

# 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 12<sup>th</sup> Council Meeting  
**DATE:** July 10, 2012  
**COPIES:** Department Directors, Press, Clerk of Council, Solicitor

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

### **10.a.1. Resolution No. 2012-9 – adopting the 2013 Tax Budget**

The necessity of preparing an annual tax budget goes back many years, and is based upon requirements within the Ohio Revised Code. The City of Blue Ash, as well as other governmental entities throughout Ohio, is required on an annual basis to prepare a tax budget, to present the budget in a public hearing, and to secure City Council's acceptance of the tax budget via legislation. Under the law, the accepted tax budget must be received by the county auditor's office no later than July 20<sup>th</sup> of a given year, or the entity's portion of local government funding may be placed at risk.

Although the tax budget process does not compare in detail or complexity to the fall proposed budget effort that the City does every fall, it does provide a "first glance" at the upcoming year helps structure various funds, and identifies the major projects that are anticipated in the upcoming year. Using information from all departments and from historical data, Amy Moore, Finance Director/Tax Commissioner, has been working with Sherry Poppe, Treasurer, on the 2013 Tax Budget, and a copy has been included within the packet for review. In accordance with the notification in the *Northeast Suburban Life-Press*, a copy of the Tax Budget has also been available for review by the public in advance of the public hearing and action by City Council as to the resolution. The format of the Tax Budget is standard, and reflects two years of actual or completed financial operations, an estimate of the current year as to both revenues and expenditures, as well as the prediction for 2013. That structure is carried throughout the attached Tax Budget copy which also includes information about the City's debt retirement, major funds, and anticipated major capital projects during the upcoming year.

The information utilized for 2012 is based upon the existing budget for this year with the only exception being an increase in earnings tax above that which was initially projected when the budget was finalized in January of 2012. The value utilized shows a 5% income tax collection increase over 2011 levels from both sources – net profit and withholding. Other than that adjustment, possible due to the positive earning tax collection achievement to-date, all other items match the current budget.

Looking forward into 2013, an estimated increase of 2% in earning tax collections was utilized, and operating expenditures were held essentially in-line with 2012 levels (with the exception of salary and benefit area which was calculated utilizing a 2% increase factor).

One of the more beneficial aspects of the Tax Budget process is identifying the most significant capital projects that are anticipated for the upcoming year. Most of those are shown on Exhibit IV, page 9 – \$500,000 is shown for the annual road paving program, with \$200,000 shown in the Public Works Department for additional sidewalk and bike path installations. Those sidewalk numbers do not include a significant construction project estimated to cost \$905,000 for the design and installation of the Plainfield Road bike path which will be built on the east side of Plainfield Road between Cooper Road and Glendale-Milford Road. A significant

component (\$525,000) of the Plainfield Road bike path project is being funded through a CMAQ Grant in the amount of \$525,000 which limits the City's investment to approximately \$380,000.

The most significant capital/construction item shown in the 2013 Tax Budget is a complete rehabilitation of Carver Road. The full estimated cost of \$2,200,000 is shown on page 9 but that does not reflect the approval of an SCIP Loan to the City in the amount of \$1,540,000, again, limiting the City's actual out-of-pocket cost to the \$660,000 range. The loan is on a no interest basis.

Another significant sidewalk project is reflected in the City's Fund No. 449 involving the Cooper Road sidewalk project for installation of a sidewalk on the south side of Cooper Road between Plainfield Road and Waxwing. Again, a CMAQ grant has been secured by the Public Works Director in the amount of \$500,000, which reduces the City's out-of-pocket cost for this project as well. Clearly, the Public Works Department is going to be very busy in 2013!

A total of \$750,000 is shown on page 9 for capital equipment purchased on an annual basis, such as replacement of Police vehicles, Fire Department equipment, technology expenses, and replacement equipment for the Recreation Department.

What is not shown on page 9 is the improvements that are anticipated within Fund No. 445 relating to the design and actual infrastructure and construction efforts at our 130-acre Airport Park. At the present time, only \$1 million is shown from Issue 15 funds for the Airport Park development, which essentially covers the land payment. As we approach the fall budget process, a more representative number will be assigned and utilized in the budget at that time.

The Tax Budget does not reflect any issuance of general obligation bonds, even as it relates to the construction of the initial phases of the Airport Park. The City possesses a substantial balance within the Issue 15 reserve (in excess of \$10 million) and enhancements to the Airport Park construction effort in 2013 can be internally funded. Should market conditions dictate that the issuance of debt and the preservation of reserve cash balances would be the best alternative, that decision can be made as a part of the proposed or final budget process.

In addition to construction related capital projects, the City will continue its investment in economic development opportunities consistent with past levels. Operationally, 2013 will reflect the continued erosion of the Local Government Funding traditionally provided to the City of Blue Ash and other entities through the State of Ohio. The Tax Budget does reflect a reduction of the Local Government Fund of an estimated \$192,000, as well as the first impact of \$125,000 in lost revenue related to the phase out of the estate tax which becomes effective in 2013.

Certainly, the upcoming year will be a significant one as to construction related activity, both with the Airport Park and within the Public Works area. The efforts of the Public Works Director to secure CMAQ Grants and no interest loan funding through the SCIP Program will greatly benefit the City in reducing the net costs of these projects.

Please direct any questions regarding this resolution to the Treasurer.

#### **10.a.1. Ordinance No. 2012-39 – transferring funds**

A transfer Ordinance was presented at the last Council Meeting that requires a modification. In the transfer that was passed under Ordinance No. 2012-33 on June 14, 2012, it was shown that remaining funds in the CMAQ Downtown Fund No. 442 (in the amount of \$500,484.81) needed to be transferred back to the General Fund. Upon preparing to post that transfer to our budgetary software, it was determined that the balance was partially composed of prior year fund balance which had to be addressed separately.

Therefore, the attachment to this Ordinance No. 2012-39 shows a reversal of the transfer out shown on the June transfer, and the proper notation of additional expenditures of fund balance of \$372,377.63 as well as the usage of prior year excess of \$128,107.18.

The only other item involves a \$3,000 revenue and expenditure appropriation relating to a contribution for the Golf Course Maintenance area. Mr. Merle Smith donated \$3,000 for the betterment of the Golf Course and Dan Walter has been working to properly apply those funds to the betterment of the course.

Please direct any questions regarding this ordinance to the Treasurer.

**10.a.3. Resolution No. 2012-10 – supporting grant partnership with Sycamore Community School and City of Montgomery**

Blue Ash, Montgomery, and Sycamore Community School officials have been meeting for several years to discuss current happenings, common issues, and opportunities for collaboration. While some initiatives have come to fruition such as the new resident welcome event, progress on investigation of prospects for joint efforts has been sluggish. However, the group has identified a new funding source that could greatly assist in this endeavor.

A new state grant, the Local Government Innovation Fund, is now being offered to assist local governments with collaboration and service sharing. Grants are being offered for feasibility studies while loans are being offered for implementation of shared service initiatives. A feasibility study includes a review of all programs and services offered by each entity and identification of those items for which implementation in a collaborative setting could prove beneficial.

Blue Ash, Montgomery, and Sycamore Community Schools have discussed application for a grant to fund a feasibility study which, if awarded, would be conducted by Management Partners. If the entities were not successful in securing a grant, they would pay Management Partners for the cost of the application (\$2,000 total or \$667 each).

Resolution 2012-10 is a necessary component of this grant application as it demonstrates commitment to the partners and the project. If approved, the resolution will be submitted with a grant application next month.

For questions regarding this resolution, please contact Assistant City Manager Kelly Harrington.

**10.b.1. Ordinance No. 2012-36 – awarding bid for 2012 Paving Program**

Bids were recently solicited for the 2012 Paving Program with advertising for this bid included in the May 13<sup>th</sup> **NORTHEAST SUBURBAN LIFE-Press**. Bids for the 2012 Paving Program were opened on June 27<sup>th</sup>. We received four bids, and the Administration is recommending Council authorize a bid award to the base bid low bidder, Prus Construction. The bids were very close to the engineer's estimate.

BIDDER	BASE BID	ALTERNATE 1	ALTERNATE 2	ALTERNATE 3
Prus Construction	\$582,745.53	\$33,156.60	\$90,742.50	\$6,405.00
Mt. Pleasant	\$604,993.25	\$35,370.00	\$59,520.00	\$6,496.50
John R. Jurgensen	\$609,709.40	\$34,753.00	\$112,955.00	\$10,065.00
Barrett Paving	\$642,126.08	\$37,905.20	\$106,360.00	\$9,150.00

A summary of this year's paving program is shown below:

- Asphalt milling, base repair, repaving and curb repair: Edenton Lane, Raven Lane, Twinbrook Court, Crosier Lane, Zig Zag Road, Fallsington Court and Interstate Circle. Curb work: Kenwood Road, Towne Square Avenue, YMCA Drive, Jardin Place and Ashview Place.

- Alternate No. 1 – Asphalt milling, base repair, repaving and curb repair: Boardwalk Court.
- Alternate No. 2 – Downspout discharge collector pipe installation: Fallsington Court.
- Alternate No. 3 – Miscellaneous curb replacement: Indeco Drive and Indeco Court.

Please direct any questions regarding this ordinance to the Public Works Director, Gordon Perry.

**10.c.1. Ordinance No. 2012-37 – authorizing a Tax Increment Financing (TIF) arrangement for the Shell GoCo Municipal Public Improvements**

In 2010, City Council approved tax increment financing (TIF) related to the new Target store. At that time, the City identified numerous future infrastructure improvements (mostly related to traffic) that would be supported by the TIF revenues. In February of this year, Council approved Ordinance 2012-15, the construction of a retail store including two restaurants at the 9188 Plainfield Road, Shell Station. While not a large project when compared to the Target development, the GoCo Shell construction could also contribute to the previously identified infrastructure improvements needed in the vicinity in the form of a TIF. While making the school districts (Sycamore Community Schools and Great Oaks Vocational Schools) 100% whole, annual TIF revenue from this project is estimated to be \$6,000 per year over 30 years.

Please direct any questions regarding this ordinance to the Assistant City Manager, Kelly Harrington.

**10.c.2. Ordinance No. 2012-38 – authorizing a Tax Increment Financing (TIF) arrangement for Forest Pharmaceutical Municipal Public Improvement**

This Ordinance relates to another TIF in the Osborne Boulevard vicinity. Previously, the City, in partnership with the school district, TIFed the intelligence parcel which supported the construction of Ilmenau Way and the burial of nearby utility lines. Subsequently, the City TIFed the “non intelligence” Duke Realty-owned parcels in the vicinity to assist with future infrastructure improvements. One of these parcels is now owned by Forest Pharmaceuticals after their recent acquisition of three properties south of Osborne Boulevard abutting Kenwood Road (Duke Realty and CSP properties). To round out this area, staff recommends TIFing the final two parcels now owned by Forest Pharmaceuticals. Like the Shell TIF, this TIF ensures that the schools are made 100% whole.

Please direct any questions regarding this ordinance to the Assistant City Manager, Kelly Harrington.