

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
December 3, 2024
5:45pm

The Finance Committee met in Council Chambers December 2, 2024 with these members in attendance:

- Doug Marmie – Chair
- Spencer Barker – Vice Chair
- Michael Houser
- Bill Cost Jr.
- Bradley Chute

We wish to report:

Mr. Marmie - The unappropriated balance of the General Fund is \$225,695.00 and the balance of the Budget Stabilization Fund is \$687,167.00.

1. **Resolution No. 24-108** APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$2,173.44 (To put funds from special duty back into overtime (Newark High School football coverage for 2024 season) Pay in 152286)

100.205.5118	Fire, Overtime	2,173.44
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Brandon Metzger, Fire Chief - Thank you, Mr. Chair, good evening. A while back we provided some special duty staffing and resources for a Newark City football game. We are simply just asking for those funds back.

Motion to send to full Council by Mr. Barker, Second by Mr. Houser, Motion passed 5-0

2. **Ordinance No. 24-47** AN ORDINANCE TO MAKE AN APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2025 (General Fund)

Ryan Bubb, City Auditor - Thank you, Mr. Chairman. I can speak to all three. There's probably a few talking points here that I'll hit on here with the general fund budget. First off, thanks to Jim Weisent and Jackie Williams, started this process in August. This by far in the past four years has been the toughest budget. Expenses have gone up. We've seen a huge increase in health

insurance, police raises. It's getting more expensive and expenditures are outpacing revenues. I'll just hit on a few points. We're certifying \$29.5 million. At the beginning of the year, there should be an unappropriated balance around \$150,000. It could push up to \$185,000. We'll see how the carryover goes. Everybody asks about paving. Unfortunately, paving has taken a large cut this year. Totaled with Brian's gas tax dollars and capital improvements, there's only going to be about \$1.2 million for paving. In this budget, we also were mandated that we had to get this Horns Hill tower fixed, along with a bridge by Owens Corning that we had to do a match. Those projects combined were about \$1.9 million. As auditor, I was not in favor of indebting the city anymore. We want to get this in the budget, get this taken care of. I know that the picture is only going to get tougher as we go on here. Capital improvements, the reality is most of the capital improvements is already designated to lease payments. We'll see as the carryover goes. There could be some unappropriated balance. The nice thing is we have a lot of new cruisers, have a lot of new squads, but there's not much left over. There'll be some, but right now we don't know what it is until the end of the year. It's going to be very minimal. Property maintenance, which they do a great job up there, their services general is down to \$250,000. I know it's kind of an issue that some have talked about. To date, we had to keep it about that just because of what we deal with with property maintenance, but the homeless camp clean ups, to date, the city spent \$81,425 for just cleanups. That's about through the middle of November. That's kind of where it's at. I guess in conclusion, on the positive side, we do have a balanced budget. I want to commend all the department heads who were more than cooperative in getting and making this happen. Service Director Rhodes and Buster Prince were nice enough to hold off, really three positions next year. It could get tough during snow plowing. It really could. I guess in conclusion, I just would say at this time next year, I do have serious concerns of where we're at. I said this four months ago. Pay raises are going to kick in with the other unions as well, parking garage debt, and keep in mind, something that new members probably aren't aware of, next year there's a 27th pay period. That's about \$1 million. You take the three things that I just said, that's over \$3 million. I'm not saying these expenses are bad by any way, but again, expenditures are outpacing revenues. You need to keep that in mind. I'm just warning everyone now. With that being said, I don't want to sound too negative, but I want to give you accurate numbers, accurate facts, because times are just changing a little bit than they have really in the past, you know, really seven to ten years.

Mr. Houser - Following up on your comment about things are going to get tighter as we go. Do you foresee, on those areas we cut out of the budget this time, there's some areas down the road where you feel that we're going to get even tighter than we are now, if we continue on the current trend? Is that your assessment of things?

Auditor Bubb – I do. Yeah, because you're going to have salary raises. Again, those are, I'm not saying those are bad. I mean, they're justified. I mean, you know, we have great employees. It just happens, but the problem is, those expenditures are going like this and revenues just, you know, aren't matching. They're just outpacing. So, that's the problem. And, you know, the issue, and we've talked about it many times, you know, with the city, you know, the city, every department here does a great job with less employees. It's not like there's a ton of, you know, there's really not a ton of fat to cut.

Mr. Marmie - Other questions? I'll just make a few brief comments on the budget. I mean, I went through it very diligently, as I typically do. Just to let you know, there's some small

numbers that, you know, could be adjusted somewhat. What I'm seeing is some things where we have our budget for 2025 is higher than 2024, but we didn't even spend the amount of money that was budgeted for 2024. So, why would we increase the budget when we didn't spend what we already had? There are small amounts. I don't know if it's worth changing it right here, right now, to do all of that, but there are places if we need to find money that we can find a little bit of money here and there. I think that, departments, as the auditor has indicated, things are getting tight. So, when things get tight, you got to do things by the book. You got to do things where you only spend money on those things that are necessary or, you know, generate additional revenue. We do have a couple of things that are happening to try to generate additional revenue. The other philosophy, and I understand where the auditor is coming from as far as his concerns, but as a council and also with support of the administration and everybody, every employee of the City of Newark, we got to find a way to afford it. We can't find a way to make cuts. We just got to find a way to afford it. How do we do that? Well, Newark's got a lot of great things happening. We need to sell Newark more to get more businesses to come here, economic development, stimulate economic development. Our downtown looks great. We got our safety forces in place where we're going to improve the safety of citizens. Things are looking good. We're going to probably get some additional tax revenue, although we don't know how much with the sale of marijuana since it became legalized. We have three facilities that we'll receive a percentage of the 10% tax. It's a small percent, but it's millions of dollars a week. So, we're going to get some additional revenue. Now that's lagging, and it's not in our budget right now because we have no clue how much it's going to be or when it's even going to come to us. So, these are all things that although I know and understand where the auditor is coming from, I agree that things are going to be tighter. I agree with everything he says, but we need to get into a different mindset of how can we find a way to afford this? How can we generate more economic development, taxes, tax bases, whatever it is? We need to make sure that everybody's paying the taxes that are due. Are there businesses out there that aren't actually paying in taxes? There's a lot of small businesses, businesses in homes, are they paying city taxes? We need to make sure that we work with the federal government and we get that type of information. We need to find those businesses and make sure that they are. As our tax revenue, what we certified, it was the scariest whether or not we were even going to meet that number this year. So, we bumped that number up for next year. We need to make sure that we are collecting every tax dollar that is owed to the city of Newark. We do give credit, tax credit. That is something that has, you know, it was done to try to stimulate folks wanting to live in our community and who work outside of our community. So, we needed to look at everything. We need to make sure that that is still a viable way to attract folks to live in our community and pay taxes in our community. So, I appreciate Jackie and Jim and also Auditor Bubb. The work that they put on this whole budget, the process was a lot more difficult. The software was not cooperating at all times. So, they put a lot of work in and I know the administration also has. They had to make some decisions where anybody who wished to have an additional position, basically we can't afford it this year. We've got to look and see where we're at, analyze where we're at, you know, at different periods of time. Even some of the folks that we had already planned on, we're going to delay. Those are decisions that can be made just to save a little bit of money here and there in order to balance this

budget. Appreciate all the departments doing that in order to make sure that we don't have to do any layoffs or anything like that. I appreciate all the hard work.

Auditor Bubb - Yeah, thank you. And again, our job in our office is just to make you well aware of where we stand, and the points you make, the valid points that yourself, the mayor, anyone on the council, are definitely going to have to look at because, you know, we want this to work. We love Newark, and we certainly don't want you to have to go down any of those roads because you're going to have to vote on it. That's not fun. We got too many good things going on, but we want to give you plenty of notification that we have concerns.

Mr. Marmie - Right. Very good. Any additional questions and or comments? Yes, Mr. Houser.

Mr. Houser - One question I had was I noticed we were seeing some additional expenses this year with regards to our payments to The Humane Society for, I assume, our Humane Agents that we have. That was an area where I saw a decent amount of increase in expense. Is that a contractual increase every year?

Auditor Bubb – Correct. Yes, that's something that the service director negotiates. They have raised their rates.

David Rhodes, Service Director - The original request was for \$180,000 and they only wanted to do a one-year contract. I got it down to that number you see there and I got it for a three-year contract. So that number is going to hold steady for the next three years. We'll handle it.

Mr. Houser - Thanks.

Jeff Hall, Mayor - The first year was last year. So, they threw out a number and they had about two... more than double the number of animals that they ended up taking care of. So, the first one was kind of a throw a dart and see where it comes. It was based on volume.

Director Rhodes - If you haven't been out to visit their shelter and haven't had a chance to talk with them, I'd recommend it. I've been out there three times. (Inaudible)

Mr. Houser - Okay, sounds good. Thank you.

Mr. Marmie – I'm trying to find that item, because I have notes on a lot of them. What's the account number?

Mr. Houser - 5100 Personal Service Account, and then it's under 5200 underneath that. I'm not sure if we are looking at the same spreadsheet or not. I've got the GL account number if you want it.

Mr. Marmie – Yeah, what's that?

Mr. Houser - 100.115-5238.

Mr. Barker - What was your number, David?

Mayor Hall – It's under safety.

Director Rhodes – 143.

Mr. Marmie - I know we tried to get to 125, but it was renegotiated to 143. Any additional questions on this general fund?

Motion to send to full Council by Mr. Barker, Second by Mr. Houser, Motion passed 5-0

Mr. Marmie - Also, these will all be expedited at the next meeting, just so you're aware, because we have to get them approved before the end of the year.

Auditor Bubb - Mr. Chairman, if anyone has any questions in the next two weeks, we can try to help set you up with the department head or whatever you need. So, if you have any further

questions or concerns about their thought processes or their wants and needs, we'll be glad to help put that together.

3. **Ordinance No. 24-48** AN ORDINANCE TO MAKE AN APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2025 (All Other Funds)

Motion to send to full Council by Mr. Houser, Second by Mr. Barker, Motion passed 5-0

4. **Ordinance No. 24-49** AN ORDINANCE TO MAKE AN APPROPRIATION FOR THE EXPENDITURES OF THE CITY OF NEWARK, OHIO DURING THE YEAR ENDING, DECEMBER 31, 2025 (Grant Funds)

Motion to send to full Council by Mr. Barker, Second by Mr. Houser, Motion passed 5-0

5. **Resolution No. 24-110 Exp** APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 930 Fund, in the amount of \$460,000.00 (JEDD Distributions)

930.134.5289	JEDD Distributions	460,000.00
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Mayor Hall - Yeah, this is for the Joint Economic Development District in Pataskala that we collect for, and they've got a new tenant in there this year, so it was hard to project their revenues, and this is revenues that we want to distribute to them. So, all the money comes in, all the money goes out, and we get a little collection fee.

Motion to send to full Council by Mr. Barker, Second by Mr. Houser, Motion passed 5-0

Meeting stands adjourned.

Doug Marmie, Chair