

September 29, 2017

To: Ken Suer, Chairman
Financial Planning Committee of City Council

From: Brian K. Riblet, Interim City Manager 

Subject: Financial Planning Committee Meeting October 2, 2017

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, October 2 at 4:30 p.m. in City Hall. The agenda for this meeting is as follows:

1. Review of 2nd Half Real Estate Taxes – Katie Smiddy, Finance Director, will be present to discuss the 2nd Half Real Estate Tax report with the Committee. Staff will be prepared to answer any questions on this report at Monday's meeting.
2. September 2017 Income Tax Reports – Katie Smiddy, Finance Director, will be present to discuss the September Income Tax Report with the Committee. Staff will be prepared to answer any questions on this report at Monday's meeting.
3. Other Business–The purpose of this agenda item is to provide an opportunity to discuss any issue or ask questions that may be on your mind.

Also attached are the minutes from the September 5, 2017 meeting of the Financial Planning Committee for review and approval at Monday's meeting.

Should you have questions or concerns regarding the above agenda items, or have additional items to be discussed at the meeting, please do not hesitate to contact me.

c: Financial Planning Committee Members (2)
Mayor and City Council Members (4)
Katie Smiddy, Finance Director
Connie Gaylor, Administrative Coordinator
File



AGENDA

**October 2, 2017
Montgomery City Hall
10101 Montgomery Road**

4:30 P.M.

- 1. Call to Order**
- 2. Guests and Residents**
- 3. Communications**
- 4. New Business**
 - a. Review of 2nd Half Real Estate Taxes
 - b. September 2017 Income Tax Reports
- 5. Approval of Minutes: September 5, 2017**
- 6. Other Business**
- 7. Adjournment**

September 29, 2017

To: Brian K. Riblet, Interim City Manager

From: Katie M. Smiddy, Director of Finance *KMS*

Subject: 2nd Half Real Estate Settlement Report for 2017

Comparison of 2016 to 2017

The 2nd half property tax collections have been received from the County Auditor and below is a tabulation of total property tax collected for 2017 compared to 2016. Total collections for 2017 of \$6,220,146 are up \$496,358 or 8.67% compared to 2016 collections of \$5,723,788. General Fund property tax collections are up \$40,079 or 2.01%, Fire Levy collections are up \$5,471 or .31% and Tax Increment Financing Districts are up \$449,528 or 24.86%.

Total Property Tax Collections for Years 2016 and 2017

2nd Half Real Estate	2016	2017	Difference	%
General Fund				
Real Estate Delinquencies	2,077,083	2,092,289	15,205	0.73%
Less Auditor Fees/Other Charges	(84,979)	(60,105)	24,874	-29.27%
Total Net Distribution	1,992,104	2,032,184	40,079	2.01%
Fire Levy Fund				
Real Estate Delinquencies	1,752,930	1,758,400	5,471	0.31%
Less Auditor Fees/Other Charges	(22,179)	(21,027)	1,151	-5.19%
Total Net Distribution	1,730,751	1,737,373	6,622	0.38%
Special Assessments				
Real Estate Delinquencies	198,496	198,626	129	0.07%
Less Auditor Fees/Other Charges	(6,074)	(6,075)	(1)	0.02%
Total Net Distribution	192,423	192,550	128	0.07%
Tax Increment Financing Districts				
Real Estate Delinquencies	1,829,782	2,261,407	431,625	23.59%
Less Auditor Fees/Other Charges	(21,272)	(3,369)	17,903	-84.16%
Total Net Distribution	1,808,510	2,258,039	449,528	24.86%
Total Net Distribution-All Funds	5,723,788	6,220,146	496,358	8.67%
Breakdown on TIF Districts				
Hertiage District	90,271	97,684	7,412	8.21%
Triangle (See Note)	143,080	155,449	12,369	8.64%
Vintage (See Note)	1,575,159	1,932,262	357,103	22.67%
Total	1,808,510	2,185,394	376,884	20.84%
Note-Half of the net distributions are paid to the Sycamore School District				

These minutes are a draft of the proposed minutes from the Financial Planning Committee of the City Council meeting. They do not represent the official record of proceedings until formally adopted by the Financial Planning Committee of City Council. Formal adoption is noted by signature of the Chair within the minutes.

City of Montgomery
Financial Planning Committee Meeting
September 5, 2017

Present

Brian Riblet, Acting City Manager
Katie Smiddy, Finance Director
Connie Gaylor, Clerk of Council

Council Committee Members Present

Ken Suer, Chair
Laith Alfaqih

Council Committee Members Absent

Mike Cappel

The Financial Planning Committee of Council meeting was called to order at 5:50 p.m. by Chairman Suer.

2017 August Income Tax Report

Ms. Smiddy explained that for the month of August 2017, the City's total income tax receipts were \$545,005, which is a decrease of \$57,896 or 9.6% compared to the actual amount collected in August 2016 of \$602,901. Ms. Smiddy stated that in August, 2017, net profits from businesses located within or doing business within Montgomery were \$8,602. This is a decrease of \$11,107 or 56.3% compared to August 2016 collections of \$19,709; however, business revenue remains 8.2% above the year-to-date 2016 collections.

Ms. Smiddy stated that revenues of \$39,243 were collected in August 2017 from residents living in Montgomery, which is a decrease of \$7,846 or 16.6% compared to August 2016 collections of \$47,089. Year-to-date collections are less than 1% below 2016 revenue.

Review of the 2018 Operating and Capital Budget

Ms. Smiddy presented the Committee members with a copy of the 2018 Operating and Capital Budget.

Ms. Smiddy stated that the proposed Budget accomplishes these key objectives:

- Continues the successful stewardship of the City's resources while maintain the same level of staffing;
- Follows priorities from 2016-2021 strategic plan for new initiatives;
- The proposed budget continues the current service levels and new projects and all service enhancements will be guided by the City's 2016-2021 Strategic Plan and will again assist the City in achieving its mission and vision for superior services for our citizens, businesses, and visitors.

She stated that this information would be discussed in more detail when City Council is scheduled to meet to conduct its formal review of the 2018 Operating and Capital Budget and the 2018-2022 Capital Improvement Program on September 27, 2017.

Ms. Smiddy gave a brief overview of the highlights in the 2018 Operating and Capital Budget:

Revenues

A. Income Tax:

- Staff estimates IT revenues will be 3% higher at the end of 2017 (\$8.3M) than 2016;
- For 2018 and outer years, staff is conservatively forecasting a 1% increase which will bring collections to \$8.4M.

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B. Real Estate Tax:

- Based on the reappraisal conducted by the Hamilton County Auditor in 2015, the assessed valuation for the City increased from 525M in 2016 to 526M in 2017;
- With the steady number of tear downs taking place and continued property enhancements, staff has forecasted an annual increase of 1% for 2018-2022. The tri-annual appraisal is to be conducted by Hamilton County in 2017.

C. Other Revenues (Investments, Gas Tax, Motor Vehicle Tax, Local Government Fund)

- Revenues are anticipated to remain relatively flat for 2018-2022.

General Fund

Ms. Smiddy stated that the ending fund balance is projected to be \$14.3M or 1.6% less than 2018's budgeted ending fund balance of \$14.6M. This equates to a 17-month reserve in the General Fund. The savings is a result of the 2017 year-end estimates projected to be lower than the 2016 budget for Police, Recreation, Special Events, Development, and General Government.

Fire Fund

This fund is financed by a 5.44 mill property tax levy, which supports the City's Fire and Emergency Medical Services operations. In 2017, the ending cash balance is estimated to be \$3.2 million. At current staffing and operational levels, a replacement levy for fire and emergency medical services may need to be considered in 2018 or 2019.

Vintage Club Tax Increment Financing (TIF) Fund

Ms. Smiddy stated that in 2014 the City began paying debt on \$13.2M of Special Obligation Bonds issued for construction of public parking garage and the Vintage Club Blvd. The City anticipates funding improvements on the North side of the development in 2018, which will require the issuing of \$6.5M in TIF revenue bonds. The debt associated with this project will be paid from tax increment revenues associated with the residential development and commercial improvements developed on both the north and south portions of the VC commercial developments. Debt Service in 2018 is \$1.189M, with principal of \$450k and interest of \$694K.

Total City Revenues

Total City revenues for 2018 are forecasted at \$21.6M as compared to \$21.1M for 2017. The difference of \$500,000 is attributable to the \$6.5M in anticipated bond proceeds for the public improvements at the Vintage Club.

General Fund revenues are projected to increase 1% from 2018 due to estimated increases in both income tax and property tax collections in 2017.

Total City Expenditures

Total City expenditures are projected to be \$21.3M, which is a decrease of \$1.0M from the 2017 forecasted expenditures of 22.4M. This decrease is due to the cost associated with the Jolain Drive stormwater project and the Public Works facility expansion budgeted in 2017 as part of the Capital Improvement fund.

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2018 Significant program changes reflected in the 2018 proposed budget (Operating and Capital budget highlights include)

A. Preservation of capital assets

- Annual Street maintenance repair costs (\$950,000)
- Sidewalk repairs and replacement (\$25,000)
- Asphalt surface treatments (\$125,000)
- Montgomery Road Sidewalk PH II (\$60,000-Engineering and Design)
- Small drainage projects (\$85,000)

B. Park Improvements-Consistent with the City Strategic Plan, funds have been budget in the Parks capital maintenance, cap equip and operating equipment accounts beginning in 2018-2022. Some of the Capital projects programmed for construction in 2018 are as follows:

- Resurfacing basketball courts-Swaim Park (\$10,000)
- Update Playground equipment-various parks (\$12,500)
- Asphalt Repairs-various parks (\$12,500)
- Parking lot repairs-various parks (\$12,500)

In an effort to address potential decreases in the City's General Fund balances in the future, City staff has and will continue to evaluate cost containment measures within our organization. Examples of work that has occurred and will continue to occur as follows:

- Utilization of Health Care Benefits Team
- Merit based pay plan
- Process improvement techniques (LEAN)
- Extensive use of grant funds to leverage tax dollars
- Great use of volunteer resources
- Maintain target fund balances
- performance measures to analyze the value of City services

Resolution Accepting Amounts and Rates

Ms. Smiddy explained that it is necessary for City Council to pass a Resolution that will accept the rates and amounts determined by the Hamilton County Budget Commission. Ms. Smiddy stated that the 2017 estimated amounts for the General Fund is 4.5 mils, or \$2,363,625 and the Fire/EMS Levy Fund is 5.55 mils, or \$1,926,571 for a total of \$4,290,196. Ms. Smiddy stated that the City has not yet received a copy of the Resolution from the Hamilton County Budget Commission, but it is anticipated that they will be available for the October Business Session of City Council. Ms. Smiddy stated that staff is recommending that City Council consider the Resolution accepting the amounts and rates as determined by the Hamilton County Budget Commission at the September 20, Work Session for the purpose of placing it on the October Business Session agenda for approval that evening.

Other Business

Ms. Smiddy explained to the Committee that the City currently uses a software program (Insource) that enables individuals to pay their taxes online. She explained that based on the low amount of transactions created when filing taxes, and the duplication of efforts performed by staff to process collections, staff is recommending

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eliminating this software program. Ms. Smiddy explained that the Ohio Business Gateway, which is also being used by the City for Business filings, offers enhanced capabilities for an individual to file and is a more efficient process for staff.

Mr. Alfaqih made a motion to accept staff's recommendation to eliminate Insource and to utilize the OBG as the main source of tax revenue collection. Mr. Suer seconded. The Committee unanimously agreed.

Ms. Smiddy also explained to the Committee that Interim City Manager Brian Riblet, Human Resources Manager Julie Prickett and herself have met to discuss the structure of the Finance Department and the current staffing needs. She explained that the lack of success in finding a qualified candidate for the vacant Assistant Finance Director/Tax Commissioner position prompted staff to reexamine the job description and needs of this position. She stated that 90 percent of the position is devoted to the tax department and staff feels that rather than having this position serve a dual role that restructuring it to be solely a tax commissioner would yield better results in the hiring process.

Mr. Suer stated that he thinks redefining this position as a tax commissioner position is a better fit for the department and would make finding a qualified candidate a more successful process.

Mr. Alfaqih stated that he was in favor of redefining the position as a tax commissioner only.

Ms. Smiddy thanked the Committee for their support and stated that staff would move forward with preparing an amended Schedule of Municipal Compensation Ordinance to be presented at the next City Council Work Session.

Minutes

Mr. Alfaqih moved to accept the minutes of the August 7, 2017 meeting of the Financial Planning Committee as written. Mr. Suer. The Committee unanimously agreed.

Adjournment

Mr. Alfaqih moved for adjournment. Mr. Suer seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 6:36 p.m.

Chair