

INTERNAL MEMORANDUM

Office of the Assistant City Administrator

Springdale, Ohio

December 14, 2018

To: Mr. Thomas Vanover
President
Springdale City Council

From: Amanda Zimmerlin
Assistant City Administrator

Re: Report on Pending and Future Legislation

Item I

Adopting the Final Appropriation and Transfer Ordinance for 2018

This ordinance is adopted each December in order to balance out all departments in the General Fund and to insure we balance within all funds at the end of the year. This is accomplished either by moving funds already appropriated or by adopting additional appropriations to cover actual expenses. An appropriation ordinance does not require an emergency clause and will go into effect immediately after adoption by Council and execution by the Mayor.

The 2018 final appropriation ordinance will be presented for Council's consideration at its meeting on **12/19/2018**.

Item II

Adopting a Temporary Appropriations Ordinance for the Period January 1, 2019 until the Fiscal Year 2019 Appropriations Permanent Ordinance is Adopted by City Council

The first Springdale City Council meeting of 2019 falls on Wednesday, January 2, 2019. To provide for City operations until the 2019 Annual Appropriations Ordinance is adopted on January 2, a Temporary Appropriations Ordinance will need to be adopted by City Council. The adoption of this ordinance is an annual practice of the City.

A Temporary Appropriations Ordinance will be presented for Council's consideration at the meeting of **12/19/2018**. Because this is an ordinance dealing with financial matters, it may take effect on January 1, 2019 without an emergency clause.

Item III

An Ordinance Setting the Employee Pay Rates for 2019 and Declaring an Emergency

As a part of this year's budget process, the City Administration is recommending that Council authorize a modest wage increase for all non-union full-time City employees and part-time firefighters. The pay ordinance would be designed to go into effect on December 23, 2018, meaning the employees will receive the benefit of the pay increase on the first pay for 2019 (January 10, 2019).

An ordinance, with an emergency clause, setting pay rates for full-time City employees not covered by a collective bargaining agreement, as well as part-time firefighters, is scheduled to appear before City Council at the **12/19/2018** meeting.

Item IV

Several Resolutions Either Confirming Mayoral Appointments and/or Council Appointments to Various Boards, Commissions, and Committees

A quick review of the Boards and Commissions document (dated 08/08/2018) reveals the terms of several members of the various boards and commissions expire near or at the end of the calendar year.

Below is the list of board or commission members, according to the document, with terms expiring this year:

Charter Revision – Mrs. Shelia Seiter (12/31/2018)

Civil Service Commission – Mr. Robert Coleman (12/31/2018)

Tax Review Board – Mr. Gregory D. Johnson (12/31/2018)

Housing, Building, and Fire Appeals – Mr. Charles Hormann and Mr. Robert Apke (05/31/2018)

Volunteer Fire Fighters' Dependents – All members (12/31/2018)

Item V

An Ordinance Authorizing the Mayor and Clerk of Council/Finance Director to Enter Into a Collective Bargaining Agreement with the Springdale Professional Fire Fighters (IAFF Local 4027) and Declaring an Emergency

The current collective bargaining agreement between the City and the Springdale Professional Fire Fighters (IAFF Local 4027) expires on December 31, 2018. The two parties began meeting in the fall of 2018 and engaged in the bargaining process. This is the first year that the bargaining process has not resulted in a fact finding and conciliation process. The Administration's team feels the final document could be ready for Council's consideration at the **12/19/2018** meeting.

An ordinance, with an emergency clause, authorizing the Mayor and Clerk of Council/Finance Director to enter into a collective bargaining agreement with the Springdale Professional Fire Fighters (IAFF 4027) bargaining unit will be before Council at the **12/19/2018** meeting. In the past, a copy of the contract has not been attached to the ordinance due to the size of the document. An original copy is always located at the Clerk of Council/Finance Director's office for public view. Upon request, a copy of the document can also be provided.

Item VI

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 second reading at the **12/19/2018** meeting. A first reading of the ordinance was held at the 12/05/2018 meeting. A third reading is scheduled to be before Council on **01/02/2019**; and fourth reading on **01/16/2019**.

Item VII

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 collecting in the fiscal year ending December 31, 2019. Generally, the appropriations and receipts will be consistent with the 2019 Budget document which is scheduled to be presented to Council at the 12/19/2018 meeting. The appropriations ordinance does not require an emergency clause and will go into effect immediately after adoption by Council and execution by the Mayor.

Item VIII

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 shall "Invest any such funds as Council, by resolution, declares are not needed for any Municipal purpose for more than ninety (90) days." At the beginning of the year, it has been Council's long-standing practice to adopt a blanket resolution authorizing the Clerk to invest those funds she determines not to be needed for more than 90 days. Such a resolution for the year 2019 will be before City Council on **01/02/2019**.

Item IX

A Resolution Requesting Advance Payment from the County Auditor

At its first meeting each year, Council adopts a resolution requesting the County Auditor “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 they can 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 before Council at the **01/02/2019** meeting.

Item X

Other Items of Interest

1. The Presentation of the 2019 Budget is scheduled for the **12/19/2018** City Council meeting;
2. Introduction of Elizabeth Frazier – Fitness Center Manager 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