

**COMMON COUNCIL
FINANCE COMMITTEE
MAY 21, 2020**

The City of Noblesville Council Finance Committee met virtually on Thursday, May 21, 2020 via Microsoft Teams pursuant to Governor Holcomb's executive order 20-09. The meeting was called to order at 8:20 a.m. with Mike Davis, Greg O'Connor, Darren Peterson, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Community and Economic Development Director Sarah Reed, Economic Development Assistant Director Andrew Murray, Parks and Recreation Director Brandon Bennett, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson.

Lofts on Tenth – Economic Development Project

Mr. Murray stated the City's contribution to this project is to provide the developer with a total of \$3.3 million. He stated the City will issue \$2.3 million in bonds, which the developer plans to purchase. He noted the developer's bank will provide financing to purchase the bonds, but the developer plans to take responsibility. He stated the City will create an Allocation Area for a TIF; the City will then capture the tax increment and give it to the developer to pay the debt service on the bonds. He stated he expects the tax increment to be sufficient to pay the debt service, but any shortfall will be the developer's responsibility, not the City's. Mr. Murray reviewed the sources and uses of the bonds. He stated the interest will be capitalized, and the term of the bonds will be 25 years. He noted the developer will pay the issuance costs. Mr. Spalding stated the City is helping the developer save money by issuing the bonds and pledging the TIF, but the City's role is really to be a facilitator.

Mr. Murray stated the second part of the City's participation is a \$1 million forgivable loan. He stated the loan will be given to the developer to help with the cost of land acquisition, building demolition, and payment of impact fees. He stated the developer must meet all of a list of milestones before the loan is forgiven, but the City expects them to meet the milestones and does not expect the loan to be paid back. He stated funding for the loan will come from the Downtown District TIF in the form of short-term borrowing or cash on hand. Mr. Spalding stated the borrowing options are more complex than he anticipated, but he will have a funding plan in place before closing, which will be August at the earliest. Mr. O'Connor asked if the loan and the bonds will be closed at the same time or separately. Mr. Murray stated the details of closing are still in process, but he will update the committee once they are finalized. He stated an ordinance and resolution for the project are on Tuesday's agenda. Mr. O'Connor noted developer-backed bonds are the future. He thanked Mr. Murray for his work on the project.

Funding Downtown Parking Study

Mr. Beres stated funding the parking study is straightforward. He stated \$10,000.00 will come from the Planning Department budget, \$10,000.00 will come from the Economic Development

Department budget, and \$12,000.00 will come from the Downtown Development Fund. He stated a transfer resolution is needed to transfer appropriation authority from the non-departmental contingency in the Downtown Development Fund to the Planning Department. He stated the transfer resolution is on the Council agenda.

Mr. Peterson asked how this parking study is different from past parking studies. Ms. Reed replied the other studies were to assess current conditions and determine what was needed to fix problems. She explained this study will gauge the affect the Levinson parking garage will have on Downtown parking. She noted the Planning, Economic Development, and Engineering Departments will all work with the study. She stated at this time, new development proposals often offer garage space. She stated the new study will give the City data to determine if more parking space is needed so that new projects can be evaluated appropriately. She noted the City will own the Levinson and the Villages at Federal Hill parking garages when they are complete, and a county parking garage is also being built. She stated information is needed in order to forecast future demand and make decisions. She stated Denison also will provide on call services to help evaluate new proposals. She stated maintenance costs for the City-owned garages will also be included. She noted maintenance is separate from the construction project and needs to be budgeted. She stated the Engineering Department has been very helpful. Mr. Peterson stated the Downtown District Committee agreed to help fund the study because parking affects the Master Plan, even if it is not directly a part of it. Ms. Wiles stated the parking study also affects the beautification of Downtown, because too many garages would be unsightly. Mr. O'Connor noted there have been many parking studies, and it is important that they are used. He stated this study should be useful. Ms. Reed stated Denison is already under contract and ready to start, so this is just a matter of funding. She noted no new appropriations are needed, just a transfer. Mr. Spalding stated the funding is not random, but an effort to track costs accurately. Ms. Reed stated she is excited to see the departments working together on the project. The committee agreed to support funding the study.

Ms. Reed left the meeting.

Elimination of Parks Capital Fund

Mr. Spalding stated the Parks Capital Fund was established in 1990. He stated there is currently no significant revenue stream into the fund, and discussions have begun about whether it would be best to eliminate this fund and divert its revenue to the Parks Fund. He stated at this time, the fund does not serve any useful purpose. He noted the revenue currently capitalizing the fund could go directly to the Parks Operating Fund and still be used for capital projects. He stated the same goals could be met while simplifying the accounting. He noted the idea is still fairly new and needs further discussion. Mr. Bennett stated the fund was established when the golf program was lucrative, so a percentage of excess golf revenue was dedicated to capital improvements. He stated for approximately the last decade, there has been no extra revenue from golf, so payments from a cell tower lease and a farming lease are the only revenue going into the fund. He noted the farming lease also is dwindling as Finch Creek Park develops and less land is available to lease. He stated the balance in the fund is approximately \$110,000.00, so eliminating the fund may be easier to manage. He noted more research is needed before a final decision is reached.

Mr. Spalding stated an ordinance would be needed to eliminate the fund, and he is still considering what effective date would be best to use. Mr. Davis asked if the funds would be included in budget. Mr. Spalding stated they are in a de facto budget that the Parks Department uses, but they are not included in the budget the Council approves. He stated he may direct the revenue to the 108 Parks Fund, which the Council does appropriate. Ms. Wiles expressed support for the effort.

COVID-19 Expense Tracking Update

Mr. Beres stated there has not been much change since the last meeting. He stated they are still learning about the CARES Act funding that will be available. He stated costs incurred due to COVID-19 include the costs to set up remote work, public safety, testing, equipment, and cleaning supplies. He stated work to track these expenses is ongoing. Mr. Peterson asked if the Council could see a tracking number on the claims docket. Ms. Trexler replied the project code assigned to COVID-19 expenses does not display on the docket, but a report is available. Mr. Peterson declined the report and stated he was only curious. Mr. O'Connor asked how much funding the City can expect from the State. Mr. Light replied the City is eligible for \$2.048 million in reimbursements for costs incurred from March through the end of this year. Mr. Spalding emphasized that is the maximum amount the City can be reimbursed, and only for expenses due to COVID-19. He stated the reimbursements are to mitigate harm from unexpected expenses but will not make up for lost revenue. Mr. Beres stated since the City has been tracking these expenses, there will be good data to submit for reimbursement. Mr. Light stated the City is also exploring any other available resources, including FEMA. Mr. Bennett stated he is also tracking losses of Parks and Recreation revenue, which are substantial. Mr. Light noted there is a bill currently being considered in Congress that concerns reimbursing lost revenue. Mr. O'Connor wondered if Public Safety has had a revenue increase due to COVID-19. Mr. Spalding replied Public Safety has its own tracking mechanisms and could probably identify any increases.

COVID-19 Fiscal Effect Update

Mr. Beres reviewed several pages of data concerning the fiscal effect on the City of COVID-19. He stated the May property tax distribution was exactly as forecasted, with no changes due to delayed payments. He noted the TIF increment will not be distributed until June. He stated the Local Income Tax (LIT) distribution will not be impacted until 2021. He reviewed permit and license revenue, food and beverage tax revenue, and sales tax, which all have either declined or are expected to decline. He stated income tax has sharply declined and needs to be factored into forecasts.

Update on 2021 Preliminary Revenue Forecast and City Fiscal Plan

Mr. O'Connor stated it is important to have credible data in order to plan effectively. Mr. Spalding stated his goal was to have the Fiscal Plan ready to present in May. He stated they have worked very hard, but he wants to have confidence in the data. He stated he is waiting for more data from the State. He stated he expects to have the plan ready to present at the next meeting.

Mr. Spalding stated his goal is to eventually bring the Fiscal Plan in house, which will be more efficient.

Fiscal (and Related) Actions on Council Meeting Agenda – May 26

- *Appropriation Transfer TA-13-20 – Downtown Parking Study (Downtown Development Fund)*

This item was discussed earlier in the meeting.

Claims Docket Review

The committee recommended approval of the claims.

Review of Agenda Addendum

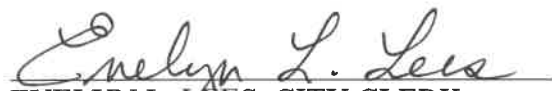
Mr. Spalding stated preparing the revenue forecast has sped up appropriating the Parks Funds, and COVID-19 has accelerated the process even more. He stated the Parks Department has tracked their funds, but they are not currently in the central accounting system. He noted that impact fees will be budgeted to use for projects, but they will not be appropriated. He stated when the Council sets the fees it is considered an appropriating act, so no further appropriation is needed.

Other Business at Discretion of the Chair

There was no other business.

The meeting adjourned at 10:00 a.m.


GREG O'CONNOR, COMMITTEE CHAIR


EVELYN L. LEES, CITY CLERK