



To: Mayor Smith and Honorable Councilmembers
From: Tom Carroll, Village Manager *Tom M. Carroll*
Date: January 14, 2021
Subject: Administrative Memo 2021 – No. 3, Annual Report for 2020

As is required by §2 (D) of Silverton’s Charter, staff herewith is providing an annual report for Council summarizing the activities of the municipal organization in the past year. A detailed financial report will also be provided by Finance Director Denise Stemen once the 2020 fiscal year is closed and reconciled. Her report should be finished in late January or early February.

On January 3 of 2020, Village Council adopted Resolution 20 – 813 which established the following six goals for the 2020 year now drawing to a close:

1. Replenish operating reserves and debt service fund reserve to prepare for economic uncertainty,
2. Create jobs in our community to grow our tax base and provide opportunity for residents by attracting new businesses and helping existing businesses thrive and expand,
3. Improve roads and establish additional public parking in the central business district,
4. Increase property maintenance enforcement to ensure all properties at least meet minimum community standards,
5. Improve Silverton’s public facilities, including our parks and government facilities, and establish community multi-purpose space, and
6. Promote the Village and engaging our residents through public information about what is happening in the community.

This report provides a narrative focusing on progress made advancing each of these six goals. That said, the impact of the coronavirus is the story of 2020. The pandemic impacted just about every aspect of municipal operations and the Silverton community starting in mid-March. Despite the challenges of the pandemic, Village Council’s goals were nevertheless advanced this year. But 2020 will always be a year with an asterisk next to it as we look back on what occurred. Even though two highly effective vaccines have been approved by the FDA already, COVID-19’s public health and also fiscal impact will continue well into the next year.

COVID-19

Mayor Smith declared a state of emergency on March 20th of 2020 as a result of the rapid spread of and growing concerns about the coronavirus. Silverton Town Hall was closed to the public between March 17th and May 12th, with Village employees working remotely and new physical distancing practices implemented. Fortunately, none of our employees are believed to have caught the virus. Additionally, Hamilton County Sheriff deputies continued to operate from Town Hall/District 4 headquarters. They too adopted some new protocols to reduce the risks from the coronavirus. As of this writing, at least one deputy stationed out of District 4 has had COVID-19 and had to quarantine. Fortunately, he has fully recovered and is back to work serving Silverton.

During the shelter-in-place period, building permits were issued via mail, taxes were collected remotely, and a number of other services continued. Town Hall became a temporary food storage and staging area for emergency food kits serving food insecure Silverton Elementary students and their families for the remainder of the 2019-2020 school year. And public works employees continued road maintenance, prepared our parks for the season, etc. The community can rightfully be proud of the Silverton staff's adaptability, courage, and dedication to service during this unique and challenging period.

In early April, Village Council met outdoors to make a number of very difficult budget cuts because of projected revenue falloff from Governor DeWine's prudent shelter-in-place order. Additional cuts were identified just in case the fiscal situation became worse than feared. Council's April budget cuts amounted to almost a 15% reduction in the Village's 2020 operating and capital budget. Throughout 2020, Denise Stemen carefully monitored revenues to determine if additional budget cuts were necessary. As 2020 draws to a close, I am very pleased to state Silverton income tax revenue in 2020 will exceed our 2019 income tax revenue by \$52,732.02. In 2019, the Village received \$1,616,543.97 in income tax revenue through the Regional Income Tax Agency. In 2020, the Village received \$1,670,275.99. Silverton's tax rate is 1.25% of earned income, so the additional \$52,732.02 means that Silverton families and employees in total earned more money this year than the year before...even during the pandemic.

It is clear that some Silverton residents and neighbors experienced job losses, wage cuts, and other financial hardships as a result of the pandemic-induced recession. This financial pain and its after effects is real and can be devastating for these Silverton households. Yet, the Village's income tax data offers us assurances that the majority of Silverton families have endured 2020 without grave financial losses. And in this there is hope for us all. The majority of our community's families have a solid financial foundation to start 2021 based on this key economic indicator.

The Village's income tax collections in 2020 would have certainly been much worse—staff estimates 10% less—without Ag47 Phase I's completion last year. This points to the benefits of Council's proactive economic development efforts going all the way back to 2008 when Silverton undertook the cashless land swap with Cincinnati Public Schools that set the stage for Ag 47. Nobody could have predicted how essential this effort would be to the Village in 2020, yet it had been Council's intent to grow our tax base back then. And we can take some comfort in recognizing the wisdom of Council's prior policies.

The remainder of this report will focus on the six Council goals Mayor Smith and Council adopted in January of 2020.

I. Replenish Operating Reserves

Despite the COVID-19 pandemic and its economic repercussions, the Village will end 2020 with additional financial security, and the 2021 Budget increases it. This is possible because of Council's actions in April to curtail spending, better-than-feared income tax revenue throughout 2020, and support from Hamilton County and the State from the CARES Act.

The tough budget cuts and careful financial planning by Council allow the Village to transfer \$186,873 to end the 2021 fiscal year with a reserve in the Debt Service Fund of \$209,126. This reserve sets aside the highest future annual debt service obligation for each non-OPWC bond for future fiscal years. Additionally, the Village will end 2021 with a \$64,417 debt reserve in the Stewart Road Tax Increment Finance Fund. Having these debt reserves enables the Village to, if needed in the future, reduce its debt service payment from its annual operating budget to make up for a revenue shortfall or pay for another major need.

The 2021 Budget also starts to replenish funding set aside for public art required by Resolution No. 16-744. In 2020, the Village depleted its art reserve in 2020 to install *Convergent Focus* at Silverton Park. Next year, the Village will reserve \$8,384 in the Park Improvement Fund for the next public art project. This reserve, if unspent next year, will be carried forward into 2022 and eventually supplemented with grants, donations, and future 1% for the arts set asides from the Village until such time as a third public art project can be commissioned.

Finally, the Village's General Fund will end 2021 with undesignated fund balance of over \$570,000 even after these other reserves are replenished. The Government Finance Officers Association (GFOA) recommends a general-purpose local government like Silverton should have for a "rainy" day fund equal to two months of annual operating revenue. Using the GFOA method, the Village of Silverton's 2021 best practice rainy day fund balance target is \$555,499. This planned 2021 fund balance exceeds this target even as we completely replenish debt reserves.

Through decisive actions this year and careful planning for next, it should be possible for Village Council to mark its top goal as completed by the end of 2021. It is rare that a strategic goal such as this can be accomplished in such a short period of time, and Council is to be commended for its careful financial stewardship.

II. Create Jobs

The pandemic certainly had a chilling effect on economic activity this year, triggering the greatest loss of jobs our country has ever experienced. Not surprisingly, the Village did not make a great deal of headway on job creation in 2020 given these macroeconomic trends. That said, there have been some bright spots.

First, Meier's Wine Cellars answered the call in the spring to ramp up production of alcohol for hand sanitizer. Meier's has been running two shifts to help meet this incredible demand. Second, our restaurants and bars have managed to stay in business despite the social distancing requirements. Residents and neighbors have supported them through take-out and gift cards. HighGrain Brewing

Company started to can beer in 2020, and this has enabled them to stay profitable even during the pandemic.

Third, Silverton sold two pieces of property in 2020 that had been acquired for economic development. The Village sold 6805 Montgomery Road after it executed a clean up of petroleum cleanup with assistance from the Ohio Department of Development Services. The Village recovered its original investment of \$40,000 when it sold this cleaned up site to Riverside Heating and Cooling. The Village also sold a large portion of the former Lighthouse property to the Krimmer family in February. This sale paves the way for a post-pandemic expansion of the Italianette and the establishment of Silverton Town Commons at the northeast corner of Plainfield and Montgomery.

III. Improve Roads and Transportation

Though it took longer than it should have, the Village reconstructed Elwynne Drive in 2020. This project included partnering with the Greater Cincinnati Water Works for a water main replacement, selected sidewalk replacements to make this street walkable, and the removal of a dozen trees. Also, the Village opened bids in November for the reconstruction of Lillian Avenue in 2021. This project had been on-and-off-again five times over the last several years. Fortunately, as a result of belt tightening and good financial management, Village Council provided the funding to proceed as 2020 ends.

The Village also advanced the eventual replacement of all old traffic signals on Montgomery Road through federal and state funding. The Village invested heavily in engineering this year for the 2022 project. This required a great deal of interaction with ODOT, the Indiana and Ohio Railroad, and other transportation planners. The Village is well positioned for completing this project in 2022 or 2023.

The Village will begin 2021 with planned sidewalk improvements on both Montgomery Road and Stoll Lane and the upcoming reconstruction of Lillian Avenue set to start in January. Since 2014, the Village has repaved or reconstructed almost 40% of its road system. We have some more work to do, but we have made substantial headway to be sure.

IV. Increase Code Enforcement

The Village made substantial improvements to our code enforcement efforts in 2020 thanks to the service of former Loveland Police Chief Tim Sabransky. Tim picked up where Jim Replogle left off, and advanced several very difficult code enforcement cases this year. Tim helped to formulate new policies in 2021 that will reduce the frequency of evictions in Silverton, provide fixed-income or low-income Silverton home owners help fixing code enforcement problems, and establishing a rental registration program. Tim also has deepened our partnership with the Hamilton County Land Reutilization Corporation (commonly called the “land bank”). Tim promised to provide the Village a year of service, and he did so with dedication. And as 2020 draws to a close, Tim is leaving us and is being replaced by Eric Hall. Eric is a retired Cincinnati Police Sergeant who has done an array of corporate and organizational safety duties since he left law enforcement. Eric’s demeanor and personality assessment convinced me he brings the right approach to this important role. He will be accommodating when appropriate and firm when need be to achieve positive outcomes for the community. I look forward to working with Eric next year as we launch additional housing programs to assist our lower-income home owners and renters alike.

V. Improve Public Facilities

The pandemic made 2020 a year of retrenchment more than advancement, especially when it comes to public facilities. That said, two notable park projects were completed this year, and the Village made

substantial investments in environmental sustainability. The sustainability investments will pay for themselves in 11 years as well as provide an immediate reduction in the Village's carbon footprint.

On May 25th, Mayor Smith and Village Council dedicated a new memorial to those who served in the Vietnam War. This is a one-of-a-kind memorial and was designed by the Parks, Art, Culture, and Tree Committee. The Village also installed its second piece of public art entitled *Convergent Focus* at Silverton Park at the corner of Highland and Montgomery Road. This piece, as well as Silverton's art in public spaces effort, was featured on WCET this fall.

Silverton's solar panels at Town Hall became operational on March 30, 2020. This \$100,000 investment will pay for itself in 17 years. As of the writing of this memorandum almost nine months after installation, the solar panels have already generated 98% of the energy Town Hall used in its first year of operations. The Village also partnered with Duke Energy to replace 316 incandescent street lights with LEDs. This \$160,000 investment will pay for itself in six years. Blended together, the solar and LED projects will pay for themselves in 11 years and reduce the Village's operational carbon footprint by more than 50%. And the Village's remaining electricity for traffic lights, other public facilities, and street lights is provided by 100% renewable energy sources. The only carbon the Village generates is from a modest amount of natural gas used at the Department of Public Works and a fuel usage for police and public works.

VI. Promote the Village

The Village of Silverton adjusted its public information and communications strategy in 2020. This included discontinuing the publication of the Silverton Circle after only one issue this year. Most of our communication emphasis has been through Facebook and the e-Connector.

Conclusion

Staff hopes Council is well pleased with the progress made in 2020 towards each of the six Council goals, especially given the coronavirus pandemic. As Village Manager, I remain grateful to Council for the chance to serve this wonderful community, my Silverton.