

MINUTES OF THE FINANCE COMMITTEE
November 16, 2020
Online Broadcast Meeting

Present: Councilmembers Bullock, Litten, & Neff

Also Present: Councilmembers O'Malley, Rader, & Shachner, Mayor George, Finance Director Rancatore, Director Corrigan, Director Dillinger, Chief Dunphy, Director Ducu, Director Leininger, Jessica Eddy of the Finance Department, a couple members of the public, Clerk Bach, & Deputy Clerk Lascu taking minutes

Start time: 6:30 p.m.

AGENDA

Approval of the minutes of the October 26, 2020 meeting of the Finance Committee.

Chairman Bullock made a motion, seconded by Councilmember Neff to approve the minutes.

A roll call vote was taken as follows:

Yeas – Bullock, Litten, Neff

Nays – None

Motion passed. The minutes were approved.

Overview of the FY 2021 Comprehensive Budget Document

Chairman Bullock opened discussion on the budget. Mayor George gave an introduction, explaining the administration's focus on presenting a balanced budget while creating innovative public policy.

Budget 101

Director Rancatore gave an overview of key points of the budget document. He noted that the administration met with the city's bond counsel and underwriter several times to ensure that the city's bonds remain attractive to that sector of the investment community. The budget accounts for 410 full time positions. Its projected revenues include all traditional items that are typically funded. The budget stabilization fund is funded to its statutory limit of \$2.2 million, which should get the city through 78 days of a downturn. 78% of the budget's costs are personnel.

Director Rancatore reviewed the budget's major revenue sources. One of the major sources is Lakewood residents who are currently working outside of Lakewood. Property tax evaluations will go up and revenue will rise correspondingly, however the city must take into account the ability of homeowners to pay. Director Rancatore noted that the city must

continue to monitor the real estate market and explained the difference between a property value reassessment (which focuses on individual properties) versus the county triennial update (which approaches revaluations from a neighborhood level). The triennial update will occur in 2021 and take affect in 2022.

Director Rancatore noted that the city will see lower interest revenue in 2021. It received \$1.4 million in interest in 2019, \$850,000 this year, and is projected to receive \$450,000 next year. This change is due to fluctuations in the interest rate market. He added that municipal court revenue and EMS revenue will change as well. The general fund is balanced for \$43.6 million in 2021.

Council Discussion on budget topics

Chairman Bullock thanked the Finance staff for their innovative work.

Councilmember Litten shared his surprise that it appeared as if the city was budgeting as if it were a non-COVID affected year and asked for the administration's overall philosophy on budgeting. Director Rancatore clarified that normal events were budgeted for, such as 4th of July festivities, with the understanding that they might not happen. He noted that the city getting a handle on overtime and workers taking voluntary furloughs helped the city financially. He added that the administration has taken the approach of meeting with every department individually to get a deep understanding of each one's operations.

Councilmember Litten questioned whether the budget was optimistic in projection. Director Rancatore indicated that he believes it is realistic, as it's based upon analysis of trends when the economy started to slow down. He added that he was impressed with Lakewood's resiliency this year, noting that it was in large part due to the large amount of residents the city has. Had the city been more reliant on larger businesses, its finances would have been hurt more.

Councilmember Rader made comparisons to last year's budget process and inquired about cases where departments didn't get what they wanted. Director Rancatore stated that no one raised any issues with him and that the Finance Department did its due diligence among many competing interests.

Councilmember Neff stated that the budget document is easy to follow and read, noting the importance of having conversations with departments to meet the operational needs and efficiencies of the city.

Chairman Bullock stated that the committee will get into the rest of the ordinances on the agenda as it goes through the budget process.

Councilmember O'Malley thanked the administration for a direct and clear presentation.

Councilmember Kepple requested a physical copy of the budget document.

Chairman Bullock pointed to page 49 of the budget document, which indicated a \$5 million dollar increase in projected income tax collection. Director Rancatore noted that Mr. Bullock was looking at citywide funds and that the administration was projecting a decrease in income tax revenue in 2021 compared to this year. He stated that Finance budgets for positions for the whole year (despite retirements, etc.) to provide built in cushion in the budget. He applauded the Public Works department for curtailing overtime. He concluded that the budget strikes a balance of where the city ought to be and considers that the city is operating in a pandemic environment.

ORDINANCE 22-2020 - AN ORDINANCE to take effect on January 1, 2021, provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise take effect and be in force after the earliest period allowed by law, to provide for creating positions and rates of pay for full-time and certain part-time annual salaried employees and hourly rate employees not covered by a collective bargaining agreement in the several departments, divisions and offices of the City of Lakewood, including the Chief of Fire, Chief of Police and Civil Service Commissioners. (Placed on 1st reading & referred to Finance 11/2/20)

ORDINANCE 23-2020 - AN ORDINANCE to take effect immediately provided it receives the affirmative vote of at least five members of Council, or otherwise to take effect and be in force after the earliest period allowed by law amending Section 149.08(a)(1), Vacations, of the Lakewood Codified Ordinances in order to grant part-time employees credit for purposes of vacation accrual when the employee changes from a part-time to a full-time status. (Placed on 1st reading & referred to Finance 11/2/20)

Communication from Mayor George regarding COVID-19 Costs and the Application of CARES Act Funding. (referred to Finance 11/2/20)

Chairman Bullock adjourned meeting without objection.

The meeting was adjourned at 7:29