



City of Gahanna

Meeting Minutes

Finance Committee

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

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

Kimberly McWilliams, CMC, Clerk of Council

Monday, May 11, 2015

Council Committee Rooms

Immediately Following Committee of the Whole

CALL TO ORDER/ROLL CALL:

Chair Schnetzer called the Finance Committee Meeting to order at 7:02 p.m.

Present 7 - Brian D. Larick, Jamie Leeseberg, Karen J. Angelou, Ryan P. Jolley, Stephen A. Renner, Thomas R. Kneeland, and Michael Schnetzer

ADDITIONAL ATTENDEES:

Jennifer Teal, Michael Blackburn, Niel Jurist, Chief Murphy, Dottie Franey, Troy Euton, Robert Priestas, General Williams, Joann Bury, Mayor Stinchcomb, Shane Ewald, Rory Gaydos, Matt Holdren, Jayme Maxwell, Press.

[2015-0100](#)

Finance Supporting Documents

ITEM - From the Director of Finance

1. Fund Creation - Grant Fund for OPWC Grant

Teal introduced an action item requesting ordinance for supplemental appropriation for Hamilton Rd. Central Project; created fund 323 to separately record grant dollars; requesting supplemental appropriation for the grant.

Schnetzer asked how this works mechanically; does the grant go into General Fund and we appropriate it out. Teal answered the grant requires the establishment of new fund; Ohio Revised Code backs that up that they have the authority. Kneeland said he doesn't remember this being a part of original funding plan; how much of this

grant will offset costs. Priestas said it is considerable; full amount is not yet known; technically it is a July 1, 2015, award; Mid-Ohio Regional Planning Commission and Ohio Public Works Commission (OPWC) have worked with us to enter into this preliminary agreement; OPWC will cover a lot of the overall match. Kneeland thought overall match was 2 million. Priestas affirmed. Angelou asked if this was expected. Priestas said it is higher; original was \$939,000 and expected to significantly increase.

Kneeland asked if in July, when we know OPWC monies, will we be able to identify how much we are saving from that and can we reallocate those funds for this program for more streets. Franey said it may be too soon; might not want to divert that money; in the end it may save us money to put into streets; can do accounting for it when all is said and done. Mayor agreed it may be too early. Franey said 2 year project; we should wait.

RECOMMENDATION: 1st Reading, no need to come back; 2nd Reading, consent agenda.

UPDATE - From the Director of Finance

1. 2015 Q1 Update

Teal gave overview of Q1 Finance Report (report attached hereto); discussed difference in document and what has changed in Finance Department; will notice template/format change in report; the main reason is a reflection of changes in the department; Bury is taking more of a roll in producing reports; she will provide quarterly updates from now on; last few years format for Council the overall summary was on first pages with detail to follow; will focus on overview page; will go over questions on detail pages, as it is routine information; there may be slight wording changes from here on; should be noted in italics; General Fund is the primary operating fund for this city; from revenue at 21% for the quarter under 5.2 million; not at 25% as planned; reason is we have not received what we typically get in 1st quarter real estate distribution at this time of the year; Franklin County changed to May 5th this year and those were just received; grant timing of receipts is not always the same and are just at 10% of what is planned for the year; we are behind what we were at last year; will be able to compare the sources next quarter; largest source of revenue, up 2% from previous year, no concerns; expenditure at 18% of planned for the year, 9% more than last year at same time; increases may seem troubling, looks like we are up 13% from this time last year, we approved a number of adjustments- hadn't happened yet

as of this time last year; hiring decisions and vacancies last year, now we are looking at business as usual; have booked all inter-fund transfers this year, and had not last year; we are on track and happy with where they are sitting.

Teal continued stating as of March 31st emergency reserve - 6.5 million set aside with additional 6.7 million in x reserve available; where we expect to be.

Kneeland asked about 2% increase in collections and how does it run with cost of inflation. Teal said we can compare income tax collections with our own expenses, we can control those; hard to make a 1:1 comparison; growth in income tax is consistent across the region; hopefully with this post-recession leveling, there will not be as many ups and downs from here on out; just steady growth; will know more at the half-way point. Kneeland asked if we will see some trending on collection from last 5 years. Teal advised to turn to chart with all bars; shows 12 month trailing income tax collection looking at previous months you can see it leveling out since mid-year last year; have stayed steady from last year.

Angelou asked about the local government fund; was it expected to be 6%; thought increase was going to be 4%. Teal said expecting a slight uptick from last year; higher so far than planned; local government fund based on state government general revenue collections; at 26% for the year; we expected 25%; we are trending just above the figures given this year, which was 6% higher than last year; formula is developed by the state. Angelou confirmed those figures are higher than last year.

Teal said first quarter, we are not receiving regular state tax distributions, will still have some estates where we are not receiving the primary or first settlement, but we are cleaning up the final amounts or settlements on some outstanding estates sales, will still see some revenue on state taxes later this year; have not received anything from first quarter but nothing like we have seen in the previous years.

Teal provided further status updates from the Finance Department in reference to current projects; the biggest project on agenda is the 2015 bond issue; had a ratings call with Moody's last Tuesday; 6pm tonight rating report was released; reaffirmed AA1 status; they brought concerns for outstanding litigation and statewide issue about underfunding pension liabilities, will forward this report out; the City is continuing to make its contributions to the OPERS or OPNF as the City is required to do; those funding departments have not always maintained adequate resources for their retirements in the future; unfunded liability of those systems gets put back to the entities that contribute; the City has always and will always provide our statutorily required contributions to those systems, and we will not pick up

employee's shares; employees pay their own shares; if rates go up we will continue to pay our share; the comments about underfunded pension liability; is not a factor the city can control; this is every community in Ohio that goes before the reading commission will see these results as this issue continues to play out. Larick asked if there is a likelihood of the state falling back to fund the shortage. Teal said we are seeing contribution rates increase with time; two years ago with last round of pension reform the employee contribution rate increased substantially for members; at this we know legislation happens slowly; we anticipate further adjustments to contribution rates and benefit levels. Larick confirmed it is at a point going forward, not at a recovery. Schnetzer added you can think of pension burden and debt burden as the same each year; the risk is the increase of the contribution rate at the state level; the City should be okay; recession could change that for the pension reform.

Teal continued stating the rating today shows City on schedule. The notice of sale will be distributed tomorrow; we will sell the funds on May 20th 2015; will keep everyone posted, looking for a successful sale.

Teal said Brent Householder joined in April of this year, doing a great job; regarding performance measurements, met with group; will meet again to kick off reporting for 2015, will get Q1 and Q2 in July when Q2 comes out; draft of documentation due to auditors for releasing CAPPER of May 18th; we are on track; no indication of non-compliance; next meeting will be with Bury presenting reports.

Kayla Holbrook, Reporting