

CUYAHOGA FALLS CITY COUNCIL

Minutes of the Meeting of the Finance & Appropriations Committee

December 1, 2014

Call to Order

The meeting was called to order by Mrs. Klinger, Chair, at 6:50 p.m. A quorum was present.

Approval of the Minutes

Without objection, the minutes of the meeting of November 3, 2014 were approved.

Non-Agenda Items

The Chair asked the Finance Director, Mr. Brian Hoffman, to review the Report 21 for the period ending October 31, received the prior week. On the revenue side, Mr. Hoffman stated that admissions tax revenue is projected to be \$396,000 in 2014, well over budget, due to one extra show as Blossom. The Local Government Fund is down about \$33,000 year over year, and is projected to finish the year about \$30,000 less than 2013. \$270,000 in allocated internal service fund charges for computer upgrades were projected in 2014, and the actual amount is within \$11,000 of this number. Income Tax receipts are up 3% over 2013, and receipts over budget, which were \$572,000 in the September report, are now \$689,000. Gasoline excise tax receipts are up \$17,000 YTD, and projected to finish \$22,000 over budget and \$18,000 over 2013. Hotel/Motel tax is \$10,000 over budget YTD and is projected to finish \$11,500 over budget. Cable TV franchise fees are down \$33,000. Water and Sewer funds are positive due to tap-in fees from new development. Natatorium Revenue continues to be down as against expenses, but management is closing the gap, now projected to be \$33,000 at the end of the year. Brookledge, and Quirk are down by nominal amounts. Downview is down by \$25,000.

On the expense side, projections are in line with budgets. There are no concerns.

The Chair recognized Mr. James who asked Mr. Hoffman to explain the revenue decrease at Downview. Mr. Hoffman stated the negative numbers are due to a wet Spring, and the numbers were not made up over the course of the year.

## Agenda Items

### Temp. Ord. A-100

An ordinance establishing annual appropriations of money for the current expenses, capital expenditures, and other expenses of the City of Cuyahoga Falls for the fiscal year ending December 31, 2015, and declaring an emergency.

The Chair recognized Electric Superintendent Mr. Michael Dougherty relative to the proposed budget of the Electric Department.

Mr. Dougherty stated a revised budget for the department moves money from salaries to contractual services because the City will hire a consulting engineer rather than hire an in-house engineer.

The Chair asked Mr. Hoffman to discuss the assumptions used in preparation of the 5-year General Fund projection. Mr. Hoffman stated that he assumes personnel services and other services will be flat during the five year period. The Chair asked if any allowance had been assumed for wage increases. Mr. Hoffman stated he did not make such an allowance. Future wage increases will need to be built into these expectations. The Chair asked what difference will be made by automatic step increases apart from negotiated contract changes. Mr. Hoffman stated automatic step increases would account for about \$100,000 per year. The wage increases were not included in the projection because there may be employee turnover which would offset these increases.

The Chair asked what assumptions were made for income taxes. Mr. Hoffman stated that he projected a 1.5% increase each year.

The Chair asked what assumptions were made for health care costs. Mr. Hoffman stated that he assumed health care costs would be flat. All salaries and benefits are assumed to be flat over the 5-year period. Real estate tax receipts are assumed to increase 0.5% each year. Local Government Fund receipts are assumed to increase 0.5% each year.

On the expense side, there is assumed a dramatic drop in long term debt service payments after 2015. Approximately \$6 million in short term debt will be issued in 2015, and this debt may be converted to long term debt after 2015. Transfers into the Street Construction and Maintenance Fund are assumed to be \$500,000, up from \$400,000 in 2014 but still less than the \$600,000 as it was in 2013. Revenue sources for this fund are flat. Other Operations and Maintenance will receive the admissions tax revenue from Portage Crossing.

The Chair stated that the General Fund balance is projected to be \$7.7 million at the close of 2014, dropping to \$6.4 million at the close of 2015, \$5.7 million at the close of 2016 and \$5.2 million at the close of 2017, assuming no changes in wages. Mr. Hoffman stated there will be much work to be done to meet these projections. The Chair stated the good news is that the budget for 2014 projected a \$1.5 million deficit, but is now projected to finish with a surplus of \$200,000. However, the City's large General Fund balance could slip away very quickly.

The Chair asked Mr. Hoffman to review the City's debt portfolio. Mr. Hoffman stated that the City's debt schedule is listed by fund: enterprise funds, special revenue debt, and capital projects debt. The payment plan for 2015 is provided. The City will pay off \$1.15 million in notes and issue \$3.7 million in new notes for the Natatorium and \$1.8 million in new notes for water improvements. \$6 million in notes will be issued for State Road Improvements, reflecting a pay off of \$600,000 on the notes previously issued. Two other

notes related to State Road were paid off in the amount of \$800,000. In total \$1.5 million in capital improvement notes were paid off. The Chair asked if any long term debt would be issued in 2015. Mr. Hoffman stated it is dependent on interest rates. The Chair stated that the City started the year with \$38 million in total debt and will finish with \$32.6 million, and will finish 2015 with about \$30 million in total debt. Mr. Hoffman stated this is correct.

The Chair asked Mr. Hoffman to review revised Exhibits A, A-2, and B. Mr. Hoffman stated the transfer to the Capital Projects Fund has been set at zero due to the State Auditor's report. Under Exhibit B, the first \$129,600 of admissions taxes related to Portage Crossing will be paid to the developer of Portage Crossing. Receipts are not expected to exceed this number.

The Street Construction and Maintenance Fund is reduced by \$375 based upon the City cancelling the NAPA contract. The Sanitation Fund will be decreased by \$15,000 for the same reason. The Electric Fund is changed by \$85,000 related to the change in personnel plans, and \$1.4 million is related to revision of power costs.

Motion by Mr. James to amend Temp. Ord. A-100 by substitution of the provided exhibits with the new Exhibits A, A-2 and B provided by the administration and dated December 1, 2014. Seconded by Mr. Iula. Motion adopted by acclamation. The ordinance was amended.

There was no opponent testimony. There was no public comment.

Motion by Mr. James to release Temp. Ord. A-100 as amended with a favorable recommendation. Seconded by Mr. Iula. Motion adopted by acclamation.

Temp. Res. A-106

A resolution requesting the Summit County Fiscal Officer to make advance distribution of tax receipts payable to the City of Cuyahoga Falls, and declaring an emergency.

The Chair stated that the resolution authorizes the County to pay property taxes to the City in advance. The Chair recognized Mr. Hoffman, who stated that funds are distributed from the County monthly in advance even though property taxes are collected only twice per year. The advance is made and settlement is made twice per year. This is done for cash flow purposes.

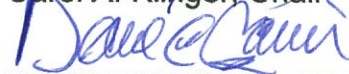
There was no opponent testimony. There was no public comment.

Motion by Mr. James to release Temp. Res. A-106 with a favorable recommendation. Seconded by Mr. Iula. Motion adopted by acclamation.

Without objection, the Chair adjourned the meeting at 7:24 p.m..



Carol A. Klinger, Chair



Paul A. Janis, Clerk of Council