

**COMMON COUNCIL
FINANCE COMMITTEE
NOVEMBER 8, 2018**

The City of Noblesville Council Finance Committee met at 8:20 a.m. on Thursday, November 8, 2018. Greg O'Connor, Wil Hampton, and Megan Wiles were present. Roy Johnson participated by telephone.

Also present were City Clerk Evelyn Lees, Controller Jeff Spalding, Planning Director Sarah Reed, Street Commissioner Patty Johnson, Chief Accountant Heather Trexler, Economic Development Specialist Aaron Head, and Administrative Assistant Jacqueline Thompson.

Project AIC

Mr. Head stated this project is a headquarters attraction project. He stated the company's headquarters is currently in Indianapolis, but the owner is a Noblesville resident. He stated the owner is interested in building on eight acres on the north side of Pleasant Street west of Union Chapel Road. He stated the proposed headquarters would be 12,000 square feet to be used for software engineering that aids automated manufacturing. Mr. Head stated the Economic Development Council Committee forwarded a favorable recommendation for a three year declining tax phase-in. He stated the tax phase-in schedule would be 80% the first year, 60% the second year, and 40% the last year. He noted this is a competitive project and would save the company approximately \$49,000.00. Ms. Reed noted the property owner is willing to donate right-of-way for the Midland Trace Trail. Mr. Head stated the company currently has ten employees and plans to add three more. He stated the average salary is \$75,000.00, and the new employees would start at \$57,000.00. He noted there is room on the parcel for future expansion. The committee discussed the project and agreed to recommend approval to the full Council on the condition that the company receives an Improvement Location Permit before June 1, 2019. Mr. Head agreed to add the condition to the resolution to come before the full Council.

Mr. Head left the meeting.

Funding Pleasant Street Improvements & Other Major Street Projects

Mr. Spalding stated this subject was carried over from the last meeting. He stated he is considering establishing a fund for major street improvements to assist with project accounting. He noted the Engineering Department currently tracks expenses for projects, but there is little information in the City's accounting system. He stated money for the projects would be transferred from other funds to the new fund, and expenditures would then be made from the new fund. Mr. Spalding stated another option would be to hold reserves for projects in other funds; there would be no need for transfers, but tracking would be a little less clear. Mr. Spalding noted that projects funded by bonds are already segregated, so his proposal would only concern expenditures from the Civil City. He noted that once the City has a project management component to its accounting system, these other options will not be necessary. Mr. Hampton and Ms. Wiles felt a need for more discussion before a decision is made. Mr. O'Connor asked Mr. Spalding to bring a recommendation to the next meeting.

Review of Year End Fiscal Actions

- Year-end Encumbrances

Ms. Trexler explained encumbrances are for specific contracts or invoices budgeted for 2018 that cannot be paid until 2019. She stated specific amounts from this year's budget will be carried over to next year but must be spent to pay the requested invoices.

- 2018 Claims Payments

Ms. Trexler stated the last day to submit claims to be paid in 2018 is December 6th.

- Equipment Lease Purchase Payments

Ms. Trexler stated while the goal is to complete lease purchases in the same year, some may carry over to the next year. She stated lease purchases do not need to be encumbered.

- Year-end Appropriation Transfers (Budget Cleanup)

Mr. Spalding noted these transfers help provide a true accounting of actual spending. A resolution concerning this action is on the Council agenda and was discussed later in the meeting.

- Fixed Assets Updates

Ms. Trexler stated reports of existing fixed assets have been distributed to the departments for additions and deletions. She stated the accounting system only tracks net cost, not value, so purchases made with trade-ins must be accounted for elsewhere. Mr. Spalding stated in the past, net cost instead of value was sometimes entered in fixed assets, but now value is being entered and will be going forward.

- Compilation of Annual Financial Report

Mr. Spalding stated data will be compiled at the end of the year. He stated O.W. Krohn & Associates prepares the Civil City Annual Financial Report, and Umbaugh works with the Wastewater Utility. Ms. Trexler noted Umbaugh and O.W. Krohn also work together to make sure the two reports are in harmony.

Fiscal Actions on November 13 Council Agenda

Ms. Reed explained her department has completed and paid for two studies approved by the Council, but funding for them was not included in the Planning budget. She stated transfers from the Downtown Development Fund and in the General Fund are needed to accurately account for the expenditures. Ms. Wiles stated the Downtown District Council Committee plans to present

their work to the full Council, and this transfer may affect their presentation. She stated she will speak to committee chair Rick Taylor to make sure he is aware of this transfer.

Mr. Spalding stated the Downtown District Committee has committed to spending \$335,000.00 to paint Downtown street light poles and other fixtures, but because most of the work cannot be completed this year, only \$15,000.00 will be transferred to the Street Department. Ms. Johnson noted that of the \$15,000.00, it is likely only \$8,000.00 will be spent this year. She stated the street lights cannot be taken down to paint until after the holidays.

Mr. Hampton noted when the trash fee was instituted, the money it freed up was allocated but was left open to changes in the allocations. He stated perhaps it is time to re-evaluate the allocations. Mr. O'Connor replied Mr. Hampton made a good point. Ms. Wiles explained the Downtown Development Fund has accumulated a healthy balance because the committee has waited for the results of a study first. She noted the committee wants to spend the fund wisely for the greatest effect.

Ms. Johnson and Ms. Reed left the meeting.

Ms. Lees stated the transfer for preservation of records concerns payment for rebinding old Council minutes books, which was complete earlier this year.

Mr. Spalding stated the IT department has decided to outsource server maintenance rather than hiring more staff, so a transfer is needed from the 100 series to the 300 series. He noted this decision should save money.

The committee recommended approval of the transfers.

Mr. Spalding stated a resolution is on the agenda to give him authority to make budget-neutral transfers to correct year-end budget shortfalls. He noted a report of all transfers will be presented to the Council no later than the first Council meeting in February. Ms. Trexler explained some departments are still struggling with the new Chart of Accounts and did not always set their budgets accurately; for example, travel and clothing used to be in the 100 series, but now they are in the 300 series. She stated some departments still included those items in their 100 series, but they have been expended from the 300 series. She stated the transfer will correct the budgeting error. Mr. Spalding noted the resolution is only for one year and is very limited. Mr. O'Connor asked if the Council could limit the dollar amounts to be transferred. Mr. Spalding stated that might be possible in the future, but currently no one knows what amounts will need to be transferred. He stressed that if he is not given authority to make these transfers, the City's reports would be out of balance at year end and could not be corrected. Mr. Hampton expressed concern that these transfers might "raid" other funds. Mr. Spalding explained this type of transfer can only occur within the same fund. He stated transfers between funds must come before the Council for approval. Mr. O'Connor requested that the report of transfers come to the committee before it is presented to the full Council. Mr. Spalding agreed.

Other Pending 2018 Ordinances/Resolutions on Fiscal Matters

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

This item was not discussed.

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

Mr. Spalding stated he plans to work to appropriate impact fees in 2019, but the statute is not clear. Ms. Wiles stated she is interested to learn more about the fiscal authority of the Park Board compared to the Council. Mr. Spalding stated he thinks he might know, but he is not sure. Mr. O'Connor suggested that the Council engage an attorney to provide a legal opinion. Mr. Spalding noted the Council has the right and funding to employ their own legal counsel.

City Code Revision (OFA Matters) – On Hold

This item was not discussed.

Updates of Ongoing and Planned Financial Initiatives and/or Process Improvements

NEW: Revise Travel Reimbursement Policy

Mr. Spalding stated the current travel reimbursement policy for the City is very cumbersome and difficult to enforce. He stated Ms. Thompson has past experience at another employer with a more efficient policy. He stated she will work with him to write a new travel policy that is easier for employees to understand and follow, and that is easier to administer. He stated once a new travel policy is in place, the current credit card policy can be revisited. He stated he would like to drastically reduce the number of City credit cards. He stated he may have staff log the time currently spent reconciling credit card expenses. Mr. O'Connor suggested obtaining cards used specifically for travel and entertainment; there is also software that makes accounting very easy. Mr. Spalding replied it is important to move slowly at first to make sure the new process works well before we try to automate it.

TIF Fund Reconciliation

OpenGov Budget Builder & Personnel Cost Forecasting Module

OFA Staff Structure

Mr. Spalding stated he is already beginning to allocate some tasks to staff. He noted the committee may begin receiving emails from Ms. Thompson on his behalf. He stated he will work to hire a budget analyst next, although he noted the pool of candidates is slim.

Cash Advisory Service – On Hold
Key Purchase Card Program & Centralized Purchasing – On Hold

These items were not discussed.

Claims Docket Review

The committee recommended approval of the claims.

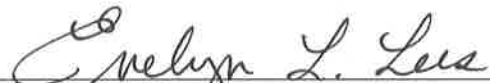
Other Business at Discretion of Chairman

Ms. Wiles stated last night at the Parks Board meeting there was a discussion concerning selling more land to the Fieldhouse for playing fields. She stated she will contact Deputy Mayor Cooke to have any proposals presented to the Finance Committee before they are presented to the full Council.

The meeting adjourned at 10:29 a.m.



GREGORY P. O'CONNOR, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK

