

BUDGET AND FINANCE COMMITTEE

Meeting Summary

January 28, 2019

Attendance: Nancy Spencer, Vice Mayor/Chair
Scott Gehring, City Council
Brian Mueller, City Council
Tom Moeller, City Manager
Lori Thompson, Assistant City Manager
Steve Soper, Treasurer
Doug Oppenheimer, Guest

The meeting was called to order at 6:30 PM.

- 1. December 2018 Financial Reports.** Mr. Moeller and Mr. Soper presented the unaudited year-end financial reports for 2018. He noted these reports are on a “cash basis”, and there will be both revenue and expenses charged back to 2018 as the audit is completed. The Committee had no questions regarding the reports.
- 2. Cell Tower Lease Renewal.** Mr. Moeller reported he had received a call from another tower lease company expressing an interest in “buying out” the City’s interest in the lease agreement. He noted that the existing lessee, American Tower, has made the most financially viable offer to date. He is providing updated lease information to the new company so they can review the lease and provide a proposal at a later date. The present lease expires in 2021.
- 3. 2019 Budget Review.** Ms. Spencer introduced the discussion. At the January 23, 2019 Committee meeting, she asked the members to evaluate what changes in the capital improvement plan needed to be made to reflect a lesser amount of revenue as a result of the defeat of Issue 16 and how much money will be necessary to fund the reduced capital program, including street repairs/resurfacing. Mr. Mueller presented a proposed policy and capital spending schedule based on several factors, including:

DRAFT PROPOSAL:

- **Developing a capital plan based on balancing priorities with fiscal constraints.**
 - ✓ **Identify capital project priorities (both investment and maintenance) and identify the costs of each to construct and operate.**
 - ✓ **Identify fiscal capacity of the City to support the plan.**
- **The Capital Plan would be comprised of two (2) top level categories:**
 - ✓ **Street Repair and Construction (includes streetscape and stormwater repair/replacement)**
 - ✓ **Capital Improvement and Reserves. Includes parking lots, vehicles, playground equipment/courts, city sidewalk replacement, lighting, equipment, computers, public road/streetscape reconfigurations (i.e crosswalk improvements, roundabouts).**

Financing Policy – The Budget and Finance Committee recommends the City not meet any expense within the multiyear capital plan by financing. However, financing can be used and effective in unique cases, such as emergencies (similar to emergency use of the 27% General Fund Reserve) and bridging timing gaps (for example, to take advantage of pending TIF, grant,

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etc). This policy provides long term stability to the City of Madeira because a significant portion of the City's revenue is derived from sources subject to economic fluctuations.

Utility Policy – The Budget and Finance Committee recommended that the City not directly engage in the ownership, provision, or cost bearing of utility-like services. Utility-like services, such as water, sewer, electricity, and waste collection, involve expensive, long life cycle assets. Moreover, utility-like services are subject to near- and long-term changes from technology, federal laws, and international markets (for example, recycling). The City lacks the financial resources and human expertise to strategically plan for long-term asset replacement and simultaneously invest to limit risks from external factors.

27% General Fund Reserve – The Budget and Finance Committee recommended that the City continue to maintain a General Fund Reserve equal to: 27% of General Fund Expenditures NOT including transfers to SR-21 Street Fund. The General Fund Reserve serves the following purposes:

- **Cash Reserve** – Enables the City to weather catastrophic emergencies and severe economic downturns;
- **Cash Flow Management** - Ensures the City can meet ongoing financial obligations despite the less than consistent timing for revenue collections; and
- **Accounting Scoring** – Represent the City as fiscally responsible by scoring from outside entities including the Ohio Auditor of State and financial institutions (*see* Financing).

Highlighted Changes to the 2019 Draft Budget – The Budget and Finance Committee recommends the following structural changes:

- **Elimination of Sellman Tennis Courts, Municipal Building Plaza, playground equipment, and McDonald Commons basketball court/tennis court reconstruction from 2019 budget.**

These items will be accounted for in the Multiyear Capital Plan.

Implement: Immediately

- **Elimination Recreation - Dept 64 Contingency.**
Proposed in draft 2019 budget for \$5,000, but will be eliminated.
Implement: Immediately

- **Public Works Committee and City Administration create an accelerated street repair and construction plan within the constraints of \$500k/year General Fund transfer.**

Considering the outcome of recent Issue 16, priority should be given to main streets and maximizing SCIP opportunities (continuing the long standing City sidewalk policy), while stretching the life of neighborhood streets as long as possible.

Implement: 2020. No change to current Draft Budget 2019 road funding.

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- **In consideration of the Utility Policy, cease providing waste collection services without direct billing to each unit.**
Use water utility billing to collect the cost of waste collection from each unit, plus any service/administration fee from the bill collector utility. In other words, the target expense/income to the City budget for waste collection is to be a \$0 result.
Implement: Start date of middle of 2019 to allow for setup and communication. Bill at 2020 contract rate to provide billing stability through 2020 and better cover City's 2019 expenses. No change to existing sticker program.
- **Suspend Business Incentive Rebate Program (not cancel).**
Existing applications (even if not yet approved) will still be considered for approval and funding. Budgeted amount to remain in 2019 budget because suspension is not cancellation.
Implement: Immediately. Upon enactment, no new applications will be accepted.
- **Highlight polices for events and activities.**
Request the Parks and Recreation Board develop funding ideas for events to have a break even goal. Continue Whiffle Ball only if it can break even.
Implement: Immediately

The Budget and Finance Committee recommends funding the multiyear capital plan at the following amounts, beginning in 2020:

- **Street repair and construction – \$500k/year (includes the current \$300k/year GF transfer).**
Public Works Committee and City Administration give priority to main streets (maximizing SCIP opportunities and continuing City sidewalk policy). Main streets to be repaired/upgraded more frequently than historical precedence. Stretch the life of neighborhood streets further than historical precedence/as much as possible.
- **Capital Improvements and Reserves – \$351,862 in 2020 and \$368,547 in 2021 and thereafter.**
See attached capital plan.

The 2020 plan will be implemented partially in 2019 as follows:

- No change to current Draft Budget 2019 road funding.
- Funding for capital improvements and reserves to be \$715k, derived from the following sources:
 - \$5k Recreation – Dept. 64's Contingency
 - \$255k from elimination of 2019 DRAFT Budget capital items because they are represented in new plan
 - \$275k from waste collection fees in 2019
 - \$180k General Fund surplus for 2019/2020

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- The Committee discussed the above proposal. Ms. Spencer thanked Mr. Mueller for the amount of effort he put into the drafting of the proposal. Ms. Spencer stated she is in favor of the waste collection billing as many other Hamilton County Communities with higher tax rates than Madeira invoice residents and businesses for waste collection. By doing so, the City can generate an additional \$500,000+ annually that can be used for capital improvements and expenses. Mr. Mueller proposed appropriating \$200,000 to increase the annual Street Program Budget and the remaining \$300,000 to be transferred into the Capital Improvement and Reserve Fund for other maintenance, equipment and capital projects. Mr. Gehring noted that, originally, he was in favor of using the county homestead exemption for seniors in order to consider reducing or eliminating the fee for seniors. However, this would have been difficult to administer in monitoring every property transfer particularly in light of the recent state changes to reduce availability of homestead exemption for seniors.

The Committee also discussed the following expenses:

- Agreed to recommend suspending the Business Incentive Program for 2019.
- Discussed the newsletter costs and whether there are better ways to communicate the information to residents and businesses.
- Discussed Special Events and how the Parks Board has eliminated some of the lesser attended events to reduce expenses. Also to have the Wiffle Ball Program to break even with revenue and expenses.
- The cost of landscaping/flowers in the CBD. It was agreed that there was value in this expense.
- Ms. Spencer stated she would like to discuss with the School Administration the funding for the maintenance of playground equipment and the walking path at Sellman Park because this is a shared asset for the City and School District.
- The potential retrofitting of the City's street lights to LED fixtures, which would reduce electric costs. The City pays for the cost of the lights. Mr. Moeller noted that new fixtures being installed are LED. He is checking to see if the remaining decorative street lamps on Miami Avenue can be retrofitted with LED fixtures. The Committee also discussed the older model "cobra head" lights in the neighborhoods and how those might be upgraded. Mr. Moeller is to contact Duke Energy for this information.

The Committee is meeting again on February 11, 2019 at 6:30 to continue the evaluation of the proposal.

The meeting was adjourned at 7:30 PM.

Nancy Spencer, Vice Mayor/Chair