

CITY OF KETTERING  
CITY COUNCIL  
WORKSHOP MINUTES  
September 26, 2023

The Council of the City of Kettering, Ohio, met in a workshop session on Tuesday, September 26, 2023, in the Deeds Conference Room, Kettering Government Center, 3600 Shroyer Road. The meeting came to order at 6:00 p.m.

Council members present included Mayor Lehner, Mr. Duke, Ms. Duvall, Mr. Klepacz, Mrs. Hall and Mr. Scott. Vice Mayor Fisher had an excused absence. Mr. Duke was excused at 7:00 p.m.

Staff members present included City Manager Matt Greeson, Assistant City Manager Steve Bergstresser, Law Director Ted Hamer, Finance Director Nancy Gregory, Budget Manager Kelly O'Connell, Economic Development Manager Amy Schrimpf and Community Information Manager Mary Azbill.

Mr. Sterling Abernathy, Mr. Bryan Suddith, Mr. Shane Sullivan, Dr. Jan Duke and Ms. LaSue Juniel were also in attendance.

Mr. Greeson welcomed Mr. Duke as he returned from an extended absence.

Long-Range Forecast – Mrs. O'Connell presented the long-range forecast (LRF) to the group showing a trend over a period of five to ten years based upon specific assumptions. The LRF is different from the budget document due to under spending and the effect of encumbrances. Mrs. O'Connell provided revenue assumptions and indicated that income tax revenue makes up 80% of the General Fund's revenue and is more volatile than property tax. She noted some LRF income tax revenue assumptions, such as the 2023 forecast increase from \$51.8 million in 2022 to \$54.3 million in 2023. During 2024–2032, the LRF includes a 2.5% growth factor for withholdings and 2% increase for other income tax receipts. Mrs. O'Connell stated the LRF assumptions for property tax revenue include a 10% increase. Property tax is 11% of the General Fund, equal to \$7.8 million in the 2023 Budget. The 2023 Revised Forecast was not changed, and updates and re-appraisals are estimated at 5% thereafter.

Mr. Klepacz asked if the budgeted income tax was \$53.2 million, why is it shown as forecast. Mrs. O'Connell stated that the forecast amount is the same as the revised budget. Ms. Gregory stated that if the original budget amount was used, it reflected a \$200,000 difference.

Mr. Scott asked about trends for the past ten years. Ms. Gregory explained that withholdings represent 75% of income tax where more of the growth is visible. The process is more complicated due to working from home; however, income tax revenues continue to increase even after the City lost its second largest employer.

Mayor Lehner asked if the City has seen anything dire to date. Mrs. Gregory stated that income tax revenues are keeping pace with the \$54.3 million. Corporation filings are not due until October, and there is no way to predict the outcome.

Mr. Scott asked if the City has information on residents versus core income tax. Ms. Gregory stated the City has statistics, however, the number of accounts does not mean guaranteed dollars. In terms of ranking of dollars, withholding is first, individual filing is second, corporations are third and partnerships are fourth. Withholding represents 75% of total income tax.

Mr. Klepacz asked about the law regarding employers withholding. Mrs. Gregory stated the law is supposed to require that employers withhold correctly for sites. Employers based in Kettering with a hybrid schedule of working from home part of the week makes things difficult. Mandatory filing helps with that situation as everyone who lives in Kettering must file and prove their circumstance.

Mr. Duke asked how the Tax Division tracks information. Ms. Gregory stated that tax returns are sent to all households. Seniors and retirees can file a one-time exemption and will not receive returns unless there is a change. Tax Division does a lot of work looking for people who should be filing who are not. The City works with people by offering payment plans and tries to make it as painless and respectful as possible.

Mrs. O'Connell continued with LRF expenditure assumptions including personnel, capital equipment, operating, operating subsidies and capital improvement subsidies. Personnel is one of the largest expenditures. ARPA funds totaling \$13.7 million were used for public safety personnel in 2022 causing an increase in the City's fund balance that was used for CIP expenditures, capital equipment, as well as \$2 million for community programs. Across the Board pay increases for all employees were estimated at 2.25% for 2024, and 3% for 2025-2032. A 7% estimated increase for annual health insurance was assumed, as well as annual underspending impact. Capital equipment includes \$4.6 million over four years for catch-up vehicles (ARPA plan), 2024-2032 includes scheduled replacements of fleet and \$8.6 million for Fire apparatus replacement plan utilizing General Fund and EMS Fund dollars.

Mr. Scott asked if the 3% ACB for 2025-2032 could fluctuate. Mrs. O'Connell confirmed.

Mr. Klepacz asked for an EMS fund explanation. Mrs. Gregory stated that 75% of the EMS revenue was required to pay off debt for fire station replacement program. The recent increase did not impact residents as insurance covers EMS runs. EMS revenue was used for fire capital equipment, capital improvement and debt. EMS revenue pays for no operating or personnel costs. For the fire station replacement program, half came from City funds and the other \$15 million in debt is being paid for using EMS revenue coming in; but it is not all being used to pay debt.

Mr. Scott asked when the debt is retired. Ms. Gregory stated it was issued in 2015 and will be finished in December 2034.

Operating expenditures for 2022 and 2023 include \$1 million total for Down Payment and Rehab Assistance Program, 2025 includes \$481,000 for Community Programs (ARPA plan), 2024–2032 include growth factor of 1% plus additional amounts factored in for utilities, chargeback increases and new annual charge for AXON plan. Operating subsidies include Streets – varies with equipment purchases, snow events, fuel prices; Police pension - growth dependent upon across-the-board increases; PRCA - 3% subsidy growth/year; Frazee - \$500,000 subsidy/year with General Fund transfer effective 2028, and debt - \$520,000/year. Forecast assumes no new debt.

Capital Improvement Subsidies include 2024-2028 - reflects the plan presented at CIP Workshop, 2029-2032 is an average of previous 5 years, Gas Tax Program - \$790,000/year, 1% for the Arts Contribution, Boonshoft Fund contribution - \$3 million/year ending mid-year 2028.

Mrs. Gregory explained the \$40 million Boonshoft estate tax received by the City of Kettering to those not familiar with the funding source. CIP has been funded with \$3 million annually from this fund. In 2013, the state eliminated the estate tax, which the City had been using the proceeds to fund CIP. Kettering resident Oscar Boonshoft passed away in 2010, and the City was the beneficiary of his estate tax. The City received \$40 million from the Montgomery County auditor, which acted as the pass through for estate tax funds. . It is the largest estate tax settlement in Montgomery County. When the City received this \$40 million dollars, City leaders decided to dedicate \$3 million annually to the CIP from the Boonshoft proceeds to make up for the fact that Ohio had eliminated estate taxes. It turned out to be an excellent decision and way to pay for CIP projects.

Mrs. O'Connell discussed margin and reserve assumptions. She demonstrated a positive operating margin through 2031. The Capital Improvement Program requires uses of fund balance each year. Fund balance reserves include a \$500,000 economic development commitment through 2032, accumulating \$6.6 M. \$790,000 assignment of gas tax revenues to CIP. She stated that a general policy for operating margin is that personnel, operating, capital outlay and debt are funded by current operating revenue while capital improvements may be funded by City reserves.

For reserves, Kettering maintains at least three months operating revenues and transfers (25%). At the conclusion of the long-range forecast presentation, City Council members thanked Ms. O'Connell and Ms. Gregory for their information and presentation.

Agenda - Mr. Greeson briefly discussed items on tonight's agenda:

- Ordinance in second reading to rezone 4225 and 4235 Wilmington Pike from R-1 Suburban Residence, R-4 Village Residence and BP Business Park Districts to R-4 Village Residence.
- Resolution to accept vehicles from the Kettering Parks Foundation. Mr. Klepacz asked if the vehicles involved a financial transaction. Mr. Greeson stated he did not know. The City receives the title and disposes of the vehicles as they are no longer operable. Mayor Lehner asked if the vehicles have been replaced. Mr. Greeson confirmed.
- Resolution to contract with Comprehensive Community Child Care, Inc. OBA 4C For Children for services to help increase the supply of available childcare in the city. Angela Rahman presented this initiative allocating \$100,000 of CDBG funds to attract, train and assist with appropriate licensure for Kettering residents interested in starting a child care business. Mrs. Hall asked if more funding was originally assigned to this. Mr. Greeson stated it has always been \$100,000.
- Resolution regarding Emergency Rental Assistance (StayPut) ending. There is \$200,000 left to assist applicants already in the process. This will likely be the last tranche.
- Resolution to update earlier provisions of the Community Reinvestment Area (CRA) of the Aragon and Oak Park neighborhoods. Changes were suggested after talking to communities that had implemented a CRA and saw strong levels of participation. It was suggested to standardize the investment and abatement levels to one tier, as well as to confirm that tear-down and rebuilds are permitted. The revised legislation addresses these suggestions. Mrs. Schrimpf stated that the CRA program is popular across the state and she is receiving calls from residents who are interested in taking advantage of the program. She is working with a financial manager who can provide a formula to share with residents at community meeting so they can do calculations. Ms. Duvall asked why the

\$15,000 amount will increase to \$20,000. Mrs. Schrimpf stated we determined that \$15,000 was too low to capture higher property values by the County Auditor. A community meeting is being planned. Mayor Lehner suggested having a follow up meeting six months down the road.

At 7:01 p.m., Ms. Duvall made a motion to enter Executive Session under Section 121.06 (k) of the Codified Ordinances for the purpose of Economic Development; and Property Matters, seconded by Mr. Scott. The motion passed unanimously upon roll call.

At 7:24 p.m., the Council exited Executive Session and went back on public record.

The City Council Workshop Meeting adjourned at 7:25 p.m.

ATTEST:

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PEGGY LEHNER  
MAYOR

LASHAUNAH D. KACZYNSKI  
Clerk of Council