

**COMMON COUNCIL
FINANCE COMMITTEE
FEBRUARY 4, 2021**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, February 4, 2021. The meeting was called to order at 8:15 a.m. with Mike Davis, Greg O'Connor, and Wil Hampton present. Megan Wiles was absent.

Also present were City Clerk Evelyn Lees, Economic Development Director Andrew Murray, Fire Chief Matt Mitchell, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson. Budget/Financial Analyst Sam Beres arrived at 8:20 a.m. Controller Jeff Spalding arrived at 8:25 a.m.

Claims Docket Review

After discussion, the committee recommended approval of the claims.

Bond Authorization – Nexus Apartments, LLC

Mr. Murray stated this project will redevelop the former Marsh Supermarket site. He stated the Council approved the economic development agreement in 2020. He stated in the agreement, the City committed to create a new TIF allocation area, issue a TIF bond, and pledge 100 percent of the TIF increment to the developer for debt service on the bond. He stated the bond will not exceed a six percent interest rate. He reviewed preliminary schedules showing the Proposed Project Components and Estimated Tax Increment; the Estimated Sources and Uses of Funds for the bonds; a projected amortization schedule of the bonds; and Estimated Tax Increment, Debt Service, and Excess Revenues. He stated the developer must provide proof of loan financing before closing on the bonds, and they must draw down the bond proceeds within two years of closing. He stated the Bank of Oklahoma is expected to be the bond trustee. Mr. O'Connor asked if the bank will require inspections or other proof of proper use of funds when the developer draws on the bond proceeds. Mr. Spalding replied the developer is backing the bonds with no risk to the City. Mr. Hampton asked how much tax is currently being collected from the site. Mr. Murray replied current collections are \$83,000.00. Mr. Spalding noted that if the tax increment collected is more than what is needed to pay debt service on the bond, he is not sure who will receive the excess revenue. He stated that point is still in negotiation. Mr. Hampton asked why 100 percent of the tax increment is being pledged to the developer. Mr. Murray replied everyone has agreed that this is the right development for the site, and the developer has pledged to make payments in addition to tax payments. He noted the narrative has been changing, and new developers understand that they cannot expect to receive 100 percent of the tax increment for new projects. The committee agreed to recommend approval of the ordinance.

Mr. Murray left the meeting.

Additional Paramedic Certification

Mr. Beres stated a straightforward transfer from non-departmental contingency to the Fire Department is needed to pay for paramedic certification for 38 firefighters instead of the current 37. He stated extra pay accompanies the certification, so it will be an ongoing cost. Mr. Spalding stated he may start referring to this type of budget change as a base change, since it is a permanent increase to the base budget. Mr. Davis asked if 39 or 40 paramedics could be needed in the future. Chief Mitchell replied yes, that is possible. Mr. Beres noted additional paramedic pay will usually be included in the regular budget request.

Chief Mitchell stated it has been the Fire Department's practice to send three firefighters to paramedic school every other year. He stated the school they have attended is in Indianapolis. He stated recently they have found a good opportunity to use a web-based school in Texas, the School of EMS. He stated because the school is online, it is much less expensive. He stated now the department will be able to send an extra firefighter through the school. He stated the department pays a stipend of extra pay for those attending paramedic school. He stated those attending must commit to finish the course and work as a paramedic for five years after completion, or they must pay back the stipend. He stated the stipend is competitive with other departments and helps in the hiring process. He stated the department's goal is to have a paramedic on each apparatus, which would be 36 paramedics. He stated some administration and Community Resource Officers are paramedics, so currently there are 32 paramedics available to ride the fire trucks and ambulances. He noted some paramedics are nearing retirement, and a few choose to revert. He explained that reverting is resigning from paramedic duties to work solely as a firefighter. He noted EMS school is a 44 week course, followed by significant continuing education. He stated Paramedicine is the most important service the Fire Department provides. He stated there is already a paramedic on every fire run, but his goal is to have a paramedic on each apparatus to make sure the first vehicle on the scene can provide the needed assistance. Mr. Davis asked what the additional cost per person is for the stipend. Mr. Spalding stated the cost is \$5,723.00.

There was a discussion about future program and facility needs for the Fire Department. The committee agreed to recommend approval of the transfer.

Chief Mitchell left the meeting.

Year End Appropriation Transfers per RC-47-20

Mr. Beres reviewed the transfers that were made by the Office of Finance and Accounting (OFA) at the end of 2020 pursuant to Resolution RC-47-20. He stated the departments were proactive during the year to make budget adjustments, so only seven transfers were needed. The total amount of transfers was \$161,910.00. Mr. O'Connor commended OFA for their work. Mr. Hampton agreed.

Year End 2020 Reversion Summary

Mr. Beres stated at the last meeting he reviewed revenue projections for 2020 compared to actual revenue. He stated the reversion summary details operational funds that were unspent and unencumbered at the end of the year and reverted to the General Fund. He stated of the \$75.5 million budget, approximately \$7.2 million reverted. He stated a certain amount of reversions were assumed during the budget process. He stated approximately \$3.7 million more than the assumptions reverted. He explained of the \$3.7 million, \$2 million were CARES Act reimbursements, so the actual reversion was \$1.7 million. Mr. Spalding stated based on guidance from the State Board of Accounts, the CARES Act reimbursements were added back to budgets that incurred the original expenses. He stated the reimbursements were received late in the year, so there was no time to spend them and they reverted. He noted the process still left good documentation of the expenses and the reimbursements received. Mr. Beres stated the CARES Act reimbursements have not been appropriated yet. Mr. Spalding added all appropriations end on December 31 unless they are encumbered to the next year. Mr. Beres stated as the City gathers more budget data to make better assumptions, reversions should reduce. He stated at this time, the City only has two years of data under the current accounting and budgeting process. Mr. Spalding added reversions are not necessarily savings. He stated reversions may be an indication that better budgeting is needed. Mr. Beres stated better assumptions will be made over time. He stated fund balances in the Fiscal Plan will be updated with actual revenue and reversions. Mr. Spalding noted the updates will take place according to a cycle during the year. Mr. Hampton asked if the department directors would like to use the reversions for projects. Mr. Spalding replied they have not in the past because the information was not available to them, but as use of OpenGov expands, eventually the information will be available, even to the public. He noted the mindset of some public officials who come from the private sector is that cutting costs and saving money is always good, but that is not how government works. Mr. Hampton agreed. He stated citizens tell him that if taxes are being collected, they expect them to be spent. Mr. O'Connor observed \$1.7 million in reversions is approximately two percent of the total budget. He stated that is a very good percentage, and he expects it will improve over time.

2020 Year End Encumbrance Carry-forward

Ms. Trexler stated Resolution RC-7-21 authorizes carrying forward encumbrances from 2020 to 2021. She explained each encumbrance is a confirmed project or purchase that was not finished or received by the end of the year. She stated the total of encumbrances is much higher than in past years because purchase orders were used properly in 2020. Mr. Spalding added any encumbered funds have to be properly documented. He stated this is the exception to appropriations ending on December 31. He stated projects and purchases from the prior year can be completed without affecting the current year's budget. Ms. Trexler explained the encumbrances are very specific to the project or purchase; if for some reason the expenditure is not completed, the funding reverts and cannot be used for any other purpose. Mr. Spalding noted a substantial amount of work goes into managing the purchase orders and encumbrances. He commended Ms. Trexler for her efforts. Ms. Trexler stated now that departments are using purchase orders appropriately, they are a good tool.

Fiscal (and Related) Actions on Council Meeting Agenda – February 9

- *Ordinance #08-02-21 – Bond Authorization for Nexus Apartments Project*
- *Resolution RC-7-21 – 2020 Year End Encumbrance Carry-forward*
- *Appropriation Transfer TA-01-21 – Additional Paramedic Special Pay Bonus (General Fund)*

These items were discussed earlier in the meeting.

Review of Agenda Addendum

Mr. Spalding stated there has been no change to the addendum. He stated he hopes funding to assist the Nickel Plate Express will be completed soon. He stated the City is working with the Indiana Bond Bank. He stated the Hamilton County Tourism Commission has committed to enter into an interlocal agreement with the City to guarantee 50 percent of any debt service the Nickel Plate Express is unable to pay.

He stated funding for the Downtown Improvement project is still in progress but should be resolved soon. He stated the other items on the addendum are long term goals. He stated he hopes to present a new version of the budget ordinance that is more complete and descriptive while still meeting the requirements of the Department of Local Government Finance (DLGF).

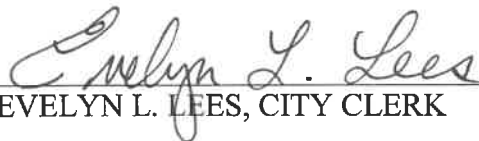
Other Business at Discretion of Chairman

There was no other business.

The meeting adjourned at 9:56 a.m.



MIKE DAVIS, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK