

Oakwood, Ohio  
October 17, 2017

The Oakwood Citizen Budget Review Committee (BRC) met at 5:30 p.m. on Tuesday, October 17, 2017. The meeting took place in the city council chambers, 30 Park Avenue. The following people attended:

Budget Review Committee

Howard Boose	Ella Himes
Steve Brooks	Charles Kidwell
James Broz	Pete Luther
Charlie Campbell	Skip Ordeman
Fred Dudding	Bill Rieger
Susie Elliott	Beth Ritzert
Nick Endsley	Mike Ruetschle
Ellen Fodge	Leigh Turben
Bill Frapwell	Michael Vanderburgh
Don Groff	Jeff Woeste
Michael Hayes	

Oakwood City Council

Mayor Bill Duncan  
Vice Mayor Steve Byington  
Councilmember Rob Stephens  
Councilmember Anne Hilton

City Staff

City Manager Norbert Klopsch  
Assistant City Manager Jay Weiskircher  
Leisure Services Director Carol Collins  
Finance Director Cindy Stafford, CPA  
Captain Alan Hill

Mayor Bill Duncan opened the meeting with a welcome and self-introductions. He then asked for a motion to approve the minutes of the September 12, 2017 meeting. Motion to approve by Ella Himes; second by Howard Boose. Upon viva voce vote, motion passed and the minutes were approved. Mayor Duncan then asked Mr. Klopsch to deliver the meeting presentation.

Mr. Klopsch began by announcing the following three upcoming events:

- Opening and Dedication of Cook Park. This is a new park constructed at the corner at Schenck Avenue and Oakwood Avenue. It includes playground equipment for young children. Most of the funding for the project was provided through grants and private donations. The opening and dedication ceremony is scheduled for 2 p.m. on Saturday, October 28. The park is being named in honor of Judy Cook, our former mayor.
- Veterans Corner at Lane Stadium. The dedication of Veterans Corner at Lane Stadium is scheduled for 11 a.m. on Saturday, October 21. This is a project that involved the installation of two additional flagpoles at Lane Stadium, along with a stone and bronze marker to honor Oakwood Veterans, past and present. The project, spearheaded by Councilmember Rob Stephens, was funded through a grant of over \$9,000 from the Oakwood Rotary Club.

- Sister City 45<sup>th</sup> Anniversary with Le Vésinet, France. Visitors from Le Vésinet will be in Oakwood from October 21 – 24 to celebrate the 45th anniversary of our sister city relationship. This event will include a Dinner Gala, Mayor’s Reception, and Mayor’s Luncheon.

Mr. Klopsch provided an update on the status of the Shroyer Road Project. Project construction is nearly completed. All that remains is installation of some roadway signage, adjusting of some manhole tops and valve boxes, and installation of the irrigation system and trees.

Mr. Klopsch mentioned that Captain Alan Hill will take over as Oakwood Public Safety Director on Friday, November 10. He succeeds Chief Alex Bebris who served as Public Safety Director over the past 11 years.

Mr. Klopsch then delivered the following presentation:

- 2018 CAPITAL PROJECTS/EXPENSES: The following capital expense items are included in the proposed 2018 Budget:
  - Computer Equipment: \$40,000
  - Court Security Equipment: \$34,000
  - Life-Pak 15 Cardiac Device: \$30,000
  - Stump Grinder: \$24,000
  - S-47, 2008 Scag Turf Tiger Mower Replacement (for Old River): \$15,000
  - S-48, 2009 Toro Utility Vehicle Replacement (for Old River): \$12,000
  - S-42, 1997 Ford Ranger Pickup Replacement: \$15,000
  - Safety Office Vehicle, 2011 Dodge Charger, #60 Replacement: \$44,000
  - Safety Lieutenant Vehicle, 2008 Dodge Durango, #70 Replacement: \$44,000
  - City Building Carpet: \$85,000
  - City Building Chiller: \$105,000
  - OCC HVAC: \$85,000
  - Far Hills Avenue Business District Improvements: \$50,000
  - Asphalt Street Program: \$300,000
  - Concrete Street Repairs: \$50,000
  - Shafor Park Tennis Facility: \$700,000
  - Sidewalk, Curb and Driveway Apron Repairs: \$140,000
  - Water Line Improvements: \$50,000
  - Sanitary Sewer Improvements: \$50,000
  - S-20, 2002 Johnston Street Sweeper Replacement: \$250,000
- 2018 REVENUES: The 2018 budgeted revenue from the municipal income tax is \$7.4 million. This is about the same amount that was collected in 2016 and estimated for collection in 2017. The projected 2018 property tax revenue is approximately \$100,000 higher than 2017 as a result of the Montgomery County triennial property revaluation. The distribution of property tax revenue shows that about 70% goes to Oakwood Schools, about 8% to the city of Oakwood, about 1% to Wright Library, and about 21% to county agencies. As has been the case since 2014, the city is budgeting zero revenue from the Estate Tax.

- 2018 LINE ITEM BUDGET: Mr. Klopsch reviewed details of the line item budgets for General City Services, Refuse Operation, Water Utility, Sanitary Sewer Utility and Stormwater Utility. There is no tax rate increase proposed in 2018, but there is a staff recommendation to limit the credit given for municipal taxes paid to other jurisdictions. This will be discussed in more detail during the latter part of the meeting.

For General City Services, the 2018 budgeted revenue is \$12,244,022 versus \$12,254,657 in 2017. The 2018 budgeted expenses for General City Services are \$12,779,323, compared to \$12,816,808 in 2017.

For Refuse Operations, the 2018 beginning balance is estimated to be around \$530,000. There are no capital expenses planned in 2018. Refuse rates were last raised in January 2016 when they were increased from \$25 to \$27 per month. There is no rate increase proposed for 2018. The 2018 revenues are budgeted at \$12,229,600, and the 2017 budgeted revenue was \$1,227,600. The 2018 budgeted expenses are \$1,266,651, and the 2017 budgeted expenditures were \$1,260,380.

For the Water Utility, the 2018 beginning balance is estimated to be around \$1,040,000. There is \$50,000 included for capital expenses in 2018. Water rates were last increased in January 2017 and Oakwood currently has the 8<sup>th</sup> lowest water rates of 66 Miami Valley jurisdictions. The 2018 budgeted revenue for the Water Utility is \$1,246,500, while the 2017 budgeted revenue was \$1,246,000. The 2018 budgeted expenditures are \$1,090,386, while the 2017 budgeted expenditures were \$1,249,722.

For the Sanitary Sewer Utility, the 2018 beginning balance is estimated to be around \$730,000. The 2018 budget includes \$50,000 for capital expenses. Sewer rates were last raised in July 2009. Montgomery County announced late last week that it will raise sewer fees by 14% in 2018. This necessitates the need for Oakwood to raise fees. Oakwood currently has the 30<sup>th</sup> lowest sewer rates of 63 Miami Valley jurisdictions. Staff is presently working on a proposal for the sanitary sewer rate increase. The 2018 budgeted revenue for the Sanitary Sewer Utility is \$1,542,200 (not including the rate increase), while the 2017 budgeted revenue was \$1,545,700. The 2018 budgeted expenditures are \$1,580,987, while the 2017 budgeted expenditures were \$1,595,356.

For the Stormwater Utility, the 2018 beginning balance is estimated to be around \$280,000. The 2018 budget includes \$250,000 in capital expenditures. The monthly residential fee of \$7 per property was last increased in January 2017 and there is no fee increase proposed in 2018. The 2018 budgeted revenue for the Stormwater Utility is \$327,100, while the 2017 budgeted revenue was \$326,100. The 2018 budgeted expenditures are \$543,596, while 2017 budgeted expenditures were \$287,398. The significant increase is a direct result of the \$250,000 capital expense. This is to purchase a replacement street sweeper.

- 1-YEAR AND 5-YEAR FINANCIAL PROJECTIONS: Mr. Klopsch reviewed 1-year and 5-year financial projections. Given the proposed budget, the eight general operating funds that provide resources to pay for general city services begin 2018 at \$9,378,051 and end 2018 at \$9,220,689. The Refuse Utility begins 2018 at \$528,791, and ends 2018 at \$491,740. The Water Utility begins 2018 at \$1,043,865, and ends 2018 at \$1,199,979. The Sanitary Sewer Utility begins 2018 at \$726,131, and ends 2018 at \$687,344. This 2018 year end figure does not include new revenue that would be received with a rate increase. The Stormwater Utility begins 2018 at \$276,742, and ends 2018 at \$60,246. In terms of five year projections, Mr. Klopsch made the following comments:

- For General City Services, it is his recommendation that the city rely on income tax to provide the majority of the financial resources needed to provide general city services, and to forego any requests over the next few years to raise property taxes. To accomplish this, the city will need to take action in regard to the municipal income tax, either to put in place a tax credit limit or to ask the voters to raise the total tax rate. Staff's recommendation is to establish a tax credit limit.
  - Balances in the Refuse Operation are sufficient through 2018. However, due to capital expenses over the next three to four years, the \$27 per month fee will likely need to be increased by \$2 or \$3 in 2019 or 2020.
  - Given the January 2017 rate increase, the Water Utility should be okay without further rate increases through 2019 or through 2020.
  - For the Sanitary Sewer Utility, the city has not raised rates over the past eight years. Over this eight year period, the city of Dayton and Montgomery County have raised their fees several times. These fee increases impact Oakwood because we use Dayton and Montgomery County for wastewater treatment. Given this fact, and the upcoming 14% rate increase from Montgomery County, the city will need to raise sanitary sewer rates in 2018.
  - The Stormwater Utility balances should be okay without any rate increase through 2020 or 2021.
- MUNICIPAL INCOME TAX: Mr. Klopsch reviewed the current situation with the municipal income tax. Since Oakwood gives 100% credit for municipal income taxes paid to other communities, the city has lost more than \$3.2 million dollars in revenue over the past 10 years as neighboring communities have raised their income tax rates. Beginning in 2017, the annual loss is about \$800,000. With Dayton and Moraine tax rates now at 2.5%, matching Oakwood's rate, the city of Oakwood no longer receives any municipal income tax from Oakwood residents that work in Dayton or Moraine. Historically, the annual growth in municipal income tax revenue has allowed the city to avoid increasing other taxes. Mr. Klopsch reviewed three options for addressing the loss of income tax revenue. One scenario involves Oakwood City Council establishing a credit limit; a second scenario involves Oakwood City Council reducing the allowable credit; and the third scenario involves the citizens of Oakwood voting to raise the city's tax rate. Mr. Klopsch noted pros and cons of each option and invited comments from the BRC members. After some discussion, Mr. Klopsch stated his recommendation that the city choose the second option involving establishing a reduced credit. That proposal would provide residents with a 90% credit on taxes paid to other jurisdictions, versus the existing 100% credit. Given the positive comments from BRC members, Mr. Klopsch asked for a show of hands in support of this reduced credit proposal. Nearly all of the 21 members present raised their hands. Mr. Klopsch asked if anyone present objected to the proposal. No members stated an objection.

Mayor Duncan thanked Mr. Klopsch for the presentation and thanked the BRC members for their volunteer service to the city.

There being no other business, Mayor Duncan adjourned the meeting at 6:42 p.m.

  
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Chairman