

**COMMON COUNCIL  
FINANCE COMMITTEE  
DECEMBER 3, 2020**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, December 3, 2020. The meeting was called to order at 8:22 a.m. with Greg O'Connor, Megan Wiles, and Mike Davis present. Darren Peterson arrived at 8:27 a.m.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Parks and Recreation Director Brandon Bennett, Facilities Manager David Dale, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, and Chief Accountant Heather Trexler.

**Parks/Golf Subsidy Report**

Mr. Spalding explained revenue from the golf program does not normally cover its costs, so a \$200,000.00 subsidy is included in the Parks budget. He stated there is a year-end review to compare the budgeted amount with actual need. Mr. Bennett distributed a memorandum concerning the subsidy. He stated although \$200,000.00 was budgeted in the Parks operating budget, they are still guessing at the actual amount that will be needed. He stated the goal is to begin the new year with a minimum cash balance of approximately \$130,000.00 in the fund. Mr. Spalding explained in the past, the subsidy only kept the fund from ending the year with a negative balance. Mr. O'Connor asked why \$130,000.00 is needed. Mr. Spalding replied he used the same logic that is used when constructing the fiscal plan, which is comparing the rate of spend-out to major revenue streams to determine how much money is needed at the beginning of the year until revenue comes in. He stated for funds supported by property tax, the first revenue isn't received until May each year. He stated the Parks fund is not supported by property tax, but to be consistent he has applied the same principle to all funds. Mr. Beres noted that this year cannot be compared to past years. Golf revenue has been at record levels due to the pandemic. Mr. Bennett stated a starting balance of approximately \$130,000.00 was estimated for this year for golf and recreation combined, but the ice rink is still open, and no one can predict the revenue that may or may not result. He stated so far, the rink is doing well. He stated this year the golf program will subsidize the recreation program, which is very unusual.

Mr. Bennett reviewed reports in the memorandum, which also were presented to the Park Board at their meeting last night. He stated of \$1.4 million in sales, \$1.2 million was purchased by credit card. Mr. O'Connor asked what the credit card processing fee is. Ms. Trexler replied it is 2.6 percent, which the company withholds from the total sales. Ms. Wiles was curious to see a breakdown of sales into merchandise and golf cart rentals. Mr. Bennett stated he will ask golf pro Gary Deakyne to produce a report.

Mr. Beres stated because the subsidy this year is lower than the budgeted amount, no Council action is needed. He stated they reviewed the information now so that there would be time for Council action if it were needed. Mr. Spalding stated this review has become part of an established cycle for the Parks operating budget. Mr. Bennett stated that because 2020 has been an extraordinary year, he will use data from 2017 through 2019 for decision-making.

Mr. Bennett stated staffing at the Annex at Ivy Tech is challenging due to the pandemic. He stated demand for activity space has increased. He stated while many communities have canceled activities, Noblesville has continued, but safely.

### **Unbudgeted COVID-19 Response Costs**

Mr. Beres stated a pandemic was not envisioned when the budget was set last year. He stated the maintenance budget has been strained to pay for spraying disinfectant in buildings. He stated buildings are sprayed twice per month, and again whenever there is a positive case. He stated there is still money in the budget to cover the costs, but a transfer between expense series is needed. Ms. Wiles asked if the expense is eligible for CARES Act reimbursement. Mr. Light replied it is, but the City's CARES Act reimbursement was applied mostly to public safety payroll. Mr. Spalding stated the City was able to receive its full reimbursement. Mr. Dale stated the cost of spraying and other COVID-related costs has been \$85,000.00. He stated the maintenance budget has absorbed all but \$37,000.00 of that amount, since there have been fewer building repairs this year. He explained the company that has been spraying has given the City a discount, and they have been very responsive when extra sprayings are needed. He stated he recently has bought two machines for staff to do routine spraying using hospital grade disinfectant, which should cut costs for next year. He stated the contractor will still be used for spraying for confirmed cases of COVID. The transfer is needed to move \$37,000.00 to the correct expense series to cover COVID-related costs. Mr. Peterson felt the wording of the transfer resolution did not explain the true cost of these efforts to the public. He asked if maintenance has needed to work more overtime. Mr. Dale replied he has allowed his employees to flex their time when possible to keep overtime costs down.

### **Downtown Streetlight Replacement**

Mr. Beres stated in a prior action, the Council appropriated money for streetlight replacement in the 400 expense series. He stated the City is contracting with Duke Energy to replace some of its poles with decorative poles, which is more appropriately paid from the 300 expense series. He stated transfer TA-24-20 will shift appropriation authority to the correct series. He stated because this is a technical transfer, it would have been done by staff under the small transfer resolution, but the amount is over \$50,000.00.

### **Unbudgeted Financial Consulting/Reporting Costs**

Mr. Beres stated consulting costs for the Comprehensive Annual Financial Report (CAFR) and the annual audit were more than anticipated this year, so a transfer is needed. Mr. Spalding stated there was a new audit team from the State Board of Accounts this year, and they took a different approach from the last team. He stated although the audit cost more than expected, it was still much less than hiring an outside firm. Ms. Trexler noted part of the extra cost was due to the auditors working remotely instead of onsite. She stated questions that easily could have been answered onsite took more time to explain when communicating remotely. Mr. Spalding stated fees for O.W. Krohn & Associates were also higher because they have been tasked with building a spreadsheet summarizing all of the City's debts for use by City staff. He stated once the

spreadsheet is compiled, the cost to maintain it will be much less. The committee expressed a desire to see the spreadsheet once it is complete. The committee agreed to recommend approval of the transfer.

Mr. O'Connor expressed concern for reporting compliance for bonds. Mr. Spalding stated the City contracts with Baker Tilly to monitor and perform all compliance reporting. Mr. O'Connor requested a report of compliance activities. Mr. Spalding agreed to explore semi-annual or annual reporting.

Mr. Spalding stated there are also additional appropriations needed for actuarial costs in the police and fire pension funds that were in force prior to 1977. He stated the costs were not included in the budgets for those funds, but they will be beginning with the 2022 budget.

### **Preliminary Results of 2020 One Year Bond Placement**

Mr. Spalding stated he has received preliminary results for bids for the 2020 One Year Capital Projects bond. He stated the bond will keep the City's tax rate at \$1.10. He stated he received seven bids, which is a very good response. He stated an underwriting firm also offered its services if there was not a good response, so a back-up plan was available. He stated the proposed interest rates were very good: four of the seven bids were at 0.75 percent or below. He stated the other three bids were approximately one percent. He noted the interest rate on the 2019 bond was 1.6 percent. He stated he is still reviewing the bids, but he will notify the winning bidder today or tomorrow. He stated closing for the bonds has to occur this month. He stated the excess levy appeal to the Department of Local Government Finance (DLGF) was approved, so the amount of the bond will be less than the maximum amount that was authorized. He stated the bond should be for \$4.7 or \$4.8 million. He stated the DLGF's calculations were slightly different than his, so he is still working with them to determine the exact amount needed for the bond. He stated he will update the committee with the final amount.

### **Fiscal (and Related) Actions on Council Meeting Agenda – December 8**

- *Ordinance #47-12-20 – Additional Appropriation to provide funding for annual reporting requirements (Fire Pension Fund)*
- *Ordinance #48-12-20 – Additional Appropriation to provide funding for annual reporting requirements (Police Pension Fund)*
- *Appropriation Transfer TA-23-20 – COVID-19 Response for Facility Maintenance (General Fund)*
- *Appropriation Transfer TA-24-20 – Streetlights from Lakeview Drive to SR 19 on Logan Street (Downtown Development Fund)*
- *Appropriation Transfer TA-25-20 – Accounting and Financial Consulting (General Fund)*

These items were discussed earlier in the meeting.

**Claims Docket Review**

The committee recommended approval of the claims.

**Review of Agenda Addendum**

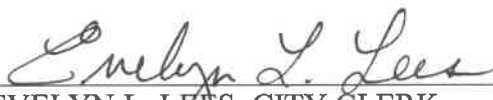
There was no update.

**Other Business at Discretion of Chairman**

There was a discussion concerning Christmas lights for Downtown, costs for the lights, and future possibilities for more Downtown lighting that could be used all year.

The meeting adjourned at 10:04 a.m.

  
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GREG O'CONNOR, COMMITTEE CHAIR

  
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EVELYN L. LEES, CITY CLERK