

City of Montgomery  
 City Council Special Session Minutes  
 September 12, 2024

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Present

Brian Riblet, City Manager  
 Tracy Henao, Asst. City Manager  
 John Crowell, Chief of Police  
 Paul Wright, Fire Chief  
 Maura Gray, Finance Director  
 Matthew Vanderhorst, Community and Information Services Director  
 Mike Rogers, Asst. Public Works Director  
 Gary Heitkamp, Public Works Director  
 Julie Machon, Recreation Director  
 Greg Vonden Benken, Asst. Police Chief  
 Connie Gaylor, Clerk of Council  
 Derek Morgan, Finance Specialist  
 Jeff Barger, Police Sargeant  
 Kevin Chesar, Community Development Director  
 Ben Shapiro, Asst. Fire Chief

City Council Members Present

Ron Messer, Mayor  
 Sasha Naiman, Vice Mayor  
 Lee Ann Bissmeyer  
 Craig Margolis  
 Catherine Mills-Reynolds  
 Ken Suer

Council Member Absent

Chris Dobrozsi

City Council convened in Council Chambers for the Special Budget Review Session at 5:30 p.m. with Mayor Messer presiding.

Mayor Messer asked for a roll call as Mr. Dobrozsi was not in attendance.

The roll was called with all other members present except for Mr. Dobrozsi. Mrs. Bissmeyer moved to excuse Mr. Dobrozsi as he had previously notified Council of his absence. Mr. Margolis seconded. City Council unanimously agreed.

Mr. Riblet thanked all Department Heads and their staff for their time in compiling and reviewing the 2025-2029 budgets and for striving to be good stewards of the city’s resources. Mr. Riblet extended a special thank you to Maura Gray, Derek Morgan, and the Finance Department staff in capturing changes and putting together well-presented budget books.

Mayor Messer asked Mr. Riblet and Ms. Gray to proceed with their budget presentations.

**Review of the 2025 Operating and Capital Budget**

Ms. Gray presented an overview of the 2025-2029 Operating and Capital Improvement Budget.

Ms. Gray provided a summary of the anticipated 2025 beginning and ending balances as shown below:

**FISCAL YEAR 2025 ALL FUNDS BUDGET**

	BEGINNING BALANCE	ESTIMATED REVENUES	ESTIMATED EXPENSES	ENDING BALANCE
GENERAL FUND	\$ 18,685,087	\$ 15,504,601	\$ 14,490,324	\$ 19,699,364
SPECIAL REVENUE FUNDS	20,255,302	8,198,433	7,615,666	20,838,069
DEBT SERVICE FUNDS	6,003,260	5,274,500	5,315,784	5,961,976
CAPITAL PROJECT FUNDS	5,027,365	4,138,200	4,810,399	4,355,166
FIDUCIARY FUNDS	1,290,994	415,180	300,406	1,405,768
<b>TOTAL BUDGET</b>	<b>\$ 51,262,008</b>	<b>\$ 33,530,914</b>	<b>\$ 32,532,579</b>	<b>\$ 52,260,343</b>

58 **Revenues Estimates**

59  
60 Ms. Gray stated that the 2025 Operating and Capital Budget includes a few revenue assumptions as listed below:

- 61
- 62 • Earnings Tax estimate of \$13.26 million is a conservative 2% increase over FY 2024 due to increased
- 63 collections in 2024. Year over year, earnings tax averages an almost 4% increase.
- 64 • Real Estate Taxes are estimated to be at 1% above 2024 collections. 2024 collections averaged a 20%
- 65 increase with the revaluation of property in 2023.
- 66 • All other revenue sources to remain relatively flat over the next five years.

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68 **Expenditures Assumptions**

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70 Ms. Gray explained that total personnel estimates are in line with current union agreements and include a 4.00%  
71 COLA in FY 2025. She explained that non-personnel line items such as contractual services, materials and supplies  
72 for the General Fund have increased an average of 1.6% from 2024.

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74 **General Fund Budget**

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76 Ms. Gray explained the following details for the revenue and expenditures in the General Fund.

- 77
- 78 • FY 2025 General Fund Revenues are slightly lower, 2%, than the 2024 revenues due to a Grant received in
- 79 2024
- 80 • This includes the earnings tax projection to includes conservative 2% increase overall. Earnings tax is
- 81 distributed 75% to the General Fund, 20% to the Capital Improvements Fund and 5% to the Bond
- 82 Retirement Fund.
- 83 • The 2025 General Fund estimated expenditures (excludes transfers out) increased by \$1.3 million or 11%
- 84 year over year due to cost-of-living adjustments for staff, increased materials and supplies cost in
- 85 department budgets.
- 86 • The budget includes staffing all positions at 100% of cost so any vacancies will generate budget savings
- 87 while the position is recruited and ultimately filled. These savings are trued up following the subsequent
- 88 year budget meeting and again at the end of the year. The purpose of this is to reduce variances.

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90 **Capital Improvement Fund**

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92 Ms. Gray provided the following details regarding the Capital Improvement Fund.

93  
94 City Parks Fund 410- FY 2025 includes replacement of playground equipment.

95  
96 General Government- Fleet management program includes expenditure of \$600,000.

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98 Street Maintenance and Repair- 2 years of Annual street asphalt overlay was accomplished in 2024 in an attempt to  
99 minimize supply chain and cost premiums that may arise due to the Brent Spence bridge project.

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101 **Fund Balance Policy**

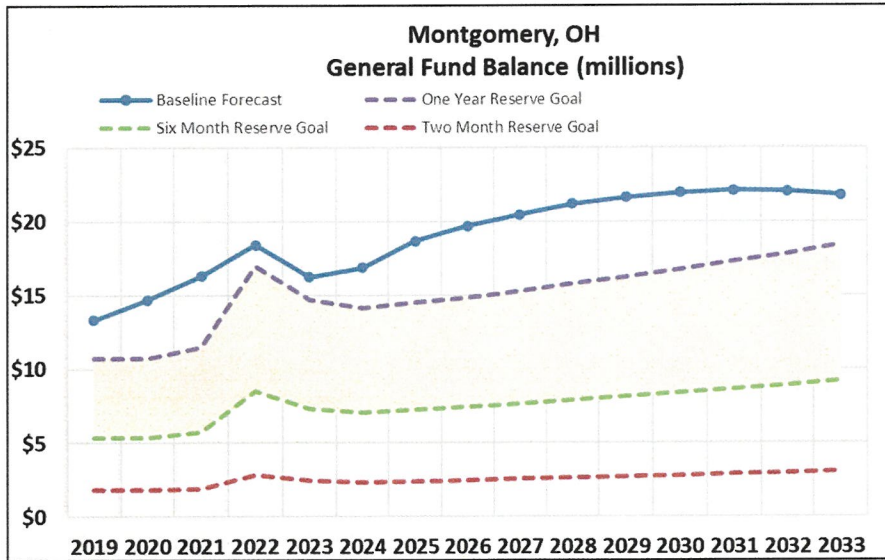
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103 Ms. Gray provided a summary and forecast of the fund balance policy as depicted below:

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City of Montgomery  
 General Fund Budget Summary  
 Fiscal Year 2025

Projected Beginning Balance	18,685,087
Estimated Revenues and Transfers In	15,504,601
Estimated Expenditures and Transfers Out	14,490,324
Positive Variance	1,014,277
Projected Ending Balance	19,699,364
6 Months Reserve Policy	7,245,162
Unreserved Fund Balance	\$ 12,454,202

Fund Balance Baseline



Fund Balance Policy – Other Funds

- General Fund (established target of six-twelve months of operating expenditures)
- Capital Improvement Fund 410 - established at \$1,000,000
- Arts and Amenities Fund 485 (established at \$376,237, equivalent to two substantial restricted bequests to the fund)
- Fire/EMS Levy Fund 223 (established as six – twelve months of operating expenditures)

FUND	DESCRIPTION	POLICY	PROJECTED BALANCE 2029	POLICY MET	PAGE NUMBER
101	GENERAL FUND	6-12 MO OPERATING EXP	\$ 23,587,104	YES	14
223	FIRE/ EMS FUND	6-12 MO OPERATING EXP	\$ 15,902,973	YES	104
410	CAPITAL IMPROVEMENT	\$1,000,000	\$ 2,747,971	YES	152
485	ARTS AND AMENITIES	RESTRICTED BEQUESTS OF \$376,237	\$ 555,076	YES	136

164 10-year General Fund Forecast Scenarios

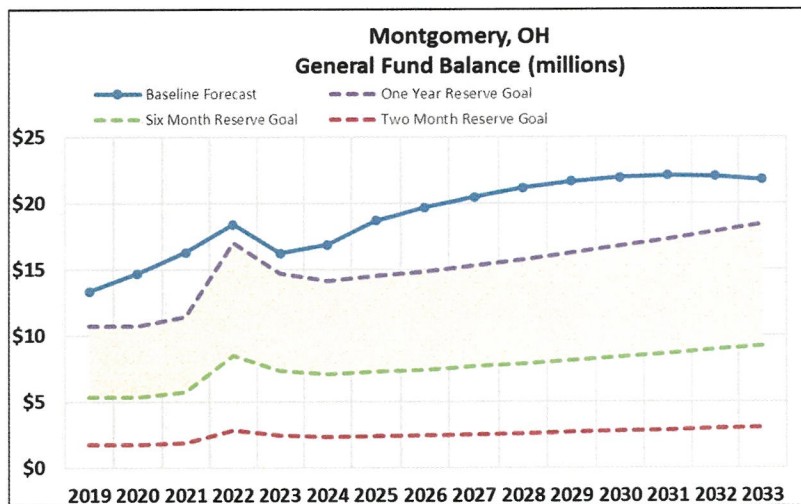
165  
166 Mr. Riblet continued the discussion of fund balance baselines with a ten year forecast. He stated that baseline  
167 assumptions regarding revenue and expenses are as follows:

168  
169 Revenues:

- 170 •Earnings Tax annual growth of 2.00%
- 171 •Real Estate Property Taxes annual growth of 1%
- 172 •All other revenue types are a 1% annual growth
- 173 •Conservative estimates below historic results

174 Expenditures:

- 175 •Salaries increase at 4% for FY 2025, 3.75% for FY 2026 and out years at 3%
- 176 •Healthcare projected to increase 10% annually
- 177 •Non-personnel expenditures projected increase of 2% in FY 2026 and beyond



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194 Mr. Riblet noted that projected revenues outpace projected expenditures resulting in an upward sloping curve. This  
195 projection does not factor in any budget savings which will be reconciled or evened out annually to reduce variances.  
196 This excess is returned to fund balance. This projection also does not factor in any earnings taxes increase resulting  
197 from various developments being completed in the coming years. Even with these conservative estimates, the fund  
198 balance is projected well above the one-year reserve goal,

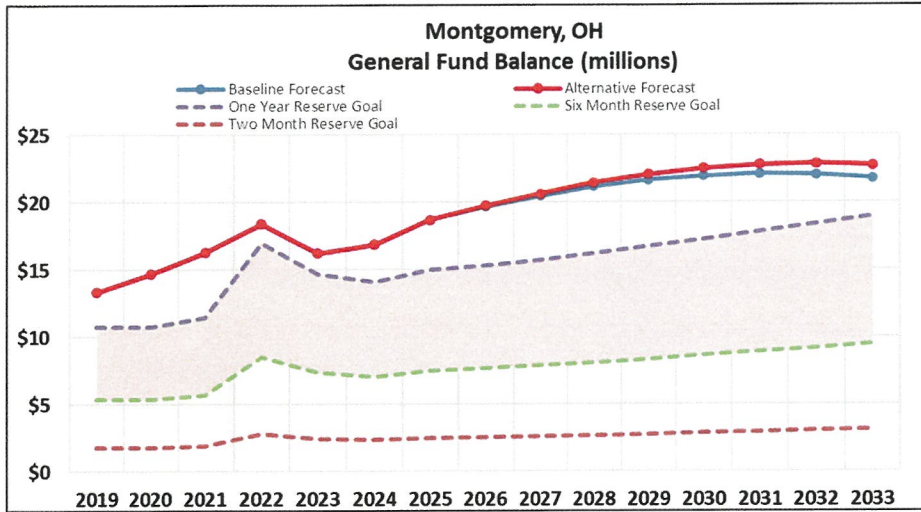
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200 Mr. Riblet explained that staff has prepared several alternatives for Council’s consideration and explained them as  
201 follows:

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203 **Alternative 1** – 0% growth in income tax for FY 2025 and 2026

- 204 • 0% growth in Income tax in FY 2025 and 2026
- 205 • Recovers to 2 % growth in FY 2027 and beyond
- 206 • All other assumptions remain the same

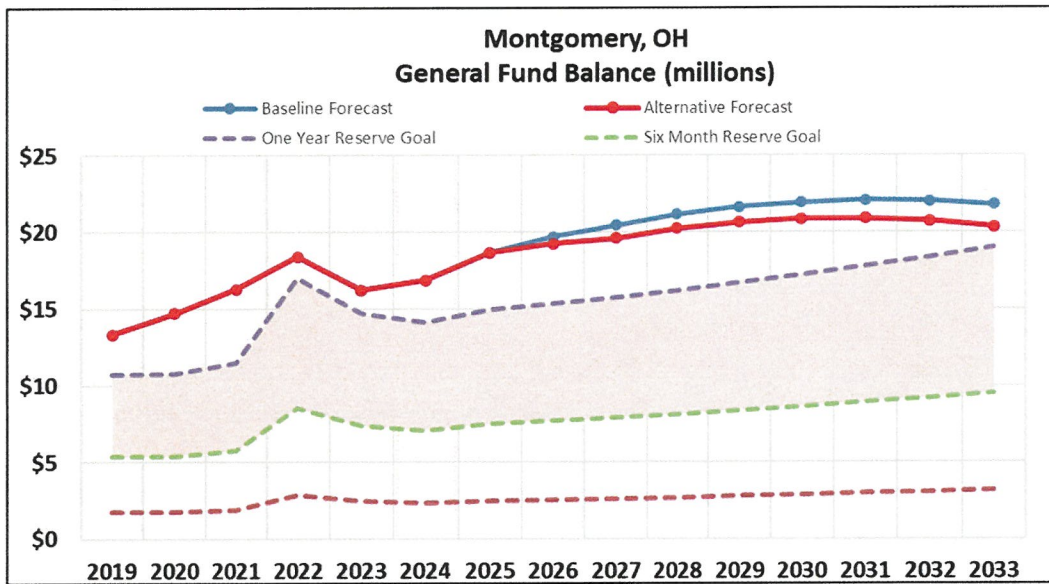
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**Alternative 2 - Forecast Notes**

- Income tax assumption at 5% growth.
- All other income assumptions are at baseline.
- Expense assumptions are at baseline levels.



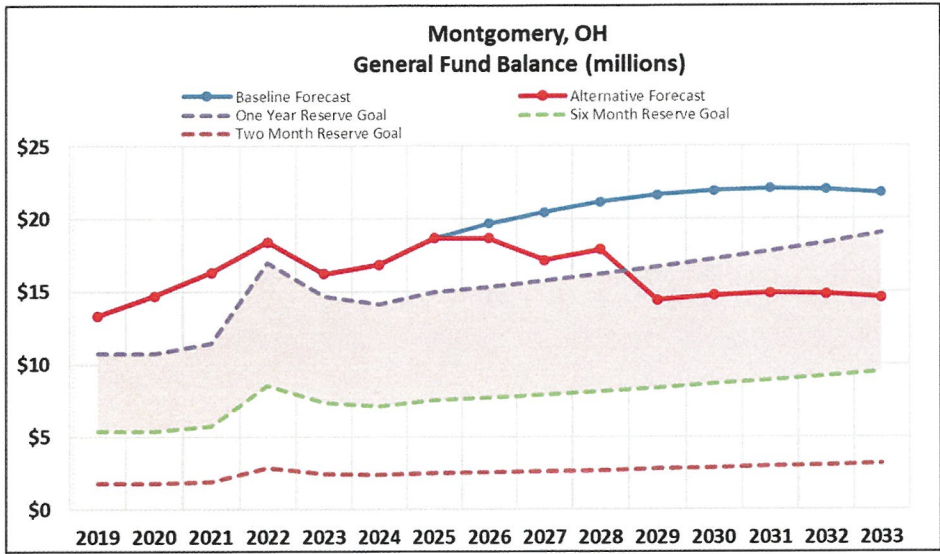
**Alternative 3– Potential Capital Investments in FY 2025, FY 2026 and FY 2028**

Potential capital investments using General Fund Reserves of:

- \$1 M in FY 2025 (Heritage District Investment)
- \$2.25M in FY 2026 (Hopewell Cemetery Columbarium & Water Feature at Pool)
- \$4M in FY 2028 (Major Safety Center Renovation/Addition)
- All other baseline assumptions remain the same

Pay \$7.25 million towards capital investments between FY 2025 and FY 2028

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Mr. Riblet explained that using \$7.25 million of General Fund balance between FY 2025 and FY 2028 results in approximately 10-month reserve goal through 2033. He added that There is capacity to increase capital investments and remain above the six-month reserve goal policy through 2033.

Mr. Riblet and Ms. Gray concluded their presentations at which time staff and Council continued through each department’s budget lines and discussed 2024 accomplishments and 2025 requests.

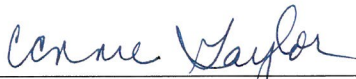
City Council thanked all staff for their continued good work of delivering a budget with a conservative approach to spending. They stated that it is this perspective that has preserved that targeted fund balances and reserves needed when facing possible economic downturns.

**OTHER BUSINESS**

Mayor Messer asked if there was any further business to discuss in Public Session. There being none, he asked for a motion to adjourn.

Mr. Margolis moved to adjourn. Mrs. Bissmeyer seconded. City Council unanimously agreed.

The Special Budget Review Session of City Council adjourned at 7:32 p.m.

  
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Connie Gaylor, Clerk of Council