

Audit/Finance Committee Meeting Minutes

April 17, 2020

8 AM City Commission Chambers

Committee Attendees: Nickles, Stahl, Allen, Tomasula, Murray, Moncher, Gardner, Wobser and Reeder

Nickles called the meeting to order at 8:05 AM. He welcomed everyone and thanked everyone for attending the meeting. He then asked for a motion to approve the 3/20/20 minutes. Stahl made the motion to accept the minutes, with a second from Gardner. There was no further discussion. **All ayes – motion carried.**

Nickles then explained to the committee that Reeder has had an impossible task of trying to predict where the city's revenues will end up after this pandemic. He then asked Tomasula if he might be able to give Michelle a date to work with for the re-opening of Cedar Point. Tomasula advised that July 15th would be an appropriate date to begin with, but would depend heavily on when the government allows them to open back up. Nickles understood that this was an estimated date, but felt this would be a good date for Michelle to begin working off of when estimating revenues and the budget. Brady agreed that he too was comfortable with that date to begin the budgeting process. He then asked Nickles how comfortable he felt with the city's surplus level of five million dollars and the city's payroll stabilization fund balance going into this pandemic. Nickles explained that the city was in a much better place than they were going into the last recession. Brady asked what amount he felt they could take the surplus balance down to and still be comfortable with the city's standing. Stahl advised that the last time this happened the committee brought Cedar Fair to the table to help strategize the city's budget. He feels the July 15th date is a good date to start with. Nickles suggested that the finance committee meet on a monthly basis moving forward to re-evaluate the budget month to month. Stahl noted that the payroll stabilization fund will definitely help with retirements and Nickles reminded everyone that it will also be covering a good portion of the 27th payroll that will hit this year. He asked Reeder if that payroll had been paid yet or was it still forthcoming and Reeder replied that it would hit in July and would be approximately \$400,000 to \$450,000. She reminded the committee that only the general fund portion of that payroll will come from the payroll stabilization fund because it was funded with general fund dollars. She also advised the committee that they were working to determine exactly how many retirements they will have this year to be paid out of there. As of right now they are aware of one, but there could be more forthcoming.

Nickles suggested to Wobser to look at critical areas of service to make sure that they are being covered and then review the extra services to see what can be eliminated. If Cedar Point does not open we will need to spend down a big chunk of that surplus balance. He reminded the committee that not only will admissions tax be down, but income tax will be down also because people are not working and businesses are closed. Nickles worried about the city's bond rating if we had to go below a 20-21% reserve level. Gardner suggested looking at the budget with at least a 20% revenue decrease.

Wobser advised that they have already implemented a series of pay reductions and program reductions of approximately 10%. Staff is currently working on a plan to cut additional staff in the near future. Wobser explained that these cuts will carry over into the 2021 budget too. He explained that we will have a better idea of the cuts needed once we have a solid opening date from Cedar Point. The hope is to get to a 20-30% reduction in the end. They are currently working with the unions to see how they can help. One concern is losing a bunch of talent by cutting a bunch of positions. Nickles concurred that the city has invested a lot of money to get the talent into the city and it will cost a lot of money to get them back in a few years after they are gone. Stahl reminded the committee that there will be a 30

day lag after the date the park opens and Nickles reminded everyone that the city is on a cash basis and the money only counts once it hits the bank.

Brady thanked the committee for their time working on this and explained that he is very nervous about touching the reserve balance. He really does not want to hurt the bond rating the city has worked hard to establish. He feels comfortable with spending done 50% of the reserve balance during this tough time. He believes the level Moody's will use for the bond ratings will go down, since everyone will be dipping into their reserves during this time. He believes that the union's cooperation is critical during this time and if they do that it will soften the blow to the city. Nickles agreed. He explained that the unions may not want to give things up right now in case things turn around, but if the crisis continues he believes they will want to chip in. Stahl reminded the committee that things did not bounce back quickly in 2008. It took until about 2010 for things to start going back up. Nickles advised that we were not prepared in 2008 but from that we planned for the future and we are now in much better place than we were back then.

Nickles believes that the outline discussed today is a good starting point to move forward in the budget discussions. He thanked Reeder/Wobser/Staff for their hard work and feels they are doing a great job moving forward. Brady thanked the committee again for all of their support during this process and believes we just need to take this one step at a time.

Murray believes that we need to come up with a revised budget now, because we do not want to wait until July to start the process. He asked if they could get three members to help develop a budget at a 25% reduction to start with. He believes this committee has some of the best minds in the area and we need help to determine the revenues we will be receiving. Nickles agreed and that is why he wanted to meet on a monthly basis to discuss the revolving budget. Stahl ask Reeder if she could come up with an Excel spreadsheet that would show different scenarios if Cedar Point was to open June 15th, July 15th, August 15th, or not at all. Nickles did not feel a June 15th scenario would be necessary since it is doubtful Cedar Point would open by then. Wobser advised that Reeder was developing a plan with a 20% reduction, combined with our reserves would result in a 30% reduction overall. He believes we will be able to make those reductions within the next 30 days. Nickles joked with Tomasula that he would not want to be in his shoes right now. Murray advised that he has faith in his staff to make these reductions, but needs the committee's help to estimate the revenue numbers. Nickles agreed. Stahl believes it makes it easier on the committee to put a date on the estimates instead of a percentage. He believes employees will understand Cedar Point not opening as of a certain date better than they will a percentage reduction, it's just a different way of looking at it. Gardner reminded the committee that even if we have a set date, guests are not going to flood the gates like they normally would due to the pandemic. Nickles agreed we definitely do not want to budget at a 100% attendance rate. Reeder explained that she has a worksheet setup now with the anticipated cuts at this point and she would work up one with the different opening dates attached to it. Nickles thanked her and asked her to make sure that she factored in the attendance shortfalls and not the max attendance. Nickles reminded the committee that they will meet again on Friday May 15th to have further discussions on the budget and offered up additional meetings if administration felt they were needed before then. Stahl then made a motion to adjourn the meeting, with a second from Gardner. **All ayes – motion carried.**