

# INTERNAL MEMORANDUM

Office of the Assistant City Administrator

Springdale, Ohio

December 28, 2018

To: Mr. Thomas Vanover  
President  
Springdale City Council

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From: Amanda Zimmerlin  
Assistant City Administrator

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Re: Report on Pending and Future Legislation

**Item I**

**An Ordinance Adopting the Annual Appropriations/Estimated Receipts for Fiscal Year Ending December 31, 2019**

This ordinance, scheduled for the **01/02/2019** meeting, authorizes the approval of appropriations for current expenses and other potential expenditures of the City of Springdale, Ohio for the fiscal year ending December 31, 2019. It also adopts the estimated receipts the City anticipates in the fiscal year ending December 31, 2019. Generally, the appropriations and receipts will be consistent with the 2019 Budget document, which was presented to Council at the 12/19/2018 meeting. The appropriations ordinance, which does not require an emergency clause, will go into effect immediately after adoption by Council and execution by the Mayor.

**Item II**

**A Resolution Proposing an Increase in Income Tax to Two Percent (2%) and Directing that the Increase in Income Tax be Submitted to the Electors**

The City of Springdale currently has an income tax rate of 1.5% for those who work within the City of Springdale. Residents who work outside the City of Springdale receive a full 1.5% income tax credit. In 2004, the residents of Springdale were asked to vote on an income tax increase from 1.0% to 1.5%. The issue passed with 68% of the vote. Since 2006, the City of Springdale has lost over \$3 million in General Fund Revenues. The table below illustrates some of the greatest losses since 2006.

	2006	Est. 2018	Difference
General Real Estate Tax	\$1,262,300	\$900,128	-\$362,172
Tangible Personal Property Tax	\$265,191	\$0	-\$265,191
Earnings Tax	\$15,677,233	\$14,800,000	-\$877,233
Estate Tax	\$953,498	\$0	-\$953,498

Local Government State	\$169,200	\$0	-\$169,200
Local Government County	\$339,274	\$196,500	-\$142,774

The City has undertaken much needed projects and has presented a balanced budget every year. However, with the down turn in the economy and the state redirecting valuable funding sources, the City has experienced expenditures over revenues for the last six (6) out of nine (9) years.

<b>YEAR</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>DIFFERENCE</b>
2010	\$16,385,289	\$16,951,465	-\$566,176
2011	\$16,057,710	\$15,149,836	\$907,874
2012	\$16,678,816	\$16,451,780	\$227,036
2013	\$17,194,483	\$17,534,306	-\$339,823
2014	\$16,457,957	\$17,376,763	-\$918,806
2015	\$17,316,155	\$17,720,292	-\$404,137
2016	\$20,577,939	\$19,594,449	\$983,490
2017	\$18,526,332	\$19,559,636	-\$1,033,305
2018 (est)	\$18,090,447	\$19,387,347	-\$1,296,900
		<b>TOTAL:</b>	<b>-\$2,440,747</b>

Even with expenditures outpacing revenues, the City was still able to have an acceptable carry over into the next fiscal year. Typically, the City has a carryover of at least \$1.5 million. The Government Finance Officers Association (GFOA) recommends that municipalities carry over 2% of their annual budget. The City of Springdale, to meet standards, should carry over close to \$2 million annually. The 2019 Budget is devoid of all rolling stock, all major capital projects have been postponed, and still the estimated carryover at the end of fiscal year 2019 is projected to be less than \$700,000.

At the November 21, 2018 City Council meeting, Council proposed increasing the income tax rate from 1.5% to 2.0%. Residents who work outside the City of Springdale in a municipality with a higher income tax rate would receive a full 2% credit. Tax information from 2017 indicates that 7.6% of earnings tax comes from Springdale residents. This includes taxes from those who work outside of Springdale in a community with an income tax rate lower than 1.5% and those who live and work in Springdale. This means that 92.4% of earnings tax comes from those who work in our community and utilize our services and roads but do not live here.

The authority to levy an income tax comes from the Ohio Constitution and the City Charter Article VII(A)(3). The tax is implemented through Chapter 94 of the Code of Ordinances. City Council would need to pass a resolution proposing an increase in income tax to two percent (2%) and directing that the increase in income tax be submitted to the electors. The proposed issue would be placed before electors at the May 7, 2019 primary/special election. If an issue is placed on the ballot and passed by the electors, the City Council would then adopt an ordinance in June 2019 to amend Chapter 94 of the Springdale Code of Ordinances and have the new tax rate go into effect July 1, 2019. The City would follow the same process as in 2004 and hold four (4) readings of the resolution prior to a vote of Council. The proposed timeline for the process is outlined below:

First Reading of Resolution:	December 5, 2018 Regular Council Meeting
Second Reading of Resolution:	December 19, 2018 Regular Council Meeting
Third Reading of Resolution:	January 2, 2019 Regular Council Meeting
Fourth Reading of Resolution:	January 16, 2019 Regular Council Meeting
Submit to Board of Elections:	On or Before February 6, 2019
Election Day:	May 7, 2019
First Reading of Ordinance:	June 5, 2019 Regular Council Meeting

Second Reading of Ordinance: June 19, 2019 Regular Council Meeting  
New Tax Rate Effective Date: July 1, 2019

A resolution proposing an increase in income tax to two percent (2%) and directing that the increase in income tax be submitted to the electors will be before Council for a third reading at the **01/02/2019** meeting. A first reading of the ordinance was held at the 12/05/2018 meeting and a second reading at the 12/19/2018 meeting. A fourth reading is scheduled to be before Council on **01/16/2019**.

### **Item III**

#### **A Resolution Authorizing the Investment of Municipal Funds**

Article III, Section G, Paragraph 6, (i) of the Charter requires the Clerk of Council/Finance Director to “Invest any such funds as Council, by resolution, declares are not needed for any Municipal purpose for more than ninety (90) days.” It has been Council’s long-standing practice to adopt a blanket resolution at the beginning of the year authorizing the Clerk to invest funds that she determines are not needed for more than 90 days. Such a resolution for the year 2019 will be before Council on **01/02/2019**.

### **Item IV**

#### **A Resolution Requesting Advance Payment from the County Auditor**

At its first meeting each year, Council adopts a resolution requesting the County Auditor to “pay to the Clerk of Council/Finance Director of the City of Springdale all funds currently available for distribution to said City of Springdale.” If we fail to adopt such a resolution, the County will hold our property tax settlements as long as possible in order to derive the interest from the investment of such funds. As a result of this resolution, the County must distribute our property tax settlements as soon as the money is collected and available. The resolution covering 2019 will be presented to Council at the **01/02/2019** meeting.

### **Item V**

#### **An Ordinance Authorizing an Agreement with the Contractor with the Best Bid for the Olde Gate Reconstruction Project and Declaring an Emergency**

The curbs and full-depth asphalt pavement on Olde Gate Drive are original from 1980. Over the past thirty-eight years, only minor partial curb repairs and asphalt work have been performed. A significant amount of alligator cracking can be seen throughout the 665 feet of pavement. Extensive raveling of the surface course of asphalt is occurring as the binder has failed, leading to a substantial increase in potholes and complaints. Full-depth asphalt pavement failure has occurred at Olde Gate Plaza Drive. The Olde Gate Reconstruction Project involves the total removal and replacement of the existing pavement. The proposed pavement section would be asphalt surface, which is asphalt based on a granular sub-base with under-drains. A pavement rejuvenator application would be applied to the final asphalt course. In addition, curbs and gutters would be replaced and catch basins would be repaired or replaced as needed.

Originally, the Olde Gate Reconstruction Project was supposed to be paired with the Landan Lane Reconstruction Project. The City of Springdale applied for SCIP funding for the Landan Lane Project and was awarded a no-interest loan. The Landan Lane Project will take place in 2020. The Olde Gate Project, which will take place in 2019, will be funded with 100% local funds from the Street Improvement Operations Fund -087. The Engineer’s estimated construction costs for the Project are \$228,207. Bids for the project were opened on Thursday, December 20. Currently, the staff is

reviewing the results of the bids and it is anticipated that a contract will be awarded at Council's **01/16/2019** meeting. The work is scheduled to begin in spring 2019 and should be completed by summer 2019.

An ordinance, with an emergency clause, authorizing an agreement with the contractor with the best bid for the Olde Gate Drive Reconstruction Project, is scheduled to be presented to Council at its **01/16/2019** meeting.

#### **Item VI**

#### **Other Items of Interest**

1. Introduction of New Employee: Elizabeth Frazier Johnson - Parks and Recreation - **01/02/2019** City Council Meeting.
2. Introduction of New Employee: Brandon Padilla - Firefighter/Paramedic - is scheduled for the **01/02/2019** City Council Meeting
3. Introduction of New Employee: Paul Hansen - Firefighter/EMT - is scheduled for the **01/02/2019** City Council Meeting

Mayor  
Clerk of Council/Finance Director  
City Council  
City Administrator  
Law Director  
City Engineer  
Department Directors  
Recording Secretary  
Reading File