

**City of Powell
Finance Committee
Minutes
December 8, 2020**



Attendees

Tom Counts, Frank Bertone, Simon Barlow, Jon Bennehoof, Heather Karr, Melissa Riggins, Dan Swartwout, Andrew White and Karen Sybert. Megan Canavan and Jeffrey Tyler were also in attendance.

Call to Order

7:00 p.m.

Approval of Minutes

Minutes from the November 10, 2020 meeting were approved with a modification, adding Melissa Riggins in attendance.

Financial Reports

The November 2020 financial reports were reviewed. The executive report and summary of notable revenue and expenditure items show general fund revenues to be at \$8,185,061.56 or 95.6% of the anticipated budget. Income tax collections were \$408,887.99 for the month bringing the annual total to \$6,051,313.45 or 95.5% of budget. It was noted that although income tax receipts are slightly behind the same time period of the prior year, collections similar to December 2019 would put receipts at 100% of the anticipated budget. The second half property taxes were received this month, bringing total collections to 94.89% of budget and \$650,188.51. The County Auditor's office disbursed Coronavirus Relief Funds to the City in November which were deposited into the Coronavirus Relief Fund 260. The majority of the funds were used to offset public safety personnel salary expenses in the General Fund per OBM guidance. The monthly reports represent general fund expenditures after the offset of public safety personnel salaries in the general fund from the Coronavirus Relief Fund. Expenses were reviewed and noted that all departmental expenditures were within the 91.67% expected November threshold. The Executive report demonstrates the general fund operating revenue exceeding expenses in the amount of \$1,657,059.64. The cash position report shows the general fund unencumbered cash balance at month end was \$8,144,600.44 and the unencumbered cash balance for all funds was \$18,621,239.17

2020 Appropriation Modification

The Finance Director informed the Committee that additional CARES Act funds had been received from the County Auditor due to a re-distribution of funds from municipalities that surrendered monies that could not be appropriated or spent within the required time frame. An appropriation adjustment was discussed and was requested to be added to the December 15, 2020 Council meeting agenda to appropriate and expend the funds. The Committee was also informed that a reallocation of current budget funds would be administered to cover any additional legal service invoices for the year, with no additional appropriation measure necessary. Lastly, the City Manager shared ideas for further use of General Fund monies that have been made available from defrayed expenses as a result of CARES Act funding to support concepts such as a community wellness facility feasibility study and a community attitude survey.

Revenue Enhancement

The committee held a robust discussion regarding possible revenue enhancement ideas with the main focus of their discussion being on the City's current income tax. The committee reviewed projections provided by the Regional Income Tax Authority for different structures of tax rate and tax credit. The committee recognized that providing enhanced tax credit would be crucial to any issue. Chairman

Counts presented a summary of RITA's projections and talked about the importance of creating a structure that would provide a more equitable distribution of tax paid by our residents. The current income tax structure creates a disproportionate range of .75% - 3% for Powell residents depending on their work location. A properly structured income tax with an increased credit for taxes paid to other municipalities would reduce the range of aggregate city income tax rates paid from .75% - 3% to 2% - 2.5% while also bringing increased revenue to the city. Projections also support the statement that 80% of the increased revenue would be borne from the shift of tax receipts directly related to the enhanced income tax credit and from non-residents working in Powell. Projections demonstrate that under the City's current income tax structure, over 2.7 million dollars are lost to other municipalities from non-residents that work in Powell. Chairman Counts stated that Council should consider this fact while bearing in mind their fiduciary responsibility. The Committee recognized that February 3, 2021 is the deadline for filing notice for action on the May 2020 special election ballot and proposed presenting the issue to the Council for consideration.

Other Business

Councilman Swartwout commended the committee on a particularly productive meeting. He stated that full support of Council and staff will be essential if the decision is made to move forward on a restructuring of the City's income tax. Committee members Counts, Bertone and Barlow; and Council members Bennehoof, Karr and Riggins echoed his comments.

Adjournment

Adjourned at 8:20 p.m.