

**COMMON COUNCIL
FINANCE COMMITTEE
FEBRUARY 6, 2020**

The City of Noblesville Council Finance Committee met on Thursday, February 6, 2020. Greg O'Connor called the meeting to order at 8:20 a.m. with Mike Davis, Darren Peterson, Megan Wiles, and Aaron Smith present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Public Safety Director Chad Knecht, Police Chief John Mann, Assistant Police Chief Brad Arnold, Parks Director Brandon Bennett, Administrative Manager Michelle Glodowski, IT Administrator Misty Shearer, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson.

At Mr. O'Connor's invitation, Mr. Knecht introduced Chief Mann to the committee.

Budget Realignments for 2020 Transition

Mr. Beres stated there are two transfer resolutions on the Council agenda concerning staff restructuring in the Mayor's office. He reminded the committee that funding for staff salaries has already been transferred, so one of the coming transfers concerns supplementary costs for supplies, furniture, and the like. He stated the funds will be transferred from contingency to the Mayor's budget. He stated the second transfer is for vehicle leases, which had been budgeted in the General Fund but need to be transferred to the Cumulative Capital Development (CCD) Fund, which is a more appropriate funding source. He noted a small part of the transfers are from the Economic Development Department budget as a result of the new Director of Planning and Community Development position in the Mayor's office.

Mr. Beres stated another transfer relates to the IT Department. He stated the IT Department was outsourced to Sondhi Solutions in November 2019, which resulted in a reduction in City staff. He stated the savings in the 100 series need to be moved to the 300 series in order to correctly budget payments to Sondhi Solutions. He stated Sondhi has already identified \$100,000.00 in savings in the 400 series and will continue to identify other savings.

Mr. Spalding noted transfers are required by state statute and the Department of Local Government Finance (DLGF), but he and his staff are bringing them proactively rather than waiting until year end. Mr. O'Connor noted that all of these transfers are budget neutral. Mr. Beres agreed and added the transfers are only for proper budgeting. Ms. Wiles noted many of these changes were known in 2019, but it was necessary to wait until the new Administration was in place before the changes could be executed. Mr. Beres noted in the case of the IT Department, Sondhi Solutions was hired after the budget had already been adopted. The committee supported the transfers as proposed.

Ms. Glodowski left the meeting.

NPD Operational Changes

Mr. Beres stated there are two issues to resolve with transfer resolutions: one is a new position of deputy chief, reclassified from a lieutenant position. He stated funding is needed for the reclassified salary structure. He stated the second issue is changing from a quartermaster system to a stipend for officer uniforms and supplies. He explained the allowance under the present quartermaster system is budgeted in the 200 series, but a stipend will be budgeted in the 100 series and will be distributed through payroll. Mr. O'Connor asked if the stipend will be taxable. Mr. Beres replied yes, it will be. Ms. Wiles asked if there were savings for buying in bulk. Chief Mann explained the present system is not a true quartermaster, but rather a cumbersome process of ordering needed items that takes extra time. He noted the officers must save receipts in case returns are needed, which then takes even more time. He stated the officers strongly desired this change. Mr. Peterson expressed concern that the after-tax stipend will not be enough. Mr. Knecht stated the Meet and Confer process will begin soon, and the amount of the stipend will be one of the items addressed. He noted it will be possible to receive bids from preferred vendors to save money. He stated the stipend should be much faster and more efficient for officers to meet their uniform and supply needs. Chief Mann reviewed the cost of individual items and which items are furnished by the Police Department. Mr. Spalding stated a list of each item, its price, and its expected useful life would be helpful in determining the amount of the stipend. Assistant Chief Arnold replied the data is already being collected. Mr. Davis asked if officers can itemize use of the stipend to deduct from their taxes. Mr. Knecht replied they can, but the amount tends to be less than the standard deduction, so itemizing isn't necessary. Chief Mann stated the stipend will be greatly appreciated by the officers. Ms. Wiles wanted to be sure that the officers would not be negatively affected. Mr. O'Connor stated it is important that the officers have what they need. Chief Mann thanked the committee for their concern and promised to inform his officers. The committee supported the changes.

Chief Mann and Assistant Chief Arnold left the meeting.

Supplemental Grant to Friends of Central Pool

Mr. Light stated this grant is a one-time infusion of funds to support the aquatic center. He stated the Parks Board approved the grant at its meeting last night. He stated the funding will be transferred to the Parks budget, which will then pay the same amount to the Friends of Central Pool. Mr. Peterson was pleased that the Friends will report their spending of the grant to the Council. Mr. O'Connor noted as a part of the agreement, 15 season passes to the aquatic center will be given to the Noblesville Youth Assistance Program. Mr. Peterson requested that a representative of the Friends of Central Pool give a short presentation to the full Council when the request is considered. Mr. Bennett supported the request. He noted the City owns the facility and leases it to the Friends of Central Pool as the operators, but complaints are often received by the Parks Department. He stated the grant will have a big impact on the aquatic center.

Mr. Light stated the Mayor groups this grant with maintenance projects at the golf courses and projects at the railyard at Forest Park. There was a discussion concerning funding strategy for the

projects. The committee recommended that the grant should be paid with cash from the Rainy Day Fund. Mr. Spalding agreed to amend the related agenda items accordingly.

Emergency Warning Sirens

Ms. Shearer stated the sirens are on order and will be paid from the Public Safety budgets with money that was budgeted for radios but is no longer needed. She stated the transfer is needed to change the appropriation. Mr. Beres noted the amount needed for the sirens is very close to the amount budgeted for the radios. Ms. Shearer noted only the oldest sirens in the worst condition are being replaced; maintenance for the City's other 14 sirens is in the budget. Mr. Knecht agreed that the transfer makes sense, since the IT Department falls under Public Safety. Ms. Shearer promised to inform the Council when the sirens are installed.

2019 Encumbrance Carry-forward

Ms. Trexler stated she will present the final totals of encumbrances that were carried forward from 2019 to 2020. She stated the total is approximately \$300,000.00 less than was originally authorized. Mr. Spalding explained in the past, the information has only been presented to the Council. He stated this year a resolution will be presented for approval, which has not been done before. He noted if encumbered funds are not used, they cannot be used for another purpose. He stated he expects this resolution to be an annual routine in the future. The committee supported the change.

YE Appropriation Transfers per RC-15-19

Mr. Beres explained state law requires that each budget bucket have at least \$1.00 at year end, which necessitates transfers. He stated OFA's goal is to keep the number of transfers as low as possible, but some are unavoidable. Mr. Spalding noted the budget as a whole was not overspent. Mr. Bennett stated the department directors have been instructed to monitor the balances in their expense series, which is helpful. Mr. Spalding stated his goal is for the departments to budget correctly in order to have accurate data.

Re-establishing the City Investment Policy

Mr. Spalding explained that if a municipality does not adopt an investment policy, state law limits any City investments to a maximum term of two years. He explained if the City adopts a policy and an ordinance, the maximum term for investments is extended to five years. He noted the process must be renewed each four years, and March 1st of the year following an election was chosen purposely. Ms. Wiles noted this date was chosen so that a newly elected Council could choose the policy for the next four years. Mr. Spalding added there are two related resolutions that will be presented at the same meeting that the ordinance receives its second reading. He stated one resolution will contain the investment policy for the City, and the second resolution will allow the City to invest with banks outside Hamilton County. Mr. Light stated Accelerate Indiana Municipalities (AIM) is working to give cities more options.

Cancellation of Expired Warrants

State statute requires checks that have been outstanding for two years to be cancelled and reported to the Council. Ms. Trexler stated the largest outstanding checks over two years old were sent to Epromos and Hare Chevrolet. She stated she contacted each business, and neither had any records concerning the amounts. She noted the largest expired check was for \$618.43. The total of expired outstanding checks is \$2,048.78.

Update: Hamilton County LIT Re-Allocation

Mr. Spalding stated Fishers and Carmel have reached a compromise, which has been added to a House Bill. He noted other municipalities in the county will not be affected through 2024. Mr. Light noted the bill is over 100 pages and still has to pass the Senate. Mr. O'Connor described the compromise as a workaround and stated the calculation still needs to be reformed.

Re-establish CCD Fund Tax Rate

Mr. Spalding stated the ordinance to re-establish the CCD Fund tax rate is an annual routine, which includes a public hearing with extra requirements for advertising. He noted if the City does not re-establish the rate, it will gradually be lowered by the State each year. Ms. Lees stated she has already seen advertisements for public hearings from other government units who are following the same process.

Authorization for Routine Budget Adjustments

Mr. Spalding stated his proposed resolution is a variation of resolution RC-15-19, which allowed OFA to perform minor transfers at year end. He stated this resolution would permit OFA to perform technical budget-neutral transfers and then report them quarterly to the Council. Mr. Beres noted the transfers would have a threshold of \$50,000.00 each and would be of a technical nature only. As an example, he stated the Street Department bought flower pots and potting soil last year using the 400 expense series, but OFA determined the potting soil was actually a 200 series expense. He noted there was no change to the action taken; it was strictly budgeting. He stated OFA hopes this resolution will reduce the number of transfers that have to be brought before the Council. Mr. Peterson was strongly against the resolution, especially with a first term mayor. He stated as the fiscal body, he felt all transfers should be approved by the Council. Mr. Spalding stated their hope is to keep projects moving before the Board of Works, so that they aren't delayed because a Council action is needed. After discussion, it was determined that a quarterly threshold of \$100,000.00 for total transfers was acceptable. When Mr. Peterson learned the resolution was in force for one year only, he withdrew his objection. The committee supported the resolution.

Fiscal (and Related) Actions on Council Meeting Agenda – February 11

- *Ordinance 04-02-20 – Investment of Public Funds*

- *Ordinance 05-02-20 – Reset CCD Rate*
- *Ordinance 06-02-20 – Additional Appropriation for new grant to The Friends of Central Pool (Parks)*
- *Resolution RC-03-20 – LIT Reallocation from General Fund to Parks Fund*
- *Resolution RC-04-20 – 2019 Encumbrance Carry-Forward*
- *Resolution RC-XX-20 – Routine Budget Adjustment Authority*
- *Appropriation Transfer TA-05-20 – Emergency Warning Sirens (Cumulative Capital Development Fund)*
- *Appropriation Transfer TA-06-20 – Mayor’s Office restructure (General Fund)*
- *Appropriation Transfer TA-07-20 – Mayor’s Office restructure (CCD Fund)*
- *Appropriation Transfer TA-08-20 – Switch to IT consulting service (General Fund)*
- *Appropriation Transfer TA-09-20 – New Deputy Chief position in the Police Department (General Fund)*
- *Appropriation Transfer TA-10-20 – Switch to clothing stipend for police officers (General Fund)*

These items were discussed earlier in the meeting.

Claims Docket Review

The committee recommended approval of the claims.

Review of Agenda Addendum

There was no update to the addendum.

Mr. Smith left the meeting.

Other Business at Discretion of the Chair

Mr. Spalding asked if department representatives should be at Council meetings to answer questions about agenda items. After a brief discussion, everyone agreed it would be best practice. Ms. Shearer asked if transfers could be first on the agenda so that department representatives would not have to wait to answer questions. Ms. Wiles and Mr. O’Connor asked Ms. Lees to research the matter.

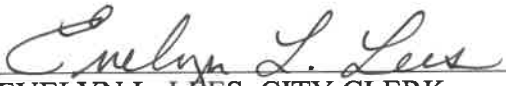
Mr. Beres left the meeting.

Mr. Spalding stated he plans to shorten the agendas for these meetings and omit the explanations for each agenda item, since the supporting documents are included with the agenda. The committee agreed.

The meeting adjourned at 10:07 a.m.



GREG O'CONNOR, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK