

City of Huron
FINANCE COMMITTEE
August 13, 2019

The Finance Committee meeting was called to order by Chairman Norton on Tuesday August 13, 2019 at 5:00 p.m. in the conference room of the Huron City Hall, 417 Main Street, Huron, Ohio.

Finance Committee members attending: Chuck Norton, Glen Ginesi, Trey Hardy, Christine Crawford, Kevin Kieffer, Randy Drewyor, and Larry Leaman. Others in attendance: City Manager Andy White, Finance Director Cory Swaisgood, Assistant to the City Manager Michael Spafford, Council member John Jones, and Finance Specialist Meredith Brownell.

Approval of Minutes

Meeting minutes from May 14, 2019 were approved.

New Business:

Income Tax:

Staff provided an update of income tax collections YTD, highlighting decreased collections from IAC and the protection the new jobs at Mucci Farms and Ohio Patients Choice have provided. Staff highlighted discussion from its recent bond rating with Moody's that there was concern over the reliance on one employer for tax revenue and such a large portion of city revenues coming from one source. New revenues specific to the electric utility and potential expansion of bed tax and gas tax hope to further diversify the city's revenue stream. Mr. Swaisgood highlighted receipts YTD only reflect withholding and that he would expect an increase in net profit from those two new developments. Mr. White emphasized OPC has 55 employees currently but anticipates having up to 100 once the newly licensed production facility is operational.

Mr. Kieffer inquired about the accounting of the community infrastructure fee within Mucci's utility rate. Mr. Swaisgood stated that he is working with our Independent Auditing firm, the Auditor of State's Office, and our Law Director to finalize the strategy going forward. Initial feedback has been the City's rate ordinance is valid and does not conflict with existing State law.

Gas tax:

The State increased the gas tax by 10.5 cents per gallon. The new revenue will be dedicated to the Street Department for capital projects and equipment. The State estimates this will result in

an additional \$185,000 a year. The tax went into effect on July 1st – collections are already outpacing 2019 budget estimates.

Fiscal Policies (Budgetary Policy and General Fund Reserve Policy):

Staff discussed the addition of a budgetary stabilization fund allowing up to 5% of revenue to transfer on an annual basis. The fund would be utilized to build a reserve to offset the impact of any economic downturn (aka - the rainy-day fund). Staff is also working on drafting or updating its fiscal policies on debt, capital assets, purchasing, special revenue fund and enterprise fund reserves.

Mr. White requested the Committee input on a proposed modification to the City's purchasing procedures surround bidding and Council oversight. The proposed modification would increase the threshold for bidding from \$25,000 to \$50,000 (to mirror State policy) and establish an informal bidding process (obtaining quotes) for expenditures between \$25,000 and \$50,000. This would be paired with a modification of the Ordinances to require direct Council approval on all expenditures in excess of \$25,000.

Motion by Mr. Leaman, seconded by Ms. Crawford to increase the bidding threshold to mirror State guidelines and modify purchasing procedures as outlined. All in favor, motion passed.

Debt/Loans:

Mr. Swaisgood discussed the overarching goal for the 2020 budget is built around a strategy of reducing debt. Due to downward pressure from the bond rating report from Moody's and the external audit, staff is working on capital and operational forecasts and establishing a capital asset replacement plan that can be funded utilizing minimal reliance on debt and loan financing.

Legal Level of control:

Mr. Swaisgood explained that the budget document to be presented to Council will be different than previous years to bring the final adopted budget back in line with what's defined as the "legal level of control" on file with the State. The new budget document will help streamline operational and low-impact budgetary modifications. Council oversight will still be required for modifications to appropriations between categories/funds and if the dollar amount exceeds the approved appropriations.

2020 Budget Hearings:

Mr. Swaisgood reviewed the proposed 2020 Budget meeting calendar and introduced his newly formed Finance Bulletins, which will be e-mailed to department heads as administrative orders from the Finance Director.

The schedule for Finance Committee is as followed:

Monday, October 7, 2019 at 4:00 p.m.

Thursday, October 10, 2019 at 4:00 p.m. (discussed at meeting to be set for October 14th but later changed to October 10th)

Monday, October 21, 2019 at 4:00 p.m.

Monday, October 28, 2019 at 4:00 p.m.

Monday, November 4, 2019 at 4:00 p.m.

Monday, November 7, 2019 at 4:00 p.m.

And a regularly scheduled 4th Qtr. Meeting Tuesday, November 12, 2019 at 4:00 p.m.

If unable to attend any of the above meetings Mr. Swaisgood hopes that committee members would consider conference call-ins if necessary.

With no further discussion. Chairman Norton adjourned meeting at 6:18 p.m.

Respectfully Submitted,

Meredith Brownell, Finance Specialist