

MINUTES OF THE FINANCE COMMITTEE
June 15, 2020
Online Broadcast Meeting

Present: Councilmembers Bullock, Litten, & Neff

Also Present: Councilmembers Kepple, Rader, & Shachner, Finance Director Rancatore, Assistant Finance Director Schuster, Chief Dunphy, a couple members of the public, Clerk Bach, & Deputy Clerk Lascu taking minutes

Start time: 5:45 p.m.

AGENDA

Approval of the minutes of the June 8, 2020 Finance Committee.

Chairman Bullock made a motion, seconded by Councilmember Litten to approve the minutes from the committee's June 8th meeting.

A roll call vote was taken as follows:

Yeas – Bullock, Litten, Neff

Nays – None

Motion passed. The minutes were approved.

RESOLUTION 2020-33 – A RESOLUTION to take effect immediately provided it received the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law approving the Tax Budget of the City of Lakewood, State of Ohio for the year 2021, and authorizing the filing of same with the Cuyahoga County Fiscal Officer. (Referred to Finance 6/1/20)

RESOLUTION 2020-34 – A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council or otherwise, to take effect and be in force after the earliest period allowed by law requesting the Cuyahoga County Fiscal Officer to draw and the Cuyahoga County Treasurer to pay to the City of Lakewood Director of Finance an advance of all real, personal property and special assessments collected in the year 2021 in such amounts as may be requested and available. (Referred to Finance 6/1/20)

RESOLUTION 2020-35 – A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, accepting the amounts and rates as determined by the Budget Commission and authorizing the necessary tax levies and certifying them to the County Fiscal Officer. (Referred to Finance 6/1/20)

Chairman Bullock opened discussion on Resolutions 2020-33, 2020-34, & 2020-35, noting their purposes. The tax budget resolutions establish the city's tax rate for another year, allows the county to redistribute property taxes back to the city, and determine the division of taxes levied.

Chairman Bullock asked how the city makes assumptions that are built into the division of taxes that are levied. Director Rancatore noted that the city's rate is set at 17.4 mills, meaning that's what the city levies its homeowner's property taxes. He added that the city uses figures that its had for a long time, which tend to fluctuate very little from year to year.

Chairman Bullock and Director Rancatore discussed fluctuations in tax rates, determining that property taxes tend to be more stable than income taxes. It was noted that the tri-annual property reassessment took place 2 years ago and Director Rancatore explained the county's process behind that reassessment.

Chairman Bullock made a motion, seconded by Councilmember Litten to recommend Resolution 2020-33 to the full Council for passage.

A roll call vote was taken as follows:

Yeas – Bullock, Litten, Neff

Nays – None

Motion passed. Resolution 2020-33 was recommended for passage.

Chairman Bullock made a motion, seconded by Councilmember Litten to recommend Resolution 2020-34 to the full Council for passage.

A roll call vote was taken as follows:

Yeas – Bullock, Litten, Neff

Nays – None

Motion passed. Resolution 2020-34 was recommended for passage.

Chairman Bullock made a motion, seconded by Councilmember Litten to recommend Resolution 2020-35 to the full Council for passage.

A roll call vote was taken as follows:

Yeas – Bullock, Litten, Neff

Nays – None

Motion passed. Resolution 2020-35 was recommended for passage.

Review of May 2020 month end fund balance

Chairman Bullock stated that the city has done what it can to curtail expenditures, with the voluntary furlough program amounting to \$300,000 in savings. There is still uncertainty for the city's tax receipts, as the April and June tax collection dates have been pushed back to July 15th.

Director Rancatore gave an overview of the report, with the main point being that the city is currently \$3 million off pace compared to last year's budget and timeline. Withholding tax makes up 40% of this year's total budget and was found to be the most positive component of the budget news, as it is down only about 7% in total compared to last year. Individual income tax is down about 33% compared to last year at this point, however this is likely due to timing differences in collection dates. June's tax receipts are expected to be ugly due to the timing difference. June is usually the second strongest month of tax collections over the last couple years.

Director Rancatore explained differences in collections for the state of Ohio homestead rollback program and noted that locally collected property taxes levels may see a slight decrease.

Chairman Bullock and Director Rancatore discussed the gaps in the budgeted versus collected licenses and fees amounts. It was found that rental licenses for residential properties are not due until November, which should indicate an increase in collections toward the end of the year. As an aside, the funds received from the local government fund are down 36% from last year.

Discussion of Ohio Senate Bill 310

Director Rancatore gave an overview of the state legislation, noting that it allows municipalities to receive funds provided by the CARES Act. Funds are distributed using the local government fund formula, and Lakewood is anticipated to receive \$2.3 million. Senate Bill 310 has now become House Bill 481.

Chairman Bullock noted that the ultimate source of the funds is the federal government, but the state disperses them. Chairman Bullock asked if the funds are to be a grant or loan and whether there are any strings attached to those dollars. Director Rancatore stated that the funds are a grant for coronavirus related expenses and that the original language of the CARES Act prevented the money from being used to backfill revenue holes. He did note that the city can justify using funds on safety force expenses from March 1st up to December 31st of this year and that the administration is keeping track of the expenses.

Councilmember Litten asked if the city would have any issue filling COVID related expenses and spending down the funds provided by the state legislation. Director Rancatore stated that the city should have no problem spending the money and that the guidelines for its use are very general and the hope is that there will be a later loosening of restrictions. Most of the city's budget is police and fire. Councilmember Litten followed up and asked where the city can go for guidance on expenditures. Director Rancatore indicated that he anticipates more guidance from the state auditor's office.

Councilmember Neff asked, under the aforementioned plan, if the city was backfilling holes to cover the salaries of first responders and if that would include overtime costs. Director Rancatore noted that overtime is included in Finance's calculations and that the funding cannot be recorded as revenue in the general fund. He added that the governor made the state shut down and the city's essential services had to keep running. The large chunk of what the city attributes to COVID expenses are police and fire.

Councilmember Bullock asked if the anticipated \$2.3 million would come in one bundle or if it would be stretched out over time. Director Rancatore indicated that the answer may be yes to both scenarios. He added that the city would receive a lump sum, as the county auditor has a week to distribute funds after passage of the legislation.

Without objection, Chairman Bullock adjourned the meeting at 7:23 p.m.