

City of Marietta  
**2024 Strategic Financial Plan**



**Mayor Joshua D. Schlicher**  
**2024 Strategic Financial Plan**

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## **GENERAL OVERVIEW**

### **Executive Summary**

In 2023, the Marietta City Council requested that the State of Ohio complete a performance audit on all city operations. The audit was completed in February 2024 and was intended to assist city leaders with making informed decisions regarding future operations. A performance audit is intended to focus on efficiency and effectiveness of government programs and is not meant to be a comprehensive financial audit. While the recommendations of the performance audit have not been dismissed by the city's administration, we do recognize that aspects of how certain city departments operate were not considered or analyzed. Financial projections have been forecasted without analyzing all of the necessary information. These projections have caused alarm and city council has requested a sustainable financial plan from my administration showing that the city will be solvent without an immediate need for a reduction of employees. The following pages will detail my administration's mission and goals, and the historical and current financial status of the city, a targeted plan for a reduction in expenditures, and a future blueprint for financial sustainability all while maintaining a high quality of services to the citizens of Marietta.

### **Mission**

To create a thriving community where residents can receive equitable services, have a sense of belonging, and enjoy a small town atmosphere with big city opportunities.

### **Community Values**

- Resilience
- Respect for tradition
- Sense of community
- Tolerance and inclusivity

### **Goals**

- To attract new business opportunities and facilitate economic development.
- Streamline city operations and functions for optimum efficiency.
- Provide affordable quality city services.
- Create a safe and family friendly environment where residents can relax and spend time.
- Foster a community where residents can envision the full extent of their potential.
- Respect our historical roots and traditions while progressing forward and modernizing.
- Recruit and retain professional personnel that can deliver quality safety and services.
- Encourage a tolerant and diverse community that will come together during difficult times.
- Strategic planning with community collaboration for problem solving.

## **History of Governance**

The Marietta city government is comprised of several departments which include the Auditor's Office, Development Department, Engineering Department, Fire Department, Information Technology, Mayor's Office, Police Department, Property Maintenance, Public Works, Treasurer's Office, and Utility Billing. Many of these departments have cost allocations into the General Fund meaning that some of their funding comes from fees and taxes and is distributed into the General Fund.

The Auditor's Office is led by an elected Auditor who maintains the city's finances. The Auditor's office is funded through income taxes and cost allocations from other funding sources.

The Engineering Department is currently comprised of a Project Manager and Engineering Technician. There is a current unfilled vacancy for the Engineer, Assistant Engineer, and Office Manager. The Engineering Department is funded from the General Fund and cost allocations from the Water Fund, Street Fund, and Waste Water Funds.

The Fire Department is the only professionally paid fire department in the area. It is funded partially from the General Fund, a levy fund, and supplemental income tax. The Fire Department also operates emergency squads and brings in large amounts of revenue through third party soft billing. As a safety service, the Fire Department is not intended to operate as a revenue generator. The Fire Department was targeted by the State Performance Audit and city council has recommended terminating 2 Fire Fighters. The Fire Chief has indicated that this will cause the closure of 1 ambulance which will impact emergency medical services for residents and hamper mutual aid assistance with other fire departments. The closure of an ambulance will also negatively impact third party billing and revenue for the General Fund. The safety of residents is the number one priority and I do not intend to terminate any Fire Fighters against the recommendation of city council.

Information Technology (I.T.) has 3 employees that support and oversee all computer aided and technological needs for the city. I.T. also monitors and maintains the city's cyber security which keeps our infrastructure safe from malware and ransomware attacks that could shut down the city's operating systems and cost millions of dollars to restore. I.T. is funded partially from the General Fund and cost allocations from the Fire levy, Water, Waste Water, and Street funds. The cost of maintaining cyber security and technology has increased exponentially in the last several years, but is critical to maintaining a secure infrastructure. (\*Please see the cost inflation chart on page 6.)

The Mayor's Office is led by the Mayor who is an elected official. The Mayor's administration consists of a Safety Service Director, Human Resources Director, Development Director, and Budget Procurement Director who all utilize the same administrative assistant. The Mayor's budget is also cost allocated from other funding sources with a small amount coming from the General Fund.

The Police Department is funded solely from the General Fund. The department consists of sworn officers, clerical staff, and parking enforcement (which is funded from the Parking fund).

The Police Department does generate a small amount of revenue from tickets and criminal fines coordinated through the court systems. The Police Department is a safety service entity and is not intended to be a generator of revenue. The State Performance Audit targeted the Police Department indicating that the staffing levels should be analyzed. City Council has recommended terminating 6 Police Officers and 1 Records Clerk. Reducing 25% of the sworn police officers will create quality of life issues for residents and put the staffing levels at an unprecedented low. Several services will be cut or reduced if that many officers are terminated. I do not recommend abolishing any Police Officer positions.

The Property Maintenance Department includes zoning and code enforcement which has 2 part-time employees who share 1 full-time clerk. This department is responsible for ensuring building safety among other duties. It is funded through the General Fund and any supplemental grants that can be obtained.

Public Works is an amalgamation of the Street Department, Lands, Buildings and Parks Department, the Cemetery Department, Equipment Maintenance, and the Utility Department. The Street Department is funded through licensing fees, income taxes, and cost allocations. All of the other included departments are funded through the General Fund. The State Performance Audit targeted the Public Works Department and City Council has recommended terminating 2 Foremen and an Officer Manager. The institutional knowledge that will be lost from terminating these positions will be devastating.

The Treasurer's Office is led by an elected Treasurer and is funded through a portion of income tax which does not impact the General Fund. The Treasurer is also responsible for the Income Tax Office, manages daily deposits, and handles investments per Ohio Revised Code investment policy.

The Utility Billing & Meter Department (also known as the Water & Waste Water Administrative Office) is the administrative function of joint water and waste water departments and collects the revenue. The department is funded through water and waste water rates (partially known as the Enterprise Fund) and does not impact the General Fund. "An Enterprise Fund is a type of fund using governmental accounting to account for activities that provide goods or services to the public for a fee that is meant to make the entity self-sustaining." The Enterprise Fund also subsidizes the General Fund through cost allocations to both the water and waste water funds annually. Those allocations are based on services provided to the Enterprise Fund by employees of the General Fund and vary annually. The allocations for 2024 are \$450,821 for the Water Department and \$477,299 for the Waste Water Department. The State Performance Audit reported that the Utility Billing Department was overstaffed by 1.5 people (rounded to 2 employees) because Utility Billing and meter department employees were combined. The Department Head has challenged the Performance Audit and advised that the employee numbers and methodology of analysis of job performance is incorrect. It is my administration's plan to keep the same amount of Utility Billing and meter department employees regardless of what the State Performance Audit recommends due to the inaccuracies found and the fund being healthy.

The City of Marietta has numerous funds that city services are paid from. The main sources of funding include income taxes, levies, and fees. The main fund for the city is the General Fund which is funded from taxes and allocations from other funding sources. The General Fund is dynamic and ebbs and flows based on expenditures and revenues. It is the largest and most vital fund in the city. The greatest expenditure is the salary and benefits of city employees. Union contracts change every 3 years which also impacts the expenditures from the General Fund. City council approves the union contracts after the negotiations are completed with the city administration. Adversarial negotiations can cause an increase in attorney fees and can cause unions to seek fact finding or arbitration. The city administration negotiates in good faith and once a mutually agreed upon contract is created, it is presented to city council for their approval.

Many questions have been raised about the operation of the Marietta Aquatic Center (MAC) and how it is funded. The MAC is mainly funded through the revenue that it generates with seasonal and daily memberships. The General Fund pays approximately \$25,000 for electric and the MAC is also given free water. The MAC is normally a self-sustained/self-funded facility however in the last few years there has been a deficit which has required ARPA funding to supplement. The pool management company has renegotiated the contract for 2024 allowing the pool to cut expenses and change its operations to be more cost effective. The city will no longer be running the concession stand which was operating at a deficit. These operational changes have allowed the city administration the opportunity to open the pool for 2024. It is anticipated that the General Fund will not be needed to supplement the MAC going forward.

### **Historical Financial Status**

Historically, the financial status of the General Fund has been stable and predictable. The State Auditor completes an annual fiscal audit of all city finances every year. For the last 5 years the projected budget revenues have exceeded the final estimates, meaning that the City brought in more money than was expected. The projected expenditures have also been lower than the final appropriations, meaning that the City spent less than what was originally predicted. Both of these final revenues and expenditures have allowed the General Fund to have a healthy carryover. According to the State Auditor, “any budgetary modifications at this level may only be made by resolution of the council,” meaning that the City Council had to approve and vote on any fiscal changes to the set annual budget.

“All recommendations for a budget change are given to the City Auditor, who processes them when there are sufficient resources to make such a change, and are then sent to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. Most of the expenditure changes are presented to the City Auditor by the Administration” (State Auditor).

\*Please see the State Auditor’s website for detailed fiscal audits. <https://ohioauditor.gov/>

YEAR	REVENUE OVER FINAL ESTIMATE	EXPENDITURES UNDER FINAL ESTIMATE
2018	\$143,948	\$388,380
2019	\$268,825	\$381,626
2020	\$244,845	\$1,374,293
2021	\$404,622	\$615,668
2022	\$419,470	\$924,251

### Current Financial Status

The current financial status of the General Fund is healthy according to the city Auditor. The General Fund is dynamic and always fluctuating, but a snapshot of the current status can be shown. As of May 15, 2024, the General Fund cash balance is \$2,292,379.33.

Spending has increased but not in the manner of frivolous spending. The major issue with expenditures is the rise in cost of living. This means that items now cost more which requires the city to spend more for the exact same items or services.

Please see the chart below as an example of inflation and the increase in materials.

Item	Cost/year	Cost/year	Difference	Percentage Increase
Gasoline	\$1.87/2019	\$3.49/2024	\$1.62 per gallon	87%
Certified Postage	\$6.95/2019	\$8.73/2024	\$1.78 per postage	25.5%
Computer Security	\$96/2014	\$415/2024	\$319 per computer	332%
Concrete Class C (per yard)	\$122/2017	\$185/2024	\$63 per yard	52%
Asphalt (per ton)	\$68/2020	\$95/2024	\$27 per ton	40%

### Projected Financial Status

Creating financial projections is a difficult task due to a General Fund that is always adjusting. The city Auditor has used past fiscal audits and trends to attempt a financial projection for 2025 and 2026. Important considerations include the inability to pinpoint exactly the city revenue due to job cuts, new businesses arriving, and cost of living trends. Expenditures can mostly be predicted from analyzing historical spending but is also subject to change when emergencies occur or natural disasters.

Revenue from income tax is variable, however, as of April 30, 2024, Marietta collected \$5,067,484.35 in taxes. This amount is \$150,105.96 higher than 2023 at this same time. As new businesses set up inside the city limits in 2025 and 2026, this will continue to boost revenue for the General Fund. Please review the chart below displaying the tax revenue collected for the last 4 years. A quick observation shows that the amount of taxes collected is increasing annually. 2024 is following this trend and the revenue is expected to be higher than 2023.

<b>YEAR</b>	<b>TOTAL TAXES COLLECTED</b>
2020	\$11,755,070
2021	\$12,644,026
2022	\$13,463,573
2023	\$14,381,127

**Targeted Reduction in Expenditures**

Several reductions in General Fund expenditures have been enacted for immediate cost savings in 2024. The estimated cost savings are listed below:

- Council insurance cuts: \$38,630
- Mayor supply/travel cuts: \$3,000
- Auditor cuts: \$5500
- Treasurer supply cuts: \$300
- Law library: \$30,000
- Law Director cuts: \$10,500
- I.T. misc. cuts: \$6,200
- Property Maintenance slum and blight: \$40,000
- Police training and equipment: \$40,000
- Police job vacancies: \$117,142
- Police cell phones: \$1,440
- Fire cell phones: \$720
- Fire job vacancies: \$103,717
- Fire misc. cuts: \$51,150
- Service dept. cuts: \$2,000
- Engineering misc. cuts: \$63,121
- Engineering job cuts: \$103,629
- LBP mowing contract: \$37,000
- LBP tree maintenance: \$20,000
- Seasonal employees: \$53,998
- Health Dept. 50% of electric share: \$12,000

Total estimated reduction: **\$740,047**

Pending reductions:

- Municipal Court vacancies/cuts: \$184,953
- Denovo cost allocation for Health Dept: \$38,000
- Interest above initial budget: \$147,000
- PD SRO: \$90,000

Total estimated reduction: **\$459,953**

Total Reductions: **\$1,200,000**



The items listed above will greatly impact the final carryover of the General Fund. All of these items are also sustainable for 2025 and 2026 and can be readjusted depending on revenue levels.

### **Future Plan of Sustainability**

The future of the General Fund and its solvency has been a historical concern. Many prior city administrations have navigated difficult financial times and have had to adjust the course of priorities and city services. The current state of the General Fund is predictably average and it is always fluctuating based on revenue, expenditures, and emergency situations. The 2023 State Performance Audit predicted that if the City of Marietta maintained its current course, the cash in the General Fund could be depleted by 2025. The State Performance Audit gave a prediction that need not become a reality. With sustainable expenditure reductions, coordinating with the Department Heads and City Auditor, I believe that we can correct our course, reduce our spending, increase our revenue, and maintain quality services without terminating employees who have been dedicated in their work to the city.

The question of sustainability has been at the forefront of discussions. By allowing a reduction through attrition and not filling vacancies, the city can slowly adjust services while still saving. When the time comes that revenue has improved and spending is controlled, it is my plan to fill positions that are needed but to do so at a measured pace to ensure practicality and judiciousness.

After meeting numerous times with Department Heads, I have found that a slow reduction through attrition and unfilled vacancies will not overtly impact the quality of services to the city. If the reductions are done in a calculated and intentional manner, then plans can be made to absorb any additional burdens. Planning and communication will be essential to making these reductions without sacrificing quality.

Another instance of sustainable expenditure reductions will come from analyzing and minimizing future contracts and consultation fees from outside sources. The State Performance Audit recommended that the City create a “process for determining whether contracting out the service would be advantageous in terms of quality and cost” (Recommendation 3). Outside legal consultations, engineering projects, technical services, and mechanical services will be reevaluated with a cost benefit analysis system. Spending on outside sources will cease and city employees will be encouraged to research and problem solve in cost effective ways.

The sustainability of revenue has not customarily been a concern. The State Performance Audit confirmed that Marietta brings in higher than average revenue. In the next few years we are expecting several new large businesses to open and operate within the city limits. This will grow our revenue which will offset expenditures. Working with the port authority and the community development director will enhance the likelihood of recruiting new commerce to the city. I plan on working with city council members to ease restrictions so that businesses will be more likely to choose our city instead of going to other areas in Washington county. Collaborating and communicating effectively with city council will yield better results instead of working against each other.

## **ARPA Analysis**

The city of Marietta received \$9,725,620 in ARPA money from the Federal Government. City council controlled a vast portion of the spending of these monies. A large amount of ARPA funds were given to the police and fire departments to purchase and update equipment. Monies were also given to the City Health Department and several non-profit organizations that focus on the betterment of Marietta. I will be requesting that unused ARPA money be reallocated to the General Fund to assist with any possible financial deficits. ARPA funding is not a sustainable future source of revenue but it will create a temporary surplus for fiscal year 2024 while officials adjust expenditures and projects.

The list of encumbered ARPA money to be reallocated includes:

Police Department: **\$120,000**

Pickle Ball/Tennis Courts: **\$195,000**

Westward Monument Bronze: **\$150,000**

**Total: \$465,000**

## **State of the City Address:**

Picture this: Brick streets, hot summer days at the pool, kayaking in the rivers, Friday nights with friends and family either at football games, open air concerts, or downtown shopping. This is what a small town looks like. We are blessed to have neighbors as friends and friends as family. This is Marietta.

The state of the city is strong and thriving. We've been investing public dollars into city infrastructure which has unlocked private capital. We've made massive improvements in the down town business district which helped us create idyllic, picturesque surroundings. My administration has laid the ground work for future economic development to continue a strong legacy from our previous Mayors. Progressing forward with these plans will allow us to honor the inheritance from our past while being innovative and modern. Our community has transformed these areas from a place no one wanted to go and shop to a place where we can have first Friday homecomings, where everyone is safe and welcome and where neighbors and friends can fellowship.

These things don't happen by accident. We must be intentional with our finances and planning. Our spending is a reflection of our values. So let's talk about where we are spending city dollars. The cost of doing business has exponentially increased causing us to re-examine and adjust how we operate city services. With inflation, and the cost of living drastically increasing and cutting into revenue sources, my administration has created a strategic financial plan to navigate the current conditions.

An \$80,000 performance audit was requested by the City Council to analyze our governmental efficiency. According to the state, several recommendations were made to encourage strategic and financial planning. We acknowledge the recommendations of the performance audit and have already taken steps to enact several of these recommendations. By Department heads making targeted reductions in their budgets, my administration will create a cost savings of \$1.2 Million. I am therefore asking City Council to honor their commitment and not follow through with a sweeping reduction in force.

I must be clear that a performance audit is not the same as a fiscal audit. The State Fiscal audit has historically shown that we bring in more revenue than anticipated and that we spend less than what we budget for, further demonstrating that there is no need for an over reaching reduction in force.

City Council has proposed making sweeping job cuts to city workers. I do not support drastic job cuts that will impact the quality of services within the city. I value city employees and stand firm beside them. I understand the unique challenges and stress of working in uncertain times when you are worried about losing your job. No one is just a position on a table of organization. You are valued employees and human beings that deserve respect and empathy. My administration has been working tirelessly to ensure that a reduction in force is not needed and that our employees are protected.

I believe that the performance audit was educational but not a prophecy. As we correct our financial journey we can absorb job losses through attrition without radical change to our work force.

Our financial future looks stable and healthy. As we eliminate any unnecessary spending and continue to collect record amounts of revenue this will set up the city for future success and stability.

Marietta has always been small but had big dreams. We value and cherish the small town values of resiliency, honoring tradition, and friendliness. Moving forward during uncertain times can create anxiety and stress, but know that we are stronger together when working towards a common goal. The vitality and future of Marietta is at stake. To the city employees, I pledge to lead from the front and to continue to be fiscally responsible, honest, and committed to creating a healthy work environment. To the city residents, I pledge to continue fostering a small town atmosphere with big opportunities for work and play. To the city council, I extend my hand and propose that we work together for the benefit of all in creating a better Marietta. It's time to think bigger, finish stronger, and reimagine what Marietta could be. Thank you.