

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
June 28, 2016

The Finance Committee met in Council Chambers on Tuesday June 27, 2016 with these members in attendance:

Doug Marmie, Chair
Carol Floyd
Ryan Bubb
Bill Cost Jr.

Bill Cost Jr.
Mark Fraizer

We wish to report:

1. **Resolution No. 16-61** appropriating monies for the current expenses of the municipal corporation was considered.

Section 1. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$4,782.15

Account	Description	Amount
100.432.5230	Temp Services	\$4,782.15

Barbara Gilkes- this request is to reimburse the Division of Cemetery and Parks for their work with the Summer Youth Program.

**Motion by Mrs. Floyd to send to full Council, second by Mr. Bubb
Motion passed by a vote of 5-0.**

2. **Resolution No. 16-62** appropriating monies for the current expenses of the municipal corporation was considered.- Expedite

Section 1. A request for an appropriation of the unappropriated balance of the 152, Budget Stabilization Fund, in the amount of \$50,000.00

Account	Description	Amount
152.100.5901100	OPT	\$50,000.00

Chief Connor- there has been some discussions here I think that it is no secret that we are struggling with our maintenance budget this year in the Fire Department. We have had a significant amount of services fees that have got us almost into the red. We have projected that we are going to need more money. Money that is allocated in the account we have bills that are outstanding and will be paid with that money. We made a spreadsheet that shows exactly where the money was spent. We are sure that our maintenance budget is not going to make it to the end of the year. Keep in mind that our fire fleet trucks are over 10 years old minus the rescue that was purchased by the city which helped us greatly however when you have a fleet that is 10 years old they start accruing significant maintenance needs and they are expensive to fix. We did some math and our request is quite hefty at \$50,000.00, I understand that is a lot of money but that was a conservative number that we choose to try to move forward to get our trucks maintained. We believe that we are trying to be as conservative as we can with the money. We have a maintenance schedule and even a replacement schedule moving forward to try to eliminate the need for all of the maintenance money going into a truck that is probably in the need of replacement. We respectfully request that we have some money pushed into the maintenance budget so we can continue to fix our fire trucks to keep them on the road.

Mr. Fraizer- what is your budget, how much have you spent and what are you ultimately requesting?

Chief Connor- our annual budget for maintenance is \$110,000.00. Historically over the last 10 years we have spent over that budget and we have managed to move some money around to make that happen to get things taken care of. Sometimes at the end of the year we will move internal money around to make that happen. Currently we have spent \$91,390.00 of that \$110,000.00. Some of those were forecasted mechanical problems. We have to have all of our trucks evaluated from bumper to bumper and safe, that costs money. The preventative maintenance specifically we know what it costs to do preventative maintenance throughout the year it is the unforeseen mechanical failures and things we have that we can't forecast. It is just too dynamic of a situation with the trucks. To reduce the current wear and tear on the vehicles that we currently have to get more time out of them I have changed the run cards. The dispatch runs that we have have reduced the responses. I have done everything that I possibly can to eliminate the wear and tear on those vehicles and send the least amount of people to an emergency that can handle the emergency. If you need additional people you can call for them. In the maintenance line item we are down to \$21,918.00 and then we have some acute repairs that we know are going to happen very quickly. We have two trucks that need pump test work, ladder testing, a reserve engine needs repaired at \$12,000.00, and routine maintenance is about \$3500.00 to the subtotal of about \$25,000.00 so we are negative \$3518.00 right now. Spacing that out throughout the year we know that if we continue this trend we are going to be significantly in the red so we thought that asking for \$50,000.00 right now was a reasonable request to get through the year with the current fleet that we have.

Mr. Bubb- where does the Budget Stabilization Fund stand right now?

Mr. Marmie- asked Mayor or Director Rhodes if they remembered what the balance was in the Budget Stabilization Fund after they moved the money for paving.

Mayor Hall- stated that he thought there was about \$300,000.00

Mr. Bubb- when we balanced the budget this year with the 90/10 what is a roundabout number that took out?

Chief Connor- I don't have those figures in front of me

Mr. Bubb- I was just wondering what that took out of your capital improvement money since we cut that back.

Mr. Marmie- I feel comfortable proceeding with \$20,000.00. We have some other things that could come up, if we do recertify we could have money in an unappropriated balance versus the Budget Stabilization. I told the Chief that we would monitor this, if we need to come with another request or something but in talking with a couple of other members we want to keep tight reins on that but when it is needed we know that we are going to have to use it. I told the Chief that we would probably be comfortable with \$20,000.00 instead of \$50,000.00 and he might be right back up here in another month if something goes wrong severely. He's aware other than a now clause we can do. I assured him that I am in support of the safety forces and making sure that we do take care of the things we have to. The other thing that I will state that we have a little bit of a broken model with our Fire Department and that we have to look at all different options. We started with the Assistant Fire Chief position, I had some personal opinions and those are not necessarily those of this committee so I want to make sure that is clear. We still need to pursue part time firefighters whether or not that is a fix we don't know and that is a bargaining issue and if that doesn't go through we have to have a plan b. What that plan b is I don't know but I have personal opinions. If it gets so severe that we can't operate with our safety services especially our Fire and EMS we have to look at all options and all options might be privatizing it. We might be looking at combining and having a fire district of some kind with Heath and/or Granville. Who knows but we have to start exploring these different options because right now we can't sustain economically the expenses as far as our labor force with our safety services with our current model and when I say current model it could be our staffing model, shifts, there is a whole different variety of ways in which we can try to address that issue. I talked to the Chief about this extensively. The reason that I am talking about this during this time period is because like the Chief said last year he was able to move some money, last year he had some wiggle room in his budget this year he does not, next year is going to be worse. That is what we are staring at right now and we have to start addressing this. The other thing is, we talk about the safety of citizens and we have an issue when on sunny days and holidays we have an abundance of sick individuals calling off and then we don't have anyone to work over time, not willing to work over time. That means that the safety of our citizens not because of financial it's just because somebody is not willing to work. We have to make sure that we have things in place so that does not occur. I commend the Chief, when I talked to him because I said I didn't blind side him I told him I was going to talk about these things, he says he understands and I do commend him on that. I think that we are on the same page that we know something needs to be done. We may not be on the exact same page on what

needs to be done but we need to be discussing it. When I say we I don't just mean Council it is an administration thing, it's our safety forces and our partners in the bargaining units.

Motion to amend Resolution 16-62 Sections 1 & 2 to \$20,000.00 by Mr. Bubba, second by Mr. Fraizer

Mrs. Floyd- how far will \$20,000.00 get you?

Chief Connor- it is a dynamic situation. We can get some time out of \$20,000.00 and I appreciate the appropriation of that amount knowing that there is a good potential that you will see me again for more money. I am working every day to reduce these costs and to keep these trucks on the road so that we do not have to stand here and ask for more city money to take care of the fleet. I have talked to everyone here about the state of the Fire Departments fleet. We do need to have a plan for replacement moving forward some capital money does need to happen to get us out of the whole that we are in currently with the fleet itself and some other things that we have pushed forward. I can respect the fact that the city is tight not only with my budget but with the Police Chief and everyone else. I am willing to work with the city and do everything we can to keep everybody working, everybody's vehicles on the road and things going forward. There is an everyday budget concern. Every conversation begins with the word budget in my world when I'm not here. We talk about it daily, it is on my mind regularly and I am very conscience of what is going on with the city and I am trying to be as efficient as I can. I talked to Mr. Marmie today on the phone and explained a few things down to the floor mats and the dumpsters at the Fire Station. We consolidated bills and we liquidated \$9,000.00 worth of equipment that was lying around and didn't use anymore and pushed that back into this maintenance budget to help us get through the year so we are making every effort we can on our end.

Mr. Cost- by going from \$50,000.00 to \$20,000.00 are you going to have to postpone what you consider essential repairs or upgrades? We all have budgets we have to work under but I figured that you wouldn't have asked for \$50,000.00 if you didn't think ...

Chief Connor- the fact of the matter is I will be back for more money when that is over, when we use all of that money. We do have a significant amount of maintenance needs aside from putting fuel and oil in the trucks. All of our tests come out of that account. We had two fire trucks fail pumps test which have to be fixed by the NFPA requirements. That is not an option to wait a couple of months until the money comes in it has to be fixed immediately when identified. That is just a snap shot of what we use in maintenance. What is important to me is to let you know that I can come back and we can continue to fund the maintenance as we move forward and I will be efficient as I can until then and when that \$20,000.00 runs out I will come back. I want to be a good steward of the community and make sure everyone's needs are met not just mine although I do want mine met as well.

Mr. Marmie- just to explain what we are asking of the Chief. He projected out for the next 5 ½ months, we are saying let's look at a couple of months. Let's get through a couple of months and see where we are at there. Let's see if we have recertified and have an unappropriated balance in our General Fund versus the Budget Stabilization. Who knows what might happen but we need to take shorter spurts in this time frame as far as our budget and that is what we are asking of the Chief.

Mr. Fraizer- the negative \$3518 is for your immediate needs that you have identified so that \$20,000.00 gets you over that hump and gives you some leigh way.

Chief Connor- yes our current balance is \$21,918.00. We are a little short to cover that. The rest will be for unforeseen maintenance issues moving forward.

Motion to amend passed by a vote of 3-2 (Floyd, Cost)

Motion to send to full Council passed by a vote of 4-1.

Section 2. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$50,000.00

Account	Description	Amount
100.205.5274	Maintenance of Vehicles	\$50,000.00

Motion to amend to \$20,000.00 by Mr. Bubb, second by Mr. Fraizer

Motion passed by a vote of 4-1 (Floyd)

Motion to send to full Council by a vote of 5-0.

- Resolution No. 16-63** authorizing and directing the Director of Public Service to enter into an agreement with specialized legal counsel for the purpose of developing and implementing a program of tax increment financing for the Kroger marketplace and Thornwood corridor areas and declaring an emergency was considered.

Director Mauter- as the resolution stated we are looking to do two more TIF's. To do so we are going to need to hire outside counsel to do all of the necessary legal document work. I would like to use the same legal counsel out of Cincinnati that we used last year to do the River Road TIF. I can talk about each TIF if you'd like or go to the resolution.

Mrs. Floyd- I would like to hear the whole thing.

Director Mauter- the reason for the Kroger Marketplace TIF is we would like to capture those costs as improvement costs that are being incurred by Kroger right now on those pieces of property as they do the new construction. The money from that TIF would be used to do improvements on Evans and Baker Boulevards. I know those are incomplete roads. We would like to bring those together and build a bridge that would be necessary over the Log Pond Run diversion ditch. We have one chance to capture those improvement costs and that would be this year. We have to have the legislation for the TIF to capture those dollars which is just under 12 million dollars. So we would certainly like to have that opportunity. The Thornwood Drive TIF you may recall back in March of this year we did a power point presentation giving an overview of the Thornwood Corridor. Mayor Hall and Mayor Johns from the City of Heath came over and spoke to the importance of this north south connector from Route 16 to Route 79 on to Interstate 70. That TIF again would allow us to capture improvement costs to help fund infrastructure costs to develop that area. It is obviously going to be a major area for

economic development for both Heath and Newark and with the Cherry Valley interchange being completed I think that it is going to be a natural fit for that connector from the Cherry Valley Road area again on to Route 79 and on into Interstate 70. I can tell you that David Rhodes and I have met with Newark City School Board Members, primarily Jeff Anderson, Newark City Schools Treasurer as well as School Board Member Warren Webber and they are much in favor of these TIF's. Especially when it involves economic development and more jobs for our community and they would go so far as to create a resolution of support from the School Board to Newark City Council. In closing discussing this with City Engineer Brian Morehead about what else are our options to try to complete the Evans Road and Baler Boulevard projects as well as the bridge that would be needed to be built he said that this may be our one chance to get this accomplished.

Mr. Fraizer- so the property value for the TIF, is it last year's property value if we pass it this year is that why we need to pass through this year.

Director Mauter- the way the TIF works is you capture the improvement costs that would be done. Right now the basis for that tax would be whatever Kroger paid for that property. All the work that they are doing is called improvement costs; we capture the taxes based on those improvement costs which would typically be property taxes.

Mr. Fraizer- is Heath performing a TIF as well?

Director Mauter- I was on the phone with Mayor Johns this afternoon to get an update from him. He recently sent a proposal over to their School Board last week outlining what they would like to propose for a TIF for the Heath area and they hope to meet with this School Board late this month or early August to see the School Board is on the same page.

Mr. Fraizer- the legal counsel you want to use, will they be doing both of these sort of a two for one deal?

Director Mauter- exactly, I contacted them and they gave me a proposal of \$5000.00 to do the Kroger TIF and about \$7500.00 for the Thornwood Drive Corridor TIF.

Mr. Marmie- where do those monies come from?

Director Mauter- Service Director Rhodes says that he has some funds to cover those costs for us.

Mr. Marmie- to help with the question that Mark asked currently the tax basis for that property is 11 million 8 hundred thousand and the estimated improvement will be 3 million dollars.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Motion passed by a vote of 5-0.

4. **Resolution No. 16-64** appropriating monies for the current expenses of the municipal corporation was discussed. Rule 11 will need to be evoked July 18th Council meeting to vote on this item.- LATE ITEM Expedite

Section 1. There is hereby a request for an appropriation of the unappropriated balance of the 297, Fire Grant Fund, in the amount of \$3,500.00

Account	Description	Amount
297.296.5303100	EMS Supplies	\$3,500.00

Barbara Gilkes- this request pertains to our EMS grant from the State of Ohio

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Motion passed by a vote of 5-0.

Doug Marmie, Chair