



City of Powell Finance Committee

MINUTES
October 27, 2009

Attendees

Rick Cline, Steve Lutz, Tom Counts, Debra Miller and Bonnie Butcher (This Week)

Call to Order

Mr. Cline brought the meeting to order at 7:50 p.m.

Minutes

Mr. Cline asked if there were any changes to the minutes. Seeing none the minutes were approved.

Financial Reports for September 2009

Ms. Miller updated the committee on the year-to-date collections of Income Tax. The collections are up a half a percent over the collections from 2008. After lowering the revenue budget in September, the revenue collection is on target.

Mr. Counts asked that Ms. Miller look into the net profit number listed on the Income Tax Report. (Note: the report had a typo in the formula – the year-to-date for net profit should have been \$99,756 instead of \$11,520)

2010 Budget

The PowerPoint presentation was first reviewed by the committee. Mr. Cline requested that the green color on the Revenue pie chart be changed or reversed with something else since it blended too much with the next color.

An overview of the budget changes was reviewed by going through the Budget Message by department. Ms. Miller and Mr. Lutz went over the changes in the budget including the list of items that may be considered for reinstatement after the 1st quarter and the lists of items reduced from the budget.

Mr. Cline noted that the budget message had two statements discussing the percentage of contingency. The wording of these statements needs some work because they could be confused as conflicting statements.

Miscellaneous corrections found in the report during the review were:

- ✓ Real Estate graph in Revenue section page 48 – change color scheme
- ✓ Page 95 spelling
- ✓ Clarify how work don when there is no staff on department pages
- ✓ Fund name on FEMA fund needs to be changed
- ✓ Murphy Parkway lists construction instead of engineering
- ✓ Page 160 “1”
- ✓ Page 177 excel column too small

Mr. Counts asked about the changes in the personnel expenses. Ms. Miller stated that she had used the union contracts where applicable and a 3.5% estimated raise for general staff. While health insurance was estimated to increase in the 5 -6 % range and a decrease in workers compensation. Mr. Lutz added that the staff had been actively working on the insurance through the insurance committee. The insurance committee had studied multiple options trying to find ways to lower costs and one method was the Health Savings Account. The insurance committee asked that all employees be educated on a Health Savings Account which was done in August and September. The employees recognize the raising costs of insurance and are trying to be proactive in maintaining the benefit. Also, the City has a safety committee represented by each department and they have been very diligent in bringing education of safety to the employees. This has helped in our lower premium costs in workers compensation.

The debt service funds were discussed including the new outstanding principal and interest graphs. Ms. Miller pointed out the funds that we are looking at refinancing the debt.

The committee made some general remarks on the budget and that is was ready to go to City Council.

Other Business

Mr. Lutz and Ms. Miller had briefly told Mr. Counts and Mr. Cline at the last City Council meeting that a brief discussion was needed to talk about potential refinancing.

Two outstanding bond issues are contenders for refinancing and saving interest costs. The overall savings is approximately \$300,000 before costs of reissuing. Both of issues are voted debt so the City's general fund budget doesn't see the savings but the residents would pay less over time in property taxes (through lower millage). There are several ways are refinancing and direction on which method to be recommended is being raised.

- 1) Front load the savings – residents probably wouldn't see the small change that occurs but the costs would go up in later years.
- 2) Shorten the life of the debt – residents would see the millage drop off, one to two years earlier.
- 3) Keep the same principal & interest payment – residents probably wouldn't see the small change over the years.\

Both, Mr. Counts and Mr. Cline liked the idea of shortening the life of the debt especially since no real change would be seen otherwise.

Ms. Miller and Mr. Lutz discussed the resident who brought the restructure back to the attention of staff. Comments on how to handle the fee structure with the resident was discussed. The committee asked that government ethics be looked into especially with contracting with a resident. Also discussed was whether the resident brought value to the deal.

Adjourn

The meeting was adjourned at 9:40 p.m.