

City of Montgomery
City Council Special Session Minutes
September 9, 2020

Present

Brian Riblet, City Manager
Tracy Roblero, Asst. City Manager/Acting Comm. Dev. Director
John Crowell, Chief of Police
Gary Heitkamp, Public Works Director
Katie Smiddy, Finance Director
Matthew Vanderhorst, Community and Information Services Director
Paul Wright, Fire Chief
Julie Machon, Recreation Coordinator
Connie Gaylor, Clerk of Council

City Council Members Present

Chris Dobrozsi, Mayor
Craig Margolis, Vice Mayor
Lee Ann Bissmeyer
Mike Cappel
Gerri Harbison
Lynda Roesch
Ken Suer

City Council convened at Terwilliger's Lodge for the Special Budget Review Session at 5:30 p.m. with Mayor Dobrozsi presiding.

Mayor Dobrozsi asked for a motion to dispense of roll call as all members were present. Mr. Cappel made the motion. Mrs. Bissmeyer seconded. City Council unanimously agreed.

Mayor Dobrozsi thanked staff for their work in the preparation of the 2021 Operating and Capital Budgets.

Mr. Riblet thanked staff for their time in compiling and reviewing the 2021-2025 budgets and the Finance Department for putting together a well-presented budget book. He stated that most budgets remained the same with few changes. He stated that staff made significant cuts to the 2020 budget due to the current financial status related to Covid-19. He added that with the modeling tool provided by Management Partners, he felt good with the conservative planning of the budget.

Mayor Dobrozsi asked Ms. Smiddy to proceed with her budget in brief presentation.

Review of the 2021 Operating and Capital Budget

Ms. Smiddy presented the budget brief of the 2021 Operating and Capital Budget.

Ms. Smiddy explained to City Council that the 2021 Budget continues the current service levels, and new projects and service enhancements that will be guided by the City's Strategic Plan. The 2021 Budget includes an additional six full-time firefighters due to the passage of the 2018 6 mil levy. The proposed 2021 budget for personnel includes 85 full-time employees and 21 part-time/seasonal employees.

Revenues Assumptions

Ms. Smiddy explained that the City is not experiencing significant impacts from COVID-19 on general fund revenues. She stated to assist with understanding the extent of potential fiscal challenges as a result of the national pandemic, staff partnered with a third-party consulting firm to utilize their fiscal diagnostic tool. She stated that using City budget data, revenues were forecasted based on year to date data and current economic conditions.

A. Income Tax:

- Staff estimates 2020 income tax collections were up 1.30% from 2019 collections.
- Staff has estimated total income tax revenues by year end 2021 will be \$9,212,000, which represents a 2.0% decrease over actual collections for 2020.
- Reallocation of the Income tax revenues-GRA.

57 B. Real Estate Tax:

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59 Ms. Smiddy explained that the reappraisal and revaluation of all real property in Hamilton County last occurred in
60 2017 and will occur next in 2023.

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- 62 • Based on reappraisal information, the assessed valuation for the City increased from \$586 million in 2019
- 63 to \$587 million in 2020.
- 64 • Utilizing the third party fiscal diagnostic tool, staff incorporated revenue scenarios tied to assumptions about
- 65 revenue forecasts. Staff has estimated real estate property collections will decrease by 2% in 2021.
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67 C. Other Revenues (Investments, Gas Tax, Motor Vehicle Tax, Local Government Fund):

- 68 • Revenues are anticipated to remain relatively flat for 2021-2025.
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70 **General Fund**

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72 Ms. Smiddy stated that the 2021 General Fund ending fund balance is projected to be \$12.9M or 10.72% less than
73 2020's budgeted ending fund balance of \$14.3M. This equates to a 13-month reserve in the General Fund. This is
74 a result of the conservative revenue forecasts forecasted in our fiscal analysis tool.

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76 **Fire Fund**

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78 Ms. Smiddy explained this fund is financed by a 5.55 and a new 6.0 mill property tax levy, which supports the
79 City's fire, and emergency medical services operations. In 2021, the ending cash balance is estimated to be \$9.1M.
80 The plan is to hire 6 additional firefighters 2021 and 2022.

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82 **Montgomery Quarter (MQ) Tax Increment Financing (TIF) Fund**

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84 Ms. Smiddy stated that the City anticipates funding improvements for the MQ in 4th quarter 2020, which will require
85 the issuing of not to exceed 23.0M in TIF revenue bonds. The debt associated with this project will be paid from
86 tax increment revenues associated with the residential development and commercial improvements developed on
87 the commercial development. Debt Service payments will not commence until 2022.

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89 **Total City Revenues**

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91 Ms. Smiddy explained that total City revenues for 2021 are forecasted at \$26.1M vs. \$57.1M for 2020. The 30.9M
92 difference (54.2%) is attributable to the anticipated bond proceeds for the public improvements at the MQ and
93 construction of the Roundabout.

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- 95 • 2021 GF Revenues are projected to be \$11M which is a 2% decrease from 2020 due to forecasted collection
- 96 reductions in income and real estate taxes based on revenue scenarios used in the City's fiscal diagnostic
- 97 tool.
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99 **Total City Expenditures**

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101 Ms. Smiddy explained that total City expenditures are projected to be \$46.4M, which is an increase of \$15.3M
102 from the 2020 forecasted expenditures of \$23.8M. This increase is due to the cost associated with the public
103 improvements at the MQ.

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105 Significant program changes reflected in the 2021 proposed budget (Operating and Capital budget highlights
106 included) are as follows:

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A. Preservation of capital assets

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- Annual Street maintenance repair costs (\$1M)
- Traffic Signal Improvements (\$213K)

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- Asphalt surface treatments (125K)
- Small drainage projects (90K)
- Mill and replace asphalt at PW building (131K)

B. Park Improvements-Utilizing the Strategic Plan and the recent facilities study with American Structurepoint, funds have been budget in the Parks capital maintenance, cap equip and operating equipment accounts beginning in 2021-2025. Some of the capital projects programmed for construction in 2021 are as follows:

- Swaim Park parking and paving (\$17,100)
- Pioneer Park roof replacement (\$11,000)
- Dulle park tennis court resurfacing (\$15,500)
- Dulle park basketball court resurfacing (\$15,500)
- Weller Park tennis court resurfacing (\$13,100)
- Asphalt path repairs at various parks (\$15,000)

Staff and Council continued through each department's budget lines and discussed 2020 accomplishments and 2021 requests.

City Council thanked staff for their efforts on a very detailed budget presentation in tough times. They thanked staff for identifying ways to deliver high levels of service to the residents under the current circumstances.

OTHER BUSINESS

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

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

The Special Budget Review Session of City Council adjourned at 7:37 p.m.



Connie Gaylor, Clerk of Council