CITY OF REYNOLDSBURG

FINANCE COMMITTEE
MONDAY OCTOBER 19, 2015

COMMITTEE MEETING:

PLACE: COUNCIL CHAMBERS
7232 E. MAIN ST, REYNOLDBURG, OH 43068

1. Call to Order

   PRESENT: Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner, Joseph
   ABSENT:

2. Approval of Agenda

   Agenda stands approved.

3. Approval of Minutes

   a. Finance Committee – Committee Meeting – October 5, 2015

   Minutes stand approved.

4. Discussion

   a. ORDINANCE TO ACCEPT AN APPLICATION FOR ANNEXATION OF 2.381 +/- ACRES IN JEFFERSON TOWNSHIP, COUNTY OF FRANKLIN, STATE OF OHIO, TO THE CITY OF REYNOLDSBURG, OHIO (Dorri Steinhoff & Joseph F. Kuspan), AND DECLARING AN EMERGENCY.

   Chairman Cotner: Ms. Beggerow, would you like to elaborate for everyone, on this?

   Ms. Beggerow: This is just a formality. We did this annexation in February and it was an expedited type 2. We did our resolution for services. Everything is done. The County accepted it, so forth and so on. But, the County Auditor wants an Acceptance Ordinance, which we did not have to do, but they want it and so we are giving it to them.

   Chairman Cotner: Any questions? I just wanted to make sure that Ms. Beggerow could share and elaborate on this. If there are no questions, I will make a motion for adoption as an emergency and move it onto next week's Council Meeting.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Chris Long, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

b. Ordinance Authorizing Mayor to Enter into Contract with the District Advisory Council of the Franklin County General Health District, and Franklin County Public Health for Health Services from January 1, 2016 to December 31, 2016. (Second Reading 11/09/2015).

Mayor McCloud: Thank you Chairman Cotner. This is a housekeeping item. We do this every year. We contract with Franklin County Board of Health to provide a number of services and I am hear simply to ask for authorization to enter into the contract.

Chairman Cotner: Three reading, normal process?

Mayor McCloud: Yes that is fine, just by the end of the year.

Chairman Cotner: No questions? I will make a motion we send this to Council for first reading.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

c. Accept the Rates from Franklin Counrty

Mr. Harris: Thank you Chairman Cotner and members of Council. Last month, when we did the one for Fairfield County, normally we do these in September and they have to be there by October 1. Franklin County had put in a new computer system and they said they could not get their's out until this month, so here we are.

Chairman Cotner: Questions for the Auditor on this one? I will make a motion we send this to Council with recommendation of adoption as an emergency.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Chris Long, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

d. Pass Bond Ordinance

Mr. Harris: If you remember, a few weeks ago, I gave a report to Council and there was an opportunity to refinance the 2006 Bonds that were refinanced from years earlier. These two issues, one for the police building, and one is for the Taylor Road TIF that included the cost of putting in the infrastructure there, sidewalks, curbs, gutters, water, sewer, all the goodies you need to have a development. I also sent along with the Bond Ordinance, Debt Service Companion, 310 Debt Retirement Fund, which is the police building. Over the next ten years we will save approximately $324,772.15. The debt service on the TIF money will be approximately $265,638.33. The main reason for the difference in that is there is only eight years left on that, where there is ten years left on the police building. I have had talks with both Tammy Miller and the Superintendent. They are on board and will send us a memorandum that they are supporting this.. We do have an RFP out now. These things will not be sold publicly like they sometimes are. Generally, this is a bank that we will be taking the little less than eight million dollars, and one of the reasons is that banks with low interest rates have a hard time making any money on interests. There is a lot of money with people in the bank who have CD's. Two or three percent on this is a whole lot better for them than 1.7 in US Treasuries, and this is tax exempt and the other ones are not. We have had pretty good success with this in the past. We do have an RFP out and we are hoping to close it at some time between now and the end of the year. Although this will not take effect until the other ones are callable, which is March of next year. This is the first time we have done this, there will have to be some escrow accounts set up so Mr. Franz is going to earn his money on this one which is always good. If there are any other questions on this, I will be more than happy to answer. One thing, since the bank is taking this, there will not need to be any underwriting, no official statement, and there will not be a need to go to Moody's to get a bond rating because they already see our bond rating and they are not that interested in getting a new one.

Councilman McGrady: I am listening to what you are saying, and reading this here, again, is that the eight million dollars that we are looking at?

Mr. Harris: Yes, not to exceed $8,000,000. It is really like 7.8/7.9 million. Since we don't know how much it will be on closing date, we use the term "not to exceed".

Councilman McGrady: I am reading this and construction and roads and etc...

Mr. Harris: Yes, that was the TIF. Anytime you issue a bond, you have to have a purpose clause. Obviously, when we built the building, the police building, was to construct the buildings, parking lots, all the things you would need in a building. The TIF was for sidewalks, curbs, gutters, water, sewer, stormwater, sidewalks, all of those kind of things. So it has to be included, just like it was included in the original bond ordinance, it has to be included in this so that they know you are doing the same thing.

Councilman McGrady: And, the real estate purchase, what are we looking at here?

Mr. Harris: The real estate purchase was some right away and stuff on Main Street. The police building, the old King Medical Building was purchased to give them access to that piece of property, for ingress/egress.

Councilman McGrady: Thank you, Sir.

Chairman Cotner: Anyone else with questions for the Auditor? I will make a motion that we send this forward with recommendation for adoption as an emergency. We will send that to the Special Council Meeting this evening.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/19/2015 8:00 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Chris Long, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

e. Ordinance Authorizing City Auditor to Remove Equipment from the City's Fixed Asset List. (Several Items from PD). (Second Reading 11/09/2015).

Councilman Cotner: Chief, do you have anything you need to share regarding this. I would assume it is pretty self explanatory.

Chief O'Neill: It has been covered. We have not added anything new to the list.

Councilman Cotner: Does anyone have questions?

Councilman Barrett: I'm sorry if I have missed it, but where will these items go? How will we dispose of them?

Chief O'Neill: I do not have the full itemized list in front of me. Some of them are going to be destroyed, they are just no longer functional and it costs us more money to house them, Other things will be either turned over to the use of the department or just discarded because they are out of date, or no longer functional.

Councilman Barrett: So there is no value on any of this stuff.

Chief O'Neill: Not really. The big item is the speed trailer that we are trying to get off our list. That is no longer functional and it was included as what they called a trade in for the new speed sign that you might have seen out. The only stipulation was that we just have to take it out of service and basically junk it. They do not want it roaming around showing inaccurate speed limits for somebody else's department.

Councilman Barrett: I heard all that, so, thank you.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, Dan Skinner	
SECONDER:	Mel Clemens, Ward IV	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

f. Ordinance Authorizing City Auditor to Remove Equipment from the City's Fixed Asset List. (Second Reading 10/26/2015).

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

g. Ordinance Authorizing Mayor to Enter into an Intergovernmental Working Agreement with the City of Columbus to Provide Fleet Management Services, and Declaring an Emergency. (First Reading 10/12/2015 ~ Requests Passage at Second Reading).

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

h. Ordinance to Enact Title Nine, Chapter 190 of the Codified Ordinances of the City of Reynoldsburg Regarding Municipal Income Tax and Declaring an Emergency. (Second Reading 10/26/2015).

Mr. Harris: I brought in Brenda because we are going to try to explain some of the major changes. Did everyone get a copy of the Ordinance? I am sure you have read the whole thing. The memo states what the major changes are in these and I will go over part, and Brenda will go over part, so that you understand those. Most of what we do has not changed dramatically, except for these few items. The first one, for all tax payers, uniform $10 threshold for refunds and payments. What this means is, we can no longer go after anybody if it is less than $10 and if we owe them $10, we do not have to pay them. It does not get applied to next year. It is just done. Late filing penalty, this was kind of a big change. Right now it is $25 per year. The state, in their wisdom, changed it to $25 per month, not to exceed $150. If you decide you are not going to do it, by the time you get back in the following year, you are going to owe us a hefty amount of money. That was a major change. Interest rate on late payment will be the federal short term rate, added to the nearest whole number, plus 5% for administrative fees. Right now it is 18% under the Revised Code. Changes to Income Tax Review Board, the major change there is, under the old system, I had an appointment , the Mayor had an appointment, Council had an appointment. They don't want me to have an appointment anymore, so you guys get two. I think part of the reason was, we have made the assessment against them, so they don't feel we should have a right to have our person on the Board. Next, we must publish a Tax Payer's Bill of Rights/Responsibilities. This will be put on the website when we have completed them sometime next year. And, there are a few administrative procedures to the audit procedures which are very minor. For businesses, net profit and individuals, estimated tax thresholds go from the current $100 to $200 per year, which means if you are going to owe less than $200, you do not have to file quarterly returns. If you owe $200 or more, than you have to file quarterly returns. Late payment penalty goes to 15% from 10%. Business net profits, allowed net operating losses, for five years, beginning in 1/1/2017, this will be phased in at 50% over the five years. This was the one that the CPA's were after because currently we did not allow, and most cities did not allow, net operating losses to be brought forward, so they are requiring us now to do it. Changes to consolidated filing, right now, if you are filing a consolidated return, in order to change and go back to a not consolidated return, you had to wait several years, plus you had to also do it under the IRS rules. Now it makes it easier for them to change back and forth. Changes to pass thrus, which would be partnerships and S corporations, the S corps didn't change, they pretty much have always been at the entity level. Partnerships could be at either the entity level or the individual, and now they are going to switch those to the entity level. Individual taxes, Brenda is going to take you through the next couple and then I will have a few closing remarks.

Ms. Browning: One of the changes is with domicile. Before we would use driver's license addresses, tax returns, and voter registrations. We can still use driver's licenses and voter registrations, but we are no longer allowed to use the address they have on other tax returns and they are wanting us to use factors such as where you got married, where your burial plot is, where you go to the doctor, where you go to the bank, enough said.

Councilman Long: This was suppose to simplify this whole thing.

Ms. Browning: Yes, it was suppose to simplify it. Again, with net operating losses on the individual we did not allow, but with the new law, if you are a sole proprietor and file Schedule C, if you have rentals, royalties, partnership income on a Schedule E, or if you have farm income on a Schedule F, we must allow those to be carried forward now. And then, we have uniform treatment of 2106 expenses, in the past we allowed 100% of the 2106 expenses, the new uniform treatment, it will be subject to the 2% floor, which means you have to subtract 2% of your adjusted gross income from you federal return. So, if that 2% is more than your expenses, you don't get the expenses. If it is less, you will get the difference. We have some changes with withholding thresholds and due dates. With the old, if you owed between $1000 and $2000 you would remit on a monthly basis. Now, if you owe more than $2399 for the proceeding calendar year, the quarterly due dates use to be thirty days after the end of the quarter, it has been changed to the 15th day after the end of the quarter. And, semi-monthly, they have actually lowered the threshold. It use to be if you owed $2000 or more in any month, you would have to pay the withholding tax on a semi-monthly basis. They have actually lowered that to a $1000. So, we will probably get a lot more businesses paying more often. So, that will change our cash flow in that we will get the money sooner. Qualifying wage was suppose to be the uniform way for all employers to know what to withhold on, for city tax purposes. They are still allowing options that some cities can choose to have it withheld on and some you don't have to have it withheld. It still is not uniform. One of the things that effected us is that we can no longer tax the short term disability, or the third party sick pay. The late payment penalty. If you do not pay your withholding taxes went from 10% to 50%. One of the major ones is, they replaced what was called our 12 day occasional entrant role. If you were a business coming in and you worked less than 12 days in our city, you were not required to withhold taxes. But, if you hit that 13th day, you had to start withholding and you had to go back to day one and make the city whole. It has now turned into a 20 day rule. If you are in the city less than 20 days you are not required to withhold. On the 21st day you have to withhold but you do not have to go back to day one. So, we still miss out on that first 20 days of taxes.

Councilwoman Kelly: What you just talked about, if they are in the city 20 days, it was 13 before, are you referring to a contractor that Mike had hired to come in and do renovations on a business and they are here for 19 days, they would not have to pay, or is it the location of the business, where they are headquartered?

Ms. Browning: You can get into some technical, because they have carved out a few things specifically to construction issues. With the 13 days, normally, if it were construction, and they would come to the site, in Reynoldsburg, if they worked the 12 days or less, they would not have to withhold. Or, if they change crews, a lot of them were playing the game and they would change crews so that they would not have to pay. Now, they have actually carved out some different options if they change. Even if they change crews, if they are still at the same site, they will have to withhold. This is the basic, but there are a little bit of carve outs, if you are considered a small business, large business, I did not want to get that technical.

Ms. Kelly: I was just curious because it seems like that is a really short time for a business to be in a place. So, I assumed it was more of that type of a thing that that rule was applying to. Thank you.

Ms. Browning: The miscellaneous, we have always had landlord listings, the tenant listing, in the spirit of trying to be more uniform with other cities, we decided to make some minor changes. It actually makes it less burdensome for the landlords to report, but it makes the violations the same as all of the other violations in the tax ordinance. That one was kind of carved out and set aside, by itself. This just makes uniform language, and then the violations mirror the violations for every other penalty in the tax ordinance. The same thing with violations, again, we just wanted to make it uniform with other communities. Thank you.

Mr. Harris: I would like to thank Brenda. She has done a lot of work on this, as have the attorneys at Rita, the Ohio Municipal League, and Mr. Hood. We have all been involved with this. As you can see, this is a major undertaking. If we don't do this and do it right, we don't have the authority to collect tax money. We are still doing a little bit of reading on this and we have changed a few things for the sake of clarity, or grammatically correct. There will not be any other changes in it, the final thing you will have to amend for the last reading, whatever the last redraft date is, but it will not change anything material in this. Any other questions on this? That's it for us.

Councilman Cotner: Thank you. Thank you for coming Ms. Browning. If there are no other questions, I will make a motion we send this to Council for a second reading.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Mel Clemens, Ward IV	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

i. Ordinance Making Transfer of Funds from the Unappropriated Special Assessment Fund (320) to the Unappropriated General Fund. (Second Reading 10/26/2015).

Mr. Harris: If you remember this from a couple of weeks ago, the State has asked us to close this up since the special assessments, the bonds against the special assessment, have been paid off. There has been no activity in this for a number of years. They would like to see it go away because they are tired of having us do financial reports, and they have to audit them, when there is nothing there to do.

Councilman Cotner: Are there any other accounts like that that we have that we could clean up like this.

Mr. Harris: We have looked at some of them. There are some that we act like a fiduciary on. Like there is one for the French Run footbridge where somebody gave like $4000 to plant flowers over there and it has been sitting there for a number of years. We cant transfer the money anywhere because it was donated for a specific purpose and we are stuck with it. We do look at those every year as to ones we can get rid of. There really isn't anything else at this point, that the State sees as a possibility.

Councilman Cotner: Any other questions on this one? I will make a motion that we send this forward for a second reading.

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

j. Ordinance Authorizing Mayor to Enter into an Agreement with Bermex Inc., for Meter Reading Services and Declaring an Emergency. (Second Reading 10/12/2015 Requests Emergency Passage at Third Reading).

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Chris Long, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

k. Ordinance Authorizing Mayor to Enter into an Agreement with Ct Consultants for Professional Consulting and General Engineering Services. (Second Reading 10/12/2015).

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	

l. Ordinance Authorizing City Auditor to Remove Equipment from the City's Fixed Asset List. (Second Reading 10/12/2015).

RESULT:	**REFERRED TO COUNCIL [UNANIMOUS]**	**Next: 10/26/2015 7:30 PM**
MOVER:	Barth R. Cotner, At Large	
SECONDER:	Dan Skinner, At Large	
AYES:	Barrett, Kelly, McGrady III, Clemens, Cotner, Long, Skinner	