

CITY OF KETTERING  
CITY COUNCIL  
BUDGET WORKSHOP MINUTES  
December 4, 2018

The Council of the City of Kettering, Ohio met in a budget workshop session on Tuesday, December 4, 2018 in the Deeds Conference Room, Kettering Government Center, 3600 Shroyer Road. Mayor Patterson called the meeting to order at 5:32 p.m.

Council Members Present included Mayor Patterson, Vice-Mayor Lautar, Mr. Duke, Mr. Scott, Mr. Klepacz, Mr. Wanamaker and Mrs. Fisher had an excused absence.

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, Assistant Fire Chief Mitch Robbins, Police Chief Chip Protsman, PRCA Director MaryBeth O'Dell, Human Resource Director Sara Mills Klein, and Economic Development Manager Gregg Gorsuch.

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

Mr. Schwieterman stated Budget Manager, Kelly O'Connell will present the 2019 budget document to Council this evening. Mr. Schwieterman then turned the meeting over to Mrs. O'Connell.

Mrs. O'Connell stated the 2019 budgeted General Fund operating revenues cover operating expenditures. She also noted the 2018 estimated operating margin is \$1,154,370 and the 2019 budgeted operating margin is \$1,589,700. The income tax revenues for 2018 are estimated to be \$49.5 million, the 2018 original budget was also \$49.5 million and the 2019 budget is \$50.5 million. In 2019 capital improvements are budgeted at \$22.7 million. Mrs. O'Connell noted the ending general fund balance will decrease by \$3.3 million or 7.1% in 2018 (estimate) and the ending general fund balance will decrease by \$6.5 million or 15.1% in 2019 (budget).

Mrs. O'Connell reviewed the estimated General Fund Balance, which is estimated at \$42,908,373 on January 1, 2019. She also reviewed the fund balance highlights for the year. She noted income tax represents approximately 80% of the total general fund revenues and property taxes represent about 11% of the total general fund revenues.

Mayor Patterson said we have a lot of good things happening economic development wise, a lot of new jobs are expected to come into the City in the next few years, is that reflected in the budget and the projected income tax revenue. Mr. Schwieterman said yes, we try and take into account jobs that may have left the City as well as projected job increases from businesses we know are expanding or moving into the City.

Mr. Klepacz said we are only projecting a 1.6% increase in income tax revenue for next year. We are giving 2.5% pay increases to employees, the economy is good and we are getting a lot of new jobs coming into the City, but the income tax revenue is growing at a slower rate. He stated that is concerning to him.

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.

Mrs. O'Connell then reviewed the 2019 Budgeted General Fund Expenditures noting Police are at 24%, Fire at 21% and transfers are 29% of the total general fund

expenditures. There are four types of expenditures, personnel, operating, equipment and transfers. The 2019 Budgeted General Fund Expenditures total \$70,912,300.

Ms. O'Connell stated the proposed 2019 personnel budget includes contracted pay increases of 2.0% or 2.5% for organized employees and 2.5% for non-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 carrier will continue to be United Health Care and there will be a 9.5% decrease in premiums for 2019.

Mrs. O'Connell stated the City would be adding 10 full time positions and decreasing part-time positions by 2.5 full time equivalents. She mentioned 2 of the full time positions will be school resource officers, which the schools will be paying 70% of those costs. There will be 5 new firefighters and 1 new fire captain. Another full time position will be the recreation superintendent and 1 recreation center/arena coordinator.

Mayor Patterson asked why we are showing 10 new full time positions when the schools are funding 70% of the 2 school resource officers. Mr. Schwieterman said due to government accounting it must be recorded that way. Mayor Patterson said he understands that, but it makes it look like we are paying for 10 new positions and really we are paying for less than that. Mr. Schwieterman agreed.

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 2018 budget, with exceptions for non-recurring items and new initiatives. PRCA 2019 operating subsidy budget is \$675,800 (9.4%) greater than the 2018 budget. Frazee 2019 operating loss budget remains at \$300,000.

Mr. Klepacz stated we ask each department to keep their operating budget at the same level year after year, are they able to do that? Mrs. O'Connell said yes, for the most part, there are typically some one time exceptions, for example large item purchases which she will explain next. Mayor Patterson asked if we are sure we are giving the best service possible to our residents, making sure we are not cutting services to keep operation expenditures flat. Mr. Schwieterman said yes, we always focus on services to our residents, if an issue comes up that needs to be addressed we can adjust the budget to make sure critical issues are addressed.

Mr. Scott asked about training for staff, do we have adequate funds for training? Mr. Schwieterman said yes, we have training dollar built into the budget.

Ms. O'Connell described the 2019 non-recurring items and new initiatives. They include Police/Fire CAD & RMS at \$62,300, Police Taser replacement \$54,000, Fire MDT replacement \$175,000, EDGE grant for Tenneco \$500,000 and ASHN loan forgiveness \$806,000. She also noted operating expenditures represent 21% of general fund expenditures, excluding transfers.

Mrs. O'Connell stated the 2019 budgeted debt service is \$2,419,338. She noted there is \$22,792,767 estimated outstanding as of 12/31/18. This includes \$13.1 million for fire stations, \$7.5 million for PRCA improvements, \$1.5 million for Court building and \$0.7 million for OPWC promissory notes.

Mrs. O'Connell reminded everyone the Capital Improvements Fund expenditures total is \$38.8 million for combined 2018 and 2019. The funding breaks down as follows: Debt \$6.4 million, Grants \$3.5 million, Reimbursements/Sale \$0.7 million, EMS Fund \$5.2 million and the City Share will be \$23 million.

Council members and staff had further discussion regarding the 2019 CIP highlights. The highlights include the following: asphalt program \$1,292,000; thoroughfares, arterials & collectors \$820,000; College Drive expansion \$1,050,000; David Road \$1,214,000; Hilton Roadway & water main (joint with County) \$1,251,000; Schantz

bridge replacement \$1,946,000; Gentile Park (carryover) \$1,544,000; Police Department renovation \$6,380,000 and Building #2 demolition \$1,500,000.

Mr. Klepacz and the other Council members thanked Mrs. O'Connell, Ms. Gregory and the Finance Department for all of the work they put in to preparing the 2019 budget document. Mr. Schwieterman 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 11<sup>th</sup> appropriation resolution.

6:28 p.m. – 6:42 p.m. Break

After the break all six City Council members were present. Staff members that remained were Mr. Schwieterman, Mr. Bergstresser, Mr. Hamer, Chief Protsman, Chief Butts, and Mr. Gorsuch. Mr. Abernathy was also present.

Animal Resource Center (ARC) – Mr. Schwieterman noted he and Mr. Bergstresser went to a meeting last week at the ARC. The ARC wants to eliminate the feral cat contracts it currently has with Kettering and other jurisdictions. The ARC would like to have a county wide capture, neuter and release program. Mr. Schwieterman will continue to gather information and report back to Council. Mr. Scott asked when the current contract expires. Mr. Schwieterman said December 31, 2018.

12/11/18 Workshop Meeting – Mr. Schwieterman reminded the Council members the December 11<sup>th</sup> Workshop meeting will begin at 6:30 p.m.

Moody's – Mr. Schwieterman said he and the Finance Department recently had a conference call with Moody's. The Moody's rating committee will hold a meeting on December 6<sup>th</sup> and determine if the City's bond rating will change or remain the same. The City should know the results by December 11<sup>th</sup>.

January 8, 2019 Workshop - Mr. Schwieterman stated he would like to have an extended (approximately 3 hours) Workshop meeting on January 8<sup>th</sup>. Mr. Lautar will be on vacation, but he said it would be alright if staff could video conference him in to the meeting. Council members agreed to the extended Workshop meeting.

Kettering Business Park (KBP) Signage – Mr. Schwieterman said staff had shown examples of the proposed pylon identification sign that would be placed in the KBP. Synchrony Financial and Alternate Solutions Health Network both approved of the sample sign, all of the color and font on the sign will be matching. Mayor Patterson said the sign will be erected in the Spring of next year. Mr. Bergstresser said that is correct. The Mayor asked Mr. Bergstresser to send the Council members a rendering of the sign.

Ohio Business Gateway – Mr. Schwieterman noted as of July of this year 191 businesses located in Kettering have signed up to pay taxes through the Ohio Business Gateway. Mr. Schwieterman said if these businesses perform as they have in the past the City will owe approximately \$600 in fees to the State. The State of Ohio has sent Kettering approximately \$66,000 in estimated tax payments. Staff will continue to monitor the situation.

Residential Property Tax – Mr. Schwieterman displayed for Council members a chart showing the different percentage of residential property taxes received by certain organizations, the chart compared years 1992 to 2018. The organizations included the school district; human services levy; the City, Sinclair; the County; Parks and the library.

David Road – Mr. Schwieterman explained he has received a request to commemoratively rename David Road after a graduate of Alter High School was killed at war. Mr. Schwieterman has spoken with Alter High School and it was noted there are other Alter High School graduates that have been killed at war. Mr. Schwieterman will continue conversations with the high school and see what can be worked out, he will then report back to Council.

At 7:05 p.m. Mr. Scott made a motion to enter into executive session under Section 121.06 (k) of the Codified Ordinances for purposes of personnel matters and conference with attorney; the motion was seconded by Mr. Wanamaker. The motion passed by a unanimous roll call vote.

At 7:17 p.m. Council exited the executive session and went back on the public record.

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

The meeting was adjourned at 7:19 p.m.

ATTEST:

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DONALD E. PATTERSON  
MAYOR

LASHAUNAH D. KACZNSKI  
Clerk of Council