

MINUTES OF THE FINANCE COMMITTEE
June 25, 2018
East Conference Room

Present: Councilmembers O'Malley, Bullock, George

Also Present: Councilmember Rader, Planning Director Sylvester, Finance Director Pae, Assistant Finance Director Schuster

Call to order: 7:00 p.m.

ORDINANCE NO. 43-17A – AN ORDINANCE amending Ordinance 43-17, adopted December 18, 2017, authorizing the Mayor (Director of Public Safety), the Director of Public Works, the Director of Law, the Director of Finance, and/or the Purchasing Manager to enter into contracts for professional services, and to advertise for bids and enter into contracts for the purchase of repair maintenance and operating supplies, services and equipment as authorized by the 2018 Appropriation Ordinance and the Administrative Code of the City of Lakewood with the lowest and best bidder or bidders or as otherwise provided by law.

Director Pae explained that the proposed ordinance expands the contracting authority provided in Ordinance 43-17 by \$7 million for the purpose of abatement and demolition of the hospital site. The master agreement designates the transition costs.

She explained that although this expense was anticipated in late 2017 when Council passed the permanent appropriations ordinance, the term sheet was not in place. The administration decided to wait to include this until the term sheet was finalized and more was known.

Director Pae explained that Council does not ordinarily approve individual contracts but rather provides blanket contracting authority. She distinguished between appropriations and contracting authority.

Councilmember O'Malley asked how the City would spend the extra \$2 million if hospital demolition only cost \$5 million.

To resolve this question, Councilmember O'Malley and other Councilmembers expressed interest in the Ordinance being more specific.

Councilmember George suggested that the ordinance specify that the funds will be used for hospital site demolition and abatement.

Director Pae explained that the Administration had proposed a broad approach because estimates are still rough and they are learning more about the site as they go.

Director Sylvester updated the Committee on the plans for demolition and construction. The timeline to begin construction has been moved up to June 2019. Demolition and abatement is scheduled to take place during winter of 2018-2019.

He presented the major internal process steps to be completed including:

- Site survey & demo
- Demolition
- Prep plans
- Site prep
- Tank removal
- New construction
- Hazardous materials abatement

He discussed a series of sub-steps within each of these major steps. These will begin immediately upon approval by Council.

The Committee further discussed the site and the work to be completed there. No bids have been received yet, but a few rough estimates have been provided.

Councilmember O'Malley made a motion to amend Ordinance 43-17A as follows:

- On pg. 4 under professional services contracts:
Reinsert the line 'Professional services related to Lakewood Hospital' in the amount of \$500,000
- On pg. 5 under service contracts:
Insert a new line #40 to read "Lakewood Hospital demolition expenses \$7,000,000"

Motion was seconded, all members voted in favor. Ordinance 43-17A amended.

A motion was made and seconded to recommend adoption of Ordinance 43-17A as amended. All in favor. Motion passed. Ordinance 43-17A recommended for adoption as amended.

ORDINANCE NO. 31-18 – AN ORDINANCE to establish appropriations for current expenses and other expenditures of the City of Lakewood, State of Ohio, for the fiscal year ending December 31, 2018.

Director Pae explained that Ordinance 31-17 is the appropriations ordinance that accompanies Ordinance 43-17A – the contracting authority ordinance

The only change is the one just discussed regarding the Lakewood Hospital site. \$7.25 million in appropriations is added to the Lakewood Hospital Transition line under the Special Revenue Funds. This Ordinance would allow the administration to spend those funds.

A motion was made and seconded to recommend Ordinance 31-17 for adoption. Motion passed. All members voting in favor.

RESOLUTION NO. 9007-18 – A RESOLUTION 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 estate taxes and special assessments collected in the year 2019 in such amounts as may be requested and available.

Director Pae explained that this Resolution pertains to the property tax budget. The City passes a similar ordinance each year. If the City can certify an estimate to the County then the County can advance that amount to the City. The Resolution allows the City to get its property tax revenues early.

A motion was made and seconded to recommend Resolution 9007-18 for adoption. Motion passed. All members voting in favor.

RESOLUTION NO. 9008 – 18 - A RESOLUTION 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.

Director Pae explained that this Resolution is similar and related to Resolution 9007-18. It certifies to the County that the City's millage is to remain the same as in years past.

A motion was made and seconded to recommend Resolution 9008-18 for adoption. Motion passed. All members voting in favor.

RESOLUTION NO. 9006-18 – Approving the Tax Budget of the City of Lakewood, Ohio for the year 2019, and authorizing the filing of same with the Cuyahoga County Fiscal Officer.

Director Pae explained that this Resolution pertains to the property tax budget. The City passes a similar ordinance each year. The County collects the property tax and disperses it based on millage passed by the municipality. By a certain date, the City estimates the property tax revenues based on our millage and submits that estimate to the County.

Director Pae distributed hand-outs showing what will be submitted to the County. She walked the Committee through the documents and answered questions.

A motion was made and seconded to recommend Resolution 9006-18 for adoption. Motion passed. All members voting in favor.

ORDINANCE NO. 44-17A - amending Ordinance 44-17, adopted December 18, 2017, authorizing the Mayor (Director of Public Safety), the Director of Public Works, the Director of Law, the Director of Finance, and/or the Purchasing Manager to enter into service contracts in accordance with the Administrative Code of the City of Lakewood for

the Department of Planning & Development in accordance with the Administrative Code of the City of Lakewood, contracts not to exceed the specified amounts shown without separate resolution of Council.

Councilmember O'Malley expressed his intent to have Finance Committee meet again to address this item and have it ready for a vote upon third reading.

Finance Committee adjourned at 8:08 p.m.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit City of Lakewood

For the Fiscal Year Commencing January 1, 2019

Fiscal Officer Signature _____ Date _____

COUNTY OF CUYAHOGA

Background

Substitute House Bill No. 129 (HB129) effective June 3, 2002, was enacted by the 124th General Assembly in part to allow a county budget commission to waive the requirement that a taxing authority adopt a tax budget for a political subdivision or other taxing unit, pursuant to Ohio Revised Code (ORC) Section 5705.281.

Under the law in effect prior to June 3, 2002, the budget commission could only waive the tax budget for a subdivision or other taxing unit that was receiving a share of the county undivided local government fund or the county undivided local government revenue assistance fund under an alternative method or formula pursuant to ORC Sections 5747.53 and 5747.63. Thus, tax budgets could be waived only for counties, municipalities, townships, and park districts. This restriction is now removed.

Ohio Revised Code Section 5705.281

Under the amended version of this section pursuant to HB 129, a county budget commission, by an affirmative vote of a majority of the commission, including an affirmative vote by the county auditor, may waive the tax budget for any subdivision or other taxing unit. However, the commission may require the taxing authority to provide any information needed by the commission to perform its duties, including the division of the tax rates as provided under ORC Section 5705.04.

County Budget Commission Duties

The county budget commission must still certify tax rates to each subdivision or other taxing unit, by March 1 for school districts and by September 1 for all other taxing authorities under ORC Section 5705.35, even when a tax budget is waived. Also, the commission is still required to issue an official certificate of estimated resources under ORC Section 5705.35 and amended official certificates of estimated resources under ORC Section 5705.36.

Therefore, when a budget commission is setting tax rates based on a taxing unit's need, for purposes of ORC Sections 5705.32, 5705.34, and 5705.341, its determination must be based on that other information the commission asked the taxing authority to provide under ORC Section 5705.281, when the tax budget was waived. Also, an official certificate must be based on that other information the commission asked the taxing authority to provide.

County Budget Commission Action

_____ Cuyahoga County Budget Commission meeting, the commission with an affirmative vote of all members waived the requirement for taxing authorities of subdivisions or other taxing units (Including Schools) to adopt a tax budget as provided under ORC Section 5705.281, but shall require the filing of this Alternative Tax Budget Information document on an annual basis.

Alternative Tax Budget Information Filing Deadline

For all political subdivisions excluding school districts, the fiscal officer must file one copy of this document with the County Fiscal Officer on or before July 20th. For school districts the fiscal officer must file one copy of this document with the County Fiscal Officer on or before January 20th.

GUIDELINES FOR COMPLETING THE ALTERNATIVE TAX BUDGET INFORMATION

SCHEDULE 1

The general purpose of schedule 1 is to meet the requirement of Ohio Revised Code (ORC) Section 5705.04 which requires the taxing authority of each subdivision to divide the taxes levied into separate levies. For help use the schedule B issued by the budget commission for the current year and add any new levies. This will help to ensure that no levies are missed.

In column 1 list only those individual funds which are requesting general property tax revenue. In column 2 purpose refers to the following terms, inside, current expenses, and special levy for example. In column 4 levy type refers to renewal, additional, and replacement for example. In column 9 identify the amount of general property tax you wish to request.

NOTE:

The general purpose of column 9 is to demonstrate the need to produce property tax revenues to cover the estimated expenditures for the budget year. ORC Section 5705.341 states in part;

"Nothing in this section or any section of the ORC shall permit or require the levying of any rate of taxation, whether within the 10 mill limitation or whether the levy has been approved by the electors, the political subdivision or the charter of a municipal corporation in excess of such 10 mill limitation, unless such rate of taxation for the ensuing fiscal year is clearly required by a budget properly and lawfully, adopted under this chapter or by other information required per ORC 5705.281."

Property tax revenue includes real estate taxes, personal property taxes, homestead and rollback, and the personal property 10,000 exempt monies.

SCHEDULE 2

The general purpose of schedule 2 is to produce an Official Certificate of Estimated Resources for all funds. In column 3, total estimated receipts should include all revenues plus transfers in. All taxing authorities, except school districts, must submit a list of all tax transfers.

SCHEDULE 3

The general purpose of schedule 3 is to provide inside/charter millage for debt service. The basic security for payment of general obligation debt is the requirement of the levy of ad valorem property taxes within the 10 mill limitation imposed by Ohio law. Ohio law requires a levy and collection of ad valorem property tax to pay debt service on general obligation debt as it becomes due, unless that debt service is paid from other sources.

SCHEDULE 4

The general purpose of schedule 4 is to provide for the proper amount of millage to cover debt service requirements on voted bond issues. Major capital improvement projects are sometimes financed through the use of voted bonds. The taxing authority seeks voter approval of general obligation bonds and of the levy of property taxes outside the indirect debt limitation in whatever amount is necessary to pay debt service on those bonds.

SCHEDULE 5

The general purpose of schedule 5 is to properly account for tax anticipation notes. See schedule 5 for more details.

DIVISION OF TAXES LEVIED

(Levies Inside & Outside 10 Mill Limitation, Inclusive Of Debt Levies)
 (List All Levies Of The Taxing Authority)

SCHEDULE 1

I	II	III	IV	V	VI	VII	VIII	IX
Fund	Purpose	Authorized By Voters On MM/DD/YY	Levy Type	Number Of Years Levy To Run	Tax Year Begins/ Ends	Collection Year Begins/ Ends	Maximum Rate Authorized	\$ AMOUNT Requested Of Budget Commission
General Fund	Charter/Current Expense	1948	C	Continuous	1976	Continuous	8.65	\$8,293,144
Fireman Pension	Charter/Pension	1958	C	Continuous	1976	Continuous	1.68	\$1,533,991
Police Pension	Charter/Pension	1958	C	Continuous	1976	Continuous	1.60	\$1,610,692
Sewage	Charter	1959	C	Continuous	1976	Continuous	2.00	\$1,917,489
Debt Service	Sinking fund/Bond	Inside Millage	C	Continuous		Continuous	3.47	\$3,326,845
TOTALS							17.40	\$16,682,161.00

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

SCHEDULE 2

I Fund BY Type	II Beginning Estimated Unencumbered Fund Balance	III Property Taxes and Local Government Revenue	IV Other Sources Receipts	V Total Resources Available for Expenditures	VI Total Estimated Expenditures & Encumbrances	VII Ending Estimated Unencumbered Balance
General Fund	6,437,697	10,068,144	28,184,550	44,690,391	38,238,468	6,451,923
State Highway Fund	17,916		143,332	161,248	140,000	21,248
Street Construction, Maintenance, Repair Fund	585,907		1,941,590	2,527,497	1,851,520	675,977
Litter Control Fund	5,708		-	5,708	-	5,708
Community Festival Fund	6,396		4,000	10,396	4,058	6,338
Police Pension Fund	55,592	1,610,692	166,688	1,832,972	1,540,620	292,353
Fire Pension Fund	356,798	1,533,991	175,024	2,065,813	1,670,285	395,528
Law Enforcement Trust Fund	151,374		71,215	222,589	18,143	204,447
Federal Forfeiture Fund	45,665		10,220	55,885	35,000	20,885
Indigent Drivers Alcohol Treatment Fund	146,903		3,122	150,025	-	150,025
Enforcement and Education Fund	24,774		1,866	26,640	-	26,640
Political Subdivision Fund	18,824		214	19,038	-	19,038
Computer Maintenance Fund	16,241		10,509	26,750	-	26,750
Court Special Projects Fund	410,796		42,153	452,949	8,659	444,290
Court Probation Services Fund	88,146		32,054	120,200	-	120,200
IDIAM Fund	121,330		4,895	126,225	-	126,225
Community Development Block Grant Fund	93,315		1,897,517	1,990,832	1,841,171	149,661
Emergency Shelter Grant Fund	9,644		108,366	118,010	118,000	10
HOME Investment Partnerships Program Fund	276,672		260,660	537,332	500,000	37,332
Neighborhood Stabilization Fund	307,466		-	307,466	-	307,466
Homelessness Prevention Fund	-		-	-	-	-

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

SCHEDULE 2

I Fund BY Type	II Beginning Estimated Unencumbered Fund Balance	III Property Taxes and Local Government Revenue	IV Other Sources Receipts	V Total Resources Available for Expenditures	VI Total Estimated Expenditures & Encumbrances	VII Ending Estimated Unencumbered Balance
Office of Aging Title IIIB Fund	74,735		955,420	1,030,156	1,000,000	30,156
Lakewood Hospital Fund	10,231,411		1,425,896	11,657,307	1,657,945	9,999,362
Byrne Memorial Grant Fund	-		-	-	-	-
Help to Others Fund	50,408		39,607	90,015	-	90,015
Juvenile Diversion Program Fund	19,250		-	19,250	18,472	778
FEMA Fund	2,781		-	2,781	-	2,781
Family to Family Fund	24,663		317,268	341,931	312,995	28,936
Bond Retirement Fund	3,219,801	3,326,845	13,201,796	19,748,442	15,867,066	3,881,376
TIF Bond Retirement Fund	187,360		307,670	495,031	495,000	31
Permanent Capital Improvement Fund	2,158,166		3,410,000	5,568,166	5,500,000	68,166
Land Acquisition Fund	5,000,000			5,000,000		5,000,000
City Park Improvement Fund	27,933		3,712	31,645	-	31,645
TIF Capital Improvement Fund	-		-	-	-	-
Water Fund	7,405,920		16,934,542	24,340,462	14,931,118	9,409,344
Wastewater Collection Fund	9,171,307		13,549,147	22,720,454	11,605,416	11,115,038
Wastewater Treatment Fund	6,952,283		11,750,278	18,702,561	10,210,073	8,492,489
Wastewater Improvement Fund	2,539,317	1,917,489	(160,886)	4,295,920	-	4,295,920
Parking Facilities Fund	816,445		478,030	1,294,475	347,710	946,765
Winterhurst Ice Rink Fund	42,289		579,982	622,271	621,180	1,092
Hospitalization Fund	750,000		7,143,854	7,893,854	7,519,062	374,793
Worker's Compensation Fund	599,878		275,808	875,686	334,222	541,464

UNVOTED GENERAL OBLIGATION DEBT

(Include General Obligation Debt To Be Paid From Inside/Charter Millage Only)

(Do Not Include General Obligation Debt Being Paid By Other Sources)

(Do Not Include Special Obligation Bonds & Revenue Bonds)

SCHEDULE 3

I Purpose Of Bonds Or Notes	II Date Of Issue	III Final Maturity Date	IV Principal Amount Outstanding At The Beginning Of The Year	V Amount Required To Meet Budget Year Principal & Interest Payments	Amount Receivable From Other Sources To Meet Debt Payments
					\$0
2011 Various Purposes Bonds	2011	2028	\$7,160,000	\$911,550	\$0
2012 General Obligation Refunding Bonds	2012	2023	\$1,769,279	\$376,726	\$0
Various Purposes Bonds	2005	2025	\$1,052,789	\$202,029	\$0
Various Purposes Bonds	2017	2026	\$4,165,000	\$948,982	\$0
2016 General Obligation Bonds	2016	2036	\$11,521,410	\$906,413	\$18,855
Various Purposes Notes	2018	2019			\$11,987,000
Totals			\$25,668,478	\$3,345,700	\$12,005,855

VOTED DEBT OUTSIDE 10 MILL LIMIT

(Bonds Or Notes Must Actually Be Issued In Order To Commence Collection Of Property Taxes For Debt Service)

SCHEDULE 4

I Purpose Of Notes Or Bonds	II Authorized By Voters On MM/DD/YY	III Date Of Issue	IV Final Maturity Date	V Principal Amount Outstanding At The Beginning Of The Year	VI Amount Required To Meet Budget Year Principal & Interest Payments	Amount Receivable From Other Sources To Meet Debt Payments
Supported by 2 Mil WWTF levy						
2012 Refunding Bonds Sanitary Sewer (2003)	1959	2012	2023	\$1,340,721	\$285,474	\$0
2016 Refunding Bonds Sanitary Sewer (2005)	1959	2016	2025	\$795,993	\$152,663	\$0

TAX ANTICIPATION NOTES

(Schools Only)

SCHEDULE 5

Tax anticipation notes are issued in anticipation of the collection of the proceeds of a property tax levy. The amount of money required to cover debt service must be deposited into a bond retirement fund, from collections and distribution of the tax levy, in the amounts and at the times required to pay those debt charges as provided in the legislation authorizing the tax anticipation notes. (ORC Section 133.24)

The appropriation to the fund which normally receives the tax levy proceeds is limited to the balance available after deducting the amounts to be applied to debt service.

After the issuance of general obligation securities or of securities to which section 133.24 of the ORC applies, the taxing authority of the subdivision shall include in its annual tax budget, and levy a property tax in a sufficient amount, with any other monies available for the purpose, to pay the debt charges on the securities payable from property tax. (ORC Section 133.25)

	Name Of Tax Anticipation Note Issue	Name Of Tax Anticipation Note Issue
Amount Required To Meet Budget Year Principal & Interest Payments:		
Principal Due		
Principal Due Date		
Interest Due	NOT APPLICABLE	
Interest Due Date		
Interest Due		
Interest Due Date		
Total		
Name Of The Special Debt Service Fund		

Amount Of Debt Service To Be Apportioned To The Following Settlements:		
February Real		
August Real		
June Tangible		
October Tangible		
Total		
Name Of Fund To Be Charged		

**CITY OF LAKEWOOD
DEPARTMENT OF FINANCE
ASSUMPTIONS FOR 2019 TAX BUDGET**

Overall

Beginning unencumbered balance based on certificate of estimated resources and revised appropriation ordinance passed -----

Property Taxes are estimated using full 2018 schedule A, + 5 percent increase- sexennial evaluation

GF local government fund estimated based upon 2018 estimates-

All other GF revenues are estimated based upon historical amounts and any other relevant information

GF expenditures assume same # of employees for 2019-- and 2% increase in pay