



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

Monday, October 27, 2014

Council Committee Rooms

Immediately Following Committee of the Whole

CALL TO ORDER: Finance Committee called to order by Schnetzer at 7:34 p.m.

Present 6 - Jamie Leeseberg, Karen J. Angelou, Michael Schnetzer, Ryan P. Jolley, Stephen A. Renner, and Thomas R. Kneeland

Absent 1 - Brian D. Larick

ITEM - From Director of Finance

[2014-0160](#)

Department of Finance Supporting Documents

1. Third Quarter Financials

Teal handed out third quarter financials; first page: overview; expense side creates a vivid picture of city expenditures while adhering to standard operating model; report available on the webpage; begins with revenue; through September brought in 83% of planned revenue, ahead of projections; Teal noted real estate taxes are distributed before August, so 83% is slightly skewed; income tax note: City is seeing rebound from the recession; Teal's estimate for income tax revenue is approximately \$17 million for this year; positive outcome; however, not reliable in the long run, as businesses aren't guaranteed to stay in the City; leveling trend on real estate taxes; income from building and permitting has remained high and projected to continue; however, it is difficult to predict what will be done with properties; Finance will work to develop the right mix to determine what our cash flow needs are; Teal added the income tax income's largest percentage is withholdings; last collection remained steady; Kneeland inquired the net loss (delta from) the collected amount; has deviated \$4 million from \$7.5 million; Teal noted the easiest figure to begin at for net loss is the local government fund; City was at \$1.4 million before and sits at \$715,000 after cuts; estate tax is another facet to observe for loss, good collections, but a \$750,000 to \$200,000 difference; investments are another section for loss \$500,000 vs \$2 million before recession; TIZ Land Lease payments ended, and thus, the City received \$ 1 million less per year; about \$3 million per year loss; Teal additionally noted income tax increased by less; Schnetzer clarified we need to consider what it means to be more reliant

on income tax; income tax based reliance is more volatile; sales and property being the other two sources of income; our diversification is an issue; we have many eggs in one basket; Kneeland concurred, because of one revenue source it is much more dangerous; Stinchcomb questioned if this an Ohio anomaly; Schnetzer replied Ohio is slanted toward a more risky source, income tax; neighboring states can be more stable; Schnetzer noted if we're bottled into a one income source, a recession could take it away; Angelou noted when preparing for the future it may be helpful to have an Economic Revenue Plan; Teal added we have a diversified commercial portfolio; she continued with page four; clarified the numbers are not a fluke; have passed \$16 million mark and are crossing a \$17 million mark; will continue updating the income tax model; if overestimated, could feel hit; broke down categories of interests; Teal additionally brought attention to expenses as we are a service organization; not just how to spend, but what we provide with the spending; 41% goes to public safety; all other categories are generally even; revenue this quarter has exceeded projections; noted it can swing quickly as it is just a snapshot in time; excess pushed to \$11.6 million; per Larick's request, Teal included sustainable capital and the \$6.4 million agreed upon; Teal provided a snapshot of the portfolio; Teal reported in September and October, the City has been making a transition to a fee based advisor; it is good relationship and they've taken over our assets and reevaluated our investments; can let go of investments sooner to permit more cash in the money market with the intent to solidify future financials; Kneeland inquired about the investments, is the risk level more or less with the new advisor; Teal clarified it will remain the same; Council has and will decide what risks we can take; Teal provided fund balances; reiterated snapshot in time and can change; won't make final offer until later in year; likewise, escrow money brought in month to month; Q3 dashboard passed out next with desired changes; intent to do quality work and avoid redundancy; available on website as well; finally passed around proposed budget calendar; outlined what we have begun thus far, steps taken, and future projections; will get budget book to Council at the Council meeting to discussion budget; Teal requests December 15th budget passage at Council meeting; accounting activities, entering hundreds of POs, and normal budget passage on January second creates a chaotic timeframe in Finance ; earlier passage will eliminate department struggling during a time of heavy turnover; Angelou noted historically passage is for the first meeting in Jan; added it could be blocking Council incumbents if we move forward and change the tradition; Teal emphasized not intended to be permanent, but to avoid "new year crunch"; could take place on January 2; Teal added could annotate the appropriation, then compute, and not make it active until Jan 2; doesn't change authority, but changes data entry; expenses would still be encumbered to new year; Stinchcomb noted many cities already pass budgets in December; Ewald noted historical practice; would've been concerned with the two year terms in Council; Ewald noted now would be the time to do it if we are going to try this; Angelou noted the waiting year for incumbents, as they would not be involved in the decision; Kneeland clarified the new Council members would be included in the budget discussion anyway, voting is the only issue; Kneeland also feels this could be a good year to try; Jolley noted we are enacting this many months before the newly elected will take office; Jolley

additionally noted this is a planning movement and an administrative decision for the city; Teal stated department is supportive of change; will give a solid week to address yearly anomalies and will also address dead-time at the end of December; Ewald clarified the reduction of “then and now” submissions by early passage will help greatly; will also help when passing yearly contracts; Angelou inquired if legally the information could be loaded early for a January start time; Teal noted we would have to wait for signed legislation to proceed; has been discussed; risk is making promises and having to go back and amend if POs that didn’t actually take place; Teal’s instinct is to not have to go back and continue to make corrections; Leeseberg noted this is generally a “crash course.” If we have four seats turned over, could be resistance from new incumbents; Schnetzer clarified we are doing this for Finance’s benefits; Angelou doesn’t believe it will be an issue; Renner fully supports this move; we are here to approve the continuity of the City and ensure appropriate financial needs are met; Jolley noted the new Council could immediately overturn the change anyway, should they disapprove; Teal noted many other cities are passing budget appropriations in December; Schnetzer inquired if there was any additional discussion; there was none; Schnetzer inquired what goes into the “other taxes” category; Teal replied inheritance tax; Schnetzer inquired if anything was surprising; Teal replied there were no surprises and things are tracking well this year.

ADJOURN - Meeting was adjourned by Schnetzer at 8:11 p.m.