



COME TOGETHER & THRIVE

TOWN HALL DISCUSSIONS

Revenue Enhancement

January 2019

WELCOME

- ▶ **OBJECTIVE:** Provide a thorough update on the current financial situation of the City of South Euclid.
- ▶ **GOAL:** To showcase a plan to improve the City's financial position and hear your feedback

Meeting Format

- ▶ Presentation by City Council
- ▶ Q & A AFTER PRESENTATION CONCLUDES
(Please write your questions down. They will be collected.)

*Tonight is about preserving
the quality-of-life of our
community for today and for
our future...*

Overview of Municipal Finances

▶ PRIMARY SOURCES OF INCOME:

- ▶ Income Tax (2%) \$10,791,273
- ▶ Property Tax \$3,429,721
- ▶ State/Local Government Funds \$554,117
- ▶ Fines/Fees/Permits
 - ▶ Building Permits \$732,733
 - ▶ Court Fines \$570,220
 - ▶ Parking Tickets \$144,173

▶ TOTAL GENERAL FUND REVENUE: **\$17,977,622**

How we have managed revenue

	2012	2013	2014	2015
Projected Expenses	\$17,671,825	\$17,006,407	\$16,413,150	\$16,268,147
Actual Revenue	\$16,299,340	\$16,403,248	\$16,290,721	\$15,527,161
Actual Expenses	\$16,211,942	\$16,261,222	\$15,896,239	\$15,585,009
Difference	\$87,398	\$142,026	\$394,482	(\$57,848)

	2016	2017	2018
Projected Expenses	\$17,063,947	\$17,850,046	\$18,890,572
Actual Revenue	\$16,947,349	\$17,120,745	\$17,977,622
Actual Expenses	\$16,820,934	\$17,213,096	\$18,235,039
Difference	\$126,415	(\$92,351)	(\$257,417)

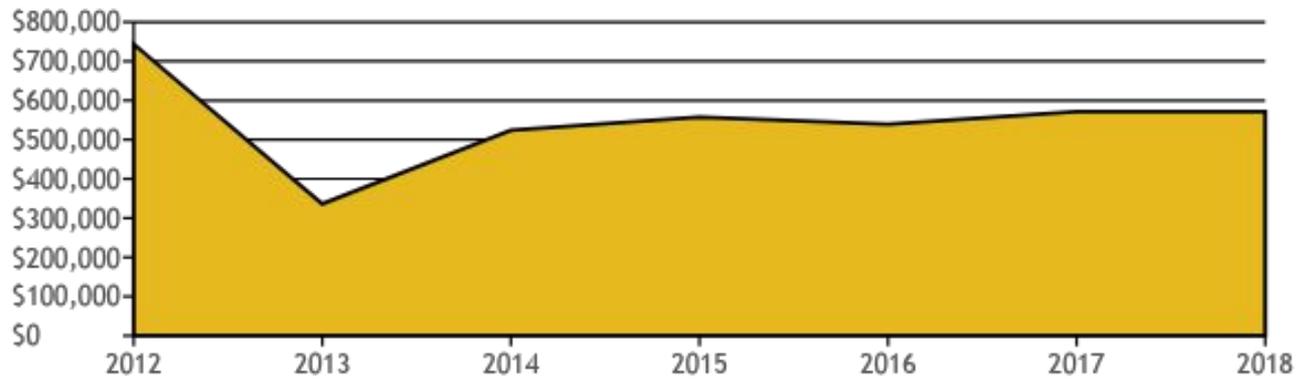
Municipal Income

- ▶ Property tax collections have been reduced by 18% (-\$703,588) since 2012
- ▶ Income tax collections have increased 17% (\$1,586,721) since 2012
- ▶ Local Government Funds received have been reduced by 45% (-\$172,364) since 2011
- ▶ Inheritance tax phased out (-\$681,070)

Municipal Income

- ▶ Aggressively pursuing grant funding (\$162,000)
- ▶ Increased Emergency Medical Services transport fees
- ▶ Participated in RITA Subpoena Program to collect unpaid income taxes
- ▶ Working with Ohio Attorney General to recoup uncollected fines/fees

Reduction of LGF Receipts



2012	2013	2014	2015	2016	2017	2018
\$743,492	\$336,381	\$523,474	\$557,015	\$539,536	\$571,128	\$571,128

- ▶ 23% decrease since 2012
- ▶ Ohio Legislature proposing additional cuts in 2017 Biennial Budget

Loss of Inheritance Tax

- ▶ Abolished by Governor Kasich and the Ohio State Legislature in 2013.
- ▶ In 2013, we received \$685,081.
- ▶ In 2016, we received just \$4,011.

What We Have Cut

▶ **Personnel:**

- ▶ 13 Service personnel eliminated (\$1 million saved)
- 5 Building/Housing personnel gone
- 3 Police officers not hired
- 2 Community Center personnel changed from full- to part-time
- 3 Finance Dept. personnel eliminated

▶ **Services:**

- ▶ Reduced road salting to hills and intersections

▶ **Public Parks/Facilities:**

- ▶ Closing of Pools at Quarry and Victory Parks

Strategic Capital Investments

Like your house and property, things need to be fixed and new investments made when old things wear out and need to be replaced.

The longer we wait, the more expensive it gets.

Capital expenses are for facilities, equipment, and the infrastructure that supports everything else.

Service - We need to replace old trucks, fix the Service Dept. garage roof and windows, put a new roof on the salt dome, buy a new truck lift, and repave the area.

Safety - Update equipment

Infrastructure - Roads, Bridges, Water/Sewer, Buildings, Parks and Recreation

Capital Needs We Have Forgone:

County Roads - Our 20% match would be \$ 1,792,382:

Green from Cedar to Monticello - \$ 1,009,582

Warrensville from Herold to Stanhope - \$ 72,000

Monticello from Belvoir to Monticello Place Lane - \$ 582,283

Belvoir from Westdale to Bluestone - \$ 128,517

City Hall Roof, wall, and structural repairs - \$ 2,160,737

HVAC & Energy Efficiency Upgrades (all buildings) - \$ 1,500,000

Street Light LED conversion - \$ 800,000

Service vehicles/equipment/repairs/updates - \$ 1,895,000

Police/Fire vehicles/equipment - Fire: \$385,000

Parks seal playground surface, pave tennis court \$80,000

\$ 8,613,119 in basic infrastructure investments have not been implemented.



When the fire department has to move the beds so that water doesn't drip on sleeping firefighters, you know it's bad.



Image on right is from today, after it decided to rain inside the building. →

And we're still using a 1979 Ford dump truck...



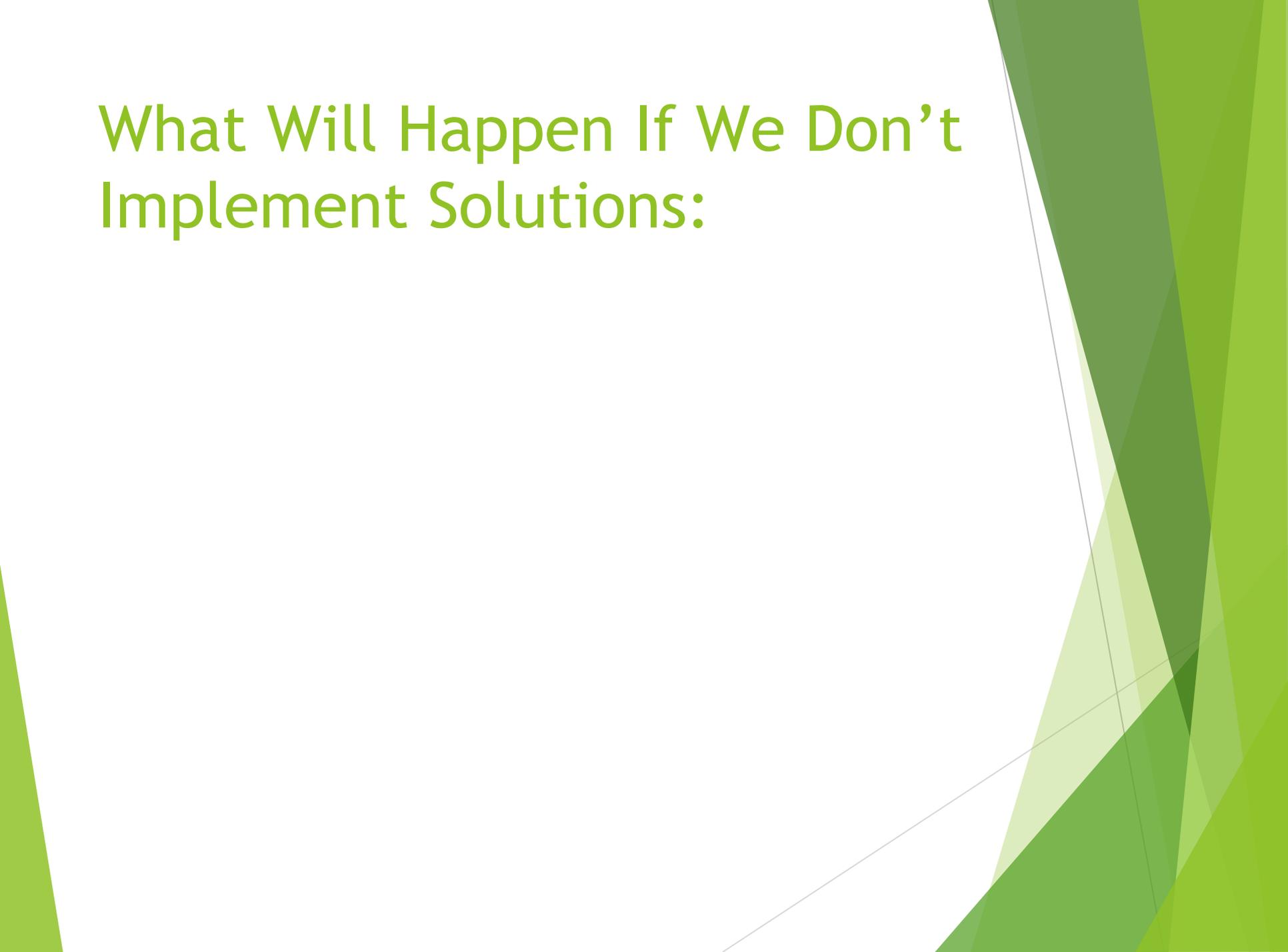
How our residents have helped us along the way

- ▶ Curbside Recycling
- ▶ Quality Home Maintenance
- ▶ Being Good Neighbors and Advocates

- ▶ Safety Levy - November 2013
 - ▶ 63% in favor
- ▶ Safety Levy Increase - November 2016
 - ▶ 51% in favor

*The Safety Levy is a special revenue fund. Monies collected through the levy may only be used to support police and fire. Currently pays a portion of police and fire wages.

What Will Happen If We Don't Implement Solutions:

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Police Department

- ▶ 3 Police Officers will not be hired for the 6th year in a row and 4 police officers to be laid off,
- ▶ This reduction will lead to slower response times and fewer cases being assigned for follow-up investigation, as well as costly overtime and over-stressed patrol officers will continue to miss time due to injuries or illness.
- ▶ Will not purchase new police cruisers (3-4)
- ▶ Turn down a \$75,000 grant that has been awarded by the County for the purchase of new portable radio on the 800MHz system (\$215,000). Our current system is 30+ years old
- ▶ Reduce the number of hours that park guards and auxiliaries are permitted to work by 33% (\$26,000)

Fire Department

- ▶ 9 Firefighters/Medics will receive layoff notices
- ▶ This will lead to delays in caregiver arrival on scene
- ▶ It is estimated that within 3-6 months, mutual aid partners will begin to deny EMS Mutual requests

With Increased Revenues, We Would Be Able to:

- ▶ Hire 3 new police officers to fill lost positions
- ▶ Retain 3 fire personnel currently employed by grant
- ▶ Keep a good bond rating, thus reducing the cost of borrowing for emergencies
- ▶ Update equipment for safety forces.
- ▶ Replace old and broken service vehicles
- ▶ Create a Capital Improvement Fund to address neglected building and equipment.
- ▶ Create an Economic and Community Development Fund to drive development.

How can we raise revenue in the short term to avoid major service/safety cuts?

Repeal or Reduce Income Tax Credit for SE Residents Paying Taxes to Other Cities

Current Tax Credit

0.75%

Proposed Income Tax Credit	Additional Revenue	Cost to Average* Taxpayer
0.50%	\$692,231	\$125
0.25%	\$1,384,461	\$250
0.00%	\$2,076,692	\$375

* - \$50,000 annual income

The Income Tax Credit Reduction is NOT a tax, but a reduction in the amount of refund residents who work outside of South Euclid receive for paying taxes in 2 cities.

The Credit comes out of South Euclid taxes, not the tax paid to the other city.

Shift Burden of Trash Collection

Current Trash Collection Expense

\$1,250,000

Number of households	Estimated Annual Cost	Estimated Monthly cost
8,800	\$180	\$15

**This would reduce expenses by ~
\$1,250,000**

Income Tax Levy

Our tax levy was **not** passed in 2018, which is why we need an immediate solution

We will consider legislation that will give at least some of the income tax credit back when/if we pass other levies that provides the same amount of Revenue.

What Else We Are Working on for Long-Term Sustainability:

- ▶ Taking a regional approach to sharing more services
- ▶ Investing in public amenities to increase property values and attract more investors/buyers/workers
- ▶ Encouraging support for local businesses to increase tax base
- ▶ Reducing energy costs by replacing street lights with LEDs
- ▶ Working with One South Euclid to assist property owners in raising home values by maintaining and upgrading homes

We thank you for participating!

Georgine Welo, Mayor

Dennis Fiorelli, President of Council, Councilman At-Large

Jason Russell, President Pro Tem of Council, Councilman At-Large

Martin Gelfand, Councilman At-Large

Ruth Gray, Ward 1 Councilwoman

Joseph Frank, Ward 2 Councilman

Sara Continenza, Ward 3 Councilwoman

Jane Goodman, Ward 4 Councilwoman

Questions?

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