BRUNSWICK CITY
FINANCE COMMITTEE

Agenda

SEPTEMBER 13, 2021
6:10 PM
In Caucus Room
or immediately following the Planning & Zoning Committee Meeting

1. Discussion Items

   (a) **ORD. NO. 89-2021** - An <u>emergency</u> ordinance amending Section 1 of Ordinance No. 86-2020 to provide for a Revised Allocation of Municipal Income Tax receipts during the period from January 1, 2021 through December 31, 2021. - **1st Reading** (To be brought from Finance Committee, *Administration/Todd Fischer*)

2. General Discussion

3. Adjournment

THE CITY OF BRUNSWICK

PROPOSED LEGISLATION

DATE: 9/13/2021

TO: Vice Mayor Michael Abella Jr. and Members of City Council

FROM: Carl S. DeForest, City Manager
Todd Fischer

COPY: Mayor Ron Falconi

LEGISLATION: **ORD. NO. 89-2021** - An emergency ordinance amending Section 1 of Ordinance No. 86-2020 to provide for a Revised Allocation of Municipal Income Tax receipts during the period from January 1, 2021 through December 31, 2021. - **1st Reading** (To be brought from Finance Committee, *Administration/Todd Fischer*)

BACKGROUND: The Income Tax collections in the first 8 months of 2021 are coming in higher than originally anticipated. Thus, it is necessary to amend the income tax allocations by increasing the annual maximum allocations. This will allow the City to remain in compliance with the ballot language for the City's two safety levies along with restoring the Streets Department's income tax allocation back to pre-COVID 19 allocation levels. The recommendation is to increase the Division of Police Fund's and the Division of Fire Fund's maximum income tax allocations by an additional $175,000 each and to increase the maximum income tax allocation to the Streets Repair & Maintenance Fund by $100,000.

Income Tax collections are currently coming in higher than anticipated for a multitude of reasons. The first is the numerous changes in tax deadlines over the past two years have settled down, allowing the Income Tax Department to catch-up on delinquency notices and collections. Secondly, the courts and various others have gotten through the backlog of delinquent cases originally created by the health pandemic and shutdowns. Thirdly, the consumer price index for all items in the US for the past 12 months ended July 2021 has increased to 5.4 percent. The change in income tax estimates is also reasonably expected to be comparable to the consumer price index and thus it's the current plan to increase income tax estimates by an additional 5.4 percent from current levels. Inflation was not originally expected to reach these levels by the Federal Reserve at the time the 2021 income tax allocation and 2021 annual budget were originally prepared. Even if inflation is temporary, it is evident that these inflationary measures over the past 8 months have had a positive effect on our income tax collections and it is reasonable to adjust our annual estimates and allocations at this time.

PURPOSE AND EXPLANATION: See background above.

IMPLEMENTATION

SCHEDULE: The recommendation is to consider adoption with emergency and suspension of the rules on Monday, September 13, 2021. The emergency is deemed necessary to remain in compliance with the ballot language of the City's two specific safety levies, maintain the daily operation of the City, and to update the City's financial forecast before compiling and proposing the 2022 budget and five-year capital plan.

FINANCIAL INFORMATION:

FINANCIAL SUMMARY: This piece of legislation adopts the distribution requirements for municipal income taxes and imposes a ceiling or maximum of income tax dollars that can be received in specifically listed funds. The estimated income tax collections and distribution of net income taxes as written have also been set to comply with the levy language of the City's two-income tax specific safety levies. Note: The actual income taxes received ultimately relate to the fiscal impact. Actual income tax receipt amounts will become known at the completion and closure of the fiscal year.

After the completion of the first 8 months of 2021, it is necessary to incorporate the ongoing economic impacts or changes into our plans and revise the City's income tax allocation accordingly.

RECOMMENDED ACTION:

One Reading	Yes
Two Readings	No
Three Readings	No
Emergency	Yes
Suspension of Rules	Yes

If emergency or suspension of the rules, why the request?

The recommendation is to consider adoption with emergency and suspension of the rules on Monday, September 13, 2021. The emergency is deemed necessary to remain in compliance with the ballot language of the City's two specific safety levies, maintain the daily operation of the City, and update the City's financial forecast before compiling and proposing the 2022 budget and five-year capital plan.

ADDITIONAL INFORMATION:

CITY OF BRUNSWICK, OHIO

ORDINANCE NO. 89-2021

By: Mr. Miller, Mrs. Zak and Mr. Delsanter

AN EMERGENCY ORDINANCE AMENDING SECTION 1 OF ORDINANCE NO. 86-2020 TO PROVIDE FOR A REVISED ALLOCATION OF MUNICIPAL INCOME TAX RECEIPTS DURING THE PERIOD FROM JANUARY 1, 2021 THROUGH DECEMBER 31, 2021

WHEREAS: In accordance with Section 880.01(e) of the City of Brunswick Codified Ordinances, this Council is required to pass Ordinances from time to time to provide for the allocation of income tax receipts as required and permitted by Codified Ordinance Section 880.01; and

WHEREAS: This Council has determined that the allocation formula during the period from January 1, 2021 through December 31, 2021 should maximize the amounts provided for municipal services and improvements; and

WHEREAS: In order to carry out such purpose, subject to and consistent with the requirements of Section 880.01 of the Codified Ordinances, this Council has determined that it is necessary to amend Section 1 of Ordinance No. 86-20;

WHEREAS: THE COUNCIL OF THE CITY OF BRUNSWICK HEREBY ORDAINS:

SECTION 1: That Section 1 of Ordinance No. 86-20, adopted on November 23, 2020, be and is hereby amended to read as follows:

"SECTION 1. Subject to and consistent with the provisions of Section 880.01 of the Codified Ordinances, during the period from January 1, 2021 through December 31, 2021, the income tax receipts collected under the provisions of Chapter 880 of the Codified Ordinances each month, after provision for costs of administering and enforcing the provisions of that Chapter, shall be allocated to and deposited in or transferred to the following funds in the following percentage allocations notwithstanding the tax year to which they are attributable, at the close of each month:

Fund	**Allocation**
Police Fund	49.25%
Fire Fund	26.50%
Street Repair & Maintenance Fund	7.00%
BTA Fund	0.25%
Parks Fund	3.00%
Capital Improvement Fund	3.25%
General Fund	10.75%

; provided that when amounts allocated to a fund reach the designated annual maximum for that fund for 2021 set forth below, no additional income tax receipts will be deposited into that fund in 2021. Any amounts in excess of such maximum allocations shall be allocated to the General Fund.

The annual maximum allocations for the various funds for 2021 shall be as follows:

Fund	**Maximum Allocation**
Police Fund	$8,050,000
Fire Fund	$5,050,000
Street Repair & Maintenance Fund	$1,300,000
BTA Fund	$15,000
Parks Fund	$540,000
Capital Improvement Fund	No Limit
General Fund	No Limit

This Council finds and determines that, based on the City's estimated income tax receipts for 2021, the allocation percentages and maximum allocations set forth in this Section are consistent with the requirements of paragraphs (b), (c) and (d) of Section 880.01 of the Codified Ordinances. This Council shall act promptly to revise the foregoing allocation percentages and or maximum allocations if, as and when such revisions are necessary to ensure continuing compliance with the requirements of Section 880.01 of the Codified Ordinances.

The Finance Director/Income Tax Administrator shall prepare monthly financial reports reflecting amounts of the prior month's allocations to the various funds and year to date allocations to the various funds and confirming the City's continuing compliance with the requirements of Section 880.01 of the Codified Ordinances.

SECTION 2: That Section 1 of Ordinance No. 86-20, as adopted on November 23, 2020, be and is hereby repealed.

SECTION 3: The Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken, and all deliberations of this Council and of any of its committees that resulted in such formal action were held, in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 4: That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, property, health, safety and welfare of the City, and for the additional reason that this Ordinance is necessary for the usual daily operation of a municipal government. Therefore, the same shall be in full force and effect immediately after its passage by the required number of votes; otherwise, the earliest time permitted by law.

PASSED: 1st Reading ________________

2nd Reading ________________

3rd Reading ________________

ADOPTED: ____________________________ AYES _______ NAYS ________

ATTEST: ____________________________

Clerk of Council
Fijabi Julien-Gallam, CMC