



City of Powell Capital Improvements Committee

MINUTES
Dec. 8, 2009

Present

Garth Bishop (Olentangy Valley News), Bonnie Butcher (ThisWeek in Olentangy), Jayne Butler, Bob Carpenter, Stephen Carter, Councilman Rich Cline, Tom Coffey, Brian Coghlan, Mayor Tom Counts, Mickey Hawk, Jim Hazen, Terry Hoppmann, Councilman Jim Hrivnak, Tom Jedlinsky, City Manager Steve Lutz, Powell Finance Director Debra Miller, Ron Minto, Anthony Paolo, Eric Prall, Powell Public Information Officer Jeff Robinson, Frank Semetko, Frances Sony and Andrew Tobias (Delaware Gazette).

Call to Order

Mayor Counts brought the meeting to order at 7 p.m.

Welcome and Recap of Previous Meetings

Mayor Counts welcomed everyone and opened the meeting by recapping the topics discussed at the committee's first two meetings (the definition of capital improvements, the capital improvements projects list created by City Council).

Funding Source Criteria

Councilman Cline addressed the committee and said the City's Finance Committee had been charged with finding a funding source for capital improvements. He said the Finance Committee's number-one criterion was that the funding method chosen had to be fair and equitable (fair to residents and non-residents, with the burden being shared). Councilman Cline said the funding method chosen also needed to be sustainable and a reliable source for planning purposes. He told the group that, in past years, the City had been successful in getting grants and taking advantage of collaborative opportunities for funding, but that those methods are not sustainable and rarely do they fund 100 percent of a project's cost.

Councilman Cline also said a potential funding method had to be scalable; that is, money could be given back if the amount received exceeds the amount needed.

After reviewing the funding methods considered by the Finance Committee, Councilman Cline told the group that the two viable options worthy of further study were an increase in property taxes and an increase in the City's income tax.

Options Available for Capital Improvements Funding

Powell Finance Director Debra Miller distributed materials to Capital Improvements Committee members that showed in greater detail how the Finance Committee arrived at its conclusion to further study the property and income tax options. One sheet gave an overview of grants received by the City, those applied for and not received and recent opportunities for cooperative funding. She stressed that the information provided shows that the City has pursued grants in all areas (for parks, roads, police, etc.).

Mayor Counts said the information on the grant sheet shows that the money received from grants would be nowhere near the total needed for any significant capital improvements within the City.

Ms. Miller then reviewed a graphic detailing the cost of property taxes for a \$300,000 home and reviewed what it would cost for a \$1 million/year levy for 15 years (that figure reflected what it would cost to collect \$3 million per year). The information showed Capital Improvements Committee members how collecting \$3 million per year through a property tax would affect residents. Ms. Miller said the \$3 million figure was determined by the Finance Committee to be the amount needed to cover capital improvements in the City over the life of the levy.

Committee Member Terry Hoppmann asked how future levies from the Olentangy Local School District would play into this scenario. Councilman Cline responded by saying that the City would be in direct competition with the school district to collect funds. He added that a property tax increase would affect only those who own property in the City of Powell.

Recommendation of the Finance Committee

Ms. Miller distributed an income tax chart and reviewed three scenarios that would generate the estimated amount needed annually for capital improvements, as determined by the Finance Committee. She said that an income tax increase from the current .75 percent with a .25 percent credit to 2.0 percent with a 1.5 percent credit would generate the funds needed and result in no change in payment for 60 percent of Powell residents. She said the figures shown on the handout are based on real 2006 income tax return numbers that were plugged into a formula provided by the Regional Income Tax Agency.

Councilman Cline discussed the income tax scenarios as they pertain to Powell residents who work in the City, non-residents who work in the City and Powell residents who work elsewhere. He said the funds generated are intended to allow the City to cover various capital improvements projects in all three categories outlined by Finance Committee members at the November meeting ("must haves," "needs" and "wants"), though the "wants" category would not be fully funded.

Mayor Counts informed the group that there is no perfect answer when it comes to funding, adding that it goes back to what Councilman Cline described as the criteria considered by the Finance Committee. Capital Improvements Committee members then were told that the City's Finance Committee recommends generating funds for capital improvements projects through an income tax increase to 2.0 percent with a 1.5 percent credit.

Committee Discussion/Feedback

The meeting was then open to discussion from committee members. Member Ron Minto said the jump to a 2.0 percent income tax would be a dramatic overnight switch for some people, which he said is not equitable. Mr. Hoppmann asked if Finance Committee members looked at the potential response this could generate from business owners, saying some may want to move out of the City if such an increase goes through. Councilman Cline responded by saying the Finance Committee spent two years gathering data, and the Capital Improvements Committee has spent three evenings educating itself. As such, it is not something that can be condensed into a short sound-bite. He said there will be residents and business owners in

Powell currently because of its low tax rate who will say they're leaving. But he added that new residents and business owners may be attracted by the amenities that the tax increase would provide.

Mr. Minto asked if the Capital Improvements Committee is tasked with deciding to scale back the \$3 million/year number to \$2 million or \$1.5 million in an effort to reduce the income tax increase. Councilman Cline answered by saying the committee is tasked with giving feedback to the Finance Committee and telling the Finance Committee if, from a voters' standpoint, an income tax increase to generate \$3 million per year for capital improvements just can't be done.

Mr. Minto said the potential tax increase should be based on exactly what the City thinks will be needed to make specific capital improvements, to which Councilman Cline responded that many of the needs (road repair, etc.) never will go away from year to year and the need may even exceed the \$3 million per year the City would be requesting.

Mayor Counts said arriving at a recommendation for funding capital improvements is the thing that the Finance Committee struggled with the most. He said it was difficult determining how to do what's best for both the City and its residents. He asked committee members to, in the next month, think about what kind of community they want Powell to be and how to keep the high bar that has been set in previous years.

Committee members commended the Finance Committee for the work put in to researching the funding issue and arriving at a recommendation, but said much more education will be needed before residents will back an income tax increase.

Adjourn

The meeting was adjourned at 8:35 p.m. The Capital Improvements Committee will next meet on Tuesday, Jan. 12 at 7 p.m. in Council Chambers.