City of Ashtabula

Ashtabula City Council Public Hearing
Monday, July 3, 2023 at 6:00 PM
4717 Main Avenue, Ashtabula, OH 44004

Minutes

Opening of Public Hearing

Call to Order

The Public Hearing meeting of the Ashtabula City Council was called to order at 6:00 p.m. by Council President Roskovics.

Roll Call

Members Present: President John Roskovics, Vice President Michael Speelman, Ward 1 Councilor Kym Foglio, Ward 2 Councilor Calvin Crawford, Ward 4 Councilor Jodi Mills, Ward 5 Councilor Jane Haines-DiGiacomo
Absent: Ward 3 Councilor RoLesia Holman
Officers Present: City Manager James Timonere, City Solicitor Cecilia Cooper, Finance Director Marie Yvrose Augustin, Clerk of Council McKenzie Burgan

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 Laws Open Meetings Act.

Purpose of Public Hearing

Presentation of 2024 City of Ashtabula Tax Budget

Council President John Roskovics stated the purpose of the Public Hearing was to present the 2024 City of Ashtabula Tax Budget.

Welcome and Acknowledgement of Visitors

Discussion

Finance Director Augustin stated that this hearing is to present the proposed fiscal year 2024 Tax Budget for the City of Ashtabula. The Tax Budget is due to the Budget Commission by July 20th of each year and is required by the Ohio Revised Code 5705.17 which gives the County Auditor the amount of property tax the city is eligible for. It is used by the County Budget Commission to fix property tax rates and certify that requested millage for levies on the property tax is needed for the upcoming fiscal year. This budget includes a history of the city's actual revenues and expenditures for 2021 and 2022. It also provides the city's projected financial position at the end of 2023, anticipated revenues, and proposed budget appropriation requested for fiscal year 2024. The 2024 Tax Budget provides for a 2% salary increase as negotiated by the union and the 2% is also accounted for in the projected salaries for non-union employees. We did not add, as usual, a 5% increase on the insurance because, for the past 2 years, we have not had any increases in health insurance, so there was no need to increase it by 5%. We made provisions for the General Fund to assume any deficits if there happened to be any in the Police and Fire Pension Fund, Police Levy, Public Works, Street Lighting, Food Service, Probation, Planning and Community Development, and Parks & Rec Funds. The General Fund has enough funds in case any previously listed funds were to have a deficit. The Federal Local Fiscal Recovery remaining funds of the $1.4 million in 2022 were allocated as follows- $700,000 was used to supplement the 2023 City Paving Projects, $66,000 was put in capital outlay, and the remaining balance will be allocated during 2024.

At the end of 2024, the vehicle and equipment lease will roll off. This lease was issued by US Bank in 2018 with its final payment being $65,000 which is projected to be made in 2024. In 2024 we will have interest payments for the new Fire Ladder Truck from the loan we obtained this year which was issued by Andover Bank and this loan will be added to our debt schedule. The loan from Andover Bank is a partial finance loan in the amount of $860,000 for the purchase of a Fire Ladder Truck. The total price of this truck is around $1.8 million. The remaining one million dollars is awarded by the Department of Homeland Security through FEMA. The loan we received from Andover Bank is for a period of 10 years. The city will pay interest only for the first year while finishing rolling off the debt from 2018, as the city wants to show we are reasonable and responsible and we do not want the city to have too much debt. If all estimated revenues are received and there are no increases in expenditures, the following significant funds will end in 2024 with the following estimated carryover into 2025. At the end of 2024, the General Fund will have $2.6 million, the Permanent Improvement Fund will have a carryover of $700,591.00, the Paving Levy will have $563,000.00, Sanitation $540,000.00, Waste Water $963,000.00, and the Working Capital will have $1,300,060.00. The formal budget process will begin in September.

Questions/Comments

President John Roskovics asked if our unencumbered balance would be $2.5 million. Mrs. Augustin said yes. Mr. Roskovics stated that we had unencumbered balances listed under the Permanent Improvement Fund, Special Revenue Fund, Police Pension Fund, and Police Levy Fund and asked why there were three different unencumbered balances on this page. Mrs. Augustin stated, yes, each balance is for a different account. Mr. Roskovics asked if the ending balance for the Police Levy would be $58,000.00 and Mrs. Augustin said at the end of 2024. Mrs. Augustin said she likes to be conservative and, instead of projecting a lot of revenue, she projected to the minimum when it comes to revenue, so in the end, instead of not having the money, they would have more carryover if more is received. Mr. Roskovics asked if all these ending unencumbered funds added up to the General Fund amount. City Manager Timonere said no, you have to think of this in terms of fund accounting. Each one of these particular funds shows the projected ending balance we will have for each fund. Mr. Roskovics stated it seems like we are in pretty good shape. Mr. Timonere stated that, for example, with the Paving Levy, it shows we have so much leftover and this is because we do a first and second-half collection. The money they put out is what is already in the bank. Once the first half of the collections are received next year, we will know approximately what kind of Paving Project we can put together. He reminded everyone that we have committed $500,000.00 that we have to pay in January for the 531 ODOT Project. He stated that these are just projections and we do still have half a year left to go and we have some things coming up that are critical and could be a bit expensive. He stated that with the sanitation line, they may have to purchase some equipment rather quickly and they are working on getting some bids on some things. He is hoping to bring something to the council in the near future for that. This is the budget that we send to the county to justify the amount of millage we should receive. The actual budget, as stated, will be started in early September or maybe a little bit before that. That budget is where they really get down to the nitty-gritty of what we need for next year.

Mr. Roskovics asked about ending unencumbered cash balances under the Permanent Improvement Fund. Mr. Timonere stated that he believes most of this is the ARPA Funds coming in and out of that account. He explained that already booking the purchase of the Fire Ladder Truck that will be coming in three years is throwing the ending balance off. This payment has to be booked now even though the truck will not be received for 36 months and the other million in revenue will not be received for 36 months either. Mr. Roskovics asked if 2024 is the end of our ARPA Funds. Mr. Timonere stated we have to decide and spend what they are going to use these funds for by 2024. Mr. Timonere stated they would start dividing this up once they started making the budget in September. He reminded everyone that they have spent $500,000 on the sewer study, a little over $60,000 was used for patches on Lake Ave, and a bunch was used to supplement the 2023 Paving Program. He does not believe any of these funds have been used for wages for the fire and health departments yet. Ward 5 Councilor Jane Haines-DiGiacomo asked how much we have to spend by the end of 2024 and Mr. Timonere said this is what they will get to once the next budget gets started. He said there is not much left to be spent there.

Mr. Roskovics stated this is a nice budget and it is easy to follow. Mr. Timonere wanted everyone to keep in mind that this is just the justification of why we need the money and once we get into the real budget, these ending balances may not look as favorable. He also brought the council's attention to the last page of the budget which shows the city's debt services. He explained the first two under the Capital Leases portion are the ones that are rolling off in 2024 and 2025. He stated the pumper engine that they purchased was also rolling off. He explained this is why he tried to make interest-only payments for 2024 and 2025. Unfortunately, the Ohio Revised Code only allows us to do interest only for the first year. The good news is, in 2025, we will only have one payment with the $63,000 being off of there. The next two years in the Permanent Improvement Fund with the Ladder Truck payments will be a bit of a squeeze.

Mr. Roskovics stated that last year they did a sewer study and he knew the committee was going to have a general meeting as they knew they would need to raise the sewer rates. Mr. Timonere stated this is happening right now. They just did a huge data dump to GPD with a bunch of information. GPD is now working on a rate structure and once that is done, this will come back to the big meeting. He recommends they do a work session on it and that is where they will show any deficiencies in the plants, collections, how these would need to be corrected, and what the rates would have to be for this to get done.

Ward 4 Councilor Jodi Mills said thank you to Mrs. Augustin. She asked Mrs. Augustin if she was able to send the council an email with the information on the ARPA Funds and all she told them verbally. She said yes. Mr. Timonere said this usually comes later on when the actual budget is made. Mrs. Mills said okay. Mr. Timonere said that when they make the actual budget, everything will be expanded and each line item will be detailed. Mrs. Mills said it is easier when Mrs. Augustin is explaining everything versus having to just read the budget.

Mr. Roskovics stated he thought our income tax would be more as there are so many working in the city. Mr. Timonere stated they are setting this number conservatively. Yes, they do have a lot of construction going on, so a lot of those industries are paying into our income tax. However, that is not something we can count on after the construction is completed. He stated he would rather be conservative on this number. He stated that although we are building some cash carryover here, there will be a time when this honeymoon area of income tax will be over. He also mentioned that this year and last year the staff in the Finance Department had done a tremendous job going after delinquent income tax. We will have a little bit of that going on this year again, but this will not continue once everything is caught up. The cash balances and carryovers are important to have for when we need the funds on rainy days and allow us to not have to make drastic changes to the budget.

Mrs. Mills asked if the bed tax was somewhere on the tax budget and asked if we are anticipating an increase now that a new system is in place. Mr. Timonere said they have seen an increase in the bed tax since this new system has been in place. In 2021 they saw about $5,700.00 and in 2022 it more than doubled, becoming almost $13,000.00. Again, they were conservative, only predicting $12,500.00 for 2023, and will be keeping it the same for 2024. Mrs. Mills asked if this fund had to be spent on something specific. Mr. Timonere said, no, it is just in the General Fund. Mrs. Haines-DiGiacomo stated that with the hotel opening up she would think the bed tax would go up tremendously. Mr. Timonere said he hopes so. The hotel will be online in November of this year, so we will not see anything until next year.

Mr. Roskovics asked if they would be adopting this that night. Mr. Timonere said no, it will now sit for at least 10 days, which is enough time for the next council meeting. He stated he would do his best to get this up on the city's website under the finance section for people to view it there and there will also be copies available on the second floor of the municipal building.

Visitor Mr. Goodell had a question about where the City Health Department was located within the tax budget. Mr. Timonere stated that the Health Department used to be in the General Fund, but due to a state mandate, the Health Department had to be broken out and is now under its own fund. He stated the Health Department Fund was located on page seven of the tax budget under special revenues and listed as "Public Health/Nursing". Mr. Timonere said this is paid by the General Fund and their fees and it used to be listed under the General Fund but the state wanted it broken out.

Closing Remarks

President John Roskovics, after hearing no more questions or comments, stated that this budget would be on display until our next Regular Council Meeting on July 17th. At the July 17th meeting, this will be up for passage by the council.

Ward 5 Councilor Jane Haines-DiGiacomo asked Mrs. Augustin if she felt good about where everything was at. Mrs. Augustin said yes. Mrs. Haines-DiGiacomo stated we are very blessed to have someone with Mrs. Augustin's experience as our Finance Director. Mr. Timonere stated that for her to have started when she did and to jump right into creating this budget it was a very smooth process and we are very lucky and we have a very good team.

Adjournment

The Public Hearing meeting was adjourned at 6:28 PM by Council President Roskovics.

DATE APPROVED: July 17, 2023

ATTESTED BY: ______________________
~~John S. Roskovics~~, Vice-President of Council
MICHAEL P SPEZMAN

ATTESTED BY: McKenzie Burgan
McKenzie J. Burgan, Clerk of Council