

On Wednesday, August 4, 2021, at 6:00 p.m., the Dayton City Commission met in regular session in the Commission Chambers of City Hall.

CALL TO ORDER

Mayor Whaley called the meeting to order. She said Due to the current COVID-19 order, the City of Dayton is requiring masks to be worn in all City facilities to protect the safety of the staff and community. If you need a mask, there are some at the entrance of the Commission Chambers. Those not wearing a mask during the Commission Meeting may be ruled out of order and removed from the meeting.

Mayor Whaley asked for a moment of silence to commemorate the second anniversary of the passing of nine members of the community lost in a mass shooting on August 4, 2020, in the Oregon District. They were Beatrice Warren-Curtis, Derrick R. Fudge, Logan Turner, Lois Oglesby, Megan Betts, Monica Brickhouse, Nicholas Cumer, Saeed Saleh, and Thomas McNichols.

INVOCATION

Commissioner Shaw gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Whaley led the public in the Pledge of Allegiance.

ROLL CALL

Roll call was taken, and Mayor Whaley, Commissioners Mims, Shaw and Fairchild were present. The Clerk of Commission, Ms. Regina D. Blackshear, The City Manager, Ms. Shelley Dickstein and Miami Valley Interpreters, were also present.

Commissioner Shaw made a motion to excuse Commissioner Joseph from this week's meeting. Commissioner Mims seconded the motion. The motion was unanimously approved.

APPROVAL OF MINUTES

Commissioner Mims made a motion to approve the minutes from the July 28, 2021, meeting. Commissioner Fairchild seconded the motion. The previous meeting minutes were unanimously approved.

COMMUNICATIONS AND PETITIONS

There were no communications or petitions.

SPECIAL AWARDS/PRESENTATIONS

There were no special awards or presentations.

ADDITIONS OR DELETIONS TO THE CALENDAR

There were no additions or deletions to the calendar.

REPORTS

1. Purchase Orders, Agreements and Contracts:

(All contracts are valid until delivery is complete or through December 31st of the current year).

AVIATION

- A1. **Bay Pointe Technology LTD** (BitDefender end-point detection and response services, three (3) year subscription renewal) **\$25,395.20**
- A2. **Burrs, Dr. Linda J. dba Step Up To Success! LLC** (professional executive coaching as needed through 12/31/21) **28,125.00**

1. (Cont'd):

FIRE

- B1. **Carl's Body Shop, Inc.** (automobile shop repair services as needed through 12/31/22) **40,000.00**
B2. **Horton Emergency Vehicles Company** (emergency vehicle parts, materials and supplies as needed through 12/31/21) **5,000.00**

HUMAN RESOURCES

- C1. **4 Imprint, Inc.** (professional and advertising items) **25,419.90**

INFORMATION TECHNOLOGY

- D1. **Dell Marketing LP** (Dell hardware server and storage disks) **55,339.40**
D2. **Dude Solutions, Inc./Facilitydude.Com dba Facilitydude.Com.**
(Asset Essentials Core Plus software and support services) **22,254.22**

POLICE

- E1. **Kiesler Police Supply** (Survival Armor Paragon 6 Level IIIA vests with shock shields) **23,949.00**
E2. **Kiesler Police Supply** (27 Gen4 Glockes) **12,663.00**

PUBLIC WORKS

- F1. **Midway Trailer Sales LLC** (ten 2021 tube top utility trailers) **46,546.80**

WATER

- G1. **DLT Solutions LLC** (software licensure, maintenance, and support through 9/27/25) **95,866.24**
G2. **Everett J Prescott, Inc.** (water main pipes, fittings, valves, and related items as needed through 12/31/21) **40,000.00**
-Depts. of Aviation, Fire, Human Resources, Information Technology
Police, Public Works, and Water. **Total: 420,558.76**

2. **ESO Solutions, Inc. – Service Agreement** – renewal of the original Master Service Agreement for software as a service module for Fire and Inspections. -Department of Fire

\$24,061.21
(Thru 8-13-22)

3. **L.J. DeWeese Co., Inc. – Contract Modification** – Wolf Creek Bike Path Connection (5% DBE Participation Goal/5% DBE Participation Achieved) (Federal Construction Funds) - Department of Public Works

\$14,186.00
(Thru 06/30/23)

4. **O.R. Colan Associates LLC – Service Agreement** – to perform property acquisition services in connection with the Salem Avenue Reconstruction Phase 3 Project. - Department of Public Works

\$27,615.00
(Thru 12/31/27)

D. Development Agreement:

5. **QQE Summit, LLC – Development Agreement** – to assist in the expansion of the business in Dayton. – Department of Planning, Neighborhoods and Development.

\$100,000.00
(Thru 12/31/27)

E. Other – Contributions, Etc.:

- 6. Environmental Systems Research Institute, Inc.** – three-year licensing agreement.- Department of Water **\$387,000.00**
(Thru 07/31/24)

CITIZENS' COMMENTS ON CALENDAR ITEMS

There were no citizens' comments on calendar items.

DISCUSSION OF CALENDAR ITEMS

Calendar Item No. 5. QQE Summit, LLC-Development Agreement

The City Manager, Ms. Shelley Dickstein, said QQE Summit, LLC will be relocating to the old Emery Building located at 2800 Old Springfield Road at the Dayton International Airport. She said they will create 25 new jobs and retain 94 current jobs with an average salary of \$42,500. Ms. Dickstein said they manufacture solid quartz components which are used to manufacture semiconductors for cell phones, computers and other digital devices.

APPROVAL OF CITY MANAGER'S REPORTS

Commissioner Fairchild made the motion to approve the City Manager's Reports Commissioner Mims seconded the motion. The City Manager's Reports were approved with a 4-0 vote. Voting in the affirmative were Mayor Whaley, Commissioners Mims, Shaw and Fairchild.

LEGISLATION

EMERGENCY RESOLUTION – FIRST AND SECOND READING

Emergency Resolution No. 6596-21- Approving the Submission of Grant Applications to the District 4 (Montgomery County, Ohio) Public Works Commission Integrating Committee; Authorizing the Acceptance of Grant Awards from the State of Ohio Public Works Commission of the State Issue 1 Program for Public Capital Infrastructure Improvements in an Amount Not to Exceed Four Million Two Hundred Seventy Thousand Dollars and Zero Cents (\$4,270,000.00) on Behalf of the City of Dayton, and Declaring an Emergency.

Commissioner Mims moved that this being an emergency measure for the immediate consideration of the Resolution. Commissioner Fairchild seconded the motion. The motion was passed with a 4-0 vote. Voting in the affirmative were Commissioners Mims, Shaw and Fairchild. The question being shall Emergency Resolution No. 6596-21 be adopted. A roll call vote was taken resulting in a 4-0 vote. Voting in the affirmative were Commissioners Mims, Shaw and Fairchild. The Emergency Resolution was adopted.

BOARD APPOINTMENTS

Commissioner Fairchild made a motion to appoint Ann Schenking to the City Plan Board for the term ending September 25, 2024. Commissioner Mims seconded the motion. The motion was unanimously approved.

Commissioner Shaw made a motion to appoint Sarah Richards to the Environmental Advisory Board for the term ending November 27, 2023. Commissioner Fairchild seconded the motion. The motion was unanimously approved.

CITIZENS' COMMENTS

Citizens' comments were received from the following:

1. **Mr. Jordan Wortham, 1137 Irving Avenue** – spoke about government intimidation.
2. **Ms. Lynn LaMance, 1061 Bertram Avenue** - spoke about the Premier Health Network's announcement to build on the old Good Samaritan site.

3. **Bishop Richard Cox, 3044 Jewelstone Drive**- spoke about the Premier Health Network's announcement to build on the old Good Samaritan site.
4. **Ms. Kathleen Galt, 5066 Safeway Drive**-spoke about the Premier Health Network's announcement to build on the old Good Samaritan site.
5. **Ms. Nancy Kiehl, 309 Hacker Road**.spoke about the Premier Health Network's announcement to build on the old Good Samaritan site.

COMMENTS BY THE CLERK OF COMMISSION

The Clerk of Commission, Ms. Regina D. Blackshear, had no closing comments.

COMMENTS BY THE CITY MANAGER

The City Manager, Ms. Shelley Dickstein, had no closing comments.

COMMENTS BY THE CITY COMMISSION

Commissioner Fairchild

Commissioner Fairchild highlighted the 6th Anniversary of the bombing of Hiroshima.

Commissioner Fairchild thanked staff for their support for National Night Out.

Commissioner Fairchild encouraged citizens to come to the First Friday event.

ADJOURNMENT

There being no further business the meeting was adjourned at 9:21 a.m

Nan Whaley
Mayor

Attest: _____
Clerk of Commission

WORK SESSION

A copy of prepared material has been recorded as Communication & Petition Number 21584 dated August 4, 2021.

The Dayton City Commission met in a Work Session on August 4, 2021, at 5:00 p.m., prior to the regularly scheduled City Commission meeting. Mayor Whaley and Commissioners Shaw and Fairchild were present. Ms. Torey Hollingsworth Director, City Commission Office, and Regina D. Blackshear, Clerk of Commission were also in attendance.

Ms. Shelley Dickstein, City Manager, Mr. Joe Parlette, Deputy City Manager, Ms. Diane Shannon, Director of Procurement, Management and Budget, and Ms. Janette Ghand, Management Analyst, Procurement, Management and Budget, Mike Powell, Department of Water and Gil Turner, Director of Aviation were the presenters.

An overview was provided regarding the Finance Committee's Briefing by highlighting:

- Mid-Year June 2021 Results – General Fund
- Mid-Year June 2021 Results – Water and Sanitary Sewer Funds
- Mid-Year June 2021 Results – Department of Aviation

2021 June Overview

Ms. Shannon reported revenues climbed a significant 8.7% or \$8.0 million, reversing the 2.0% decline in the first quarter of 2021. Revenues were \$4.3 million over budget.

She stated the significant increase were income taxes that were up 11.2% or \$7.5 million due to a change in filing deadlines. The annual filing deadline was extended to July 15 in 2020, while the extension was shortened to May 17 in 2021. Ms. Shannon noted that all revenue categories performed above the revised budget save EMS fees, other charges for services and other Revenue.

Ms. Shannon stated that expenditures through June 2021 were under budget by \$5.3 million or 5.7%. The 2021 Issue 9 transfer (in addition to debt proceeds) will be made in September.

She explained that Personnel costs were \$1.4 million under budget and \$3.4 million or 5.3% lower than last year. There was one mor SA pay in 2020 equal to \$1.4 million. When adjusted for similar pays, costs were down \$2.1 million or 3.3%. The decline is the result of the health insurance holiday for DPSU, PTS, and management employee groups, cost savings days, and a lower number of filled positions

Contracts, materials and other uses were down 7.2%, largely due to the timing of RDC payments and an insurance payment adjustment.

As of June, sources exceed uses by \$12.3 million, mainly due to the tax filing deadline difference and strong non-withholding collections. Expenditures will pick up in the second half of the year, which will erode this balance.

Revenue Trends

Ms. Shannon provided information about income tax collections through June of 2021 increasing a sizable 11.2% or 7.5 million, with both April and May posting 37% growth. In 2020, the IRS and the City extended the filing deadline to July 15. The deadline was extended in 2021 but only until May 17. Withholding taxes were higher by 3.6% or \$2.2 million. She explained that business profits experienced huge gains due to the deadline timing and higher levels of growth. They rose \$3.6 million or 63.6% compared to 2020.

Payments by individuals also advanced a significant 65.9% or \$1.5 million.

She said the tax on business profits rebounded by the amount of loss experienced during 2020. Refunds declined over 12%, or \$200,000, which is also bolstering 2021 net collections. YTD gains in non-withholding are correcting for 2020 losses and will not be sustained at this level of growing in the future. Losses due to work from home will not be realized until 2022; although refunds will apply to the 2021 calendar year.

Ms. Ghand spoke about waste collection revenue, noting that billed revenue decreased slightly by \$13,800, or 0.3%. Billed revenue from City of Dayton customers decreased 0.5% , or \$23,900. Revenue from Jefferson Township residents fell 0.8%, or \$5,000.00. Moraine revenue increase by 8.9% or \$14,300, due to a 2.25% annual rate escalator and more occupied households. Total waste collection revenues were up \$589,000, compared to 2017, due to the annual inflationary adjustment and the revenue generated from service to the City of Moraine.

Ms. Ghand stated that Local Government Fund (LGF) revenues were up 24.1% in comparison to June YTD 2020. The LGF is funded from state of Ohio tax receipts. State tax sources were up 18% overall during the full state fiscal year. Sales tax revenue increased 14.1%, driven by pandemic increases in the purchase of consumable goods.

Personal income tax revenue increased by over \$2.3 billion, due to fewer tax collections in 2020 YTD as the tax filing deadline was extended. In addition, incomes are higher in 2021; further increasing revenues as of June 2021. The municipal direct allocation climbed 38.4%, while the county allocation was up 23.7%, in comparison to 2020.

Big Picture Trends

Ms. Shannon stated that YTD through June 2021, Income Tax collections were up 11.2% when compared to 2020 due to the tax filing extension and robust non-withholding collections. Since 2017, income tax climbed 18.8%, or \$11.8 million. January collections in 2017 did not include the 0.25% increase from Issue 9. Absent income tax, revenues rose 7.3% or \$1.7 million over the same 5-year period. Property & other taxes gained 14.6% on rising property values; waste collection increased by 12.7% due to the annual escalator; the LGF rose 22.2% from the growth in state taxes; and license & permit fees more than doubled as a result of an increase in permit rates. Other charges for services declined 16.7% due to new ownership of the Convention Center.

Expenditure Trends

Personnel Costs

Ms. Shannon discussed personnel costs decreased 5.3%, or \$3.4 million, when compared to June 2020. In 2020, there was one extra SA pay of almost \$1.4 million, and after adjusting for the additional pay, personnel expenses declined 3.3% from June YTD 2020. Civilian overtime is up 11.1%, or \$44,600, as constraints in the labor market are driving up overtime. Civilian wages were down 11.5%, or over \$2.0 million lower in 2021, when compared to June 2020. In addition to the extra SA pay, reductions are also attributed to CSDs and fewer filled positions. Insurance costs declined nearly \$1.1 million, or 12.2%, from 2020 primarily due to the first of two 2021 health insurance holidays for participating employee groups along with fewer filled positions. Sworn overtime was down 22.6%, or \$402,000. The reduction is largely attributable to a paramedic certification course and higher fire staffing levels during the pandemic in 2020. As a result, sworn overtime was higher in 2020.

C&M & Other Uses

Ms. Shannon explained that excluding other uses (transfers), C&M costs were down 6.6%, or \$1.1 million. Management & public service contract costs have declined \$772,400 largely due to one less payment to Montgomery County for Regional Dispatch fees in 2021 when compared to 2020. Miscellaneous costs were down 68.5%, or \$365,600, due to an adjustment for Property/Casualty insurance of \$427,000, reducing 2021 expenditures. Supplies & materials expenses were down \$270,400 due to planned budget tightening during the pandemic. Utility costs increased 37%, or

\$547,500, as the general fund assumed street light special assessment costs due to the program sunsetting in 2020. A higher proportion of street lighting costs are allocated to the general fund, yet organization-wide, street lighting costs are slightly lower as of June YTD 2021 when compared to June YTD 2020.

Five-Year Expenditure Analysis

Ms. Shannon stated for the five-year period, from 2017 to 2021, personnel and contracts & materials have increased by over \$1.8 million, or just 2.4%. Despite fewer filled positions, Personnel expenses have increased by 4.3%, or \$2.5 million, largely driven by higher wages and rising insurance costs. C&M expenses have declined 4.5%, or over \$725,400, from 2017 to 2021. Cost containment measures during the pandemic led to reduced C&M spending in 2020, offset by pandemic-related purchases. C&M expenditures continue to trend downward in 2021, with a 7% year-over-year decline from 2020 due to the timing of payments to the RDC and an insurance payment adjustment.

Your Dollars, Your Neighborhood Investments

Your Dollars, Your Neighborhood program generates \$8.6 million for service enhancements and new investments: vacant lot mowing, residential road resurfacing, parks improvements, and Preschool Promise. The remaining funding fills a budget gap that allows the City of Dayton to maintain essential public safety services and increase the average number of police officers by 20 by 2022.

2021 Mid-Year Status Update General Fund

As a result of the 2014 Charter Amendment that instituted our policy budget, the City Commission adopted Section 48B.02 of the RCGO that prescribes:

“Prior to commencement of the budget process for the coming fiscal year, the City Manager shall present to the Commission a status report on the current budget plan.”

The General Fund status report includes:

1. Review of the Revenue Circuit Breakers
2. Review of Department Variances to Budget
3. Preliminary 2021 Year-End Projection

Revenue Circuit Breakers

Revenue Circuit Breakers signal when revenues are significantly below their historic averages. One standard deviation is a warning signal and two standard deviations (with a normal distribution, 95% of observations will fall within two standard deviations) indicates corrective action should be taken. At the end of the first half of 2021, General Fund revenues are 3.0 standard deviations from the 6-year mean.

Preliminary 2021 Year-End Projection

Overall, revenues are performing well over budget, attributable to the timing of annual filings and strong growth in non-withholdings. However, the growth coming from non-withholdings does not appear sustainable. The threat of significant revenue loss from work-from-home is real and will impact 2022 revenues and beyond, especially with the rise in COVID-19 cases. Departmental reorganizations, reinstatement of positions, and lump sum payments will increase expenditures in the second half of 2021. At the mid-year point, we expect to end 2021 with a balanced budget and the ability to restore previous cuts made to investments. To avoid service cuts in the 2022 budget due to the loss of income tax revenues, ARPA funding can be used, but must be managed prudently given it's a one-time source of revenue.

Ms. Shannon discussed the following charts:

Dayton MSA – Total Non-Farm Employment; Dayton MSA Employment Change by Industry Sector; and Economic Indicators

June 2021 Highlights

Revenues have rebounded since March due to a change in the annual income tax filing deadline and strong non-withholding collections, rising 8.7% or \$8.0 million compared to the same period in 2020.

An apples-to-apples, year-over-year revenue comparison will not be possible until July.

Personnel costs registered a decline of 5.3% as a result of one less SA pay in 2020, the effect of which is \$1.4 million. When adjusted for the extra pay, personnel costs are down 3.3% or \$2.1 million attributable to the health insurance holiday, CSDs, lower sworn OT and fewer filled positions.

Contracts, Materials & Other Uses were down 7.2%, largely the result of one fewer payment for regional dispatch services and an insurance payment adjustment.

Annual funding of Investments was done in February to ensure timely bidding and commencement of projects. An additional \$3.4 million transfer for Issue 9 residential repaving will be made in September.

For the first-half of 2021, Sources exceeded Uses by \$12.3 million due largely to accelerated income tax payments and higher non-withholdings. Expenditures will accelerate in the second half of the year.

Mr. Michael Powell, Director, Department of Water began the presentation with a June YTD 2021 overview of the Water Fund:

Water Fund Revenues (Sources) up 2.7% or \$704,000 compared to 2020.

- A. Revenues from City customers were above forecast 0.6%, or \$75,000.
We experienced a modest revenue increase from June 2020 YTD to 2021 of \$366,600 –impacted by a rate increase (5%) offset by bill timing.
 - B. Revenues from Other Jurisdictions were above forecast 2.4%, or \$252,100.
We experienced a 4.9% increase from June 2020 YTD to 2021 of \$504,400-impacted by volumetric rate increases and seasonal consumption increases, offset by the annual base charge reduction for FY21.
 - C. Other charges for services were up \$2,800 compared to June 2020 YTD due to the timing of real estate billings, higher new service connection and shut-off charges, offset by lower lime sales.
 - D. Through the second quarter, we continued to see an up-tick in revenues as mentioned above. continue to closely monitor our cash flow and revenues.
Expenditures (Uses) down 25.2% compared to 2020 with lower personnel, sludge disposal and capital improvements expense.
- A. Personnel costs were 9.4% lower compared to 2020 due to a lower number of filled positions, an extra pay in 2020, and a health insurance holiday in 2021-Q1.
 - B. Contracts and materials were down 1.4%, or \$122,600 compared to 2020 due in part to lower sludge disposal and supplies and materials cost, offset by higher sewer suspended solids cost at the Lime Kiln.
 - C. No capital improvement transfers have been made to-date, as funding was available from the 2020 carry-over for the first two-quarters of 2021.
 - D. 2021 debt service remained steady with no new debt since the \$17 million

issued in 2018.

Water Revenue Trends

Mr. Powell said revenues from City customers were up 3.1%, or \$366,600 compared to Q2 2020. Revenues from other jurisdictions were up 4.9%, or \$504,400 compared to 2020 due to rate increases and billing timing. Other charges for services were up 0.2%, compared to 2020, including: increased property/real estate billings (25,710), higher new service connections and shut off charges (\$45,200), offset by lower lime sales (\$162,700). Other revenue was down 8.4% or \$208,500 mostly due to the receipt of insurance loss compensation (\$42,200) and refunds (\$221,000) only in 2020, offset by higher building rental revenue (\$25,700) and bad debt recovery (\$33,200) in 2021 not in 2020.

Water Expenditure Trends

Personnel Costs

Personnel costs were 9.4% lower compared to 2020.

Lower number of filled positions

First pay of 2021 recorded in December 2020, resulting in one fewer pay in 2021

2021 includes the first of two planned “health insurance holiday” for all employees
offset by higher civilian overtime

Contract & Materials

Contracts and materials were down 1.4%, or \$122,600 compared to 2020 due in part to: sludge disposal down \$342,700 due to lower sludge hauling. Supplies and materials cost down \$157,100 compared to 2020.

Offset by:

Other professional services up (\$186,200)

Consulting services up (\$98,800)

Utilities up (\$169,300)

Sewer suspended solids charges higher from the lime kiln (\$171,500)

Sanitary Sewer Fund June YTD 2021 Overview

Sanitary Sewer Fund Revenues (Sources) up 1.9%, or \$321,000, compared to June YTD 2020 due to the rate increase in 2021, offset by lower biological oxygen demand charges.

- A. Revenues from city customers were under forecast 0.9% or \$73,900.
We experienced a modest increase of \$201,088 from June 2020 YTD impacted by a rate increase (7.8%) offset by bill timing.
- B. Revenues from other jurisdictions were under forecast 1% or \$67,800.
We experienced an increase of \$497,100 through the second quarter of 2021 compared to 2020 due to rate increases and higher billed volumes in some accounts.
- C. Other charges for services were down by 12.7% or \$277,400 due mostly to lower biological oxygen demand (BOD) offset by higher charges for suspended solids.

Expenditures (Uses) down 21.7%, or \$3.6 million compared to 2020 due largely to lower Capital Improvements.

- A. Personnel costs were down 7.2%, or \$414,100 lower due to a lower number of filled positions, an extra pay in 2020 and a health insurance holiday in 2021 Q1, offset by higher overtime.

- B. Contracts and materials costs were up 9.5%, or \$529,000 due to higher chemical cost, Insurance, supplies and materials cost, Montgomery County Sanitary Sewer charges and other equipment maintenance expense.

Metered Charges, Other Charges

Sanitary Sewer fund revenues (sources) were up 1.9%, or \$321,000 compared to 2020. Revenue from city customers was up 2.5%, or \$201,100. Other jurisdictions were up 7.8%, or \$497,100 in 2021 due to 2021 rate increase and higher billed volumes in some accounts. Other charges for services were down 12.7% or \$277,400 due mostly to lower biological oxygen demand charges from one large customer offset by higher charges for suspended solids.

Sanitary Sewer Expenditure Trends

Personnel Costs

Mr. Powell noted that personnel costs were down 7.2%, or \$414,100 lower compared to 2020. He stated that there are a lower number of filled positions, first pay of 2021 recorded in December 2020, resulting in one fewer pay in 2021. He also noted that 2021 includes a planned “health insurance holiday” for all employees.

Contracts & Materials

Mr. Powell discussed contracts and materials costs were up 9.5%, or \$529,000 mainly due to:

Supplies and materials up \$209,200

Higher chemical costs of \$271,800 in 2021 due to timing of purchases (EOY 2020)

Insurance up \$101,800

No 2020 payment

Other equipment maintenance up \$39,000

June YTD 2021 Highlights

Billed revenue for water was higher through the second quarter of 2021 compared to 2020 for both city customers and other jurisdictions.

Billed Revenue for Sewer was slightly higher through the second quarter of 2021 compared to 2020 for both city customers and other jurisdictions.

2021 comparative personnel costs were down due to vacancies, an extra pay in 2020, and the insurance holiday offset by higher overtime.

Contracts, Materials and Other Uses were down 1.4 % in the Water Fund, and up 9.5% in Sanitary Sewer Fund. Water decreases were the result of lower sludge disposal and natural gas cost and supplies and materials cost. Sanitary sewer increases were the result of timing of payments for end of year 2020 chemical purchases, insurance, and other equipment maintenance cost.

Mr. Powell stated the Water Department has minimized the effect of rising electric utility cost by locking block and index rates into the future and implementing operational efficiencies. In addition to the impact of lower lime kiln production in 2021, natural gas cost reductions have been the result of operational efficiencies implemented over time. Given their magnitude in the budget, Water management continues to aggressively pursue strategies to maintain and/or reduce all utility cost.

There were very minimal capital transfers in the first half of 2021 –using carryover dollars. Water and sewer funds have not used the fund balance to cover expenses or capital investments yet in 2021.

Mr. Gil Turner, Director of Aviation presented the Department of Aviation June YTD Results

Aviation June 2021 YTD Overview

He said that through the end of the second quarter, total Sources are down \$2.4 million or 17.0% year-over-year. CARES Act draws have offset the numerical impact of the revenue declines year to date. With the addition of CARES funds, actual YTD revenue was 9.9%, or \$1.4 million greater than last year. Airline revenue has declined by 13.8% compared to June 2020 YTD, driven mainly by decreased landing fees and lower enplanements.

Non-airline revenue is down \$1.4 million or 19.7%, driven by declines in parking revenue and Concessions. Total uses have declined by \$2.7 million or 15.4% year-over-year. Personnel costs have declined by \$2.0 million or 31.3% and are \$1.4 million or 23.4% below budget. This is due in part to fewer filled positions, uneven pays between the first quarters of 2020 and 2021, CSDs and a health insurance holiday. Contracts and materials have declined \$300,000 or 5.5% and are \$1.4 million or 21.5% below budget.

Revenue Trends

Mr. Turner said declines in non-airline revenue continue to be more pronounced than that in Airline Revenue.

Airline Revenue Trends

Mr. Turner noted that the declines in airline revenue are largely being driven by declines in landing fees. Due to lower passenger counts, fewer planes are landing at DAY. As passenger levels continue to recover, landing fee collections can be expected to rise as well. A decrease in terminal space rent revenue will persist throughout the year due to the impacts that cost-cutting measures have had on the residual model of the department's airline rates and charges.

Non-Airline Revenue Trends

Mr. Turner said that declines in non-airline revenue are led by losses in the parking and concessions categories, which are highly susceptible to swings in traffic. Declines in other non-airline revenue are mostly due to rent deferments allowed as a condition of JobsOhio debt payment relief. Some booked concessions and rental car concessions revenues will be uncollectible due to contract terms as the year progresses, which will lead to declines in these categories. Other revenue has increased as a result of an airport land sale.

Personnel Expense Trends

Mr. Turner said that personnel costs have declined significantly since June YTD. A reduced filled position count (123 as of 6/30/2020 vs. 89 as of 6/30/2021) is the leading cause of the decline in personnel costs. Uneven pays have affected the decline in personnel costs. When adjusted for this, total costs have declined by 29.0%. The February health-insurance holiday also provided nearly \$100,000 in one-time savings.

Contract & Material Expense Trends

Mr. Turner said that supplies are up due to the timing of purchasing cleaning supplies related to the pandemic. Marketing, management contracts and professional services remain down due to intentional cost-cutting measures in place since the start of the pandemic.

Conclusions

Total sources, including CARES funds, have increased by \$1.4 million or 9.9% year-over-year. Airline revenue has declined by \$500,000 or 13.8% compared to June 2020 YTD, driven by decreased landing fees and lower enplanements. Non-airline revenue is down \$1.4 million or 19.7%, largely driven by concessions and parking revenue. Total uses have declined by \$2.7 million or 15.4% year-over-year. Personnel costs have declined by \$2.0 million, or 31.3%, and are \$1.4 million or 23.4% below budget. Contracts, materials and Other uses have declined \$300,000, or 5.4%, and are \$1.4 million or 21.4% below budget. Through June, sources exceed uses by \$1.1 million as a result of the \$3.9 million in CARES proceeds. The traffic recovery continues, and the Dayton market is seeing promising signs of increased interest. Airport leadership continues to work to attract new and increased air service.

The Work Session concluded at 5:55 p.m.