



## SHAKER HEIGHTS

### Finance Committee Agenda Monday, September 21, 2020, 8:00 A.m. VIA ZOOM MEETING

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. Join online at <https://zoom.us/j/99844695510?pwd=aUhaRFQ3eUp5OXFROE14bGxFdHJYdz09>, Password: 606703; Description: Finance Committee; or join by phone at 833-548-0282 (toll free); Webinar ID: 998 4469 5510, Password: 606703. International numbers available at <https://zoom.us/u/ahwKbeuA>.

1. Discussion Item – Income Taxes & July YTD Financial Update w/ Finance Cmte. Executive Summary.

Documents:

[1 FINANCIAL UPDATE.PDF](#)

2. Discussion Item – Trump Executive Order – FICA Payroll Tax Deferral Memo.

Documents:

[2 TRUMP EXECUTIVE ORDER - FICA PAYROLL TAX DEFERRAL MEMO.PDF](#)

3. Approval of the minutes of the regular meeting of August 17, 2020.

Documents:

[3 FNMN817.PDF](#)

4. Authorizing the application for and acceptance of a grant from NOACA's Transportation for Livable Communities Initiative (TLCI) program for the Lee Road Corridor Connection Action Plan in the amount of \$100,000 with a grant match of \$25,000 for a total project cost of \$125,000.NBR

Documents:

[4 MEMO - FINANCE COMMITTEE - TLCI LEE ROAD 2020 0921.PDF](#)

5. Authorizing a three-year personal services contract with John H. Moore & Associates for advertising management personal services for Shaker Life magazine paying a 20 percent commission for the period January 1, 2021, through December 31, 2023 with a renewal

fourth year.ADM

Documents:

[5 JMOOREMEMOFINANCE.PDF](#)

6. Authorizing a contract with DLZ in the amount of \$46,182 for design services for the Aldersyde Road Waterline Project.SPW

Documents:

[6 REC-ALDERSYDE WATERMAIN DESIGN.PDF](#)

7. Authorizing a contract with GPD in the amount of \$49,871 for design services for the Brantley Sewer Improvement Project.SPW

Documents:

[7 REC-BRANTLEY DESIGN.PDF](#)

8. Approving Tax Year 2020 (Collection Year 2021) Property Tax Rates.

Documents:

[8 2020-2021 PROPERTY TAX RATE MEMO - FINANCE CEE.PDF](#)

9. Requesting the County Fiscal Officer to advance 2020 Property Tax receipts collected by the County during 2021.

Documents:

[9 2020-2021 PROPERTY TAX ADVANCE MEMO - FINANCE CEE.PDF](#)

10. Accepting the recommendations of the City's Tax Incentive Review Council (TIRC) to continue the existing development agreements for tax exemption and payments in lieu of taxes (PILOTs), pursuant to Ohio Revised Code Section 5709.85.

Documents:

[10 SEP FINANCE COMMITTEE MEMO AND MINUTES - TIRC RESULTS.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.*



## Memorandum

To: Members of the Finance Committee  
From: John J. Potts, Director of Finance  
cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer  
Date: September 21, 2020  
Re: Finance Committee Executive Summary – Financial Update

---

### OVERVIEW OF FINANCIAL UPDATE

Attached is the Financial Update recently presented to Council on September 8<sup>th</sup>. It contains an update on current income tax receipts and a full General Fund revenues / expenses YTD (July) analysis along with a document on various takeaways and next steps.

### CURRENT HIGH LEVEL FINANCIAL POSITION

In an effort to try to make the entire financial update a bit easier to review I have prepared a reconciliation below which should tie in our current and potential financial condition with our COVID cost cutting strategies we have talked about since the pandemic began (all amounts rounded).

Income taxes down versus 2019 actuals:	(\$1,000,000)
Additional income taxes down versus 2020 budget:	(\$1,300,000)
July YTD total expenditures over prior year same time period:	(\$470,000)
Additional Recreation Fund subsidy likely needed:	<u>(\$200,000)</u>
Subtotal:	(\$2,970,000)
CARES Act (Coronavirus Relief Fund) reduction of expenditures:	<u>\$1,100,000</u>
Subtotal (shortfall):	(\$1,870,000)

As previously discussed, the shortfall will be covered by lower expenses incurred throughout the year as detailed in our COVID Cost-Mitigation Scenario 1 strategies (e.g. hiring freeze, program and project pauses) and/or reductions in planned expenditures and transfers determined in the fourth quarter (e.g. capital transfers, self-insurance transfers, etc.).

In addition to this high-level reconciliation please refer to the Takeaways document at the end of these attachments.



## 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 15<sup>th</sup>.
- 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 15<sup>th</sup> when 3<sup>rd</sup> 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 2<sup>nd</sup> 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 15<sup>th</sup> (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 15<sup>th</sup> 3<sup>rd</sup> 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.

**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	<b>16,899,369</b>
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	<b>9,186,364</b>
<b>Total</b>	<b>2,540,523</b>	<b>3,948,391</b>	<b>1,811,185</b>	<b>1,963,730</b>	<b>2,615,265</b>	<b>1,904,342</b>	<b>2,413,421</b>	<b>6,655,917</b>	<b>2,232,960</b>	<b>26,085,733</b>
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	<b>18,117,369</b>
PY - Withholding	1,017,534	1,068,421	930,327	943,831	1,189,417	958,140	1,040,366	943,405	898,441	<b>8,989,882</b>
<b>Total</b>	<b>2,812,358</b>	<b>3,645,151</b>	<b>1,881,965</b>	<b>2,203,994</b>	<b>5,642,012</b>	<b>3,661,899</b>	<b>3,279,654</b>	<b>1,706,745</b>	<b>2,273,472</b>	<b>27,107,252</b>
Var \$ - Individual	(235,064)	202,463	(221,058)	(319,377)	(2,933,494)	(1,828,150)	(784,715)	4,962,974	(61,580)	<b>-1,218,000</b>
Var \$ - Withholding	(36,771)	100,777	150,278	79,112	(93,253)	70,593	(81,518)	(13,802)	21,067	<b>196,482</b>
<b>Total</b>	<b>(271,835)</b>	<b>303,240</b>	<b>(70,780)</b>	<b>(240,265)</b>	<b>(3,026,747)</b>	<b>(1,757,557)</b>	<b>(866,233)</b>	<b>4,949,172</b>	<b>(40,513)</b>	<b>-1,021,518</b>
Var % - Individual	-13.1%	7.9%	-23.2%	-25.3%	-65.9%	-67.6%	-35.0%	650.2%	-4.5%	<b>-6.7%</b>
Var % - Withholding	-3.6%	9.4%	16.2%	8.4%	-7.8%	7.4%	-7.8%	-1.5%	2.3%	<b>2.2%</b>
<b>Total</b>	<b>-9.7%</b>	<b>8.3%</b>	<b>-3.8%</b>	<b>-10.9%</b>	<b>-53.6%</b>	<b>-48.0%</b>	<b>-26.4%</b>	<b>290.0%</b>	<b>-1.8%</b>	<b>-3.8%</b>

**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
<b>Income Tax</b>	<b>23,758,283</b>	<b>34,223,270</b>	<b>69.4%</b>	<b>17,427,714</b>	<b>37,407,400</b>	<b>46.6%</b>	<b>(6,330,569)</b>	<b>-26.6%</b>
<b>Property Tax</b>	<b>5,709,343</b>	<b>7,754,552</b>	<b>73.6%</b>	<b>4,316,987</b>	<b>7,739,100</b>	<b>55.8%</b>	<b>(1,392,356)</b>	<b>-24.4%</b>
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)	
<b>Charges For Services</b>	<b>2,037,107</b>	<b>3,286,189</b>	<b>62.0%</b>	<b>1,840,489</b>	<b>3,232,600</b>	<b>56.9%</b>	<b>(196,618)</b>	<b>-9.7%</b>
<b>Licenses &amp; Permits</b>	<b>751,191</b>	<b>1,146,190</b>	<b>65.5%</b>	<b>809,642</b>	<b>1,149,400</b>	<b>70.4%</b>	<b>58,451</b>	<b>7.8%</b>
<b>Local Government Fund</b>	<b>384,807</b>	<b>600,000</b>	<b>64.1%</b>	<b>399,140</b>	<b>671,500</b>	<b>59.4%</b>	<b>14,333</b>	<b>3.7%</b>
<b>Fines &amp; Forfeitures</b>	<b>382,960</b>	<b>510,000</b>	<b>75.1%</b>	<b>290,328</b>	<b>510,000</b>	<b>56.9%</b>	<b>(92,632)</b>	<b>-24.2%</b>
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	
<b>Intergovernmental Revenue</b>	<b>72,654</b>	<b>135,961</b>	<b>53.4%</b>	<b>91,329</b>	<b>74,500</b>	<b>122.6%</b>	<b>18,675</b>	<b>25.7%</b>
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	
<b>Miscellaneous</b>	<b>1,331,103</b>	<b>1,640,546</b>	<b>81.1%</b>	<b>1,228,589</b>	<b>1,647,700</b>	<b>74.6%</b>	<b>(102,514)</b>	<b>-7.7%</b>
<b>Total Operating Revenue</b>	<b>34,427,448</b>	<b>49,296,708</b>	<b>69.8%</b>	<b>26,404,218</b>	<b>52,432,200</b>	<b>50.4%</b>	<b>(8,023,230)</b>	<b>-23.3%</b>
<b>REMOVE Income &amp; Property Tax Lines</b>	<b>4,959,822</b>	<b>7,318,886</b>	<b>67.8%</b>	<b>4,659,517</b>	<b>7,285,700</b>	<b>64.0%</b>	<b>(300,305)</b>	<b>-6.1%</b>

**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
<b>Police</b>								
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%
<b>Subtotal Police</b>	<b>5,484,079</b>	<b>10,691,237</b>	<b>51.3%</b>	<b>5,507,135</b>	<b>11,197,443</b>	<b>49.2%</b>	<b>23,056</b>	<b>0.4%</b>
<b>Public Works</b>								
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%
<b>Subtotal Public Works</b>	<b>4,437,848</b>	<b>8,420,037</b>	<b>52.7%</b>	<b>4,472,083</b>	<b>8,960,260</b>	<b>49.9%</b>	<b>34,235</b>	<b>0.8%</b>
<b>Fire</b>								
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%
<b>Subtotal Fire</b>	<b>3,736,572</b>	<b>6,945,289</b>	<b>53.8%</b>	<b>4,038,468</b>	<b>7,110,697</b>	<b>56.8%</b>	<b>301,896</b>	<b>8.1%</b>
<b>Contractual Charges &amp; Statutory Expense</b>								
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%
<b>Subtotal CCSE</b>	<b>1,425,838</b>	<b>2,485,082</b>	<b>57.4%</b>	<b>1,259,772</b>	<b>2,852,888</b>	<b>44.2%</b>	<b>(166,066)</b>	<b>-11.6%</b>
<b>Municipal Court</b>								
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%
<b>Subtotal Municipal Court</b>	<b>1,230,789</b>	<b>2,398,459</b>	<b>51.3%</b>	<b>1,224,753</b>	<b>2,334,961</b>	<b>52.5%</b>	<b>(6,036)</b>	<b>-0.5%</b>
<b>Building &amp; Housing</b>								
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%
<b>Subtotal Building &amp; Housing</b>	<b>855,732</b>	<b>1,597,143</b>	<b>53.6%</b>	<b>881,637</b>	<b>1,626,594</b>	<b>54.2%</b>	<b>25,905</b>	<b>3.0%</b>
<b>Recreation</b>								
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%
<b>Subtotal Recreation</b>	<b>260,326</b>	<b>463,590</b>	<b>56.2%</b>	<b>569,858</b>	<b>1,271,285</b>	<b>44.8%</b>	<b>309,532</b>	<b>118.9%</b>

**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
<b>Finance</b>								
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%
<b>Subtotal Finance</b>	<b>489,404</b>	<b>815,903</b>	<b>60.0%</b>	<b>467,130</b>	<b>896,483</b>	<b>52.1%</b>	<b>(22,274)</b>	<b>-4.6%</b>
<b>Law</b>								
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%
<b>Subtotal Law</b>	<b>430,034</b>	<b>746,160</b>	<b>57.6%</b>	<b>418,312</b>	<b>776,472</b>	<b>53.9%</b>	<b>(11,722)</b>	<b>-2.7%</b>
<b>Communications and Marketing</b>								
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%
<b>Subtotal Comm &amp; Marketing</b>	<b>466,614</b>	<b>818,821</b>	<b>57.0%</b>	<b>443,847</b>	<b>810,815</b>	<b>54.7%</b>	<b>(22,767)</b>	<b>-4.9%</b>
<b>Economic Development</b>								
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%
<b>Subtotal Economic Development</b>	<b>266,898</b>	<b>962,036</b>	<b>27.7%</b>	<b>325,767</b>	<b>1,131,697</b>	<b>28.8%</b>	<b>58,869</b>	<b>22.1%</b>
<b>Planning</b>								
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%
<b>Subtotal Planning</b>	<b>374,736</b>	<b>734,152</b>	<b>51.0%</b>	<b>342,653</b>	<b>718,359</b>	<b>47.7%</b>	<b>(32,083)</b>	<b>-8.6%</b>
<b>Information Technology</b>								
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%
<b>Subtotal Information Technology</b>	<b>298,251</b>	<b>589,347</b>	<b>50.6%</b>	<b>291,777</b>	<b>593,918</b>	<b>49.1%</b>	<b>(6,474)</b>	<b>-2.2%</b>
<b>Human Resources</b>								
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%
<b>Subtotal Human Resources</b>	<b>170,320</b>	<b>395,336</b>	<b>43.1%</b>	<b>171,291</b>	<b>421,113</b>	<b>40.7%</b>	<b>971</b>	<b>0.6%</b>

**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
<b>Mayor</b>								
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%
<b>Subtotal Mayor</b>	<b>138,734</b>	<b>249,117</b>	<b>55.7%</b>	<b>128,397</b>	<b>254,643</b>	<b>50.4%</b>	<b>(10,337)</b>	<b>-7.5%</b>
<b>Chief Admin Officer</b>								
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%
<b>Subtotal Chief Admin Officer</b>	<b>135,950</b>	<b>247,981</b>	<b>54.8%</b>	<b>139,733</b>	<b>246,173</b>	<b>56.8%</b>	<b>3,783</b>	<b>2.8%</b>
<b>Neighborhood Revitalization</b>								
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%
<b>Subtotal Neighborhood Revitalization</b>	<b>131,914</b>	<b>278,357</b>	<b>47.4%</b>	<b>119,653</b>	<b>244,797</b>	<b>48.9%</b>	<b>(12,261)</b>	<b>-9.3%</b>
<b>City Council</b>								
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%
<b>Subtotal City Council</b>	<b>85,478</b>	<b>157,931</b>	<b>54.1%</b>	<b>84,282</b>	<b>157,479</b>	<b>53.5%</b>	<b>(1,196)</b>	<b>-1.4%</b>
<b>Civil Service</b>								
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%
<b>Subtotal Civil Service</b>	<b>18,763</b>	<b>98,390</b>	<b>19.1%</b>	<b>21,373</b>	<b>105,594</b>	<b>20.2%</b>	<b>2,610</b>	<b>13.9%</b>
<b>Total Operating Expenditures</b>	<b>20,438,280</b>	<b>39,094,368</b>	<b>52.3%</b>	<b>20,907,921</b>	<b>41,711,671</b>	<b>50.1%</b>	<b>469,641</b>	<b>2.3%</b>

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

	<b>July 2019 Actual YTD</b>	<b>2019 Budget</b>	<b>% to 2019 Budget</b>	<b>July 2020 Actual YTD</b>	<b>2020 Budget</b>	<b>% to 2020 Budget</b>	<b>Jul YTD 2020 vs Jul YTD 2019</b>	<b>% Chg</b>
<b>Total Operating Expenditures (prev page)</b>	<b>20,438,280</b>	<b>39,094,368</b>	<b>52.3%</b>	<b>20,907,921</b>	<b>41,711,671</b>	<b>50.1%</b>	<b>469,641</b>	<b>2.3%</b>
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	
<b>Transfers Out</b>	<b>3,377,597</b>	<b>10,200,694</b>	<b>33.1%</b>	<b>2,607,623</b>	<b>10,381,356</b>	<b>25.1%</b>	<b>(769,974)</b>	<b>-22.8%</b>
<b>Total Disbursements (Expend + Transf)</b>	<b>23,815,877</b>	<b>49,295,062</b>	<b>48.3%</b>	<b>23,515,544</b>	<b>52,093,027</b>	<b>45.1%</b>	<b>(300,333)</b>	<b>-1.3%</b>
<b>Total General Fund Revenue</b>	<b>34,427,448</b>	<b>49,296,708</b>	<b>69.8%</b>	<b>26,404,218</b>	<b>52,432,200</b>	<b>50.4%</b>	<b>(8,023,230)</b>	<b>-23.3%</b>
<b>Revenue Over/(Under) Disbursements</b>	<b>10,611,571</b>	<b>1,646</b>		<b>2,888,674</b>	<b>339,173</b>		<b>(7,722,897)</b>	
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%
<b>Total Operating Expenditures</b>	<b>20,438,280</b>	<b>39,094,368</b>	<b>52.3%</b>	<b>20,907,921</b>	<b>41,711,671</b>	<b>50.1%</b>	<b>469,641</b>	<b>2.3%</b>



# SHAKER HEIGHTS

## Memorandum

To: Members of the Finance Committee  
From: John J. Potts, Director of Finance  
cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer  
Date: September 21, 2020  
Re: Trump Administration – FICA Tax Deferral (Payroll Tax Cut)

---

### **BACKGROUND**

On August 8<sup>th</sup>, President Trump signed an executive action temporarily suspending payroll tax collections as negotiations in Congress deadlocked over a new coronavirus stimulus package. Trump's executive order takes effect Sept. 1 and lasts through Dec. 31. Companies participating in the plan would stop withholding some Social Security taxes for the rest of the year, then withhold twice as much as usual early next year to pay the delayed taxes. The order is intended to provide a temporary tax break specifically for workers – equating to a 6.2% bump in pay for those earning less than \$4,000 bi-weekly through the end of the year.

This is a *temporary* payroll tax cut that will last from September 1, 2020 until December 31, 2020. During this period, certain employees will not have to pay a payroll tax, which is 6.2% for Social Security. Employers will be responsible to pay the deferred payroll tax between January 1, 2021 and April 30, 2021.

The President has the authority to defer payroll taxes because he made a nationwide emergency declaration in March. But it's up to Congress to decide whether or not to permanently forgive the deferred payroll taxes. It is unclear whether this would happen and would likely depend on the outcome of the election as Trump has stated that he would forgive (eliminate) the requirement to pay the deferral back if he is re-elected (although, again, it is only up to Congress, not the President to perform this action).

### **INDIVIDUALS AFFECTED**

The payroll tax deferral does not affect City employees since they do not pay FICA (social security taxes). The Finance Department does process payroll for Shaker Heights Development Corporation and Family Connections. There is one employee eligible to participate in the deferral at SHDC and all of the Family Connections employees are eligible if they so choose. Additionally, the Acting Judges (12) in the Municipal Court are eligible.

### **FULL "OPT-OUT"**

The Finance Department contacted ALL of the individuals affected per above and ALL of them communicated that they did not wish to participate in the payroll tax deferral, effectively "opting-out." Thus, there is no set up or implementation to execute this deferral in the payroll department of Finance.



**Finance Committee  
Monday, August 17, 2020, 8:00 A.M.  
Via ZOOM Meeting Due to  
COVID-19 Public Health Emergency**

Members present: Council Member, Nancy Moore, Chair  
Council Member, Tres Roeder  
Council Member, Anne Williams  
Council Member, Earl Williams  
Citizen Member, Martin Kolb (left at 8:45 A.M.)  
Citizen Member, Linda Lalley  
Citizen Member, Anthony Moore

Others present: Mayor, David E. Weiss  
Director of Finance, John Potts  
Assistant Finance Director, Cheryl Arslanian  
Chief of Fire, Patrick Sweeney  
Director of Planning, Joyce Braverman  
Principal Planner, Kara Hamley O'Donnell  
Assistant Director of Public Works, Christian Maier  
Human Resources Manager, Sandra J. Middleton  
Chad Gorfido, CPA, Rea & Associates, Inc.  
Frank Goforth, League of Women Voters

\* \* \* \*

**DISCUSSION ITEM - AUDITORS EXIT CONFERENCE – CHAD GORFIDO, CPA, PRINCIPAL AT REA & ASSOCIATES, INC.**

Auditor Chad Gorfido opened the discussion with the results of the audit for the year ending December 31, 2019. Mr. Gorfido stated that in the opinion of the independent auditor, in accordance with the Government Auditing Standards applicable to financial audits, the City of Shaker Heights financial statements are free from material misstatement resulting in no material findings on reporting performance objectives or non-compliance. Mr. Gorfido stated there was one instance of immaterial noncompliance related to public records testing, but that item is minor and only needed to be discussed and not reported.

Council Member Earl Williams questioned if there was any significant changes regarding creating additional accounts or the monitoring or reporting of accounts due to the CARES Act. Mr. Gorfido stated a new fund was established for the money and the fund is subject to a federal single audit next year.

In response to Council Member Anne Williams regarding a COVID disclosure, Mr. Gorfido stated that the emphasis of matter should not have impact on the City's rating. Citizen Member Kolb stated the accomplishment of the leadership in the finance area and how it has adapted to this pandemic and the entire situation is something the City should be proud of.

**CITY OF SHAKER HEIGHTS**

\*

\*

\*

\*

## **DISCUSSION ITEM - GENERAL FUND Q2 YTD FINANCIAL UPDATE.**

John Potts, Director of Finance, stated the second quarter was significantly impacted by the COVID-19 pandemic. Some examples of this disruption was the Municipal Court being closed for a period of time, the Police Department pause on issuing travel citations and the Building and Housing Department needing to generate new protocols in order to provide services remotely. A large majority of personnel and resources were dedicated to dealing with various aspects of the pandemic, either internally with our city employees or externally with the services we provide to our residents.

Overall general fund operating revenues were down \$5.6 million year to date in 2020 versus the same time period last year. The majority of that decrease is attributable to the \$5.4 million negative variance from income tax receipts. Removing that line item reflects a 2.2% decline (\$183,075) in operating revenues year to date as compared to the same time period in 2019. A summary of key revenue line items including Income Tax, Property Tax and Local Government Fund, Court Costs and Fines and Forfeitures, License and Permits and Investment Earnings were presented and discussed.

While it appears that these results can be construed as a positive after having moved through a difficult second quarter, Mr. Potts reminded the committee that the pandemic is not over and there is still half a year to go. The Finance Department continues to keep a close eye on the City's revenue sources which will still be impacted by the pandemic during the second half of 2020.

Total operating expenditures for the first half of 2020 were up \$416 thousand or 2.3% versus 2019 year-to-date. Breaking that increase down, personal services were up \$584 thousand while "Other" expenses were down \$167 thousand. A summary of key variances making up the increase included Fire Personal and Other, Recreation, and Economic Development Personal Services.

Chair Moore asked that with the delay in the income tax filing from April to July and when the full effect of the pandemic on income tax receipts will become available, if our original estimate of a 10% reduction in expenditures is going to be enough. Chair Moore also stated that the 2021 budget is obviously going to be a challenge since the foundation is the 2020 budget.

Director Potts stated that in recent discussions with RITA, they stated that over 90% of the Shaer taxpayers had filed their taxes July 15<sup>th</sup> which means the lag burn could possibly be shorter than originally calculated by RITA. There will be continuous updates as the RITA income taxes are received.

Director Potts stated that building the 2021 budget was already in progress and with not having all the information for the 2020 taxes and just six months into 2020 makes it extremely difficult. The process is going to just be an estimate where we're going to be and thinking about using that as our flat scenario.

Mayor Weiss commented that the 90% filing figure reflected a good sign that people were paying their taxes and may be an indication that a good chunk of the lag was being picked up. Mayor Weiss agreed more time was needed to be in a position to compare it to 2019.

Citizen Member Lalley complimented the administration and stated that dealing with public money in public services you can't be overly conservative and not advocating being aggressively positive. She realizes there is much work to be done without going too conservative or too positive.

Mayor Weiss stated that some of the expense reductions were really deferrals and amounts might be transferred at the end of the year and that was good news that the City did not cut services and only pushed them down the road a little bit by virtue of our transfer for next year's capital.

Citizen Member Kolb agreed with Director Potts that the third quarter will give the City a better sense when reviewing the numbers at that time. Mr. Kolb complimented the Finance team on their daily work researching receipts and spending.

\* \* \* \*

**APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JULY 20, 2020.**

Chair Moore stated that the minutes of the July 20, 2020 meeting were approved as recorded.

\* \* \* \*

**AUTHORIZING THE CITY'S ACCEPTANCE OF A \$177,487.68 FEMA ASSISTANCE TO FIREFIGHTERS (AFG) COVID-19 GRANT FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) WITH A REQUIRED CITY MATCH AMOUNT OF \$17,748.77 FOR A TOTAL AMOUNT OF \$195,236.45 FOR THE PURCHASE OF PERSONAL PROTECTIVE EQUIPMENT.**

Patrick Sweeney, Chief of Fire, stated that the Shaker Heights Fire Department, on behalf of 33 communities in Cuyahoga County, made an application for a FEMA Assistance to Firefighters (AFG) COVID-19 Grant. This AFG grant became available during the early stages of the current pandemic emergency to provide funding to Fire Departments in need of procuring personal protective equipment for Firefighters responding to the medical needs of citizens who may be infected with COVID-19. The Shaker Heights Fire Department agreed to be the lead agency in making the grant application along with acting as the fiduciary for any awarded grant funds. A Memo of Understanding was executed between the City of Shaker Heights and all other participating communities agreeing to reimburse Shaker Heights for their portion of a required 10% grant match. The total federal grant is \$177,487.68 with a 10% match of \$17,748.77 for a total project cost of \$195,236.45 for the purchase of COVID-19 personal protective equipment. This equipment consists of N95 masks, Surgical Masks, Eye Protection, Shoe Covers, and Gowns. This equipment has been identified as essential for Firefighters providing emergency medical care to residents in our communities.

This item was presented and passed by the Safety and Public Works Committee on August 7, 2020.

In response to Citizen Member Lalley regarding payment from the other communities, Fire Chief Sweeney stated there were no concerns of receiving the payment and if a community decided to cancel out of the agreement, he was confident another community would pay for and take the equipment.

The Finance Committee recommended authorizing the City's acceptance of a \$177,487.68 FEMA Assistance to Firefighters (AFG) COVID-19 grant from the Federal Emergency Management Agency (FEMA) with a required City match amount of \$17,748.77 for a total amount of \$195,236.45 for the purchase of personal protective equipment.

\* \* \* \*

**AUTHORIZING THE APPLICATION FOR AND ACCEPTANCE OF A HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP) GRANT FROM THE OHIO DEPARTMENT OF TRANSPORTATION IN THE AMOUNT NOT-TO-EXCEED \$275,000 WITH A REQUIRED MATCH OF \$40,000 FOR ENGINEERING AND IMPLEMENTATION OF PEDESTRIAN AND INFRASTRUCTURE IMPROVEMENTS.**

Kara O'Donnell, Principal Planner, stated this item is a request to authorize a grant application for and acceptance of a grant from, the Ohio Department of Transportation (ODOT) Highway Safety Improvement Program (HSIP) Safety Grant. ODOT dedicates about \$102 million annually for engineering improvements at high-crash locations. This grant would pay for engineering and implementation of pedestrian and infrastructure improvements at the South Woodland Road intersection with Warrensville Center Road, as recommended in the 2018 *Van Aken District Signal Study*. This dangerous intersection has various geometric and traffic operational issues that negatively affect travel for motorists, pedestrians, and cyclists. The often-congested intersection is located within a block of the GCRTA Green line rapid stop and Shaker Middle School, to which many students walk and bike. In the past 3 years, unfortunate accidents have resulted including two fatalities from an automobile accident.

The grant application to ODOT is for the amount of \$275,000 to be used for engineering and construction; with a City contribution of approximately \$12,500 to be used for Construction Management Construction Inspection (CMCI) and a 10% local match of \$27,500 is required, resulting in a \$40,000 City cost for this project. This \$40,000 was in the 2020 Capital Budget, but was deferred as part of the \$5 million+ of expenses removed from the budget due to projected revenue losses. If we receive the grant, the \$40,000 match would come from the \$1.5+ million balance in the General Capital Fund.

ODOT's HSIP grant applications under \$500,000 are accepted on a rolling basis, though the large-project grant deadline is September 30; we propose to work with City Engineer GPD to submit an application for this reimbursable grant in early September in hopes of an expedited review. This may also permit the project implementation to be coordinated with Warrensville Center Road repaving scheduled for 2021.

This was presented and approved by the Safety and Public Works Committee on August 7, 2020 for a grant of up to \$275,000 from ODOT.

The Finance Committee recommended authorizing the application for and acceptance of a Highway Safety Improvement Program (HSIP) grant from the Ohio Department of Transportation in the amount not-to-exceed \$275,000 with a required match of \$40,000 for engineering and implementation of pedestrian and infrastructure improvements.

\* \* \* \*

**AUTHORIZING AN AMENDMENT OF THE PROFESSIONAL SERVICES CONTRACT WITH GREENMAN-PEDERSON, INC. (GPI) FOR CONSTRUCTION INSPECTION AND ADMINISTRATION OF THE WARRENSVILLE CENTER ROAD STREETScape IMPROVEMENT PROJECT IN THE AMOUNT OF \$8,589, WHICH WILL BRING THE TOTAL CONTRACT AMOUNT NOT-TO-EXCEED \$242,533.**

Joyce Braverman, Director of Planning, stated that this is a recommendation to amend and extend a professional services contract with Greenman-Pederson, Inc. (GPI) for construction inspection and administration of the Warrensville Center Road Streetscape Improvements project. This type of consultant is required by the Ohio Department of Transportation (ODOT) when Federal funding is involved in a project, and acts as the City's onsite construction manager and inspector for the duration of the project.

Primary streetscape construction activities include concrete sidewalks, curbs, asphalt pavement, ADA ramp installation, pedestrian lighting, landscaping and signage along the east side of Warrensville between Scottsdale and Farnsleigh, and along the north side of Farnsleigh between Warrensville and Thornton Park.

GPI was originally selected in 2019 and the contract was approved by Council in April 2019 through Ordinance 19-33. GPI was chosen through a Request for Qualifications which was posted on the ODOT website for three weeks per ODOT consultant contract administration requirements beginning March 11, 2019. Six letters of interest were submitted by the April 1 deadline. A selection committee reviewed the letters of interest and ranked them according to ODOT criteria.

GPI submitted a cost proposal in the total amount of \$233,949. The original contract is effective through August 1, 2020. The construction job was originally to be complete by June 1, 2020. Perk has completed 98% of the work. However, their sub-consultant, Trafftech, has experienced delays due to delivery issues related to COVID-19 and is behind in securing parts for the job. Since the construction is delayed, GPI's work inspecting and managing the job needs to be extended. GPI has requested an additional fee of \$8589.00 to complete the job. This will bring the amended contract to \$242,533.00.

This item was presented and approved by the Safety and Public Works Committee on August 7, 2020.

The Finance Committee recommended authorizing an amendment of the professional services contract with Greenman-Pederson, Inc. (GPI) for construction inspection and administration of the Warrensville Center Road Streetscape Improvement project in the amount of \$8,589, which will bring the total contract amount not-to-exceed \$242,533.

\* \* \* \*

**AUTHORIZING A CONTRACT WITH KIMBLE TRANSFER AND RECYCLING FOR PROCESSING RECYCLABLES AT A COST OF \$69.00 A TON FOR YEAR ONE; \$71.01 A TON FOR YEAR TWO; \$73.20 FOR OPTIONAL YEAR ONE AND \$76.13 A TON FOR OPTIONAL YEAR TWO.**

Christian Maier, Assistant Director of Public Works stated that in May Council approved the participation of the City in the Cuyahoga County Solid Waste Districts (CCSWD) Consortium request for competitive bids for recycling processing. The Cities of Beachwood, Cleveland Heights, Independence, Lyndhurst, Pepper Pike, Shaker Heights, Solon, University Heights, Warrensville

Heights and the Villages of Moreland Hills, Highland Hills and Woodmere are participating in the recycling consortium. The recycling market has gone down considerably over the past several years and the consortium members were aware that paying for disposal of recyclables was inevitable.

An "Invitation to Bid" was placed in the Plain Dealer on May 31, 2020 and June 3, 2020 for recycling processing services. Only two bids were received for this service; Kimble Transfer and Recycling (our current vendor) and Rumpke Waste and Recycling Co.

Prior to going out to bid, the Public Works Directors of the participating communities requested that we bid out the processing of recyclables which are collected in blue bags separately. All but two of the communities prohibit this type of disposal so we felt that since the cost of processing is more when blue bags are involved, it would benefit the majority to do it this way.

Another topic that was discussed at great length was the volatility in the recycling market and did we want to be locked into a five-year contract which we have done for the past ten years. As a result of this discussion we felt it was in everyone's best interest to solicit bids for two-years with two additional one-year renewals for a grand total of four years.

The cost for processing recyclables in blue bags started at \$96.00 a ton all the way to \$126.08 a ton. Since Shaker Heights uses recycling buckets we will not be paying these additional costs.

Any load with an estimated contamination rate of 22% or more will be rejected at the facility. The good news with the lowest bidder, Kimble Transfer & Recycling is that we have been using them for the past five-years with great results. Each community will enter into their own contract with Kimble Transfer & Recycling.

Anticipating that we would begin paying for processing of recyclables when our current contract expires in September \$30,000 was included in the 2020 budget and should be sufficient to cover these costs for the final four months of the year. Our yearly costs will be in the \$90,000 range. The cost to landfill solid waste currently costs \$47 a ton and will be \$48.50 in 2022 and \$50.00 in 2023.

This item was presented and approved by the Safety and Public Works Committee on August 7, 2020.

Chair Moore stated the importance of this contract and applauded the efforts of Public Works to make the environment a priority even though the cost of recycling is more than if the City decided to just dump in a landfill.

Council Member Anne Williams stated the Sustainability Committee and community did appreciate the support of the City for recycling.

In response to Citizen Member Lalley questioning the price difference of the two bids, Mr. Maier stated that it is always interesting when doing a competitive bid in that the company who is bidding needs to take various risk factors into consideration. If the recycling is contaminated 20% or more, Kimball will reject the load and Rumpke may not reject and charge more for the inconvenience of dealing with the contaminated. Mayor Weiss stated it is a risk allocation issue. The difference in the pricing between the two companies that did bid is almost double and some companies are cautious with the uncertainty in the market to go out for a two to four year contract.

This Finance Committee recommended authorizing a contract with Kimble Transfer and Recycling for processing recyclables at a cost of \$69.00 a ton for year one; \$71.01 a ton for year two; \$73.20 for optional year one and \$76.13 a ton for optional year two.

\* \* \* \*

**AUTHORIZING AN AGREEMENT WITH CUYAHOGA COUNTY FOR THE EMERGENCY REPAIR OF SOUTH WOODLAND CULVERT NO. 3 AT A CONTRIBUTION RATE OF 50% UP TO A MAXIMUM OF \$100,000 AND TO APPROPRIATE THE \$100,000 INTO THE SEWER CAPITAL FUND.**

Assistant Director Maier, stated in the Spring of 2020, Public Works staff noticed a large sinkhole had started to develop along the curb line and catch basin in the general area of 23450 S. Woodland (just east of Green Road). Further investigation revealed the sink hole was a result of the 3-foot x 7-foot box culvert running under S. Woodland having collapsed. This culvert conveys storm water from the Shaker Blvd. median traveling in a southerly direction and outlets at Green Rd. & Bryden Road. This is the upstream portion of the Mill Creek Watershed.

Understanding time was of the essence, Public Works removed trees on the outlet side of the culvert in the Spring of 2020 to avoid any conflicts with ODNR and the prohibitions with tree removal to protect the Indiana Bat. The design was started shortly thereafter. The general scope of the project consists of replacing the culvert under S. Woodland, grading of the outlet area, installation of new headwall/wing walls, placement of rock channel protection and restoration. The engineer's construction cost estimate is \$251,416.55; bids were received July 31, 2020 and are being reviewed but fall within this estimate.

Since South Woodland is a County road, we reached out to the County to see if they could provide any emergency financial aid to protect South Woodland Road. The County Council approved this request and are able to provide 50% of the cost up to \$100,000 for the replacement of this culvert. The \$100,000 will need to be appropriated as a result of this award.

This request was presented and approved by the Safety & Public Works Committee on August 7, 2020.

Citizen Member Lalley questioned the legal responsibility for repair of any County or State owned road within the Shaker Heights boundary. Assistant Director Maier stated that South Woodland is a county road and they have a level of responsibility, but the culvert itself is actually owned by Shaker. There are various locations throughout the where the County does have ultimate responsibility. The County is contributed to this project since South Woodland has a huge impact on traffic.

The Finance Committee recommended authorizing an agreement with Cuyahoga County for the emergency repair of South Woodland Culvert No. 3 at a contribution rate of 50% up to a maximum of \$100,000 and to appropriate the \$100,000 into the Sewer Capital Fund.

\* \* \* \*

**PROPOSED REVISION TO NON-BARGAINING EMPLOYEES BENEFIT.**

Sandra Middleton, Human Resources Manager, stated the non-bargaining employees completed a perception survey in October 2019. The survey asked employees what other forms of compensation or benefits they would like to see the City offer. One of many responses received was paid maternity/paternity leave. The City gathered data on compensation structure and benefit offerings from other communities and counties. The data showed that Beachwood, Newburgh Heights, Cincinnati, Columbus and Dayton, Ohio offered paid maternity/paternity leave to employees, but each City’s policy was different. The benefit ranges from four (4) weeks to twelve (12) months of paid leave time, with compensation for the leave ranging from 70% in Cincinnati, Dayton and Columbus to 100% of salary in Beachwood and Newburgh Heights.

In considering the potential budget impact of offering a paid maternity/paternity leave policy, research showed 11 newborns were added to our insurance policy in 2019 with the average salary of a non-bargaining employee being \$69,703. The cost to the City would be \$88,469 based on the average salary for eleven employees to take six paid weeks of maternity/paternity leave. Although the \$88,469 is an estimate based on several assumptions, it is a good indicator of the potential impact to the budget.

The following recommendation is for non-bargaining employees only:

- Eligible Employees:** Any non-bargaining employee with a least 12 months of service and worked 1250 hours or more in the preceding year.
- Purpose:** Birth, adoption, foster placement of a child.
- Duration:** Maximum of 6 weeks. Must be taken within the first 12 months of the event. Must be used concurrently with FMLA.
- Benefit:** 100% pay for a maximum of 6 weeks per event.

This item was presented and approved by the Administration Committee at their August 11 meeting. The Administration Committee discussed the impact on the budget and was pleased to hear that this benefit adds minimal additional cost. Most employees have accrued sick/vacation time to use for absence related to childbirth or foster child placement the new benefit would allow them to keep their accrued time and use the proposed paid benefit. The Administration Committee voted to recommend adding the proposed Maternity/Paternity Leave to the compliment of benefits to non-bargaining employees.

In response to Chair Moore regarding FMLA versus maternity leave; Manager Middleton stated that FMLA is leave without pay. With the new policy you would be on FMLA, but your time will be paid under the new benefit. The Finance Committee recommended the Proposed Revision to Non-Bargaining Employees Benefit.

\* \* \* \*

**ESTABLISHING A SPECIAL REVENUE FUND DESIGNATED THE CRA FEE FUND AS FUND NO. 287 WITHIN THE FUND ACCOUNTS OF THE CITY FOR FEES FROM COMMUNITY REINVESTMENT AREA AGREEMENTS.**

Director Potts, stated that this item is a request to establish a Special Revenue Fund No. 287 designated the CRA Fee Fund and this fund may be used for all future CRA fee collected by the City.

The City of Shaker Heights has entered into two Community Reinvestment Area Agreements (CRA) with Stella of Shaker Heights, LLC effective April 13, 2016 and Maximar Properties, LLC effective November 30, 2017. According to both Community Reinvestment Agreements, a fee shall be assessed to each CRA and deposited in a special fund of the city. As discussed in each agreement per Sections 4 (Maximar Properties, LLC) and 5 (Stella of Shaker Heights, LLC) see the language below:

The Property Owners shall pay an annual fee equal to the greater of one percent (1%) of the dollar value of incentives offered under the Agreement or five hundred dollars (\$500); provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars (\$250,000), the fee shall not exceed two thousand five hundred dollars (\$2,500).

The fee shall be paid no later than January 15<sup>th</sup> of each year of this Agreement, starting on January 15, 2017 for Stella of Shaker Heights LLC, 3350 Warrensville Center Road, Permanent Parcel No. 733-24-007 and January 15, 2018 for Shaker Rocks, LLC and Maximar Properties, LLC, 3377 Warrensville Center Road, Permanent Parcel 736-12-011. It shall be paid by certified check and made payable to the City of Shaker Heights. The fee shall be delivered to the Director of Finance for the City. The fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with ORC Section 3735.671 (D), and by the City's Tax Incentive Review Council created under ORC Section 3735.671(D) exclusively for the purposes of performing the duties prescribed under that Section.

The Finance Committee recommended establishing a Special Revenue Fund designated the CRA Fee Fund as Fund No. 287 within the fund accounts of the City for fees from Community Reinvestment Area agreements.

\* \* \* \*

There being no further business, the meeting was adjourned at 9:15 a.m. The next meeting will be September 21, 2020.

Respectfully submitted,

---

John J. Potts, Finance Director  
Finance Committee



## Memorandum

To: Finance Committee Members

From: Joyce G. Braverman, Director, Planning  
Kara O'Donnell, Principal Planner, Planning  
Laura Englehart, Director, Economic Development

cc: David E. Weiss, Mayor  
Jeri. E. Chaikin, Chief Administrative Officer

Date: September 15, 2020

Re: 2020 NOACA Transportation for Livable Communities (TLCI) Grant Program  
Application for the **Lee Road Corridor Connections Action Plan**

---

This is a request to authorize a grant application to and to accept a grant from NOACA's Transportation for Livable Communities Initiative (TLCI) program for the **Lee Road Corridor Connections Action Plan**, a visionary reinvestment plan for the Lee Road commercial corridor. The **Lee Road Corridor Connections Action Plan** will provide detailed recommendations for transportation enhancements such as: traffic calming; access plan – including pedestrian and bike amenities within the district and connections with surrounding neighborhoods and corridors; urban design strategies to achieve a corridor transformation; an economic development and facilities strategy; and robust community engagement.

The Lee Road plan sets up investment in a part of the community that has not seen large-scale reinvestment since work was completed in 2005 at the Shaker Town Center shopping center area. Due to resident-led efforts, particularly through the Moreland Rising project, the predominantly Black residential neighborhoods adjacent to the Lee Road commercial district have become stronger and more vibrant. The City should help foster the same spirit and be intentional in creating equitable, inclusive approaches to planning and development in the neighboring commercial district. Investment and connectivity between the business district and adjacent residential neighborhoods, between businesses and residents, and between residents and potential jobs is important. Accordingly, the plan will involve diverse resident and stakeholder participation from the adjacent neighborhoods and from current business owners in the commercial corridor. The proposed plan will also satisfy a recently passed NOACA resolution calling for equity in transportation planning.

The NOACA Transportation for Livable Communities Initiative (TLCI) program provides assistance to communities and public agencies for transportation projects that strengthen community livability, including projects that enhance economic viability and quality of life. The NOACA Governing Board has allocated approximately \$500,000 of federal funds for the competitive planning grant program.

The City has completed traffic studies and plans in the Lee Road area in the past. With this grant application, the City seeks to not repeat but to build on those plans by seeking funding to complete a comprehensive, detailed plan for transforming the area into a thriving commercial district that is attractive, walkable, and bikeable. Other previously prepared studies that address portions of the Lee Road corridor are available at [www.shakeronline.com/442/City-Plans-Documents](http://www.shakeronline.com/442/City-Plans-Documents):

- *Joint Facilities Vision Plan (2019)*
- *Lee Road Traffic Study & Corridor Plan (2012)*
- *Economic Development Strategy (2010)*
- *Lee/Van Aken Transit-Oriented Development Plan (2008)*
- *Strategic Investment Plan (2000)*

The **Lee Road Corridor Connections Plan** will address four critical elements:

- 1) **Urban Design and Streetscape Plan**—consider and improve the overall physical design and appearance of the corridor.
- 2) **Economic Development and Facilities Strategy**—develop a place-based economic development strategy to optimize development opportunities along the Lee Road corridor and create an environment where business can thrive; consider best use and redevelopment of public facilities along the corridor.
- 3) **Transportation Plan**—Establish a multi-faceted plan for all modes of transportation using data and information collected in previous traffic studies; study traffic calming, access management, pedestrian and bicycle infrastructure; enhance connectivity between the business district and neighborhoods, businesses and residents, and between residents and jobs.
- 4) **Community and Stakeholder Engagement**—implement a robust process to gather input from residents, neighborhood associations, business owners and property owners.

Applying for TLCI grant funding this year will allow the City to complete advanced planning now in order to pave the way for implementation funding and meet the expected 2025 construction year. The City has requested implementation funding from NOACA for road resurfacing, a multipurpose path and streetscape in funding year 2025. The plan would also prepare us to request State capital funds and other grant sources in 2022-24. The plan and funding strategy uses the same techniques as other successful projects, most recently the Chagrin/Warrensville intersection reconfiguration and public improvements in the Van Aken district.

The City will request a \$100,000 grant from NOACA. This competitive application does not require a match however, city participation is encouraged. Based on past TLCI grant awards, a city match of \$25,000 is proposed to achieve a budget of \$125,000. This will support a targeted plan that will address all aspects of transportation and redevelopment for the Lee Road Corridor and work with the community to craft this vision. The match funds will come from the available balance in the capital fund. The grant application and supporting legislation are due on October 16, 2020.

The City has previously received TLCI grants for the *Van Aken District Connections Plan*; *Lee/Van Aken Transit-Oriented Development Plan (2007)*; the *Warrensville-Van Aken Transit-Oriented Development Plan (2008)*; and the *Warrensville/Van Aken Intermodal Transit Center Plan (2009)* and the *Lee Road Traffic Study & Corridor Plan (2011)*.

The Planning and Economic Development Departments presented the project to the Neighborhood Revitalization and Development Committee on September 9, 2020. The committee discussed that the plan will incorporate a key initiative of the Forward Together Vision Plan and study public facilities along Lee Road. The committee also supported stronger neighborhood connections and neighborhood and stakeholder engagement. Discussion points also included how this plan is needed to assemble multiple implementation grants and funding sources, which was the strategy used for the Van Aken District redevelopment.

**Recommendation.** We recommend approval and authorization to submit a grant application to and to accept a grant from NOACA's Transportation for Livable Communities Initiative (TLCI) program for the **Lee Road Corridor Connections Action Plan**, a visionary transportation and reinvestment plan for the Lee Road commercial corridor, in the amount of \$100,000 with a grant match of \$25,000 for a total project cost of \$125,000.



## Memorandum

To: Members of the Finance Committee  
From: Julie McGovern Voyzey, Communications and Marketing  
cc: Mayor David E. Weiss  
Chief Administrative Officer Jeri E. Chaikin  
Date: September 11, 2020  
Re: Contract for Advertising Management, Shaker Life

---

*Shaker Life* magazine has always been the City's primary communications "retain" tool used to remind residents of their reasons for choosing to live in Shaker Heights. In the past two years, in conjunction with our Shaker365 marketing campaign, it has also been used as a key "attract" tool for prospective residents.

The Communications and Marketing Department publishes the magazine and acts as Editor in Chief. In addition to department staff who work on the magazine, the department outsources a managing editor, art director, advertising manager and advertising representative, a proofreader, and a team of freelance writers and photographers.

The Ad Manager must have experience in magazine advertising sales either as an independent contractor or as part of an ad sales firm. The manager receives a commission of net advertising sales, based on accounts paid in full. Advertisers whose accounts are delinquent do not generate a commission payment for the Ad Manager.

John H. Moore & Associates has been the advertising management for *Shaker Life* since 2005. His current contract expires in December 2020, coinciding with ad sales for the winter 2021 issue.

The department prepared and distributed an RFQ on July 27, then posted it on the City's website and its Facebook page. A link to the RFQ documents was sent directly to shark and minnow, the departments PR firm, for distribution through their contacts and directly to John Moore. In addition, I contacted Stephanie Silverman, publisher and chief revenue officer of *Your Teen* magazine and Jen Proe, an independent consultant and freelance writer, in an effort to find the names of additional Ad Managers in the region. Lastly, we conducted a search on LinkedIn in an attempt to find contacts. None of our efforts resulted in finding names/contacts for this position. We attribute this to the fact that the publishing and advertising industry has changed significantly. There are very few independent Ad Managers still in business. Most ad sales are done through full service publishing companies.

John H. Moore & Associates was the only proposal we received. Moore offers considerable expertise in attracting the quality advertiser with which *Shaker Life* has long been associated. Moore's

### CITY OF SHAKER HEIGHTS

3400 Lee Road Shaker Heights, Ohio 44120 P 216.491.1400 F 216.491.1465 Ohio Relay Service 711  
[shakeronline.com](http://shakeronline.com) [www.shaker.life](http://www.shaker.life)

experience enables him to understand and communicate about a highly desirable target advertising audience.

Moore has a deep understanding for the sort of advertiser that suits *Shaker Life*. He also sells advertising for the Cleveland Orchestra programs. Moore has been able to introduce *Shaker Life* to these advertisers and capitalize on our magazine's brand of excellence. He is a good partner and close collaborator even agreeing to sell Shop Shaker ads at a substantially reduced rate for the Spring 2020 issue in order to give our smallest businesses a chance to advertise in an issue focused on Shaker's business boom. In addition, in the first half of 2020, Moore worked closely with long time advertiser Karlovec & Company and their ad agency, to plan a substantial three issue campaign celebrating the company's 25<sup>th</sup> anniversary. We are particularly grateful for his skill and experience in this unusual year as he has been able to keep advertising sales high through the pandemic.

Moore's proposal commits to retaining the services of Rebecca Wong, a sales representative and Shaker resident, with a long history of customer service to *Shaker Life*'s business advertisers. Moore further proposes a continuation of his 20 percent commission.

Moore's key strengths are:

- Reputation: The publishing industry in Northeast Ohio regards John Moore as a supremely professional and highly effective advertising representative, esteemed for his sales skills.
- Dedication: Moore has Shaker's brand uppermost in mind. He is watchful of ads that may impinge on that quality and never asks that we bend editorial or standards to placate advertisers.
- Value: Moore's commission is affordable. The Department projects advertising sales in 2020 at \$179,000, which would pay a 20 percent commission of \$35,800.

The request to approve a contract with John Moore was presented to the Administration Committee on September 8. Mr. Zimmerman asked how the 20 percent commission for this contract compares to the commission in Mr. Moore's previous contract. It was explained that it is the same rate and the desire for a three year contract is intended to lock in that rate. Mr. Rosenfelt and Ms. Williams asked about the search process for other potential Ad Managers. It was explained that there are very few independent Ad Mangers in the business today due to the changing nature of the magazine industry. Most magazines are published through large, full service publishing companies that produce the entire magazine and sell ads. Shaker Life is produced independently to maintain editorial control and therefore we need an independent Ad Manager. We worked to find specific names of other Ad Managers with no success. At Ms. Williams suggestion, in the future we will also contact organizations such as the NAACP and the Urban League to ask for names of vendors and contractors. The Administration Committee unanimously recommended approval of a personal services contract with John H. Moore & Associates for the Advertising Management of *Shaker Life*.

The Communications and Marketing Department asks that the Finance Committee to recommend approval of a personal services contract with John H. Moore & Associates for the Advertising Management of *Shaker Life* paying a 20 percent commission for a three-year term, renewable for a fourth, at the City's discretion.



## Memorandum

To: Finance Committee Members  
From: Director of Public Works, Patricia Speese  
cc: David Weiss, Mayor  
Jeri Chaikin, CAO  
Date: September 15, 2020  
Re: **Professional Services for Aldersyde Rd. Water main Replacement design**

---

After applying in the competitive process in the spring of 2020 to Cleveland Water, Public Works received funding through the Cleveland Water Suburban Water Main Renewal program to replace the water mains on Aldersyde Road (Lee Road to Onaway Road). Cleveland Water (CWD) has agreed to pay for this project on the condition that the City of Shaker Heights design and manage the project. CWD will pay the City the total costs of the design and construction. The City agreed to administer this project but must first have the waterline designed.

Request for Proposals were sent to five (5) firms who have either performed professional services in the City before or have demonstrated an interest and the qualifications in waterline design along with posting on the city's website. The scope of work entails that the consultant prepare construction documents for the replacement of the waterline on Aldersyde Road. On July 31, 2020 the City of Shaker Heights received five (5) proposals.

The proposals were reviewed by Public Works staff using the following criteria:

- Technical approach (40 points): Proposals are initially ranked on technical approach. Proposals show the firm understands the project scope and how the firm intends to solve the design problem. Also included are any alternate design / construction methodologies especially those that could save the City money in the construction phase of the project.
- Project team experience (30 points): This section includes information on each team member's experience on similar projects and an organizational chart. Firms only include team members who will be available to work on the project once the project begins. This section also includes the firm's quality control methodology.
- Firm project experience (30 points): This section includes the firm's project experience on similar projects. The firm provides estimated construction costs for the project including data for estimated costs of the project.

The review scores and fees are as follows:

<b>FIRM</b>	<b>AVERAGE SCORE</b>	<b>FEE</b>
DLZ (MBE)	96	\$46,182
GPD	94	\$45,300
MS Consultants	93	\$53,745
Karpinsky Eng.	90	\$23,225
Partners	81	\$37,200

As we follow a Quality Based Selection (QBS) process, the proposed fee was not part of the scoring criteria. Quality Based Selection is a process to determine the most qualified consultant based on their project technical approach, staff and firm experience. A crucial factor to the QBS process is the proposed fee is not a criterion in determining which consultant should be award the contract. After review of the proposals, it was determined that the DLZ's understanding of the project requirements and technical approach was the most comprehensive of the five proposals received.

The factors that differentiated DLZ from the other consultants consisted of:

1. DLZ's proposed staff has successfully performed multiple waterline design projects for the City and staff at Cleveland Water. On previous projects, DLZ has meet project milestones and have a good relationship with CWD.
2. It was clear that DLZ had invested a high level of effort to review existing data and perform site visit(s). This was demonstrated with showing potential conflicts with the water connections at Shaker Heights High School and Laurel Road tie-in. Both of these conditions will be better defined during detailed design.

On August 27, Public Works had a virtual meeting with DLZ's team to review the project and better understand their approach. During the conversation, it was clear that DLZ understands the City expectations, knows the process for submitting plans to CWD, and has the availability to start the project immediately after the contract is executed. DLZ's project approach is consistent with other waterline designs that have been completed by the City.

After scoring the different firms, Public Works reviewed the proposed fees. The estimated construction cost for the Aldersyde water main replacement is \$593,153. For design services, CWD will pay eight percent of estimated construction cost; applying 8% to \$593,153 yields \$47,453. DLZ's proposed fee is within CWD's range of allowable costs and is reasonable given the scope of work.

This request was unanimously approved at the Safety & Public Works Committee meeting held on September 4, 2020. Council Representative Carmella Williams asked if we seek out minority businesses when soliciting proposals and it was explained that we do and we also use the County and City of Cleveland's minority business listing. Council Representative Malone asked if Cleveland Water would pay for the design, and the answer was yes, they would. He also asked if the RFP process was the same as public bidding. It was explained that with public bidding we identify a specific item that everyone bids on; with professional services there is a scoring process that is based on the criteria identified in the proposal and each professional can have a different suggestion so the process is different.

Based on their understanding of the project, proposed project team and technical approach, we request approval to award the contract to DLZ for design services for the Aldersyde Road Waterline Project in the amount of \$46,182.



## Memorandum

To: Finance Committee Members  
From: Director of Public Works, Patricia Speese  
cc: David Weiss, Mayor  
Jeri Chaikin, CAO  
Date: September 15, 2020  
Re: **Professional Services for Brantley Road Sewer Improvements design**

---

In June of 2015, Public Works received multiple complaints about basement flooding on Brantley Road after a significant rain event. The City used a contractor to clean and inspect both the sanitary & storm mains. Both mains had heavy root infiltration but the pipe was in relatively good condition considering its age. Various spot repairs were performed on select pipe segments that were structurally deficient.

In early 2020, DEO was starting a major gas main replacement project on Brantley and the surrounding streets. Since the project involved boring, the contractor was required to perform an internal inspection of the sewers per the city's right-of-way permit. They were not able to complete their inspection (cleaning is not part of their scope of work) and contacted Public Works to notify us of the poor condition of the sewers on Brantley. Shortly thereafter, we had used our sewer inspection company to complete the cleaning & inspection. In short, roughly 85% of the sewers are structurally deficient. Given the rapid rate of deterioration over the past five years, we sent out request for proposals to six (6) consulting firms and posted on the city's website for design services on July 20, 2020.

The general scope of work was

1. Evaluate existing internal inspections of the sanitary and storm mains.
2. Determine the most beneficial, cost effective approach to rehabilitate and / or replace the sanitary and storm mains based on review of the inspection reports and existing underground utilities. The need to rehabilitate laterals within the right of way and manhole may also need to be analyzed.
3. Design and preparation of construction contract documents and probable cost of construction.
4. Construction will be administered by Shaker Heights Department of Public Works. Limited construction services would include attendance to the pre-construction meeting, review of shop drawings and responses to Requests for Information.

On August 7, 2020 the City of Shaker Heights received seven (7) proposals.

The proposals were reviewed by Public Works staff using the following criteria:

- Technical approach (40 points): Proposals are initially ranked on technical approach. Proposals show the firm understands the project scope and how the firm intends to solve the design problem. Also included are any alternate design / construction methodologies especially those that could save the City money in the construction phase of the project.
- Project team experience (30 points): This section includes information on each team member's experience on similar projects and an organizational chart. Firms only include team members who will be available to work on the project once the project begins. This section also includes the firm's quality control methodology.
- Firm project experience (30 points): This section includes the firm's project experience on similar projects. The firm provides estimated construction costs for the project including data for estimated costs of the project.

The review scores and fees are as follows:

<b>FIRM</b>	<b>AVERAGE SCORE</b>	<b>Fee</b>
GPD	95	\$49,871
AECOM	93	\$81,532
MS Consultants	90	\$68,458
DLZ	89	\$44,162
Wade Trim	87	\$182,788
Karpinsky Eng.	83	\$29,034
Partners	79	\$35,400

As we follow a Quality Based Selection (QBS) process, the proposed fee was not part of the scoring criteria. Quality Based Selection is a process to determine the most qualified consultant based on their project technical approach, staff and firm experience. A crucial factor to the QBS process is the proposed fee is not a criterion in determining which consultant should be award the contract. After review of the proposals, it was determined that the GPD's understanding of the project requirements and technical approach was the most comprehensive of the proposals received.

The factors that differentiated GPD Group from the other consultants consisted of:

1. GPD's proposed staff has successfully performed multiple sewer improvement design projects for the City to include the Fernway SSO, Huntington SSO and Kendall-Cheshire sewer replacement project, among others.
2. It was clear that GPD had invested a high level of effort to review existing data and perform site visit(s). This was demonstrated with showing potential utility conflicts, the need for coordination University School. Both of these conditions will be better defined during detailed design.

Staff had a virtual meeting with GPD's project team. Having used GPD on multiple other sewer improvement projects, we were familiar with the project team. They provided an overview of their technical approach which was consistent with Public Work's expectations. GPD demonstrated a firm understanding of the project, potential conflicts and schedule requirements. Their staff has the availability to start the project after the contract is awarded.

GPD's proposed fee is consistent with other sewer improvement designs and is fair & reasonable and funding for this improvement is in the Sewer Capital fund as part of the northeast quadrant repairs.

This request was unanimously approved by the Safety & Public Works Committee at the September 4, 2020 meeting. Ms. Chaikin stated that a sewer presentation will be made to Council at an upcoming meeting.

Based on their understanding of the project, proposed project team and technical approach, we request approval to award the contract to GPD for design services for the Brantley Sewer Improvement project at a cost of \$49,871.



# SHAKER HEIGHTS

## Memorandum

To: Members of the Finance Committee

From: John J. Potts, Director of Finance

cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer

Date: September 21, 2020

Re: 2020 Property Tax Rates

---

### Summary

The County Budget Commission has set the City's 2020 Property Tax Rate, to be collected in 2021, at 9.9 mills. State law requires that the City adopt the tax rate determined by the Budget Commission before the taxes can be levied. In order to be included for collection with the 2020 property taxes collected in 2021, the County has set a deadline of Monday, September 30, 2020 for adoption of the rates by City Council and filing of the rate with the County Budget Commission.

### Discussion

The total property tax rate for tax year 2020 (for collection in calendar year 2021) as determined by the Cuyahoga County Budget Commission will again be 9.90 mills. The City's property tax rate has remained unchanged since 1993. The City's property tax rate has not changed since 1993 because the City has not sought a property tax increase to fund operations or issued any new voter approved debt during that time.

The City's debt portfolio is currently comprised of:

- The 2012 & 2016 Urban Renewal Bonds for the Shaker Towne Center and Sussex areas economic development projects and the Firehouse No. 1 construction project (debt service funded by tax increment financing and the General Fund).
- The 2013 Van Aken Sewer Line Improvement Bonds funded by the General Fund.
- The 2017 Various Purpose Improvement Bonds for various sanitary and storm sewer system improvements (funded by the General Fund).
- Loans from the Ohio Public Works Commission (OPWC) for the Hildana-Ludgate sanitary sewer project and the South Woodland sewer project and loans for two Waterline Improvement projects (funded by the General Fund).
- The City's obligation to pay debt service from non-tax revenues on debt issued in 2017 by the Cleveland Cuyahoga County Port Authority to pay certain costs for the Van Aken project (paid from the General fund).
- The 2020 Sewer and Street Improvements Bank Anticipation Notes for street and sewer improvements (funded from the Sewer Maintenance Fund and the General Fund).

- Lease purchase agreements for the purchase of two fire trucks (2016 Quint Aerial Ladder Truck and 2019 Pumper Truck) for the Fire Department, the purchase of a Street Sweeper (2017) for the Public Works Department and the purchase of City Hall copiers (2018).

The following details the property tax rates for the years 1993 through 2019.

**General Fund**

Inside Millage	3.80
Charter Millage	5.50

**Police Pension Fund**

Inside Millage	0.30
----------------	------

**Fire Pension Fund**

Inside Millage	0.30
----------------	------

**Total Property Tax Rate      9.90**

Total real property tax revenues through August 31, 2020, including State rollback and homestead reimbursements, are approximately \$5.86 million. Same time last year we had received \$7.74 million. In 2019 by the end of August we had received all of our property tax receipts for the year (\$7.74 just mentioned). Due to the pandemic in 2020, the 2<sup>nd</sup> half deposit schedule was moved back by a month. We expect to receive our final 2020 distributions by the end of September.

In order to insure timely collection of property taxes, the County requires the proposed rate be adopted by City Council and returned to the Budget Commission by September 30, 2020.

**Recommendation**

The Finance Department is requesting that the Finance Committee recommend that Council adopt the property tax rates approved by the County Budget Commission.



## Memorandum

To: Members of the Finance Committee  
From: John J. Potts, Director of Finance  
cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer  
Date: September 21, 2020  
Re: Resolutions Requesting the County to Advance 2020 Property Tax Funds  
Collected by the County During 2021

---

### **Summary**

Finance prepares legislation for Council to request the County Fiscal Office to make periodic advance payments to the City of property taxes as the taxes are collected by the County. Without this request, the County would remit the revenue only twice a year. Participation in this program will provide the City with multiple payments spread throughout the year. The Property Tax Advance program improves the City's cash flow by providing quicker access to property tax revenue.

### **Discussion**

Each year, the County Fiscal Office requires the City to formally request to participate in the County Fiscal Office tax advance program for the following year. Under this program, the County Fiscal Officer will make periodic advances of the property taxes collected on the City's behalf by that office as the revenue is identified. Generally, the City would expect to receive five periodic distributions under this program. Without these requests, the County Fiscal Office will hold all of the City's funds until final settlement, meaning that the City will receive only two lump-sum distributions a year. This resolution is presented each year to City Council for approval.

### **Timing**

The Budget Commission has stated that the Tax Advance Schedule for 2021 will be as follows.

- First Half Advance #1 Deposit Date: Jan 15
- First Half Advance #2 Deposit Date: Feb 14
- First Half Settlement Deposit Date: Mar 16
- Second Half Advance #1 Deposit Date: Jul 15
- Second Half Settlement Deposit Date: Aug 14

### **Recommendation**

It is recommended that the Finance Committee recommend to Council that it adopt a resolution requesting advances of the 2020 property taxes collected in 2021.



## Memorandum

To: Members of Finance Committee

From: John Potts, Director of Finance  
Laura Englehart, Director of Economic Development

cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer

Date: September 21, 2020

Re: Recommendation of the City's Tax Incentive Review Council (TIRC)

---

The City of Shaker Heights Tax Incentive Review Council (TIRC) held its state-required, annual meeting on July 9, 2020. The TIRC is charged with reviewing current tax incentive agreements on an annual basis and ensuring transparency and accountability on the part of the City and developer in the management of each of the agreements. The meeting and activities of this state-mandated body are controlled by the Ohio Revised Code per §5709.85, and City Ordinance. The meeting was attended by the personnel listed in the attached draft minutes.

By statute, the TIRC must meet and review annually certain legislatively authorized, active agreements that grant tax exemptions. During 2019, the City had (and still has) three categories of active exemptions: Urban Renewal per Ohio Revised Code §725; Tax Incremental Financing per §5709; and Community Reinvestment Areas per §3735.66. At the TIRC meeting, each of these three categories was reviewed for 2019, including compliance with active agreements, financial reports, and general project information as required per state law.

### **Urban Renewal, Ohio Revised Code §725**

Chapter 725 projects involve the payment by the property owner of the full amount of the taxes owed for the property, which are then collected by the County as payments in lieu of taxes (also referred to as PILOTs); this is why such projects are categorized as “tax exempt” or “tax incentive” programs. Each project has a controlling Development Agreement, between the developer and the City, that spells out various terms and conditions, including the collection of PILOTs.

There is one §725 project in the City that was created for developments in the Shaker Towne Center area, for which bonds were issued, and the PILOTs derived from the property taxes paid by owners of the various developments included in the 725 program are used to pay the bond indebtedness. The development agreements where PILOTs are being collected are: Sussex Court, Avalon Station (Phase I); CVS, Library Court and Compass Storage.

While the original agreements for Sussex Court and Avalon Station were more complicated, at this point, the major obligation of each developer and/or current owner of the property is to ensure that they pay their full property taxes, which are deemed as PILOT payments, which are then distributed to the City to assist in the payment of debt service on the bonds that funded the public improvements in the district.

The agreements for Library Court, CVS, and Compass Storage also contain similar provisions that the developers/owners agree to pay their taxes as PILOTs which are also distributed to the City to fund the annual debt service requirement, as these projects continue to benefit from the public improvements made in the district.

PILOTS collected for 1<sup>st</sup> half 2019 were \$462,122, and the 2<sup>nd</sup> half collection was \$395,210, for a total of \$857,322. The debt service obligation was \$1,297,451, which left a deficit of \$440,119, which was subsidized by the City.

### **Tax Incremental Financing (TIF), §5709.40-41**

The City has two TIF agreements with RMS and the School District relating to various portions of the Van Aken District that include provisions for disbursement of PILOTs between the developer and the school district. The Shaker Plaza TIF, per §5709.40, generated \$168,075, with 24% being distributed to the developer and 76% going to the schools, per the agreement. The second TIF, known as the Van Aken TIF, per §5709.41, generated \$242,398, with 82% being distributed to the developer and 18% going to the schools, per the agreement.

### **Community Reinvestment Areas (CRAs)**

There are a total of three areas in the City that have been designated by City Council as Community Reinvestment Areas (CRAs), meaning that the area contains housing facilities or structures of historical significance, and new housing construction and repair of existing structures are discouraged. These areas are the Warrensville-Farnsleigh CRA, Transit Village CRA, and Southern Moreland CRA.

The Warrensville-Farnsleigh CRA contains 2 projects involving commercial CRA agreements between the developer and the City: Le Chaperon Rouge and Shaker Rocks. The TIRC reviewed the terms of each agreement (specifically: new construction, number of jobs created, payroll) for compliance.

The Transit Village CRA is a residential CRA – meaning, newly constructed single family units may be eligible for 100% property tax exemption for up to a 10-year period. Twelve units have been built. Four tax abatement applications were certified in 2019. By the end of 2020 the City estimates that all 12 units will be certified for tax abatement. All of the units are now sold.

Southern Moreland CRA is also a residential CRA with similar exemption terms for new single family construction. During 2019 there was no eligible construction and therefore no numbers to report.

### **Conclusion and Request for Action**

After presentations by City staff, including a thorough budgetary review by City staff and discussion by TIRC members, the TIRC voted and found that the City is in compliance with its agreements as outlined above. The TIRC then voted that the City should continue the agreements without modification and convey such recommendation to Council. Both votes passed unanimously.

The TIRC will be communicating its approval through a transmittal letter which is expected any day. The next step is for City Council to vote and act on the TIRC's recommendations within 60 days (no later than November 18, 2020).

Therefore, it is requested that the Finance Committee approve a recommendation to City Council to approve the TIRC's recommendations.

**CITY OF SHAKER HEIGHTS  
TAX INCENTIVE REVIEW COUNCIL  
MINUTES - JULY 9, 2020  
Review of 2019 Exemption Agreements**

**TIRC Members Present:**

Lisa Rocco, Chair, County Fiscal Office  
Gregory Huth, Law Director, Cuyahoga County  
Susan Infeld, Manager, Special Initiatives, Cuyahoga County Planning Commission  
Prentis Jackson, Jr., County Department of Development  
Neil Dick, Citizen Member  
Patricia Barz, Citizen Member (joined the WebEx call at 3:14 PM)  
Bryan Christman, School Board Treasurer

Staff (Non Voting Participants):

John Potts, Director of Finance, City of Shaker Heights  
Laura Englehart, Director of Economic Development, City of Shaker Heights  
Cheryl Arslanian, Assistant Finance Director, City of Shaker Heights

The Shaker Heights Tax Incentive Review Council (TIRC) met with members and representatives from the City of Shaker Heights on the above date at 3:05 PM. City staff distributed packets electronically before the meeting.

Ms. Rocco opened the WebEx meeting at 3:03 PM. The 2019 minutes were presented and approved unanimously, however Mr. Huth was granted an abstention from voting as he was not present at the 2019 meeting.

**Shaker Towne Center Redevelopment – Urban Renewal Chapter 725**

Ms. Englehart began the discussion with an overview of the Shaker Towne Center Redevelopment and the various projects for which PILOTs are collected, including the Sussex development (46 units), Shaker Towne Center (shopping center, Avalon Station Phase 1, CVS, Compass Self Storage and Library Courts, senior subsidized apartments) and the Shaker Heights Fire House.

Mr. Potts summarized the PILOTs as outlined in the agenda. With regards to the Urban Renewal Bonds (ORC 725) the 2019 1<sup>st</sup> half PILOTs collected were \$462,122 and the 2<sup>nd</sup> half collection was \$395,210 totaling \$857,332. The debt service obligation was \$1,297,451, which left a deficit of \$440,119, which was subsidized by the City. Mr. Potts further commented that the City refunded one of the bond financings in April 2020 to take advantage of lower interest rates which resulted in a savings of approximately \$844,000 in debt service through maturity of the bonds in 2031.

Ms. Englehart discussed a proposal for construction of an assisted living and memory care facility at 17000 Van Aken Blvd., adjacent to Avalon Station, located within the Shaker Towne Center 725 Urban Renewal Area that could yield additional PILOTs for the City. The project is expected to break ground in October 2020, subject to financing. Cuyahoga County provided a preliminary valuation letter that estimates an “as is” stabilized value as of January 1, 2023 of \$14,425,000. Based on this, we are estimating a full tax bill for the completed development project of approximately \$763,000. PILOTs are 75% of that value, or approximately \$572,000 annually. It is expected that once the development stabilizes, the City will no longer need to subsidize payments on the bonds.

Ms. Rocco motioned compliance with reporting on the Shaker Towne Center Redevelopment TIF, Mr. Huth seconded, and Ms. Rocco motioned for continuance and seconded by Mr. Huth, and both passed unanimously.

### **Van Aken Redevelopment District**

Ms. Englehart provided an overview of the Van Aken (TIF 5709.41) redevelopment district. Phase I completed construction includes 60,000 SF of office; 100,000 SF of retail; and 103 luxury apartments. Each component is approximately 95% leased.

Mr. Potts stated that Shaker Plaza (TIF 5709.40) collected \$168,075 in 2019, of which 24% was distributed to RMS and 76% to Shaker Schools. The Van Aken District (TIF 5709.41) collected \$242,398 in 2019, of which 82% was distributed to RMS and 18% to Shaker Schools.

Ms. Englehart discussed the future plans for the district. New luxury apartments are in the design phase for the corner of Farnsleigh Road at Van Aken Blvd. Development is expected but on hold for the site of the former Qua Buick dealership (now vacant land at the southeast corner of Warrensville Center Road and Farnsleigh Road). The southern parcel of the District, at the northwest corner of Warrensville and Chagrin, is also currently vacant and is intended for future office space development with active first floor retail uses.

Ms. Rocco motioned compliance with reporting on the Van Aken Redevelopment District TIF and Ms. Barz seconded, and Ms. Rocco motioned for continuance and seconded by Ms. Barz, and both passed unanimously.

### **Community Reinvestment Areas (CRA)**

#### *The Commercial CRAs*

Ms. Englehart discussed the Warrensville – Farnsleigh CRA and the two projects located within it that each have a Commercial CRA agreement with the City: Le Chaperon Rouge (Stella of Shaker Heights) and Shaker Rocks (Maximar Properties).

Le Chaperon Rouge is a child daycare facility (16,000 SF) developed, owned and operated by Stella of Shaker Heights LLC. There are 12 facilities in NE Ohio. The Shaker Heights location opened in 2017. The CRA agreement was executed on April 13, 2016 and expires on December 31, 2031. The abatement is 50% for 15 years. The business stated that it had 250 jobs in Ohio in other facilities and all of those jobs were maintained (none were moved). It was estimated in the agreement that the business would create 15 to 17 full-time positions and 3 part-time positions over a 10 month period. As of December 31, 2019, the business reported 26 positions created. The business also surpassed its estimated \$300,000 in annual payroll with a reported \$550,000 in payroll in 2019. They also met their investment target, estimated in the agreement at approximately \$2.6 million, plus or minus 10%. The amount eligible for exemption was \$2.4 million, leading to \$1.2 million exempt.

Ms. Rocco motioned that the Le Chaperon Rouge CRA was in compliance with its agreement, Mr. Dick seconded, and Ms. Rocco motioned for continuance and seconded by Ms. Barz, and both passed unanimously.

Shaker Rocks is a newly-constructed rock-climbing facility (14,000 SF) developed and operated by Shaker Rocks LLC. The business opened in mid-April 2019. The real property is owned by Maximar Properties LLC. The CRA agreement was executed on November 30, 2017 and expires on December 31, 2033. The abatement is 50% for 15 years. Job count estimated in the agreement is four full-time positions to gradually increase to 5 to 7 full-time and 30 to 40 part-time employees by 2023. In 2019, the business employed 7 full time and 28 part time personnel. The payroll estimated in the agreement was \$427,454 and the 2019 Payroll was \$292,645 (open seven months). The project investment estimated in the agreement was \$3.6 million, plus or minus 10%. \$2.4 million eligible for exemption resulting in an exemption of \$1.2 million.

Ms. Rocco inquired if the 2019 reporting was for only half a year. Ms. Englehart stated that the business opened in mid-April and the amounts represent seven months of operations.

Ms. Rocco motioned, based on seven month pro-ration, that the Shaker Rocks CRA was in compliance with its agreement, Ms. Barz seconded, and Ms. Rocco motioned for continuance, seconded by Mr. Dick, and both passed unanimously.

#### *The Residential CRAs*

The discussion continued with two residential CRAs. Ms. Englehart stated that the Transit Village CRA includes a residential development known as The Townhomes of Van Aken. There is 100% tax abatement for 10 years. Homeowners were also provided up to \$5,000 in buyer incentives. Twelve units have been built. Four tax abatement applications were certified in 2018. Four tax abatement applications were certified in 2019. By the end of 2020 the City estimates that all 12 units will be certified for tax abatement. All of the units are sold or in closing process currently. Ms. Rocco inquired if there was an agreement with the Shaker Schools and Mr. Christman stated that there was not (under

the threshold). Since the development borders the City of Cleveland, an income-tax revenue sharing agreement was negotiated between the two cities.

Ms. Rocco motioned that the Transit Village CRA was in compliance with its agreement, Ms. Barz seconded, and Ms. Rocco motioned for continuance and seconded by Mr. Dick, and both passed unanimously.

Ms. Englehart next discussed the Southern Moreland CRA, which was created specifically for infill housing. There were no eligible units of new construction in 2018 or 2019. In 2020, two new homes are under construction at 3609 Ludgate (95% complete) and 3565 Ludgate (pre-construction phase). Neither has transferred to new owners yet. It is the buyers who would have to apply for tax abatement, not the developer, so we do not yet know if this will happen in 2020.

Ms. Rocco noted that since there was no activity in 2019, no vote was needed and would be an item for next year.

Ms. Rocco motioned to adjourn the meeting at 3:23PM, seconded by Ms. Barz and unanimously approved.

Minutes prepared by John Potts, Director of Finance.