

CITY OF KETTERING
CITY COUNCIL
BUDGET WORKSHOP MINUTES
December 5, 2017

The Council of the City of Kettering, Ohio met in a budget workshop session on Tuesday, December 5, 2017 in the Deeds Conference Room, Kettering Government Center, 3600 Shroyer Road. Mayor Patterson called the meeting to order at 5:37 p.m.

Council Members Present included Mayor Patterson, Vice-Mayor Scott, Mr. Duke, Mr. Lautar, Mr. Klepacz, Mr. Wanamaker and Mrs. Schrimpf.

Staff Members Present: City Manager Mark Schwieterman, Assistant City Manager Steve Bergstresser, Law Director Ted Hamer, Nancy Gregory Finance Director, Kelly O'Connell Budget Manager, Fire Chief Tom Butts, Assistant Fire Chief Mike Miller, Police Chief Chip Protsman, PRCA Director MaryBeth Thaman, Community Information, Assistant City Engineer John Sliemers, Manager Stacy Schweikhart and Economic Development Manager Gregg Gorsuch.

In addition, residents Mr. and Mrs. Beyers, Shane Sullivan and Sterling Abernathy were present.

Mr. Schwieterman stated Budget Manager, Kelly O'Connell will present the 2018 budget document to Council this evening. Mr. Schwieterman then turned the meeting over to Mrs. O'Connell.

Mrs. O'Connell stated the 2018 General Fund operating revenues cover operating expenditures. She also noted the 2017 estimated operating margin is \$1,821,930 and the 2018 budgeted operating margin is \$912,470. The income tax revenues for 2017 are estimated to be \$48.5 million, the 2017 original budget was \$47.4 million and the 2018 budget is \$49.5 million. In 2018 capital improvements are budgeted at \$12.9 million. Mrs. O'Connell noted the ending general fund balance will decrease by \$2.8 million or 6.0% in 2017 (estimate) and the ending general fund balance will decrease by \$5.7 million or 13.2% in 2018 (budget).

Mrs. O'Connell reviewed the estimated General Fund Balance, which is estimated at \$43,229,733 on January 1, 2018. She also reviewed the fund balance highlights for the year. She noted income tax represents 80% of the total general fund revenues and property taxes represent 10% of the total general fund revenues.

Mrs. Schrimpf asked where we get our property tax estimates from. Mrs. O'Connell said she get the estimates from Montgomery County.

Mayor Patterson asked if we expect the property values to stay fairly level for the next three years. Mr. Schwieterman said yes, that is correct, because of the County's mandatory three year valuations typically the property tax stays fairly constant for three year periods.

Mr. Klepacz said we are intentionally spending down the fund balance, at what number do we want to stop spending. Mr. Schwieterman said that is a good question and one that needs discussion, but keep in mind we always outperform the budget. He noted currently the City is 44% above the recommended fund balance.

Mrs. O'Connell noted the general policy for operating margin is personnel; operating, capital outlay and debt are funded by current operating revenue. Capital improvements may be funded by reserves.

Ms. O'Connell reviewed other revenue sources with the Council members. Those sources included court fines, local government fund and "other" sources.

Mayor Patterson asked why is there a \$1 million drop in “other” revenue from 2017 to 2018. Mr. Schwieterman said a lot of that is \$740,000 of ED/GE Grant funds, which are a pass through in 2017 and there is no money budgeted for ED/GE Grant pass through in 2018 because we do not know if the ED/GE Grant applications will be successful.

Mrs. O’Connell then reviewed the 2018 Budgeted General Fund Expenditures noting Police are at 24%, Fire at 22% and transfers are 27% of the total general fund expenditures. There are four types of expenditures, personnel, operating, equipment and transfers. The 2018 Budgeted General Fund Expenditures total \$67,235,530.

Ms. O’Connell stated the proposed 2018 personnel budget reflects a 2.00% across the board pay increase for non-organized and organized employees. The PERS employer contribution remains at 14% (Police 19.5% and Fire 24.0%) and the employee contribution remains at 10% (Police 12.25% and Fire 12.25%). The City’s health insurance provider will continue to be United Health Care and there will be no increase in premiums for 2018.

Mrs. O’Connell stated the City would be adding 3.3 full time positions and increasing part-time positions by 0.1 full time equivalents. She mentioned one of the new full time positions will be a fire inspector (partial year).

Mr. Wannamaker ask don’t we have a full time fire inspector now. Mr. Schwieterman said yes, Bill Ford is our fire inspector. The position will be a full time position for a quarter of the year, so Mr. Ford can share his knowledge with the new inspector.

Council members asked questions regarding the personnel budget and discussion followed. Mrs. O’Connell stated the personnel expenditures are 78% of the general fund expenditures, excluding transfers.

Mrs. O’Connell also explained the departmental operating target was a 0% increase over 2017 budget, with exceptions for non-recurring items and new initiatives. PRCA 2018 operating subsidy budget is \$602,300 (9.1%) greater than the 2017 budget. Frazee 2018 operating loss budget remains at \$300,000. Budgeted expenditures include an additional \$1.4 million for additional artist fees and other production costs for the 2018 season.

Mr. Schwieterman said the reason the PRCA operating subsidy budget is 9.1% higher than 2017 is because he removed \$300,000 of revenue to give a little cushion while the department does a “deep dive” regarding future operations and programs.

Ms. O’Connell described the 2018 non-recurring items and new initiatives. They include a three year Centrex contract at \$82,000. MVRP association dues and taxes at \$121,000, EOC set up at \$94,700, Youth and Family Resource Coordinator at \$65,000. She also noted operating expenditures represent 19% of general fund expenditures, excluding transfers.

Mr. Scott asked why we are paying MVRP association dues when we now own the Research Park land. Mr. Schwieterman said these dues paid by all tenants and owners at the Research Park cover the cost to care for the open space, signage, bush hogging, lawn mowing, etc.

Mr. Klepacz asked if staff thought the City would have to have a settle up year and pay money into the ED/GE program. Mr. Schwieterman said the City’s income tax revenue and property tax revenue are up, so there is a possibility we may need to pay into ED/GE this year. Mayor Patterson noted the City has received a lot more ED/GE funds through the years than we have paid in; it has been a good program for the City.

Mrs. O’Connell stated the 2018 budgeted debt service is \$2,413,187. She noted there is \$24,426,347 estimated outstanding as of 12/31/17. This includes \$13.8 million for fire stations, \$8.0 million for PRCA improvements, \$1.7 million for Court building and \$0.9 million for OPWC promissory notes.

Mrs. O'Connell reminded everyone the Capital Improvements Fund expenditures total is \$36.1 million for combined 2017 and 2018. The funding breaks down as follows: Grants \$3.6 million, Reimbursements/Sale \$0.7 million, EMS Fund \$10.1 million and the City Share will be \$21.7 million.

Council members and staff had further discussion regarding the 2018 CIP highlights. The highlights include the following: asphalt program \$1,051,000; curb, gutter, sidewalk program \$960,000; Bigger Road \$597,000; Oak Creek improvements \$1,265,000; LED streetlight upgrade \$350,000; Gentile Park (carryover) \$1,544,000; Schantz bridge (City Sites carryover) \$328,000; KBP master plan items \$700,000 and fire station improvements \$1,055,000.

Mr. Schwieterman thanked the Finance Department for all of the work they put in to preparing the 2018 budget document. He also thanked Council members for reviewing the budget materials at the CIP budget workshop and for all of their input in the budget process. The numbers will become final with the adoption of the December 19th appropriation resolution.

At this point in the meeting Mrs. O'Connell turned the meeting back over to Mr. Schwieterman. The Council members thanked Mrs. O'Connell for the presentation and detailed information.

Agenda Review – Mr. Schwieterman reviewed the City Council agenda for this evening's meeting.

Site C7 – Mr. Schwieterman noted the bids for remediation work at Site C7 came in higher than expected, so the Air Force is going to go back through the bidding process. Staff should have more information in January on this topic.

Officer McCoy – Mr. Schwieterman said Officer McCoy, the patrolman involved in a recent officer shooting, is back at work on light duty.

Fatal Home Explosion – Mr. Schwieterman said the State will be handling the fatal home explosion that occurred today on North Claridge Drive. Staff will keep Council members updated as information becomes available. A fence will be erected around the property while the investigation is ongoing.

At 6:58 p.m. Mr. Klepacz made a motion to enter into executive session under Section 121.06 (k) of the Codified Ordinances for purposes of personnel matters, the motion was seconded by Mr. Scott. The motion passed by a unanimous roll call vote.

At 7:12 p.m. Council exited the executive session and went back on the public record.

The meeting was adjourned at 7:12 p.m.

ATTEST:

DONALD E. PATTERSON
MAYOR

LASHAUNAH D. KACZNSKI
Clerk of Council