



SHAKER HEIGHTS

**City Council Agenda
Via Video Conference Due To
COVID-19 Public Health Emergency
Tuesday, September 8, 2020 at 12:00 pm**

For the safety of staff and residents, in-person attendance is not permitted. Join the Zoom meeting as a viewer or listener from a PC, Mac, iPad, iPhone or Android device at [https://zoom.us/j/96129159760?](https://zoom.us/j/96129159760?pwd=OVU1eGROY0JkbVo0QWswTTVvUXgxZz09)

[pwd=OVU1eGROY0JkbVo0QWswTTVvUXgxZz09](https://zoom.us/j/96129159760?pwd=OVU1eGROY0JkbVo0QWswTTVvUXgxZz09), Password: 33553400; Description: Council Work Session; or join by phone at 833-548-0282 (toll free); Webinar ID: **961 2915 9760**; Password: 33553400. **International**

numbers available at <https://zoom.us/u/ahwKbeuA>. The audio of the meeting will be available the following day on the City's [website](#).

WORK SESSION

1. 2020 Financial Update
-Finance Director John Potts

Documents:

[COUNCIL FINANCIAL UPDATE - 9.8.20 \(ALL\).PDF](#)

To request an accommodation for a person with a disability, call the City's ADA Coordinator at 216-491-1440, or Ohio Relay Service at 711 for TTY users.

EXHIBIT 1: City of Shaker Heights - Monthly Income Tax Analysis

Related to -->	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Received in -->	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
CY - Individual	1,559,760	2,779,194	730,580	940,786	1,519,102	875,609	1,454,573	5,726,314	1,313,452	16,899,369
CY - Withholding	980,763	1,169,197	1,080,605	1,022,943	1,096,163	1,028,733	958,848	929,603	919,508	9,186,364
Total	2,540,523	3,948,391	1,811,185	1,963,730	2,615,265	1,904,342	2,413,421	6,655,917	2,232,960	26,085,733
PY - Individual	1,794,824	2,576,731	951,638	1,260,163	4,452,596	2,703,759	2,239,288	763,340	1,375,032	18,117,369
PY - Withholding	1,017,534	1,068,421	930,327	943,831	1,189,417	958,140	1,040,366	943,405	898,441	8,989,882
Total	2,812,358	3,645,151	1,881,965	2,203,994	5,642,012	3,661,899	3,279,654	1,706,745	2,273,472	27,107,252
Var \$ - Individual	(235,064)	202,463	(221,058)	(319,377)	(2,933,494)	(1,828,150)	(784,715)	4,962,974	(61,580)	-1,218,000
Var \$ - Withholding	(36,771)	100,777	150,278	79,112	(93,253)	70,593	(81,518)	(13,802)	21,067	196,482
Total	(271,835)	303,240	(70,780)	(240,265)	(3,026,747)	(1,757,557)	(866,233)	4,949,172	(40,513)	-1,021,518
Var % - Individual	-13.1%	7.9%	-23.2%	-25.3%	-65.9%	-67.6%	-35.0%	650.2%	-4.5%	-6.7%
Var % - Withholding	-3.6%	9.4%	16.2%	8.4%	-7.8%	7.4%	-7.8%	-1.5%	2.3%	2.2%
Total	-9.7%	8.3%	-3.8%	-10.9%	-53.6%	-48.0%	-26.4%	290.0%	-1.8%	-3.8%

EXHIBIT 2: City of Shaker Heights - General Fund Revenues - July 2020 YTD Update

	July 2019 Actual YTD	2019 Budget	% to 2019 Budget	July 2020 Actual YTD	2020 Budget	% to 2020 Budget	Jul YTD 2020 vs Jul YTD 2019	% Chg
Income Tax	23,758,283	34,223,270	69.4%	17,427,714	37,407,400	46.6%	(6,330,569)	-26.6%
Property Tax	5,709,343	7,754,552	73.6%	4,316,987	7,739,100	55.8%	(1,392,356)	-24.4%
Court Costs	1,266,947	1,900,000		1,079,609	1,900,000		(187,338)	
Ambulance Fees	322,424	645,000		371,715	630,000		49,291	
CATV Fee	243,249	450,820		212,530	440,000		(30,719)	
Shaker Magazine	146,558	197,000		142,613	189,000		(3,945)	
Other Fees	57,929	93,369		34,022	73,600		(23,907)	
Charges For Services	2,037,107	3,286,189	62.0%	1,840,489	3,232,600	56.9%	(196,618)	-9.7%
Licenses & Permits	751,191	1,146,190	65.5%	809,642	1,149,400	70.4%	58,451	7.8%
Local Government Fund	384,807	600,000	64.1%	399,140	671,500	59.4%	14,333	3.7%
Fines & Forfeitures	382,960	510,000	75.1%	290,328	510,000	56.9%	(92,632)	-24.2%
Other Federal Grants	23,805	55,370		36,278	0		12,473	
State Grants	3,348	6,050		2,690	0		(658)	
Local Governments	45,501	74,541		52,361	74,500		6,860	
Intergovernmental Revenue	72,654	135,961	53.4%	91,329	74,500	122.6%	18,675	25.7%
Investment Earnings	527,810	703,833		353,422	703,800		(174,388)	
Local Grants & Donations	1,616	78,058		25,109	78,100		23,493	
Refunds & Rebates	701,089	718,801		791,415	720,900		90,326	
Rents & Leases - Non-Gov't.	101	35,100		101	35,100		0	
Sale of Public Property	65,091	36,525		10,469	35,500		(54,622)	
Admission Tax	29,419	45,000		43,302	45,000		13,883	
Liquor & Beer Permits	5,977	9,000		4,771	15,000		(1,206)	
Other	0	14,229		0	14,300		0	
Miscellaneous	1,331,103	1,640,546	81.1%	1,228,589	1,647,700	74.6%	(102,514)	-7.7%
Total Operating Revenue	34,427,448	49,296,708	69.8%	26,404,218	52,432,200	50.4%	(8,023,230)	-23.3%
REMOVE Income & Property Tax Lines	4,959,822	7,318,886	67.8%	4,659,517	7,285,700	64.0%	(300,305)	-6.1%

EXHIBIT 2: City of Shaker Heights - General Fund Expenditures & Transfers - July 2020 YTD Update

	July 2019 Actual YTD	2019 Budget	% to 2019 Budget	July 2020 Actual YTD	2020 Budget	% to 2020 Budget	Jul YTD 2020 vs Jul YTD 2019	% Chg
Police								
Personal Services	4,783,240	8,855,681	54.0%	4,688,894	9,354,877	50.1%	(94,346)	-2.0%
Other	700,839	1,835,556	38.2%	818,241	1,842,566	44.4%	117,402	16.8%
Subtotal Police	5,484,079	10,691,237	51.3%	5,507,135	11,197,443	49.2%	23,056	0.4%
Public Works								
Personal Services	2,491,154	4,565,976	54.6%	2,596,062	4,913,692	52.8%	104,908	4.2%
Other	1,946,694	3,854,061	50.5%	1,876,021	4,046,568	46.4%	(70,673)	-3.6%
Subtotal Public Works	4,437,848	8,420,037	52.7%	4,472,083	8,960,260	49.9%	34,235	0.8%
Fire								
Personal Services	3,457,774	6,247,788	55.3%	3,644,823	6,436,388	56.6%	187,049	5.4%
Other	278,798	697,501	40.0%	393,645	674,309	58.4%	114,847	41.2%
Subtotal Fire	3,736,572	6,945,289	53.8%	4,038,468	7,110,697	56.8%	301,896	8.1%
Contractual Charges & Statutory Expense								
Personal Services	8,891	38,000	23.4%	8,276	38,000	21.8%	(615)	-6.9%
Other	1,416,947	2,447,082	57.9%	1,251,496	2,814,888	44.5%	(165,451)	-11.7%
Subtotal CCSE	1,425,838	2,485,082	57.4%	1,259,772	2,852,888	44.2%	(166,066)	-11.6%
Municipal Court								
Personal Services	1,184,141	2,295,996	51.6%	1,178,650	2,232,498	52.8%	(5,491)	-0.5%
Other	46,648	102,463	45.5%	46,103	102,463	45.0%	(545)	-1.2%
Subtotal Municipal Court	1,230,789	2,398,459	51.3%	1,224,753	2,334,961	52.5%	(6,036)	-0.5%
Building & Housing								
Personal Services	808,110	1,451,413	55.7%	823,998	1,459,984	56.4%	15,888	2.0%
Other	47,622	145,730	32.7%	57,639	166,610	34.6%	10,017	21.0%
Subtotal Building & Housing	855,732	1,597,143	53.6%	881,637	1,626,594	54.2%	25,905	3.0%
Recreation								
Personal Services	186,982	307,077	60.9%	511,838	1,044,537	49.0%	324,856	173.7%
Other	73,344	156,513	46.9%	58,020	226,748	25.6%	(15,324)	-20.9%
Subtotal Recreation	260,326	463,590	56.2%	569,858	1,271,285	44.8%	309,532	118.9%

EXHIBIT 2: City of Shaker Heights - General Fund Expenditures & Transfers - July 2020 YTD Update

	July 2019 Actual YTD	2019 Budget	% to 2019 Budget	July 2020 Actual YTD	2020 Budget	% to 2020 Budget	Jul YTD 2020 vs Jul YTD 2019	% Chg
Finance								
Personal Services	331,665	589,208	56.3%	355,211	704,419	50.4%	23,546	7.1%
Other	157,739	226,695	69.6%	111,919	192,064	58.3%	(45,820)	-29.0%
Subtotal Finance	489,404	815,903	60.0%	467,130	896,483	52.1%	(22,274)	-4.6%
Law								
Personal Services	344,317	606,635	56.8%	355,929	634,447	56.1%	11,612	3.4%
Other	85,717	139,525	61.4%	62,383	142,025	43.9%	(23,334)	-27.2%
Subtotal Law	430,034	746,160	57.6%	418,312	776,472	53.9%	(11,722)	-2.7%
Communications and Marketing								
Personal Services	226,638	347,076	65.3%	205,377	339,070	60.6%	(21,261)	-9.4%
Other	239,976	471,745	50.9%	238,470	471,745	50.6%	(1,506)	-0.6%
Subtotal Comm & Marketing	466,614	818,821	57.0%	443,847	810,815	54.7%	(22,767)	-4.9%
Economic Development								
Personal Services	92,773	317,604	29.2%	177,324	310,265	57.2%	84,551	91.1%
Other	174,125	644,432	27.0%	148,443	821,432	18.1%	(25,682)	-14.7%
Subtotal Economic Development	266,898	962,036	27.7%	325,767	1,131,697	28.8%	58,869	22.1%
Planning								
Personal Services	300,393	531,531	56.5%	308,966	550,924	56.1%	8,573	2.9%
Other	74,343	202,621	36.7%	33,687	167,435	20.1%	(40,656)	-54.7%
Subtotal Planning	374,736	734,152	51.0%	342,653	718,359	47.7%	(32,083)	-8.6%
Information Technology								
Personal Services	257,028	448,750	57.3%	260,176	453,321	57.4%	3,148	1.2%
Other	41,223	140,597	29.3%	31,601	140,597	22.5%	(9,622)	-23.3%
Subtotal Information Technology	298,251	589,347	50.6%	291,777	593,918	49.1%	(6,474)	-2.2%
Human Resources								
Personal Services	127,668	253,437	50.4%	149,569	260,983	57.3%	21,901	17.2%
Other	42,652	141,899	30.1%	21,722	160,130	13.6%	(20,930)	-49.1%
Subtotal Human Resources	170,320	395,336	43.1%	171,291	421,113	40.7%	971	0.6%

EXHIBIT 2: City of Shaker Heights - General Fund Expenditures & Transfers - July 2020 YTD Update

	July 2019 Actual YTD	2019 Budget	% to 2019 Budget	July 2020 Actual YTD	2020 Budget	% to 2020 Budget	Jul YTD 2020 vs Jul YTD 2019	% Chg
Mayor								
Personal Services	124,981	216,342	57.8%	118,212	219,568	53.8%	(6,769)	-5.4%
Other	13,753	32,775	42.0%	10,185	35,075	29.0%	(3,568)	-25.9%
Subtotal Mayor	138,734	249,117	55.7%	128,397	254,643	50.4%	(10,337)	-7.5%
Chief Admin Officer								
Personal Services	126,970	234,002	54.3%	132,218	232,194	56.9%	5,248	4.1%
Other	8,980	13,979	64.2%	7,515	13,979	53.8%	(1,465)	-16.3%
Subtotal Chief Admin Officer	135,950	247,981	54.8%	139,733	246,173	56.8%	3,783	2.8%
Neighborhood Revitalization								
Personal Services	88,936	155,494	57.2%	92,288	161,494	57.1%	3,352	3.8%
Other	42,978	122,863	35.0%	27,365	83,303	32.8%	(15,613)	-36.3%
Subtotal Neighborhood Revitalization	131,914	278,357	47.4%	119,653	244,797	48.9%	(12,261)	-9.3%
City Council								
Personal Services	80,957	142,848	56.7%	82,259	142,396	57.8%	1,302	1.6%
Other	4,521	15,083	30.0%	2,023	15,083	13.4%	(2,498)	-55.3%
Subtotal City Council	85,478	157,931	54.1%	84,282	157,479	53.5%	(1,196)	-1.4%
Civil Service								
Personal Services	13,537	23,334	58.0%	14,017	24,187	58.0%	480	3.5%
Other	5,226	75,056	7.0%	7,356	81,407	9.0%	2,130	40.8%
Subtotal Civil Service	18,763	98,390	19.1%	21,373	105,594	20.2%	2,610	13.9%
Total Operating Expenditures	20,438,280	39,094,368	52.3%	20,907,921	41,711,671	50.1%	469,641	2.3%

EXHIBIT 2: City of Shaker Heights - General Fund Expenditures & Transfers - July 2020 YTD Update

	July 2019 Actual YTD	2019 Budget	% to 2019 Budget	July 2020 Actual YTD	2020 Budget	% to 2020 Budget	Jul YTD 2020 vs Jul YTD 2019	% Chg
Total Operating Expenditures (prev page)	20,438,280	39,094,368	52.3%	20,907,921	41,711,671	50.1%	469,641	2.3%
General Capital Fund	0	2,400,000		0	5,750,000		0	
Debt Service Fund	1,248,061	1,248,061		869,964	1,030,811		(378,097)	
To Police Pension Fund	567,033	972,056		589,662	1,010,850		22,629	
To Fire Pension Fund	532,920	913,577		569,326	975,987		36,406	
To Recreation Fund	875,000	1,500,000		424,088	727,008		(450,912)	
Self Insurance Fund	0	0		0	436,000		0	
To Street Lighting Assessment Fund	154,583	265,000		154,583	265,000		0	
27th Payroll Reserve Fund	0	0		0	185,700		0	
Sewer Capital Fund	0	2,000,000		0	0		0	
Sewer Maintenance Fund	0	502,000		0	0		0	
Street Maintenance Fund	0	400,000		0	0		0	
Transfers Out	3,377,597	10,200,694	33.1%	2,607,623	10,381,356	25.1%	(769,974)	-22.8%
Total Disbursements (Expend + Transf)	23,815,877	49,295,062	48.3%	23,515,544	52,093,027	45.1%	(300,333)	-1.3%
Total General Fund Revenue	34,427,448	49,296,708	69.8%	26,404,218	52,432,200	50.4%	(8,023,230)	-23.3%
Revenue Over/(Under) Disbursements	10,611,571	1,646		2,888,674	339,173		(7,722,897)	
Personal Services	15,036,155	27,628,192	54.4%	15,704,087	29,513,244	53.2%	667,932	4.4%
Other	5,402,125	11,466,176	47.1%	5,203,834	12,198,427	42.7%	(198,291)	-3.7%
Total Operating Expenditures	20,438,280	39,094,368	52.3%	20,907,921	41,711,671	50.1%	469,641	2.3%



SEPTEMBER 7, 2020 FINANCIAL UPDATE - TAKEAWAYS

Reminder / Overview:

- The amounts included on the attached Income Tax Analysis (EXHIBIT 1) are current as of September 4, 2020.
- The General Fund July 2020 YTD Revenue and Expenses (EXHIBIT 2) is as of July YTD (last month closed in the ledgers).
- RITA receipts our income taxes and there is a one month lag to distribution to the City (and recording into the ledgers).

Monthly Income Tax Analysis (EXHIBIT 1):

- The City received approximately \$4.95 million more in August 2020 than August 2019. This was entirely caused by the tax filing lag from April 15 to July 15.
- Approximately 96% of Shaker Heights individual tax filers that filed their returns in April 2019, filed in July 2020. This was an important fact in determining how fast the income tax lag would burn off after July 15th.
- As of September 4, 2020, the City is down \$1.2 million on individual income tax receipts to the prior year but up approximately \$200 thousand in withholding to the prior year for the same time period.
- ***Overall with 9 months of receipted income taxes, the City is down \$1.0 million to prior year.***
- The NEXT important key date is September 15th when 3rd Quarter Income Tax Estimates are due.

General Fund (GF) Revenues July YTD (EXHIBIT 2):

- Overall GF revenues are down \$8.0 million through July YTD from 2019 July YTD. The significant majority of this variance is in income taxes (down \$6.3 million) and property taxes (down \$1.4 million).
 - The receipt of income taxes in August that will be posted to the GF and reflected in the August financials will effectively remove \$5.0 million from the income tax variance at July YTD.
 - Due to the extension on 2nd Half Property Tax filers to August, the distribution from the Budget Commission was delayed one month. Within July YTD 2019 there were 6 payments. Through July 2020 there were only 5. However, the Budget Commission has communicated to the Finance Department that we can expect the remainder of property tax distributions to be consistent with 2019.
- The Local Government Fund, July YTD is trending similar to 2019. Licenses and permit revenue is up July YTD over 2019.
- Removing the effects of income taxes and property taxes as just described, from the GF Revenues YTD yields a decrease of \$300 thousand from 2019.
 - The decrease in Court Costs July YTD 2020 versus 2019 same period is mainly attributable to the Court being closed for a period of time during the early months of the pandemic. Fines & Forfeitures is down \$93 thousand mainly the result of less traffic citations issued during the pandemic.
 - Investment earnings is trailing last year by \$174 thousand as interest rates have dropped significantly during the pandemic.

General Fund (GF) Expenditures & Transfers July YTD (EXHIBIT 2):

- Total operating expenditures July YTD were up approximately \$470 thousand from same time in 2019.
 - Fire personal service expenses were up mainly as a result of OT during COVID. These expenses are deemed allowable expenses for reimbursement from the CARES Act (further discussed below).
 - The Recreation Department personal services expense is up over last year mainly due to the reorganization of the budget and financial ledgers in order to keep more of the programming revenues and expenses within Fund 105 versus the General Fund.
 - The Economic Development personal services expense is up mainly due to the Director being hired in August 2019.

Key Takeaways:

- Nine months of income tax receipts in, the City is down approximately \$1.0 million and will be in a better position to estimate a COVID loss after seeing how the September 15th (Q3) estimated payments come in this month.
- The City received approximately \$760 thousand in CARES Act funding which is currently sitting OUTSIDE the General Fund in a Special Revenue account (Local Coronavirus Relief Fund).
 - In the coming months, Finance will be transferring this money into the General Fund by way of reimbursement for COVID related payroll (e.g. Fire OT) and City incurred COVID expenses (telework, unemployment, cleaning, social distancing, etc.).
 - We also expect to receive additional CARES Act funding (likely ½ of first disbursement) in September bringing the total to over \$1.0 million. The City currently is nearing \$1.0 million in COVID related expenses.
 - All of this funding coming into the GF will effectively reduce total expenditures by \$1.0 million.
- Property Tax receipts appear to be coming in as expected even though the timing was pushed back a bit.
- Cash flow was not an issue during the lag period of the income tax receipts this Summer.

Next Steps:

- Finance will be monitoring income tax receipts around the September 15th 3rd Quarter Estimates deadline.
- The City continues to operate under the first COVID scenario for revenues and cost-cutting measures, as appropriate, since the uncertainty of revenue receipts will remain until later in the year.
- As you will recall, a material portion of our expense reduction options involved modifying the amount of year-end transfers out from the General Fund and the possible deferral of capital budget purchases. Therefore, we will need to revisit these alternatives during the 4th quarter once we have a better understanding of actual versus expected revenue losses due to the pandemic.
- In October, Finance will be able to more effectively estimate 2020 income tax revenues and the approximate losses realized on our income tax receipts for 2020 due to the pandemic.
- The 2021 budget scenarios, as previously discussed with Council, are in the process of being compiled for presentation to Council in October. Better understanding of the 2020 income tax revenues will be vital as we compile the 2021 (revenue) budget scenarios.
- The 2021 budget will likely have a significant amount of uncertainty on our revenue streams due to the state of the pandemic, the economic macro conditions locally and at the State level, the effect of the election and most importantly, the carry-over impact of 2020 on 2021's financial landscape.