

# Memo

**To:** Council/Mayor  
**From:** Steve Dupee, Village Manager  
Vanya Hales, Finance Director  
**CC:** files/clerk  
**Date:** 11/9/2020  
**Re:** 2021 Proposed Village Budget

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The purpose of this memorandum is to present an overview of the proposed 2021 Village budget. Below is a description of the major Village funds along with a summary of highlights, points of interest and/or significant changes for 2021. For planning purposes, the budget includes a 3% wage increase for non-tier employees. Health care premiums include an estimated 10% increase. Actual premium increase is expected to be release by the County at the end of November.

For reference, staff has included the following budget documents:

- 2021 Proposed Village Budget
- 2021 Capital Budget Narrative
- Expense history with 2018 actual expenses, 2019 actual expenses, 2020 budget , 2020 expenses through September and the proposed 2021 budget;
- Revenue history with same information as above; and,
- Year-To-Date Fund Balance Report through October of 2020.

## General Fund – 101

Municipal income taxes, utility enterprise fund charges for service, kilowatt-hour taxes, general property taxes and local government funds support the majority of general fund operational expenses and capital improvements. The proposed general fund budget includes estimated expenses of \$3.7 million and estimated revenues of \$3.8 million. Staff estimates municipal income tax receipts for 2021 at \$2.3 million reflecting an estimated \$200,000 decrease in revenues based upon economic impacts of the pandemic in 2020. Staff proposes to maintain \$2.1 million of municipal income tax proceeds in the general fund and transfer the remaining \$200,000 to the Capital Improvement Fund.

In spite of the challenging year in 2020, the Village's year-end general fund cash balance is estimated to be \$1.8 million due to the distribution of CARES Act funds and BWC refunds. The general fund cash balance is expected to be \$1.9 million at the end of 2021. For Council's edification, below are ending cash balances in the general fund for the past 3 years.

- 2017 - \$696,987
- 2018 - \$1,133,477
- 2019 - \$1,545,584

#### Street CM&R Fund – 201

State of Ohio gas taxes and license fees support the Street CM&R fund. The fund is primarily used for capital infrastructure investment in street improvements/upgrades. The fund also supports overtime personnel expenses associated with snowing plowing and operations/maintenance expenses related to routine street maintenance. Debt service for street improvement projects is also partially funded from the Street CM&R fund. For 2021, staff proposes three street improvement projects further described in the capital budget narrative.

#### State Highway Fund – 202

State of Ohio gas taxes and license fees support the State Highway Fund. Funds may be used to improve and maintain state highways within the Village's corporation limits. The Village primarily uses this fund for salt procurement. For 2021, staff is proposing no capital improvements in order to accumulate additional funds for a future dump truck purchase for Public Works Department.

#### Town Hall Recreation Fund – 204

Town Hall rental fees support the Town Hall Recreation Fund. The fund is used for operations and maintenance expenses in the gym, restroom and kitchen areas on the first floor.

#### Police Pension Fund – 205

Property tax collections at a rate of .30 mills support the Police Pension Fund. The fund is used to offset a small portion of police pension expenses to the Village's general fund.

#### CPT Police Training Fund – 207

Reimbursements for state-mandated training support the CPT Police Training Fund.

#### Permissive Tax Fund - 208

Vehicle registration fees support the Permissive Tax Fund. Permissive tax collections may be used for maintaining and repairing public roads, highways, streets, bridges and viaducts. For 2021, staff proposes to resurface a portion of Dickson Street east of Grand Avenue and all of South Street. Remaining funds will be used for crack sealing and other miscellaneous street repairs/maintenance.

#### Law Enforcement Trust Fund -209

Court fines and sale of contraband property support the Law Enforcement Trust Fund. The purpose of the laws enforcement trust fund is provide funds for protracted or complex investigations, technical training, drug program expenses and other law enforcement actions deemed appropriate by Council. For 2021, the majority of budgeted expenses will be used to replace modems in the Mobile Data Terminals in all police cruisers. This expense will be fully offset by a grant from the Prosecutor's Office in the amount of \$10,827. Remaining funds will be used to offset the 1<sup>st</sup> year lease cost of the Chief cruiser.

#### Cemetery Fund – 211

Property tax collections at a rate of .30 mills support the cemetery fund. On an annual basis, the Village deposits the property tax collections into the custody of the Union Cemetery Board.

#### Caring Fund- 290

The Village utility bill round-up program supports the Caring Fund. A caring fund policy provides requirements for seeking financial assistance on utility costs.

### Safety Services Memorial Fund – 291

Donations support the safety services memorial fund. The purpose of the Safety Forces Memorial Fund is to fund public expenses for the maintenance, upkeep, and restoration of the Village's Safety Forces Memorial.

### Bicentennial Fund – 292

This fund was established in 2017 for the purpose of depositing revenues and paying expenses associated with the Village's 2018 bicentennial celebration activities. No funds are budgeted for 2021.

### Special Assessment Fund – 301

Special assessments for street improvements support the special assessment fund.

### Capital Improvement Fund -401

Section 181.09 of the Administrative Code gives Council discretion on the amount of municipal income tax to be appropriated to the Capital Improvement Fund on an annual basis for capital equipment and infrastructure needs of the Village including; but not limited to, Police, Parks, Public Works, etc. Due to economic impacts associated with the pandemic, staff recommends a reduction in the transfer to the capital improvement fund to \$200,000. Staff will monitor income tax proceeds and will provide regular updates and recommendations on any proposed changes to transfer amounts as necessary. A list and description of the capital requests are provided under the capital budget narrative.

### Water Enterprise Fund – 501

Charges for water service support the Water Enterprise Fund. Effective January of 2020, the volumetric water rate increased by 3.5% and was the final scheduled increase as part of the 2017 water rate study. In spite of the pandemic, water consumption remain consistent with 2019 sales figures. For 2021, revenue estimates assume water sales of 107,000 units (unit = 1,000 gallons) at an average revenue per unit of \$9.00. Staff would note that one large capital expenditure in the water department has been moved to the capital improvement fund in order to produce a small positive operating margin in 2021.

On the expense side, the major capital improvement project to replace the ground storage water tank on Erie Street as well as pump improvements at the raw water pumping station on Pitts Road have been reallocated in the 2021 budget. As discussed, the Village has been approved for a principal loan forgiveness through the OEPA Hazardous Algae Bloom loan program which will substantially reduce the Village's debt service obligation for the project by \$20,000 annually. In addition, a significant 20 year debt obligation will be paid off in December of 2020. An update to the 2017 water rate study will be perform by PDG in 2021 and staff will present recommendations for rate modifications to be implemented in 2022.

### Sewer Enterprise Fund – 502

Charges for sewer service support the Sewer Enterprise Fund. Revenue estimates are based on historical annual water sales multiplied by the average revenue per one thousand gallons sold. For 2021, revenue estimates assume sales of 102,500 units of water (unit = 1,000 gallons) for customers who take both water and sewer service at an average revenue per unit of \$10.17. The sewer fund is projected to have a positive operating margin while continuing to pay back its final payment for the general fund loan made in 2018. A sewer treatment study to identify, evaluate and recommend future capital improvements to increase plant treatment capacity and treatment processes has been completed. Study results and recommendations will be presented to the Utility Committee and Council in early 2021. An update to the 2017 sewer rate study by PDG will be performed in 2021 and will based on the results of the sewer treatment study with a set of rate recommendations to be implemented in 2022.

### Electric Enterprise Fund – 503

Charges for electric service support the Electric Enterprise Fund. In 2020, electric sales and associated revenues were impacted by the economic shutdowns related to the pandemic with sales 8% lower than 2019's actual sales. For 2021, staff has assumed that some impact will remain in 2021 with electric sales estimated at 73,000,000 kilowatt-hours at an average collection rate of 10.8 cents per kilowatt-hour. Staff would note that a rate study was completed by Courtney and Associates in 2019. With the pandemic, no rate modifications were proposed that would increase electric costs for customers. With the reduction in sales and revenue, staff will direct Courtney and Associates to prepare an update to the study results to determine if any modifications to recommendations should be considered. On the expense side, wholesale power expenses are expected to decrease by 8% over actual wholesale power expenses incurred in 2020 primarily for two reasons. First, the under-utilization of fixed power supply resources in 2020 is not expected to be repeated in 2021 and second, one of the village's more expensive long-term power supply contracts for 7 x 24 baseload power expires in December of 2020. Average wholesale power costs are estimated at 8.3 cents per kilowatt-hour and power purchases at 76,000,000 kilowatt-hours.

### Refuse Fund – 504

Charges for solid waste pick-up and disposal service by Republic Services support the Refuse Fund. In 2018, the village entered into a 5 year contract with Republic Services with no increase in the first year. The 2021 budget includes a projected rate increase of 2.8% for households and 0% for seniors.

### Cable TV Fund – 505

Pole attachment and franchise fees support the Cable TV fund. The Village has primarily used the operation and capital outlay expenses to support the Village's information technology needs. For 2021, TTX has performed an IT system review and offered recommendations on equipment replacement further described in capital budget narrative.

### Storm Water Fund – 506

A fixed charge of \$6.00 per unit (2,900 sq. ft) of impervious surface supports the storm water fund. Average units billed per month is 2,917 for a total estimated collection of \$210,000. On the expense side, 50% of wages and benefits for one public works employee is allocated to the storm water utility. Existing debt service represents approximately 52% of the total expenses.

### Consumer Deposit Fund - 508

The consumer deposit fund is for security deposit transactions for customer utility billing accounts.

### Fire Loss Escrow – 802

This budget reflects the payout of insurance proceeds held by the Village for remediation activities associated with a house fire.

Staff looks forward to presenting the Village budget on November 17<sup>th</sup> beginning at 5:00 p.m. For Council's edification, it is staff's intention to present the Capital Improvement Budget first followed by the capital and operating budgets for the Utility Enterprise Funds, the General Fund Budget and then all other remaining budgets.

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