

INTERNAL MEMORANDUM

Office of the Assistant City Administrator

Springdale, Ohio

January 11, 2019

To: Mr. Thomas Vanover
President
Springdale City Council

From: Amanda Zimmerlin
Assistant City Administrator

Re: Report on Pending and Future Legislation

Item I

An Ordinance Authorizing an Agreement with the Adleta, Inc. 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 subbase with underdrains. 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 100% funded by 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. Staff has reviewed the results of the bids and it is anticipated that a contract will be awarded to Adleta, Inc. with the bid amount of \$231,931.20 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 Adleta, Inc. for the Olde Gate Drive Reconstruction Project, is scheduled to be presented to Council at its **01/16/2019** meeting.

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.

| YEAR | REVENUES | EXPENDITURES | DIFFERENCE |
|-------------|-----------------|---------------------|---------------------|
| 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 |
| | | TOTAL: | -\$2,440,747 |

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 fourth and final reading at the **01/16/2019** meeting. A first reading of the resolution was held at the 12/05/2018 meeting, a second reading at the 12/19/2018 meeting, and a third reading at the 01/02/2019 meeting.

Item III

An Ordinance to amend Ordinance 58-2018 to Amend the Pay Table for Part-Time and Seasonal Employees

The City of Springdale hires various part-time positions. In the Tax Department, the City of Springdale employs the position of Part-Time Account Clerk. Even though the position is part-time, it was on Pay Table I – Hourly Rates at Grade 9. This was inadvertently changed in 2016 to the pay range of \$14-19 an hour. This error will need to be corrected. This correction will not result in a wage increase for any employees.

An ordinance, with an emergency clause approving the amendment to Ordinance No. 58-2018 to amend the pay table for Part-Time and Seasonal Employees, will be presented to City Council at the **02/06/2019** meeting.

Item IV

Other Items of Interest

Swearing-In/Introduction of New Employee: Jamison Kunekel, Patrol Officer, Police Department –
02/06/2019

Swearing-In/Introduction of New Employee: Mark Martin, Patrol Officer, Police Department –
02/06/2019

Mayor

Clerk of Council/Finance Director

City Council

City Administrator

Law Director

City Engineer

Department Directors

Recording Secretary

Reading File