

**COMMON COUNCIL
FINANCE COMMITTEE
FEBRUARY 22, 2018**

The City of Noblesville Council Finance Committee met pursuant to public notice on Thursday, February 22, 2018 at 8:15 a.m. Greg O'Connor, Megan Wiles, and Wil Hampton were present. Roy Johnson participated by telephone.

Also present were City Clerk Evelyn Lees, Deputy Mayor Steve Cooke, Controller Jeff Spalding, and Chief Accountant Heather Trexler.

Re-establish Cumulative Capital Development (CCD) Fund Tax Rate to Allowable Maximum

Mr. Spalding explained state statute sets the CCD as a rate-controlled fund with a maximum rate of \$0.05 per \$100.00 of Assessed Value (AV). He stated the local fiscal body sets the rate, as the Council did in 2013. He stated there is another state statute that mandates if a reassessment increases the tax base, the tax rate will drop. He stated this forces the local fiscal body to re-establish the tax rate by taking official action. He stated the ordinance re-establishing the rate has to be adopted and followed by a 30-day remonstrance period by April 30th. He stated the City's tax rate is now \$0.043 per \$100.00 of AV; the last time the rate was established was 2013. Mr. Spalding explained that property tax is collected by the County and distributed to the local taxing units according to their percentage of the levy. He stated if the Council does not re-establish the rate, Noblesville will not receive their full share of property taxes, and some of our share will be given to other municipalities in the County. He stated the total money lost would be approximately \$300,000.00 per year. He explained most property owners won't see a change in their property taxes because of the one percent cap. For those that will be affected, it will be a very small increase. He stated in the future he hopes to have a vendor that can provide a heat map that will show specifically what areas of the City would be most affected by these types of actions.

Mr. Spalding referred to a red-line version of the proposed ordinance; he added statutory uses for the fund that are not currently applicable, but if they are needed in the future they will be available. He stated a public hearing is required and must be advertised by law. Ms. Wiles and Mr. Hampton expressed concerns that some citizens may view this as a tax increase when they are still upset about the trash fee. Mr. Spalding noted that this action will only correct factors that were out of our control. He stated it is good policy to re-establish this rate, because even though some taxpayers may pay a bit more, they will receive many services and value for their money. Mr. O'Connor noted a \$125,000.00 home would pay an extra \$0.73 per month. He stated this money was already approved in our budget; this action is just a matter of procedure. Mr. Johnson agreed with Mr. O'Connor; while he understood the concerns, this is not a new tax but just restoring what should have been in effect all along. Mr. Spalding noted this really should be done every year to maintain the tax rate where it should be. Mr. O'Connor agreed; it should be a matter of procedure. He stated the money could be used to repair Olivo Road or for other services. He stated we would not want to end up with a pothole crisis like Indianapolis has. He noted there has not been any remonstrance in the past. Mr. Spalding noted the deadline to take this action

used to be August 1st, but it has been moved to May 1st, which aids in forecasting. He stated there is no benefit to the City in waiting to take action; it is like writing a check to the other municipalities. Mr. Cooke stated this revenue will be needed for the capital projects the City will have in the near future.

Other Potential 2018 Ordinances/Resolutions on Fiscal Matters

Re-appropriation of Contingency Reserve in CCD Fund (120) – In Process

Mr. Spalding stated this is a similar issue in that the Council will need to take action in order to include contingency funding that the Department of Local Government Finance (DLGF) removed from the budget. He stated there was a surplus in 2017 that he intended to carry over to 2018, but he neglected to have the Council de-appropriate that amount. Because that action did not take place, the DLGF denied the amount when they approved the City's budget. He stated this is merely a matter of procedure; there is no deadline by which it must take place.

Appropriation Transfer of CCD Contingency Reserve to Fund Purchase of New Ladder Truck and Ambulance – In Process

Mr. Spalding stated the original funding plan for the new engine was to use the Corporate Campus East (CCE) TIF, since the engine would be housed at Station 77; however, that plan would prevent the engine from being moved to another station if it were needed elsewhere. He stated he has spoken with Chief Wyant, who for operational reasons would prefer that the engine not be tied to one station. Mr. Spalding stated he has noticed that the CCE TIF also could become overcommitted for the near future, so he is proposing financing the new engine through the CCD instead. This will provide operational flexibility for the Fire Department and relieve commitments from the CCE TIF.

- **Amend City Code (Ord 69-11-90) to Link Mileage Reimbursement Rate to IRS Rate – On Deck**

Mr. Spalding stated the ordinance is in process and will come before Council at a later date.

Appropriation Transfer of Personal Services Contingency Reserve –On Deck

Mr. Spalding stated the budget was approved based on estimates for salary and benefit costs, with a contingency fund budgeted to finalize the cost when it became known. He stated now that the actual amounts have been calculated, this transfer will come before the Council to appropriate the contingency amounts to the departments to reflect actual budget needs.

Appropriation of Park Impact Fee Fund (198) and Road Impact Fee Fund (199) – On Deck

Mr. Spalding stated he is researching the history of these funds. He stated in the past they have not been appropriated, and they should be included in the budget process. Mr. O'Connor stated

this information will be useful in planning capital projects. He stated with better data, the City can make better decisions.

Resolution for Prior Authorization of Budget Neutral Appropriation Transfers – On Deck

Mr. Spalding stated this proposed resolution would authorize the Controller to make budget-neutral transfers within a fund to address operational needs, with the exception of personal services. He stated he would report the transfers to the Council once or twice per year. Mr. O'Connor suggested adding transfers to the Finance Committee agenda, similar to approval of the claims. Mr. Spalding was willing to do as Mr. O'Connor suggested.

City Code Revision (OFA Matters) – On Hold

Update of On-Going and Planned Financial Process Improvement Projects

Banking Realignment

Mr. Spalding stated he has closed two accounts at First Merchants Bank in order to simplify the City's banking in preparation for investment through 1st Source Bank. He stated he has also closed accounts with Huntington Bank for the same reason. He stated he explained to them that they did nothing wrong and are welcome to bid for City services when the time comes. Mr. Spalding explained that the City now has three banks: the Civil City funds are at Key Bank, the Wastewater Utility funds are at Chase, and the City's self-insurance funds are at BMO Harris Bank. He stated this is a more logical approach than what was done in the past. Mr. O'Connor stated it would be good to do Requests for Proposals (RFP) for banking services on a cycle every few years. Mr. Spalding replied he may pursue RFPs in 2019. He stated he has been in contact with 1st Source Bank, but they have not begun their investment services yet. He stated he is waiting for the Capital Plan to be updated before he will know how much money will be available to invest.

Mr. Cooke left the meeting at 9:45 a.m.

Monthly City Finance Officers Meeting – Review February 2018 meeting agenda

Mr. Spalding stated he is working to educate the departmental finance officers beginning with this afternoon's meeting. He stated he plans for each meeting to have a section on "Muni Finance 101" and accounting basics. He stated Jim Treat of O.W. Krohn & Associates will address the meeting concerning the differences between maintenance and capital. Mr. Spalding stated he also plans to discuss a culture shift concerning ownership of timekeeping. He stated it will no longer be payroll's job to find errors. If an employee or department finds an error, they can bring the documentation to payroll to make the correction. He stated he will also institute a time limit for making corrections.

- **New Chart of Accounts – Implementation Update**

Mr. Spalding stated the new chart of accounts continues to be a work in progress.

- **Finance & Accounting Staff Restructure – What's Next?**

This item was not discussed.

- **Fleet Management Advisory**

Mr. Spalding stated Mr. Cooke is working on the project.

- **OpenGov Personnel Cost Forecast Module – ON HOLD**
- **OpenGov Budget Builder – ON HOLD**

These items were not discussed.

- **Key Purchase Card Program & Centralized Purchasing – ON HOLD**

This item was not discussed.

Claims Docket Review

There were no questions. The committee recommended approval of the claims.

Other Business

There was no other business.

The meeting adjourned at 10:00 a.m.



GREGORY P. O'CONNOR, COMMITTEE CHAIR


EVELYN L. LEES, CITY CLERK