**GROVE CITY COUNCIL**

**SPECIAL MEETING**

**TUESDAY, JANUARY 14, 2014**

**4:30 PM**

The Grove City Council met in special session on Tuesday, January 14, 2014 at 4:30 PM with Mayor Marty Follis presiding. Members present were Ed Trumbull, Don Nielsen, Marty Dyer and Ivan Devitt. Also present was City Manager, Bill Keefer; Attorney, Brandon Watkins; Assistant City Manager, Debbie Bottoroff; City Treasurer, Lisa Allred; Public Works Director, Jack Bower; Police Chief, Mark Morris; Building & Grounds Superintendent, Craig Criger and City Clerk, Bonnie Buzzard. Guest in attendance was GMSA Trustees Kenneth Fitch, Bill Dyer and Berwin Kock.

Follis opened the floor for review and discussion of the 2013/2014 Fiscal Year Budget and related issues. Keefer reported that the purpose of this work session to review and discuss the 2013/2014 budget and update the Council on various aspects of the City’s financial condition. The discussion will also include a review of the GMSA budget and financial information. Keefer added that for the past several months, the Staff has been closely monitoring the City/GMSA’s revenues and expenditures along with the cash flow. Through the first five months of the year, expenditures have exceeded revenues which in turn have slowly eroded what little cash that was carried over from the last year’s budget. Keefer added that because of the lack of cash reserve and minimal cash carryover from one budget year to the next, the City and GMSA have struggled to stay in the ‘in the black’ over the past year as in most months expenditures exceed revenues. Keefer mentioned that earlier this fall, the Department Heads were directed to reduce the discretionary portions of their budgets by 4% and requested that there be a 2-4 week delay when filling vacant positions. In addition, several capital projects were put on hold. At that time it was noted that in January we would review the status of the budget and reevaluate where it stands on cash flow. Unfortunately as of this date the revenue and cash flow has not improved to a point where it eliminates our financial concerns. The winter gas sales usually increase revenue for GMSA and should be bolstered this year from cold temperatures we have incurred to date. Hence, there is some optimism that cash flow and revenue will increase over the next few months. To further address this situation, Staff has been directed to further reduce the discretionary portions of their budgets from 4% to 8% plus a moratorium has been placed on filing vacant positions. But if the moratorium places a hardship on a department to carry out its basic duties, it will be evaluated on a case by case basis. Keefer reported that he has respectfully requested Allred to prepare for review several charts and spread sheets outlining debt, YTD revenue and expenditures numbers as well as projections for the balance of the year. Also attached is a list of capital expenditures that will be reduced or put off to a future budget. Allred addressed the Council for a detail presentation of the following spreadsheet reports:

* City of Grove General Fund
  + *Note an estimated 2% decrease for last ½ of the fiscal year budget in Sales Tax and an estimated 15% decrease in Use Tax*
* City Capital Fund
  + Committed Projects
    - CNG Station – Engineering & Construction $ 79,450.00
    - Debt Service Transfers $397,925.00
    - Wolf Creek Trail Engineering $ 90,703.00
    - Wolf Creek Phase II & III Engineering $270,350.00
    - T-Hangar Loan $350,000.00
    - Taxiway & Apron – Engineering $368,770.00
    - Airport Terminal – Engineering $125,915.00
    - Lease Purchase Street Equipment $ 35,000.00
    - Economic Development Contract $ 50,000.00
    - Airport Road Base $100,000.00

*(estimated amount)*

* + - Airport Terminal Bldg. Construction $604,086.10

*(budget balance - bids came in over $1 million)*

* + Projects Put Off Until Next FY
    - Wolf Creek Trail
    - Wolf Creek Phase III
    - Taxiway & Apron Construction
    - Airport Road Asphalt
    - Downtown Revitalization Phase II
    - Downtown Storm Drainage
    - Fueling Station @ Vehicle Maintenance
* GMSA General Fund
* GMSA Capital Fund

Allred also detailed of the following charts that indicated the total aspect of the past and present projects:

* City General Fund Cash Forward
  + *2007 reflects ice storm & city manager contract buyout*
  + *2010 reflects sales tax collected short fall of budget $178,317*
  + *2011 reflects short fall in sales tax, use tax & court fees*
* City General Fund Comparison
* City General Fund Actual Comparison
* GMSA General Fund Cash Forward
* GMSA Comparisons
* GMSA General Fund Actual Comparison
* GMSA Debt Original/Balances
* GMSA Annual Payments
* Outstanding Debt Balance as of 06-30-13
* GEDA Debt Original/Balances as of 06-30-13
* GEDA Annual Debt Service Payments
* 2011 TIF (Tax Increment Financing) Payment
  + *Allred noted that currently the Developer is maintaining the required interest payments on this project but starting the 2014-15 FY the Developer will be required to pay the interest plus the principal amount, and if the Developer defaults in making those payments then the City will be responsible. Right now the City is building an account reserve for future use*

Keefer and Allred entertained questions, comments and concerns from the Council and participating audience in regards to the current budget presentation. No action was taken.

At 5:54 PM Devitt made the motion to adjourn. Seconded by Nielsen. AYE: Trumbull, Nielsen, Dyer, Devitt and Follis. NAY: None. Motion carried.