FINANCE COMMITTEE

MARCH 11, 2014

The meeting was called to order at 5:07 p.m. by Acting Chairman Todd Grayson. Committee members present were Todd Grayson and Jim Matuszak. Tom Mackin arrived at 5:11 p.m. Also present were Bridgette Kabat, City Administrator, Mathew Beredo, Law Director, Dave Creps, Finance Director, Tim Fisher, Deputy Finance Director and Steve Bronder, Income Tax Commissioner.

TAX COMMISSIONER'S REPORT

Mr. Bronder reported that the Tax Division collected a little over a million dollars for the month of February which reflects an 11% increase from February 2013. He noted that collections for January were flat, so it may be a timing issue. He said that collections are up 4% year to date.

FINANCE DIRECTOR'S REPORT

The Committee reviewed the list of expenditures over $5,000 for the month of February. Mr. Grayson asked if the Police Division Tahoes that were purchased are a 2013 or 2014 purchase. Mr. Creps said that they are a 2014 purchase.

Mr. Creps reported that the balance of the Health Insurance Fund as of February 28, 2014 was $102,202.62 which is up a little from last month. He said that we should see a big spike for March because he has been notified that we will receive the specific stop loss reimbursement any day. Mr. Grayson asked for the specific costs for health insurance versus the amount budgeted. Mr. Creps said he will get that information to the Committee.

2014 BUDGET AMENDMENT DISCUSSION

Mr. Matuszak asked about the status of the administrative change to the budget amendment that was discussed at the last City Council meeting. Mr. Creps said that City Council will be voting on the budget amendment which will include the administrative change at the next meeting. Mr. Matuszak asked if Council will have the master plan regarding road repairs by then. Ms. Kabat said that we will be hiring an outside consultant to assist with the master plan, and it will not be ready for months. She said that the Administration can provide Council pictures of some of the roads that need repairs, along with a list of streets that were on the list last year but were not done. Mr. Matuszak asked if there is a possibility that streets on last year's list might get pushed down the list. Ms. Kabat said that they would like to do as much as they can with the funds available, so it is possible. She said that it could cost $550,000 to do Coe Court alone, so it may be better to tackle two or three other roads instead. Mr. Matuszak said that his problem is not with the money, it is with what they are being asked to approve it for. Ms. Kabat said that once the streets to be resurfaced this year are determined, it will go to the Service-Safety Committee and then to City Council before the work is done. She said that this year's list will be based on the knowledge of our crews that are out driving the streets every day, as well as from input by the City Engineer, the Director of Public Service and the Deputy Director of Public Service. Mr.

Matuszak said that he would like to know the entire scope of road work needed. Mr. Creps said that even when the master plan is completed, it will be a picture of what is needed right now, but that picture is always changing.

Mr. Mackin said that the bigger policy question is how we balance the need to fix roads versus other capital expenditures, and putting money into the reserve fund. He said the reserve fund was set up so we could save money and not have to pay interest on future projects. Mr. Grayson suggested that perhaps we need to set up a capital improvement reserve fund; he asked what an appropriate balance is for the general reserve fund. Mr. Creps said that according to the GFOA (Government Finance Officers Association), the City should maintain 15% of its annual expenditures in reserve. Mr. Beredo noted that a capital improvement reserve fund is set up for a specific purpose and is dedicated for a certain item. Mr. Matuszak supported setting up capital reserve funds if we have project we know we are going to do. He said we should handcuff ourselves to capital projects because if you don't, you'll always find somewhere else to spend the money. Mr. Mackin said that we have to allow for some flexibility in the budget, and it is Council's role to plan for effective use of taxpayer money and make sure projects are done as effectively as possible.

Ms. Kabat said the Mayor is dedicated to paying for items as we go along where possible, and the Administration is willing to explore the notion of capital improvement reserves. She said that the Administration will look into the specific limitations of capital improvement reserve funds and provide the Committee with that information.

Sara Weisenburger asked if there is anything in the budget that can be cut to still allow a transfer into the reserve fund. Mr. Creps said that they have been reviewing the budget with the Mayor to see if there is any discretionary spending, but there really isn't. He added that the City has been doing more with less. Ms. Kabat said that the Administration does not believe that there is $960,000 in the budget that can be transferred from other line items.

Mr. Mackin said that the Committee can discuss the policy question of allocating resources short and long term next time.

There being no further business, the meeting adjourned at 5:56 p.m.

Respectfully submitted,

Tom Mackin, Chairman
Finance Committee

Next meeting: Tuesday, April 8, 2014 at 5:00 p.m.