

**COMMON COUNCIL – BUDGET MEETING
CITY OF NOBLESVILLE
AUGUST 21, 2018**

The Common Council of the City of Noblesville met in special session on Tuesday, August 21, 2018. Christopher Jensen called the meeting to order pursuant to public notice with the following members present: Brian Ayer, Mark Boice, Wil Hampton, Greg O'Connor, Mary Sue Rowland, Rick Taylor, and Megan Wiles. Roy Johnson participated by phone.

Also present were City Clerk Evelyn Lees, Deputy Mayor Steve Cooke, Controller Jeffrey Spalding, and financial advisor Michael Reuter.

Mr. Spalding stated the most important part of the budgeting process is the revenue forecast. He stated next year he hopes to present the revenue forecast at the beginning of the process, although what is being done this year still works. He stated Mr. Reuter has much experience and understands the nuances of government finance. Mr. Reuter confirmed he has advised the City since 1991 or 1992, when Ms. Rowland was mayor. Mr. Spalding stated he believes context is everything, and he had planned to summarize the departmental budget requests to show forecasted revenue relative to the budget requests tonight. He stated he is behind schedule in the budget process, mostly due to extensive work with departments to realign their budgets. He added he also would like to include Road and Park Impact Fees and known major projects in the budget. He stated at this time the 2019 budget, not including a general salary increase, is increased approximately 2.8 percent over the base budget.

Mr. Reuter stated the certified 2019 forecast for Local Income Tax (LIT) for Hamilton County from the Department of Local Government Finance (DLGF) only increased by two percent over 2018, which is not at all logical considering how much the county is growing. He stated he has contacted the DLGF and was told the certified amount will not change. He stated he is still trying to contact the Department of Revenue to find out how they arrived at their calculations. He stated even if the amount is incorrect, it is what the City will have to use for budgeting purposes. He noted the DLGF is withholding .5 percent from each county's distribution to fund an upgraded computer system. He stated the upgrade is badly needed and should prevent problems in the future.

Mr. Reuter reviewed projected revenue for 2019 as well as the City's tax rate and levy. He stated growth in the City's Assessed Value (AV) is projected at 8.58 percent, which is good news. He noted this growth does not include growth in TIF districts. He stated the Council should be proud the community is growing so much, because not many communities have this kind of growth. He stated unfortunately, because of the State's complex calculations of revenue, the City's revenue will not grow at the same rate its AV grows. There was a discussion concerning how to explain the complexities of the tax rate, property tax caps, and revenue to citizens. Mr. Reuter observed it would be much simpler if property were taxed at one, two, and three percent rather than being capped. Mr. Spalding stated the legislature tends to build on an outdated, convoluted model of tax collection and distribution when it should start over with a simplified, easy-to-understand system. There was a discussion concerning constitutional debt limits.


Mr. Reuter reviewed the City's cash balances in its various funds. He stated the City is in good financial condition. He recommended, as he has in the past, that 50 percent of property tax revenues remain cash. He stated the City has a very strong cash balance now. Mr. Reuter noted the upcoming 2020 census will work in the City's favor, although it will not affect revenue until 2021. Mr. Spalding stated Noblesville is a fast growing community, but revenue is not keeping up with growth. He stated the good news is that we have good cash balances. He stated he is working on obtaining accurate expenditure amounts, because good estimates of unspent funding helps create better budgets. Mr. Spalding noted the last year end fund balances available are for 2017. He stated he prefers to look at year end balances rather than cash balances, since cash balances can be misleading if some of the balance is already committed to projects. He apologized for not having the budget requests ready for this meeting. He stated he will send them to Mr. Reuter soon to add to the Fiscal Plan. Mr. Reuter offered to email the updated plan to the Council. Mr. Ayer stated he would like another meeting to review the updated information. There was a brief discussion about a general pay increase for employees. It was decided there will be another meeting in September to review the updated information. Mr. O'Connor asked

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Mr. Cooke to provide a recommendation from the Administration for a general employee pay increase.

Ms. Wiles stated she had heard the Levee Trail would not be built this year because of a lack of impact fee funding. Mr. Cooke replied he met with Parks Director Brandon Bennett and City Engineer John Beery and found that there is \$500,000.00 in Park Impact Fees that would be eligible to fund the Levee Trail. He stated they will work with Mr. Spalding to find whatever extra funding might be needed. He stated the Mayor has made it clear that the trail should be built this year. He stated they are exploring project management software that will provide better tracking for projects and funding.

The meeting was adjourned at 5:30 p.m.


CHRISTOPHER JENSEN, PRESIDENT

ATTEST:


EVELYN L. LEES, CLERK