

**CITY OF DELAWARE
FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
1 SOUTH SANDUSKY STREET
3:30 P.M.**

AGENDA

January 23, 2019

1. Roll Call
2. Approval of the Motion Summary for the meeting held July 30, 2018, as recorded and transcribed.
3. Review of Financial Management Policies
4. CIP Plan Amendments
5. Staff Comments
6. Member Comments
7. Next Meeting Date
8. Adjournment

FINANCE COMMITTEE
MOTION SUMMARY
July 30, 2018

ITEM 1. Roll Call

Chairman Hellinger called the Finance Committee meeting to order at 5:07 p.m.

Members Present: Vice-Mayor Kent Shafer, Vice-Chairman Chris Jones and Chairman George Hellinger

Staff Present: Dean Stelzer, Finance Director and Tom Homan, City Manager

ITEM 2. Approval of the Motion Summary for the meeting held July 11, 2018 as recorded and transcribed.

Motion: Vice-Mayor Shafer moved to approve the Motion Summary from July 11, 2018, as recorded and transcribed, seconded by Vice-Chairman Jones. Motion approved by a 3-0 vote.

ITEM 3. Update and Continued Discussion on the City Hall Annex Project

Mr. Stelzer provided an updated cost estimated for COhatch improvements and improvements to the second floor on the City Hall Annex building. He discussed the cost for contractors and some additional cost related to the removal of the utility poles and transformers. Mr. Stelzer discussed whether it makes sense financially to do the work at one time and not in stages, as well as, the improvements to City Hall. City Hall improvements would include safety and security. He discussed the current plan for the Planning Department to move to the City Hall Annex building. He reviewed the cost estimate for City Hall Annex renovation from July 18, 2018. He also discussed the different options for the Engineering Building. He discussed the cost for demolition of the house and build a parking lot with some amenities. He discussed one plan for benches and public bathrooms. He discussed the total cost for all improvements and financing options. A discussion was held regarding security plans for both buildings and current plans to enter City Hall to access the second floor of the City Hall Annex building.

Motion: Vice-Mayor Shafer motioned to recommend to City Council to move ahead with the Comprehensive Plan as presented to complete City Hall Campus improvements which will include COhatch improvements, Second Floor City Hall Annex updates, and City Hall Annex Renovations, City Hall Renovations and Security, and engineering building and parking lot as outlined in the proposal, seconded by Vice-Chairman Jones. Motion approved by a 3-0 vote.

ITEM 4. Staff Comments

Mr. Homan discussed an upcoming supplemental need for a bike path extension on Cheshire Road. He discussed the grant received by Delaware County for trail completion.

Mr. Stelzer discussed retaining municipal advisor on discussions over potential downtown parking garage.

Mr. Stelzer informed the Committee that the annual meetings for the New Community Authorities have been held.

ITEM 5. Member Comments

Vice-Mayor Shafer discussed the need to solve parking solutions in the downtown area with the continued growth and the potential development of Planet Oasis.

ITEM 7. Next Meeting Date

The Committee reviewed upcoming meeting dates scheduled for the CIP review.

ITEM 8. Adjournment

Motion: Chairman Hellinger moved to adjourn the Finance Committee meeting, The Finance Committee meeting adjourned at 5:53 p.m.

Chairman

Elaine McCloskey, Clerk

RESOLUTION NO. 14-17

A RESOLUTION AMENDING VARIOUS FINANCIAL MANAGEMENT POLICIES FOR THE CITY OF DELAWARE AND CREATING A NEW RESERVE BALANCE FUND.

WHEREAS, the City has operated under various financial management practices in administering its financial affairs, and

WHEREAS, the City approved resolution number 09-50 on November 9, 2009 formally adopting the Financial Management Policies of the City thus making them a part of the official record of the City of Delaware, and

WHEREAS, the City desires to amend the previously adopted Financial Management Policies changing the existing policy relating to the fund balance in the General Fund, and adding new reserve policies for the Reserve Balance Fund, the Health Insurance Fund, and the Workers Compensation Fund, and

WHEREAS, the City desires to establish the Reserve Balance Fund as a Special Revenue Fund for the purpose of stabilizing the General Fund against cyclical changes in revenues and expenditures, and

WHEREAS, the Reserve Balance Fund unencumbered fund balance will be maintained at a level representing five percent (5%) of the revenue credited to the General Fund in the preceding fiscal year.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Delaware, State of Ohio:

SECTION 1. That the attached amended Financial Management Policies document is hereby adopted as a policy of the City of Delaware.

SECTION 2. That the Finance Director is hereby authorized and directed to establish the Reserve Balance Fund within the Chart of Accounts for the City.

SECTION 3. That this resolution shall take effect and be in force immediately after its passage.

PASSED: April 14, 2014

YEAS 7 NAYS 0
ABSTAIN

ATTEST: Glenn McLeskey
CITY CLERK

Candy Key-Rogers
MAYOR

CITY OF DELAWARE FINANCIAL MANAGEMENT POLICIES

(Updated ~~October 26, 2009~~ April 14, 2014)

OPERATING BUDGET POLICIES

- The City will pay for all current expenditures with current revenues and fund balances. The City will avoid budgetary procedures that balance current expenditures at the expense of future years, such as postponing expenditures, underestimating expenditures, overestimating revenues, or utilizing short-term borrowing to balance the budget.
- The budget will provide for adequate maintenance and repair of capital assets and for their orderly replacement.
- The city will protect against catastrophic losses through a combination of insurance and self-insurance funded programs.
- The City will maintain a budgetary control system to help it adhere to the budget.
- Financial reports, which compare actual performance with the budget, are available on the City's network for budgetary review by the departments and divisions.

RESERVE POLICIES

- The City will maintain a *targeted* fund balance of ~~at least 10%~~ *seventeen percent (17%)* of estimated annual expenditures in the General Fund as a reserve to address unforeseen contingencies or to be able to take advantage of opportunities that may arise.
- *The City shall maintain a Reserve Account Fund at an amount of money equal to five percent (5%) of the revenue credited to the General Fund in the preceding fiscal year. The Reserve Account Fund shall be used to stabilize the City's General Fund against cyclical changes in revenues and expenditures. The Reserve Account Fund shall not be appropriated to provide for ongoing general operations of the City, but rather may be utilized to cover, in a given budget year, revenue shortfalls and expenditures that exceed projected amounts. In the event that it becomes necessary to utilize the Reserve Account Fund to stabilize the General Fund, the Reserve Account Fund shall, within three years, be re-established to a level representing five percent (5%) of the revenue credited to the General Fund in the preceding fiscal year. The year-end fund balance in the Reserve Account shall not be considered part of the unencumbered balance in the General Fund for purposes of determining the*

City's Estimated Revenue Available for Expenditure as certified by the County Budget Commission.

- *The City shall maintain a minimum unencumbered reserve balance in the City's self-insured Health Insurance Fund at an amount equaling the sum of the outstanding claims liability as determined according to GASB Statement No. 10 and an amount representing twenty-five percent (25%) of the preceding year net administration, claims, and insurance costs.*
- *The City shall maintain a minimum unencumbered reserve balance in the City's self-insured retrospective Workers Compensation Fund at an amount equaling the sum of the projected ten-year future claim cost liability and an amount representing fifty percent (50%) of the average of the five preceding years net workers compensation claim cost.*
- The City will at all times maintain a balance in the Recreation Improvement Income Tax Fund and the Recreation Income Tax Bond Fund such that when added together the resulting fund balance will exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds. In the event that the total fund balance of the combined funds does not exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds, then the General Fund reserve balance will be increased above the ~~10%~~ 17% reserve by an amount when added to the reserve balances in the Recreation Improvement Income Tax Fund and the Recreation Income Tax Bond Fund will exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds.
- The City will maintain fund balances in the Enterprise Funds of a sufficient amount to provide for effective ongoing operations or in accordance with any revenue bond covenants. Typical reserve balances will be in the 20 - 25% of annual operating expenses range.

CAPITAL IMPROVEMENT PROGRAM POLICIES

- The City will develop a five-year Capital Improvements Program on an annual basis.
- The City will enact an annual capital improvement budget based on the multi-year Capital Improvements Program.
- The City will coordinate development of the capital improvement budget with development of the operating budget.

DEBT MANAGEMENT POLICIES

- The City will confine long-term borrowing to capital improvement projects.

- When the City finances capital projects by issuing debt, it will repay the debt within a period not to exceed the expected useful life of the project.
- The City will evaluate issuing debt and pay-as-you-go financing to maintain flexibility for the future.
- The City will continually seek to maintain and improve our current bond rating to minimize borrowing costs and to ensure that access to credit is preserved.
- The City will follow a policy of full disclosure on financial reports and official statements.

REVENUE POLICIES

- The City will estimate its annual revenues by a conservative, objective, and analytical process.
- Non-recurring revenues will be used only to fund non-recurring expenditures.
- The City will encourage a diversified and stable local economy to avoid excessive reliance on any one industry or business for income tax purposes.
- The City will update the Cost of Services Study on an annual basis to calculate the costs of providing services and consider such information when establishing user charges.

PURCHASING POLICIES

- Purchases will be made in accordance with federal, state, and municipal requirements.
- Purchases will be made in an impartial, economical, competitive, and efficient manner.
- Purchases will be made from the lowest priced and most responsive vendor. Qualitative factors such as vendor reputation and financial condition will be considered, as well as price.