

CITY OF KETTERING
CITY COUNCIL
WORKSHOP MINUTES
May 12, 2020

The Council of the City of Kettering, Ohio, met in a workshop session on Tuesday, May 12, 2020, via video conference due to the COVID-19 pandemic. The meeting came to order at 6:00 p.m.

Council Members Present included Mayor Patterson, Vice Mayor Klepacz, Mr. Lautar, Mr. Duke, Mr. Scott and Mr. Wanamaker. Mrs. Fisher had an excused absence.

Staff Members Present: City Manager Mark Schwieterman, Assistant City Manager Steve Bergstresser, Law Director Ted Hamer, Economic Development Manager Gregg Gorsuch and Community Information Manager Mary Azbill

Council Meeting Agenda Review – Mr. Schwieterman explained that there would be three resolutions related to the County Line project.

Workshop Meeting Agenda - Mr. Schwieterman stated the City's financial condition and how it relates to our activities would be reviewed. Mary Beth O'Dell will present Parks and Recreation summer activities. Questions, comments and recommendations regarding activities will follow.

Building Re-Opening Overview – Mr. Schwieterman stated that the North and South Buildings would open for appointments next Monday or Tuesday and open without appointments June 1. This gives the City time to understand how to safely bring the public back in and keep employees safe. The City is awaiting the Governor to announce, as well. Public Service, Parks Maintenance and Cultural Arts facilities will remain closed. Offices will continue to be staffed at 50% and 50% will work remotely through May until directives are given from State of Ohio.

April Income Tax Report – Mr. Schwieterman stated that income tax receipts are \$1.9M below forecast which is different from March where it was \$1M to the good. The tax extension accounts for a large amount of the decrease in April. The City's top ten withholding accounts were 4% higher than last year during April; however, the total accounts were down 6.6%. May 15 will be the real data point for income tax when withholdings for April are due. April was the first full month showing pandemic impact on accounts from Kettering employers.

Mr. Klepacz asked what percentage of people who generally file by April 15 didn't due to the extension. Mr. Schwieterman mentioned that the dollar amount was \$1.9M for those waiting for July 15.

Trend Analysis – Mr. Schwieterman explained that fund balances were based upon percentage reductions. Reductions the City already made are \$4.5M in expenditures, as well as one-time revenue sources. That is the number that goes into the trend analysis for the revised budget column for 2020. In 2019, the City finished the year with \$36.2M in the General Fund. The City anticipated with its original budget drawing that balance down by \$4.1M spending on capital improvement. If everything was normal, that fund would grow \$450K. The largest revenue sources impacted by the pandemic are income tax, local government fund and gas tax. The focus is income tax which is 80% of the General Fund revenue. The 10% reduction approach would decrease our fund balance by \$5.9M. Worse case scenario is a 35% reduction--\$20.1M--and if that happens, we would be \$1M below our 90-day reserve minimum. The City's General Fund balance is healthy and allows time to make good decisions.

City of Dayton is projecting 15% to 18% reduction. It is suspected the City will be between 10% and 20%. The City's income tax base is very diversified which is good.

Mayor Patterson asked what amount could be offset with stimulus funds based on local government funds. Mr. Schwieterman explained that revised budget figures include local government funded formula of \$771,900. The City could use Heroes Act funds for revenue replacement.

Mayor Patterson then asked if that distribution has to be spent by end of year local government formula. Mr. Schwieterman was unsure. Mayor Patterson asked if the City

has enough COVID-related expenses to accept all of the State COVID reimbursement. Mr. Schwieterman responded that although not at this point, as personnel expenses are factored, that number would grow quickly. The hours spent on COVID work and contact tracing or positive results, benefits and wages would qualify.

Mr. Lautar asked if any PPE the City purchased would be covered. Mr. Schwieterman confirmed and advised that the City is tracking the costs and ready for reimbursement.

Mr. Duke asked how something like the second round of Heroes Bill funding would be factored back into budget. Mr. Schwieterman responded that the City should have a very defined amount of money. That funding would then be dropped in the revenue line.

Mr. Schwieterman stated the operating margin under the 10% reduction is \$1,850,707M to the negative. It will take a 2.5% reduction in the City's operating budget to get that back to positive. The City is concerned about the General Fund balance and operating margin. Adjustments will be made to funding allocations to accommodate those numbers.

Mr. Schwieterman explained that the revised budget reflects projections from Parks, Recreation and Cultural Arts using a 15% reduction calculation.

Mayor Patterson asked if other departments are being asked to cut budgets. Mr. Schwieterman confirmed and advised that the City is waiting for May 15 before directors are given specific thresholds to consider.

Mr. Lautar inquired about how the 15% was derived for PRCA. Mr. Schwieterman explained that PRCA's model was based on a 15% to 25% reduction. Depending when things could open back up, it is likely PRCA will see a 15% reduction in what was anticipated. Some customers will stay away due to pandemic.

Mayor Patterson asked if the 15% reduction was for the things the City would cancel. Mr. Schwieterman advised that revenue was adjusted for anticipated cancellations. If things open July 6, it is estimated that revenue will be 15% less than usual because the people will not come flocking back.

PRCA Summer Activities Presentation – Mary Beth O'Dell presented the guiding principles used to make recommendations for Council, including no state and local direction for facility opening/operation; staff modeling – have not hired seasonal staff because there are no answers for when or if they would start; social distancing – managing six-foot distance requires a lot of customer compliance; mass gathering/group size – 10 people – there are 1,000 people in the Rec Center at once; masks – are customers required to wear masks; employee/customer health and safety; unknown expectations; facility re-opening phasing; customer compliance; and operational logistics - staffing and operational logistics to open would take until July.

Mayor Patterson asked if visitors could be required to wear masks and will the number of people using the fitness centers be limited? He also asked if membership holders will be given refunds. Ms. O'Dell is waiting for guidance from the state regarding masks in fitness centers.

Mr. Lautar asked if maximum numbers would be per room. Ms. O'Dell assumes that will be the parameter.

Mr. Klepacz asked if it is assumed that social distancing of six feet will be in place for the rest of the year. Ms. O'Dell confirmed based on current guidelines and added that it is not just one guiding principle leading to a decision, everything is being considered.

Mayor Patterson asked if there is a priority list for openings and which programs generate most to least revenue. Ms. O'Dell explained the goal to try to accommodate the most people with the least number of staff, which is fitness. That is also the number one revenue generating program depending on the guidelines.

All PRCA Facilities: Closed until July 5 (pending state guidance & city direction): Kettering Recreation Complex; Kettering Fitness and Wellness Center; Trent Arena Indoor Track-(pending Kettering Schools and State guidance); Rosewood Art Center; Polen Farm; Habitat Environmental Center; Valleywood Maintenance Center; Frazee FanFare; and all PRCA park amenities

Summer 2020 PRCA Program Cancelations

Recreation Programs, Events and Services - June-August - summer day camp programs; summer adult/youth sports programs; summer swimming programs; Polen Farm rentals (and or pending state guidance on wedding size); Go 4th; Arts on the Commons at Frazee.

PRCA Facility Closures – June - September 7 - Adventure Reef Water Park; Kennedy Park Splash Pad (and or pending state guidance and city direction); KRC Indoor Pool until further notice (and or pending state guidance).

2020 PRCA Operational Refund Plan: Customers Refund Plan – One-year membership deferred March - June; Membership Installment plan: no payments March - June; Registered programs - full refunds May - June; summer camps - full refunds May - August; Summer sports programs: full refunds May - August; Polen rentals - full refund May - June; Waterpark pass - full refund for summer and prorated for year-round pass.

Summer 2020 PRCA Operational Plan: Internal - Operational Plan: (And or pending state guidance and city direction) - All PRCA staff paid through April 26. Full time and essential staff paid still working. Phasing of regular part time, temporary full time and contractual staff returning starting June 29. Phasing of facility re-opening starting July 6. Phasing of program and services offerings starting July 6.

Revenue: Water park generates \$500,000; camps - \$300,000; Go 4th - \$0; Facility and program closures - \$610,000. These three pieces need to be subsidized.

Total subsidy, \$8,084,300, is 15% more than the \$7,938,100 budgeted. These are based on assumptions of what can be offered versus those that cannot. At a 25% reduction, subsidy would be \$8,201,700. And 50% reduction would be \$8,495,600. Frazee subsidy would be \$851,000.

Mayor Patterson asked if \$851,000 included additional cost cuts if we canceled the season. Ms. O'Dell stated that there may be, but there are fixed costs to consider.

Mr. Duke asked if Variety Attractions would be paid regardless. Ms. O'Dell stated that they built a nice season for Frazee. They did their job, and the City was unable to proceed.

Mr. Duke asked about advertising and marketing money already spent. Ms. O'Dell stated the website and marketing began in 2019 to work on 2020 shows.

Mr. Duke asked about refunds for fan club founders. Ms. O'Dell stated there is an option to defer payment to 2021, or ask for reimbursement. A lot of customers pay five years at a time.

Mr. Klepacz asked about the liability on artist contract for \$1.4M. Mr. Schwieterman explained the City's expectation is not to pay the artists and work with the artists to postpone dates etc.

Mayor Patterson asked about risk if Governor restricts mass gathering. Mr. Schwieterman stated that the City's force majeure of the contract would prevail and the risk would be zero.

Mr. Schwieterman stated that, based upon the guidance from CDC, State of Ohio and Public Health – Dayton Montgomery County, the City recommends cancelling Go 4th, Adventure Reef and the activities outlined in the presentation. The City would cancel 2020 Frazee season. It is a prudent safety and financial decision to cancel. The communications plan for that would begin tonight. The messaging is important, and the City has messages prepared to go to employees immediately and then to customers. Then, messages to media and social media announcing decisions posted tonight. Electronic news cycle will be notified by tomorrow. Frazee refunds will be processed.

Mr. Lautar asked what other venues are doing. Ms. O'Dell stated there are several venues that have canceled. Dayton Arts Alliance canceled Schuster events. Mr. Schwieterman mentioned that other swimming pools and water parks closing include Piqua, Sidney and West Carrollton. The City can cancel Adventure Reef while still offering other water options.

Mayor Patterson asked about savings relative to Holiday at Home cancellation as far as public safety. Mr. Schwieterman stated that the City is a sponsor but does not make

those decisions. Holiday at Home committee will make a decision in early July. Our sponsorship is in kind and would be a significant savings for us.

Mayor Patterson asked how it is not our decision. Mr. Schwieterman responded that it is our facility, but it is their committee. We will contact them and see where they are headed.

Mr. Schwieterman stated that if Council members are acceptable to the recommendations, the City will start the notification process immediately so that it comes from us.

Mayor Patterson asked Council members if anyone had a problem with the recommendations. No one did.

Mr. Schwieterman will discuss the decision during City Manager comments

The workshop meeting adjourned at 7:18 p.m.

ATTEST:

DONALD E. PATTERSON
MAYOR

LASHAUNAH D. KACZYNSKI
Clerk of Council