



City of Powell Finance Committee

MINUTES June 12, 2018

Attendees:

Tom Counts, Dan Swartwout, Frank Bertone, Jeffrey Gardiner (arrived after audit presentation), Simon Barlow, Jon Bennehoof, Steve Lutz (arrived after audit presentation), Debra Miller and Jessica Marquez. Also, attending were Nick Chisek (Julian & Grube), Dr. Ali Khaksar, Richard T. Craven (Sikora Law LLC), Dave Betz and Chris Huber.

Closed Session: 7:00 pm

Meeting with Auditors

Ms. Miller explained the usually the audit is presented earlier to the committee and at that time is not a public record which cannot be released until the Auditor of State okays the report. Because of the time delay, the CAFR has been reviewed by the Auditor of State and released.

Nick Chisek, with Julian & Grube, Inc., discussed the 2017 audit with the committee. He went over the Supplemental Report and the Comprehensive Annual Financial Report (CAFR). Mr. Chisek was also asked to present some background information to the new committee members on the different levels of audit comments and how the auditors are selected.

Session Opened: 7:30 pm

Mr. Counts brought the Developer TIF Request up first on the agenda due to guests.

Developer TIF Request for 170 West Olentangy Street

Dr. Ali Khaksar and Richard T. Craven, Attorney for Dr. Khaksar, presented their request for tax-exempt funding (TIF funds) to assist with public improvements needs for their development. They explained that more roadwork was required than was originally planned and budgeted. The original budget was around \$90K based on the numbers given to them by their general contractor. But this information was completed by their general contractor who is no longer in business – which grossly underestimated the cost.

This additional roadwork cost will put the rents of the Armita Plaza out of range for this area. They went over the number of interested parties of the development and gave examples of the ones that have already moved on to other developments because of the costs.

Dave Betz and Chris Huber gave background on what public improvements were requested, where they were and why. Mr. Counts asked about the timeline of the development phases and the public improvements changes. This has taken about eighteen months. Part of the time was working on coordination of public improvements with the development across the street and who needed to do what including the order.

This parcel is part of the Downtown TIF so no new TIF would be needed. Ms. Miller, Mr. Lutz and the committee went over that the school is made whole in this TIF so the numbers that Mr. Craven and Dr. Khaksar thought would be available in the TIF is not correct. Their numbers were off over 70% because of making the school districts whole. Ms. Miller gave a copy of the worksheet showing the anticipated amounts to be generated by this development.

Mr. Counts also asked what has TIF funds been used for in the past. Mr. Betz, Mr. Huber and Mr. Lutz went over that the City has only paid for public improvements that go beyond the normal requirements of a site. Both, Mr. Counts and Mr. Gardiner expressed that paying for normal requirements would be precedence setting for the City.

Mr. Lutz let Mr. Craven and Dr. Khaksar know that if the City did decide to utilize TIF funds to assist with the paying these improvements they would be required to use prevailing wage on their project.

Approval of minutes

Minutes approved as presented, by consensus.

Financial Reports for May 2017

Ms. Miller stated the electronic financial reports had been sent to them previously. She then reviewed the Finance Directors monthly report. Municipal income tax collections are at the same collection level as the previous year, 2017. Ms. Miller wasn't comfortable with our collections as of April 30th so she did a mid-month Executive Report to double-check where we were at in collections. The report showed we were back going the right direction on collections.

Development fees are lower than anticipated again but this is due to the City having budgeted for the plumbing fees that are now being done by the General Health District. We will be adjusting the revenues to account for this change. A brief discussion was held by the committee on when the last time Development fees were adjusted and when to anticipate the next one may occur. Mr. Gardiner asked if the City saw a revenue change due to many people paying their property taxes early due to the new tax law. Ms. Miller stated no because the City receives the collected property taxes only twice a year – March and August. Ms. Miller then turned to expenditures.

Ms. Miller stated that expenditures were in-line but pointed out that the rationale for the decrease in expenditures in the Communication Department and the increase in expenditures in the IT Department. Mr. Bertone asked how the City would make changes to expenditures if revenues don't come in as projected. Ms. Miller stated once she saw that was occurring then she would notify Mr. Lutz and they would start looking at what needed to happen to lower expenses. The committee also discussed the Development, Engineering and Building departments and their fees covering less than 50% of their costs.

Ms. Miller next reviewed the Cash Flow Analysis which is still in the red but it is typical to see that in May. Normally, the City sees the cash flow turn to black in the May/June timeframe.

Review Draft 2017 Popular Annual Financial Report (PAFR)

A new draft PAFR copy was handed out to the committee – only the pictures were changed, no wording. Ms. Marquez led the discussion on this report. She reviewed it page with the committee with the committee asking questions about the different basis of accounting shown in the report. The committee asked that a definition also be included including a few wording changes throughout the document.

Ms. Miller said that the plan was to print and mail the PAFR to each resident then in the future have the document only available on-line with the possibility of a postcard notifying residents that it was available. The cost difference between printing and just sending a postcard this year was discussed. The difference is only a few hundred dollars. The committee discussed how different residents receive information and the consensus was to move forward with the printing and mailing. Mr. Barlow suggested that next year to print some and notify residents on the postcard that they could pick up a copy at the City too for those that wanted a hard copy.

2019 Budget Calendar

This is the proposed calendar for the 2019 budget. It moves the calendar up slightly to avoid having the presentation during the Thanksgiving week and the final approval possibly during the week around the Christmas holidays. The first look at part of the budget will be at the September finance committee meeting with the General Fund at the October meeting.

Discuss Need for Financial/Human Resource Software

Ms. Miller stated that she was ready to start working on the Project Manager RFP for the finance software. However, she wanted to make sure that the committee was still on-board for purchasing the software for implementation in 2019 and going live January 2020. She stated she included some of the issues they were having with the current software in their packet. For the new committee members, Ms. Marquez and Ms. Miller briefly reviewed some of the compliance issues.

The committee asked questions and discussed the topic including asking for a cost range. Ms. Miller stated she was anticipating the cost to be \$80K to \$120K. The committee and Ms. Marquez and Ms. Miller also discussed the use of a project manager, who in the area had utilized a project manager recently and who they had used. Dublin in 2016 had used the GFOA as their project manager. Columbus Metro Library in 2016 used a local firm. Gahanna is currently using another firm to assist them with their selection. New Albany purchased the software and was supposed to be live either late last year (2017) or early 2018. However, New Albany isn't using a project manager. Ms. Miller stated that a project manager would assist the City in writing the RFP for the software, making sure that we go what we were requesting, and assist with the implementation. A long implementation period allows the City to make significant changes to its chart of accounts and to put together complex payroll codes that the city is currently doing manually.

Ms. Miller was told to precede with the work.

Pre-2016 Tax Ordinance Changes for Refund Requests

Ms. Miller stated that the committee really wouldn't review this tonight. But, asked that Mr. Counts and Mr. Swartwout pay particular attention to the language to make sure that it resolved the statute of limitations issue.

Ms. Miller and Mr. Counts each gave a brief overview of why the pre-2016 tax ordinance was being changed due to the interpretation for non-residents who paid taxes.

Other Business

Ms. Miller announced the City received the GFOA award again for their 2018 Budget.

She also let the committee know that the City was in the process of completing a revenue internal control project with the assistance of Kennedy, Cottrell and Richards. Once, the report is completed staff would be bringing the report to the committee.

Ms. Miller reminded the committee about the note roll-over and the for the new committee members briefly reviewed the rationale behind rolling the note versus issuing bonds.

Adjourn

9:25 pm meeting adjourned.