

**COMMON COUNCIL
FINANCE COMMITTEE
FEBRUARY 21, 2019**

The City of Noblesville Council Finance Committee met at 8:15 a.m. on Thursday, February 21, 2019. Megan Wiles and Greg O'Connor were present. Rick Taylor participated by telephone. Christopher Jensen was absent.

Also present were City Clerk Evelyn Lees, Controller Jeff Spalding, Fire Chief Greg Wyant, Chief Accountant Heather Trexler, Assistant City Engineer Jim Hellmann, and Administrative Assistant Jacqueline Thompson.

Noblesville Township Fire/EMS Contract

Chief Wyant stated the Noblesville Township Board met last night. He stated he presented his idea to simplify their fire protection contract, and their response was positive; they expect to vote on the proposal at their meeting in March. He stated the Board agreed a one year contract was the best course to take at this time. He stated they are interested in a multi-year contract or interlocal agreement, but more research is needed before it can be implemented. Chief Wyant stated there is outdated language in the contract that designates a board member to sit on a budget mini-committee, but the mini-committees have not existed for years. He stated the Board agreed to strike that language; he offered to notify them of the relevant budget meetings or Finance Committee meetings, but Joe Arrowwood said the chief served as their representative in the process. Chief Wyant stated it was a great testament to the good relationship between the Township and the Fire Department. He stated he will work with Mr. Spalding to move forward with a one-year contract to present to the Board of Public Works and Safety. Ms. Wiles suggested inviting the Township to the relevant budget meetings in August as a goodwill gesture. Chief Wyant agreed it was a good idea. Mr. Spalding stated a multi-year contract should be in the form of an interlocal agreement that would set the parameters of the relationship. Mr. O'Connor noted the General Assembly has considered modifying or eliminating townships in the past; it is not being considered this year, but the possibility should be monitored.

Campus Center Project Bond Issue

Mr. Spalding stated one Council member requested an update on this item. He presented a Schedule of Detailed Sources and Uses of Funds of the bond issuance for the project.

YE 2018 Financial Update

Mr. Spalding stated the year-end report was provided by Financial Advisor Michael Reuter. Mr. Spalding stated he will provide quarterly year-to-date reports going forward. He noted we are still working toward achieving more accurate data. He reviewed the Revenue Highlights, noting there were budgeting errors for Cable Franchise Fees, Court Fines and Fees, and Ambulance Fees that skewed the report for those areas. He noted the errors have been corrected so that there will be more accurate data in the future. Chief Wyant explained the complexities of Medicaid reimbursement for ambulance service, and that even though they have an accounting firm to

help, there is no way to predict when the reimbursements will be distributed. He stated it is very difficult to project how much revenue will be received in a given year.

Chief Wyant left the meeting.

Mr. Spalding noted building permit fees have increased because our community is growing. He noted the City's Food and Beverage Tax distribution will most likely decrease in the near future. He stated the Department of Revenue is auditing the distributions and its system for calculating distributions. He stated the system has been self-reporting, and some restaurants have reported they are in Noblesville when they are not; the new system will use a geographic information system (GIS) to credit and distribute the taxes going forward. He stated the City will most likely have to return any misreported taxes to the State, but since the Food and Beverage Tax is not a major source of revenue, he does not anticipate a problem. He stated it will be good to have accurate data.

Mr. Spalding reviewed the Spending Highlights. He stated he eventually hopes to use as little of the contingency reserves as possible. He noted the funding for the Logan Street Pedestrian Bridge will have to be re-appropriated this year, because it was never requested for payment last year. He stated payments for employee deferred compensation accounts will be paid from the non-departmental contingency rather than from individual departments.

Mr. Spalding stated these reports will be generated through OpenGov in the near future. He stated the reports will be sent to the full Council following this meeting.

Funding Plan for Right-of-Way Acquisition

Mr. Spalding stated at the last meeting, the committee requested \$2 million be set aside in a separate fund to pay for Right-of-Way acquisition or major road construction. He stated upon reflection he thinks it is best not to create a fund if it is not necessary, and because the Motor Vehicle Highway (MVH) Fund and the Local Roads and Streets (LRS) Fund are restricted as to use by the State, it is best to spend directly from the MVH and LRS Funds. He explained this method will provide a much easier way to show the State that the funds have been used correctly. He offered to designate \$2 million in these funds as cash reserved for restricted use. He stated the Engineering Department will track spending outside of the accounting system, as they have tracked construction project spending for years. Mr. Hellmann stated usually land acquisition is tied to a particular project, so the proactive purchases the City has made recently will be more complicated to track, but he will work with Mr. Spalding to find the best solution. Ms. Wiles expressed concern that the City could miss out on an opportunity to purchase land while a solution is being discussed. Mr. Spalding reassured her that the City has available funding for any purchases that are needed. He stated the next step will be to appropriate the funding; he will prepare the documents for consideration by the Council in March.

Mr. Spalding stated he asked the State Board of Accounts if trails are an eligible use of MVH and LRS funds; he received a reply that those funds are not eligible to be used for trails, but they can be used for sidewalks. Mr. Hellmann noted that INDOT allows eight-foot asphalt sidewalks

next to roads, so sometimes it is a matter of semantics. Mr. Spalding stated he will try not to use those funds for that type of project, and Mr. Hellmann agreed.

Mr. Hellmann left the meeting.

Maintain Cumulative Capital Development (CCD) Fund Tax Rate at Current Level

Mr. Spalding stated an ordinance to reset the CCD Fund tax rate at \$0.05 per \$100.00 of Assessed Valuation is on the agenda for February 26th. He stated this is a routine action that has to be done every year to maintain the tax rate at its intended level. A public hearing will be held at the March 12th meeting.

Fiscal (and Related) Actions on Council Meeting Agenda - February 26

- *Re-establish CCD Fund Tax Rate at Current Level*

This item is the same as the previous item.

Upcoming 2019 Routine Fiscal Actions

- *Additional Appropriation – Re-establish adopted budgets from MVH Fund and Parks Fund that were reduced by DLGF*

Mr. Spalding stated he is waiting to take action until after the final 2018 amounts are entered in Gateway, so the DLGF can see the City's cash balances and that we can fund our adopted budget. Mr. O'Connor asked if there were any deadlines to re-establish the budgets. Mr. Spalding replied no, as long as action is taken sometime during this calendar year.

- *Reallocation of Appropriations – 2019 General Salary Adjustment*

Mr. Spalding stated he will meet with the departmental Finance Officers this afternoon.

- *Reallocation of Appropriations – Proper alignment of 2019 budget under new chart of accounts (for certain departments)*

This item was not discussed.

- *Additional Appropriation – Right-of-Way Acquisition*

This item was discussed earlier in the meeting.

Other Pending 2019 Ordinances/Resolutions on Fiscal Matters

Appropriation of Parks Program Fund (110) – On Hold
Appropriation of Park Impact Fee Fund (198) and Road Impact Fee Fund (199) – On Hold

These items were not discussed.

City Code Revision (OFA Matters) – On Hold

Mr. Spalding stated he plans to clarify the funding and purpose of the Promotional Fund. He stated current City Code is too vague and left up to individual interpretation.

He stated he also plans to update the procurement process. He stated the departments are hungry for guidance. He stated in the eyes of the State, the Board of Public Works and Safety is the purchasing agency for the City. Ms. Thompson stated she has been researching the topic and found that in the 1980s, the Board of Public Works and Safety appointed Department Directors as purchasing agents for their departments. Mr. Spalding stated it is the Board's responsibility to set the rules for procurement.

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

Internal Control Standards RFQ

Mr. Spalding stated he will contract either the KSM or BKD accounting firm; both are competent and will do good work.

OpenGov Budget Builder & Personnel Cost Forecasting Module

Mr. Spalding stated he will meet with OpenGov representatives on February 27th.

Pro-forma TIF Cash Flow Projections
Revise Travel Reimbursement Policy
OFA Staff Structure

Mr. Spalding stated it is very important to add more staff, but he is not sure where they will work; there are no empty work stations. Mr. O'Connor suggested the Council office might be used. Ms. Wiles offered to poll the full Council to see if they would be amenable to the idea.

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.

Mr. Spalding stated in the near future, the claims will be separated by Civil City, the Wastewater Utility, and the Redevelopment Commission. He explained the Council is the fiscal governing body only for the Civil City funds; the Redevelopment Commission will approve claims from the TIF funds, and the Board of Public Works and Safety needs to approve claims for the Wastewater Utility. He noted in many municipalities, the Board of Public Works and Safety approves the Civil City claims, but in our City Code, the Council is given that responsibility.

Other Business at Discretion of Chair

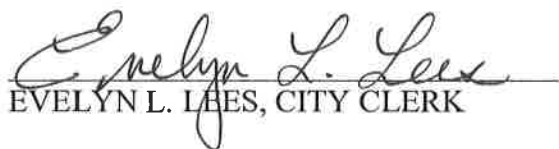
Mr. O'Connor stated Parks Director Brandon Bennett has approached him concerning \$25,000.00 in funding for a study of the golf program, and he supports the request. Mr. Spalding stated the amount can be transferred from the Parks contingency fund. After a brief discussion, it was agreed that the study should be charged to the Parks budget as professional services.

Mr. O'Connor asked the status of the liability to the City for sick time payouts at retirement. Ms. Trexler stated she believes it is \$4 to \$4.5 million, but because new employees are no longer eligible for that benefit, the number of hours to payout will not increase. Mr. Spalding stated because of changes in payroll accounting, the amount can now be tracked, whereas it couldn't be tracked in the past. Ms. Wiles and Mr. O'Connor stated it is important to stay aware of this issue.

Ms. Wiles asked where funding for the Façade Improvement Grant Program will come from once it is moved from the Downtown TIF. Mr. Spalding stated \$150,000.00 will be budgeted in the Economic Development Department, since they administer the program. He noted that money cannot be transferred from the TIF fund to the General Fund; it will have to be a new appropriation in the General Fund. Ms. Wiles stated Aaron Head is expected to present an ordinance amending the program at the next Economic Development Council Committee meeting.

The meeting adjourned at 9:56 a.m.


MEGAN G. WILES, COMMITTEE CHAIR


EVELYN L. LEES, CITY CLERK