City of Ashtabula

Ashtabula City Council
Finance & Personnel Committee Meeting
Friday, January 20, 2023 at 8:30 AM
4717 Main Avenue, Ashtabula, OH 44004

Minutes

Opening of Committee Meeting

Call to Order

The meeting of the Ashtabula City Council Finance and Personnel Committee was called to order at 8:30 a.m. by Committee Vice Chair Haines-DiGiacomo.

Roll Call

Members Present: Chair: Ward 1 Councilor Kym Foglio- Via Zoom, Vice Chair: Ward 5 Councilor Jane Haines-DiGiacomo, Member: President John Roskovics
Absent: none
Officers Present: City Manager James Timonere, Finance Director Traci Welch, City Solicitor Cooper, Clerk of Council McKenzie Burgan
Staff Present: Assistant Finance Director Carolyn Sheldon
Visitors: Ward 4 Councilor Jodi Mills

Sunshine Law Certification

A quorum was established as defined by the Ashtabula City Council Rules of Order. The meeting met the requirements of the Ohio Sunshine Law Open Meetings Act.

Welcome and Acknowledgement of Visitors

Vice Chair Haines-DiGiacomo welcomed visitor Ward 4 Councilor Jodi Mills.

Finance Director's Report

Quarterly Investment Report

Finance Director Welch pointed out that Carolyn, Assistant Finance Director, raised the interest from investments from $87 in 2021 to $64,889 in 2022. There is $6 million invested in Star and an additional $3 million invested in the treasury. The Star investments are liquid and a treasury investments mature on October 31, 2023.

Year End Closing Report

Finance Director Welch stated that fund balances were good overall. The General Fund ended with a $3.2 million unencumbered balance. This large balance is an effect of the reallocation of the CARES Act money. Income Tax revenue was better than predicted. They always try to budget conservatively, especially with the pandemic. In 2021 and 2022 they kept the budget for the Income Tax Revenue at $6.4 million and in 2022 the Income Tax revenue collected was more than $7.8 million. This was a bump from the $7.039 million in 2021. Ms. Welch believes this increase is due to wage reallocation, withholdings, and delinquent income tax penalties. The penalties collected in 2021 were $65,000 and $112,000 in 2022. Revenue for 2022 came in higher than expenses for the year. General Fund revenue is up $534,083.10 from 2021. Expenses went down $390,206.08 in 2022. The majority of the revenue in the General Fund came from the Income Tax collected.

Vice-Chair Haines-DiGiacomo asked Ms. Welch how far ahead of the game we are. Ms. Welch explained that this is just for the General Fund but, we finished with revenue at about $11,514,000.00 and last year ended at about $10,980,000.00. This brings us $534,000 over in revenue from 2021. This is just what has been collected, the majority being Income Tax.

City Manager Timonere stated that for 2022 revenue was at about $11.5 million and expenses were at about $10.6 million. There was roughly a $900,000 difference and about $800,000 came from the Income Tax collections. With the construction of the hotel, Chestnut Village, the start of the Carlisle Project, and ACMC going through 2024, that is a big increase in wages. This increase may not be a trend. Mr. Timonere's goal is to keep expenses decreasing or at the same level, so extra padding is there for future years. Vice-Chair Haines-DiGiacomo asked Mr. Timonere what level of padding they like to have. Mr. Timonere stated that between a $500,000-$700,000 carryover is a minimum. $1-$1.5 million would be best to have each year. He stated that due to issues at the County level, the City will not be getting its property taxes until the end of March. Finance Director Welch stated that she may be bringing a request to the council to get an advance on the property taxes so they are received sooner. This has been done before. Ms. Welch stated she would not know if this would be needed until after next week's payroll.

Member Roskovics noted that there was about a 20% decrease in court fines. City Solicitor Cooper stated that she has increased the fines they are asking for but, it is up to the judge what she decides to fine individuals, and collecting said fines is difficult. Ms. Welch stated that she tightened the court's budget for 2023 as their revenue was not coming in as they thought it was. Mr. Roskovics also asked who the resource officer's reimbursement was for. Mr. Timonere stated that it is for the officers in the City Schools, Kent State University, and ESC. Mr. Roskovics noted the difference from 2020 to 2021 for the resource officer's reimbursement and Mr. Timonere stated that for 2020 to 2021 the difference was because there were no officers in the schools due to COVID. Mr. Roskovics asked about 2022 and Ms. Welch stated that 2022 is off as we have not received a December 2022 payment. This will be received this year.

Visitor Ward 4 Councilor Mills asked if there would be an increase in income taxes collected due to the Attorney General's office now taking over the delinquent tax accounts. Ms. Welch said that is the hope. Mr. Timonere noted that over the last few years, you see the trend going up for income tax collection due to what Ms. Welch's staff are doing. Mrs. Mills asked Ms. Welch if she had any ideas on how to decrease expenses anywhere. Mr. Timonere stated there was no staffing to cut. Ms. Welch stated that instead of looking for things to cut, they need to look at how to gain more revenue. Mr. Timonere stated that Tax Abatements are important to try and get more income tax into the City. Mr. Timonere stated they try to put bigger paving projects together to get more money instead of having smaller projects that businesses don't necessarily care if they get the job or not. He also mentioned keeping the staff on grants to keep from pulling from the General Fund.

Finance Director Welch noted that in 2021 we had to subsidize the Health Department by $326,000 and for 2022, due to an increase in grants, we only had to subsidize them by $65,200. In 2022, they received $330,839 in COVID relief grant money and they only received $160,289 in 2021.

Finance Director Welch stated that due to being able to assess property taxes again, there was an increase in delinquent taxes received. In 2022, delinquent property taxes received were $316,000 compared to $36,000 in 2021. Ms. Welch also reported landfill costs being lower. In 2021, the costs were $459,603, and in 2022 they were down to $377,943.

City Manager Timonere stated that the sanitation department is two people short and this is due to requiring sanitation employees to have a CDL. However, he believes this has been addressed, as there is now an employment agreement that allows employees to get their CDL and have the City pay for it. If the employee leaves within three years, the training expenses will have to be repaid and this is known by the employees up front. Expenses are down due to not being fully staffed. Good resumes are being kept on file, recruitment is occurring and they are hoping to get a full staff once some current sanitation employees get their CDL. Mr. Timonere stated that he wants to get the whole City on recycling and curbside. This will require new trucks and cans, which would cost about $1.5-$2 million to do so. Garbage rates haven't been raised since about 2016 and the current charge, per month, is $15.50 per month. Mr. Timonere stated they are working with different entities to try and get grant funding to accomplish these goals of recycling and garbage pick up.

Vice Chair Haines-DiGiacomo asked City Manager Timonere what his goals were with the extra money. Mr. Timonere stated he believes this money needs to be saved as we are not sure what is to come within the next two years after development is done. He also stated that with an older population of employees, retirements are coming up and those can be significant payouts. He explained that while there is a lot of money that can be used, it needs to be saved as a cushion for unforeseen circumstances. He explained that $1 million does not go a long way for a government entity.

Assistant Finance Director Update on Delinquent Income Tax

Assistant Finance Director Sheldon reported that within the MITS software, there are a lot of delinquencies from 1980-2019. These accounts add up to $2.25 million. The accounts from 1980-2019 will be turned over to the Attorney General's office for collection. The Attorney General's office has agreed to take on the accounts from 1980-2019. This does not mean all the accounts will be able to be collected. However, attempts will be made. The Attorney General's office will intercept residents' Ohio Income Tax refunds and lottery winnings to pay for their tax debts. The Ohio Attorney General's office is replacing the Attorney previously used to collect delinquent taxes. Steps will be created by March 31st for accounts from 2020 to 2022 where letters will be mailed out to each account up to two times in attempts to collect the taxes due. If payments are not made, their account will be sent to the Attorney General's office for collection.

An estimated tax for residents who do not file will be created this year. This will be based on the median household income within the City of Ashtabula. Based on the 2021 census, the median household income was $36,012. Letters for estimated tax collection will be mailed in a step program and if they are not paid the matters are handed over to the Solicitor's office to be handled in court.

There are also accounts that go back to 1980 and these will be written off in MITS and funds will be moved to unclaimed funds.

IncomeTax forms will be modified to include a check box where residents can declare they want previous credit balances to be applied to future tax years.

Chair Foglio asked Ms. Sheldon if she knew how much money was in the unclaimed funds. Ms. Sheldon stated she would know how much money will be moved to unclaimed funds once they complete that process.

Visitor Ward 4 Councilor Mills asked what the savings would be with us no longer paying the attorney to collect delinquent income taxes. Ms. Sheldon stated that Attorney Weiner has not been utilized since the former income tax administrator left in 2015.

Vice Chair Haines-DiGiacomo asked what would happen if some of these accounts belonged to deceased individuals. Ms. Sheldon stated the Attorney General's office would contact the City of Ashtabula and let them know the accounts have been determined uncollectible and then with the Finance Director's agreement they would be written off.

Chair Foglio voiced concerns about the Income Tax Department being merged with the Finance Department and that when you close a whole department, money gets lost. She stated that we are now seeing all of what that department did.

City Manager's Report

City Manager Timonere stated that he is working on filling unfilled positions. There will be tests coming up in the Fire Department and Police Department. There will be a lieutenant test for both departments and a captain's test in the Fire Department. There may be an entrance test open in the Fire Department later this year. One person will be retiring this year from the Police Department. He plans to continue watching the budget and keep spending down.

Mr. Timonere stated that Bonniewood's roads need to be addressed. However, to do them correctly would cost $909,000 and it would disrupt a large population as parking is directly off the road. A cheaper way of redoing these roads can be done and it would cost about $300,000. However, it would need to be redone more often, costing more in the long run.

Mr. Timonere stated that currently, people are using Prospect Circle as a dumping area as there is not much back there. He voiced the potential possibility of closing this road off. He also stated that Lake Ave. needs to be finished and has to be done in pieces, especially with the current construction which would push that part of the Lake Ave. road work back to about 2025. Rt 20 should be redone this spring.

Mr. Timonere voiced the need for equipment for departments. He stated that he would be gathering information for a rates study for the water pollution plant and GPD would provide the final piece for all that was found in the collection plant that needs to be done.

Vice Chair Haines-DiGiacomo asked what the ODOT project with signage is. She stated it was something out for bid in February. Mr. Timonere stated he received something about a bike route signage program that would allow ODOT to put bike route signs up but, he is not sure if this is the same thing Mrs. Haines-DiGiacomo is talking about. Mr. Timonere stated that with these sign programs, ODOT would put up the signs, but then the City would have to maintain them.

New Business

City Manager Timonere stated that the Finance Director position has been posted internally and externally on the Ohio Association of Public Treasurers, Ohio Municipal League, Ohio Government Finance Officers Association, the City Website, and will be posted on the City's social media, and is set to run in the paper on 1/21/2023 and 1/28/2023.

City Solicitor Cooper reported having contacted Stacy Sensky in regard to paying back training funds. Stacy contacted the solicitor's office and an agreement was reached. She will make payments and the funds will be paid in full by November 2025.

Member Roskovics requested an Executive Session prior to the meeting adjournment for the purpose of discussion of personnel.

Motion: Member Roskovics moved to go into executive session to discuss personnel; Vice Chair Haines-DiGiacomo seconded.
Discussion: none.
ROLL CALL VOTE
Yeas: Vice Chair Haines-DiGiacomo, Member Roskovics
Nays: None
Motion passed.

Chair Foglio- Via phone, Vice Chair Haines-DiGiacomo, Member Roskovics, City Solicitor Cooper, Finance Director Welch, Visitor Ward 4 Councilor Mills, and Staff-Member Sheldon all attended the executive session.

Next Meeting

The next meeting is Friday, February 17, 2023, at 8:30 a.m.

Adjournment

The meeting was adjourned at 10:45 AM by Vice Chair Haines-DiGiacomo.

Attested By:
Clerk of Council, McKenzie Burgan