

# Audit/Finance Committee Meeting Minutes

## May 15, 2020

### 8 AM City Commission Chambers

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

Nickles called the meeting to order at 8:04 AM. He welcomed everyone and thanked everyone for attending the meeting. He then asked for a motion to approve the April 17, 2020 minutes. Gardner made the motion to accept the minutes, with a second from Tomasula. There was no further discussion. **All ayes – motion carried.**

Nickles began the meeting by asking Reeder the dates we received payments from Rita for April and she explained that we received two payments from them, one on 5/1/2020 and one on 5/14/2020. When she compared the numbers for this year to date and last year at this time we are down approximately \$388,000.00 in income tax revenue. Nickles asked what percentage of a decrease would that be and she advised approximately 22%. Nickles advised that he believed admissions tax and hotel/hotel tax revenue were probably non-existent also, so that decrease should also be considered when looking at that 22% decrease. He then asked Reeder and Wobser what they have done with the budget so far to cover these decreases in revenue. Wobser advised that they had set up a team to work on these cuts, made up of himself, Reeder, Trevor Hayberger, Chief Orzech, Connie Nicholson, and Leslie Mesenburg. The first cut made was to reduce administration wages by either 5%, 10%, or 1 day of furlough a week (10%). They then went through all non-payroll line items and cut where they could. They then did attrition to cut some positions through retirements or layoffs. At this point 18 positions have been or will be eliminated. He estimates they have made about \$3.2 million dollars' worth of cuts at this point. He explained that there is a possibility they may receive additional transit and CDBG dollars from the federal/state governments. The fire department is also investigating potential grant dollars that may be eligible for. Staff is definitely looking for any additional revenue streams they can find. He also noted that he has been doing a large amount of media interviews over the past month, because everyone is looking to us to see how we are handling this situation since we are taking such a big hit due to our dependency on tourism. The team is currently in talks with the labor unions to see if they are willing to make concessions to help with the budget and he is hopeful that they will. If those talks are not successful we may have to look into a deeper round of layoffs/furlough for staff. We are trying to stay away from our safety service departments, but depending on how things go we may be forced to go there. He also noted that the reserve is there to be used, that is what it is there for a rainy day. We may need to spend up to two million dollars of it this year, but we want to be cautious because we may need to use a portion of it next year depending on how things go in the future. Nickles reminded the committee that we still have the payroll stabilization fund that is over a million dollars to cover the cost of the 27<sup>th</sup> payroll this year and any general fund retirements. He is very grateful that it is there to help during this tough time.

Nickles then asked Reeder if she had been able to come up with some loss estimates if Cedar Point was not able to open up until, July 15<sup>th</sup>, Aug 15<sup>th</sup>, Sept 15<sup>th</sup>, or not at all. Reeder advised that she had and reminded the committee that these numbers are estimates and there are a wide variety of variables effecting these numbers. She estimates that if Cedar Point was able to open up on July 15<sup>th</sup> we would experience an approximate loss of \$5 million dollars for the year. If they did not open at all we are looking at an approximate loss of \$10 million dollars for the year. We are going to have to look at the numbers month to month to come up with more accurate estimates as we have more actual data to use. Tomasula advised the committee that it is going to take the park a couple of weeks to open once they get the go ahead, but feels the dates we are using are good to start with. He advised June would

definitely not be an option. Nickles then asked Reeder if she was having any troubles working on the budget and if she needed any help from the committee because they are there to support her. Reeder advised she felt pretty good right now. She explained that she was waiting on unemployment numbers to come in after all of our layoffs to see how that is going to impact our budget. Their focus right now is on holding down our expenditures, because that is the only thing we can truly control right now. The directors have been working hard to see where cuts can be made.

Murray asked Reeder what others were seeing when it comes to tax receipts. Reeder advised the committee that she had misspoke when she said that our income tax revenue was down 22%, it is actually down 35%. Murray asked if there were other things effecting our lower receipts. Reeder advised that the tax deadline being pushed back from April 15<sup>th</sup> to July 15<sup>th</sup> would also be throwing our numbers off and causing a decrease. She said that she would try contacting RITA to see if they can predict what might be coming in for June and July before the revised deadline. Murray ask her if she might be able to contact ADP and see if they could give her some reports to use on a local level. She advised she could try. She also noted that unemployment is up 20% at this time. Murray noted that a 20% unemployment rate does not translate into a 20% reduction in income tax and Reeder agreed. Stahl commented that he had been around town to many small business and he found that they were either really busy or really slow, so he does not feel like things are going to come back at full force.

Wobser thanked the committee for these regular meeting because they have been very helpful and realizes that there are many variables that effect our bottom line. He explained that the numbers are slowly coming in showing us how things are being affected. We just do not know how things will end up. We are taking it very seriously though and want to put ourselves in a good position to move forward. So far he hasn't heard of a lot of cities doing what we are doing. We are just trying to stay ahead of the game, but fears the next round could be brutal if things do not change. Nickles noted that the hospital is another large business in the city that has taken a huge hit because they have not been able to do their normal surgeries. It's kind of a double whammy for the city, with them and Cedar Point being such large revenue sources. Murray explained that commission has been working with state representatives to get the word out on how hard we have been hit by this epidemic. He is hopeful that they may provide some relief to local governments. He hears there may be \$500 million of aid coming from the state and believes there may be a possibility of the city receiving \$900,000 of it depending on how the distribution ends up. Brady explained that the city is doing everything it can to survive this crisis and is willing to make deeper cuts if necessary to come out the other end. He heard baseball is allowed to begin on 5/26, which may help Sports Force to open up. He believes we need to prepare for a tough couple of years. He also thanked the finance committee for all of their support during this tough time. Nickles reminded the committee that the next meeting would be on June 19<sup>th</sup> at 8:00 a.m. Gardner then made the motion to adjourn with a second from Stahl.

**All ayes – motion carried.**