

City of Montgomery
Financial Planning Committee Meeting
May 4, 2020

Present

Brian Riblet, City Manager
Tracy Roblero, Asst. City Manager/Acting Comm. Dev. Dir.
Katie Smiddy, Finance Director
Connie Gaylor, Clerk of Council

Council Committee Members Present

Ken Suer, Chair
Mike Cappel
Lee Ann Bissmeyer

The Financial Planning Committee of Council convened its meeting for May 4, 2020 at 4:30 p.m. by telephone conference with Mr. Suer presiding. This remote access meeting was allowed by emergency legislation adopted last week by the Ohio General Assembly and approved by the Governor. The emergency legislation added language to RC Section 121.22 allowing public meetings by telephone conference during the current pandemic and declared State of Emergency. As required by the statute, notice of the telephonic meeting was publicized more than 24 hours in advance to allow public access through the same conference call in service. The public was also given a backup number to call in the event there were technical difficulties. This Notice was posted on the City's website and a similar Notice was sent to The Cincinnati Enquirer.

April 2020 Income Tax Report

Ms. Smiddy reported for the month of April 2020, the City's total income tax receipts were \$896,796, which is a decrease of \$936,370 or (51.08) % compared to the 2019 April collections of \$1,833,166. This variance is the result of the State extension of the annual filing date to July 15 in response to the COVID-19 pandemic. All tax returns received by the tax office in April that included payments, were posted by the end of the month.

Ms. Smiddy reported in April 2020, net profits from businesses located within or doing business within Montgomery were \$87,594. This is a decrease of \$201,092, or (69.66) % when compared to April 2019 collections of \$288,686. This decrease is a result of the national pandemic and the resulting filing extension. In 2019, 417 transactions were posted to business accounts compared to 152 transactions in 2020.

Ms. Smiddy reported that of \$192,504 were collected in April 2020 from residents living in Montgomery, which is a decrease of \$476,919 or (71.24) % compared to April 2019 collections of \$669,423. Comparing the number of transactions posted to individual accounts, reports show a total of 1,252 transactions posted in 2019 versus 963 in 2020. In comparing revenue for the same time period, it appears those that filed had very small or no tax obligations. In addition, the first quarter estimated tax payments that would normally be due by April 15 have been extended to July 15.

Mr. Cappel asked if the City was utilizing the rainy-day fund.

Ms. Smiddy replied that there has been no utilization of the reserves at this point.

Review of the 1st Half Real Estate Settlement

Ms. Smiddy explained that the 1st Half property tax collections have been received from the County Auditor and gave the following update of total property tax collected for 2020 compared to 2019. Total collections for 2020 of \$5,355,990 are up \$102,919 or 1.96% compared to 2019 collections of \$5,253,071. General Fund property tax collections are up 27,086 or 2.31%. Fire Levy collections are up \$67,764 or 2.47% and Tax Increment Financing Districts are down \$10,705 or .86%.

2021 Tax Budget

Ms. Smiddy explained that the Tax Budget requires the City to estimate revenues and expenditures for funds which derive revenues from real and personal property taxes. The City of Montgomery has two (2) funds which derive money from property taxes: The General Fund and Fire Levy Fund. Detailed schedules for these funds have been included in the 2021 Tax Budget.

Ms. Smiddy provided the following detailed update of the General and Fire Levy funds. She explained it is estimated that the total assessed valuation for the year 2020, collected in 2021, for the City of Montgomery is estimated to be \$587 million. This is an estimated .17% increase property values from the assessed valuation for tax year 2019 of \$586 million.

The General Fund collects 4.5 mills (3 mills inside, 1.5 mills outside) on real property. It is estimated that \$2,615,000 will be collected in property taxes in 2021 for the General Fund; this is an increase of 1% over the 2020 anticipated collections.

Income tax collections in the General Fund are estimated to be \$7,672,727 of the total income tax collection of \$9.4 million estimated for 2021; the assumption is that total income tax revenues are estimated to increase 1% over the amount collected in 2020. The amount of income tax revenues allocated to the General Fund is 80% in 2020. It is estimated that the General Fund will have a cash balance of approximately \$13.0 million at the end of fiscal year 2021.

Other General Fund revenues are estimated to remain relatively flat due to the economy. Total revenues of the General Fund for 2021 are estimated at \$11,590,000 as compared to \$11,510,944 estimated for 2020. This is an increase of \$78,720 or approximately .68% which is attributed to the conservative increase in income and property tax revenues.

Expenditures of the General Fund are estimated to be \$12,517,507 in 2021, as compared to \$12,320,836 in 2019. This is an increase of \$196,671 which can be attributed to increased allocations to capital outlay.

The Fire Fund consists of two permanent levies with no expiration date. The 5.55 mill levy was passed in 1999 and a 6.0 mill levy was approved by the voters in May of 2018. Total revenues in the Fire Levy Fund are estimated to be \$5,732,528 in 2021 keeping estimated revenues at 2020 levels.

Total expenditures for the 2021 Fire Levy Fund are estimated at \$4,680,805, as compared to \$4,578,079 estimated for 2020. This is an increase of \$102,726 or 2.24%.

The estimated ending cash balance for the Fire Levy Fund for 2021 is \$8,766,835. This is \$1,051,723 higher than the estimated 2020 ending cash balance. This is an operating reserve of 22 months, which meets the City's fund balance reserve policy of 6 to 12 months.

Capital spending is projected at \$6,510,000 being spent on permanent improvements. These projects were taken from the 2017-2021 Capital Improvement Program and are projects which were reviewed and approved by Council on an individual basis. The presentation of these projects in this Tax Budget is intended to indicate a level of spending for capital outlay.

A schedule of Outstanding Debt is presented in the 2021 Tax Budget. It is estimated that the City will have approximately \$22.5 million outstanding in debt as of January 1, 2021 for Special Obligation and Special Assessment debt. Debt service payments for this debt in 2021 will be \$615,000 for principal repayment and \$548,433 for interest expense.

Ms. Smiddy stated that a Public Hearing would need to be held on June 17 prior to the Work Session in order to present the Tax Budget to the full City Council prior to the legislation being read.

Mr. Cappel made a motion to hold a Public Hearing prior to the Work Session at 6:45 p.m. on June 17. Mrs. Bissmeyer seconded. The Committee unanimously agreed,

Designation of Public Depository

Ms. Smiddy explained to the Committee it is necessary for City Council to pass the Resolution for the designation of Public Depositories for a five (5) year period beginning June 1, 2020 and ending May 31, 2025.

Ms. Smiddy provided background that on February 5, 2020, Council passed the Resolution which estimated the probable amounts of public monies available for deposit and setting a date of designation of May 6, 2020. She stated that all nine banks located in the corporate limits of the City were sent Request for Proposals (RFP's). Prospective institutions were instructed to submit their proposals back to the City by March 6, 2020. She explained the following banks submitted RFPs and did meet the required standards and requested that they be eligible for interim and inactive public deposits.

Key Bank	Huntington Bank
Fifth Third Bank	Heritage Bank
Chase Bank	WesBanco
First Financial Bank	

Ms. Smiddy added that the selection for the City's active deposits was based on various factors such as cost of services, current working relationship with depository, financial strength of institution and experience in providing depository services to similar municipal accounts. She recommended that the following banks be named eligible to receive active deposits for the City.

Fifth Third Bank	Heritage Bank
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Mr. Suer thanked Ms. Smiddy and her staff for completing the process as he knew it was time consuming to review and meet with the various banks.

Other Business

Mr. Riblet stated to the Committee that a discussion was held with Senior Staff to identify possible reductions in the 2020 budget. He stated that although staff is optimistic regarding estimated

revenues for 2020, we want to be cautious with expenses. He explained that staff may come to City Council at some point to reduce the budget as a safeguard. He stated that the goal was to complete the year without dipping into reserves.

Mr. Riblet explained that regarding recreation and special events, staff is optimistic that the pool will open. Mr. Riblet stated that the contract with SwimSafe was for \$185,000 and anticipates, depending on the opening date and possible continued social gathering restrictions, there could be savings in their fees. He stated that while staff is cautiously optimistic about the summer events, they do anticipate some contractual savings for programs that may be canceled.

Mr. Riblet added that he expected gas tax revenues will be down as travel has been greatly reduced. He anticipates the probable loss of local government funds as well, although that would not have a large impact.

Mr. Suer stated that there while there are many unknowns about the Covid situation, identifying reductions now would put the City in a better position for the future.

Mr. Riblet stated that he expects staff to have better recommendations at the June meeting once there is a clearer understanding of the financial impact of the current situation.

Mrs. Bissmeyer asked if there were any expected savings on the roundabout or Montgomery Quarter construction projects as a result of the current situation.

Mr. Riblet replied that while Jurgensen has been able to move along quickly with lane closures and work on the roundabout, he did not anticipate that they would offer credits back to the City based on their contract. He stated that their profit margins would be larger but that the City probably would not see those savings.

Mrs. Bissmeyer asked if we would owe SwimSafe their contract fees if the pool does not open.

Mr. Riblet stated the contract did not have language in it to require the City to pay for services not required so we would not be obligated. He stated they have done some prep work at the pool in anticipation of an opening so there would be some expense incurred. He stated the contract would be prorated if the number of lifeguards would be lower. He added that he is hopeful for a condensed season, if anything, as he knows the community needs some form of recreational outlet over the summer.

Mr. Cappel asked if the grants that were awarded to the City for the roundabout and Montgomery Quarter would still get paid.

Mr. Riblet replied that the grant from Hamilton County Transportation Improvement District (TID) for the roundabout has been submitted for as Jurgensen has already submitted pay requests. Mr. Riblet explained that the State budget funding may not be awarded this year, but the City would still be in the running for funding when it is awarded. Mr. Riblet added that he is hopeful that the City may received federal stimulus funding issued for smaller local governments.

Mr. Cappel asked if the grant awarded by Hamilton County TID in the amount of \$500,000 would still anticipated to be received.

Mr. Riblet stated that he felt the likelihood of receiving that was minimal at this point, but he would be hopeful for it.

Mr. Suer thanked Mr. Riblet for his extensive efforts in securing the grant funding that we have received as no one can foresee these kind of situations.

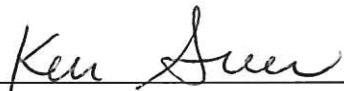
Minutes

Mr. Cappel moved to accept the minutes of the March 2, 2020 meeting of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

Adjournment

Mr. Cappel moved for adjournment. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 5:16 p.m.



Chair