

**ASHTABULA CITY COUNCIL**  
**CITY OF ASHTABULA – COUNCIL CHAMBERS**  
**4717 Main Avenue, Ashtabula, OH 44004**

**PUBLIC HEARING MINUTES**  
**Monday, July 15, 2019**

The City Council met in a **PUBLIC HEARING**. The President of Council called the hearing to order at 5:15 p.m.

<b>Member(s) Present:</b>	Mrs. Kym A. Foglio	(Ward 1)
	Mr. August A. Pugliese	(Ward 2)
	Mr. Richard A. Quaranta	(Ward 3)
	Mr. Michael D. Speelman	(Ward 4)
	Ms. Jane E. Haines	(Ward 5 – 5:35 p.m.)
	Mr. John S. Roskovics	(Council President)
<b>Member(s) Absent:</b>	Mr. Christopher J. McClure	(Vice President)
<b>Officer(s) Present:</b>	Mr. James M. Timonere	(City Manager – 5:40 p.m.)
	Mr. Michael Franklin	(City Solicitor – 5:40 p.m.)
	Ms. Traci R. Welch	(Finance Director)
	Mrs. LaVette E. Hennigan, MMC	(Clerk of Council)
<b>Officer(s) Absent:</b>	None	

**SUNSHINE LAW:** The Clerk of Council certified conformity to the Sunshine Law.

**PURPOSE**

The President announced the purpose of this Public Hearing was to present the 2020 City of Ashtabula Tax Budget.

**WELCOME**

The President welcomed visitors.

**DISCUSSION**

The Finance Director presented the attached report, and reported the formal budget process will begin next month.

**QUESTIONS/COMMENTS – City Council/Administration**

**Debt Limitations**

When our debt was last calculated we were at 77% of the limit; therefore we have room to borrow.

### **Operating Fund Reductions**

The operating budgets of those funded by the General Fund were cut by 10% to balance the tax budget. To submit the Tax Budget based on the amount of budgeted revenue we have now, budgets had to be reduced. Expenses are “way out of whack based on what we normally budget”. Department heads will be formally notified when the actual 2020 budget process begins.

### **Carryover**

The minimum preferred carryover is \$300,000. New General Fund revenue sources or a reduction in staff, the levels of which are already minimal, is needed to reach the carryover minimum. It appears with each year the outlook worsens. Increasing sewer rates will not assist the General Fund.

### **Collective Bargaining Agreements**

The current round of agreements began in 2018, for a period of three years.

### **Equalization (EQ) Basin**

A member of Council thought this debt was paid. The Clerk agreed and said the EQ Basin fee was replaced by a Capital Charge. The Finance Director reported the debt to be outstanding, and “goes out to 2028”. The Director further reported “the debt was not totally paid but the amount of money we collected was equivalent to what the debt would have been to pay it off.” The debt is in the 504 Fund. With it being Ohio Public Works Commission (OPWC) funds, the Director does not believe the loans are able to be paid off early.

The City Manager reported, “The EQ Basin was paid off. When we instituted the Capital Charge on sewer and trash bills, we actually lowered the amount from what the EQ Basin fee was and then put that on the bills.”

The Finance Director said the amortization schedule shows a debt remains outstanding. “My understanding is that the amount we collected – from processing out the sewer bills (and that portion of it) we collected enough to pay the debt, but we haven’t paid it off yet.” The Manager said, “If I’m not mistaken there was an expiration date on the EQ Basin charge, per the ordinance. I guess that’s the calculation we’re talking about. If I’m not mistaken, didn’t we also use OPWC funds? So, OPWC goes for 30 something years but there’s no interest on it. So, I’m wondering if one of those debts is OPWC. The Finance Director said, yes, that’s the one that goes out to 2028 and is what Council is questioning. The Manager said his guess is we paid off the big one that was accruing interest and then only made the required payments on the OPWC one. But, as you said, I believe we collected all the money and it expired per the ordinance that was drafted and instituted that EQ Basin fee, and that’s when we adjusted to a Capital Charge.”

### **Property & Other Taxes**

The Tax Budget amounts are estimates because the County Budget Commission has not provided actual 2019 figures.

### **Municipal Income Taxes**

The revenue does not fluctuate much. We are also still trying to determine how House Bill 5 is going to affect us in terms of 'loss carry forward'. Current estimates are conservative.

### **Unencumbered Cash Balance**

The projected December 2019 unencumbered cash balance is \$375,931; for December 2020 it is \$70,743. A revenue v. expenditure deficit of \$315,188 is projected for 2020. The only saving grace is the projected 2019 carryover of \$375,931. It is customary for encumbered funds to be released nearer to the end of the year when purchase orders are closed, which is when the carryover begins to increase.

### **Police and Fire**

The "Personal Services" line item is where salaries, wages and other benefits are listed. Not much is able to be done to adjust these amounts because they are contracted through Collective Bargaining Agreements.

The line items labeled "Other" are operating funds. The 10% reduction is accounted for in the 2020 Tax Budget. Operating funds are used for required training and supplies. Because training is required, other items paid for out of operating funds will have to be reduced.

### **Police Levy**

Funds have to be transferred into the Police Levy fund because the levy, itself, does not create enough revenue. The Clerk of Council reported that in times past the Manager said overtime for the five police officers and two dispatchers paid with levy funds was not factored into the levy amount when the levy was being considered.

### **Proposed Paving Levy**

If the electorate votes in favor of a Paving Levy those funds will be placed in the Permanent Improvement Fund.

### **Gasoline Tax Revenue**

The Manager said the gasoline tax increase recently enacted by the State legislature, may be used for anything having to do with roads. The Clerk said it had been reported that if the paving levy passes, those funds will be used for paving and other funds would be used for equipment; the Manager confirmed this to be true. He said, "If you recall when we reported on the gas tax originally, when the increase was coming through, one of the suggestions that I had was at least two more employees coming into Public Works and then using about \$150,000, plus some of the P. I. (Permanent Improvement) funds that we currently use now, bundled with the Street Levy fund for an additional \$250,000, to bring that as close to a million dollars as we would, of doing street resurfacing, per year, if the levy were to pass."

### **Principle & Interest (P & I) Payments**

The projected P & I payments is \$1.2 million, most of which is for the Waste Water Treatment Plant. If the Plant were sold, the annual payments would go away. The Manager said the

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proceeds from the sale would have to go towards paying off the debt. Some of the loans will not permit payment in full, so funds would have to be placed in an escrow account and be drawn down. The escrow accounts could generate interest revenue. The proceeds from the sale would not go to the General Fund and would not be used anywhere else. "The funds are generated from the income that goes into waste water treatment; and, then all the debt services are paid from that income.

**QUESTIONS/COMMENTS – Public**

None

**ANNOUNCEMENT**

The President announced that, by law, no formal action may be taken at a public hearing. The 2020 Tax Budget will appear on this evening's Regular Council Meeting agenda for a vote to enact. Once enacted, it will be submitted to the Ashtabula County Auditor by the July 22, deadline.

**ADJOURN**

Hearing no further business to come before this Council, the President adjourned the Public Hearing at 5:52 p.m.

DATE APPROVED: August 19, 2019

ATTESTED BY: John S. Roskovics  
John S. Roskovics  
President of Council

ATTESTED BY: LaVette E. Hennigan  
LaVette E. Hennigan, MMC  
Clerk of Council

Traci R. Welch, Finance Director  
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(finance department/tax budget narrative 07 15 2019)

- The Tax Budget is required by the Ohio Revised Code.
- It gives the County Auditor the amount of property tax we are eligible for and want and is the first snapshot of the 2020 budget. It is used by the County to certify that requested millage for levies on property tax is needed.
- Included in the Tax Budget is a history of our expenditures and revenues and what we believe next year will look like.
- The Tax Budget assumes:
  - 2% wage increases
  - Medical Insurance increase
  - The General Fund will assume the deficits in the Police & Fire Pension Funds, Police Levy Fund, Street Lighting Fund, Food Service Fund and the Parking Deck Fund.
- I project that the Police and Fire Overtime budgets will have to be increased before year end which is not unusual from past years.
- The Tax Budget leaves over \$186,000 available after debt service payments.
- The projected increase in motor fuel tax revenue for 2020 of approximately \$359,000 is currently budgeted and split 92.5% Public Works Fund and 7.5% State Highway Fund as mandated by the ORC.
- The General Fund will have expenditures in excess of revenues of over \$315,000 and a projected December 31, 2020 General Fund carryover of only \$70,743. This amount, as you all know is not adequate. In order to show the General Fund ending 2020 in the black, it was necessary to cut operating budgets by 10%. Departments will need to really watch their spending for the rest of this year as to add a larger cushion to assist with next year.

- The Tax Budget is able to be submitted as is, but will need to be trimmed even more if spending this year is not reigned in, as well as, finding other ways to save. As it stands now, it is projected that 2019 will have a \$375,000 carryover.
- The Tax Budget also includes a debt schedule requested by the county and appears on the last page. The City is currently within our debt limitations.
- The formal budget process will begin next month.
- Next Steps in the process:
  - Council enacts legislation approving the Tax Budget.
  - The Clerk issues a copy of the approved Tax Budget to the County.
  - The County issues certification of our tax money, and
  - City Council will enact legislation certifying the amounts and rates the County certifies.