

THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA, HELD A BUDGET HEARING IN THE THIRD FLOOR ASSEMBLY ROOM OF THE CITY/COUNTY BUILDING ON MONDAY, AUGUST 5, 2018 AT 5:00 P.M.

MEMBERS PRESENT: Council Members Mr. Coffey, Mr. Phipps, Mr. McLaughlin, Mr. Nash, Mr. Aebersold, Mr. Barksdale, Dr. Knable and President Blair. Mr. Caesar was absent.

ALSO PRESENT: Shane Gibson, Linda Moeller, Chris Gardner, Russ Seagraves, Joe Ham, Amy Stein and Ms. Milburn

President Blair called the meeting to order at 5:00 p.m.

Mr. Gibson explained that that as they have done in the past they started this process a couple of months ago and asked the department heads to submit their projections for the upcoming year as well as any other items that they may or may not need. He stated that once that information comes back to them they come up with the revenue projections and that is where he would like to start. He stated that the projected levy amount is ~\$17.2M which consists of the certified living from last year with any under added in to get the max levy along with the growth factor. He reported that they have been pretty close the last 3-4 years to the projected numbers and he anticipates the same this year. He explained that estimated miscellaneous is included with supporting documents for them to go through at their leisure to show them where that number comes from. He stated that the majority of it comes from a local income tax which is a projection, but they don't have the final number yes.

Mr. Blair stated that he assumes that the \$650,000.00 for parks is probably mostly receipts from the swimming pool.

Mr. Gibson explained that it is for everything including the pool, SSP, soccer, softball and baseball. He stated that the General Fund which is just over \$28M as expected revenue at this time.

Mr. Coffey asked when they would lose the tax revenue from the power plant.

Mr. Gibson stated that he isn't sure and added that he hasn't gotten anything on it.

Mr. Coffey stated that his understanding is that it was somewhere around \$3M

Mr. Gibson explained that if it is that number it is based upon the entire Floyd County and New Albany assessed values.

Dr. Knable asked what line item 31208 - in lieu of is.

Mr. Gibson explained that this is usually in lieu of taxes and explained that they do receive income from NAHA, and while they obviously don't pay income taxes, they do make a payment on a yearly bases.

Mr. Blair asked if it is up to them because it says discretionary.

Mr. Gibson stated that the city has always received it since he has been here.

Mr. Blair stated that they are definitely utilizing services from the city.

Mr. Gibson stated that this gives them an idea from the general fund status of what they are working on. He explained that usually when the budgets come in from the departments they are a little higher with “wish list” items but they go back and parcel it down to what will financially work with the revenues that they have. He explained that budgets within the general fund can be a little confusing and stated that these budgets fall within that fund, so if they don’t theoretically spend their budget it stays in the non-reverting general fund.

General Fund 2020 Budget

MAYOR

Mr. Gibson stated that most of these budgets will be substantially the same as last year but he will highlight any changes that have been made. He reported that there aren’t any changes in the Mayor’s budgets and added they do put the budget-to-actuals behind each budget that they are giving them for the six months and that is what they use to project how they are going to get through the end of the year.

Mr. Blair asked what they are assuming for salary increases.

Mr. Gibson stated that they have factored in 2% and stated that they are currently at 45% on salary for the mayor’s budget.

Mr. Barksdale stated that Economic Development is a little above 50% and asked if he sees any red flags for them.

Mr. Gibson stated that he doesn’t see any issues.

Mr. Blair stated that economic development is one of the accounts that he requested details on and asked if that is included in the packet.

Mrs. Moeller explained that it isn’t but she does have it compiled for him and will give it to them at the next session.

Mr. Blair stated that he was looking at entertainment dollars and asked if they have tried to measure the return.

Mr. Gibson replied no and stated that it isn’t a widget that they can truly account for because it is a quality of life aspect.

Mr. Blair stated that he would see something like that done any time they are spending this type of money.

Mr. McLaughlin asked how they would go about doing that.

Mr. Blair stated that they would look at how many people attend the events and it could be translated to how many dollars are going to be spent in the community.

Mr. Gibson asked when something like that would end and do they do that for every expenditure they have.

Mr. Blair stated that this is more of a discretionary expense so it would be worth looking at.

Mr. Coffey stated that it wouldn’t be a bad idea to count the people at a couple of events to assess the economic impact.

Mr. Blair stated that he just feels strongly that any time they are spending tax payer's dollars that it needs to be benefitting the community and taxpayers.

Mr. Gibson stated that you can't really put a value on good will.

CONTROLLER

Mr. Gibson stated that insurance is usually their biggest item because a few years ago they put all insurance under this budget and their hope is that it will stay flat lined going into 2020.

Dr. Knable asked if they are adding positions because it is more than a 2% raise.

Mr. Gibson replied no and explained that because of the extra work that her office has been doing on financial reporting and date they have built in a slight increase in their salaries.

Dr. Knable stated that is it showing a 40% increase.

Mr. Coffey asked what kind of raises they are talking about there because it is over \$87,000.00.

Mrs. Moeller stated that there are six people in her office and it includes the 2% increase.

Mr. Coffey stated that he isn't saying that people don't do their work and deserve a little more but this is a huge jump.

Mr. Blair stated that it is \$83,000.00 above the 2% increase.

Mr. Coffey stated that if that is for 6 employees that is over a \$10,000.00 raise. He stated that the issue with percentage raises is the only ones that benefit are the ones that already have a high salary so they tried to balance that out in the past under James Garner and this doesn't feel right to him and wants to know about the other people in the other departments that are only getting 2%. He asked if they are earmarking that kind of money in other departments for raises.

Mrs. Moeller explained that each department has the opportunity to request something like this.

Mr. Coffey asked if the money is set aside for the other departments for a larger raise.

Mr. Gibson replied no and stated that part of the controllers department proposed raise is the fact that they have done an excellent job of getting on top of the financials. He stated that they can ask Mrs. Moeller to look at the numbers and tighten it up but this was to give her flexibility to review her staff and give them appropriate raises. He added that they won't be seeing anyone get at \$10,000.00 raise.

Mrs. Moeller stated that she will be glad to look at it again and come back with more information at the next meeting.

Mr. Coffey stated that he is fine with that but there are other departments in this budget and he wants to know if they have that kind of flexibility built in.

Mr. Gibson stated that they evaluate every department and salary every year.

Mr. Blair stated that what he would like to do is give Mrs. Moeller an opportunity to research this and come back and provide that information.

Mr. Coffey stated that he just wants it to be fair to the other employees. He asked if medical used to be under Board of Works and then was switched to the controller's budget.

Mr. Gibson explained that it used to be under every department and at the end of the day the controller's office reviews all the claims that come through so it made sense to put it in her budget.

Mr. Blair asked if they could get a detail list on those regarding contractual services at the next meeting.

Mr. Barksdale stated that the contractual services is at 93% and asked if there were any problems with that.

Mrs. Moeller explained that some things came in for the end of the year like their licensing software but she doesn't foresee any issues.

CITY CLERK

Mr. Gibson stated that there aren't any substantial changes on this budget.

PARKING ADMINISTRATION

Mr. Gibson stated that this goes along with the clerk's budget and they assist in managing this. He added that Ms. Cousins is ultimately paid out of this budget and there aren't any changes.

Dr. Knable stated that this isn't showing the 2% raise.

Mrs. Moeller stated that she calculated Ms. Cousin's salary to include the 2% at \$27,560.00 and they will make that change.

Mr. Coffey asked if they are going to have a parking salary come out of this in the future

Mr. Gibson stated that he would prefer to leave it in as it is based on the income so if there is a need and they have the money they can hire someone.

CITY COUNCIL

Dr. Knable stated that historically they have refused a pay increase if it is legal to do so.

Mr. Gibson stated that it is one of those things that he keeps his hands off of and allows them to make the decision.

Mr. McLaughlin explained that 4 years ago they took the increase prior to the possibility of new council members coming in after the election year.

Mr. Blair stated that they will discuss it as a group and get back to them.

CITY ATTORNEY

Mr. Gibson stated there are no substantial changes in his budget other than the 2% raise for Ms. Jarboe. He added that part of Ms. Lewis' salary comes out of his budget as well.

Mr. Blair asked if contractual services is always legal services or if it can be other services.

Mr. Gibson stated that it is almost exclusively legal services.

RESERVE LIABILITY

Mr. Gibson explained that this is insurance for pending legal suits and pay deductibles for insurance carriers.

CUMULATIVE CAPITAL IMPROVEMENT

Mr. Gibson explained that this is a cigarette tax that is set by the state. He stated that \$130,000.00 is what it has been budgeted at for years.

Mr. Blair asked if this has been used predominately for the parks.

Mr. Gibson replied no and explained that this has been used for computer equipment in the past.

FLOOD CONTROL

Mr. Gibson stated that Mr. Gardner is here to answer any questions but he doesn't believe there are any huge changes. He added that the budget is actually less that it has been in the past.

Dr. Knable stated that the salary bump is less than 2%

Mr. Gardner explained that they have 2 new employees that are on a lower pay scale per their union contract but everyone received the 2% raise.

Mr. McLaughlin asked what the dues are.

Mr. Gardner explained that this is what would come out of paychecks and they are required to report it.

Dr. Knable stated that he doesn't see a line item for overtime for this year and asked if that is accurate.

Mr. Gardner replied yes and stated that it was old number that was a placeholder.

Mr. Barksdale asked if he is planning any big projects or upgrades.

Mr. Gardner explained that over the years they have worked on several special projects that included the rehab of the pump plant facilities, floodwall restoration and currently they are installing backup power for all of their pumping stations. He added that the next step would be vegetation and encroachments upon their levy and levy easements.

Mr. Blair stated that Mr. Gardner will be giving them an annual report in October. He asked about professional services and if it is for engineering.

Mr. Gardner explained that whenever they submit plans to the board for review they have to be stamped by a license professional and they have everything designed to current standards.

Mr. Blair stated that he noticed a significant drop in that number.

Mr. Gardner stated that the biggest expense they had this year was the design and inspections of the generators and that is why the line item was more expensive this past year.

Mr. Blair stated that they are talking about \$700,000.00 less in budget than previous years and asked if there are areas where they could use that money.

Mr. Gibson explained that they are their own tax levy so their funds are dictated by their amount.

BUILDING COMMISSOINER

Mr. Gibson stated that the areas of difference is a \$20,000.00 increase in contractual services and these are the types of services that include alleyway cleanups and grass cutting.

Mr. Blair asked about the increase in other capital outlays.

Mr. Gibson explained that the idea is with the new city hall they will have room for an addition inspector.

Mr. Blair stated that there is \$120,000.00 for contractual services and \$100,000.00 for demolition and asked if that is enough.

Mr. Gibson replied no but he doesn't know what the magic number is. He stated that obviously the more financial resources they have the more that they can get done quickly.

Mr. Blair stated that it seems like they clean up one property and another one pops up. He asked if the lawsuits are built into this.

Mr. Gibson stated that it is in legal services and added that fortunately there is no filing fee for those. He stated that he will get them an update on those properties and reported that he has filed well over 150 lawsuits in the last year and a half.

Mr. Blair stated that he would like to continue to see that but he wants to make sure they have enough money/resources to do it.

Mr. Gibson stated that it does seem to help and it has gotten better but they do have a handful of repeat offenders.

Mr. Blair asked if they are filing liens if they have to clean up a property.

Mr. Gibson replied yes and stated that when they get a judgment from the courts they ask that those costs be included.

Mr. Barksdale asked if there is any wiggle room to put a little more into that demolition fund.

Mr. Gibson stated that there are other funds that they have the discretion to use that could be additions to this.

Mr. Blair stated that they could look at EDIT or Riverboat but they can also look at other ways to take money from the other categories and move it over.

UNSAFE BUILDING

Mr. Gibson stated that this is based on the income that is generated and it hasn't been used much this year. He added that they are hoping to staff it next year.

RENTAL HOUSING

Mr. Gibson stated that this is fairly bare bones budget and they run registration through their current staff.

MOTOR VEHICLE HIGHWAY

Mr. Gibson stated that this is another state driven revenue stream and they do have a little bit of equipment in this one if the money gets high enough. He added that there is a requirement that half of it has to be dedicated to road projects.

Mr. Blair asked what equipment they would be considering.

Mr. Gibson stated that they have all kinds of needs like a grappler truck.

Mr. Ham explained that it is operational now but it is 16 years old and a constant maintenance headache. He added that they have a roll-off truck that is 25 years old and they are looking for a new-used one to replace it.

Mr. Blair asked if they have looked into contracting anyone for that service.

Mr. Ham stated that he knows there is extensive cost involved but he can run some numbers on that if they would like. He added that having their own vehicle does make them more responsive when there is an emergency.

LOCAL ROAD & STREET

Mr. Gibson he stated that last year he started doing projections for each fund and passed out the projections for LRS. He explained that the normal income on this is about \$600,000.00 and it can only be used for very specific things regarding roadways.

Mr. Blair asked if the services and charges are going to Clark Dietz

Mr. Gibson stated that it depends on the project.

Mr. Blair asked if it is for specific projects.

Mr. Gibson replied no.

Mr. Gibson stated that some of this does go to Clark Dietz for their annual paving services but he doesn't know specifically.

CEMETARY

Mr. Gibson stated that last year they combined the accounts and that is what they have in front of them. He explained that there is no significant change but there is a slight increase in clothing which includes their work shirts and other gear.

Mr. Blair asked if the projected revenue is \$36,000.00

Mr. Gibson replied yes.

FAIRVIEW CEMETARYT PERPETUAL CARE

Mr. Gibson stated that this involves specialized services for things like renovations to tombstones.

WEIGHTS AND MEASURES

Mr. Gibson stated that the city and the county are sharing these expenses and the city pays half of the benefits and salary.

Mr. Blair asked if the county does the claims on this.

Mrs. Moeller explained that they send her an invoice for the 50%

CHARITABLE DONATIONS

Dr. Knable asked for a breakdown of the entire 2018 season for the pool for next year. He stated that they had decided that there were going to try to earmark money for charitable donations in advance and asked if they pulled the trigger on this.

Mr. Blair stated that they talked about setting an overall budget for volunteer type spending and allowing groups to come in and request the monies.

Dr. Knable stated that it seems like they have worked with around \$200,000.00 in the past and it might be nice for them to have a number to work with in advance. He stated that he likes the idea of an Affordable Housing Trust Fund to give people a pathway out of homelessness.

Mr. Blair stated that a lot of what they are talking about would come out of EDIT and Horseshoe which they have the ability to appropriate out of at any meeting. He stated that as long as they had a plan that is where the money would come from.

Mr. Coffey stated that he would be in favor of putting the money up ahead of time because some of these projects need to be funded.

Mr. McLaughlin stated that they can make it known that they are going to do the allocations this way to these organizations and this might encourage them to look at other entities for their funding.

Dr. Knable stated that it does build in a sort of meritocracy for these organizations to show how they are spending the money and improving over the years.

Mr. Blair stated that he likes adding a process behind it and stated that they could get together a list of the groups and what they have given to them in the past.

Dr. Knable asked Mrs. Moeller if could get that together for them after the budget season is over. He stated that it might be interesting to have a standard application form for these with a deadline.

Mr. Phipps joined the meeting at 6:20 p.m.

There was a lengthy discussion regarding Charitable Donations and the process surrounding it.

POLICE CARS

Mr. Coffey asked if they are going to look at putting the police cars into the budget.

Mr. Barksdale stated that they discuss this almost yearly.

Mr. Blair asked if there is a way to build this in because they know there is going to be a need every year.

Mr. Gibson stated that it depends on where they plan to take the funds from.

Mr. Blair asked if there are some items that they don't use 100% every year that they could move into EDIT.

Mr. Gibson explained that the money they have is the General Fund, Levy, EDIT, Riverboat and these are the funds that are available to do the things that they want to do. He stated that they have titles but the titles don't have as much relevance as they used to. He added that this is the pot of money they have, so yes it can be added into the projections, but it does reduce the balance and then it comes down to priorities.

Mr. Blair stated that this could also help with their planning process and give them some discretion with their budget.

Mr. Gibson explained that one of the biggest changes he is trying to make is to move some expenses like 911 back over to the general budget and this will free up ~\$400,000.00

Mr. Coffey stated that if he is trying to make these changes for next year they might be a year premature in asking Mr. Gibson to do this before he has the opportunity to get the budget where it should be set up.

Mr. Blair stated that he would also like to see a reserve for the swimming complex.

Mrs. Moeller stated that it is the non-reverting fund for parks for maintenance.

Mr. Blair stated that the way this should be done is to get an engineering study that shows the lifespan of the asset and how much money they should put aside each year.

Mr. Coffey stated that he thought they did the study when they did all of the bond work.

Mr. Gibson stated that he is sure there are some projections of life span but he doesn't recall what they are.

Mr. Blair asked if there is a formula for how they should be growing the rainy day fund.

Mr. Gibson stated that there isn't anything that he is aware of.

Mr. Blair stated that when they start looking at cash balances there is money there and asked if that could be moved into the Rainy Day Fund.

Mr. Gibson explained that if they were looking to transfer a certain amount, yes.

ADJOURN:

There being no further business before the board, the meeting adjourned at 6:36 p.m.

Scott Blair, President

Mindy Milburn, Deputy City Clerk