

**COMMON COUNCIL
FINANCE COMMITTEE
JANUARY 9, 2020**

The City of Noblesville Council Finance Committee met on Thursday, January 9, 2020. Greg O'Connor called the meeting to order at 8:17 a.m. with Mike Davis, Darren Peterson, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Parks Director Brandon Bennett, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, and Administrative Assistant Jacqueline Thompson.

2020 Budget Order

Mr. Spalding explained the City sets a budget and property tax rate, but the Department of Local Government Finance (DLGF) has to approve them. He stated once all taxing units in a County have submitted their budgets to DLGF, it will issue a Budget Order, known as a form 1782. He stated municipalities have ten days to respond with any corrections to the form 1782, which the DLGF then reviews for approval. Mr. Spalding stated all of the City's appropriations were approved, but the form 1782 contained a \$1.11 property tax rate, so he made some small changes to maintain the tax rate at \$1.10, as the Council has directed. He stated he expects the DLGF to approve the changes.

Budget Realignment for 2020 Transition

Mr. Spalding stated the Council should expect a series of fiscal actions in the near future to fund the new executive staff structure. He stated appropriation transfer #TA-01-20 is the first of those actions. He noted the salary ordinance was amended in 2019, and these transfers are budget-neutral. He noted that under state law, once the budget is adopted, it can't be changed until the budget year actually begins. Mr. Beres stated there will be similar actions for other departments that have undergone changes since the budget was approved in October 2019.

Appropriation for Building Authority Refunding Bonds of 2014, Series B

Mr. Spalding stated an additional appropriation is proposed to correct a small budget error that went undetected for several years. He stated a Building Authority was established to hold title to a capital project, and then the City makes lease rental payments to the Building Authority. He stated it was recently discovered that there is a small gap between the amount of the lease rental payments and the amount of the debt service payments. He stated when the bonds were entered in Gateway, the lease rental payments were inadvertently not entered, so the only data displayed were the debt service payments. He explained last year, bond payments were included in the budget for the first time, so when payments exceeded the appropriation the problem was found. He stated an additional appropriation is needed to correct the error this year; in the future the payments will be budgeted correctly. Mr. O'Connor noted this seems to be a housekeeping item. Mr. Spalding replied that is correct. Mr. Light noted Mr. Spalding works diligently to persuade

the State to update processes that are cumbersome to municipalities and do not add value to the State or the public.

Hamilton County LIT Re-Allocation - Update

Mr. Spalding stated there are currently two purposes for Local Income Tax (LIT) in Hamilton County: there is a one percent general LIT, and a 0.1 percent Public Safety LIT, which was approved in 2019. He noted the Public Safety LIT revenue is held entirely by the County. He stated the one percent LIT revenue is divided between the taxing units. Mr. O'Connor explained the formula for determining the distribution resulted in Fishers receiving approximately 55 percent of the amount Carmel receives, even though their populations are similar. Mr. Spalding stated this formula egregiously harms Fishers and egregiously benefits Carmel; a bill was proposed in the legislature last year to fix the problem, but it did not pass. Mr. O'Connor stated for the past few months, representatives of Fishers, Carmel, Noblesville, and Westfield have tried to find a solution. He stated the goal was to correct the inequity without harming Noblesville or Westfield in the process. Mr. Spalding stated this week Fishers proposed a solution to Carmel that was endorsed by Noblesville and Westfield, but Carmel rejected it. He stated now the issue will most likely be addressed again by the legislature. Mr. Spalding stated he will monitor the situation and keep the committee informed in case Noblesville is affected.

Mr. O'Connor expressed interest in tracking the new Public Safety LIT revenue to make sure Noblesville benefits in proportion to other entities in the county. Mr. Light stated Public Safety Director Chad Knecht is monitoring the process and will update the committee. Mr. O'Connor stated the revenue should be used to benefit the communities rather than be held by the County.

Update: Post-Year End Budget Adjustments; Encumbrance Carry Forward Resolution

Mr. Beres stated year-end budget adjustments were authorized by resolution RC-15-19 and will be reported to the Council by its first meeting in February. He stated the approved encumbrances were not all needed since some invoices were paid in 2019, so the actual amount that was encumbered to 2020 will be reported to the Council as well.

Authorization for Routine Budget Adjustments

Mr. Beres stated the Office of Finance and Accounting (OFA) is proposing a resolution that would allow OFA to perform small, technical transfers and report them to the Council quarterly or semi-annually to avoid bringing them individually to the Council. He stated there would probably be a threshold of \$50,000.00, but smaller transfers could still be brought before the Council if OFA staff feel it is warranted. Ms. Wiles asked if these transfers would be budget-neutral. Mr. Beres replied yes, they would be. Mr. Spalding stated he plans to push departments to manage their budgets more closely, and this process would facilitate the changes and save time. Mr. Spalding noted he plans to require departments to identify funding before items are presented to the Board of Public Works and Safety, which will slow down the approval process. He stated he hopes the proposed resolution would help alleviate some of the delay. There was a discussion of the merits of the proposal. Mr. Peterson expressed dislike for the idea and felt the

Council could be left uninformed of fiscal actions until after the fact. Mr. O'Connor stated as long as the transfers are small and are reported to the Council, he approves of the proposal. Ms. Wiles also approved but was curious to see what transfers were approved in 2019 that might have qualified. Mr. O'Connor suggested that OFA bring a draft resolution to the committee for further discussion. He stated Mr. Peterson's point is well taken, but if done properly, the proposal could provide accountability and improve efficiency. He noted if the Council is unhappy with the results, it can end the program.

Fiscal (and Related) Actions on Council Meeting Agenda – January 14

- *Ord. #01-01-20 – Additional Appropriation to properly align budget with lease rental payment obligation for the Building Authority Refunding Bonds of 2014, Series B (DS/Bldg Auth Refund Bonds 2014B Fund)*
- *Appropriation Transfer TA-01-20 – To realign budget for senior staff restructuring (General Fund)*

These items were discussed earlier in the meeting.

Claims Docket Review

The committee recommended approval of the claims.

Review of Agenda Addendum

Mr. Spalding stated the addendum has been amended to include only potential Council actions.

Mr. Peterson left the meeting.

Mr. Spalding stated he plans to appropriate the Parks Program Fund in the future, which has not historically been included in the City's budget. He stated after research and consideration, he is confident that impact fees are appropriated when the Council approves them; however, planned spending of impact fees should be included in the budget. He stated he is working on a five-year capital budget which will incorporate funding for large projects.

Other Business at Discretion of the Chair

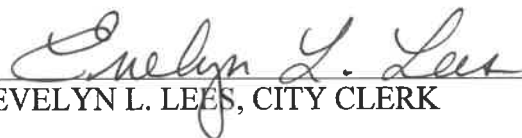
Mr. O'Connor stated the City has been approached by the Friends of Central Pool asking for help with facility needs. Mr. Bennett stated Hamilton County operated the pool until the 1990s, when they offered it to the City. He stated the Parks Board declined to accept, so in order to save the pool, Friends of Central Pool was formed. He stated it is very difficult to make a profit from a pool, so the Friends of Central Pool added additional features. He noted that when Noblesville Schools changed to a balanced calendar with a shorter summer break, the pool's revenue fell significantly. He stated the facility is in need of repairs, and the Friends of Central Pool have asked for the City's help to preserve this community asset. Mr. Bennett stated the Parks

Department has agreed to let the pool use the Parks' point of sale system, and the Parks Department will take over some mowing and landscaping. He stated both of these measures will help the pool cut expenses.

Mr. Light distributed a summary of the pool's needs. He stated Mayor Jensen is in favor of the proposal, and would like to group aid for the pool with improvements to the golf courses and the railyard as overall recreation projects or needs. Mr. Light stated they are still gathering information and feedback. Mr. Bennett reviewed the status of the golf courses and the needs at the railyard. There was a discussion concerning which needs are most urgent. Mr. Davis asked if the Friends of Central Pool will share in the cost of the repairs. Mr. Bennett replied yes, they will. The committee supported moving forward with the projects. Mr. Light stated they will return to the committee with more details as soon as they are known.

The meeting adjourned at 9:48 a.m.


GREG O'CONNOR, COMMITTEE CHAIR


EVELYN L. LEES, CITY CLERK