



City Council Agenda

Minutes

Monday, February 14, 2022 at 7:30 pm

6550 N. High Street, Worthington, Ohio 43085

1. Call to Order

Minutes:

Worthington City Council met in-person in Regular Session on Monday, February 14, 2022. President Robinson called the meeting to order at or about 7:30 p.m.

2. Roll Call

Minutes:

Members Present: Katherine Brewer, Peter Bucher, Beth Kowalczyk, Rebecca Hermann, Bonnie Michael, Doug Smith, and David Robinson

Member(s) Absent:

Also Present: City Manager Matt Greeson, Assistant City Manager Robyn Stewart, Assistant City Manager Economic Development Director David McCorkle, Law Director Tom Lindsey, Director of Finance Scott Bartter, Director of Planning & Building Lee Brown, Director of Parks & Recreation Darren Hurley, Chief of Police Robert Ware, Chief of Fire & EMS Mark Zambito, Clerk of Council D. Kay Thress

3. Pledge of Allegiance

Minutes:

President Robinson invited all to stand and join in reciting the Pledge of Allegiance to the flag.

Reports of City Officials

4. Policy Item(s)

a. General Fund Balance Discussion

Minutes:

Mr. Greeson explained how this General Fund Balance Discussion is required under our General Fund Balance Policy, and we believe it is a good practice.

Mr. Bartter overviewed how in 2018, Council updated the General Fund Carryover Balance Policy, which updated the target Unencumbered Fund Balance of 35-50% of prior year General Fund Expenditures, and established a "Financial Action Plan" to be implemented if the Fund Balance falls within certain

thresholds. If the unencumbered balance exceeds 50% of prior year expenditures, then the City Manager will schedule a discussion with the City Council to review the current financial landscape, including revenue trends. On December 31, 2021, the General Fund Balance stood at a cash balance of \$19,524,896, which was 69% of 2020 General Fund Expenditures, and the Unencumbered Balance stood at \$18,188,849 which was 65% of 2020 General Fund Expenditures. The Fund Balance has reached this level over time. Additionally, 2021 Income Tax collections offset less than projected revenue in other areas, and we received one-time funding from prior years that contributed to the balance. The City has also exercised cautious expenditure management, primarily in the form of position vacancies.

In 2010, the City had of fund balance of about \$1.6 million. Voters increased the income tax rate from 2% to 2.5% which has helped build the fund balance. We also reallocated funds from the Capital Improvements Fund (CIP) to the General Fund. In 2021, collections were 16% above 2020 and were the strongest in the history of the City of Worthington.

President Robinson asked what the fund balance was pre-2010 and whether it hovered around a specific number. Mr. Bartter responded that there was a point prior to the construction of the Community Center when we had some pretty strong balances. That expansion and the recession in 2008-09 destroyed the fund balances. President Robinson asked prior to the 2018 update, what was the policy previously for the size of the fund balance. Mr. Bartter responded that when initially adopted in 2010 in conjunction with the income tax increase, the rate was 15%. It was increased to 25% in 2014.

Mr. Bartter detailed how we received significant amounts of one-time funding recently. In 2020, the Bureau of Worker Compensation refunds totaled \$2.3 million, the 2020 CARES Act Funding was \$1.4 million, the reallocation of income tax from 2009-2013 totaled \$6 million, and Estate Taxes from 2009-2013 were \$2.8 million. The Estate Tax has been abolished so revenue is no longer generated.

President Robinson asked about the BWC refund in 2020 and how it was identified as one-time but hasn't received refunds previously. Mr. Bartter replied that we have received refunds before, but they were not the size of the 2020 distribution. President Robinson asked if there is any reason to expect those refunds will end. Mr. Barter confirmed that yes, part of that was an advance refund for future years.

Mr. Bartter described how the City has employed cautious expenditure management. 75% of the General Fund Budget is personnel and personnel-related expenses. In 2021, we had seven full-time positions vacant for more than three months. We have also had reduced part-time labor expenditures in Parks and Recreation. Changes to employee health insurance have also reduced expenditures.

President Robinson asked about the seven vacant positions and asked what that

is in contrast to in terms of total employees. Mr. Barter replied 146.

Mr. Bartter explained how he hears around the City questions about what we are using the cash balances for. However, we are doing some things such as using cash to fund capital projects such as the Huntley Bowl project. The CIC also acquired the property for \$1.075 million in 2018. Loans have been made to other funds such as \$800,000 to the TIF Fund for High North site improvements. Also, local grants above normal funding have been given to SwimInc and in the form of the ReBoot grant program.

President Robinson asked if and when the CIC sells their properties, will those funds revert back to the General Fund. Mr. Bartter replied that they will not automatically. That will be up to Council to claw those dollars back.

Mr. Bartter explained that we have begun adding full-time positions, adding three in the most recent 2022 budget. There is also increased funding for student interns, and for consulting services.

Looking forward in 2022, we are going to be looking at three factors that include the impact of work from home, income tax refunds, and Parks and Recreation revenue. In 2021, 77% of all General Fund revenue came from income taxes, and 75% of all income tax comes from employer withholding. By 2021, employers could choose to continue withholding all of the income tax to their employees' primary place of employment. Effective in 2022, employers must remit employee withholding to the municipality where work is being performed. We are hearing from numerous employers that they are offering a hybrid work schedule, which could result in a 60% reduction in income tax collected from that employer. The income tax that previously would have been coming 100% to the City of Worthington will now be reallocated to an employee's place of residence.

Mr. Bartter overviewed income tax refunds and how there are different issues for 2020 refunds and 2021 refunds. For 2021 refunds, the employer could choose where to withhold, but the employee can seek a refund if the tax was withheld in error. For example, if an employer was withholding Worthington income tax for all of 2021 for an employee who spent 100% of their time working from home in Concord Township, the employee can request a refund for that tax withheld. The tax rate for the resident City will have an impact. For 2020 refunds, there is pending litigation where the Buckeye Institute filed a lawsuit challenging the legality of Section 29 of HB 197. RITA is currently holding \$95,477 of 2020 refund requests. We have heard from a lot of CPA firms waiting on the outcome of the court case before filing for a 2020 refund.

We are responding to these tax uncertainties through thoughtful budgeting. There are ways to mitigate all 2022 budget additions, either by using consulting dollars or through position vacancies. 2022 Income Tax projections are 7.27% below 2021 actual collections. We almost doubled funding for 2022 income tax refunds to \$800,000. We have been communicating with businesses regarding their plans for remote work and are pushing out information to residents to

make sure that tax withholding is going to Worthington.

We will have more information in July-August on the impact of work from home and refunds. There is a lag between when the tax is withheld and when we have reporting on that withholding. Assuming a monthly withholder, January withholding would be submitted in February and then processed by RITA and distributed to the City in March. A lot of these refunds will come in with individual returns and be processed throughout the summer.

Looking at Parks and Recreation revenue, we have dropped off significantly since 2019, impacted dramatically by the pandemic. While there has been decreased revenue, there have also been offsets from decreased expenditures. Parks and Recreation have spent about \$1,000,00 less than they did before the pandemic.

From the American Rescue Plan Act (ARPA), we received \$769,501 in 2021 and anticipate another payment of the same amount in 2022. The Final Rule released by the US Treasury in January 2022 provides significant flexibility in the use of the funds. We can utilize a standard loss of revenue of up to \$10,000,000. These funds are currently programmed for 2023 waterline improvements, specifically the Park Overlook Drive Project.

Mr. Smith asked logistically with the same tax rates withholding in two separate municipalities, one where your employer is and the other where you work from home, who is responsible for making sure the tax dollars are paid to the proper jurisdiction. Mr. Bartter replied that it is up to the individuals. Worthington and all other RITA cities have a mandatory filing requirement so you are always filing a return with the City of Worthington. If someone lives in a municipality with a lower income tax rate than Worthington, that person may be incentivized to make sure to file for a refund to get taxes back.

Ms. Kowalczyk asked about 2022 tax filing and if someone is on a hybrid work schedule, whose responsibility is it to make sure that tax dollars are going where they are supposed to go. Mr. Bartter responded that it is up to the employers in 2022 who should make sure withholding is going to the appropriate place. We are sending information out to residents to make sure that withholding is going where it needs to. It is important to make sure that funds are coming to Worthington because those dollars are paying for things such as street maintenance and snow removal.

Mr. Robinson asked how this is being communicated to the public. Mr. Bartter explained how the staff has drafted a one-page document that outlines some FAQs and who to talk to if someone has questions. Mr. Robinson asked for what other comparable cities have as their goal for general fund balances and where they might sit. Mr. Bartter replied he does not know what they have as a goal, he imagines they have similar policies as we do setting a threshold. However, he knows all of the surrounding communities have strong fund balances of 65-70%. Mr. Robinson asked about the impact of the property tax revaluation and what effect that had on the budget. Mr. Bartter explained that property taxes and the

associated property values have gone up significantly. Every three years the Franklin County Auditor does a reappraisal or update. The most recent was an update in 2020 for the collection year 2021, we saw about a 13.5% increase in property tax income. Prior to that was 2017 for the collection year 2018 where we saw about an 11% increase. Overall since 2017, we have seen property tax collections come up to \$800,000 or so.

b. Financial Report - January 2022

Minutes:

Mr. Bartter explained how the fund balance percentage dropped in January from 65% to 46% due to departments that encumber a portion of their budget in January. However, the fund balance should climb back up as we move on throughout the year. Additionally, expenditures went from just over \$28 million in 2020 to over \$30.5 million in 2021. The CARES Act reduced expenditures in 2020, and supplemental appropriations increased 2021 expenditures. He distributed our Comprehensive Financial Report at the last meeting with financial trend data for 2012-2021, he encourages anyone interested to take a look at that report and it can be found online. We also have a number of videos on the website overviewing the budget and budgeting process for the City. There is also the Balancing Act interactive budgeting tool that is updated with the most recent budget numbers.

MOTION: Ms. Michael moved, seconded by Ms. Hermann to accept the January 2022 Financial Report as presented.

The motion carried unanimously by a voice vote

Mr. Greeson discussed masking requirements and forecasting an upcoming dialogue that Council will need to have in March. The mask ordinance expires on March 31, 2022, and some decisions will need to be made before then on whether to extend, repeal, or do nothing. He will be meeting with Columbus Public Health officials, and in talking with them, because the virus has evolved they are reassessing the standard they had recommended for repealing the masking mandates when reaching the "yellow" CDC categorization. He expects that they will be able to give us greater insights and a recommendation. For reference, we are currently at 176 cases per 100,000 persons, and we want to be between 1 and 45 per 100,000. The positivity rate is about 9.6% and we want to be in the 5-7% range.

Mr. Robinson asked if the "yellow" categorization utilizes both case count and positivity. Mr. Greeson replied that he believes that is the case and are the numbers being tracked. Mr. Robinson asked if that would be back to Council on March 7th, with CPH giving Council a report, and what would be the options for Council to take with regards to timing. Mr. Greeson responded that the do-nothing option is to let it sunset on March 31st if that is in line with the best health advice. To wait until the third meeting in March, you could introduce legislation and pass it by emergency to avoid the 20-day waiting period. The

third option is to repeal it earlier, which could also be done immediately via emergency. Mr. Robinson asked if it could be introduced at the March 7th meeting and then voted on at the mid-month meeting. Mr. Greeson replied that there is no prohibition from having public hearings at a Committee of the Whole meeting.

Reports of Council Members

5. Reports of Council Members

Minutes:

Ms. Kowalczyk brought up that Council should have received an invitation to the McConnell Arts Center's annual fundraiser on February 25th. There was a joint memo from the Arts Center and the Worthington Partnership about the idea of a public art committee, which was discussed at the retreat. She thinks it is a great idea to explore. They would be happy to present and talk to staff about that idea. Mr. Greeson responded that he was going to follow up and have a meeting with them about that proposal.

Ms. Michael described how she attended the MORPC meeting where there were details about a lot of programs. They are doing an in-depth lunch program and a Zoom meeting. There are a lot of regional activities and programs going on. She also mentioned that she would like the public art idea to be put on the agenda. There was previously an in-depth process about public arts and the creation of a public arts committee which is worth looking into.

Mr. Robinson asked when this could be brought back. Mr. Greeson replied he would meet with them and try to be collaborative. There are some issues that come to mind that are part of the framing. We could have a presentation in the next quarter, but implementing a program is a heavier lift.

Ms. Brewer updated on the last MPC/ARB meeting of February 10th, there was nothing on the consent agenda, and the MPC and ARB approved a variety of items for the High North project. The economic impact from this project will be great for the City.

Other Business

Executive Session

Adjournment

6. Motion to Adjourn

Minutes:

MOTION: Mr. Bucher moved, seconded by Ms. Brewer to adjourn.

The motion carried unanimously by a voice vote.

President Robinson declared the meeting adjourned at 8:22 p.m.

/s/ Ethan C. Barnhardt
Management Assistant

Attest

/s/ David Robinson
President of Council