

**DUBLIN CITY COUNCIL
FINANCE COMMITTEE OF THE WHOLE MEETING
Monday, April 12, 2010, 6:00 p.m.
Council Chambers**

Minutes of Meeting

Mr. Gerber, Chair, called the meeting to order at 6:00 p.m.

Council Members present: Vice Mayor Salay, Mr. Keenan and Mr. Gerber. Mayor Lecklider arrived at 6:10 p.m. Arrived later: Mr. Reiner, Mrs. Boring and Ms. Chinnici-Zuercher.

Staff present: Ms. Grigsby, Mr. Thurman, Mr. Smith, Chief Epperson, Mr. Harding.

Mr. Keenan moved to approve the minutes of the January 11, 2010 Finance Committee meeting.

Mr. Gerber seconded the motion.

Vote on the motion: Mr. Keenan, yes; Mr. Gerber, yes. (Ms. Chinnici-Zuercher had not yet arrived)

Mr. Gerber noted that the purpose of this Finance Committee meeting is to review the 2010 First Quarter financial report.

Ms. Grigsby presented an overview of the report. The information distributed to Council included a memo that provided details regarding the attached spreadsheets. The spreadsheets provided specific information on income tax revenues, both historical data and current year data, and general fund property tax revenue and service payments. This was similar to the information provided to Council last year. For informational purposes, a spreadsheet was also provided with historical data from the early 1990s with regard to income tax revenues and their break-down.

When staff began preparing the 2010 operating budget in August, they projected the 2009 income tax revenues would be down 8%, or approximately \$5.6 million, and that the 2010 income tax revenues would decrease by an additional 2% as compared to 2009. As a result of the income tax revenues received through mid-October and the breakdown of the revenues by type (i.e. withholding, net-profits, and individuals), staff revised the projection for 2009 to reflect a decrease of 7.15% instead of 8%, or approximately \$5 million less than 2008. Because of the uncertainty of the economy and the desire to take a more conservative approach, staff did not adjust the dollar amount for income tax revenue projections for 2010. As a result, the 2010 income tax revenue projections reflect a decrease of 2.9% as compared to the projected total for 2009.

The 2009 actual income tax revenues were down 6.14% compared to 2008, which exceeded the projections by approximately \$709,200. Based on the higher 2009 actual income tax revenues, the budgeted 2010 income tax revenue projections reflected a larger decrease of 3.9% as compared to the actual income tax revenues for 2009. However, the actual income tax revenues collected in the first quarter of 2010 reflected an improvement over the first quarter 2009; they were essentially the same as collected in the first quarter of 2008. The increase in collections at the end

of the first quarter 2010 was 2.9%, or nearly \$1.1 million over the amount projected in the 2010 budget. Looking at the income tax by type (i.e. withholding, net-profits, and individuals), the withholding account reflects a 1.9% increase over last year's, and approximately 80% of the City's income tax revenues comes from withholdings. The top 50, 100 and 250 companies all are reflecting an increase, which is another healthy sign. The tax revenues from net-profits are up considerably in the first quarter. That is not usually a large figure in the first quarter -- the largest net-profits are received in the month of April. In 2009, there was a significant decrease from 2008 net-profits. This year, the hope is the withholdings will continue in April, and net-profits will equal or exceed last year's. In summary, actual income tax revenues received reflect an improvement over 2009. On the expenditure side, staff is not filling vacant positions, evaluating positions and the need for them when they become vacant, adjusting/reallocating positions from division to division; in short, positions are not automatically filled when vacated. The General Fund balance increased from \$34.7 million at the end of December 2009 to \$36.5 at the end of March 2010. The 2009 year-end balance equaled almost 65% of the General Fund expenditures and operating transfers. The City's policy is to maintain a reserve fund of 50%. The 2009 year-end 65% balance or reserve was an increase over 2008's reserve of 59%.

The first half distribution of property tax revenue has been received, which reflects a 2% increase over 2009's first half distribution. Service payments reflect considerable growth, and that relates to the second Cardinal Health building. The City realized almost 100% of that in tax year 2009, collection year 2010. It also reflects the development that has occurred in the Perimeter West TIF, which is in the area of the hospital. In summary, the outlook is cautiously optimistic for 2010. Staff will continue to closely monitor the activity throughout the year and look for ways to improve efficiencies, while reducing or holding steady on expenditures.

Based on the financial position of the City at the end of the first quarter in comparison to 2010 projections, the income tax revenues could be down over 6% in the last three quarters of the year and the City would still meet its 2010 projections for the year. Based on last year's lowered projections, it is anticipated that there should not be a decrease in income tax revenues this year. If there is a decrease, it will be less than last year's. At this point, there is even the possibility that the City's income tax revenues will be flat or up slightly over 2009 revenues.

Mr. Gerber stated that the report indicates revenues from individual accounts are down slightly. What comprises individual accounts?

Ms. Grigsby responded that many of those relate to individuals who work outside of the City of Dublin in a jurisdiction that has a less than 2% tax rate; the difference is paid to Dublin. That revenue may decrease in 2010 as a result of Westerville's tax rate increase. It also includes sole proprietors within the City of Dublin. The individual accounts are usually within 8 to 12% of the total tax collections.

Mr. Keenan stated that staff's memo indicates that, "Based on our income tax revenue increase of 2.88% during the first quarter of 2010, and the budgeted reduction for the year of 3.9%, we could absorb a reduction of 6.15% over the remaining three quarters of the year and meet our current budget projections." This appears to be on track.

Ms. Grigsby responded that, compared to the 2009 first quarter, the expenditures are down this year. Some of that is due to some timing issues with Rumpke payments, and also the fact that some additional staff positions have become vacant but have not been filled.

Mr. Keenan stated that on page three it is stated that, "Currently, there are 27 vacant full-time positions and 3 vacant permanent part-time positions." Many of those have been vacant for some time now. An evaluation should be conducted as to whether some of those positions should be eliminated.

Mr. Gerber suggested that this evaluation be conducted before the financial review at the end of the 2nd quarter. If it is determined that some positions are not really needed, they could be eliminated prior to the 2011 budget process.

Ms. Grigsby responded that although the positions remained as authorized positions listed in the operating budget, they were not funded in the 2010 budget. In 2010, evaluation is occurring regarding staffing needs, particularly for the Development department operations. Staffing is being modified in various ways. As an example, a full-time employee recently was hired to fill a vacant position in another City division. Their previous position was then filled by a part-time employee from another division, and the part-time position was eliminated. This type of evaluation is underway continually.

Mr. Keenan stated over the past 4-5 years, building permit activity has decreased. The number of positions needed within that division should also be evaluated.

Ms. Grigsby responded that the building inspectors are currently using the additional time now available to assist other divisions with inspections or evaluations, such as inspections of bikepaths and parking lots. The City has wanted to conduct some of these evaluations during the last few years, and this is an opportunity to do so.

Mayor Lecklider stated that, previously, staff has indicated that some of these 27 vacant positions have become vacant since the budget workshop last year. If the City was previously maintaining 20 vacant positions, then seven additional vacancies have occurred.

Ms. Grigsby responded that she does not recall if there were previously exactly 20 vacant positions, but that would be approximate. There have likely been 20 positions open at any one time, but they are not the same positions; some have been, others become vacant.

Mayor Lecklider inquired if the 27 number includes the five vacant positions in the Police department.

Ms. Grigsby responded that it does.

Mrs. Boring stated that she understands there are some key positions vacated that staff intends to fill.

Ms. Grigsby responded that one of these positions was filled by an employee for another division (Trish Lackey moved to Event Administrator), and that vacant position at the DCRC is now being evaluated for need. It will be staffed, but there may be some modifications in how that is accomplished.

Mrs. Boring stated that it was her understanding that Jeanne Wunderle of the Aquatics staff at the DCRC has retired; that would be considered a key position.

Ms. Grigsby responded that is correct. Of the 27 vacant positions, they do anticipate hiring some.

Mr. Gerber stated that of that number, there are a smaller number of positions that have been open for some time. It appears that those positions are no longer needed.

Mr. Keenan stated that he would prefer not to carry those positions forward throughout multiple budget processes.

Mr. Gerber suggested that when the financial report is provided for the next quarter, a decision can be made accordingly.

Mr. Reiner asked if the three Police vacancies are from the traffic enforcement unit.

Ms. Grigsby responded affirmatively. That unit was disbanded, and those officers were rotated back into general patrol.

Mr. Reiner inquired if three more vacancies have occurred.

Ms. Grigsby responded that she does not believe there have been any additional Police vacancies.

Mr. Reiner inquired if these three positions are not really vacancies. Are they a projected need for Police officers?

Ms. Grigsby responded that there are still vacancies. However, these three vacancies were based on the expectation that the Traffic Unit would still be in place. However, it is not, and those three officers have been reintegrated into the General Patrol.

Vice Mayor Salay stated that she appreciated the fact that this report was very thorough, yet easy to understand.

Mr. Gerber noted that the first quarter revenues may reflect owed taxes and bonuses. The tax revenue related to actual economic growth may be "softer."

Ms. Grigsby responded that the January and February tax revenues tend to fluctuate, but March is typically consistent. In March 2009, a significant decrease occurred in the area of bonuses and payments not seen in 2009 that had occurred in 2008. In April 2009, tax revenue was down 16% compared to 2008. Based on that

history, staff is hopeful that April 2010 will be good. In 2009, May was a very good month, so May 2010 may be more difficult this year. Going forward, however, the middle months were relatively flat. The fourth quarter of 2009 was not good. They are hopeful the fourth quarter of 2010 will be better.

Mr. Gerber stated that the indications appear cautiously optimistic.

Mr. Keenan referred to the January 11th minutes. In the last paragraph on page four, the record indicates the Committee requested that staff research the funding mechanisms for other historic districts. He does not recall having received that report.

Ms. Grigsby responded that she will follow up on that question.

Mr. Keenan that on page three, staff was asked to research the intellectual properties issues related to the Dublin Area Art League grant. He has not seen a follow-up report on that issue.

Ms. Grigsby responded that she will ensure that the information is provided.

Mr. Reiner noted that the introduction of the red ink in the report made it much easier to follow.

Ms. Grigsby agreed.

Vice Mayor Salay moved to adjourn to executive session for discussion of personnel matters.

Mr. Reiner seconded the motion.

Motion carried unanimously.

The meeting was reconvened at 7:10 p.m. and formally adjourned.