

Cuyahoga Falls City Council
Minutes of the Finance and Appropriations Committee Meeting

March 1, 2021

Members: Tim Gorbach, Chair
Mary Nichols-Rhodes
Jeff Iula

Mr. Gorbach called the meeting to order at 6:44 p.m. All members were present.

The minutes of the November 23, 2020, December 7, 2020 and December 21, 2020 Finance Committee meetings were approved as written.

Legislation Discussed

Temp. Ord. B-8

Temp. Ord. B-9

Discussion:

Temp. Ord. B-8

An ordinance amending and/or supplementing Title 7, Taxation, Chapter 164, Municipal Income Tax, to comply with State Law mandates, and declaring an emergency.

Mr. Bryan Hoffman, Finance Director, and Mr. Matthew Skitzki, Tax Administrator, presented Temporary Ordinance B-8 to Council. Mr. Hoffman stated that he wants to make sure that everyone is aware that this does not change how the Tax Department is administering the taxes. Nothing has changed as far as rates of taxation or anything along those lines. They are very minor changes to the code to reflect state law in definitions where, over a period of couple of years, the State has passed several pieces of legislation that has tweaked that language a little bit.

Mr. Skitzki stated he would give a couple highlights and line references. Line 522 is the missing definition of net profit. They conducted a major overhaul of the tax ordinance going back a couple of years, and this was a piece of the definition that inadvertently was left out. It is being corrected now thanks to the sharp eyes of the Ms. Janet Ciotola and the Law Department. The second piece of this is Line 648. This is the definition of pension that the State changed in order to bring all the cities into alignment. Specifically, this had to do with SERPS, Supplemental Executive Retirement Plans. Those are not taxable. They are currently treating the tax this way, so there will be no change in how they are administered. They are simply putting into the City ordinance how the State of Ohio states SERPS are to be treated. The last one is Line 809, the retirement plan provision. Line 1122 is the opt-in language. This is a piece of the State Code that has to do with taxpayers who opt in to have their net profit taxes administered by the State, so this only applies to businesses. They have to have something in the City ordinance about opt-ins. What this piece is stating is if the State is administering a business' net profit tax, then that section of the State Code is what they are going to refer to. The State is administering the tax, so it will make sense to look at the State Code if you have questions about the ordinance. Some cities included that in its entirety. They thought it was cleaner to do it this way, and there is some precedent to do it this way. This is modeled after the City of Wadsworth.

Finance and Appropriations Committee
March 1, 2021 – Page 2

Mr. Gorbach reiterated that there are no changes in how taxes are being collected, administered and/or what is taxable and what is not taxable with the passage of this ordinance. RITA handles the City's taxes, but there are no changes whatsoever insofar as how taxes are applied to the citizens of Cuyahoga Falls at the city level.

Ms. Nichols-Rhodes moved to bring out Temp. Ord. B-8 with a favorable recommendation, second by Mr. Iula. Motion passed (3-0).

Temp. Ord. B-9

An ordinance appropriating \$1,309,632 of Community Development Block Grant carryover funds for calendar year 2021, and declaring an emergency.

Ms. Diana Colavecchio, Community Development Director, and Ms. Peggy Szalay, CDBG Entitlement Administrator, presented Temporary Ordinance B-9 to Council. The City of Cuyahoga Falls is the recipient of Community Development Block Grant (“CDBG”) funds through the Department of Housing and Urban Development. The City of Cuyahoga Falls has available CDBG carryover funds, in the amount of \$1,309,632. It is necessary to appropriate these carryover funds from calendar year 2020 to fund calendar year 2021 program operations. The Director of Finance will be authorized to increase appropriations in the CDBG Fund, line item, Other Operations, by \$1,254,292 and CDBG line item Personal Services by \$55,340 and make payments from the same.

Ms. Colavecchio stated that Ms. Peggy Szalay, and Mr. Novelli, City Treasurer, work together to manage these very highly-regulated funds. They developed a working spreadsheet they use internally to help them track how these funds are spent.

Mr. Gorbach stated that this methodology was not just developed by the City as to how to calculate these numbers. It is a strict format that HUD has for the City to use insofar as recognizing the different categories of these figures and coming up with these numbers to transmit to HUD. Ms. Szalay stated that this spreadsheet is new to them. They started with this in 2020. They have a meeting every Wednesday to look at all of their projects to ascertain what money has been spent and what new applications need to be approved. When a business in Cuyahoga Falls or outside of Cuyahoga Falls has called and requested information on how to get funding, they add that to the spreadsheet, as well, and track that. When these businesses have not been heard from in a while, they are sent an e-mail to follow-up with them. This is a living, breathing document that changes weekly. It helps keep track of everything they have going on.

Mr. Gorbach stated that they use different figures, and the figures are different from the Development Department and the IDIS Department, but are tied out at the end which is encouraging. Again, there are strict rules and a timeliness factor insofar as projects can go that need to be followed. He likes that their team is in there looking at it from maybe a different lens, but making sure all of it matches, because it is important. These are great dollars the City receives.

Finance and Appropriations Committee
March 1, 2021 – Page 3

Being an entitlement city, Cuyahoga Falls is restricted as to how those funds can be used, but how they are used is wonderful for the community. Making sure it is reported correctly is immensely important. The Community Development Department has a passion for what they do with the CDBG monies and Council appreciates that, because it is exciting to get this type of money and what it does in our community.

Ms. Nichols-Rhodes stated that she would like to compliment Ms. Szalay because the whole department is very communicative. Any time a business or resident has a question about any of these funds or possible projects, the Department is great at explaining and contacting them. It is appreciated.

Mr. Balthis stated that the CDBG Program is always important, but, in the past year, with Covid, the Community Development Department and the Administration have used these dollars in an effective, smart and impactful way by giving business grants to small businesses to keep employees employed. He does not want to pass up on the opportunity to mention some programs funded with CDBG. There are the facade matching grants on State Road. The impact on Front Street has been incredible. Ms. Penta is excited about the progress on State Road and the Master Plan and the Merriman Valley Program. He stated that he appreciates all the work the CDBG Department does in putting these dollars to work.

Mr. Iula moved to bring out Temp. Ord. B-9 with a favorable recommendation, second by Ms. Nichols-Rhodes. Motion passed (3-0).

The meeting adjourned at 7:07 p.m.