

City of Montgomery
Financial Planning Committee Meeting
September 3, 2019

Present

Brian Riblet, City Manager
Tracy Roblero, Asst. City Manager/Acting Community Dev. Dir.
Katie Smiddy, Finance Director
Connie Gaylor, Clerk of Council

Council Committee Members Present

Ken Suer, Chair
Lee Ann Bissmeyer
Mike Cappel

The Financial Planning Committee of Council meeting was called to order at 4:30 p.m. by Chairman Suer.

August 2019 Income Tax Report

Ms. Smiddy explained that for the month of August 2019, the City's total income tax receipts were \$558,214, which is a decrease of \$41,221 or (6.8) % compared to the actual amount collected in August 2018 of \$599,435. She stated that year-to-date revenues are up 9.0% compared to 2018 collections, which keeps the City on pace to meet or surpass our income tax revenue projection for 2019.

Review of the 2020 Operating and Capital Budget

Ms. Smiddy presented the Committee members with a copy of the 2020 Operating and Capital Budget.

Ms. Smiddy explained to the Committee that the 2020 budget continues the current service levels, with new projects and service enhancements guided by the City's 2016-2021 Strategic Plan. The 2020 Budget includes an additional six full-time firefighters due to the passage of the recent 6 mil levy. She explained that Committee members may notice the increase in salaries across the board and explained that the 2020 Budget includes 27 pay periods. Other highlights noted were the inclusion of the American Structure Point facility assessment improvements and the addition of the bond anticipation notes for the Montgomery Quarter.

She stated that this information would be discussed in more detail when City Council is scheduled to meet to conduct its formal review of the 2020 Operating and Capital Budget and the 2020-2024 Capital Improvement Program on September 11, 2019.

Ms. Smiddy gave a brief overview of the highlights in the 2020 Operating and Capital Budget:

Revenues

- A. Income Tax:
 - Staff estimates IT revenues will be 1% higher at the end of 2019 (\$9. 4M) than 2018
 - For 2020 and outer years, staff is conservatively forecasting a 1% increase which will bring collections to \$9.5M
- B. Real Estate Tax:
 - Based on the reappraisal conducted by the HC Auditor in November 2018, the assessed valuation for the City increased from 585M in 2018 to 586M in 2019.
 - With teardowns continuing to take place, continued property enhancements as well as new construction, staff has forecasted an annual increase of 1% for budget years 2020-2024.
- C. Other Revenues (Investments, Gas Tax, Motor Vehicle Tax, Local Government Fund)

- Revenues are anticipated to remain relatively flat for 2020-2024.

Mr. Riblet added that in the 2020 Capital Improvement Fund, requests for street resurfacing funds are anticipated to go up due to concrete replacement involved in the various neighborhoods. He stated that additional gas tax may support an increase in the centerline miles and maintaining the level of resurfacing that the City performs.

General Fund

Ms. Smiddy stated that the ending fund balance is projected to be \$13.8M or 1.5% less than 2019's budgeted ending fund balance of \$14.1M. This equates to a 15-month reserve in the GF. This is a result of the 27 pay periods in 2020 and 2018 year-end estimates projected to be lower than the 2018 budget for Police, Recreation, Special Events, Development, and General Gov't.

Fire Fund

This fund is financed by a 5.55 and a new 6.0 mill property tax levy, which supports the City's fire, and emergency medical services operations. In 2020, the ending cash balance is estimated to be \$7.2M. The plan is to hire 6 additional firefighters 2020 and 2021.

GRA Tax Increment Financing (TIF) Fund

Ms. Smiddy stated that in 2014 the City began paying debt on \$13.2M of Special Obligation Bonds issued for construction of public parking garage and the Vintage Club Blvd. The City anticipates funding improvements for the Montgomery Quarter in 2020, which will require the issuing of \$15.5M in TIF revenue bonds. The debt associated with this project will be paid from tax increment revenues associated with the residential development and commercial improvements developed on the commercial development. Debt service will not commence until 2021.

Mr. Suer stated that regarding American Structure Point's review of city facilities, he felt that the items identified that needed to be done such as the roof at City Hall, validated the required the requested funding. He stated it was good to have a professional review of the facilities as well as a projected timeline.

Mr. Riblet stated that the timeline covers a 15-year timeframe and totaled \$2 million which was conservatively high. He stated that the City may realize lower costs once the projects are started. He stated that having the study done by American Structure Point was money well spent.

Total City Revenues

Total City revenues for 2020 are forecasted at \$47.2M vs. \$24.4M for 2019. This \$22.8M variance is attributable to the anticipated bond proceeds for the public improvements at the Montgomery Quarter and construction of the Roundabout.

GF Revenues are projected to increase 1% from 2020 due to estimated increases in both income tax and property tax collections in 2019.

Total City Expenditures

Total City expenditures are projected to be \$39.2M, which is an increase of \$15.4M from the 2019 forecasted expenditures of \$23.8M. This increase is due to the cost associated with the issuance of bonds for the Montgomery Quarter.

Significant program changes reflected in the 2020 proposed budget (Operating and Capital budget highlights include)

A. Preservation of capital assets

- Annual Street maintenance repair costs (\$1M)
- Sidewalk repairs and replacement (\$42,000)
- Asphalt surface treatments (\$125,000)
- Montgomery Road Sidewalk-Raudabaugh to Safety Center (\$350,000)
- Small drainage projects (\$90,000)
- Pfeiffer and Deerfield Roads Roundabout (\$178,000)

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 2020-2024. Some of the capital projects programmed for construction in 2020 are as follows:

- Playground equipment replacement at Swaim (\$125,000)
- Weller park roof replacement (\$18,600)
- Annex roof replacement (\$48,000)
- Weller & Pioneer site parking and paving (\$54,700)
- Swaim basketball and tennis court resurfacing (\$18,600)
- Montgomery park basketball court resurfacing (\$10,000)
- Dulle park tennis court resurfacing (\$50,000)

Resolution Accepting Amounts and Rates

Ms. Smiddy explained that it is necessary for City Council to pass a Resolution that will accept the rates and amounts determined by the Hamilton County Budget Commission. Ms. Smiddy stated that the 2019 estimated amounts for the General Fund is 4.5 mils, or \$2,574,000 and the Fire/EMS Levy Fund is 11.55 mils, or \$5,419,192 for a total of \$7,993,192. Ms. Smiddy stated that the City has not yet received a copy of the Resolution from the Hamilton County Budget Commission, but it is anticipated that they will be available for the October Business Session of City Council. Ms. Smiddy stated that staff is recommending that City Council consider the Resolution accepting the amounts and rates as determined by the Hamilton County Budget Commission at the September 18, Work Session for the purpose of placing it on the October Business Session agenda for approval that evening.

Other Business

- Ms. Smiddy updated the Committee on the status of the Finance Specialist position hiring process. She stated that with the resignation of Robbin Mueller, who was a part time employee, they have identified the need to transition this position into a fulltime position.

Mr. Riblet stated that there will be an addition in the budget to accommodate the increased salary, however he feels that the diminished overtime being performed by other department members will help to offset the added expense.

Ms. Smiddy noted that she hoped to have someone in place by the beginning of January 2020.

- Ms. Smiddy provided an update on the Authority Finance software, stating that it is now fully operational. She stated that Finance department staff are now testing fixed asset software and their temporary employee

is currently entering data in the budget test module in order to run reports and prepare for the addition of that module before next year's budget cycle.

- Mr. Cappel asked when the data on leaf collection was last updated?

Mr. Riblet replied that it was in 2015. The Committee and staff discussed updating that information for future reference.

- Mr. Suer stated that he has been reading quite a bit about cybercrime and ransomware of cities. He asked that staff look into our current guidelines and policies on how to handle such an attack if it were to happen to the City.

Minutes

Mr. Cappel moved to accept the minutes of the August 5, 2019 meeting of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

Adjournment

Mrs. Bissmeyer moved for adjournment. Mr. Cappel seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 5:30 p.m.


Chair