

**FINANCE COMMITTEE  
MOTION SUMMARY  
February 11, 2020**

ITEM 1. Roll Call

Chairman Hellinger called the Finance Committee meeting to order at 4:30 p.m.

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

Staff Present: Justin Nahvi, Finance Director, Rob Alger, City Accountant, Alycia Ballone, Budget Analyst

ITEM 2. Approval of the Motion Summary for the meeting held August 19, 2019 as recorded and transcribed.

**Motion:** Vice-Mayor Shafer moved to approve the Motion Summary from August 19, 2019, as recorded and transcribed, seconded by Vice-Chairman Jones. Motion approved by a 3-0 vote.

ITEM 3. REVIEW of 2019 Year-End Financial Report and January 2020 Financial Report

Mr. Nahvi discussed the General Fund Ending Balance for 2019 at \$6,229,721, which was an increase of 1.05 million from the beginning of 2019. He discussed increases in revenues from 2018 to 2019 in the Street Maintenance and Repair Operating Fund, which was related to the funds received from the gas tax. Total expenditures other Operating Funds was at \$39,563,413 which was down from 2018. Total cash funds increased from 2018 which was related to Fire/EMS Fund, Water, Sewer, and Water and Sewer Capacity Fund. He compared the 2009 General Fund Revenue with 2019 and total income taxes collected accounted for about 67% of all revenue. Most of General Fund Expenditures are allocated to Police/911 services in the past decade. He reviewed the overall revenues by source and that there was a decline in engineering fees reimbursement. These declines were off set by capacity fees. Ms. Ballone discussed the changes in the billing of engineering fees in 2019.

A discussion was held regarding the increase in fuel sales at the airport compared to 2018. The General Fund subsidy to the airport is around \$30,000. Mr. Nahvi discussed that this subsidy has been consistent since 2017. Mr. Homan discussed the expected timeline to receive the report on the Airport Strategic Plan. Mr. Jones questioned the decline in gross profit over the past four years.

Mr. Nahvi provided information on the Golf Course Fund, and discussion of the transition of payroll from one position to a different fund and created a positive cash flow. Information was provided on the enterprise funds. He discussed the total outstanding debt, which much of the debt is contributed to water and waste-water debt, recreation debt, and general obligations. A discussion on self-funded health insurance. Staff is evaluating the best plans for future health care to determine best savings.

Mr. Nahvi reviewed the January 2020 Finance Report. He discussed the income tax was up approx. 6%. Prosecutor reimbursements were not received in January but was received in February and will be included in the February report. This reflected in a decline in the General Fund. General Fund Expenditures decline was related to no transfer to the general fund to other operating funds in January. The February report will reflect this transfer. He reviewed the past three year of income tax revenues included individual withholdings, business and personal withholdings. The Committee reviewed a new format for future reports and were supportive of the change and feels the addition of a narrative will be helpful.

#### ITEM 4. DISCUSSION of Transportation Funding Options

Mr. Nahvi summarized the current funding and expenditures for roadway maintenance. The current deficit for funding for paving is approximately \$1.6 million which was identified by Public Works. He discussed the roadway maintenance policy for the City of Marysville, which is generally 1/25<sup>th</sup> of streets should be paved every year. It was recommended that bids for paving should be issued no later than February of each year to attain cheaper pricing.

Funding mechanisms to reduce or eliminate the deficit for paving was discussed with four different potential scenarios. The first mechanism would be the reduction by Council of the Income Tax Credit. This reduction in the credit would secondarily increase annual income tax collections for the Fire/EMS and Recreation portions of the overall tax rate. The second mechanism would be to seek voter approval for a property tax levy. Mr. Nahvi discussed that a 1 mill dedicated to annual paving levy would generate an additional \$892,950 and cost \$87 per year for a residential unit valued at \$249,500. The third mechanism would be a reallocation by Council of inside millage. The final mechanism presented was a special assessment for Road Maintenance.

Ms. Ballone discussed the special assessment and discussed research from a case study in Sheboygan, WI. The program would be a cost sharing program between the City and homeowners on the road needing pavement. Mr. Hellinger discussed his preference to eliminate the tax credit and request voters to reduce the fire/ems fund. Mr. Jones discussed reducing the reserve fund percentage. Vice-Mayor Shafer discussed needing to put the funding to the public to provide their voice. Mr. Homan discussed the cost to the City for a special election and

that the cost has significantly increased. The Committee discussed the best timeline for the issue to be placed on the ballot including discussion on the General Election of 2020 or the May Primary of 2021. Chairman Hellinger discussed the need to have a back up plan to residents if one plan fails then they are aware of the next options. Vice-Mayor Shafer recommended that the property tax levy be placed on the May 2021 ballot and not before due to the upcoming school levy renewals and the emotions of the presidential election. Chairman Hellinger recommended that the levy be at 2 mill to ensure funds are there to have a successful program. He discussed that state grants are not guaranteed funding and if the funds are not approved then there will still be a deficit. The Committee was in agreement to recommend a 2 mill. The Committee had a discussion relating to the permissive fee.

Vice-Chairman Jones exited the meeting at 5:27 p.m. Chairman Hellinger recommended that the recommendations of the Finance Committee regarding road maintenance be discussed at the March Work Session.

ITEM 5. Public Comments

There were no public comments.

ITEM 6. Member Comments

There were no other member comments.

ITEM 7. Future Meeting Date

The Committee discussed having meetings every other month.

ITEM 8. Adjournment

**Motion:** Chairman Hellinger moved to adjourn the Finance Committee meeting. The Finance Committee meeting adjourned at 5:33 p.m.

  
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Chairman

  
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Elaine McCloskey, Clerk