

Dublin City Council Work Session
Monday, October 14, 2019
Council Chambers

Minutes of Meeting

Mayor Peterson called the Monday, October 14, 2019, Work Session of Dublin City Council to order at 6:02 p.m. at Dublin City Hall.

Members present were: Mayor Peterson, Vice Mayor Amorose Groomes, Ms. Alutto, Ms. De Rosa and Ms. Fox. Mr. Keenan and Mr. Reiner were absent (excused).

Staff members present: Mr. McDaniel, Ms. Crandall, Mr. Earman, Ms. Goss, Mr. Rogers, Mr. McCollough, Mr. Stiffler, Chief Paez, Ms. O'Callaghan, Ms. Readler, Ms. Kennedy, Mr. Syler, Mr. Anderson, Mr. Hammersmith, Ms. Burness, Mr. Ashford, Mr. Somerville, Ms. LeRoy, Ms. Richison, Lt. Lattanzi, Ms. Nardecchia and Mr. Krawetzki.

Also present were Matt Starr and Bob Hoying from Crawford Hoying, Xen Riggs from The Ohio State University, Doug Iles from Trans Associates and Josiah Huber with DiPerna Advisors.

Proposed Bridge Park Fieldhouse Update

Mr. McDaniel stated that Crawford Hoying will provide a general update, followed by Ms. O'Callaghan who will speak about the traffic study that is being done. Crawford Hoying will then address the financials, and Mr. McDaniel and Mr. Stiffler will complete the update with the financials from the City's perspective.

Mr. Hoying provided a brief Bridge Park update. He stated that:

- All that has been delivered up to this point in office space is fully occupied;
- D Block is currently under construction;
- Retail and Restaurant is at 95% occupied;
- Rental residential is at 92% occupied; and
- For sale condominiums are sold out. D block has 11 of the 42 units already in contract.

Mr. Hoying provided a site plan of the future Bridge Park Fieldhouse. The Wendy's parking agreement has been updated, so they will have Wendy's surface parking in the evenings and weekends. There will not be a residential liner as the site plan shows; this will likely be office space instead. The parking garage would be sized to help park the office, and would include about 600 spaces. There are large office development opportunities in the future G Block, the back side of F Block and some space in J Block as well.

Mr. Riggs stated that he is the Associate Vice President of OSU, Chief Operating Officer of Athletics as well as the President of Columbus Arena Sports and Entertainment. When Crawford Hoying introduced this idea of the fieldhouse to him he was very excited about it. There is a niche for this size and type of facility. They have explored multiple pro formas, conducted several site visits and potential user interviews locally to gain a sense of the level of interest in this type of market. Based on his experience working with the Columbus Arena Sports and Entertainment, he is certainly aware of the events that they must decline due to space limits. The pro forma modeling considerations are:

- 365 day calendar as a starting point;
- Various levels of usage and profitability of events;
- Accounting for dark days;

- Based on current market experiences; and
- Minding the funding gap.

Mr. Riggs stated that the critical overall operating principles are to have quality events, maximize the accessibility, provide lifelong memories and add to economic impact and quality of life for the community. He noted that these types of facilities do not usually pay for themselves; they are usually subsidized in some way.

In response to Vice Mayor Amorose Groomes' question regarding the funding gaps at the Schottenstein Center and the Nationwide Arena, he stated that the Schottenstein Center may be one of the few that pay for themselves through their own operating revenues. There are no subsidies from any other source. The Schottenstein Center has netted about \$3-4 million for each of the last few years. Nationwide Arena is different. There are revenues from the casino that help subsidize it.

In response to Vice Mayor Amorose Groomes' question regarding whether or not the Columbus Sports Commission handled that, Mr. Riggs stated that it comes through the Franklin County Convention Facilities Authority.

Ms. Fox asked about the site visits that were done of other arenas.

Mr. Riggs stated that the majority receive funding from either a nearby university or the City in which they are located.

Mr. Riggs noted that for the Bridge Park Fieldhouse, they have raised funds for construction so there will not be debt, but there will be a gap for operating costs.

Ms. De Rosa asked for examples of places that Mr. Riggs visited that would most closely resemble this project.

Mr. Riggs responded that these include Toledo, Ohio; Bowling Green, Ohio; and many others in Iowa, Huntington, WV and the Peterson Center in Pittsburgh, PA.

Ms. Fox asked Mr. Riggs to elaborate on reasons why a fieldhouse is needed in this market.

Mr. Riggs stated that there are many and gave the following examples:

- high school OHSAA events looking for venues,
- school graduations,
- it would alleviate scheduling issues, and
- there are events coming to the area that don't want a venue as large as Nationwide Arena.

Ms. Fox asked if there would be income opportunities when events are not taking place.

Mr. Riggs responded that for Monday through Thursday, there will be programming and rental by-the-hour opportunities. They have also talked with Scott Dring, DCVB about trade shows and bringing traffic through this area.

Ms. Fox stated that she assumes it will be a very flexible space so it can be used by different entities.

Mr. Riggs stated that is correct.

Mr. Starr added that they began talking about what infrastructure would be needed early in the process on for sound buffering as well as flexibility of the space.

Ms. Fox stated that there is currently no space other than the schools to have a large community event so perhaps this space could be used for that as well.

Mr. Riggs stated that it has never been considered as only a sports arena. They want to have a facility that serves the whole community.

Mayor Peterson asked how many days a year they anticipate this facility being used.

Mr. Riggs stated that the pro forma was based on about 60%, but it is difficult to estimate.

Mr. Starr noted that there will be a ramp-up period to get on the radar for these types of events. Hourly court time will occur immediately due to current demand.

Mayor Peterson asked if there would be just local people or if they expect it will draw people from out of city or state.

Mr. Riggs stated that it depends on the program, but people are willing to travel for events.

Vice Mayor Amorose Groomes stated that she imagines that half of the weekends of the year could be filled with youth activities.

Ms. De Rosa stated that they mentioned it is not necessarily a sports facility, but the name "fieldhouse" leads people to believe that it is just that -- a sports venue.

Mr. Starr provided an update on the budget for the project. There is an operating reserve fund and debt service amount that have largely stayed the same as more details become available. Interest rates are about a point lower than the last update in February. The cash flow summary looks the same as the update provided in February. The operating expense budget has had some changes as more research was done regarding how much it costs to operate a facility like this.

Ms. De Rosa clarified that the revenue was reflective of the point when the facility was fully ramped up.

Mr. Starr stated that they were showing year one.

Vice Mayor Amorose Groomes asked about the fees that will fund the new market, and if they now have a better sense of what that would generate.

Mr. Starr stated that it is about \$20,000 a month for now, which is what was projected.

Vice Mayor Amorose Groomes asked about the funding gap for the market.

Mr. Starr stated that they assumed it to be about a half a million. He explained that there is coverage in D block as it was structured in a way to allow them to retire that debt early.

Ms. Fox asked if the revenues projected were for a 60% event usage.

Mr. Starr stated that they were focused more on the hourly usage.

Ms. Fox stated that the operating expenses are conservative. If this is as successful as predicted, would there still be a funding gap in the future?

Mr. Starr stated there would probably still be a gap. Even though they show growth for the total, there will be some slow periods.

Ms. Fox stated they will likely need an event coordinator or marketer.

Mr. Starr stated that was included.

Mr. Hoying stated that there needs to be a balance of events to drive the maximum revenue.

Mr. Starr clarified that the growing revenue stream is net revenues.

Ms. Fox stated that the personnel would have to be in place in order to create revenue streams.

Mr. McDaniel noted the \$850,000 gap and asked Mr. Stiffler to provide his input.

Mr. Stiffler noted that the current gap is \$850,000 annually or \$25.5 million over the 30-year life of the debt service. There are some policy considerations such as whether or not the City should participate in gap funding and what might be the appropriate sources for the City to participate.

There are several potential funding options available such as:

- The finance model currently assumes the creation of a Bridge Park Block J TIF;
- Leverage existing Bridge Park TIF revenue;
- Hotel-motel tax revenue (three hotels in Bridge Park – AC Hotel, Home2 Suites and Springhill Suites); and
- Parkland Acquisition Fund, if Council views this as a recreational amenity.

In response to a question by Ms. De Rosa regarding the creation of the TIF, Mr. Stiffler stated that the model assumes the TIF, but it is not part of the original development agreement. This is not an answer to the gap funding, but rather an assumption that is being made in the financial model. Mr. McDaniel stated that staff is not trying to promote a certain concept or solution; rather, they are offering some options, should Council decide to participate.

Ms. De Rosa clarified that the creation of the TIF is not part of filling the gap.

Mr. Stiffler stated that is correct.

Ms. De Rosa asked what the gap would look like without a TIF.

Mr. Starr stated that he does not have those figures, but noted it is not yet known what the bond market is going to underwrite.

Vice Mayor Amorose Groomes asked if the TIF is still within the Dublin Schools agreement.

Mr. Stiffler stated that it is within the Bridge Street District area, so she is correct.

Mr. Stiffler stated that the created TIF would operate the same as the other TIFs. As some of the existing TIF debt service payments expire in later years, there could be revenue available to pledge to this project. There are other recently created TIFs -- Block F, A and D 00 that could also be used to help with funding.

Mr. Stiffler stated that the three hotels in Bridge Park -- AC Hotel, Home2 Suites and Springhill Suites -- are estimated to bring in an additional \$1 million in hotel-motel tax revenue annually. Using the hotel-motel tax generated by these three hotels could be an option to fund the gap. The City is currently committed to paying hotel-motel tax revenues to other organizations so to apply this amount to the project would require modifying the current formula.

The Parkland Acquisition Fund differs from the other options. The options previously noted use tax revenues generated by the project in Bridge Park to continue to support the growth and development of Bridge Park. The Parkland Acquisition Fund can be used, provided Council views this fieldhouse as a recreational amenity.

Mr. McDaniel asked Ms. O'Callaghan to provide an update on the traffic study.

Ms. O'Callaghan stated that the focus of this traffic study is how to handle events in terms of temporary traffic control measures. Dublin Coffman stadium holds about 8,500 people, so it was used for observation of a similar-sized venue. The study indicates that events are likely to be held during off peak hours with larger events on Friday night and weekends. Crawford Hoying submitted a draft traffic study to Dublin staff on September 27, 2019 and staff provided feedback on October 3rd. Traffic counts have been conducted morning and afternoon/evening weekdays entering the site location. The parking garage capacity is about 500-700 spaces, so the next draft of the study should show where the excess vehicles will park throughout the network in the BSD. The study also shows where congestion is expected. The event traffic and parking plans are being developed. Crawford Hoying is working with Trans Associates and ABM Parking for these studies and analysis. Engineering, Police and the City of Columbus are working together and drawing on experience with similar venues. Columbus Police encourage the use of directing exiting traffic to Sawmill Road.

She noted that strategies to mitigate event traffic include: having attendants at parking garages to facilitate vehicles exiting the garages and keep it flowing; officers directing traffic at intersections or officers operating traffic signals manually to facilitate movement of traffic along Sawmill Road; and converting two-way streets to one-way streets temporarily to facilitate exiting. The work product of the traffic study will be a playbook on how to mitigate traffic concerns after events.

Mr. Starr provided a concept of an exit plan from the fieldhouse. It is important to note that while many issues were considered such as drop off and pick up points for ride sharing services and directing traffic away from passing through neighborhoods, it is still a trial and error situation. Whatever plan is implemented will need to be tweaked after the first event after an evaluation of the outcome.

Vice Mayor Amorose Groomes asked about the traffic numbers through the 161/33 roundabout per day.

Ms. Willis responded the volume is about 50,000 vehicles per day.

Vice Mayor Amorose Groomes asked about the numbers for the 5-7 p.m. hours during the workday.

Ms. Willis responded that the p.m. peak is calculated at 10% of overall daily volume, which would be approximately 5,000.

Ms. Fox asked about the Sawmill Corridor Study with the potential new bridge, and whether or not that would impact the area positively in the future.

Ms. O'Callaghan stated that the intent is to drive vehicles to the regional transportation system and not through neighborhoods, so control measures would be put into place. Even though there would be a documented plan, it would constantly be tweaked as new roadways were completed and circumstances changed.

Ms. Fox asked about traffic control with a large volume of vehicles whose drivers are trying to go elsewhere in the City for parking.

Ms. O'Callaghan responded that there are traffic control measures they can put in place and if they see that it is a recurring issue, they can revise the plan.

Ms. De Rosa asked when the traffic study will be done.

Mr. Starr stated it is about 30 days from being completed.

Mr. McDaniel stated that they don't have all the answers, but it is progressing. They wanted to provide Council with items to consider and policy decisions to contemplate.

Mayor Peterson stated that it is a unique use and will open opportunities that are not currently available. He asked whether the Coffman Park expansion funding that will be paid off -- \$240,000 per year -- is earmarked for anything else.

Mr. McDaniel stated that at this time, it is not earmarked for anything else.

Mayor Peterson stated that the hotel-motel tax is an obvious way to fund this gap. However, he would like to understand the impact on other projects if funding is directed to the fieldhouse. He asked for clarification of the bed tax and how it is allocated specifically for the three hotels.

Mr. Stiffler stated that of the \$1 million, \$350,000 would go to DCVB, \$250,000 to the DAC and about \$180,000 to the current Bridge Park NCA for the community facilities. Approximately 22 percent would remain.

Vice Mayor Amorose Groomes asked what is included in the Bridge Park community facilities.

Mr. Stiffler stated that these include the parking garage, private road network and the market.

Mayor Peterson stated that he is supportive of the idea, but it is important to know what the City would not be able to do if the decision was made to subsidize the fieldhouse.

Ms. De Rosa stated that she is supportive of the idea, but needs to understand what would occur in a bad year for the fieldhouse. Who has the liability or who manages it? What does that mean to the City? She is also concerned about the funding sources and using up whatever cushion might be available.

Ms. Fox appreciated that a variety of options were presented. The community needs to be part of the conversation. There are many organizations in Dublin that would use this facility. It would be good to understand that loyalty base. Whatever is decided about the funding gap, Council needs to know that the community supports it. She does not want the community to view this project

negatively. She likes the idea of the development generating revenues through the hotels in Bridge Park to pay for the gap. She also wonders what the sacrifices would be by doing so.

Ms. Alutto stated that she would prefer to see these options together in a model format. Sensitivity risk analysis is very important -- not only for slow versus a booming business year, but also for the maintenance needs. This could be a true asset to the community and she is generally supportive, but would like more detail on funding and opportunity costs.

Vice Mayor Amorose Groomes stated that she agrees this is a policy decision. She does believe that this is an appropriate use and believes it is important for the long term viability of the project. She would like to have a conversation with the other hoteliers in town to make sure a level playing field can be maintained. She agrees with Mayor Peterson regarding the need to learn what projects will not be done if this one is subsidized. She does not support the concept of using the parkland acquisition fund. She is supportive of the project and believes it needs to be a benefit for the community and activate the district. She will be interested in viewing the traffic study when finalized.

In response to Mayor Peterson's question regarding the payment for the DAC, Mr. Stiffler stated that it is \$165,000 and will be done in 2020.

Operating Budget Overview and Discussion

Mr. Stiffler provided a budget overview presentation (included herein by reference as Exhibit A). He stated that the review process by the Committees was generally favorable. The only consistent concern expressed related to contractual services. The proposed budget is similar to the budget previously discussed in committees, aside from an increase of \$250,000 in the City Manager miscellaneous accounts attributed to the re-organization.

Ms. De Rosa asked what the revenue growth will be in 2020.

Mr. Stiffler stated that the projected income tax growth is 2%.

Ms. De Rosa asked for the overall revenue growth number.

Mr. Stiffler noted he will check and report back on that.

Ms. Alutto asked if the 9.4% increase includes the 27th pay for 2020.

Mr. Stiffler responded affirmatively.

Ms. Alutto asked what the percentage increase would be without that 27th pay.

Mr. Stiffler stated it would be approximately 7%.

The budget variance is similar to the 2019 budget. The actual operating revenues versus expenditures show the expenditures to be less than actual revenues. There is an increase in expenditures from 2017 to 2018 and that was due to the capital asset purchases from the General Fund. The purchases included the parcels that would become the OSU medical center, the Thomas parcel, and the Rings Road parcel.

Ms. De Rosa asked for a second chart to depict the actual revenues with the standard operating costs.

Mr. Stiffler stated that the chart provided is a consistent representation across time of operating revenues and operating expenditures as they have been defined since 2008.

In response to Ms. De Rosa's question regarding what increase there will be in 2019 actuals, Mr. Stiffler stated that there was a transfer out of the General Fund but that was not an operating expenditure so it would not be reflected in these numbers.

Ms. De Rosa stated that the challenge is to know what the “puts and takes” are when there are exceptions.

Mr. Stiffler stated it is not an exception. It is an explanation for the increase.

Mr. McDaniel stated that he would call it an exception because he has requested City Council to make some aggressive land purchases. It is not “apples to apples” when making investments from the General Fund. Taking out these exceptions would result in it being flat.

Mr. Stiffler stated that the General Fund balance at the end of 2020 as proposed is 52.9%, which exceeds the 50% reserve policy. This uses very conservative revenue estimates and very aggressive expenditure estimates for two years. He also noted that, but for the development agreement with OSU, the General Fund balance would be estimated at 65%.

He then reviewed the noteworthy items in the proposed operating budget for 2020 that represent a \$6.2 million increase over 2019 (Exhibit A presentation).

Mr. McDaniel reviewed the five strategic focus areas. The personnel recommendations are based on remaining competitive, balancing contractual services, and providing for employee development and growth. The IT Security position is still a recommendation, but he withdrew the Natural History Interpreter position at this time. He reviewed the other requests made for staffing that he is not advancing into the proposed budget recommendations at this time. The succession plan will be advanced, but more details will be coming regarding reclassifications and payroll needs. The position regarding performance analytics will be the result of a reclassification of an existing position. Talent exists within current staff to fill this position and provide an opportunity for advancement in-house. There is a placeholder proposed for a full-time position in Finance and in the other Deputy City Manager area. The 27th pay is a nonrecurring issue.

In response to Mayor Peterson’s question regarding clarification of the 27th pay, Mr. Stiffler stated that it occurs every 11 years when a payday falls before the January 1 pay date. No one is receiving an “extra” pay – it is a matter of how the days fall in the pay period.

Vice Mayor Amorose Groomes asked if there would be a savings realized in 2021.

Mr. Stiffler stated that 2021 will go back to 26 pay period schedule.

She asked if there is an option to smooth this out in order that a 27th pay is not required every 11 years.

Ms. De Rosa asked what the net-net head count is for the proposed operating budget.

Mr. McDaniel stated that there are 412 employees.

Ms. De Rosa stated that it is therefore plus two to four.

Mr. McDaniel stated that was correct.

Ms. Fox clarified that the plus four does not include the Civil Engineer and the Zoning Inspector.

Mr. McDaniel stated that is correct.

Mr. McDaniel stated that he is recommending 2% budget for pay increases for non-union staff. He is recommending the current benefits plan for 2020 and committing to a re-evaluation of benefit plan in 2020. He has indicated to employees that he will do everything possible to protect benefits, but employees understand there are challenges.

Vice Mayor Amorose Groomes stated that Council shares the desire to protect benefits if at all possible.

Mr. McDaniel stated that they are in the process of bargaining unit negotiations and he requested a one-year extension on the benefits portion to figure this out.

He is also requesting \$250,000 as a placeholder for succession planning in his miscellaneous account.

Mr. McDaniel then reviewed the list of recommendations under operations (Exhibit A). The goal is maintaining current service levels.

Ms. De Rosa inquired what comprises the figure of \$37,183,130 on the slide.

Mr. Stiffler stated it is the other charges and expenditures, supplies and contractual services together.

Mr. McDaniel added that the items resulting in the increase are highlighted on the previous slide and he considers those to be non-recurring items.

Ms. Fox asked about the contractual services and how those are bid. Is there a better way to holistically manage contractual services to create efficiencies?

Mr. McDaniel stated that there is a process to using contractual services that includes securing multiple quotes, etc. There is also a difference between the operating contractual services and design services, which would be from the capital budget.

Ms. Fox inquired if it would be less expensive to have the entire year of work with one company versus piecemealing the work out to different companies.

Mr. McDaniel stated that they do look at aggregating some of those, but the competition can help with some work. They will continue to look at that.

Vice Mayor Amorose Groomes stated that she believes dividing the contracts makes sense. She used the example of the Arborist and asked if it was simply consulting or does this also include work performed.

Mr. McDaniel stated that it is work performed as well.

Mr. McDaniel continued with his recommendations (Exhibit A). Mr. McDaniel concluded his recommendations.

Ms. De Rosa asked if there would be similar slides related to the revenue side. She would like to see where staff believes the revenues will come from and the anticipated growth.

Mr. McDaniel stated that the next work session is October 28. Staff will work on that aspect and send information out to Council.

Ms. Fox stated that she would like to know areas of the City where revenues have increased or decreased. She would like to know if there are certain areas that are falling behind or producing better than anticipated.

Mr. McDaniel stated that he believes that can be provided by looking at vacancy rates, etc.

Hearing no further questions from Council, Mayor Peterson adjourned the meeting at 8:18 p.m.

.....
Clerk of Council

City Council Work Session

Proposed 2020 Operating Budget

October 14, 2019



EVERYTHING GROWS HERE.

2020 Proposed Operating Budget - Agenda

Review of Process/Timeline

Council Committee Comments

Overview of Revenues, Expenditures and Fund Balance

City Manager's Recommendation



EVERYTHING GROWS HERE.

2020 Operating Budget Schedule

Council Committee meetings complete

October 14th – Council Work Session – Committee reports and City Manager’s recommendation

October 28th – Council Work Session – Follow up

November 4th - First Reading/Public Hearing

November 18th – Second Reading/Public Hearing



2020 Operating Budget – Committee Observations

General Committee Observations by Category:

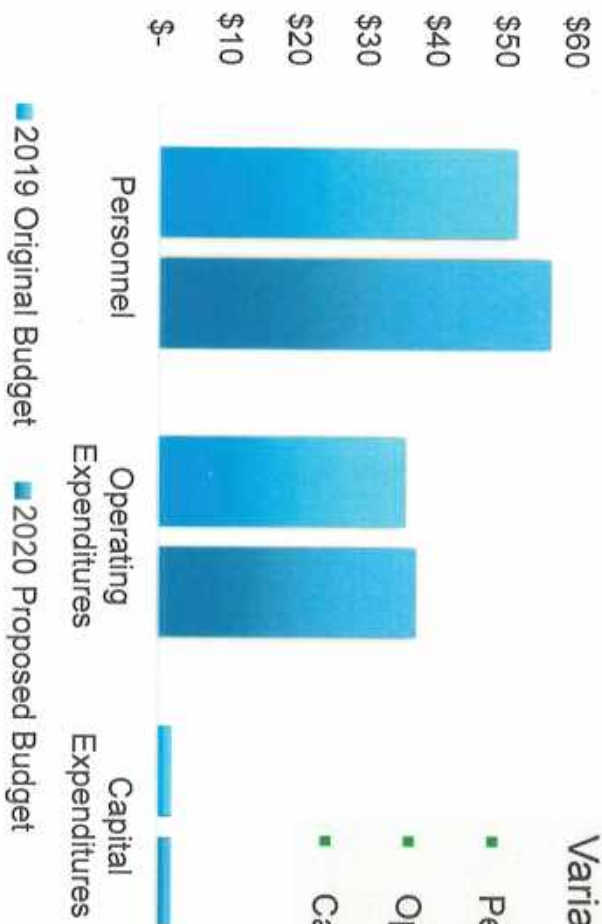
- Personal Services
 - All additional positions and reclassifications were presented
 - No position discussion identified clear opposition to the proposed change
- Contractual Services
 - Concern was registered by multiple Council members about the overall level of contractual services spending
 - Response: Outside of IT and Parks the proposed budget represents spending similar to that of previous years. The increases in IT and Parks have been identified for Council's consideration. Finance provided reports on Misc. Contractual Services and Other Professional Services accounts to all Council members that provide the lowest level of detail possible concerning the activities that will be undertaken by each division.
- Other Charges and Expenses
 - Most of the spending in this category is well defined (Tax Refunds, Refuse Collection, etc)
 - Increases are generally something Council has limited control over – at least in the short term (Refuse Collection contract increases, EDA incentives, etc)
- Supplies and Capital Outlay
 - Minimal changes; discussion in committees focused on more substantive areas



2020 Proposed Operating Budget

Operating Expenditures - \$95,826,870

\$ 6,348,857 or 7.1% increase over 2019 Operating Budget



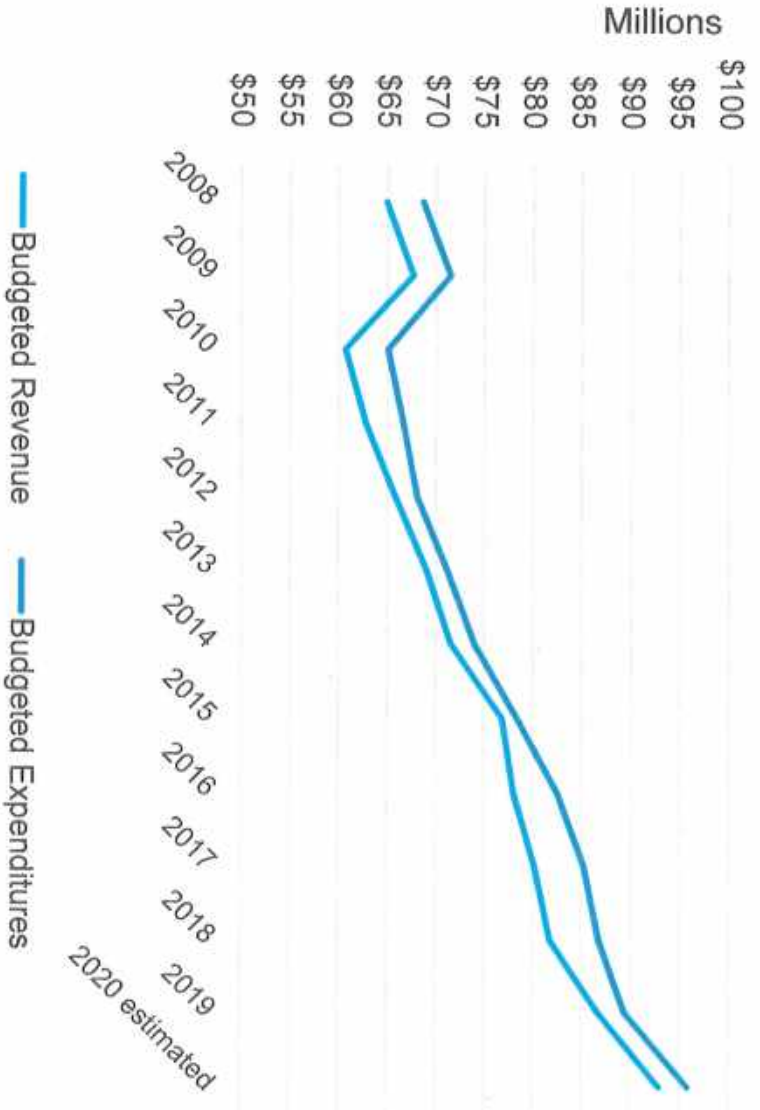
Variance attributable to the following:

Personnel (Salaries/Benefits):	+\$4,868,526;	9.4%
Operating Expenses:	+\$1,484,261;	4.2%
Capital:	<\$3,930>;	<0.2%>



EVERYTHING GROWS HERE.

Budgeted Operating Revenues versus Expenditures



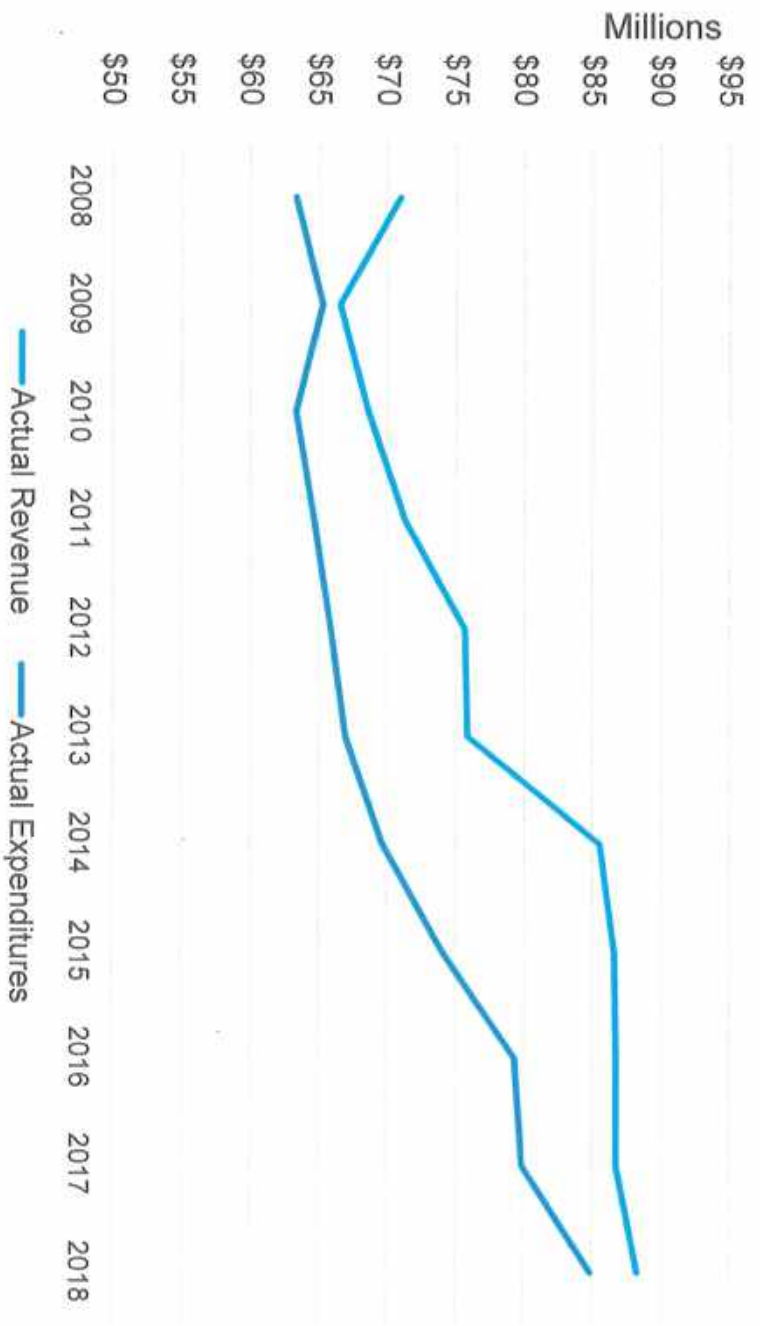
2020 Proposed Operating Budget

Operating Revenue	\$92,923,641
Operating Expenditures	<u>95,826,775</u>
Variance	<\$2,903,134>



EVERYTHING GROWS HERE.

Actual Operating Revenues versus Expenditures



EVERYTHING GROWS HERE.

2020 Operating Budget – City Manager’s Recommendation

Maintain our current philosophy on budgeting

Continue to budget revenues conservatively

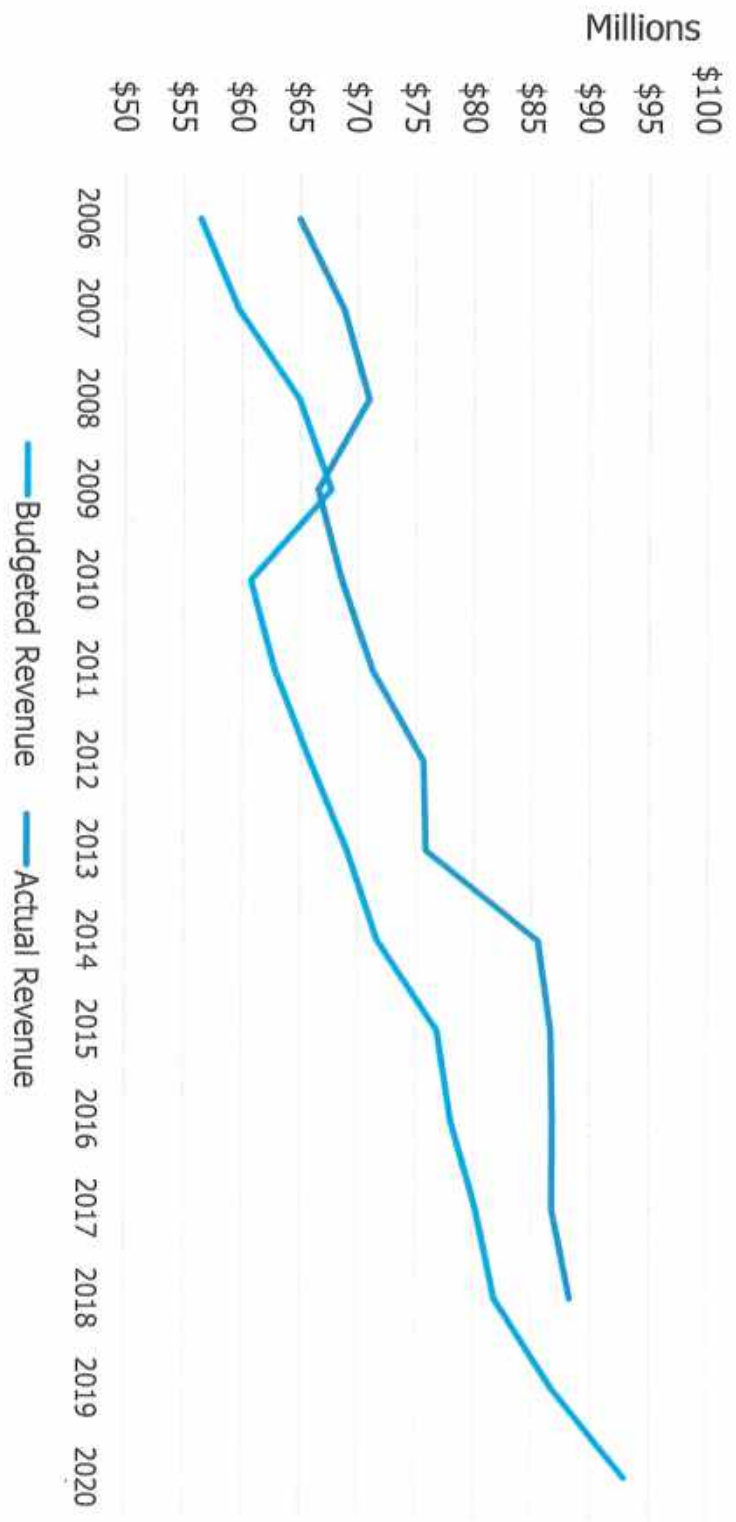
This allows us to minimize the risk and disruption of needing to make budgetary reductions during the current fiscal year which would be harmful to our ability to provide high quality services.

Continue to budget expenditures high

The City does not operate on a spend it or lose it mentality. We typically have budgeted high knowing we likely will not be able to execute on everything (for a variety of reasons). Funds for projects that have been appropriated but not executed are returned to their respective source.

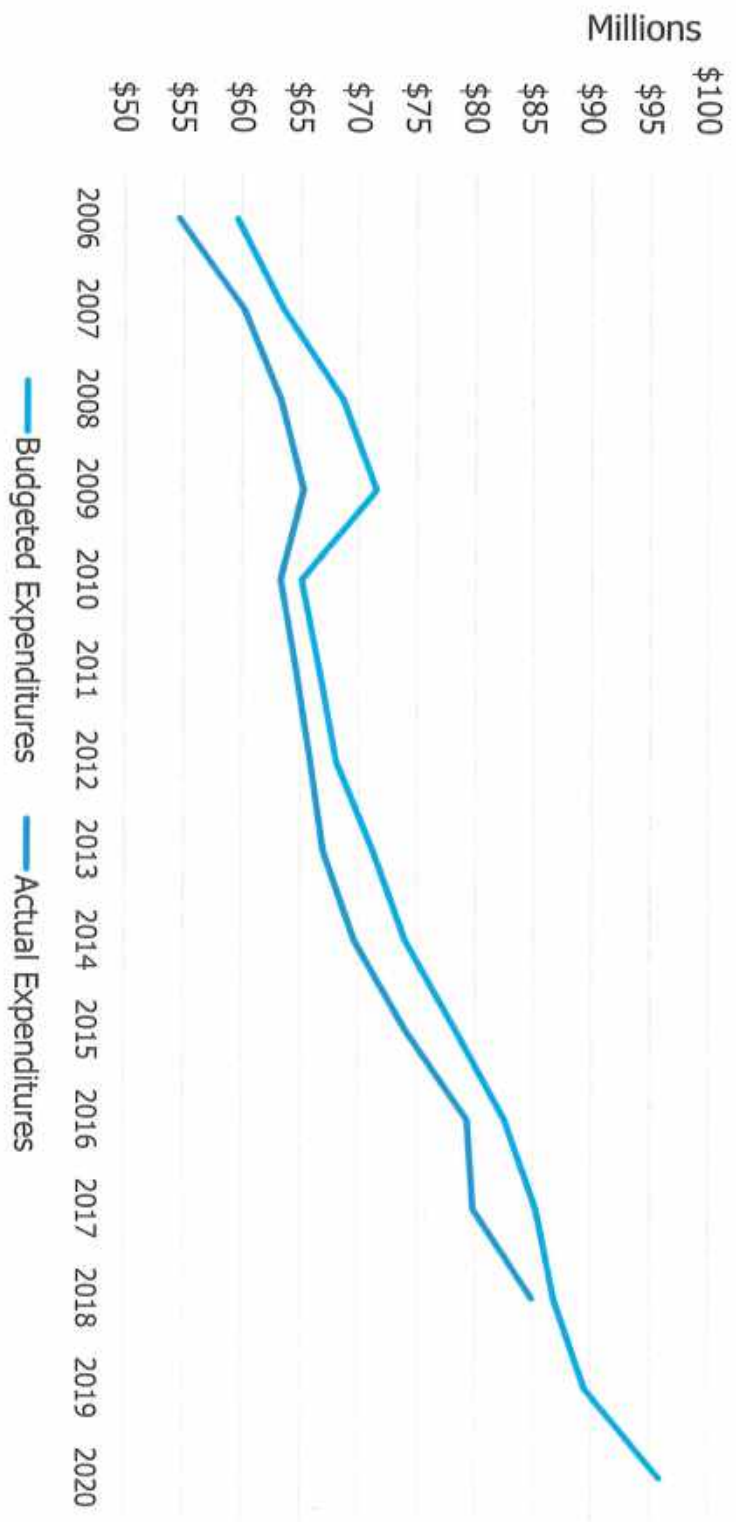


Total Operating Revenues



EVERYTHING GROWS HERE.

Total Operating Expenditures (Excludes encumbrances)



EVERYTHING GROWS HERE.

2020 Operating Budget – General Fund Balance Policy

	Year-End Balance	Expenditures	Percent
2011	\$45,001,134	\$54,349,386	82.8%
2012	\$52,039,415	\$56,242,629	92.5%
2013	\$56,038,803	\$56,454,574	99.3%
2014	\$61,017,044	\$56,542,533	107.9%
2015	\$59,556,334	\$60,861,299	97.9%
2016	\$55,182,925	\$66,277,334	85.5%
2017	\$60,125,537	\$69,831,134	86.1%
2018	\$57,212,737	\$76,806,088	74.4%
2019 Estimate	\$54,404,721	\$74,402,826	73.1%
2020 Proposed	\$45,071,645	\$85,238,765	52.9%



2020 Operating Budget – General Fund Balance Policy

	Year-End Balance	Expenditures*	Percent
2012	\$52,039,415	\$56,242,629	92.5%
2013	\$56,038,803	\$56,454,574	99.3%
2014	\$61,017,044	\$56,542,533	107.9%
2015	\$59,556,334	\$60,861,299	97.9%
2016	\$55,182,925	\$66,277,334	85.5%
2017	\$60,125,537	\$69,831,134	86.1%
2018	\$57,212,737	\$76,806,088	74.4%
2019 Estimate	\$54,404,721	\$74,402,826	73.1%
2020 Proposed	\$45,071,645	\$85,238,765	52.9%
2020 Excluding CIP*	\$51,571,895	\$78,738,515	65.5%

* The 2020- 2024 CIP allocates \$6.5 million for the Shier Rings Road Realignment – Avery to Eiterman Road (OSU EDA)



EVERYTHING GROWS HERE.

2020 Proposed Operating Budget Noteworthy Items

Expenditure Type	Event	Annual Cost	Item
Personal Services	27 th Pay Period	\$1,390,722	Salary to cover 27th pay period
Personal Services	Health Care Increase	\$1,114,712	Increase on current employees
Personal Services	Salary Increases	\$776,440	Union per contract/ 2.0% non-union
Personal Services	Dispatch Expansion	\$710,506	5 add'l staff in 2020; support items
Contractual Services	Park Maintenance	\$548,939	Add'l park maint; 270/33; ROW
Personal Services	Additional Staff	\$300,527	Non- Dispatch Staffing changes
Other Charges	EDAs; New program	\$400,395	EDA incentives; New Legacy Office Grant
Contractual Services	Information Technology	\$263,240	2 nd Network Rack; Data platform; Sec. Event and Incident Services
Personal Services	Reorganization Costs	\$250,000	Personnel costs for reorganization
Contractual Services	Engineering	\$150,000	Connected Vehicle Study Phase 2
Supplies	Street and Utilities/Engineering	\$135,000	Salt; Ped. Crossing Equip. Replacement; Implement Ped. Crossing
Other Charges	ICF Summit	\$90,000	ICF Summit
Other Charges	Refuse Collection	\$78,114	Contract price increase



EVERYTHING GROWS HERE.

2020 Operating Budget – City Manager’s Recommendation

Five Strategic Focus Areas: Our rallying point

- Safety and resilience
- Engagement
- Fiscal Health and Accountability
- Economic Vitality
- Customer-focused Service



EVERYTHING GROWS HERE.

2020 Operating Budget – City Manager’s Recommendation

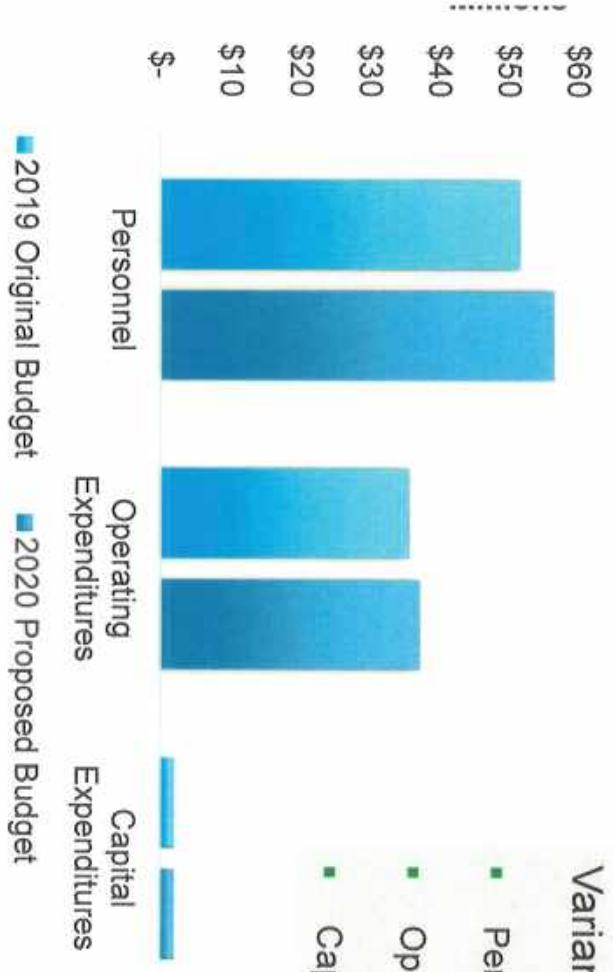
Personnel:

- Recruit and Retain high performing staff.
- Priorities of new FT staffing: information security; transfer knowledge of, preserve, and promote our history; quality control (facilities cleaning); performance analytics (contract to full time); implement City Manager Succession plan (may need additional adjustments in 2020).
- To the best of our ability, keep our wages competitive and protect employee benefits to ensure we attract and retain the best.
- Develop employees with license, certifications, training, conferences, professional affiliations, and experiences to maximize technical KSAs and leadership abilities.
- Maintain an appropriate balance of FT, PT, and seasonal staff.
- Maximize contract work/services to avoid adding personnel and long term costs AND to access KSAs and resources not available on staff.
- First assess vacant positions as “bill payers” for new or reclassifying positions.



2020 Proposed Operating Budget

Operating Expenditures - \$95,826,870
 \$ 6,348,857 or 7.1% increase over 2019 Operating Budget



Variance attributable to the following:

Personnel (Salaries/Benefits):	+\$4,868,526;	9.4%
Operating Expenses:	+\$1,484,261;	4.2%
Capital:	<-\$3,930>;	<0.2%>



EVERYTHING GROWS HERE.

2020 Operating Budget – City Manager’s Recommendation

Proposed Personnel Changes:

Net new full time positions:

- Information Security Manager (General Fund)
- ~~Natural History Interpreter (Bed Tax)~~

- Communication Techs (Worthington contract with offsetting revenue)

New full time positions offset fully or partially from existing staff:

- Quality Control Manager (Formerly engineering inspector position)
- Events Coordinator (Reduction of 2 part time positions to 1 full time position)

Reclassification of current positions

- Multi-Media Communications Specialist (Formerly Public Information Officer)
- Senior Economic Development Administrator (Formerly Economic Development Administrator)

Implementation of Succession Plan: (leverage current vacancies as much as possible)

- DCM/Chief Finance and Development Officer – Reclassify Director of Finance position
- DCM/Chief Operating Officer – Reclassify Director of Public Works
- Assistant City Manager to Chief Innovation and Strategic Plans
 - Title change/possible reclassification (TBD)
- Performance Analytics Manager – Reclassify existing position
- One additional FT position in Finance – level TBD
- One additional position in future DCM/COO area - TBD



2020 Operating Budget – City Manager’s Recommendation

Personnel:

- 27th pay is nonrecurring event (every 11 years) – the City will realize \$1.4m return in 2021
- Include the 2% budget for pay increases for non-union staff
- Benefits
 - Continue current plan into 2020
 - Council and administration will review benefits plan in 2020 (Refer to Council Committee? and/or discuss in Council Work Session/s). Recommendation should be completed by June 1, 2020.
 - Only agree to one year Bargaining Unit Agreements or one year extension of existing Bargaining Unit Agreements.
- Implement proposed positions in budget and allocate additional \$250,000 in the City Manager’s budget for succession plan implementation. Leverage current vacancies, reclassifications of existing employees, and PT to FT opportunity.
- Class and Comp Plan will need to be amended end of year and again in mid-2020.



2020 Operating Budget – City Manager’s Recommendation

Operations:

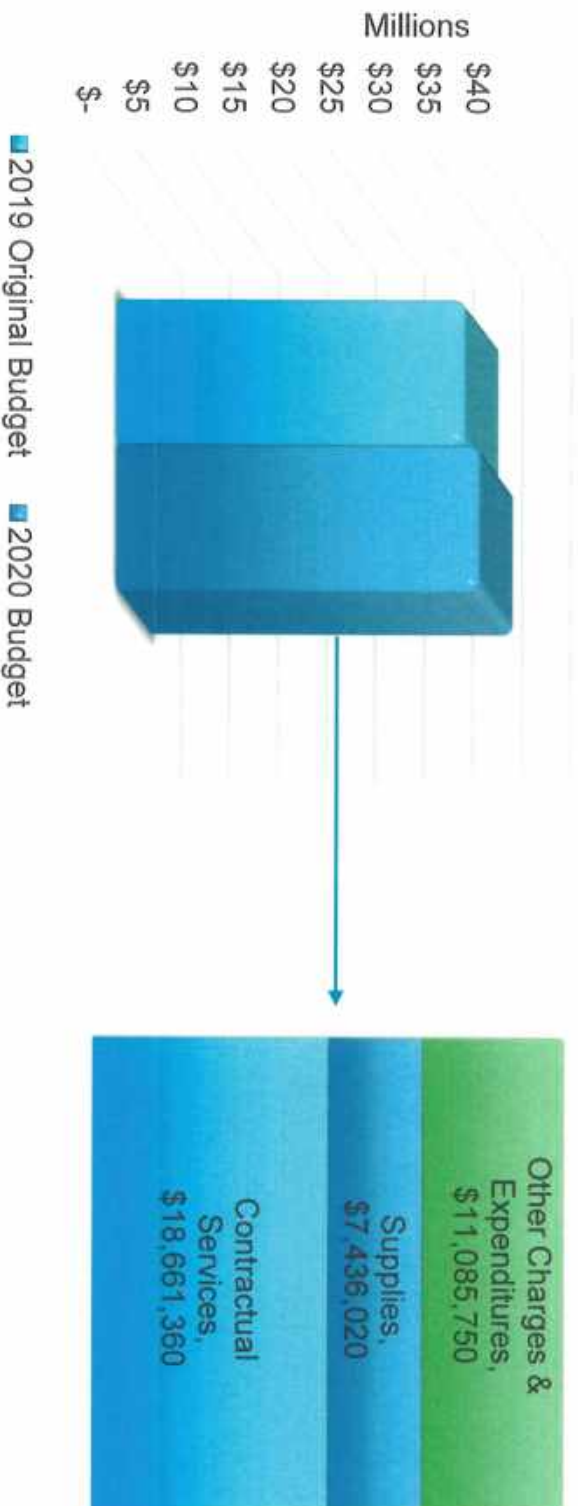
- Maintain current service levels.
- Improve or add services based on resident feedback and/or changing programs to stay relevant (i.e. rec programs). Retire legacy programs and services as a primary “bill payer”.
- No new and additional programs/services proposed.
- Keep up with growth demands.
- Continue to seek efficiencies through investing in employees, process improvement and technology/equipment advances.
- Leverage contractual services to maximize \$ and avoid long term, recurring costs.
- Leverage partnership opportunities wherever possible.
- Emphasis on information security, data platform, performance/data analytics
- Insure IT support systems are adequate.
- Increase emphasis on maintenance of landscaped areas and city forest.



2020 Operating Budget – Operating Expenditures

Operating Expenditures - \$37,183,130

\$1,484,261,461 or 4.2% increase over 2019 Operating Budget



2020 Operating Budget – City Manager’s Recommendation

Operating Expenditures:

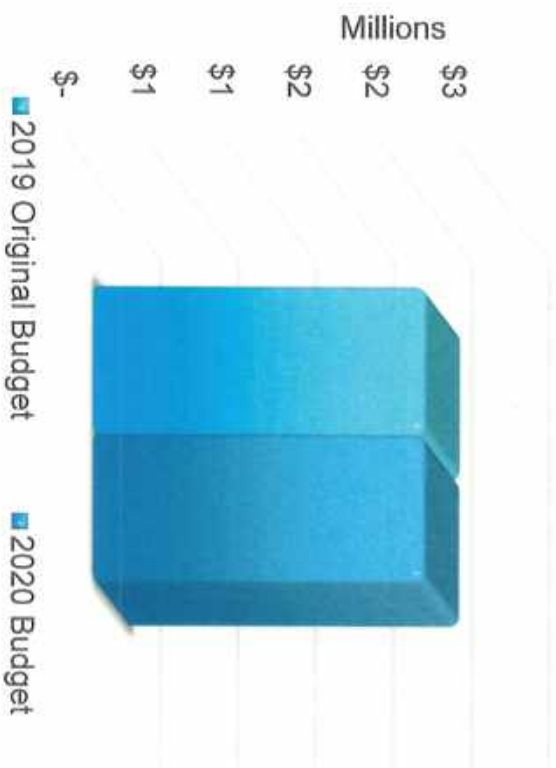
- This is significantly a status quo budget. I am recommending no changes to the requests submitted.
- Most significant changes are in contractual services:
 - IT – this continues to modernize and secure our systems.
 - Parks Maintenance additional contract services – implement for one year and re-evaluate. Significant savings compared to ramping on additional staff and equipment. These costs can be easily reduced (along with other contractual services) whenever necessary. Will help us to catch up and maintain at a higher level.
 - Other contractual services generally are the same to decreasing. These services are recurring and for which the City staff has extensive history in providing and pricing. Most of all of these services are technical and service-oriented for which the City does not have the skill sets or equipment, help meet a regulatory requirement, and/or provide a basic service to the community that is better/more cost effectively provided by others. There are very few special projects funded here.
- ICF Summit – one time cost with possibility of 50% recovery.
- EDAs obligations to secure new revenues. ROIs are always in the City’s favor. I support the commercial building grant program as a one year trial.



2020 Operating Budget – Capital Expenditures

Capital Expenditures - \$2,120,410

<\$3,930> or 0.2% decrease over 2019 Operating Budget



2020 Operating Budget – City Manager’s Recommendation

Capital Expenditures:

- No change
- Note: Expenditures for the Rings Road property (\$1,285,085) will end after 2020.



2020 Operating Budget – City Manager’s Recommendation

Questions/Next Steps?



EVERYTHING GROWS HERE.