

CITY OF KETTERING
CITY COUNCIL
BUDGET WORKSHOP MINUTES
December 3, 2024

The Council of the City of Kettering, Ohio, met in a workshop session on Tuesday, December 3, 2024, in the Deeds Conference Room, Kettering Government Center, 3600 Shroyer Road. The meeting came to order at 5:03 p.m.

Council Members present included Mayor Lehner, Vice Mayor Fisher, Mr. Suddith, Mr. Sullivan, Ms. Duvall, Mr. Scott and Mrs. Hall.

Staff Members present included City Manager Matt Greeson, Assistant City Manager Steve Bergstresser, Assistant City Manager Bryan Chodkowski, Law Director Ted Hamer, Assistant Law Director Maggie Pasqualone, Human Resource Director Jenny Smith, Finance Director Nancy Gregory, Budget Manager Kelly O'Connell, Community and Engagement Manager Amanda Harold, Planning and Development Director Tom Robillard, City Planner Ryan Homs and Clerk of Council Amy Hayslip.

Mr. Sterling Abernathy was also in attendance.

Mr. Greeson thanked the Finance Director and Budget Manager for their hard work on the 2025 Budget, along with City administration for their input in its preparation. He then turned the meeting over to Ms. O'Connell to present the 2025 Budget.

Ms. O'Connell began by covering the budget highlights. She stated the City is positively meeting the 2024 (\$2,693,345) and 2025 (\$2,762,435) operating margins. Income tax revenues were estimated at \$56.4 million in 2024, and the City is budgeting \$58.2 million for 2025.

Personnel staffing levels will remain the same for full-time equivalent employees (FTE) and will remain the same for part-time employees. The operating budget increase for inflation and charge-backs in 2025 is \$719,000.

In 2025, capital improvements are budgeted at \$17.4 million. Ms. O'Connell noted the estimated ending general fund balance is expected to increase \$4.9 million in 2024, and will decrease \$3.9 million in 2025.

Ms. O'Connell reviewed the general fund balance, which is estimated at \$64,183,637 on January 1, 2025. The City has \$6,931,776 in funds not spendable or not available for operations. The City will have receipts of \$76,713,000. Other financing sources total \$20,000. The general fund will transfer \$23,384,000 to other funds to subsidize other operations or the capital improvement plan. The City's operating expenditures will be \$57,941,980 for an available ending balance of \$52,321,296.

Items on the schedule include the Street Department receiving a \$4.02 million transfer from the general fund. The State Highway Fund will receive \$2 million for capital improvements. The Cemetery Fund will spend \$40,000 in capital improvements for its storage building. The Police Pension Fund will receive a \$1.5 million subsidy. Parks, Recreation and Cultural Arts will receive a \$9.5 million subsidy. Frazee receipts are estimated at \$5.6 million with expenditures totaling \$6 million showing the \$400,000 subsidy in the budget.

Ms. O'Connell explained that the City's Debt Service fund will receive a subsidy of \$521,000 from the general fund. The capital improvement projects fund starts out with \$11,270,237 including the Boonshoft money in the City's CIP fund reserved for future years' expenditures at \$3 million each year. The Boonshoft contribution is estimated to last until the end of 2027. A total of \$7,713,000 will be transferred from the general fund in addition to the Boonshoft money. The City's receipts in the capital improvement projects fund are \$4,044,000 with a transfer of \$4,891,000 from the general fund into the CIP fund. The City's capital improvement expenditures are \$14,797,000 next year for an ending CIP fund balance of \$217,283.

Ms. O'Connell presented non-spendable, restrictions, commitments and assignments totaling \$6,931,776. These funds include prepaid worker's compensation, assets held for resale at \$2,264,576 (Miami Valley Research Park and two properties on Wilmington Pike), economic development commitment (\$3,026,000 including 2025's \$500,000 annual transfer) and gas tax assignments for capital improvements (\$972,400).

Ms. O'Connell mentioned that next year we will use the remaining ARPA funds totaling \$309,000. Discussion was held by City Council and staff on spending the funds on one of the strategic plan tactics and for a social service initiative. Ms. Gregory commented that we did receive ARPA funds from Montgomery County and that was used to administer rental and utility assistance to residents.

The Government Finance Officers Association recommends at least two months of operating expenditures are available as unrestricted fund balance. In Kettering, income tax is less stable than property tax used in GFOA's model; therefore, Kettering opts to maintain no less than 25% or three months of operating expenditures and transfers.

Ms. O'Connell noted the general policy for operating margin is personnel, operating, capital outlay, debt service expenditures and operating transfers are funded by current operating revenue. Capital improvements may be funded by reserves. The City's estimated 2024 and budgeted 2025 general fund margins are in compliance with these goals.

Ms. O'Connell presented the available general fund balance trends from 2016 through 2025. She noted the increases evident in 2019 and 2020 were largely due to funds received from the Bureau of Workers Compensation and CARES Act.

The General fund operating margin is estimated at \$2,693,345 in 2024 and \$2,762,435 in 2025. After subtracting General fund transfers to the CIP fund of \$5,265,000 in 2024 and \$7,713,000 in 2025, the bottom line margins are negative in both 2024 (\$506,655) and 2025 (\$4,930,565). Income tax represents 76% of the City's general fund revenue. The City's 2024 estimate for income tax revenue is 1.9% greater than 2023. A 3.2% increase is budgeted for 2024. A 3.2% increase has been incorporated for withholdings in 2025 which make up 76% of total income tax revenue. A 2% increase has also been included for businesses and partnership taxes. Work from home and employment changes in the city are taken into consideration in increase estimations.

Ms. O'Connell stated that property tax represents 12% of the City's general fund revenue and is fairly stable. Every three years, property values are re-valued or re-appraised. Property tax revenue for 2021 shows a 13.1% increase based upon the 2020 re-appraisal project. Property tax revenue is anticipated to increase 12% for 2025.

Ms. O'Connell reviewed other revenue sources with the Council members. Those sources included local government fund, court fines at about \$1 million each year, as well as permit fees, reimbursements, and rental income between \$3 and \$4 million.

Ms. O'Connell then reviewed the 2025 budgeted general fund expenditures noting Police accounts for 26%, Fire makes up 23% and transfers total 27% of the total general fund expenditures. There are four types of expenditures--personnel, operating, equipment and transfers. The 2025 budgeted general fund expenditures total \$81,663,565.

Ms. O'Connell explained that no staffing fluctuations were budgeted for 2025. An across-the-board pay increase of 3.0% for non-organized employees is included in the 2025 budget, as well as 2.5% for IAFF union employees. The PERS employer contribution remains at 14% (Police 19.5% and Fire 24%) and the employee contribution remains at 10% (Police 12.25% and Fire 12.25%). The City's health insurance carrier will continue to be United Health Care and there will be a 7% increase in premiums for 2025.

Mr. Greeson commented that the Ohio House was considering a Bill to increase the Police pension fund be increased to match the Fire rate using a phased in approach over the next six years. If this Bill passes, it could cost approximately an additional \$500,000 each year.

Mr. Scott commented that it is great that there is a zero increase in headcount but wanted to know where the other 1% comes from. Ms. O'Connell stated that the 2024 budget did not include the across the board increases. Ms. Gregory stated that personnel is the biggest part of our operating budget and why we have discussed for years that the Boonshoft money will come to an end.

Ms. O'Connell stated the personnel expenditures make up 80% of the general fund, excluding transfers. In 2025, a 5.5% increase is budgeted for personnel expenditures due to the budget reflecting full-staffing levels and a 7% increase in health insurance premiums.

Ms. O'Connell presented 2024 operating expenditures without personnel including the Comprehensive Plan (\$148,800), Theater Projects study of Frazee operations (\$70,000), Linklayer for MARCS radios (\$59,500); gas mask replacements (\$54,400); cybersecurity (39,600) and AXON (\$1,741,000).

Ms. O'Connell reviewed non-personnel operating expenditures for 2025. The 2025 chargeback budgets were increased \$719,000 for inflationary impact; \$181,000 for P&D plan review software and professional planning services; \$150,000 for Parks Master Plan, \$126,000 for South Community Family & Youth counseling; \$62,3000 to replace ballistic vests; \$50,000 for Kettering brand re-fresh and \$18,000 for spam filtering service replacement. Streets Department's 2025 operating subsidy is \$386,000, (11%) greater than the 2024 budget; PRCA 2025 operating subsidy budget is \$445,000, (5%) greater than the 2024 budget; and Frazee 2025 subsidy budget at \$350,000.

Ms. O'Connell stated that non-personnel operating expenditures total 17% of the general fund expenditures between \$8 and \$10 million.

Ms. O'Connell presented the 2025 capital outlay items. The City-funded projects total \$2,961,300 and those funded by ARPA are \$363,800. City-funded projects include police marked SUVs, unmarked vehicles, prison van, Police and Fire MDT's, Fire medic, stair chairs and compression units; Engineering inspector truck; Streets vac-all, mini excavator, heavy dump truck and equipment trailer; and Parks crew cab and SUV. Internal service funds include a Facilities pickup truck. ARPA-funded items include Fire apparatus upfits & Streets heavy dump truck upfits.

Ms. O'Connell stated the estimated outstanding debt service as of December 31, 2024, is \$20,166,673. Outstanding debt service includes \$8.9 million for fire stations, \$6.5 million for police renovation, \$3.2 million for PRCA improvements, \$0.2 million for OPWC promissory notes and \$1.3 million for lease liability. In 2025, debt services expenditures total \$2,757,680.

Ms. O'Connell stated that the capital improvements fund expenditures total is \$29.7 million for combined 2024 and 2025. The funding breaks down as follows: grants \$6.9 million (Woodman Drive, E. David Road, citywide signal project and bridges); ARPA \$3.7 million (E. Stroop Bikeway, West Avenue pedestrian bridge Gentile Park and Golf Club Estates); 1% for the Arts Fund \$0.2 million; Boonshoft Fund \$5.0 million; and City Funds \$13.9 million.

Ms. O'Connell reviewed the 2025 CIP highlights including the asphalt program \$1,675,000; neighborhood program (additional gas tax) \$800,000; thoroughfares, arterials and collectors \$710,000; Dorothy Lane: S. Dixie to Haig (grant \$1,810,000) \$3,513,000; Golf Club Estates streets & drainage (ARPA \$1,200,000) \$1,900,000; Whipp Road: Millshire to Bigger \$700,000; W. Stroop sidewalk: Stonebridge to Ridgeway (grant (\$343,000) \$786,000; Parks Maintenance Center campus improvements \$250,000; KBP Building 46 (Ohio Capital Funds) (\$225,000 in 2024 \$1,025,000 and miscellaneous carryovers since CIP workshop State Routes 48 and 835 (grant \$1,612,000) \$2,072,000; BMX track improvements \$114,000; Flight Line bikeway \$300,000; Frazee rooftop HVAC (Founder/Fan fund) \$170,000. Additions since CIP Workshop: Frazee ADA improvement design (Founder/Fan fund) \$250,000 and Campus security \$250,000.

Council members thanked Ms. O'Connell, Ms. Gregory, the Finance Department and Department Directors for all of the work put in to preparing the 2025 budget document.

Mr. Greeson reviewed the Council meeting agenda.

Personnel Ordinance in First Reading - Ms. Smith reviewed changes to the personnel ordinance. She stated that a 3.00% wage increase for non-organized employees is proposed for 2025. The following inclusions were also introduced: modified the pay scale for the full-time Management Assistant and Administrative Assistant I or II for employees appointed to those positions after 1/1/2025; City Manager's office eliminated the Community Information Manager position; Law Administrative Assistant I or II's increased from 1 to 2 and decreased the Clerk or Aide I or II or Administrative Assistant I's from 3 to 2; Finance Tech I's pay scale modified from Pay Grade 3 thru 5 to Pay Grade 4 thru 6; Administrative Systems eliminated Administrative Designer position; Information Systems added Full-time Cybersecurity Analyst, modified Desktop Support Technician Pay grade from 5 to 6; Community Engagement added full-time manager position; added Volunteer Administrator to this office; added design specialists; Police added PT redaction specialist; Engineering eliminated Design Engineer; reduced civil engineers from 3 to 2; added Senior Civil Engineer; reduced Engineering Technician from 3 to 2; PRCA reduced Supervisors from 9 to 8; Sustainability: created new Sustainability Manager position.

Recreational Marijuana – Ms. Pasqualone and Mr. Homsy presented.
Where are we now?

- HB 168, HB 341, HB 354, and SB 278: Proposed bills to modify provisions in ORC Chapter 3780 (codified language of Issue 2). All HBs in House Committees and SB in Senate Committee.

- Ohio Division of Cannabis Control issued the 6th rules package in June for stakeholder feedback. Rules are in various stages. Some are being rescinded in order to be amended and reintroduced for public comment. No deadline for this process.
- Kettering passed a moratorium on adult use cannabis operators in November 2023 that would have expired at the end of August 2024. Legislation passed on June 11, 2024 to extend moratorium until June 30, 2025.

ODCC Proposed Rules

** State rules are not finalized. There is no timeline for completion, and the State rules can be changed at any time.*

State rules currently proposed cover topics such as:

1. Fee schedule for cannabis operators to pay the ODCC
2. Employee training and qualifications for operators
3. Consumer protection and product safety - covers sanitation, pest control, facility construction and design, hand washing, disease control, equipment maintenance, raw material and ingredients, manufacturing operations
4. Requirements for Cannabis strains and cannabis products
5. Authorized forms and methods of administration
6. THC Content, units of cannabis, portions
7. Advertising Regulations
8. Cultivator Regulations
9. Dispensary Regulations
10. Enforcement Regulations

Existing Recreational Cannabis Dispensaries

Currently, there are 8 adult use cannabis dispensaries operating in Montgomery County. 23 Recreational Cannabis Dispensaries throughout Montgomery, Greene, Warren and Butler Counties.

What are other cities doing?

Allow: Dayton

Ban: Beavercreek, Xenia, Oakwood, Brookville, Springboro, Vandalia

Regulate: Middletown

Undecided: Riverside, Moraine, Centerville, Troy, Trotwood

Note:

Riverside: 12-month moratorium passed on 12/21/2023. Existing medical dispensaries now selling recreational cannabis.

Beavercreek: One existing medical dispensary in operation now selling recreational cannabis. Ban on any additional dispensaries.

Middletown: Number of dispensaries limited to a maximum of 3.

What are the options?

- (1) Allow adult use cannabis operators without further City regulation
 - Would require modifications to Chapter 743 (Medical Marijuana) of Kettering's Codified Ordinances and the Kettering Zoning Code
- (2) Ban adult use cannabis operators within City limits
 - Would require modifications to Chapter 743 (Medical Marijuana) of Kettering's Codified Ordinances.
- (3) Regulate adult use cannabis operators in Kettering
 - Would require modifications to Chapter 743 (Medical Marijuana) of Kettering's Codified Ordinances and the Kettering Zoning Code
 - Potential regulations include:
 - Limit the number of cannabis dispensaries in Kettering, and/or
 - Further restrict the location of cannabis dispensaries in Kettering

Zoning & Use-Specific Standards

Discussion Points:

1. Overview of the existing use-specific standards for tobacco/vape shops;
2. Graphic representations of where such uses would be permitted on a city-wide basis;
3. More detailed drill-downs of certain areas of town.

Existing Use-Specific Standards for Tobacco, Vape & Smoke Shops

1. Such establishments shall be located at least 1,000 feet from gaming establishments, tattoo parlors, check cashing, payday loans, pawn shops, sexually oriented businesses, weapon sales establishments, alcohol sales establishments, or other such tobacco, nicotine, or vaping sales establishments;
2. Such establishments shall not adversely affect adjacent or nearby places of worship, elementary, middle, junior high, or high schools, parks or recreation centers, or playgrounds;
3. Such establishments shall be located on lots with a minimum lot area of 20,000 square feet;
4. Such establishments shall not be located closer than 1,000' to any day care center, public park or playground, religious facility, educational institution, or licensed alcohol or drug treatment facilities;

Note: Libraries are not included in this standard but Libraries are considered a restricted use by State law

5. Such establishments within 150' of residentially used property, shall be limited in hours of operation, or shall be designed or operated to avoid disruption of such residential use(s) between the hours of 10:00 P.M. and 7:00 A.M.
6. All Principal Structures shall be located at least 25' from any residentially used property.
7. A finished masonry wall that is that is 6' in height shall be provided along any property line of such an establishment adjoining a residentially used property, excluding multi-unit dwellings located within TC and NC pattern districts. This requirement is in addition to any buffer yard, screening, or landscaping requirements.
8. Ingress and egress to such an establishment shall be limited to arterial and collector streets.

Note: This standard can be met in certain instances by cutting off access to non-arterial or collector streets

- S. Dixie Corridor map was shown marking B (Business)-Zoned Land with 1,000' buffers
- Retail dispensing would be permitted extensively along the S. Dixie Corridor with replats and an ability/willingness to meet the design requirements of the KZC;
 - Replats would be required for certain properties to meet the minimum lot size requirement.

Office Park Drive Area map was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted within this area; including on the following properties:
 - Former Christopher's Club (with a replat);
 - The office properties that directly adjoin S. Dixie (access to Office Park Drive would not be permitted);
- Replats would be required for certain properties;

Town & Country Area map was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted throughout this area; including on the following properties:
 - Town & Country & all adjoining properties;
 - Kroger
- When adjoining a residential use, a 6' masonry wall would be required;
- A replat may be required to create the required 20,000 sq. ft. lot;
- Castle Hills has access to SW Southmoor, which is not a collector or arterial, but it may be possible to cut off access in the case of a redevelopment

Oak Creek Area map was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted along much of the east side of Bigger Road;
- A 6' tall masonry wall would be required since most of these lots adjoin a residential use (Coach Manor)
- A replat may be required to create the required 20,000 sq. ft. lot;

Meijer Area map was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted throughout this area; including on the following properties:
 - Rear lot behind Meijer
 - One More Tavern property
 - If rezoned, the out-lot west of Meijer

- When adjoining a residential use, a 6' masonry wall would be required;
- A new building would have to be constructed on the lots where existing structures sit within 25' of an adjoining residential property;
- A replat may be required to create the required 20,000 sq. ft. lot;

Kettering Towne Center Area map was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted throughout this area; including on the following properties:
 - Woodman Lanes
 - The multi-story office building on Woodman
 - Woodman Place to the north of Woodman Lanes;
- When adjoining a residential use, a 6' masonry wall would be required;
- A replat may be required to create the required 20,000 sq. ft. lot;

Wagner Wood Area was shown marking B (Business)-Zoned Land with 1,000' buffers

- Retail dispensing would be permitted within this area; including on the following properties:
 - Wagner Wood;
 - The Speedway at the corner of Dorothy and Oakmont if the property is replatted with the adjoining property to the west;
 - Brownie's IT;
 - Bellbrook Fence & the Ghost Kitchen (if replatted and split from the southern portion of the lot.
- Replats would be required for certain properties;
- Access to Oakmont would not be permitted;

Marshall Road Business Area

- Retail dispensing would be permitted if the lots are consolidated;
- 6' masonry wall would be required where the lot adjoins residential uses to the south.

Questions for City Council:

1. Does City Council want to permit cannabis dispensaries to sell cannabis in Kettering?
2. If City Council wants to permit cannabis dispensaries to sell cannabis in Kettering:
 - a. Does City Council want to limit the number of cannabis dispensaries in Kettering?
 - b. Does City Council want to further restrict the location of cannabis dispensaries in Kettering?

Mayor and City Council thanked Ms. Pasqualone and Mr. Homsy for their presentation.

At 7:03 p.m., Vice Mayor Fisher made a motion to enter Executive Session under Section 121.06 (k) of the Codified Ordinances for the purposes of Personnel Matters; seconded by Mr. Suddith. The motion passed unanimously upon roll call.

At 7:22 p.m., the Council exited Executive Session and went back on public record.

The City Council Budget Workshop Meeting adjourned at 7:22 p.m.

ATTEST:

PEGGY LEHNER
MAYOR

AMY J. HAYSLIP
Clerk of Council