

Oakwood, Ohio  
October 15, 2019

The Oakwood Citizen Budget Review Committee (BRC) met at 5:30 p.m. on Tuesday, October 15, 2019. The meeting took place in the city council chambers, 30 Park Avenue.

The following people attended:

Budget Review Committee

Howard Boose	Ella Himes
Caitlin Botschner	John Jervis
Steve Brooks	Megan Kavanaugh
Jim Broz	Chas Kidwell
Dave Dickerson	Mark Risley
Nick Endsley	Leigh Turben
Bill Frapwell	Sarah Waechter
Michael Hayes	

Oakwood City Council

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

City Staff

City Manager Norbert Klopsch  
Leisure Services Director Carol Collins  
Finance Director Cindy Stafford  
Law Director Rob Jacques  
Public Safety Captain Mike Jones

Mayor Duncan opened the meeting with a welcome and self-introductions. He then asked for a motion to approve the minutes of the September 10, 2019 meeting. Motion to approve by Jim Broz; 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 addressing concerns recently voiced regarding the racial make-up of persons issued traffic citations in Oakwood. A report written by Advocates for Basic Legal Equality, Inc. ("ABLE") suggests that there may be problems with how traffic stops are conducted. Oakwood City Council and staff take all matters related to the delivery of public safety services very seriously, and believe that there is not any explicit or implicit bias exercised within the Public Safety Department. In reviewing the ABLE report, the city identified numerous issues that question any conclusion and merit further analysis. These issues are outlined in a public statement made by Mayor Bill Duncan at the October 7 city council meeting. The city is committed to continue working to understand the ABLE report, and plans to make a public status report at Council's December 9 meeting.

Mr. Klopsch delivered the following presentation:

- 2019 FINANCIAL REPORT THROUGH SEPTEMBER: Mr. Klopsch shared that at the end of 2019, the city will have continued to provide comprehensive services and, based on current projections, will have:
  - \$323,030 more in General City Services funds.
  - \$82,285 more in Refuse funds.
  - \$61,380 less in Water funds.
  - \$351,181 more in Sanitary Sewer funds.
  - \$39,431 more in Stormwater funds.

General City Services Fund receipts through September are at 87% of budget, while disbursements are at 67% of budget. Refuse Fund receipts through September are at 74% of budget and disbursements are at 66% of budget. Water Utility Fund receipts through September are at 75% of budget and disbursements are at 56% of budget. Sanitary Sewer Utility Fund receipts through September are at 78% of budget and disbursements are at 54% of budget. Stormwater Utility Fund receipts through September are at 75% of budget and disbursements are at 54% of budget.

- INCOME TAXES AND PROPERTY TAXES: The Municipal Income Tax typically grows each year, helping to offset annual cost increases. The 10% credit reduction was estimated to recover about \$600,000 of lost receipts for the year. Through nine months, it has recovered about \$458,000. The city is budgeting 2020 gross income tax receipts at \$8.35 million.

The city is budgeting 2020 gross property tax receipts at \$2.63 million. The city of Oakwood has two voted property tax issues. Of the total property tax bill that Oakwood residents pay, only about 8.5% is received by the city to pay for city services. Staff is hopeful that both voted property tax issues can simply be renewed at the end of the current terms, November 2021 for the 2.72 mill issue, and November 2023 for the 3.75 mill issue.

- 2.72 Mill Property Tax:
  - The tax issue was first approved in November 1991.
  - It has a five year term and started generating revenue in 1992.
  - The current effective mills is 1.40.
  - The tax issue raises about \$460,000 annually.
  - The tax on a \$200,000 value home is about \$97 annually.
  - The next renewal is November 2021.
- 3.75 Mill Property Tax:
  - The tax issue was first approved in May 2013.
  - It has a five year term and started generating revenue in 2014.
  - The current effective mills is 3.33.
  - The tax issue raises about \$1,060,000 annually.
  - The tax on a \$200,000 value home is about \$203 annually.
  - The next renewal is November 2023.

The 2019 Residential Real Estate Tax breakdown consists of 68.4% to Oakwood Schools; 1.7% to Montgomery County; 0.3% to Developmental Disabilities; 2.0% to Five River MetroParks; 13.7% to Human Services; 4.0% to Sinclair; 8.5% to the city of Oakwood; and 1.4% to Wright Library.



- 2020 CAPITAL PROJECTS/EXPENSES: The proposed 2020 budget has not changed from what was presented at last month's BRC meeting, except the amounts for Asphalt Street Repairs was reduced from \$300,000 to \$200,000 and Concrete Street Repairs was reduced from \$250,000 to \$200,000. Below is a comparison of 2019 and 2020 capital expenses:

	<u>2019 Budget</u>	<u>2020 Proposed</u>
General City Services:	\$1,461,100	\$1,333,100
Refuse Operations:	\$220,000	\$320,000
Water Utility:	\$290,000	\$30,000
Sanitary Sewer Utility:	\$50,000	\$380,000
Stormwater Utility:	\$0	\$160,000

- 2020 LINE ITEM BUDGET: Mr. Klopsch reviewed details of the line item budgets for General City Services, Refuse Operations, Water Utility, Sanitary Sewer Utility and Stormwater Utility. At the end of 2020, the city will have continued to provide comprehensive services and will, based on the proposed budget, have:
  - \$243,885 more in General City Services funds.
  - \$304,776 less in Refuse funds.
  - \$1,812 more in Water funds.
  - \$66,490 less in Sanitary Sewer funds.
  - \$201,144 less in Stormwater funds.

The 2020 proposed budget does not include income tax increases, property tax increases, or increases to refuse, water or sanitary sewer rates. The goal is to avoid property tax increases over the next few years, with just a renewal of the 2.72 mill issue in 2021, and possibly just a renewal of the 3.75 mill issue in 2023. Mr. Klopsch proposed to raise the monthly stormwater fee by \$3. This increase is explained on page 4.

For General City Services, the 2020 beginning balance is estimated to be \$9,666,524 for General Operations. The 2020 budgeted revenue is \$13,641,843 versus \$13,009,892 in 2019. The 2020 budgeted expenditures for General City Services are \$13,397,958, compared to \$13,906,058 in 2019. City Council will have a second reading at the November 4, 2019 public meeting on a supplemental appropriation ordinance to approve two expenditures that are not already included in the 2019 budget. One is the early payoff of a liability owed to the state of Ohio, and the other is the purchase of a vehicle for use by the Director of Engineering and Public Works. The current payoff figure for Oakwood's remaining liability of the Ohio Police & Fire Pension Fund ("OPFP") is \$422,137, which continues to incur interest at an average rate of 4.25 percent. Due to the difference between that interest rate and the amounts generated by city investments, it costs the city more to carry this debt, and paying off this liability early is the most prudent use of city resources. By paying off the liability now, the city will save approximately \$151,000 in interest expenses that would otherwise accrue between now and 2035. It should be noted that 0.3 mills of the city's inside-millage property tax revenues, which amounts to approximately \$96,000 annually, have been dedicated to servicing this liability. Once the liability is paid off, the Montgomery County Budget Commission has approved the reallocation of that money to the city's General Fund going forward. The other expenditure is for a vehicle for the Director of Engineering and Public Works. The city has not employed a full-time Director in that department since the previous Director resigned in the fall of 2014. Those duties have been assumed by the City Manager in the interim, but a full-time Director of Engineering and Public Works will be hired later this year. The city no longer has a vehicle available for use by

the person in that position and needs to acquire one. In total, this supplemental appropriation will authorize the transfer of \$454,000 from the city's General Fund, with \$422,000 going to the Police Pension Fund and \$32,000 going to the Equipment Replacement Fund in order to pay for these expenditures. The 2020 budget includes \$1,333,100 for capital expenses.

For Refuse Operations, the 2020 beginning balance is estimated to be \$616,985. Refuse rates were last raised in January 2019 when they were increased from \$27 to \$30 per month. The 2020 revenues are budgeted at \$1,350,600, and the 2019 budgeted revenue was \$1,375,400. The 2020 budgeted expenses are \$1,655,376, and the 2019 budgeted expenditures were \$1,532,666. The City is enhancing the Creager Field Recycling Facility by providing four containers for cardboard dumping, and making the facility more accessible and convenient. When completed, Oakwood will pay \$7,532 and the Montgomery County Solid Waste District grant will cover the remaining cost of \$16,720. The 2020 budget includes \$320,000 for capital expenses. This includes \$300,000 for a new refuse packer truck.

For the Water Utility, the 2020 beginning balance is estimated to be \$1,135,981. Water rates were last increased in January 2017 and Oakwood currently has the 7<sup>th</sup> lowest water rates of 66 Miami Valley jurisdictions. The 2020 budgeted revenue for the Water Utility is \$1,173,500, while the 2019 budgeted revenue was \$1,172,800. The 2020 budgeted expenditures are \$1,171,688, while the 2019 budgeted expenditures were \$1,409,302. There is \$30,000 included for capital expenses in 2020.

For the Sanitary Sewer Utility, the 2020 beginning balance is estimated to be \$1,411,502. Sewer rates were last raised in January 2018. Oakwood currently has the 46<sup>th</sup> lowest sewer rates of 63 Miami Valley jurisdictions. The 2020 budgeted revenue for the Sanitary Sewer Utility is \$1,799,700, while the 2019 budgeted revenue was \$1,798,900. The 2020 budgeted expenditures are \$1,866,190, while the 2019 budgeted expenditures were \$1,588,850. The 2020 budget includes \$380,000 for capital expenses. This includes \$330,000 for a new sewer vacuum truck.

For the Stormwater Utility, the 2020 beginning balance is estimated to be \$309,605 with an estimated end of 2020 balance of only \$108,461. The 2020 budget includes \$160,000 for capital expenditures. The 2020 budgeted revenue for the Stormwater Utility is \$328,900, while the 2019 budgeted revenue was \$328,900. The 2020 budgeted expenditures are \$530,044, while 2019 budgeted expenditures were \$362,641. Mr. Klopsch proposed to raise the monthly stormwater fee by \$3. This increase will generate about \$138,000 in additional revenue that is needed to pay for a storm sewer improvement on Ridgewood Avenue, and to begin building up some funds to address major stormwater improvements on Far Hills, Devereux, Dellwood and Forrer.

There being no other business, at 6:45 p.m. Mayor Duncan and Mr. Klopsch thanked the committee members for their service and the meeting was adjourned.

VICE  Chairman