



6/20/2019 | 8:15 AM

The meeting of the Citizen Financial Review Task Force was called to order at 8:20 a.m. in the Lower Level Meeting Room, located at 3600 Tremont Road by Chairperson Ann Gabriel.

MEMBERS PRESENT: Chairperson Ann Gabriel, Colin Gawel, Ukeme Awakessien* Jeter, Tim Keen, Matthew Rule, Kaz Unalan

MEMBERS ABSENT: Jamie Crane, Greg Guy, Matthew Kirby

STAFF PRESENT: City Clerk Ashley Ellrod

1. Approval of Minutes of June 13, 2019 Meeting

Mr. Rule moved, seconded by Mr. Gawel, to approve the minutes of the June 13, 2019 Citizen Financial Review Task Force Meeting.

Motion carried.

2. Discuss Report to City Council

Introduction and Process

Chair Gabriel said she attended the June 17th Council Conference Session and the report was well received. Council asked for her to extend their gratitude to the Committee for taking on this task.

Chair Gabriel advised she wanted to review the outline of the Findings and Recommendations that was sent to the Committee (attached hereto and incorporated herein by reference as Exhibit A).

- 1. Review the report of the 2014 Task Force**
- 2. Determine the extent to which recommendations have been implemented; evaluate whether desired outcomes were achieved for each implemented recommendation, or if not, determine if each recommendation is still valid at this time**

*Ms. Jeter arrived at 8:22 a.m. and was present for all subsequent business.



Chair Gabriel advised she placed the Bond Issue under Recommendation 14. She noted the Committee suggested that use of proceeds from the levy should be tied to a very specific purpose.

Mr. Rule advised the last statement under Recommendation 14 appears more directional, "Given the support Citizens have recently provided to the schools and City, this may be an appropriate time to let the levies expire." He conveyed he is not sure he agrees with the statement and feels it should be reworded.

Mr. Keen pointed out they are using the term replacement and bond levies cannot be replaced. They could vote a new bond levy at the same millage to keep the tax bill the same, but replacement is a term of art. He advised bond levies are for a given term and then they expire.

Mr. Gawel suggested removing "Replacement levies are easier to pass than new levies so it may be difficult to restore those funds in the future if the levies are not replaced now." under Recommendation 14. He does not feel it is necessary to explain the process.

Chair Gabriel said the language under Recommendation 14, could be "Given the support Citizens have recently provided to the schools and City, use of the proceeds from the levy should be tied to a very specific purpose." The Committee agreed.

Mr. Rule asked if under Recommendation 15, if it is the intent of the Committee to recommend a Citizen Financial Review Task Force every five years. The Committee agreed that is the intent.

3. Undertake a high-level review of the City's current financial status and overall outlook

Mr. Gawel asked if they should acknowledge in the first sentence a significant part of the strong fund balances is a result of the tax increase.

Mr. Keen said fund balances are very strong and the city is in strong financial shape. Revenues have grown, and there are three factors. The income tax increase, the general condition of the economy, and economic activity from city projects. Mr. Gawel agreed.

Ms. Jeter stated the jumpstart was the tax increase and the revenues have been sustained because of the activity.

Mr. Rule suggested in the fourth paragraph leading into the stress test an acknowledgment of how much the city's revenue base is driven from the income tax.

Mr. Keen said in the sentence "Once a reserve level has been determined, the City should address how the excess, if any, would be used over time to reach the appropriate level" he would discourage use of excess and would propose the city should determine the disposition of amounts above the target. Mr. Keen said reserve balances are for one time uses and should not be used for ongoing expenses. Mr. Rule said he thinks that goes back to if there is a new millage, it needs to be tied to a specific use.



Mr. Rule thought the last paragraph was put together well. He suggested rewording the last sentence to read, "However, since this fee can be imposed at any time, any specific use has not been identified."

Mr. Keen suggested more specificity on "The Task Force is somewhat concerned about the comments from the rating agencies concerning the level of debt the City has taken on. The City could consider financing capital improvements with more cash than debt." He suggested, "consider using cash to reduce the size of future issuances or to extend the time between issuances."

Mr. Unalan remarked there was discussion the debt was intentional based on lower interest rates. Mr. Keen said maybe they need a sentence that says they are concerned about the debt and Council needs to assess what debt level they believe is appropriate and ongoing. Chair Gabriel agreed and added they acknowledge the consideration of the interest rate.

4. Explore further privatization and/or collaboration opportunities

Chair Gabriel said when reviewing this, IT, HR and Fleet seem like good places for third party input, including a performance audit. She has heard people say how expensive a performance audit is, and noted agreed upon procedures are not cheap either.

Mr. Rule said he thinks it is important to have an outside consultant. Mr. Unalan said a normal financial audit is not going to suggest ways to make a business better, this is a way to improve and become more efficient.

Mr. Keen would encourage the use of the words "independent" and "objective."

Mr. Gawel suggested focusing on the bigger areas of the privatization and collaboration opportunities.

Mr. Keen suggested they add "and other areas City Council feels appropriate." He advised the report should convey that Council needs to continue to look at this on an ongoing basis.

5. Undertake a high level assessment of existing service levels to verify alignment with community needs and/or expectations

Mr. Keen suggested in "The results of the 2017 Community Survey indicate that, for the most part, citizens are happy with service levels. We also note that the City has been responsive to the survey and has worked to correct areas where there were problems." replacing the word "correct" with "address" and listing out a few examples.

The Committee discussed the recommendation to "Replicate Kingsdale West/River Ridge survey to other neighborhoods on a rotating basis with at least one survey each year" and questioned if one year felt too aggressive. The Committee decided it should be on a "consistent rotating basis" and agreed surveys should be extended to residents and business owners.



Mr. Gawel stated he would strongly recommend a business survey. Mr. Unalan related the results of those surveys could drive the next steps.

Mr. Gawel said getting the field and court scheduling is very important. He said the schools have indoor space, and the community needs indoor rec space, but they do not know how it is being used. He questioned how the schools and parks can work together to use resources wisely.

Ms. Jeter suggested adding to the indoor recreation section "in the interim, the Parks and Recreation Department should work with the Schools to provide recreation spaces".

Mr. Rule said according to the UA Snapshot, 17% of UA is over the age of 65, he suggested acknowledging the unfortunate state of the Senior Center.

Mr. Ruled suggested the third to last paragraph include "the feasibility study should address the competitive landscape of community offerings in comparable Central Ohio communities".

6. Assess the status of capital investments made to date and the outlook/plans for the next 10-year Capital Improvement Program

Mr. Unalan suggested replicating the Capital Improvement Program to study Capital Equipment.

Mr. Keen said they may want to be more specific under "The City may want to review the procurement strategy to make sure it is appropriate and the most cost effective." Mr. Rule agreed, and suggested adding "given the substantial increase in procurement since implementation of the CIP, the process may need to be reevaluated".

Ms. Jeter suggested they provide more explanation to the last sentence "One area of concern is the sewer and storm water systems, especially south of Lane Avenue."

7. Examine and recommend specific program areas where a fuller review may be necessary

Mr. Keen suggested moving "Make formal part of budget process and communicate" under the fees recommendation. He further suggested they specify that Council should decide what should be subsidized.

Mr. Gawel related he is not sure there has been a great effort to take inventory on which programs are working and which are not a good value for the community.

Under Economic Development, Mr. Rule advised a significant part of the discussion was the need for a broad, holistic vision or plan. He recommended, in key areas, to be more proactive, and drive more change.

Mr. Gawel suggested the Tree of Life property be branded and given a name. He advised people do not know what to refer to it as. Mr. Unalan advised there needs to be more awareness brought to it. Mr. Keen remarked a recommendation could be, "as current



legal proceedings begin to wind down, the city needs to consider the next steps in this area." Mr. Unalan added it should highlight the importance of this to the future of the city. Chair Gabriel noted Tree of Life still owns the property. Mr. Unalan said it is more of an approach or mindset.

3. Public Comment

In response to Chair Gabriel's invitation to speak: there were no comments.


The final meeting will be June 27th at 8:15 a.m. in the Lower Level Meeting Room.

* * *

There being no further business before the Citizen Financial Review Task Force, the meeting was adjourned at 10:03 a.m.



Chairperson

ATTEST: 

City Clerk



Response to Charges:

1. Review the report of the 2014 Task Force
2. Determine the extent to which recommendations have been implemented; evaluate whether desired outcomes were achieved for each implemented recommendation, or if not, determine if each recommendation is still valid at this time

Recommendations 1, 2, 5, 6, 9, 11, 12, and 13 have been implemented and the desired outcomes were achieved.

Recommendation 3 relates to exploring options for meeting service delivery needs in a more cost effective manner.

Recommendation has been implemented and the desired outcome has been met
Recommend these efforts continue and be part of standard operating procedures

Recommendation 4 lists specific options for consideration.

Options A and B have been implemented and desired outcomes are being met.

Option C recommends raising the employee share of the cost of health insurance and other benefits to levels more closely aligned with private sector employers.

This recommendation has not been implemented.

Steps have been taken to control and/or reduce the cost of health care.

Employee contributions are comparable to those of other public entities.

Overall Option D recommended consideration of contracting of legal services. It is our understanding that this is currently in process.

Recommendations 7 (general operating) and 8 (business operating) relate to fees charged for programs and services.

These recommendations have not been implemented but do remain valid at this time.

The Task Force will address fees in the "Areas where a fuller review may be necessary" section of this report.

Recommendation 10 relates to exploring new avenues of revenue to support City Operations.

Recommendation has been implemented and the desired outcome has been met

Recommend these efforts continue and be part of standard operating procedures

Recommendation 14 recommended the City consider putting before the voters a property tax for capital needs to replace those levies.

This recommendation has not been implemented and Council has asked for the Task Force's input on this issue.

Replacement levies are easier to pass than new levies so it may be difficult to restore those funds in the future if the levies are not replaced now.

Use of the proceeds from the levy should be tied to a very specific purpose.

Given the support Citizens have recently provided to the schools and City, this may be an appropriate time to let the levies expire.

Recommendation 15 calls for a fresh review of the City's financial position in three years to determine the effectiveness of actions taken and initiate new actions as necessary.

This Task Force is the implantation of that recommendation.

A Citizen Financial Review Task Force should be convened every five

3. Undertake a high-level review of the City's current financial status and overall outlook

Fund balances are very strong and the city is in strong financial shape.

The City's has continued to monitor expenses despite the significant rise in revenue.

In particular, staffing levels are being increased only after due consideration.

There are sufficient revenues to support the operations of the city and a robust capital plan to address the extensive capital needs.

The Task Force is impressed with the city's tracking and understanding of the City's revenues and expenses and the budgetary process. In particular, we are is impressed by the understanding and grasp of where UA is benchmarked with other communities.

We recommend that the City conduct a stress test to determine the impact of potential significant decreases in revenues and the impact on needed spending and resulting fund balances.

In conjunction with the stress test, we also recommend that the City undergo a formal evaluation of the appropriate level of fund reserves.

We also suggest that the City consider a range target for the fund balance around a point instead of a fix reserve.

Once a reserve level has been determined, the City should address how the excess, if any, would be used over time to reach the appropriate level.

The Task Force is somewhat concerned about the comments from the rating agencies concerning the level of debt the City has taken on. The City could consider financing capital improvements with more cash than debt. The increase in the gasoline tax can also provide additional funding to support cash payment for capital improvements.

The City has an option to add an additional \$5.00 to the cost of a license plate. It is anticipated that the fee could generate between \$300,000 and \$400,000 which could also be used to provide additional cash for capital improvements. However, since this fee can be imposed at any time, the Task Force does not recommend pursuing this option at the present time.

4. Explore further privatization and/or collaboration opportunities

Reference to or include summary of what done to date, what tried and dismissed.

In general, back office functions are prime candidates for privatization.

Areas: IT, HR admin, Fleet maintenance, Legal services, Grant writing and management, Uniforms

5. Undertake a high level assessment of existing service levels to verify alignment with community needs and/or expectations

The basis of our assessment of existing service levels is based on the 2017 Community Survey and our meetings with Department Heads and Chiefs.

The results of the 2017 Community Survey indicate that, for the most part, citizens are happy with service levels. We also note that the City has been responsive to the survey and has worked to correct areas where there were problems.

Replicate Kingsdale West/River Ridge survey to other neighborhoods on a rotating basis with at least one survey each year.

Areas of service level not being met as identified in the 2017 Community Survey relate primarily to Parks & Recreation.

An online, real time, field and court scheduling system that is accessible to the public is strongly recommended.

While we understand that the City, School District and Library System are separate government entities, we suggest that further cooperation in sharing assets would be beneficial to the citizens of Upper Arlington.

An intergenerational indoor recreation facility was identified as a major need in the 2017 Community Survey.

We understand that the City will be conducting a feasibility study to assess a Community Center, which would address the aforementioned need as well as the need to update/replace the Senior Center.

The feasibility study for a Community Center will need to be very specific as to financial impacts.

The Task Force recommends that the feasibility study addresses the full costs, both operating and capital, over the whole life cycle of the project. Revenues need to be identified to cover all the projected costs.

Consideration must also be given to how the presence of a Community Center affects other needs of the city, including but not limited to, police, fire, and infrastructure.

The Task Force recommends that the 0.5% income tax that was voted on for infrastructure should not be used for the indoor facility.

Recommend a competitive to address the respective facility size, facility staffing and funding structure utilized by other local communities.

We also recommend the feasibility study explore public/private partnerships and privatization of services such as professional management by an outside firm.

The Task Force will have additional input regarding City service levels, in particular Parks & Recreation, in the "Areas where a fuller review may be necessary" section of this report.

6. Assess the status of capital investments made to date and the outlook/plans for the next 10-year Capital Improvement Program

The Task Force believes that, overall, the City is making the right choices, and there is a good process in place to make these decisions.

We are impressed with the process in place, how diligent the plan is, that it is being updated annually, and appreciate the transparency of the process.

The City may want to review the procurement strategy to make sure it is appropriate and the most cost effective.

We recognize the City is aggressively seeking outside grant funding and we encourage this process to continue.

One area of concern is the sewer and storm water systems, especially south of Lane Avenue.

7. Examine and recommend specific program areas where a fuller review may be necessary

Fees

City staff needs to identify all the direct, indirect (as is practical), operating and capital costs for each programs, assess what level of fees would be necessary to cover costs, and then make a judgement as to what the City wants to subsidize.

Consider a study/review to determine if the way UA subsidizes Parks & Recreation is comparable to like cities.

Make formal part of budget process and communicate.

Leveraging City Assets, especially Park & Recreation

Front of the Municipal Services Center should be an inviting community space with tables, chairs, and an area to come together.

Exploring renovating shelter houses to help meet a need in the community and generate additional revenues. Are there opportunities to replicate the success of the Barn, as it is in high demand?

Conduct a market rate analysis on park facilities, and what could be charged if the city updates facilities.

Better ability to schedule facilities and to know what is available at any time.

Are all the programs sponsored by Parks & Recreation as listed in the activity guide being utilized and covering costs? Are there better uses of the space and/or staffing?

Complete Capital Equipment Review

Needed Equipment levels, useful lives, replacement schedule

Economic Development

Many exciting things going on in the City.

We acknowledged there may have been thought given to areas we recommend for further consideration but they have not yet been formalized or communicated. We understand there are economic activities that are “behind the scenes” for competitive purposes.

Key areas: Lane Ave, Kingsdale, AOL/TOL/Arlington Blvd, Henderson

Be more proactive and less reactive.

In particular, needs a game plan for TOL. It is a very important property and over 30% of our commercial space

Current development activities appear to be very project specific.

Need a broad, holistic vision or plan.

Need to have something higher level that is geographic centric for activating the corridors.

It is conceivable the establishment of this economic vision will require an initial investment of time and capital.

We believe that it would be beneficial for the City to update the Master Plan given the significant development that has taken place in the last six years.

Consider a roundtable collaboration with business leaders to help set and accomplish these goals.

The development community looks to the local jurisdictions to signal that they want to encourage development in that corridor. There is an opportunity to clearly message the city would be willing to work with the development community.

Court current UA business more. Just as important to keep current businesses as to bring in new businesses.

Use current business owners as advocates for UA

Stronger relationships with existing businesses

Consider a business survey similar to the community surveys to determine what more can the city do and is it in alignment with what the business community would like to see.

We are not aware of how active the Community Improvement Corporation (CIC) is at the present time. The Task Force likes the idea of building up the Community Improvement Corporation to the effect it is not as active as it could be.

TIFs and other Incentives

TIFs can be an economic development tool, which are sometimes necessary for development, and we do not want to give the indication we are critical of them. Council needs to be mindful of how often they are using them, the level of upfront funding the city is providing and the return.

Are incentives being left off the table, i.e. Community Reinvestment Areas.

Important that staff have the appropriate tools to counter balance offers from competing cities to retain our current businesses and attract others.

Municipal Income Tax

Mr. Keen suggested Upper Arlington work together with similar cities to advocate for a change in state law for how the municipal income tax works. He stated Upper Arlington is at a big disadvantage by this law.

8. Report findings and make recommendations for City Council to consider