



CITY OF OLMSTED FALLS
FINANCE COMMITTEE
MINUTES
OCTOBER 27, 2020
6:30 PM
VIRTUAL MEETING

Council President Paul Stibich called the meeting to order at 6:33 p.m. Roll call was conducted. Councilmen Lori Jones, Jennifer Jansen, Jay McFadden, Cornel Munteanu, Yvonne Buchholz, and Brian Chitester were present.

Also Present: Nick Vitalone, Finance Director. Audience: 1.

NEW BUSINESS

Review of September Financials – Mr. Vitalone stated that we are doing well as far as income tax collection. In September we were up 4% but decreased in October. He stated that the city received the real estate settlement on September 30th for the second half and came in on budget. We are looking good with our two big revenues.

Other revenue items are doing well, intergovernmental we are a little under budget, and licenses and permits are above budget. The problem areas remain which are court fines and fees which are less than half of what was expected so those are down about 57% from last year. In addition, interest rates have plummeted and as a result our invest income is down. The problem areas will probably go into next year.

Overall, September from 2019 to 2020 we are up about \$175,000 and a lot is based on the one-time monies he spoke about in previous meetings. We are doing good with income tax today but, as he mentioned before, going into next year RITA is calling for losses based on 2020 income wages that will not be reflected until next year. In addition to that, which he talked about several times, is the lawsuit pertaining to can a city charge for income tax if you don't work there. In other words, those people working from home, and there are a lot of them. A lot of bigger companies are working at home so the question is will that impact us. If this lawsuit goes through next year, we could get a lot of people applying for refunds and that will affect our income tax. It could possibly be a double hit, because we won't collect in 2021 and then the refunds will be for monies already collected in 2020, so that is a wild card and something we don't know about. We will have to take it one month at a time like we did this year. Mr. Stibich stated that it will be interesting to see how this plays out because we may be more on the receiving end than the taking away end. The question is how does it get reported to the government. Mr. Vitalone replied that no one has a good handle on it. He thinks it might actually benefit us if the lawsuit goes through but it will be a nightmare and maybe the Ohio legislature will move things along. Mr. Stibich stated that he thinks the good news will be that there aren't too many companies in Olmsted Falls where employees live outside of Olmsted Falls and are working from home, as far as our employers are concerned, and does not believe we are talking about big dollars. Mr. Vitalone stated that this could fall our way.

Mr. Munteanu stated that Mr. Vitalone mentioned that interest rates are down so we are not collecting much but what about the bond issues, can we refinance those at a lower rate. Mr. Vitalone replied that we only have one bond issue. We issued notes last year and got a great rate. As far as refunding, there is only one issue out there and it may be a good idea and is something he will look into. He stated that most of our debt is special assessment debt.

Mr. Vitalone stated that expenditures for the General Fund are running below what was budgeted and will continue to the end of the year with the CARES Act money. Law enforcement is down about \$80,000, but are down in staffing and will probably catch up next year; fire is down \$63,000; and Service is down \$50,000 but they are also down in staffing; economic development has basically been depleted as far as spending funds. General Fund expenditures are down about \$135,000 through September.

He has met with all the department heads and Council can begin scheduling the budget hearings. Mr. Stibich stated that the best way is to have the three major departments on separate nights, police, fire and service. We could combine the administration with police or fire but as we all know the service department includes a lot of special funds and usually takes the most time.

Mr. Vitalone asked if Council just reviews these specific departments on specific nights and not the overall budget because if not, putting the budget all together will take longer. Mr. Stibich replied yes, then Council receives the entire budget to review.

Mr. Vitalone stated that Council will also receive a clean up appropriation for 2020; so the current budget will have a cleanup and he will try to get that to Council the beginning of December, but does want to get as close to year end as possible to try and capture everything. Mr. Stibich replied that historically it's been presented at the last meeting in December. Mr. Vitalone stated that he spoke with the auditors today regarding prior year items that were included in the report and is trying to figure out the best way to approach some of these things. Right now, he is going back to 2014 on items that need to be corrected but never were and Council will have to approve some transfers; basically, a reshuffling of where the money came and went. He will get something in writing with an explanation of each item and may happen with the clean up appropriation. In addition to that, at the next meeting Council will need to approve a supplemental appropriation for the remaining CARES Act money in the amount of \$318,000.

Mr. Stibich stated that as far as cash funds, the General Fund has \$1.1 million encumbered and \$830,000 after encumbrances which looks healthy to him but we have to get through three more months with no real estate revenues.

Ms. Jones asked if the COVID money was included in the financial report. Mr. Stibich replied that Mr. Vitalone indicated that the city received the \$318,000. Ms. Jones replied plus the \$200,000 for a total of \$518,000. Mr. Chitester stated that the state approved a second round and Council now has to approve the supplemental appropriation.

Ms. Jones stated that she spoke to Nick and Andy and briefly talked to the Mayor about the COVID money going to help people harmed by COVID. She would like to suggest that not all of it go to police and fire but that it go to people in our community that have lost their jobs and

are suffering because of COVID, for example Christians in Action or even the Community Center who help the people in our community that are having financial problems. She believes we can help the people in our community and also have enough for police and fire. When she spoke to the state auditor and every time she asked a question they either gave her a brochure or another audio to listen to, but she said to use the smell test. Mr. Vitalone replied that's great to say but what is that. There is a lot of guidance out there and sometimes when they start talking about it they contradict themselves and it has everyone confused in a lot of ways. To him it seems clear that we can use it for safety forces. All the other various programs you have to have some kind of infrastructure to put together. This is new for everybody and he thinks its new for them too. He is unsure if they are getting everything they need from the Department of Treasurer but he has been through a million of these informational pamphlets and he is still shaking his head. He believes that we are fairly safe putting it into the safety forces for a portion of their salaries. Ms. Jones asked if he wanted to put all \$516,000 into safety salaries. Mr. Vitalone replied that he is not going to do anything; he is going to listen to what Council and the Mayor tell him to do. Ms. Jones stated that there are so many people hurting and she knows that he talked about salaries and Mr. Bemmer talked to someone about safety salaries too but it seems like \$516,000 for safety salaries to cover 8,000 or 9,000 people is a hefty amount especially when we have so many people suffering from job losses due to COVID that we can help some of our community and that is what it is for to, to help the community. Mr. Vitalone stated that the state has just approved more funding for CARES Act monies yesterday as well. Mr. Stibich replied specifically for rent, mortgage payments, food, electricity, utilities, phone bills and that sort of thing so there is a big package coming from the state for citizens to apply for some relief. Ms. Jones replied that she saw that too. Mr. Stibich stated that he does not know if it's the city's job to help people that way; maybe indirectly through things like the food bank but he can't imagine the administration being set up to verify the need and make sure that funds are distributed evenly. How would we determine the funds and are we getting a little relief here. Before we start giving out money to residents or businesses we need to look at our own house first and make sure we have everything covered. Ms. Jones replied the people in the community and even the businesses in the community are our own house, it's not for the government just to take to supplement you are supposed to help the community out that's the whole purpose of it. She thinks that all of it going to fire and police doesn't do anything for the community it just helps the city cover their expenses for stuff we were going to have to pay anyway. She is not suggesting all of the money but she thinks we need to do something to help our community or we will be the only city around that hasn't helped. Mr. Stibich asked if she was sure that we are the only one around that did not help financially. Ms. Jones replied Berea, Strongsville, and everywhere has. Mr. Chitester asked how much the city was down in terms of tickets issued. Mr. Vitalone replied that he believes we are down 57%. Mr. Stibich stated that in the budget for court revenues we have \$104,000 and through September we have \$32,000. Mr. Chitester stated that we could use the CARES Act money there, we have to find a way to supplement the revenue we would normally get because we are not ticketing people, so, we should use that money to supplement what we have lost. He stated that we are down in sectors that we would normally not be and we need to use this CARES Act money to supplement as that is what it was meant for. Ms. Jones replied that some of it was also meant to help the community. Mr. Chitester replied that if we can get to that point then we get to that point, but, at the end of the day if we are down that much just in police ticket issuing and he knows that this is something that people don't want to hear but we need to make money by issuing speeding tickets and by using the CARES Act money that's will be how we supplement, because that is how we pay Council, the finance director, all the finance people,

and all service people is by tickets. Ms. Jones replied that the city never wrote that many tickets. Mr. Stibich replied we do not know where the city will stand at the end of the year but it looks promising right now and he would not like to make a decision right now, but it is food for thought Ms. Jones and we will keep it in mind. Ms. Jones replied that the city has to know in two weeks because you have to file the PO's and what you are going to do with the funds by November 20th, is that correct Mr. Vitalone. Mr. Vitalone replied that the city has to appropriate those funds by the next meeting, which means we have to know who the recipients of the grants will be and encumber that money by the 20th or you have to return it. He stated that you don't have to actually spend it but you have to have it appropriated. He believes that there will be another wave of these funds next year. He stated that we are up against a deadline for spending the funds, unless the deadline is moved at the 11th hour. Ms. Jones replied that it would take five minutes to give Christians in Action money for the food bank and you are allowed to give it to non-profits. She stated that there is a training video on the state auditor's website that anyone can watch to learn about what you can spend these funds on. She stated that today she received a link to a U-tube video where they discussed these issues at a roundtable; there is a lot of stuff Council can watch. She stated that the intent is to help the cities but the whole intent wasn't just salaries, the intent was to help businesses and people too. She knows that no one wants to help businesses in Olmsted Falls but, she thought maybe some people through Christians in Action. Mr. Vitalone stated that as far as the programs out there he has only heard about a couple cities doing it. He is not counting Cleveland as they have other issues there. He stated that Berea came out early with a program and believes Brook Park may have had a program, but other than that he does not recall any other suburbs doing it. Ms. Jones replied no one gave their businesses anything only Berea. Mr. Vitalone replied not that he is aware of and that is his understanding. This was not a scientific study as he did not call all of the cities but usually you will see something on all these things.

Ms. Jansen stated that she has seen other cities and would like to confirm what she read with Mr. Vitalone that these upgrades we are looking to do for IT we can use the CARES Act money, correct? Mr. Vitalone replied that it has to be COVID related. For example, he believes that it can be used to set up somebody to work from home so they do not use their own computers. He thinks you can use it for things that will allow you to work from home, if you had to work remotely. Ms. Jones asked Mr. Bemer to look into that because according to the state Cuyahoga County is going to be purple by the end of the week, so maybe Ms. Veloski, Mr. Vitalone, Mr. Borczuch and Ms. Mancini may need to have a work computer to work remotely and have remote access in case things get real bad, or if they get sick and we can buy the laptops and get remote access security with COVID money. We have to think of the key people that would have to work remotely in case we are purple by the end of the week. Mr. Bemer replied that the Clerk is listening and taking notes. As a follow up, the link from the auditor's office that Ms. Jones was alluding to, he asked her to send that to the Clerk so she can send it to everyone. He knows from what he has read in the past, Lakewood was doing assistance for their businesses but the regulations were very rigid, in other words businesses that pre-existed in 2020 but were small business and could not exceed five employees in total and there was something else about inner ring suburbs but we would not qualify. Ms. Jones asked what about computers so that key people could work remotely. Mr. Bemer replied, we would refer back to Mr. Vitalone because he is our expert with what is COVID related. Ms. Jones replied yes it is and to get secured access and she asked Mr. Vitalone to look into that and giving money to Christians in Action and to the Community Center because they do a lot

of work for the community. Mr. Vitalone stated that there is a lot of information on this and he can send Ms. Jones what he has and go from there to see what we can do. He stated that yes there are other items that you can use it for but there are requirements when you purchase equipment that we need to follow. There is uniform grant guidance and depending on the dollar amount of the expenditure there are requirements as to whether you have to get quotes and there are different levels of what you need to do depending on the dollar amount and he would need to look at that. Ms. Jones stated that she believes it could be used for laptops and remote access for our key people and directors and even Ms. Veloski so she can work from home and so Ms. Novak could do payroll from home. Mr. Stibich stated that the administrative staff has been able to work from their offices throughout all of this and unless someone in the building comes down with COVID and people have to work from home while its being cleansed and sterilized he does not see that people will be working from home. Ms. Jones stated that Mr. Vitalone was ill so he would have needed remote access to the system and Ms. Veloski could work from home without exposing anybody so having at least a couple laptops that we could use.

Mr. Stibich stated that it is 7:00 p.m. and we need to adjourn for the regular council meeting.

ADJOURNMENT

Mr. Munteanu moved to **adjourn**; Mr. Chitester **seconded**. Poll: 7 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 7:01 p.m.

Paul Stibich, Council President

Angela Mancini, Clerk of Council