

**MINUTES OF THE COUNCIL
VILLAGE OF MARIEMONT
BUDGET HEARING – JULY 22, 2019**

Mayor Policastro called the meeting to order 6:03 PM. Present were Council Members Mr. Bartlett, Mr. Brown, Mrs. Graves, Ms. Palazzolo, Mrs. Rankin, and Ms. Schwartz. Also present was Fiscal Officer Tony Borgerding.

Fiscal Officer Tony Borgerding explained that reviewing the budget is an annual process. The budget is not set in stone. It is more of a road map telling us where we are now and where we are headed. It is based on our current situation and what we expect to happen in the near future. Some of the numbers are based on historical numbers that will continue to increase and decline into the future.

Mr. Borgerding referred to the packets he had prepared for Council and said that the Budget Assumptions report had been updated from the original report that was sent out and a revised copy had been distributed to Council at the start of the meeting.

The General Fund revenues for 2020 are based on what was received in the first half of 2019 and what we expect to happen in the last half of the year. So far this year, the Village has brought in about \$100,000 more in earnings tax, which is our biggest source of revenue. Mr. Borgerding said he took what had been received so far in 2019 and added what had been received in the last half of 2018 to estimate what the 2019 total would be and then he added 1% to that to get the 2020 estimate, which should be almost \$2.5 million in earnings tax revenue. It has been steadily increasing except in 2018 when they changed the tax laws. It dipped down a little bit then, but he is expecting the numbers for 2019 to be right back up there and 2020 should be higher than 2019.

Mr. Borgerding said the Real Estate taxes are based on what was brought in the first half of this year. For 2020, he added 2%. Eventually, it will increase more as the 15-year abatement ends for the condos. Ms. Schwartz said Jordan Park abatements started in 2009, so those abatements would end in 2024. Mr. Bartlett asked how the real estate taxes generated by the new condos compare to the amount of taxes we received for the apartment buildings that the condos replaced. Mr. Borgerding said that even with the abatements, the condos still increase the amount of real estate taxes we received for those properties. He said we have also seen an increase in real estate taxes due to new construction like additions on existing homes. Mr. Borgerding stated that the revenue from the Safety Services levy will continue to rise as well.

There were not many changes in the revenue from the State of Ohio. Mr. Borgerding said he was conservative in what we can expect to receive. He estimated it would be the same as the past couple of years. They are not real big dollars.

Mr. Borgerding said that the other sources of revenue should be about the same as the past. There are no changes projected in the Mayor's Court fees, building permit fees, or pool and tennis membership fees. He did increase the amount of revenue from trash fees by \$35,000 since those fees did go up this year. There will be a \$7,000 charge for the collection fee, so the net increase will be \$28,000.

Mr. Borgerding said that when it comes to expenses in the General Fund, our biggest expense is salaries and benefits. He said he took the amount from the first half of 2019 and doubled it and then added 2%. He added 3% for salaries and benefits for 2020. There were some adjustments because some people are moving around. For example, we will be having someone come in to train with Sue. He added \$15,000 in for that. Next year, that will come off and there will be a reduced salary for Mrs. Singleton's spot because

the person who comes in will not make as much as Mrs. Singleton is making now. For the Tax Department, we will be taking out Mrs. Busam's salary of \$70,000 plus her benefits of about \$20,000. We will increase Darrah's salary, but it will still result in a huge savings.

Benefits were figured the same way as salaries by taking the first half of 2019 and doubling it and then adding 2% to get the full year amount for 2019. That number was multiplied by 3% to get the amount for 2020.

Mr. Borgerding said that the budget came out about how he was expecting with a surplus of \$123,000 for 2019. Next year the surplus should be about \$146,000 based on all the savings. Salaries are out-pacing revenues. We are increasing income by about 1%, but salaries are going up 2.5% each year. Salaries and benefits are about 70% of our total expenses out of our nearly \$4 million budget. We always need to be looking for ways to bring in more money or save more.

Ms. Graves asked if the surplus that we will have for 2020 is spoken for as far as any particular project or expense. Mr. Borgerding explained that the General Fund money can be used for any purpose. If for instance, we need additional money in the Permanent Improvement Fund, we can take money out of the General Fund for that. Ms. Graves asked if there are expenses coming up that would be paid out of Permanent Improvement, but there will not be enough in that fund to cover the expense. Mr. Borgerding explained that if that happens, we can transfer funds from the General Fund to the Permanent Improvement Fund. It would be a loan from one fund to the other and Permanent Improvement would have to pay it back to the General Fund. We have done that in the past. We do have a lot of Permanent Improvement fund expenses coming up, such as street repairs, the loan on the building, and the new ambulance.

Mr. Bartlett said that when the Safety Services levy was passed, it was said that it would last us eight years. That was based on building up more surplus in the General Fund and then we would use it down over time. If we start using the General Fund for other things, it might be challenging for us to make the revenue from Safety Services last the full eight years. Mr. Borgerding said that would be true. He said in the long term, the General Fund would continue going up through 2023 and then it would start dropping off. After that, we will have a deficit. We will have extra money built up in that fund of about \$1.5 million. We can then start using that surplus up over the next five years. Mayor Policastro said that the real estate tax abatements on the condos would start to expire and will add to our revenue. Mr. Borgerding said that will help.

Mr. Borgerding said we also have been looking at others ways to cut expenses. We have talked about changing trash collection which could save money. Mr. Brown said the increase in trash fees was an incremental step. Mr. Borgerding said if we went with trash being picked up at the curb, it would save us money. Mayor Policastro said that we looked at that several years ago and it was estimated that it would save us as much as \$50,000. Mr. Bartlett said we might get a better contract rate if we join in with the Center for Local Government. They represent several communities and can maybe get us a better rate if we do the contract as part of a group.

Mr. Borgerding said he reviewed the other expenses for each department and they are all down from this time last year. In total, they are down about \$80,000, so that is a good sign that we are tightening our belts a little bit and not spending as much. He looked at the trend and did an estimate by adding 2%. That seemed high so he did an average of the last three years. He is hoping we will have a surplus in the General Fund at the end of the year of \$1.3 million.

The Permanent Improvement Fund was discussed next. Mr. Borgerding said that right off the top, we are going to have a loan repayment of \$100,000 per year for the next five years. We will also be paying \$51,000 per year for the next five years for the new ambulance. Revenue for the Permanent Improvement Fund is \$405,000 per year. With the \$150,000 in loan payments, that leaves \$255,000. Most of that will go to street repair expenses. He asked Engineer Chris Ertel to start putting together some numbers on that. Mayor Policastro asked if we still have any problems on Homewood. Mr. Ertel said we are not. Mrs. Rankin said she has spoken to a couple of residents and they had no complaints. Mr. Bartlett asked if Mr. Ertel could rank the streets to show which ones need priority. Mr. Ertel said he does that every fall and would give a report to Council when it is complete. He said we have two projects that are estimated at \$400,000 each. We have a grant in the amount of \$99,000 for one and we should do that one first. Ms. Graves asked if those projects would be ranked by which one needs the most work. Mr. Ertel said we need to decide if we are going to try to do Petoskey and Mt. Vernon this year. The grant for Petoskey has to be used by December 31st of 2020. The Permanent Improvement Fund will be low this year, but it will start growing again. We can borrow money from the General Fund for Permanent Improvement if needed, but we would have to pay the General Fund back.

Mr. Borgerding said the Street and Highway Funds brings in about \$130,000, but in 2020 we would be getting about \$65,000 more this year due to the gas tax increase. Mayor Policastro said that money has to be used for streets. Mr. Borgerding said we do have to use it for streets, but we can use it for street lights, sidewalk, and street repairs. He said that 92.5% goes to streets and the rest goes to highway expenses.

The Paramedic Fund will remain the same. We split the salaries for Firefighters/Paramedics about 50/50 between Paramedic Fund and the General Fund.

The Safety Services revenue goes into the General Fund for Police and Fire salaries.

The real estate taxes will increase once the abatements for the condos expire. Mr. Brown asked if the county tracks our budget. Mr. Borgerding said they do because they disburse all the real estate taxes. He sends them reports throughout the year.

The meeting adjourned at 6:38 PM.

Dan Policastro, Mayor

Anthony J. Borgerding, Fiscal Officer