

CITY OF BLUE ASH
Interoffice Memo – City Manager's Office

TO: City Council
FROM: City Manager and Department Directors
SUBJECT: Agenda Items for the July 12th Council Meeting
DATE: July 10, 2018
COPIES: Department Directors, Press, Clerk of Council, Solicitor

This memo offers a brief description of the topics included on the July 12th Council agenda.

5. Public Hearing for the consideration of the 2019 Tax Budget

As is customary this time of year, a public hearing for the 2019 Tax Budget will be held July 12, 2018, at 7:05 PM. It is necessary to hold a public hearing and to thereafter present Council with a resolution for the Budget's acceptance, as has been the practice in the past. A copy of the Tax Budget is available for review by the public.

Please direct any questions regarding this motion or the tax budget process to the Treasurer.

9.a.1. Resolution No. 2018-34 adopting the 2019 Tax Budget

The Ohio Revised Code requires governmental entities throughout Ohio to prepare an annual tax budget, present the budget in a public hearing, and to secure the governing body's acceptance of the tax budget. Annual tax budgets must be received by the applicable county auditor's office no later than July 20th of any given year in order for the county to set property tax rates and allocate local government funding. In accordance with the necessary notification, a copy of the City's 2019 Tax Budget was made available for public review in advance of the public hearing.

Although the tax budget process does not compare in detail or complexity to the fall proposed budget, it does provide a glance at the upcoming year. The standard format of the tax budget requires two years of completed financial operations, estimates for the current year, as well as predictions for 2019 for both the General Fund and the Debt Service Fund. Other City funds are presented; however, the tax budget process does not require detailed information for funds not receiving property tax revenue.

The information presented for 2018 is based upon the existing budget for this year including an estimate for income tax collections at -1.85% below 2017 collections. Income tax collections for 2019 will largely depend on the timing of P&G's departure. For tax budget purposes, 2019 income tax collections were reduced by \$2.2M with the assumption that the transition will begin in the spring of next year. Income tax amounts used in the preparation of the tax budget are as follows:

	<u>Withholding</u>		<u>Net Profit</u>		<u>Total Income Tax</u>	
2017 Actual	\$28,595,262	0.8%	\$7,471,688	-0.5%	\$36,066,950	0.56%
2018 Estimates	\$28,400,000	-0.7%	\$7,000,000	-6.3%	\$35,400,000	-1.85%
2019 Projection	\$26,700,000	-6.0%	\$6,500,000	-7.1%	\$33,200,000	-6.21%

Although income tax collections represent approximately 85% of the City's General Fund operating revenues, it is important that we continue to monitor the other General Fund revenue sources as they continue to level off or decrease. State shared revenues alone (including local

government funds and estate tax) negatively impact our operating revenue by \$1M -\$1.3M annually as compared to amounts collected in 2007. The remaining \$275,000 that the City receives is also in jeopardy if further state reductions are made to local government funding.

Routine operating expenditures for 2019 are essentially in-line with 2018 budget levels with the exception of an estimated 1-2% increase in salaries and benefits. A total of \$2,460,000 is included for capital and construction related items, of which, \$1,100,000 is allocated towards our annual paving and sidewalk programs and \$1,360,000 for basic replacement equipment purchased on an annual basis throughout City departments. In addition to capital expenditures, the City will continue to invest in economic development opportunities consistent with past levels.

For purposes of preparing the tax budget, no major capital improvements or borrowing arrangements are included for 2019. As the City continues to plan and evaluate its capital needs, the annual fall budget process will likely include recommended funding for specific major capital improvements such as the Ham-Plainfield Road Roundabout Project and Summit Park area road improvements associated with the Neyer development.

Please direct any questions regarding this resolution to the Treasurer or City Manager.

9.a.2. Ordinance No. 2018-7 Amending and Enacting certain sections of Part 9 Streets and Public Services Code of the Codified Ordinances

In May, Governor Kasich signed HB 478 in to law. This legislation regulates the deployment of small cell wireless infrastructure throughout municipal rights of way. While the bill largely favors wireless providers, it does allow municipalities the authority to regulate some aspects of these installations such as placement and design. The legislation is written as an emergency because HB 478 becomes effective on August 1, 2018 and it would be in the City's best interests to revise the right-of-way codified ordinances in advance of that date. Once approved, the Public Works Department, in coordination with Administration, will create a permit process and location and design guidelines for micro wireless and small cell facilities.

Please direct any questions regarding this resolution to the Assistant City Manager.

9.a.3. Motion authorizing the sale of property at 11511 Reed Hartman Highway with no further requirement to solicit additional bids

In order to assist with the redevelopment of the Proctor and Gamble West Campus through a "41 TIF", the City must take title to the property for a brief period of time in advance of the passage of TIF legislation. This ordinance allows for the City Manager to execute the necessary documents related to the property transfer both from and back to the current owner. Any costs associated with the transfers will be recouped through the project.

Please direct questions regarding this motion to the Assistant City Manager.

9.a.3. Ordinance No. 2018-8 authorization to acquire and re convey property located at 11511 Reed Hartman Highway

See Item 9.a.3. above.

Please direct any questions regarding this Ordinance to the Assistant City Manager.