



City of Pataskala *Legislative Report to Council*

Legislative Report

November 7, 2016 Council Meeting

Unfinished Business

A. Ordinances

➤ **ORDINANCE 2016-4270 – 2ND READING**

An ordinance to rezone property located at 7000 Creek Road, Parcel number 064-068808-02.000, totaling 4.3 acres, in the City of Pataskala, from the current zoning, Agricultural (AG), to Medium Density Residential (R-20) Zoning Classification

➤ **ORDINANCE 2016-4271 – 2ND READING – 2017 Budget**

The proposed 2017 budget and 5-year projections were presented to Council for consideration at the October 17th meeting, with a formal review held at the special Council meeting on October 31st. Although we are tracking any changes that need to be made to the budget, we have not yet incorporated any of them in the proposed budget. This is to ensure that we all are working from the same version of the proposed budget instead of different amended interim versions. As a result, the attached exhibit remains unchanged from the 1st reading. We are requesting that the ordinance receive its' second reading at the November 7th meeting.

➤ **ORDINANCE 2016-4272 – 2ND READING – Income Tax Allocation Rates –**

Once the debt service and operational funding requirements have been identified, the allocation of income tax revenues between the Debt Service, Street, Police and Capital Improvements funds must be calculated. The initial portion is taken off the top to cover any outstanding debt service requirements. Once that has been determined, the next level is allocated to the Street and Police funds to cover their current year operational needs. Any remaining funds at that point are allocated to the Capital Improvements funds. The 2016 allocations were as follows: 35.65% - Street; 53.00% - Police; 9.20% - Debt Service; and 2.15% - Capital Improvements. For 2017, the allocations are proposed as follows: 35.65% - Street; 53.00% - Police; 8.90% - Debt Service; and 2.45% - Capital Improvements. We are requesting that the ordinance receive its' second reading at the November 7th meeting.

➤ **ORDINANCE 2016-4273 – 2ND READING – Supplemental Appropriation**

This ordinance has been significantly amended since its' first reading, and is being respectfully submitted to Council for a 2nd reading at the November 7th Council meeting. I am recommending that this legislation go through all three (3) of the required readings, which would provide staff with an opportunity to make any other required budgetary adjustments prior to the 3rd and final reading. **Changes to the legislation since the last reading have been highlighted in bold below. Council is being requested to substitute to this amended version at the November 7th Council meeting, and that the legislation receive its' second reading at the meeting.**

- *Sections 1 & 2: Police Station Funding* – As we are working toward the design and construction of a new police station, we need to identify the various sources of funding for the project. We would anticipate issuing long-term debt for much of the project, but will need multiple sources. The Capital Facilities fund, which receives City Hall rental revenue, will be used for a portion of the debt service. Council is being requested to approve a \$400,000 interfund transfer from the accumulated carryover balance in the Police (208) fund to the Capital Facilities (308) fund. By making this transfer, the fund will have an excellent foundation to pay the annual debt service.
- *Section 3: Recreational Programming* – We continue to learn about the varied types and amount of expenses paid in support of the various recreational programming activities offered by the city. We recently found out that there was a 2nd level of soccer referees and a medical liability insurance premium due, which were not previously aware of. As a result, the amended appropriations in the Recreation (206) fund are no longer adequate. The administration is requesting a total of \$20,000 in increased appropriations for such charges. Please know, however, that these costs are funded by the registration fees paid by the participants.
- *Section 4: Taylor Road/Cleveland Road Trail* – This project is funded in large part by the State of Ohio, which subjects the project to additional requirements that we do not typically have. We were just informed that the easement/ROW appraisals are subject to an independent evaluation – at the city's cost. It is estimated that such an evaluation cost as much as \$30,000, and we do have this item included in the current budget. The administration is requesting a \$30,000 increase in appropriations in the Capital Improvements (301) fund to cover such costs.
- *Section 5: OPWC Mink Road Project* – **Phase II of this project (intersection improvements at Mink and Broad) is funded by a MORPC-attributable grant, with a local share equal to 20% of the cost. We've received updated cost projections from Jobes Henderson with the total 2016 cost increasing by \$301,364 (local portion equal to \$104,594). The larger city share is due to increased detailed design work which is 100% the responsibility of the city, and is projected to be \$55,402 higher than originally estimated. The 2017 budget and 2018 forecast will also be increased when the revised cost estimates are incorporated. Proposed fiscal year 2017 appropriations will be increased by \$619,037 (\$123,807 local share) and the local share in 2018**

will be increased by \$574,086. I've attached a copy of my analysis to this report.

- **Sections 6-9: Health Insurance** – The medical insurance coverage level for the Finance department changed from employee-only to employee plus spouse during the year, significantly increasing the department's cost. As a result, the 2016 budget did not include sufficient appropriations for the increased insurance expense and deductible. The requested increased appropriations are being spread across the Street (201), Police (208), Water Utility (601) and Sewer Utility (651) funds.
- **Sections 10-13: Utility OPWC Projects** – The 2016 budget included proposed OPWC projects for both the water and sewer departments. Total spending on both was projected to be approximately \$1.3 million, with interfund transfers of \$171,816 included as the local share. As OPWC did not approve funding for either project, they will not be performed during 2016. These proposed appropriation adjustments will eliminate the OPWC grant funding, interfund transfer revenues/expenses, and project costs from the 2016 budget.
- **Sections 14-37: Year-End Budget Clean-Up** – Annually during mid-fourth quarter, the current appropriations are reviewed in order to determine whether: (1) adequate appropriations exist within each budget object to cover year-end spending; (2) budget reclassifications (e.g. moving from one budget category (such as 'Salary & Related' or 'Contractual Services') to a different budget category are required; or (3) excess appropriations exist which can be reduced in order to maximize the year-end unencumbered carryover fund balance. I've identified approximately \$4 million in net reductions across all funds and objects. Although there are a few increases, the majority represent either reclassifications or reductions.
- **Sections 38 – 42: Worker's Compensation Premium** – Historically, the annual worker's compensation policy premium is paid in April of the year following the payroll year (e.g., retrospective approach). Beginning with the 2017 policy year, however, the program has switched to a 'prospective approach', whereby the estimated annual policy amount is paid up front, and a 'true up' is made in December to address any shortages or overages in covered payroll. Unfortunately, the 2017 premium is due on or before January 3, 2017, and the year-end holiday would make it virtually impossible for the city to send the payment prior to the deadline. As a result, we are planning to send the payment to BWC in mid- to late-December 2016, so that we will be in compliance with the published deadline. In order to do that, however, the 2016 appropriations will need to be increased to accommodate the additional payment. The proposed 2017 appropriations in these lines would then be used to cover the true-up of the 2017 premium, and make the estimated 2018 premium payment in December 2017. I've attached a copy of the renewal correspondence from the Ohio BWC for your information.
- **Section 43: Recapitulation** – As there are a large number of changes to various funds and functions, it can be difficult to understand what the net impact of the combined changes will be. This section adds up all of the changes and summarizes them by fund, function and object (e.g., the lowest

level of budgetary authorization). In total, we are requesting a net decrease of approximately \$4.0 million in total appropriations across all funds.