of 1 is considered to be used up. We just looked at the spreadsheet in anticipation for this question. All equipment that rated 1 was able to be replaced in 2018. We are able to reduce this by $25,000 and maintain the program as intended originally. Mr. Larick said what you've identified is that the run rate of $200,000 will be sufficient. Ms. Franey said yes.

Mr. Larick said play elements and surfacing replacement, we may have to look at elimination for safety. Mr. Barr said no, $50,000 is not enough, and there are 2 or 3 in the next couple of years that will need to be removed as liability of injury is greater than cost. Mr. Schnetzer said this isn't a recent phenomenon, we looked at this early in the year. The current funding that we've been able to appropriate is a 45-year lifecycle. What is average? Mr. Barr said it should be 17-18 years, mostly weather dependent, not so much due to use.

Mr. Larick said what I'm lacking is clarity. What is the demand for basics of capital assets of the city? Mr. Schnetzer said, I just want to clarify, you're talking about removing play elements completely.

Mr. Larick said, I'm trying to get at, are these viable reductions? Are these one-time reductions to meet a number, or are they long-term viable operational numbers? Is this, as its written, viable in perpetuity, or is it just a number? Does $50,000 even cover one piece of equipment? Mr. Barr said no, it may be a small repair, but it's not an entire piece of equipment. Mr. Larick said, okay, so it may not replace equipment, but it does allow for the repair and possible extension of the life of the equipment. Mr. Larick said we need an assessment of sustainability, is $50,000 the right number for repair, to maintain the life of equipment? Mr. Barr said we could reduce that number for that purpose.

Mr. Larick said police equipment reduction of $25,000. I assume that's mostly vehicles. Ms. Franey said yes. Mr. Larick said, based on what we know today then, the 2020 request would be $200,000 as well. Chief Spence said we have two replacement programs. The other is for our radio replacements. In 2018 that line item was essentially removed. Going into 2019 it is completely funded at $75,000, but we've gone a few years without full funding.

Mr. Larick asked what was the expected radio life, and the reduction has reduced that expected life how? Chief Spence said we've cycled our radios from handheld to portable. We get about 6 years of life out of each platform. We did a platform upgrade in 2014. So we're anticipating in 2020 replacing radios. However those cuts did impact our mobile radios, so we've had to extend things beyond end of life, which isn't ideal as it leads to larger cost. Mr. Larick said the $75,000 isn't going to be spent in 2019, it's meant to accumulate for the 2020 replacement? Chief Spence said yes. Mr. Larick asked why do they have to be replaced? Tech, usage, etc.? Chief Spence said combo of those things. Technology changes and no longer is supported. Replacement parts are no longer available. Our handhelds are in service in all kinds of weather and are subject to drops and damage. We've tried to take advantage of grants. We got about $68,000 from the State to make the last platform change. With that, it offset some of the cuts we made in 2016-2018. We're targeting for our portable radios a 2021 swap, but we're already $150,000 in the hole due to cuts.

Mr. Larick asked if the year of replacement has been constant or pushed out due to funding. Chief Spence said we pushed it out about a year due to funding cuts that were made in 2013 or 2014. Depending on potentially having that line item cut again, right now we don't have enough to do a platform change. Mr. Larick said for next committee we'd like a picture of what's needed to do the change at what date. If the extra year is viable, that's fine, but if it's not viable, then we need to understand how it impacts budgeting. Mr. Schnetzer asked what's the cost of the failure of a radio? Chief Spence said the bottom line is I can't in good conscience send an officer out with a defective radio; their life depends on it. We simply can't do it.

Mr. Larick asked about $20,000 roof replacements zeroed out. Ms. Bury and Mr. Barr said that item is solely for roofs on parks facilities. Hedley Park has a shingle roof. Estimated $20,000 per year on ongoing basis to replace those. Funding for that, it is a low dollar amount, where did we get that, I really don't know.

Mr. Larick said understanding this is purely parks, are the facilities viable at this level- obviously not- so do we need to look at this the same as playground equipment, and at some point do we simply remove them from service? Mr. Barr said, for example, Hedley Park, that is a building that is used for restrooms and concession operations. Other smaller structures, it could be an option to just remove them. Mr. Larick said, ongoing maintenance of parks capital assets that are required to be maintained in perpetuity, the primary structures at parks that are physical built structures, restrooms, Hannah Park is the best example, what simply must be maintained, for safety or otherwise?

Mr. Larick said the zero out of the SAN equipment program. Mr. Main said it's similar to the servers, as we work toward the cloud, our next replacement will hopefully be less than what we purchased last time. But the zero line item is a one-time reduction. The strategy is to move applications that currently store their data on the SAN to the cloud, but there will always be internal applications that need the SAN. Moving forward our internal data continues to grow exponentially. Mr. Larick said so with this, going back to equipment replacement in perpetuity, what's viable in perpetuity? It's probably not zero.

Mrs. Angelou said on the park asphalt resurfacing, it does appear that it's really a necessity given some of the photos we've seen of some of the parking lots and the safety concerns. Mr. Barr said $250,000 is really the need. We're behind. 2016 and 2017 was only about $100,000. The golf course was around $100,000, so if you compare that lot to the other lots, they are quite large. It's also our existing sections of the Big Walnut Trail. Sections 1 and 2 back in the early 2000s, the lifespan is getting close to the end. Maybe you could get to 25 years. But those are covered with vegetation and water. Other hard surfaces, such as concrete sidewalks, we have thousands of linear feet. The basketball and tennis courts are also included in this amount. Many other things than just parking lots are paid for from this money.

Mrs. Angelou said I want to thank you Mr. Barr for being so calm about losing things that you weren't expecting to lose. It's hard for us to sit here and say we have to do this, but I want to thank you for your approach to this.

Mayor Kneeland said I think what we're seeing tonight is that we were uncertain about what the state of the financial picture would be for the City. A lot of these were done with a short-term, low-risk perspective. But long-term, there are going to have to be some changes that require hard decisions. Based on the feedback from tonight we'll be able to make those adjustments.

Mr. Leeseberg said someone needs to have a conversation with the schools about the costs of the School Resource Officers. It's almost $200,000 for SROs. They just passed a levy and 80% of it was for operations. As much as I support officers in the schools, I understand our force is understaffed, and I'm sure the Chief would like to have 3 more officers.

Mrs. Angelou asked about the widening of Morse Rd. Mr. Priestas said it will begin in spring of 2019. Mrs. Angelou asked what our cost is for that project. Mr. Priestas said I believe it's around $600,000 but that was budgeted last year.

Mr. Larick said we have $50,000 for municipal compound flooring replacement. How does that relate to maintaining what we have? Mr. Priestas said long-term that is not sustainable.

Mr. Schnetzer said this may be more of an accounting question. What is the net cost of Parks department programming, net of fees? Ms. Bury said you have to dig into the financials. One thing is that the recreation program is like its own department in our current accounting system. We look at recreation as a whole, expenditures of $738,000 in 2017, revenue of $490,000. We're subsidizing about $243,000. Mr. Schnetzer asked, If we zeroed out Parks & Rec, we'd save $243,000? Ms. Bury said that's just programming. We'd still have physical assets to maintain. Mr. Schnetzer asked for examples of programming. Mr. Barr said summer and other camps, open gyms, paddling programs, Creepside, July 4th, any activities that are in the Gateway. Those are what we mean when we say recreation programs. Pools, herb center, golf course, those have their own budgets.

Mr. Schnetzer asked if there's been any analysis of current fees. Mr. Barr said we're already working on camp fee analysis for 2019. We increased $5 from 2017 to 2018. Last increase before that was 2014. That's one program that does operate in the black. It's very popular and filled in early registration. Early bird registration provides a discount, but 73% of our spots are filled on an early-bird basis. Mr. Schnetzer asked if we have any kind of market sensitivity analysis. Mr. Barr said no, what we have are really just comparables with other communities. Mr. Schnetzer asked, as the fees increase on average 2-3% increase, has there been any drop-off in participation? Mr. Barr said no, as we increase in population, we continue to be 98-100% sold out.

Mrs. McGregor asked if it's possible to look at increasing the differential between residents and non-residents. Mr. Barr said the priority is to residents, and 87% of camp slots are filled in early registration. The other 13% of camp slots open are also predominantly resident. Mr. Schnetzer said a 10% hike in fees is roughly $50,000 in reduced subsidies. Mr. Barr said the Gateway, which will be renamed the Current, is up against printing deadline very soon, so that's a consideration we want to be aware of if we consider changing fees.

Mr. Larick asked for data related to socio-economic information of program users. Mr. Barr said we don't collect that data. The only thing I can point to is our camp scholarship data. I think our summer camp program would likely be the most impacted. Some people use that as a daycare service when they are at work. When we see kids there for the entire 10-week period, that shows they need that service while they're at work. Any other information I have would be anecdotal.

Mr. Larick asked what the fundamental purpose of a municipality providing recreational service, even if it's at fee? Mr. Barr said quality of life, wellbeing, mental, physical, emotional, social. Mr. Metzbower said my child has recently been going through those programs and they are really great programs. Mrs. Angelou said that's why we have 768 acres of parks. Mr. Schnetzer said I don't discount the value of parks, but we've been given a charge by a slim majority of voters that this is what we have to do.

Mayor Kneeland said the other piece of this that's very important is economic development. Businesses look at the opportunities in the city where they choose to locate their businesses. Mr. Barr said when Amazon was looking for its HQ2 one of the things they were looking for was recreation.

Mr. Larick said there's a fair amount of this discussion I want to go through myself, how do you want to continue this evening? Mr. Schnetzer said there’s a lot of information, I think we can adjourn for tonight and reconvene in 2 weeks. In summary, we need some study on what options there are for the pools, senior center same thing, parks programming same thing, fee adjustments, playground equipment what is viable what is necessary, parks buildings, PD real cost of radio equipment, conversation with schools related to SRO program, Creekside costs emergency versus planned, IT costs and viability for servers and SAN.

Mr. Larick said one of the assumptions that I’m making is that run rate is good, except for the items on page iv. Ms. Bury said yes, I have the same notes in terms of what is actually needed to maintain in perpetuity.

Mr. Larick said we will have a Finance public hearing on Monday.

Updated Capital Needs Assessment (for years 2019-2023)

ADJOURNMENT

BY MR. SCHNETZER AT 10:04 PM