

UA Citizens Financial Review Task Force Questions and Request for Information

Tab 2: 2019 Summary of Comparative Fiscal Indicators, Income Taxes

- UA acreage is zoned 94% residential. For each comparison City, what percent of the respective City is zoned residential? **Working to gather this information.**
- UA is 9.84 square miles and 94% residential meaning approximately 0.6 ~~acres~~ square miles of UA is non-residential. On an acreage basis, what is the non-residential portion of each comparison City? The 94% percent refers to usable land (excludes streets, parks, while the 9.84 square miles is in total. Please refer to the Master Plan attachment (Attachment A) for more detail. After contacting several of a comparable cities, this data does not appear to be available.
- From 2014 to 2019 were any commercial/office zoning overlays/districts enacted by the city? We did see a few minor rezoning's that increased retail, office and mixed use areas. Mostly related to the two projects on Lane Ave. The apartment building parcel that was annexed into the City as part of the Gateway project and the property that was rezoned that will be part of the Lane II development. The other area that comes to mind is in 2014 it appears that the Berkley House was annexed into UA and was rezoned PMUD, our Planned Mixed-Use District. Part of that was that they would have to build an office building at the parcel along Riverside that is just to the south of it.
- Of the approximately .6 ~~acres~~ square miles of non-residential space, how much is available for commercial use as opposed to park land, schools and libraries, etc.? See responses above and the Master Plan attachment (Attachment A).
- How much income tax does UA receive from non-residents? **Working to gather this information.**
- What are the healthcare and housing preferences of the 65+ population that impact City services? **Further clarification needed.**
- How are services to the 65+ population funded other than grants for specific programs? **Further clarification needed.**

Tab 4: S&P/Moody Report

- S&P Global notes the top 10 city employer's account for 21% of the city's total collections – does that mean 21% of the city's income tax base or just 21% of the city's total revenue collections? What is a list of those employers and their respective industries? **Just the income tax base. Unfortunately due to confidentiality purposes, we cannot provide a list of the top 10 income tax payers. However, you can find a list of the top employers on page 188 of the CAFR.**

- S&P notes the city debt position is weak and Moody's also states the debt burden is high compared to other top-rated issuers. Is any comparison data (from above comparison cities) available? This is a valid argument that S&P raises. However, I would add that the city has the policies in place and has strategically designed its income tax base to ensure all debt issues can be paid. Also, the fact that we are issuing debt to address long-needed infrastructure issues is a testament to our community. You regularly hear on the news that there is an infrastructure crisis in this country. We are one of the communities that is taking this issue head on. See the attachment (Attachment B) for comparable cities outstanding debt liabilities and bond ratings.

Tab 5: Overview Summary

- Is a chart available with the 2014-2018 year by year increase (dollar and %) of income taxes (broken out by withholdings, individual and net profits)? There is a graph on page 26 but the detail is not available. I noted the Moody's Opinion showed 3.3% increase in aggregate collection in 2017 and the 2017 Financial Overview had some aggregate numbers but couldn't piece together the additional requested data. See Attachment C.
- Is information available on the growth in number of employees (working within the boundary of the City) from 2014 to 2019? Although income taxes are of course dependent on salaries, the employee growth may provide insights on the relative growth of the taxpayer base. Working to gather this information, but not sure that it is available.
- It is noted that future revenues are trended at 2.25% and include an additional 2022 increase for the Gateway project. What is the anticipated 2022 increase? A conservative \$500k boost was included in 2022. However, due to the delays in the project, this will be revisited during the 2020 budget process.
- Given the volatility of income taxes (roughly 55% of UA city revenue in 2017) – and questions about the longevity of the current economic expansion - is a stress test available? Given the relatively high debt position to fund the CIP (serviced by 28% of income tax receipts) and the corresponding commentary from S&P and Moody's I would imagine some stress test scenarios have been run. A stress test, per se, is not available. The City has typically used very conservative (low growth rates) income tax estimates and debt estimates (higher interest rates) when evaluating debt issuances. Additionally, the City's debt policy states:

(Long-term) Debt is acceptable as long as the ratio of available capital fund dollars to debt payments, projected forward seven years, and does not fall below 2 to 1.

City Staff is constantly monitoring this ratio. Additionally, the 10-year CIP is built within the framework of this policy. This is one reason why the 10-year CIP is reviewed annually.

Tab 6, CIP

- Please provide a list of the projects completed between 2015 and 2018 and their costs. **Working to gather this information.**
- Is a geographic heat map of the 2019 – 2028 CIP budget available? Unfortunately, a heat map is not available at this time.
- What is the projected monetary impact of the gas tax hike/increased local allocation? Are revised budgets available based on those projections? Per Ohio Department of Transportation, the additional Gas Tax is estimated to generate an additional \$735k in 2020. Being that HB62 just recently passed, revised budgets are not available based on these projections.
- Because the income tax increase dedicated to the CIP, is the effect of the increased gas tax monies statutorily mean a larger CIP budget? This has not been discussed to date and will be a topic of discussion during the 2020 budget meetings. The additional gas tax funds could be used to increase road-related maintenance efforts (if possible), provide cash-funding for road-related CIP projects, or additional CIP work. One thing to remember, is that with all of the Ohio entities expecting increases and wanting to do road work, costs are likely to increase (supply/demand)
- How are gas taxes allocated to cities? For example, if my address on my license plate application says Columbus OH 43221, will taxes be allocated to UA or to Columbus? After a very complex allocation of the total revenues, ORC 5735.27(A)(1) states, in part,:

The amount distributed to each municipal corporation shall be that proportion of the amount to be distributed among municipal corporations that the number of motor vehicles registered within the municipal corporation bears to the total number of motor vehicles registered within all the municipal corporations of this state during the preceding motor vehicle registration year. When a new village is incorporated, the registrar of motor vehicles shall determine from the applications on file in the bureau of motor vehicles the number of motor vehicles located within the territory comprising the village during the entire registration year in which the municipal corporation was incorporated. The registrar shall forthwith certify the number of motor vehicles so determined to the tax commissioner for use in distributing motor vehicle fuel tax funds to the village until the village is qualified to participate in the distribution of the funds pursuant to this division. The number of motor vehicle registrations shall be determined by the official records of the bureau of motor vehicles. The amount received by each municipal corporation shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes.

As noted above the taxes are based on registrations. Registrations are not only verified by City and zip code, but by street address. With each street address being associated with a taxing district, the funds should find its way to UA. However, errors do occur and services are available to audit these records. The City has typically forgone these services due to being able to perform this audit in house.