

# Canal Winchester

*Town Hall  
10 North High Street  
Canal Winchester, OH 43110*



## Meeting Minutes - FINAL

June 18, 2018

6:15 p.m.

### PUBLIC HEARING

### City Council

*Bruce Jarvis - President  
Mike Walker – Vice-President  
Jill Amos  
Will Bennett  
Bob Clark  
Mike Coolman  
Patrick Lynch*

- A. Call To Order *Jarvis called the meeting to order at 6:23 p.m.*
- B. Roll Call *Present 7 – Amos, Bennett, Clark, Coolman, Jarvis, Lynch, Walker*
- C. Purpose of Public Hearing

[ORD-18-021](#) An Ordinance Approving and Adopting the 2019 Tax Budget ([Ord. Tax Budget](#))

D. Staff Report

*Jackson: We're here this evening to talk about the 2019 tax budget; just a little bit of clarification about why we're doing this: these are the two revised code sections that govern our need to do this; on or before July 15<sup>th</sup> each year, we have to adopt a tax budget for the next fiscal year; our fiscal year is our calendar year – so January 1<sup>st</sup> to December 31<sup>st</sup>; we also have to hold at least one public hearing, hence the reason we are here this evening; I have to submit this to both Franklin and Fairfield county auditors before July 20<sup>th</sup> of this year; the purpose of doing this tax budget is to look at our revenue; we have to determine what we expect to receive next year, basically this is done by looking at where we've been in the past, and where we expect to go in the next 12 months; we are setting the limit for the amount of money that we will appropriate later this year; for example, if I have a million dollars in my fund balance, I'm expecting to take in 2 million dollars in '19, I know that I only have 3 million dollars that I can appropriate legally; that's what we're looking at when we're doing this tax budget; ultimately, the tax budget is to really look at voted debt, and adjusting those tax rates to cover voted debt payments for the next year; we do not have any voted debt, so our millage never changes, we stay at that 2.0 mills; we are still required to do a tax budget.*

*Jackson: The general fund is our least restrictive and largest fund, basically the majority of the activity of the city goes through the general fund; the only things that don't typically are utility funds, and then we do have some special revenue funds that other activity runs through, but those are our smaller funds; in the general fund, the revenue is derived from taxes, licenses fees, permits, charges for services, and state funding; I think most of you are aware that income tax is our single largest revenue source for the city, making up 79% of our revenue; this does not fluctuate much from year to year; as you can see, we are extremely dependent on our income taxes; where does that income tax revenue come from? 81% of it comes from withholdings – so that's employers withholding it from a paycheck; businesses make up 13%, and then individuals make up 6%; this stays pretty consistent from year to year, these percentages – they don't fluctuate too much; so in 2017, these are the dollar figures that equated to a total of just under 7 million dollars in income tax revenue; I did want to note that our top 3 business taxpayers are 23% of our income tax revenue; that's a huge number, that's something that is worth looking at as we move ahead into the future, and income tax is one of those things that's talked about a lot at the state level, and maybe taking it out of the hands of the municipality; that's key for us, if one of those 3 businesses were to go out, what would that do for us – and that's what we need to plan for.*

*Jackson: In 2019, it's projected to increase, or I'm projecting it to increase to 6.9 million dollars; this is a half million dollars over our 2018 budgeted receipts, so that's an 8% increase; that seems high, but 2017 we actually took in just under 7 million dollars, so this is still a very*

*conservative estimate of where we will really, truly end in 2018; 2018 – we are on track to exceed that 6.4 million dollars that we budgeted for; I do want to point out something in your packets this evening for the council meeting – the May financial statements; the income tax revenue amount from month to month is going to get a little bit harder for me to tell you just how we're doing; I think most of you know that the state opted to pass legislation allowing businesses to file their net profit tax through the Ohio Business Gateway, so that goes to the state rather than the City of Columbus, who is our collection agency; they do not remit those collections to us monthly, they do it quarterly now; that could have some – like I said, some effect on my ability to compare year-to-year, and sometimes even month-to-month moving forward.*

*Jackson: This is sort of a little history of our income tax collections; you can see the darker maroon-ish color is our actual collections, the orange is what we have typically budgeted, again, very conservative; the yellow there in 2018 is where I'm projecting us to end, so just a little over 7 million dollars; I think our 6.9 budgeted number for 2019 is still right well within where we're going to finish, without being too overly ambitious about those revenues; our other revenue sources in the general fund – these are our next 5 largest, so building & development fees, property taxes, special assessments, the pool, and cable TV franchise fees; I do want to point out – the decrease in special assessments; special assessments are, for example, when we do a road project, and we tax that back to the property owners that are benefitting from that road project; we did have one that the final payoff was made in '18; that's the decrease that you'll see moving into '19; Jarvis: Special assessments would reflect a tif agreement? Jackson: No, this is separate from a tif agreement; the tif funds are done in their own funds, and we will actually talk about that in a couple minutes; a smaller example of the special assessment would be us mowing for somebody who failed to do it under our code; we pay a contractor to do it, and then we turn around and put it on their taxes; we did a sanitary sewer project I believe that was special assessed, many years ago; those are the types of special assessments; Diley Road was a special assessment – so those are paid with property taxes; when it comes in from the county auditor it's a separate line, and we track it separately for revenue purposes; Hollins: Those are all voluntary – we did it on Gender Road too, for a local share instance, it allowed the businesses to help us out, and do it over a period of years; they did it voluntarily; Jackson: This is the list of the remaining general fund revenue sources, and the comparison from '18 to '19; as you can see, the Bed Tax Grant is new, and that's something we've talked about many, many times, so I won't go into that again; everything is predicted to stay very consistent with where we are in '18, I'm not expecting any big surprises when it comes to these revenue sources; you can actually see our '17 actuals in the far right-hand column; you do all have a copy of this in your email, so hopefully after tonight's presentation, if you want to go through it again and you have any questions, feel free to let me know; the total budgeted revenue in the general fund for 2019 is just over 8.7 million dollars; here's where we've been over the last 10 years; again, it's slowly increasing – which is fantastic, but you can also see that our expenditures are increasing in tune with this; from 2018-2019 that's a 5.6% increase; while the income tax is expected to increase from our 2018 projections, the other revenue isn't expected to increase as much, partially because of those special assessments that we just talked about; those kind of offset each other, to this 5.6%.*

*Jackson: Let's talk expenditures – while I don't necessarily have to do expenditures in the sense of having council approve them, I do have to put them on the tax budget; in the Fall, the final appropriations will come to council for approval; this is very high level at this point – there are projects that haven't been identified; we're really looking at the funding by department, and what we anticipate to happen; as I'm sure most of you know, a lot can happen between now and the Fall; these may change before the final appropriations; again, like I mentioned earlier, the majority of the city expenses are paid from the general fund; those types of expenditures are our salaries and benefits; contract services, O&M, and capital outlay; for 2019, our expenditures equal our revenues – therefore we are not dipping into our fund balance for 2019; historically, we do not spend everything that we appropriate, which means historically our fund balance will increase, which we'll touch on in a minute; when you look at the tax budget, it might be a little bit hard to decipher, so I wanted to put this slide in here so that you know how it is that we group our various departments into the tax budget; this is more of an FYI or a reference for you, for the future; the general government is sort of the all-encompassing – so that's where you're going to find the mayor, the finance department, even what we generally call the public service department – things along those lines, anything that's not covered under those other ones, will fall under the general government; council falls under that as well; from a staffing perspective, right now the budget includes a 3.5% increase; obviously our merit scale has not been determined, that will be determined later on in the year when we do the final appropriations; this does include a full time HR coordinator and an administrative assistant, but those are subject to needs, so that's not to say we will do that; it does include 5 seasonals and an intern, typically the intern is in the development department; benefits are estimated to increase approximately 6.5%; the majority of this is healthcare costs – again, they're on the rise, as they have been for a number of years now; salaries and benefits make up about 25% of the total general fund budgeted amounts right now; you can see in 2017, our actual was 23%, so that's right in line with what we expected; across all funds - so this would include the utility funds, and the special revenue funds, we're looking at 24% of our entire budget – so again, right in line; Jarvis: Before we move on – the 2 full-time positions you've identified; you've budgeted for those – at this stage of the game, is it concluded by staff that those positions are needed? Jackson: Not necessarily, a couple years ago we did a 5 year staffing projection; basically that's what this budget is going off of; Jarvis: 2002 was the first year that that was identified? Jackson: Yes – so again, we will sit down once we get into the fall and determine if it's needed, and is it needed all year? Maybe it's not something we determined we don't need January 1, but maybe it's something we're going to look at for July 1; so that's kind of our process; there are increases in contract service lines; I think we touched on that a little bit at the last meeting; some of these are known, some of these are unknown; some of these contractors we ask for more; the cost of business is just going up, so we've included increases for those; the sheriff's contract, the pool management contract, the development department and construction contracts – that's mostly inspection services, plan reviews, things like that; just some of our general maintenance contracts, whether that's building maintenance, or contractors that work on the street lights, those types of maybe smaller contracts that we know are going to have an increase; overall, we are budgeting for a 4% increase in expenditures, which is actually not too bad; some of the planned projects – again we haven't necessarily nailed down the specifics, but some of these are yearly projects; our street and sidewalk program that Mr. Sims talked about earlier, the street*

tree planning; we've identified some pool maintenance that needs to take place next year, so we budgeted accordingly for that; some park upgrades – we finished the parks master plan, so now it's time to start implementing that; there's money set aside, again specifics have not been determined on that; the sheriff's SUV – this is something we have been working with the Fairfield County Sheriff's Department on for the last couple of years; they're trying to phase out the Dodge chargers; we were hoping to wait until the new contract before we started that switch over; since the contract ends this year, I've budgeted for that switch over to happen next year; we just do some general computer replacements every year, so we budgeted for that, as well as some ongoing IT projects; I think Mr. Brown has talked about his server upgrade projects, and things like that; there is money in there for that as well.

Jarvis: Regarding that – what's the philosophy for replacement – is it 25% a year? Jackson: I'm not sure what Rick uses, I just know that he has it on – basically a CIP schedule, he looks at 5 years and determines maybe the average life of a computer; some of it comes down to what the position is, and I guess how 'beefy' (for a lack of a better way to put it) the computer needs to be, and what we've seen change over the years; some of us have computers that can handle a little bit more than others, and sometimes they need replaced a little more often than others; I don't know – 3 years he's doing them? That's typically what he sees when they start to give him fits; Jarvis: That's pretty aggressive, but also like you said – the technology changes pretty quickly; the equipment may not be worn out, but it's old; Jackson: Yes, unfortunately, and they slow down; so our general fund – one thing I want to point out; the table up top and the graph on the bottom are not going to match – the table on the top is going to match your tax budget; this is just assuming we get in every penny that we expect, and we spend every penny that we expect; as I said, historically we don't do that – so the graph on the bottom gives you a more realistic view of where I think our expenditures are going to end based on our trends over the last 5 years, and where our fund balance will be; I think realistically, rather than that 6 million, we're looking at a little over 7 million; we typically spend somewhere between and 89 and 92% of our appropriated money; taking that into consideration is how I develop those numbers; let's talk special revenue funds – these account for a specific revenue source that are legally restricted or committed; I know that's a lot of legal jargon, but that is the definition of a special revenue fund; we currently have 12 special revenue funds on the books; a couple of these aren't terribly active funds, but they are there; this is again, another 'FYI' slide – this tells you where the money comes from for each of these funds; for example, street maintenance, state highway – those come from the motor vehicle license tax, and the gasoline tax under the code; 92.5% goes to street maintenance, 7.5% goes to state highway; every month when the money comes in, we do that calculation and divvy it up accordingly; Mr. Jarvis you asked about tif payments earlier – the Diley Road tif and the Gender Road tif are two separate funds – that's where those payments are being directed; Jarvis: I see; Jackson: Like I said, not all of these are active – for example the FEMA grant, we haven't had anything in that fund in almost 10 years, but it's still on the books; the revenue and expenditure projections in these funds are really consistent with where we're at right now; we don't know of anything major that's going to change those revenues or those expenditures, with one minor exception in the street maintenance fund; as most of you know, we built a brand new street garage in 2015; we have an annual debt payment on that, approximately \$300,000 – in 2019, we are going to take 25% of that annual

debt payment out of that street maintenance fund; the street maintenance fund has a very, very healthy balance, so we want to start using that balance; so that equates to just under \$76,000 for that \$300,000 payment; other than that, everything is pretty status quo; just to touch more on the street maintenance fund, because it's probably the most talked about special revenue fund that we have – this shows you where our money is derived from; gasoline tax is 80% of the revenue in that; it equates to between \$260-\$275,000 a year; that really can only be used on anything road related; Jarvis: Nothing in the general fund is being used for street maintenance? Jackson: No, the general fund – the general fund can be used for pretty much anything; our street program is paid out of the general fund; we use the street maintenance fund for things like salt purchases, sometimes vehicle purchases; we do pay our street superintendent out of that fund; Jarvis: Can you go back to the previous slide, because I'm kind of missing something – Jackson: This is just revenues; Jarvis: The pie chart shows the gasoline tax as the overall amount of 80% of the street maintenance fund; I understand that the general fund is kind of the pasture, everything kind of lands there; it's coming from gasoline tax – if it didn't hit the general fund, I can't even think of how to phrase this question; Hollins: These funds – they're special funds, somewhat because it's a separate source of revenue; Jackson: It's a legally restricted source of revenue; Hollins: Amanda says legally restrictive – she means how we use it; for instance, that street maintenance fund has a list of things that we can spend money on; we can spend the general fund on anything; in our case, we get this money, it's earmarked for this fund, and we can only spend it on a list of things; like equipment we need, the housing – not the housing, the facilities, and specific salaries related to street maintenance; we could use it on actual street maintenance, but we choose to use general fund money to fund those efforts; Jarvis: When I look at this, my interpretation is that the street maintenance fund is kind of self-sufficient – that no un-appropriated general fund dollars, whatever would need to be used in this category other than maybe the miscellaneous; Jackson: This is just your revenue – this has nothing to do with expenditures, this is just where your money is coming from; on the expenditure side – here's where our money is being spent on the expenditure side; 53% of that is what we're considering the 'admin' side, which is really salaries and benefits, and then we have 'other', which is basically training for employees; 7% of it is on snow and ice removal, so that could be equipment and the salt purchases from ODOT, things along those lines; 11% is general maintenance; 29% of that is on fleet – which is our equipment, and our vehicles; Hollins: In essence, you have \$300,000 that are offsetting costs, that would otherwise be paid out of the general fund; Jarvis: Right, the percents I think that were throwing me off; when you think of it that way, then it makes sense; what was the overall budget for the street maintenance fund? Jackson: Next year – I don't have the exact number in front of me; that number is at the end of the – if you have yours open, it's at the very end; maybe it's not – maybe you just have balances; typically it's about \$330,000, I think next year it's over \$400,000 because of that debt payment; if it's not there, I'll get you that exact number Bruce; it should be in your tax budget, if anyone has that open; Peoples: \$467,000? Jackson: I know it's over \$400,000 next year, yes; the last page may just have fund balances; it may not have the revenues and expenditures on it; that information is included on the tax budget, that information is included in the ordinance; I didn't want to inundate you with the same information over and over again; Jarvis: Okay, don't mind me; Jackson: Matt said it was on page 10; Peoples: The bottom, the very bottom; Jackson: The detail I sent out earlier today? So it was \$466,000 – Peoples: \$467,150; Jackson: Like I said

earlier about the healthy fund balance in this fund – I kind of wanted to give you an idea of where we're at; this makes it look like we have this huge jump between '17 and '19, which we kind of do, because of that debt payment that I was talking about; really that range is 150 – so half of that is debt related; that yellow line is the fund balance, and you can see how much greater it is than the expenditures every year, which is why we are talking about what we can do with this money now; we don't want this money to just sit idle, we want to do something with it; hence the reason that we are looking at our options with this fund.

Jackson: These are the other special revenue funds; I'm not going to go into detail with these, because you can see just how small most of them are, with the exception of the two TIF funds; currently for 2019 we don't have any major projects planned out of those funds – the only thing would be out of the Gender Road TIF fund; we do have an agreement to make an annual payment to – I guess it was for Primrose extending Winchester Boulevard, that's a \$40,000 payment; that is budgeted for in the Gender Road TIF fund; our general obligation fund, also known as our debt fund; it pays for any debt that's not specifically related to the utilities; you can see there a list of our debt – not a whole lot out there, which is fantastic; this doesn't include the McGill Park agreement, or any of the vehicle leases; the McGill Park agreement comes out of the general fund, and the vehicle leases are spread out depending on the department that the vehicle was purchased for; we have no voted debt, so the sole revenue source for this fund are transfers from the general fund; 2019 is just over \$1,000,050; this shows you kind of where our expenditures out of this fund are going – down, which is fantastic, because that means we are paying off our debt; this is one fund that we like to see decrease every year; Jarvis: If you took the debt component out of that, would it – it would have a show slight increase, right? Jackson: This fund? Jarvis: Yes; Jackson: This fund does nothing but pay debt, so if we took the debt component out of it, the fund balance would be 0; that's all it does is pay the debt – we transfer the money from the general fund; our enterprise funds – our enterprise funds are our utility funds; water, storm, and sewer funds; in the water and sewer funds there's a projected increase in our revenue just due to general increases in usage; our increase is in our consumers; currently, we have no rate increase for 2019; the current ordinance expires as of the end of '18; we will be discussing what we feel we should for the next 4 years at a future council meeting; I think we're planning to do that after your recess in July; it also includes an increase in bulk water revenue, and an increase in expenditures for chemical and utility costs at both plants, as well as some capital outlay; the capital outlay projects at these plants never ends, no matter how many times you do an upgrade; here's historically where we're at with water and user charges; you can see that we're increasing every year; in 2019 we're predicting an increase – maybe more so in the sewer than in the water; mostly related to BrewDog – I think BrewDog has had the effect that we thought it would on our revenue, which is fantastic; I can't necessarily speak to the plants, but from my perspective things are looking good; on the expenditures side, this is kind of all over the place, this graph; what I wanted to demonstrate – especially with the water, you can see from '16 to '19, we're seeing a steady increase in our expenditures; a lot of that has to do with chemicals, the cost of chemicals keep going up; as well as utilities, our utilities are not getting any less expensive; same thing in the sewer plant, a lot of their cost is debt and utilities, as well as sludge removal; we budget accordingly for that; 2015 in the sewer looks a little funny, that's when we were finishing the

plant upgrade; you have over a half a million dollars in there that were sort of a one-time cost; the storm water fund – we are projecting a small increase in user charges, just due to all these new houses and businesses that have built in Canal Winchester; there's a huge difference between '18 and '19 because we paid out the bond anticipation notes, which was our short-term debt; we had a half million dollars that came due in May, and that is no longer on our books; the water and sewer connection funds – that revenue comes from the capacity fees, anytime someone taps into the water or sewer line; the expenditures in those funds include some planned capital outlay, as well as maybe some unplanned capital outlay – hate to say those words, but unexpected repairs do happen; in the storm water and the sewer connections fund our revenue is equal to our expenditures; you can see those figures there - \$248,000 in the storm water fund, and a half million dollars in the sewer connections fund; the water connections – we're anticipating expenditures higher than revenue; we're paying some debt out of this fund, and we've got some projects planned for it; well projects we typically plan out of there, we're doing some work at the plant, just some other things we've noted over the last year; that's \$197,000 difference dip into our fund balance, but this fund balance is very healthy, so that won't affect us much; lastly, these last 2 slides just give you estimated fund balances of where we predict we'll be at in 2018, versus where we will be in 2019; not a whole lot of decrease, you'll see more increase probably more than decrease, which is fantastic; again, I've said this multiple times, we need to start talking about how we're going to use some of this money; these are our special revenue funds on this slide, as well as our utility funds, and our debt service fund on this slide; the last 2 funds – the Meijer agency, and the Greengate Drive agency fund; agency funds – we just hold that money for someone else, so those increases you see are interest earned on those balances; at some point, they will come and ask us for that money to complete the project that that money was set aside for; obviously Greengate Drive – that money was set aside for Greengate; the Meijer – Meijer was before my time, so I have to defer to someone who was here before me as to what that one is for, but it's the extension I believe – Haire: Yeah, it's basically to extend Meijer Drive to Hill Road; Jackson: Yeah, that's what I thought; with that, I will take any questions.

Jarvis: You had said earlier that in the street maintenance fund - that it was so healthy that you were going to use \$75,000 or so for debt service against the \$300,000 for the building; that's probably a one-time move, right? Did you also adjust – did you adjust anything for the next year, as far as what you – I guess your anticipated revenue for that category? If it was a surprise, or whether it was just due to activity – Jackson: Are you talking for '19? Jarvis: Yeah; Jackson: I did budget for a slight increase, but very minimal – less than \$10,000 just based on what we've been seeing over the last several years; Jarvis: If it happens again over time, that money has to stay within that category, right? Jackson: Yes, correct; Jarvis: You can't move it around; Jackson: No; Clark: Amanda, you probably brought this up at council meetings, I just can't remember; the revenue under miscellaneous – in '16 it was around \$100,000, then it jumped up to \$747,000, and now it's back down to \$117,000; Jackson: In the general fund? Clark: Yes; Jackson: Some of that has to do with breaking out how I'm showing some of those revenue line items; back in the old system, we had a lot of stuff that didn't have a place to go, so it went under miscellaneous; when we moved to the new system, I started breaking that out; interest is a separate line item – insurance claims, that could be a huge one Mr. Clark – I know



*we talk about this all the time, our light poles get hit, and we get reimbursed from insurance companies; I've broken that out now; I can't necessarily speak off the top of my head about 2016 exactly, I can look it up; Clark: It went from 107 in '16, then jumped in '17 to \$747,000; in your budget, your estimate for '18 was \$117,000; Jackson: It was what number in '17 you said? Clark: \$747,000; Jackson: That was a sale of property; Clark: Okay, I remember that; Jackson: Yes, at Canal Pointe; so not something that we typically see every year; Clark: Right, got it.*

**E. Public Comments – Five Minute Limit Per Person - NONE**

**F. Council Discussion and Recommendation**

*Jarvis: Anyone have any questions for Ms. Jackson? Jackson: If not, while you're reviewing this over the next couple of weeks, please feel free to give me a call, stop in the office, shoot me an email – I'd be happy to answer them; Jarvis: On behalf of everyone, I'd like to thank you for a very comprehensive and cohesive presentation; I think you hit the right level as far as being able to understand it, and being able to work with these numbers, and be mystified with them a little bit.*

**G. Adjournment at 6:57 p.m.**

***A motion was made by Bennett, seconded by Clark to adjourn.  
The motion carried with the following vote:***

***Yes 7 – Bennett, Clark, Amos, Coolman, Jarvis, Lynch, Walker***

