

KIRTLAND CITY COUNCIL MINUTES

December 19, 2022 – Work Session

The work session meeting of Kirtland City Council commenced at 5:38 p.m. Council members present were: Ronald Fenstermaker, Scott Haymer, Jeffrey Ruple, Matthew Schulz and Joseph Smolic. Absent: Richard Lowery and Eric Ziegler.

Mayor Kevin Potter, Finance Director Louis Slapnicker, Service Director Joseph Fornaro, Police Chief Brian McCallister and Fire Chief Anthony Hutton were also in attendance.

Mr. Slapnicker noted there is legislation on tonight's agenda for transfer of funds, which goes hand-in-hand with the final appropriation. He noted that the 2023 temporary appropriations are also on the agenda, setting the operating spending for the first three months of 2023. There is also legislation for the delinquent wastewater treatment charges, along with legislation for the City's insurance policy.

Mr. Slapnicker reviewed the 2022 final amended appropriation. He noted that yesterday he sent out the November end-of-month reports. The cash fund balance report shows that the General Fund currently has a balance of just under \$2.4 million. He noted there are still a few significant expenditures for this year, including \$130,000 for payroll; \$30,600 for the BWC payment; and encumbrance of \$36,000 for the State Auditor contract.

Estimated income tax revenue is \$4,820,000 for 2022; compared to 2021, the end of year revenue for income tax was \$4,160,000. Property tax came in over budget because of the County's six percent reduction. The SCMR state highway revenues are where expected. Overall, the operating fund balances have remained steady.

Mr. Slapnicker stressed the importance of maintaining and increasing the reserves and looking at capital needs.

Noting that he emailed the 2022 estimated fund balances to Council, Mr. Slapnicker reviewed them with the impact of the final amendment. He said that for the General Fund, the estimated carryover is \$1,366,000. This is reflective of spending every dollar remaining in the appropriations, which likely would not be done. The current General Fund return on budget is 8 percent, which will decrease with the final payroll and final check runs. There is an increase of \$450,000 in the overall appropriation ordinance. Mr. Slapnicker said if Council approves the final amended appropriation ordinance, \$411,000 will immediately be transferred to capital.

Mr. Slapnicker reviewed the details of what has changed in this final amendment. He said the overall increase from the original appropriations passed in March 2022 is \$410,000, noting that the line item detail will show the increase or decrease. Looking at the significant items, Mr. Slapnicker said vehicle maintenance costs have increased and will continue to increase due to the older fleet. There is an increase of \$4,000 in the Police Department for four sets of tires. An additional 1,000 tons of salt has been added to make sure there is sufficient salt quantity until the 2023 temporary budget when the remainder of the salt under the contract would be ordered. He noted that the temporary appropriation will be reduced in January to offset that difference, which is an increase of \$44,150 in the amended appropriation for salt.

Another significant increase is \$10,000 for income tax collection fees, which is associated with the percentage of income tax collections. There is a \$27,000 increase for court fees to align the fees with the budget year. There is a \$50,000 increase for Police and Fire pension as a transfer

from the General Fund to the Police and Fire funds. This is due to increase in wages and the additional new hire; it also relates to timing of the pay periods.

Mr. Slapnicker said there is an increase of \$411,400 for capital items – \$11,800 for snow removal equipment for the Route 306 sidewalks; and two trucks for the Service Department at \$165,000 per vehicle with the upgrades. There is one additional police car, budgeted for \$60,000, and \$9,600 for a dump body. Mr. Slapnicker noted there is lag time on all these vehicles; he noted the funds will be encumbered and purchase orders will be done this year. There was discussion regarding the lag time for vehicles and the purchase process.

Mr. Slapnicker said there is a reduction of \$400,000 in Fund 455 Sanitary Improvements, since that project is not taking place this year. Another significant reduction is \$40,000 in Fund 203 for removal of the generator, which is not getting done this year. There is a \$4,000 increase in Stormwater for an emergency catch basin repair.

Mr. Slapnicker noted that the City has benefitted from people working from home, relating to income tax revenue; the City looks to reinvest those dollars into capital needs.

With regard to the transfer of funds ordinance, Mr. Slapnicker said that if approved, funds will be transferred out of the General Fund to Fund 410 for the capital items. He noted that the only other change is a \$20,000 interest payment related to the street improvement note.

Referring to the carryover, Mr. Ruple inquired about paydown of debt. Mr. Slapnicker advised that will be part of the budget discussions during the first quarter of next year; he noted he will have a breakdown of required paydowns and optional paydowns.

Mr. Slapnicker reviewed the 2023 temporary appropriations, noting there are no capital items and it is strictly for operating costs.

With regard to the delinquent wastewater treatment charges, Mr. Slapnicker advised that the legislation will be modified to remove one of the individuals on the delinquency list because the payment was received today. He noted that properties are included on this list if they are more than one quarter late; there is a 5 percent fee added, and it will be placed on their property taxes.

Mr. Slapnicker said that legislation is on the agenda for the City's liability and property insurance, noting this would be a change of the carrier. He advised that an additional quote was obtained this year, noting that the previous policy came in at \$100,968. The second quote came in at \$84,886 with Tokio Marine HCC; they are very well known in the industry. This is a savings to the City of approximately \$16,000, with an increase in insurance coverage. Mr. Slapnicker advised it is the same limits of coverage, with an increase in the umbrella from \$4 million to \$10 million. He noted the 2022 premium paid was \$93,094. He requested this be passed tonight to avoid any lapse in coverage. Answering Mr. Schulz, Mr. Slapnicker said there is a separate ordinance for the cyber insurance, but the figures he provided include the cyber insurance. Discussion ensued regarding the insurance and the proposed carriers.

With regard to Ordinance 22-O-87 reappointing Mr. Lobe as Assistant Law Director, Mr. Fenstermaker inquired if there is any change in his fees. Mayor Potter advised that Mr. Lobe has agreed to accept \$100 less per month this coming year. The Mayor noted that after talking with Mr. Lallo, it would be beneficial to have Mr. Lobe on board for another year. Answering Mr. Fenstermaker, Mr. Slapnicker advised the cost last year was \$18,000 for Mr. Lobe.

Mayor Potter inquired about scheduling a Utilities Commission meeting. Upon discussion, it was agreed that a meeting be scheduled for Wednesday, March 1 at 6:30 p.m. relating to the wastewater treatment plants.

Discussion ensued regarding the proposed legislation for purchase of new vehicles for the Service Department and the Police Department, along with future vehicle needs for the Fire Department.

There was no further discussion, and the work session meeting adjourned at 6:25 p.m. upon the motion of Mr. Schulz and second of Mr. Smolic.

President of Council

Clerk of Council