FINANCE COMMITTEE

JANUARY 8, 2013

The meeting was called to order by Chairman Tom Mackin at 5:04 p.m. Committee members present were: Maria Ermie, John Kevern, and Tom Mackin. Also present were City Administrator Bridgette Kabat, Law Director Mathew Beredo, Finance Director Dave Creps, Deputy Finance Director Tim Fisher, and Income Tax Commissioner Steve Bronder.

FINANCING FOR REFUSE INITIATIVE

Jon Eckel gave an overview of the automated refuse and recycling collection system that is proposed to begin in April of this year. He said that he has done a cost analysis, and he figures a conservative cost savings of $300,000 per year. The Committee then discussed purchasing the vehicles as opposed to leasing them. Mr. Creps said that the interest rate on a seven year lease would be 2.59%. He said that based on a seven year payoff of notes, he has calculated that we would save $98,774 in interest costs by self-financing. Given that we have a history of paying off notes early, we would recognize further savings. Mr. Mackin noted that since we have no General Fund debt, we are in a position where we can issue notes for this purchase. The Committee agreed 3-0 to recommend approval of purchasing the automated refuse and recycling vehicles. This ordinance will be introduced through the HSPU Committee.

QUARTERLY LITIGATION REPORT

Mr. Beredo called attention to the quarterly litigation report that had been distributed electronically to the Committee. There was a discussion regarding the recent episode of a giant inflatable rat in the public right of way along State Route 25. Mr. Beredo stated that this type of rat has a long, unique history in the courts regarding free speech and signs. He said the City does have a prohibition against signs in the right of way and a general prohibition of obstructions in the right of way. Mr. Beredo said a compromise was worked out that allowed the rat to stay for a finite amount of time, but it was not an obstruction. Ms. Ermie requested that we look at the ordinance that deals with items in the right of way so this is not allowed to happen in the future. Mr. Beredo noted that the ordinance can be modified as long as it does not interfere with free speech.

QUARTERLY BANKING REPORT

Mr. Fisher called attention to the investment summary for the quarter ended December 31st. He said the City's securities went up approximately $34,000 which equates to 1.9% or 2%. He said that based on the current economic climate, he is satisfied with those results. He added that there were no material items to report.

LEASE AT 221 ½ W. INDIANA AVENUE

Mr. Beredo reported that there is a new tenant for the City's apartment at 221 ½ West Indiana Avenue. He said the rental rate and terms are the same as they have been. The Committee agreed 3-0 to recommend that the Administration be allowed to enter into a lease with a new tenant.

FINANCE DIRECTOR'S REPORT

The Committee reviewed the report of expenditures greater than $5,000 for the month of December. There were no questions about the list.

Mr. Creps reported that the balance of the Health Insurance Fund as of December 31st was $388,903.52. He said that claims were up for December, but he is anticipating a refund for stop loss gap claims.

TAX COMMISSIONER'S REPORT

Mr. Bronder reported that income tax collections for December were up 8% over the same time last year. Year to date collections for 2012 were 3% more than 2011. Total income tax collections for 2012 were $15.1 million which is the second highest annual total. The only year that's been higher was 2008 with $15.6 million. Mr. Bronder said withholding collections ended strong, but the top four withholding accounts were still down 8.5% over last year. The Committee discussed efforts at the State level to create uniformity among all municipal taxing authorities. Mr. Bronder said his biggest issue with this is the loss of control for the City. If approved, the forms would be mandated, as well as the elimination of our Board of Review. He added that some feel this is a pathway to the State taking over collections. Mr. Mackin asked if we have made our intentions regarding this subject clear to our new State Representative. Ms. Kabat stated City representatives will be attending upcoming legislative luncheons which will provide an opportunity to share the City's position.

There being no further business, the meeting adjourned at 5:52 p.m.

The next regularly scheduled meeting is Tuesday, February 12, 2013 at 5:00 p.m.

Respectfully submitted,

Tom Mackin
Chairperson, Finance Committee