

City of Fostoria Financial Recovery Plan

Highlights

Items Identified:

- 1) A 6 mil Property Tax Levy will be placed on the May ballot to provide additional funding for Safety Forces. If passed, the 6 mil levy cost the owner of a \$100,000 property approximately \$210 annually.
 - a. **6 mill = \$891,776 in generated revenue**
- 2) A 0.25 Income Tax Levy will also be placed on the May ballot. If passed, the income tax collection will also be used to fund safety forces.
 - a. **(Approx. \$870,000/year in revenue)**
- 3) Increase Income Tax revenue with projections based on assumption that income will grow at an annual rate of 2% from 2017-2021.
- 4) Utility rates for water & sewer usage will be reviewed annually and rates will be adjusted as needed to offset a projected \$1.3 million deficit in the Enterprise Fund by 2021. *(See below for additional information)*
- 5) Salaries are projected to increase 3% in 2017 and 2020 and 1.5% in 2018, 2019, and 2021.
- 6) Health care costs are projected to increase 10% from 2017 through 2021.
- 7) The dispatch unit will be eliminated in 2017. The City will contract with Hancock County for dispatch services.
 - a. **(Approximate saving of \$200,000 - \$225,000)**
- 8) The City joined RITA (Regional Income Tax Authority)
- 9) Hire an additional 3 firemen **(additional cost of \$160,000 - \$165,000 to General Fund/year)** and 2 police officers in an effort to reduce overtime expenses
- 10) Eliminate the operation of the City Pool
 - a. **(Approx. \$100,000/year savings)**
- 11) Debt Financing for various projects will increase
 - a. 2017 \$690,002.41
 - b. 2018 \$898,145.18,
 - c. 2019 \$1,158,239.69
 - d. 2020 \$1,394,619.45
 - e. 2021 \$1,611,700.26;

Additional Items to Note:

- 1) In an Ordinance passed separately from, and in addition to, Recovery Plan, The City will eliminate reciprocity by 50% in 2017 and 100% in 2018.
 - a. (Approx. \$250,000/year in revenue in 2017)
 - b. (Approx. \$500,000/year in revenue in 2018)
- 2) The current plan, assumes both the property and income tax levies pass to fund the safety forces. At the end of five years to City's general fund will have a balance of \$918,055. This does not include the additional monies collected from the elimination of reciprocity.
- 3) Unknown, at this time, is what additional income tax collections RITA will be able to bring in for the City. Also, there was no way for the State to quantify anything economic development related so nothing that we could accomplish has been figured in to this plan.
- 4) The outsourcing of Dispatch could be a direct violation of the City Charter as the Dispatch is part of the Police Department. The outsourcing may not be a legally viable option without an amendment to the current Charter.

Enterprise Fund (Water/Sewer)

- 1) Water
 - a. Operating at a deficit each year and this will eventually become a problem. According to the state, this will have to be addressed before the City can come out of fiscal emergency.
- 2) Sewer
 - a. Currently under an EPA Mandate
 - b. If no rates are changed, the account is looking at a \$1.3 million deficit within the next 5 years
 - i. The plan has an approximate 60% hike in rates over the next 5 years strictly in sewer rates.