



CITY OF WORTHINGTON
Worthington City Council Minutes

October 8, 2018

6550 N. High Street
Worthington, Ohio
43085

CALL TO ORDER – Roll Call, Pledge of Allegiance

Worthington City Council met in Regular Session on Monday, October 8, 2018, in the John P. Coleman Council Chambers of the Louis J.R. Goorey Municipal Building, 6550 North High Street, Worthington, Ohio. President Michael called the meeting to order at or about 7:30 p.m.

ROLL CALL

Members Present: Rachael R. Dorothy, Douglas Foust, Beth Kowalczyk, Scott Myers, Douglas K. Smith, David Robinson, and Bonnie D. Michael

Member(s) Absent:

Also present: City Manager Matthew Greeson, Assistant City Manager Robyn Stewart, Director of Law Tom Lindsey, Director of Finance Scott Bartter, Director of Service & Engineering Dan Whited, Director of Planning & Building Lee Brown, Director of Parks and Recreation Darren Hurley, Chief of Police Jerry Strait, Chief of Fire John Bailot, Clerk of Council D. Kay Thress, and Assistant City Clerk Ethan Barnhardt

There were 3 visitors present.

PLEDGE OF ALLEGIANCE

President Michael invited all to stand and join in reciting the Pledge of Allegiance to the flag.

REPORTS OF CITY OFFICIALS

Discussion Item(s)

- Overview of Operating Budget, Capital Improvements Program and Five-Year Forecast

Mr. Greeson remarked that tonight's meeting will serve as the kickoff for the more formal, City Council and public engaged portion of the budget process. This began in July as a conversation with Council about what was important and what type of process was going

to be undertaken in the fall. Distributed tonight is the proposed 2019 Operating Budget and the proposed 2019-2023 Capital Improvements Program document. He thanked those people who have put in a lot of work throughout the budget process to put this document together. Specifically, Mr. Bartter and the Finance Department team, and Ms. Stewart for her work putting together the Capital Improvements Program.



Purpose of the Budget

Worthington City Charter Section 4.02

"The City Manager, at least sixty days prior to the beginning of each budget year, shall submit to Council an operating budget estimate and an explanatory budget message after consultation with the head of each department..."



Mr. Greeson explained that the City Charter requires the budget to be submitted at least sixty days prior to the end of the year. Our budget attempts to organize how we pay for services, capital investments, and personnel costs which make up the large majority of expenditures. This document continues to prioritize the City's robust and high level of services. It is aimed at maintaining those service levels because they are valued and expected in the community. The discussion tonight will also touch on the utilization of some one-time revenue that can be used for strategic investments into things such as recreation fee analysis, water and sewer surcharges analysis, and traffic signal and waterline assessments. Finally, there has been the attempt by Mr. Bartter and his team to create a more utilitarian and transparent budget document that will allow users of the budget to understand where the money goes.

Mr. Bartter detailed the Revolving Fund which was established in 1976 to capture the receipt of all fees and the payment of all expenses in connection with self-supporting leisure time programs. What is being proposed is moving the accounting for the Revolving Fund into the General Fund. This would streamline the administrative process for payroll and deposit. It also addresses verbal recommendations of an outside auditor. Additionally, it will increase the transparency and usability of the budget document because previously it had not been properly represented in past budget documents making it difficult to find the Revolving Fund revenues.



The Revolving Fund

What is the Revolving Fund (224)?

- Fund established in 1976 to capture the receipt of all fees and the payment of all expenses in connection with self-supporting leisure time programs.

What are we doing with it?

- Moving the accounting for all parks and recreation programs into the General Fund.



Ms. Dorothy asked if all revenue that comes from the Community Center and the Griswold will be captured in a different manner. Mr. Bartter replied it would all be through the General Fund. The thought process would be to run it out through the rest of the year, and then bring something back to Council to transfer remaining funds in the first quarter of next year.

President Michael commented that the Revolving Fund tracks income that came in from fees and charges versus the personnel and other expenses to see how close they were to self-sufficient. Mr. Bartter agreed that was the original intent. By doing this now, we will have access to \$425,000 that would provide a one-time infusion into the General Fund. It also diversifies General Fund revenue, decreasing the percentage of revenue from the Income Tax.

Mr. Myers followed-up on President Michael's point about tracking the sustainability of the Community Center and how this fund has been one of the yardsticks used to determine whether it is a good investment for the City. He questioned if we would still be able to track that effectively without the Revolving Fund numbers. Mr. Bartter said that it would be tracked in a much more robust manner going forwards. Right now, when looking at the strategic decisions Council will have to make in the next twelve months, it is deciding what kind of subsidy levels are wanted for different programs. We need to be able to look more at the overall, all-in costs for providing that programming, because right now in the Revolving Fund, you are not capturing that. We do not have any capital expenses, we do not have any building maintenance costs, no full-time employees, no health insurance, it is only part time employees and supplies. We will take a more holistic look at these fees and see what the current subsidy is from an all-in cost. We probably cannot adjust the rates much because it is market driven, but it will give us a better understanding than we currently have. Mr. Hurley added that within the General Fund there is a Community Center allocation that does include all full time Community Center positions, utilities and other cost factors. Tracking that has been provided in a combination of the Revolving Fund and the General Fund. This will just change the location of numbers that are being looked at. We will be able to track the same costs in an easier manner.

Mr. Bartter explained the effects on the 2019 Operating Budget. It will move \$1,014,000 in estimated revenue from the Revolving Fund into the General Fund. Expenses of \$851,000 are moved into the General Fund and there are no reductions to Parks and Recreation funding, it only changes the accounting. The Revolving Fund balance of \$425,000 will be transferred into the General Fund. Members will notice what looks like an increase in wages in the General Fund, it is because we moved \$550,000 in part time wages from the Revolving Fund into the General Fund.

Mr. Robinson asked if the Revolving Fund balance is restricted in any kind of way and clarified what the \$425,000 Revolving Fund balance would be expended upon otherwise. Mr. Bartter replied that it would be spent on Parks and Recreation programming, but because we are budgeting \$900,000 in Parks and Recreation programming in the General Fund, we are covering that. It will free up that money for several uses that have been identified. Mr. Robinson asked if this proposal was not to change anything operationally, but rather the way things are accounted for and reported. Mr. Bartter affirmed that was correct.

Mr. Bartter detailed the breakdown of the revenues the City receives to pay for services. Income Tax revenue accounts for 69%, which in the past has been closer to 75%. The reason for the change is twofold. First, the infusion of a million dollars of Parks and

Recreation revenue and the second is because it shows operational revenue across multiple funds. This shows General Fund, Street Maintenance and Repair, State Highway, Water and Sewer Fund revenue, broken down into these six different revenue categories.

Mr. Foust asked if 70% Income Tax is the new normal. Mr. Bartter responded that this includes all funds now.

Mr. Bartter broke down the Income Tax revenue, explaining 78% is withholding, 11% individual, and 11% business net-profit. It is estimated to be \$20,800,000 in the General Fund for 2019 which is .8% over the 2018 estimate. For 2020, there is an assumption of a 4% growth which anticipates the full utilization of the Anthem building in 2020.

How do we pay for services – Income Tax

- Collections
 - 78% Withholding
 - 11% Individual
 - 11% Business Net-Profit
- 2019 Income Tax Estimate
 - \$20,800,000 in General Fund in 2019.
 - 0.80% over 2018 Estimate
- 2020 Income Tax Estimate
 - \$21,632,000 in General Fund in 2020
 - 4.83% over 2018 Estimate
 - Assumes 4% growth with full utilization of Anthem Building.



Ms. Dorothy clarified that this includes the 80/20 split between General Fund and CIP. Mr. Bartter replied that is correct. The total in Income Tax would be \$26,000,000 with \$20,800,000 to the General Fund.

How do we pay for services – Fees for services

- 2019 Estimate: \$4,547,966 in Fees
- Fees we can control:
 - Parks and Recreation: \$2,489,200. Includes moving program fees into General Fund.
 - Building Permits, MPA, BZA: \$207,000
 - Water/Sewer Surcharge: \$140,000
 - Police and Fire Protection: \$560,000
- Fees we don't control:
 - EMS Fees
 - Cable TV Franchise Fees



Mr. Bartter further explained that in 2019 we are estimated to collect \$4,500,000 million in fees. This is broken down into two categories, fees we can control and those we do not control. Fees that we can control include Parks and Recreation, building permits, water and sewer surcharges, and police and fire protection. Fees we have less control over include EMS fees and cable TV franchise fees.

Other taxes include Property Taxes and the Hotel/Motel Tax. The Hotel/Motel Tax has decreased with the closure of the Holiday Inn. At its recent high the Hotel/Motel Tax was over \$200,000 in income, \$70,000 was not redirected while \$130,000 went to the Convention and Visitors Bureau.

How do we pay for services – Other Taxes

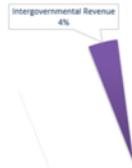
- 2019 Other Taxes: \$3,030,350
- Includes (2019 Estimates):
 - Property Tax: \$3,004,150
 - Hotel/Motel Tax: \$26,000





How do we pay for services – Intergovernmental Revenue

- 2019 Intergovernmental Revenue: \$1,146,500
- Sources Include
 - Local Government Fund: \$350,000
 - Gasoline Tax: \$641,500
 - Motor Vehicle License Tax: \$155,000



Intergovernmental revenue sources include the Local Government Fund, the Gasoline Tax, and the Motor Vehicle License Tax.

Note: This slide is a replacement for the one that was shared during the meeting as it had an incorrect number for the Gasoline Tax. This is the correct information.



Mr. Bartter identified the different services that the City provides. The largest allocation of what we are spending is for the protection of persons and property at 44% of expenditures for a total of \$13,974,698. This is only operational and does not include any capital expenses.



Protection of Persons and Property (44.49%)

- 2019 Proposed Budget: \$13,974,698
- Police: \$7,064,725
- Fire: \$6,909,973
- Services Include:
 - Law Enforcement
 - Community Outreach
 - Emergency Medical Services
 - Fire Investigation/Enforcement



Parks and Recreation (18.63%)

- 2019 Proposed Budget: \$5,852,486
- Community Center (Including P & R Administration): \$3,142,660
- Parks Maintenance: \$1,202,440
- Griswold Senior Center: \$576,520
- Recreation Programs: \$930,866

Parks and Recreation comes second, with a significant amount of that offset by fees.



Other Services includes Income Tax Collection, City Management, Communications, Board of Health Services that are contracted out, and Information Technology Services.



Other Services (14.87%)

- 2019 Proposed Budget Expenditures: \$4,671,634
- Services Include:
 - Income Tax Collection
 - City Management
 - Communication – Video Streaming, Website, Annual Report, Newsletters
 - Mayor’s Court
 - Board of Health Services
 - Legal Services
 - Information Technology Services
 - Personnel
 - Legal Services



Additional Services

- Refuse Services: \$1,022,000
- Outside Group Funding: \$383,750
 - Cultural Arts Center: \$252,500
 - Old Worthington Partnership: \$50,000
 - Worthington Historical Society: \$27,500
 - Other Special Groups: \$33,750
 - Convention and Visitors Bureau: \$20,000
- Economic Development - \$625,410



Under additional services, the contract for Refuse Service costs approximately \$1,000,000 for 2019. Outside group funding is approximately \$383,750, which is broken down further into the various groups that are funded. Funding for the Convention and Visitors Bureau has fallen precipitously due to it being based upon revenue from the Hotel/Motel Tax. Economic Development also includes expenditures out of the Economic Development Fund.

Parks and Recreation proposed 2019 budget is approximately \$5,800,000. The Community Center which includes Parks and Recreation Administration is approximately \$3,142,660. Recreation Programs is moved here in the amount of \$930,866.



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Utility/Street/Building Maintenance & Engineering (12.97%)

- 2019 Proposed Budget: \$4,073,012
- Services Include
 - Leaf Collection: 3 million pounds of leaf and yard waste collected and kept out of landfills
 - 30,000 feet of annual sewer root treatments
 - Snow Removal
 - Maintenance of over 800 fire hydrants
 - Street Sweeping
 - Capital Project Management



Utility/Street/Building Maintenance and Engineering accounts for about 13% of expenditures. This is where if you only look at the General Fund, you would not see the full expense. You must look at the Street Maintenance and Repair, State Highway, Water Fund, and the Sewer Fund. Total budget between all those funds is just over \$4,000,000. Services include Leaf Collection, Snow Removal, Street Sweeping, Capital Project Management, Fire Hydrant maintenance and many other services.

Mr. Myers asked about the funding budgeted for the Convention and Visitors Bureau (CVB) listed at \$20,000 and inquired as to whether we even have a functioning CVB at this point. Mr. Greeson replied they are functioning and will be contracting with the Old Worthington Partnership for some staffing. They are going through a strategic planning process and have previously presented a plan to use reserves to carry them through this period. President Michael added that they are polling the area travel industry and trying to figure out the best way to use the bed taxes. The CVB is paying the Old Worthington Partnership to have a half time person to answer the CVB office duties, but it is currently a band-aid approach to hold the fort and using their reserves until they find the right direction. Mr. Myers questioned if before Council votes on this budget, there will be a presentation from the CVB. He wants to make sure we know their plans before this budget goes forwards. Mr. Greeson described how the CVB is going through two significant events in the life of the organization between the retirement of their executive director and a change in their revenue stream. That has caused them to do some temporary staffing arrangements and really look at the whole strategic plan from how to effectively market Worthington to how to structure the organization in the long term.



5-Year Forecast - Revenue



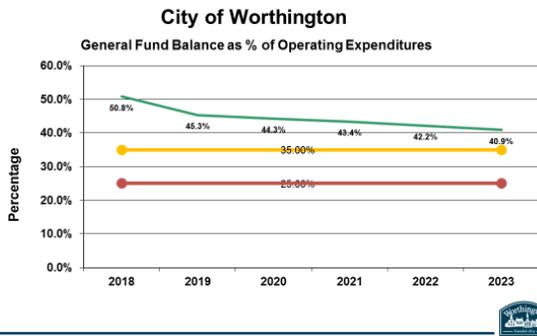
Mr. Bartter detailed the Five-Year Forecast that shows an increase in revenues. 2019 shows a 5.31% increase due to the move of the Revolving Fund into the General Fund.

Expenses are also anticipated to increase which is difficult since there is no set wage information yet. We are looking at an average 3% increase in expenses between 2019 and 2023.

5-Year Forecast - Expenses



5-Year Forecast – General Fund Balance



The General Fund Balance is projected to remain relatively flat at about \$13,000,000 through the life of this Five-Year Forecast. The chart shows a red-line which is the 25% floor under the current Fund Balance Policy and the yellow-line is the 35% floor under the proposed Fund Balance Policy. In the proposed budget there are sections for the current policies and the proposed policies. As we move forward, the percentage of operating expenditures decreases, because as expenditures

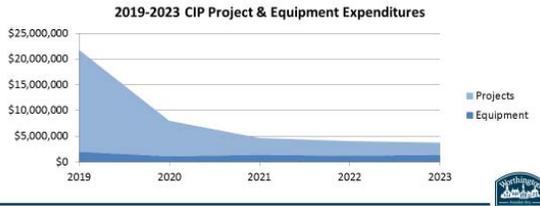
increase, the amount of cash we need to maintain the same percentage also needs to increase.

Mr. Robinson asked Mr. Bartter to clarify a previous number given in June that the General Fund Balance was approximately \$15,000,00 and he wanted to know what that number was referring to. Mr. Bartter replied that was cash balance, this is all unencumbered.

Ms. Stewart discussed how she would only be briefly outlining the CIP document; next week's meeting will dive more in-depth into the CIP. The first pages of the document try to tell the story of the CIP and create a narrative. The rest of the document provides more detail into each project and piece of equipment that is proposed for funding within the five-year window.

Overview of Proposed CIP

	2019	2020	2021	2022	2023	Total
Projects	\$19,826,000	\$6,945,500	\$3,175,000	\$2,877,500	\$2,400,000	\$33,832,789
Equipment	\$1,967,500	\$1,111,000	\$1,443,000	\$1,180,500	\$1,404,000	\$7,106,000
Total	\$21,793,500	\$8,056,500	\$4,618,000	\$4,058,000	\$3,804,000	\$40,938,789

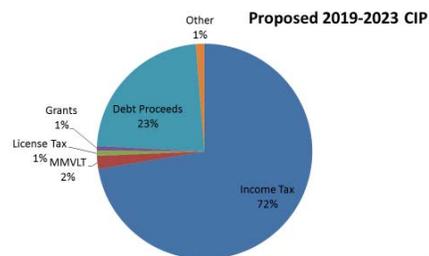


Over the five-year period, the first year is the largest from a project perspective. We are a little higher in 2019 for equipment, but the project line is dramatically different in 2019. The largest driver for this increase is the Northeast Gateway Project which will reconfigure the intersection of Huntley, Wilson Bridge, and Worthington Galena Roads. We will be plugging in construction of this project into the 2019 CIP. It is a \$14,000,000 project which will take up the vast majority of the

\$19,000,000 that is projected to be spent. Another sizeable project in 2019 is the Kenyonbrook sewer project that will cost a little over \$2,000,000 for construction costs. On the equipment side, the radio systems need to be upgraded because our existing radios used by Police, Fire, Parks Maintenance, and Service and Engineering are reaching the end of their usable life. In 2020 for the Project side, it is still increased primarily due to the second phase of the energy improvements for City buildings and sewer projects that are recommended by the North District Sewer Study.

For revenue, Income Taxes are the primary revenue source for the CIP at 72%. Debt proceeds are anticipated to come into the CIP revenue fund primarily during the first two years. 2019 is anticipated to be a bond anticipation note year. There will be some temporary financing done before being rolled into the long-term bonds in 2020. Additionally, there is revenue from the Municipal Motor Vehicle License Tax (MMVLT), Grants, License Tax, and Other Revenue.

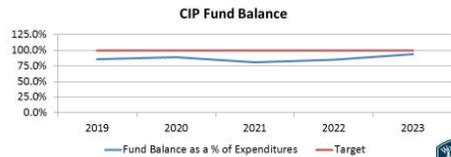
CIP Revenue Sources



In 2019 we are anticipating revenue from a grant to fund purchasing new self-contained breathing apparatus devices. We have not applied for that grant yet and it is competitive. So, we may or may not be successful there. There are some old assessment payments that are sitting in their own fund. They should have been put in the Capital Improvement Fund when they were received, but they were not. Staff is working through the legal process to transfer those funds into the Capital Improvements Fund.

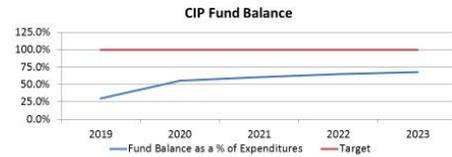
Five Year Forecast – CIP Fund (excluding bonded revenue and projects)

	2019	2020	2021	2022	2023
Total Revenue	\$5,933,500	\$5,613,000	\$6,021,160	\$5,831,483	\$5,899,013
Total Expenditures	\$5,939,963	\$5,654,007	\$6,116,482	\$5,820,881	\$5,607,065
Fund Balance (FB)	\$5,093,963	\$5,654,007	\$6,116,482	\$5,820,881	\$5,249,905
FB as % of Budget	85.8%	89.4%	81.0%	85.3%	93.6%



Five Year Forecast – CIP Fund

	2019	2020	2021	2022	2023
Total Revenue	\$9,593,500	\$10,653,864	\$6,021,160	\$5,831,483	\$5,899,013
Total Expenditures	\$11,299,963	\$9,029,007	\$6,866,482	\$6,070,881	\$5,857,065
Fund Balance (FB)	\$3,393,684	\$5,018,541	\$4,173,219	\$6,070,881	\$3,965,769
FB as % of Budget	30.0%	55.6%	60.8%	64.8%	67.7%



The five-year forecast looks at the total revenues coming in and the expenditures going out. Our stated target for the fund balance is 100% of expenditures. This allows us to have the cash on hand to cash flow the fund throughout the year because our income tax revenue comes in throughout the year. By having a strong fund balance, we can go ahead and launch projects and pay for equipment, replenishing the fund throughout the year with income tax revenues. It also limits our need to do some temporary financing for projects and equipment where we may be reimbursed. Bonding projects can cause ups and downs in the Capital Fund balance because bonding of the expenditures and revenues can vary and do not always line up. We are not quite meeting our target of having 100% of expenditures. This is something that we need to monitor and see if it is sustainable or if we need to take different steps in the future for this fund.

Mr. Greeson encouraged Councilmembers to review the narrative found in the beginning of the CIP, it paints a clearer understanding of the program. Likewise, at the beginning of the proposed budget document there is the City Manager’s Budget Memo, which he also encouraged Councilmembers to read. It shares the trends and themes embedded in the budget document. Finally, there is a schedule included in the budget document, detailing how and when the budget will be discussed and presented to the Council. It is proposed that during next week’s meeting we will do a more detailed review of the Capital Improvements Program, discussing the particular projects and equipment included, focusing primarily on 2019. We are proposing moving forward in November with presentations of departments throughout the month. The budget ordinances are proposed to be introduced on November 19th with public hearings on December 3rd. The goal is to have the budget adopted in early December, however there are two meetings at the end of the year if needed in order to make sure it is adopted by the end of the calendar year.

Ms. Dorothy commented that there was a lot of work done and it is a lot to digest. Mr. Greeson said that the presentation tonight was meant to set the stage for Council and stimulate thinking on this important subject and get the process moving.

REPORT OF COUNCIL MEMBERS

Ms. Dorothy thanked those who were involved hosting the Sayama delegation from Japan last week and everyone had a great time. Additionally, the board of the McConnell Arts Center is now going through the process of looking for a new executive director.

President Michael reminded everyone that tomorrow night is the Franklin County Consortium for Good Government’s Candidates Night. This event includes presentations and candidates for state and local ballot issues and political races. The Mayor’s Prayer Breakfast is on October 25th and it is a great and worthy opportunity. She attended the Central Ohio Mayors and Managers Association meeting this past Friday, discussing multiple issues including the need for the clean Ohio fund to be revamped, the state of the Local Government Fund, and Home Rule concerns. She noted that recently Worthington was considered to be the 7th hottest zip code in the entire county for residential real estate. There was also a great meeting last Wednesday for the Franklin County Age Friendly Communities. They had an elected person, a staff person, and a citizen person from many communities in the area and discussed how to expand the program from Columbus to all of Franklin County. Transportation and housing were the top two issues that kept coming up. One interesting thing brought up by one community, that is similarly built-out like Worthington, regarded increasing walkability by turning sidewalks into recreation trails. One community also had a citizen’s community budget task force and she was given materials about that.

Ms. Kowalczyk followed up on the Franklin County Age Friendly Communities discussion and noted that the Worthington Resource Pantry is holding another session on October 16th.

Mr. Greeson explained there were two memos given out to Councilmembers at their places, one on the work done by Mr. Marlowe and the second is a draft from the Community Relations Commission on a non-discrimination ordinance. Lastly, Mr. Bartter isn’t just working on budgets, we recently issued \$4,460,000 million in notes.

ADJOURNMENT

MOTION Ms. Kowalczyk moved, Ms. Dorothy seconded a motion to adjourn.

The motion carried unanimously by a voice vote.

President Michael declared the meeting adjourned at 8:22 P.M.

/s/ Ethan C. Barnhardt
Assistant City Clerk

*APPROVED by the City Council, this
15th day of October, 2018.*

/s/ Bonnie D. Michael
Council President