



City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Monday, May 4, 2020

Virtual Meeting

Immediately Following the Committee of the Whole Meeting

Members of the Public may listen in by calling:

+1 513-306-4583 * Meeting ID 948 851 945#

1. CALL TO ORDER

The Finance Committee was called to order at 8:07 p.m. by Chairman Schnetzer. The meeting was held via Microsoft Teams due to the continuing COVID - 19 emergency. All members were in attendance.

2. DISCUSSIONS

[2020-072](#)

UPDATE FROM THE DIRECTOR OF FINANCE: Scenario Modeling & Emergency Reserve Policy

Ms. Bury presented her updates including scenario modeling. Models are attached.

She explained the correlation between the relationships between GDP and employment. From what we know now, the biggest hits will be in the tourism, hospitality and retail sectors. Looking at the top 300 withholders, a little over 50% of the top 300 is in professional services, education and medical, more weight towards the professional services. Food service and retail are about 12.48%. Based on the analysis, many are still conducting business, just from home. Based upon surveys, there is an estimated 10% loss of revenue.

She shared the scenarios and how they could play out (attached).

Ms. Bury said that if there is a good pace with the reopening, the 3 year V may be the anticipated result (loss of \$3 million)

The finance department met with all of the other departments to discuss budgets for non-salary items. Each line was examined of their budgets and open POs were reviewed and reductions discussed. Until we know what summer and fall look for programs, those line items weren't reduced. The number one goal is public and employee safety.

Ms. Bury went on and shared that we were able to identify 1.6 million dollars in reductions as of today, knowing that there were some unknowns. There are a couple of other funds that would be hard hit- the

Street fund, because no one is driving (gas tax) about \$668,000 in loss. We would expect a 10% reduction in the other funds as well. She said we should be fine on capital with an updated revenue plan of \$4.4 million. There is still a lot of work to be done but we should know in a couple of months if reductions in appropriations need to be made.

Mr. Larick asked the scenario of 10% at this point the most likely scenario or best or worst case.

Ms. Bury said it is the most likely and best case, but we are working towards the worst case so we are ready.

Mr. Larick asked about discussions around reductions. Are the discussions so far have they been adjustments based on what has occurred today with hiring etc.. and programming and this is where we are, or is decision requiring reductions is part of these assumptions.

Ms. Bury replied that the freeze on hiring is included in this \$6 million. This is where we are now.

Mr. Schnetzer asked about the surveys, the GFOA survey and local business survey.

Mayor Jadwin said the surveys will be forthcoming.

Mr. Schnetzer asked if Ms. Bury if she could present a cumulative loss over the 5 year period.

Ms. Bury with a 3 year cumulative it's estimated to be \$6 million. General Fund only. The other scenario that we hope we don't end up in, over a 5 year period, we're looking at a loss of \$26 million.

Mr. Renner asked if this is a standard that is reflected somewhere in general accounting or is this opinion.

Ms. Bury said that this was just the way the state is reopening, looking at what we're seeing coming out of the Governor's office and that if it's slow we're going to need deeper cuts. It's a living document.

Mr. Renner asked about time frame and watching some of the revenue coming in and how it's tough getting info from RITA, what are the typical items you're watching and time frame you're expecting and when can Council expect another status check.

Ms. Bury said she'd like to see the April in, which will come in May. The

thing making it difficult comparison wise is the tax increase difference from last year to this. Expected to report back July time frame. There is the delay in individual filing until July.

Emergency Reserve Policy Update

Ms. Bury asked to go through the risk assessment workbook put out by the GFOA and then go through the best practices to update the Emergency Reserve Policy.

Mr. Schnetzer asked about the original ask was to have the City Attorney to weigh in on the policy and some clean up to be done vs. going through the whole policy which can be labor intensive. The group wanted to know how much of the emergency reserve if any could be used for operational purposes.

Ms. Bury stated that she wants to make sure the target is still good.

Mr. Schnetzer asked if there was still a need to amend the clarifying language to the policy.

Ms. Bury replied we will. But it wouldn't be good practice to amend a policy knowing a target could be changed- which would be determined by working through the workbook.

Mr. Renner asked Ms. Bury if she wants to leave this on Finance Committee, do some other work, and then come back.

Ms. Bury replied correct.

Mr. Larick said the intent around the restrictions to operating funds was to not have the emergency fund be a cash cow to spend operationally on a routine basis. So, from what he recalls, what he is looking for is putting a control in there to be able to manage that.

Ms. Bury replied it will be their policy and controls. We wouldn't be able to touch it without Council approval.

Mr. Schnetzer asked if there was a possibility that the number could go up.

Ms. Bury said until they put everything in they can't say for sure.

Mr. Schnetzer asked if the Committee was fine with the Finance Department going through the program.

There were no objections.

[ORD-041-2020](#)

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$5,250,000 OF BONDS, OR NOTES IN ANTICIPATION OF BONDS, FOR THE PURPOSE OF PAYING A FINAL JUDGMENT, INCLUDING DEFENSE COSTS AND EXPENSES; RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE; AUTHORIZING AND APPROVING RELATED MATTERS; AND DECLARING AN EMERGENCY.

Item had it's first reading May 4, 2020

Ms. Bury presented legislation that offers a refinance to the note.

Mr. Cooper, Municipal Advisor from Baker Tilly. He outlined the purchase of the notes that were done last year. His presentation and suggestions are attached.

One option would be to take out another 1 year note. The next would be a bank purchase that would convert the 1 year note to a pay down 10 year maturity. This bank purchase market is operating more efficiently so the cost would be 1.5% over 10 years. Third option is a 20 year capital market which would require a rating from a rating agency. Estimated cost would be about 2.18% typically sold with 10 year calls, or as short as 5 years. He suggests moving forward with a 10 year bank purchase.

Mrs. Angelou asked if a bank could be used in our community.

Mr. Cooper said they draft a request for proposal and offer it to several banks including those in the community and it's offered to the bank that offers the best terms.

Mr. Larick asked if this is amortized?

Mr. Cooper said it is amortized with an early payment option.

Committee members recommended a Special meeting on Friday, May 8, 2020 to get this to market as soon as possible.

- First Reading 5/04/2020