

INTERNAL MEMORANDUM

Office of the Assistant City Administrator

Springdale, Ohio

April 19, 2019

To: Mr. Thomas Vanover
President
Springdale City Council

From: Amanda Zimmerlin
Assistant City Administrator

Re: Special Council Meeting of April 24, 2019

Item I

Resolution No. R20-2018 – Resolution Proposing an Increase in Income Tax to Two Percent (2.0%) and Directing that the Increase in Income Tax be Submitted to the Electors

City Council passed unanimously at their **01/16/2019** meeting, Resolution No. R20-2018 – Resolution Proposing an Increase in Income Tax to Two Percent (2.0%) and Directing that the Increase in Income Tax be Submitted to the Electors. Council held four readings of the resolution. A first reading of the resolution was held at the **12/05/2018** meeting, a second reading at the **12/19/2018** meeting, a third reading at the **01/02/2019** meeting, and the fourth and final reading at the **01/16/2019** meeting.

The City of Springdale currently has an income tax rate of 1.5% for those who work within the City of Springdale. Residents who work outside the City of Springdale receive a full 1.5% income tax credit. In 2004, the residents of Springdale were asked to vote on an income tax increase from 1.0% to 1.5%. The issue passed with 68% of the vote. Since 2006, the City of Springdale has lost nearly \$3 million in General Fund Revenues.

The City has undertaken much needed projects and has presented a balanced budget every year. However, with the down turn in the economy and the state redirecting valuable funding sources, the City has experienced expenditures over revenues for six (6) out of the last nine (9) years.

Even with expenditures outpacing revenues, the City was still able to have an acceptable carry over into the next fiscal year. Typically, the City has a carryover of at least \$1.5 million. The Government Finance Officers Association (GFOA) recommends that municipalities carry over 2% of their annual budget. The City of Springdale, to meet standards, should carry over close to \$2 million annually. The 2019 Budget is devoid of all rolling stock, all major capital projects have been postponed, and still the estimated carryover at the end of fiscal year 2019 was projected to be less than \$700,000.

At the November 21, 2018 City Council meeting, Council proposed increasing the income tax rate from 1.5% to 2.0%. Residents who work outside the City of Springdale in a municipality with a higher income tax rate would receive a full 2% credit. Approximately 93% of the earnings tax collected is paid by those who work in our community and utilize our services and roads but do not live here.

The authority to levy an income tax comes from the Ohio Constitution and the City Charter Article VII(A)(3). The tax is implemented through Chapter 94 of the Code of Ordinances. City Council passed Resolution R20-2018 proposing an increase in income tax to two percent (2%) and directing that the increase in income tax be submitted to the electors. The proposed issue will be placed before electors at the May 7, 2019 primary/special election. If the issue is passed by the electors, the City Council would then need to adopt an ordinance in June 2019 to amend Chapter 94 of the Springdale Code of Ordinances and have the new tax rate go into effect July 1, 2019. The City is following the same process as in 2004 and held four (4) readings of the resolution prior to a vote of Council. The timeline for the process is outlined below:

First Reading of Resolution:	December 5, 2018 Regular Council Meeting
Second Reading of Resolution:	December 19, 2018 Regular Council Meeting
Third Reading of Resolution:	January 2, 2019 Regular Council Meeting
Fourth Reading of Resolution:	January 16, 2019 Regular Council Meeting
Submit to Board of Elections:	February 6, 2019
Election Day:	May 7, 2019
First Reading of Ordinance:	June 5, 2019 Regular Council Meeting
Second Reading of Ordinance:	June 19, 2019 Regular Council Meeting
New Tax Rate Effective Date:	July 1, 2019

City Council is conducting a special meeting on **04/24/2019 at 7:00pm** at the Springdale Community Center, 11999 Lawnview Ave, Springdale, Ohio to discuss Resolution 20-2018.

Mayor
Clerk of Council/Finance Director
City Council
City Administrator
Law Director
City Engineer
Department Directors
Recording Secretary
Reading File