SAFETY COMMITTEE MEETING MINUTES
December 2, 2002

Members of Safety Committee present: Mel Clemens, Ron Stake, Lane Beougher. Councilman Jim Wade was absent.
Other members of Council present: Sarah Cannella, William L. Hills, Eric Gilbert, Council President Bradley L. McCloud.

Mr. Clemens: I'd like to call the Safety Committee meeting to order at 7:30. The first item on the agenda is the approval of the minutes of November 4, 2002 Safety Committee meeting. Do I have any additions or deletions? If not, they'll stand approved. The next item on the agenda is the approval of the agenda. Do I have any additions or deletions to the agenda? If not, it'll stand approved.

Item number 4, Discussion, Amendments to Chapter 1339 Ohio Basic Building Code. This is being sponsored by Councilman Beougher and at this time I'd like to turn it over to Lane.

Mr. Beougher: Thank you Mr. Clemens. This came about due to the State of Ohio Board of Building Standards adopting a new code based on a different agencies model code. It's actually a combination of all three previous model code agencies combining to form the International Code Council and they've adopted a new code. It was effective January 1 of 2002. It started enforcing its provisions July 1 of 2002. And our current chapter on the Building Code points to the, an older version of the code adopted in 1992. So we have two options. One of them is to amend our current code. The second is to repeal it, and since we are a Certified Building Department, we have to enforce the rules of the board whether or not we adopt the Building Code. And I spoke to the City Attorney this evening before the meeting and you have in front of you tonight a second draft of the amended ordinance, the ordinance to amend the chapter and he's indicated he was comfortable with that. The other ordinance that you have in front of you is an ordinance to repeal that chapter and at this time, if there are any other questions from members of Council I'll try to answer them the best I can.

Mr. Clemens: Then you're recommending the Ordinance to Amend the Code of Ordinances to the City of Reynoldsburg, Ohio, Chapter 1339?

Mr. Beougher: Yes. Whichever route we take I'd like to see this go forward by the end of the year so we get it into the update to the Codified Ordinances for next year so we're pointed to the right code when that's published.

Mr. Clemens: I think either way we do it - I think the simpler we keep it the better off we are for everybody concerned. Are there any questions for Mr. Beougher from Council? Mayor.

Mayor McPherson: Thank you Chairman Clemens. Just a note, I think everyone probably got a copy of a letter that Stephen Moore sent to Nancy. Is that in your packets? I'm not sure if it was distributed or not.

Mr. Beougher: Yes.

Mayor McPherson: Stephen would like to address the issue obviously. He's been working on this for several months and if you read the letter, it's pretty obvious that he thinks the single best way to go is just to adopt the one page ordinance; and I haven't seen any of the draft copies yet so I'm not sure what you're talking about. But since he is the Chief Building Inspector I would hope that we would address his thoughts on it, concerns, and go from there.

Mr. Clemens: Mr. Underwood, do you have anything to say on this?

Mr. Underwood: Well the one page ordinance is okay for adopting the code by reference except it doesn't change all of 1339. Lane's version goes in and changes 1339 from start to end which we're going to need to do. And his version also makes the incorporation of the International Code which is now the Ohio Building Code in compliant with our Charter for incorporated into our ordinances. So I think it's much more complete. It is the way we need to go whether we repeal the existing 1339 and enact the new one or amend the existing one. I don't think it makes any difference because we're going to get to the end spot.

Mr. Clemens: Thank you Bill. Any questions? Mr. Stake.

Mr. Stake: Thank you Mr. Clemens. I just have another question for Mr. Underwood. Mr. Underwood, do you think this is needed to be an emergency or something we can work on here?

Mr. Underwood: I don't think it needs to be an emergency. It would be nice. I don't know what the date of our recodification is. Whether the cutoff is December 31 of this year or whether it's just whenever we do it next year. I think we would want it done so it goes in for the annual recodification but I don't know off of the top of my head exactly when that is or the cutoff.

Mr. Clemens: Mr. Beougher.

Mr. Beougher: Yeah. The emergency language was, I discussed this with Nancy and she indicated that in order to get it into the update we would need to pass it as an emergency. Otherwise it takes effect 30 days after the Mayor's signature and that would be in January and that would be too late to be in the update. Also as Mr. Underwood said, the one page ordinance from the Board of Building Standards does not comply with our Charter which requires that we cite both the source and date of the code, of any technical codes we adopt.

Mr. Clemens: Mayor.

Mayor McPherson: Well just since this is an Administrative item, I would at least like to see these items that everybody's talking about. We haven't seen the first draft of anything and we're already wanting to move it along. So, you know, I think we should be included since it effects our Building Department.

Mr. Clemens: That's correct.

Mrs. Frazier: Stephen's seen it. You haven't.

Mayor McPherson: Okay.

Mr. Clemens: Why don't we move this on for the first reading and bring it back to committee.

Mr. Beougher: That would be fine.

Mr. Clemens: And then Stephen could be here if he wishes to Mayor after you look it over and he looks it over and so forth and if you have any additional comments we could enter into it. If there's any changes to be made that we're all agreeable on, that would be fine. Would that be all right Mayor?

Mayor McPherson: Yeah, that's fine. Thank you.

Mr. Clemens: Then why don't we move this, I'll make a motion we move this on for the first reading. Do I have a second? Second by Mr. Beougher. All in favor say aye. (All voted "Aye"). Opposed? (No response).

This being the Christmas spirit I'll just end the meeting at 7:39.

Safety Committee Meeting
- -Nancy C. Frazier, Clerk of Council
(Transcribed - Susie Smith)
December 2, 2002

SERVICE COMMITTEE MEETING MINUTES
December 2, 2002

Members of Service Committee present: Eric Gilbert, Lane Beougher, William Hills, Ron Stake. Other members of Council present: Sarah Cannella, Mel Clemens, Council President Bradley L. McCloud. Councilman Jim Wade was absent.

Mr. Gilbert: I'll call the Service Committee meeting to order at 7:39. The first item of business is the approval of the minutes of the November 18, 2002 Service Committee meeting. Are there any additions or deletions to those items? None being heard, they will stand as read. Item number 3 is the approval of the agenda. I do have one item, item number 5 - I make a motion that we site them into Other Legislation at this time. Are there any other additions or deletions? None being heard do I have a second? Mr. Beougher with the second. All those in favor please signify by saying aye. (All voted "Aye"). Opposed? (No response). Motion passes.

Item number 4 is Discussion, Proposed annexation of 6.1 acres in Truro Twp. (Robert and Susan Stapleton; City of Reynoldsburg). This item was approved by the Franklin County Commissioners at the August 27, 2002 hearing. The Clerk received the documentation on October 8 and we can now begin the process as of December 2 to accept the annexation. Are there any questions or concerns from members of Service on this item? And just to reference, this is the 6.1 acres off of Old Baltimore-Lancaster Road and we had the condominium development go through its hearings this year. Are there any questions or concerns from other members of Council? None being heard, I would like to move this forward for its first reading before Council. Do I have a second? Second by Mr. Stake. All those in favor please signify by saying aye. (All voted "Aye"). Opposed? (No response). Motion passes.

And with that I will adjourn Service at 7:40.

Service Committee
- -Nancy C. Frazier, Clerk of Council
(Transcribed - Susie Smith)
December 2, 2002

FINANCE COMMITTEE MEETING MINUTES
December 2, 2002

Members of Finance Committee present: William L. Hills, Mel Clemens, Eric Gilbert, Sarah Cannella.
Other members of Council present: Lane Beougher, Ron Stake, Council President Bradley L. McCloud. Councilman Jim Wade was absent.

Mr. Hills: I will call Finance Committee to order at 7:40 and ask for approval of November 18 Finance Committee minutes. Any additions, deletions, changes? Seeing none it will stand as submitted. Approval of tonight's agenda. I would like to add item 3a, which is the Franklin County General Health District contract. That came in late but we actually did get it before the very last meeting of the year, which is somewhat of a first but the agenda had already been printed. And I would like to add that as item 3a. I do also plan to move items number 5 and 6. Just in a reorder until after item number 9. So we will skip 5 and 6, but do them at the end of the meeting. And also I would like to note that the Mayor has asked on items 7 and 8 that the study is not complete and they will not be moving these forward tonight. However, I do note that I have a Councilman who would like to make a comment or two regarding number 7 and there's an employee that would like to make a comment or two regarding number 8.

Sharon Stonerock: I'm going to withdraw that for right now.

Mr. Hills: I guess there's an employee that may or may not make comments when we get to number 8, but the study is not complete. It has not been forwarded by Administration to Council but I do know on item number 7---so we won't have any discussion unless somebody does want to address it, specifically Mr. Gilbert. Your questions I think were best addressed in number 7. Is that correct?

Mr. Gilbert: There's only two regarding number 8, but I can do it under one item. They're general in nature.

Mr. Hills: With that discussion I would like to move to amend the agenda as stated. Is there a second? Second by Mr. Gilbert. All in favor state aye. (All voted "Aye"). So it will move forward.

Item number 3a. Mayor, this is the request for an Ordinance authorizing the Mayor to enter into contract with the District Advisory Council to the Franklin County General Health District for health services January 1 to December 31, '03. Yes, Mayor.

Mayor McPherson: That is correct. You'll notice that we have written in the changes from last year's contract on the new one. The first change on the page that begins, "Also, the Franklin County..." - there was a sentence removed. The sentence that was removed said, "The Prosecuting Attorney of Franklin County may upon request to the Franklin County Board of Health, litigate any violations of such health regulations". The individual they used to do that, the Prosecuting Attorney's Office of Franklin County now works for the Franklin County Board of Health and they're going to do it in-house. That's why that sentence was removed. Next, Section 4, the old rate was $4.55 per capita and this year it's $4.66. That changes Section 5 from $149,813.30, 2002, to $153,435.16 for 2003. And those are the only changes in the contract for this year. And as Mr. Hills said, it's unusual, we got it two weeks early this year. So, we usually have to do this as about the last item on the agenda for the year.

Mr. Hills: Has the City Attorney had the opportunity to review this contract and does everything look appropriate?

Mr. Underwood: I have, and I can approve it as to form. However, as I read it a thought came to my mind. $153,000 for the year. I don't know that we get $153,000 worth of good, but I'll leave that up to the Administration to evaluate.

Mr. Hills: I would just add a note to that. I know the budget in '03, since I did spend the weekend looking at some budget numbers, you budgeted $164,500. So here's one way to cut the budget already.

Mayor McPherson: So we saved, yeah, we estimated...

Mr. Hills: There's been $11,000 we just got cut. Note, Council found that for you.

Mayor McPherson: Thank you.

Mr. Hills: Any response to the City Attorney's comment?

Mayor McPherson: You need to understand everything they do in the Building Department. They do all of our plumbing inspections and those sometimes run $19 - $20,000 a month.

Mr. Beougher: Aren't those done on a pass-through basis though?

Mayor McPherson: Well typically, everything that we do in the Building Department is pretty much pass-through. So, yeah.

Mr. Beougher: Right. But I mean, that's not included in the $149,000 fee.

Mayor McPherson: Yeah, we, I'm trying to think of plumbing fees. I'm not sure if plumbing fees are passed through. I'd have to go back and check that. So, I can make Council a list of everything that they do and get it to you.

Mr. Hills: Is this a mandatory contract that we must enter into with Franklin County, or we have historically. I guess the question...

Mayor McPherson: Well, the mandatory part of it is we can't do a lot of the things that they do for us. So I guess the answer is yes, and again I'll get a whole list of things that they do that we don't do; inspections they make. They come out, if we have a particular property, and I think Mel's worked with them on many occasions, they will come out and do the health inspection part of the abatement if you will, to try to get properties abated or repaired. And that is a big part of what they do for us. So, but we can get you a breakdown of all the things they do during the year.

Mr. Hills: Okay. Do they bill us on a per service basis? Is that what they do? And then it's just saying here that they won't exceed $153,000.

Mayor McPherson: That's correct.

Mr. Hills: Yeah, if we've got some historical data that just shows what we have paid, it would be nice to see that. So why don't we hold this two weeks and this is just a one reading item anyway. So we'll hold this for two weeks until we get some of that additional information. And now, it's nice to get it early. We have a chance to look at that information.

So that moves on to item number 4 which is Discussion, Returning Funds to Storm Water Utility Fund (funds had been appropriated for engineering services for detention basin improvements project (Ordinance No. 99-02) and engineering services will not be utilized). The bottom line, and I don't have, and I apologize for that, and I don't have 99-02 in front of me but it was our detention basin that we bid three or four times to finally get in and bottom line, once the bids were all in and we did get qualifying bids, I think the Administration, if I understand it right, made the determination that they would do the inspection with their own in-house people and there was approximately $12,500, between 12,5 and 13,000 that was in the funding ordinance for the inspection and testing. And so we're essentially going to do it in-house. We'll just draft up an ordinance that will move that back into the fund that it came from so we don't have these hanging out in different funds and getting used for other things and that ordinance hasn't been drafted but I certainly, Nancy you have enough information to draft that, do you not? Because I think we need to get the final amount and I don't know, has EMH&T produced that final bill on that service yet?

Mrs. Frazier: No.

Mr. Hills: Do you think you can do that within a week?

Mr. Parkinson: Yes.

Mr. Hills: Okay. Any questions or comments? We'll send forth an ordinance for first reading that will return those funds to the fund from which they originated. Is there a second? Second by Mr. Clemens. It will go forward for first reading. I'm sorry, all in favor state aye. (All voted "Aye"). Opposed? (No response). Hearing none, it will go forward for first reading.
We're going to hold items 5 and 6 and move on to item number 7. This is the ordinance to adopt the City of Reynoldsburg, Ohio Personnel Policy and Procedure Manual and Repealing Chapters 164 and 165 except those portions that will be contained in a new Chapter known as 160. Again, just to repeat, the Mayor has asked that this not go forward. The report is not in final form yet. It will come to Council when it is in said form. Mr. Gilbert, did you have a question or two along this line?

Mr. Gilbert: Yes, and I believe Miss Milam is here to answer some questions this evening. I know the last time, you were on vacation and I just had a couple of questions pertaining to the Policy and Procedure - you can feel free to come forward if you like - the Policy and Procedure Manual, and the Report and the Compensation Recommendations for the City of Reynoldsburg. I know this has been an ongoing process and there is a consultant that had been involved and I think it's important to, in the public forum, to be able to identify for the public, as well as for the employees the, and this is in regards to the Personnel Policy and Procedure Manual, what was the basis and the thoughts and their reasoning for implementing the changes that we have before us here this evening?

Miss Milam: You're asking my opinion for that?

Mr. Gilbert: The basis for the changes or the adoption of the new Personnel Policy and Procedure Manual as opposed to what we already have in place.

Miss Milam: Well when we entered into contract with Clemans, Nelson they were instructed to update our personnel policies and procedures for the City of Reynoldsburg and that's what they've done for us.

Mr. Gilbert: So there was a need to update what we currently have in our codes pertaining to personnel policy and procedure?

Miss Milam: That's what we entered into contract with them to do.

Mr. Gilbert: Okay, and how will these changes impact, really you can speak in general terms here, how will these changes impact the city employees?

Miss Milam: Well in terms of following the policies?

Mr. Gilbert: Well if we're updating them, that would indicate there are going to be changes to what we currently have, and I guess what I want to have a better understanding of is how this will impact the employees. And your understanding of what Clemans, Nelson has presented us.

Miss Milam: Well, obviously they're going to be involved in learning what the changes are and we'll have to be involved in doing some training to update on them. Some of the information is new. Some of it is just putting what was in there from 165. So there is a hodgepodge of different things. New things, old things combined.

Mr. Gilbert: Okay. In regards to the report in compensation recommendations if we can move on to item number 8, I guess I would ask you the same question. In reading some of the changes that came about to pay grade, things of that, some employees statuses were changed and I guess I'm looking for the, I have to ask you the same question as what was the basis for these recommendations and changes that came about in regards to the compensation?

Miss Milam: Well again, Clemans, Nelson was instructed to review our compensation plan and in that, involved looking at obviously the pay table that we have currently and developing a structure that would best fit the City of Reynoldsburg, which again is what they have done.

Mr. Gilbert: I worked with you on some of these issues when we were possibly looking into maybe a, some type of a merit plan. Prior to you arriving at the city we had the Maxwell report so I guess I was looking for a basis for some of the recommendations that have come out of this. Is this to update? Bring us in line with private sector standards? Or other Central Ohio municipalities - be more in line or what's, I'm looking for a little better answer as far as the basis.

Miss Milam: Well they did take that in consideration. They did look at the other cities around the beltway and they did do some comparisons with the City of Reynoldsburg and did some surveys so that we would be in line with that and that's what they have done.

Mr. Gilbert: Okay now, in regards to the employees in this matter, are employees losing status or some employees, and I guess I shouldn't say employees, I'll keep it to the actual position itself, are certain positions being upgraded, downgraded, how would you explain that? What impact are these recommendations having on the employee positions?

Miss Milam: It's my understanding that again, those issues are still being looked at and the final product has not been decided. So I really can't say for certainty which one will change and which one will not.

Mr. Gilbert: But at some point in this process you will be able to?

Miss Milam: Yes.

Mr. Gilbert: Okay. And once you bring this forward and it would be adopted by Council as far as implementing the recommendations and implementing the Policy and Procedure Manual, what do you have on line as far as the HR Department implementing these changes? Is there a plan that you have over the course of the first six months of next year to work with the employees to help create a better understanding of the changes or to put the changes into effect - I'd like to know what you have on tap because I believe at the end of this process is where the consultant's role ends and where the HR Department will be picking up from there. I was hoping to help my thought process, what you have in line or in mind to implement the changes in the new plan.

Miss Milam: That'll depend on when the end of the process is. I'm not certain if that's going to be at the point of your voting or if you're going to be looking at those issues again.

Mr. Gilbert: Let's assume it's when we vote and when we adopt the policy and we adopt the changes and you have a plan in place at this point to implement this?

Miss Milam: No, because I've been waiting for this huge project to come to an end. It was started about a year ago. So I'm waiting for that issue to be resolved first. Obviously the first thing that the employees will need to know is what the changes are. And obviously they would need to get a copy of the material to know what they are and then obviously there would need to be some factoring in of education and training.

Mr. Gilbert: And how long upon adoption of these changes and when you have the total knowledge of what those changes will be, will it take you to create this implementation plan before the employees could take advantage of the services your department is required to provide?

Miss Milam: I don't have that answer for you today.

Mr. Gilbert: Mr. Hills that's all I have.

Mr. Hills: Okay Mr. Gilbert. Does Mr. Gilbert raise any questions from anybody else on Council? I would note, and Mayor or anyone can correct me if I am incorrect, this study has not been done in final. I believe the Mayor - there's a copy available and the Mayor has distributed it and made available as to it is not in final form, but I'm not sure what employee hasn't read it and probably more so may have read it more closely than some of our Council people have seen it because we have only seen bits and pieces. So it's, I don't think there's anything that's being done behind any closed doors here and I will suggest that if somebody has some comments, get with Administration and make them. That's where they need to go, through Administration to be dealt with by Clemans, Nelson if there's something that needs to be dealt with. You don't, it doesn't serve anyone a great deal of benefit to go ask five different people the same question because you will get five different answers. And I think that the goal of this was to complete this study in as unified a method as we can and I believe the point, and Council if I'm wrong on that let me know, but I think the point is, my last discussion on it is, if you've got some questions go to Administration. That's the ones that are supposed to be bringing it forward to us and I would encourage all employees if they have that problem go do it. I will always let employees speak but it's, I'm not going to get into the 'he said, she said' type battles. Let's work through the final clearance point before something comes to us to pass. Mr. Clemens.

Mr. Clemens: It's my understanding that we do have the copy that's been completed. It's just minor changes being made as far as certain paragraphs being copied over and other sections and so forth. As far as the structure, as far as the change in classifications and moving packages around, that's not being done. I mean that can't be done. We've already had that taken care of. As far as Clemans, Nelson is concerned, we paid them to do the study. There's been a lot of input put into it. A lot of changes made by Council and so forth so the structure part is complete. The part that's being, if I'm not mistaken, the Mayor can correct me is that we're going over sections that are the same in different paragraphs or the same in different parts of the package and such items as that. Am I correct Mayor on that? We're not making any changes as far as job positions or classifications or upgrading or downgrading or anything like that. That's not being done. The package we have is what we have and I think...

Mr. Hills: The package we have is not complete as of right now because we haven't seen whatever discussions there were.

Mr. Clemens: That's true but I mean it's complete, we've seen what changes are being made as far as classification and job structures, such things as that. We've seen that.

Mr. Hills: All that I've seen anyway, yeah. Yes Mayor.

Mayor McPherson: I think to sum it up, we're going to work to have the final draft for the next committee meeting. We found that trying to integrate 164 and 165 has been more of a challenge than we initially anticipated it being. Part of the changes are definitions. One definition in 164 and one in 165 and one in the new one. So those items are, there's only going to be one definition. And I will say this, we've had a lot of input from the employees. We gave them until, I think it was a week ago Friday or something to put all their comments in writing if they had any questions on anything and turn them into us. And we got a lot of comments. Some of those comments were very, very good comments and we've addressed them. Some of those comments, we're still waiting on Clemans, Nelson to address. Will they change the table or will they change the point factoring or anything? I don't know. But I do know that they were valid enough that we felt we needed to send them to Clemans, Nelson for their review. And those are the things that we're working on right now. And you are right Mr. Hills, the package as it stands is available. There's one in the Clerk of Council's office, there's one in my office and then there's one in the HR Department. And as I say there have been many, many employees that have come up and checked those out and read over them and looked at a particular issue and then wrote us a comment like we requested. So there has been a great deal of imput from the employees about certain sections of it or concerns that they have with definitions that they didn't understand. So hopefully when this draft comes to Council it will be something we can all be proud of. Are we going to look at every point factor and every pay grade? The answer to that is, we will look at it internally. Will we bring it to City Council? I have no idea. If there is merit to it, I think City Council's always open to looking at something when there's merit to it. Our hope is when we bring it to you, we've addressed those major issues if you will, or major discrepancies and dealt with them before you get it so that when it does come to you, you do adopt it and we don't have to go through a whole lot of changes down the road.

Mr. Hills: And we can rely on either you, or Clemans, Nelson as to from whatever the last one we saw, when we get this one it will have a summarization of whatever modifications have been made from the last one?

Mayor McPherson: We have a detailed list of everything, including stuff as simple as just a word correction. We've kept a very detailed list of it.

Mr. Hills: Okay. Any other questions from anyone on Council? Mr. Gilbert, does that complete your questions?

Mr. Gilbert: Yes.

Mr. Hills: Thank you. Alright, that completes number 7 and it will be held and we hope to see something in two weeks, well before two weeks to address it again.

Item number 8, is the Ordinance to adopt the Report and Compensation Recommendation. Also the Mayor has requested that be held. From the comments that were made, is there someone else that wants to comment as to number 8? Seeing or hearing none, we will move, we will hold number 8 for a couple of weeks and we will move to item number 5. Item number 5 is a discussion of transfer of funds from various funds to the General Fund. And this is from Mr. Whitney. I don't know if Council's had the opportunity, I know they've had this for a couple of weeks, an opportunity to look at it. Mr. Whitney, do you want to give us a summation of this, or what is the best way to address this? Do you want to explain to us why we're putting these monies back into the General Fund?

Mr. Whitney: The funds have been appropriated over a period of years and are not exactly where they are needed at this point in time. As I think we're all aware, the General Fund is being depleted. The recommendation I have made is to transfer funds from the four other funds which used to be part of the formula, whereby not endangering those fund balances. Keeping them at an adequate level to pursue our mission.

Mr. Hills: Okay, so these funds, and so we can make this clear, it's $92,240 from the Debt Retirement Fund back to the General Fund, $400,000 from the Capital Improvement Fund to the General Fund, $74,480 from the Capital Equipment Fund to the General Fund and $148,960 from the Sewer Capacity Fund to the General Fund. You've attached to this an exhibit which is titled the "Fund Allocation Percentages for '02 and '03 Scenario Number 6". Those are always neat because you've got to wonder what the first 5 looked like, but we've got numbers...

Mr. Whitney: Oh, you've seen them.

Mr. Hills: I'd just a soon not see the first five. I've had enough trouble with number 6.

Mr. Whitney: But you have them though.
Mr. Hills: I may. In some other form I probably do. Do I take this, in essence we have, I think we already passed, I believe we passed it, no, it's...

Mr. Whitney: You passed a proposed allocation for '03.

Mr. Hills: You know what I just did, I put number 5 and 6 before number 9 and I apologize for that but we'll do 5 and 6. We'll do 5 and see up to 9 or whatever and go to 6. But bottom line, in this one you're asking in essence, in 2002 if I understand this properly, monies received from income tax or taxing type funds, 69% went to the General Fund, 13% went to Debt Retirement, 12% went to the CIP, or Capital Improvement Fund, 2% went to Capital Equipment Fund and 2% to the Sewer Capacity Fund.

Mr. Whitney: That is correct.

Mr. Hills: Now we've done that for almost all of '02 and I believe this ordinance is sort of saying, I wish we hadn't done that.

Mr. Whitney: Well knowing what we know now relative to what we knew then, yeah, we wished we had done it differently.

Mr. Hills: Because in '03, item number 9 on our agenda is we are converting those percentages where 83% will go to the General Fund and 17% is going to the Debt Retirement Fund.

Mr. Whitney: That is correct.

Mr. Hills: So you I think are saying, I want to now take all or a portion of those monies that we received in from taxpayers and put in fund balances and transfer it to the General Fund in essence, at last report I saw I think our, you want to increase our General Fund balance by whatever the total of that is, which is about $700,000. Is that correct?

Mr. Whitney: That's correct.

Mr. Hills: And, let me see if I can figure this one. This is where I have, as we look at your '02 numbers, in the, if we look at the General Fund in the orange block, there's three totals. The 92, 400,000 and 224,000.

Mr. Whitney: Yes.

Mr. Hills: And in essence, those three numbers, if you take, if you go look at the orange blocks underneath them, under the four other funds, if anybody's looking at this chart with me, the 92,000 that was in Debt Retirement is now moving up into the General Fund. The 400,000 in Capital Improvement is moving up and then the combination of the 75,149 is moving up to the 224,000. I think I'm understanding your chart.
Mr. Whitney: That's correct.

Mr. Hills: But, bottom line, it appears that there's a negative, a deficit in the surplus of 1.366 million of which this will offset and somehow we come out with a 3.597 positive balance.

Mr. Whitney: This will keep the deficit, the deficit from 2002, keep it from drawing down the General Fund balance as much as it otherwise would.

Mr. Hills: Okay. Now, in the 92,000 in the Debt Retirement, do we just, how do we come up with that number? Is that number because that is what we had paid? That's the 13% and we just say, we don't need it to pay the Debt Retirement from...

Mr. Whitney: No. That number, when I did this I had the objective of keeping at least one million dollars in the Debt Retirement Fund for future purposes such as potential bond issues and a bond rating.

Mr. Hills: You know Howard, I can't believe it. I'm so happy you said that because I didn't have gray hair until I became Finance Chair and one of the things I have listed here that I want to be sure that we all look at at Council, and I circulated an ordinance one other time, should we consider this. And I think your statement is a prime time to bring it up. In '03 one of the goals I would hope with this Council is to set reserve limits on funds so that we don't let a fund, just as you have suggested, don't let it drop below a balance so we can still provide the services the citizens expect from those funds. So that's one point I don't have to make in a little bit because you just made it for me so I'm glad to see our Auditor says that that is maybe a good thing to do. So you're saying a Debt Retirement, let's take the $92,000 we put in and give it back. Capital Improvements, there's $400,000, the 12% which is, if I gather that is only half about, half of what we put in there. Right? In Capital Improvements there would have been from the, at the 12% would have made about an $894,000 deposit into...

Mr. Whitney: That's approximately correct.

Mr. Hills: And we want to transfer half of that back, now, it appears in this Capital Improvement Fund and the CIP expense, in '02 we spent about 6.6 million dollars and I think that'll be called Police Building in '01.

Mr. Whitney: Yes.

Mr. Hills: In '02 we say we've spent 2 ½ million dollars.

Mr. Whitney: Yes.

Mr. Hills: What did we spend 2 ½ million dollars on this year in Capital type expenditures? Do you know off the top of your head? And these charts are great, it's just unfortunately the more you look at them the more questions it makes you draw and Nancy, if you could kind of keep track of some of these questions so we can remember what they all were to get answers in a couple of weeks. But I know we did a street program.

Mr. Whitney: The street program is major ________________.

Mr. Hills: Which a portion of would have come out of that but it wasn't a 2 ½ million dollar street program.

Mr. Whitney: I think the Mayor could probably address that issue.

Mr. Hills: There's about 2 ½ million dollars that we estimate here we've spent in '02 in Capital Improvement Funds. Do you know what they may have gone to? Because even the million dollar street program doesn't all come out of the CIP. Only parts of it do. And maybe, and I don't want to put anybody on the spot tonight, but I think that we may want to see if we can figure out what those were that we spent that on because we kind of shut down things. I can tell you right now I think Mr. Clemens remembers, and I'm sure the President and Ron probably remembers, I did, when in March of '02 when I saw a report that indicated that there was a negative, potentially a negative encumbered General Fund, unencumbered General Fund balance, I became concerned and said, folks, and I think I talked to you Howard, I said something's the problem here, what are we going to do? And we kind of took, we talked among ourselves at Council and said, we're not taking any more money out of the General Fund. And so if we did much, I'm just curious as where these monies came from. I know they're not General Fund dollars. They are Capital Improvements but I just don't remember. I think the Mayor kind of, when he looked at the same numbers he says, we're not going to do any Capital Improvements this year. We moved, the CIP program in fact was, if you'll look we didn't even pass the CIP program this year because the Mayor moved everything out of '02 into other years and I don't think we've seen that ordinance. We finally took it off because it's not in front of us and those have been moved around. And that's another thing I have on my list I think that certainly in '03 we may want to have some member of Council involved in some of the CIP discussions so that we at least keep a better track of what it is we may or may not be doing. But in a couple of weeks could you let us know where we spent that money?

Mr. Whitney: Yes I will.

Mayor McPherson: Bill I can help you out a little bit. You need to understand not all of that's General Fund money.

Mr. Hills: It's all CIP money.

Mayor McPherson: It's all CIP money but a lot of that dollars that we spent were like the Lancaster Avenue Sewer Project, any road project that we did. About a million dollars or so, I think 800,000 in '02 went to the Street Fund. So that would add up pretty quickly. Not from the General Fund revenues, but from Water Waste/Water, Street, things like that. So that's where that money was spent. Not necessarily out of General Fund. All those funds are just totaled in this sheet that Howard gave us.

Mr. Hills: I'm sorry and I may have not made myself clear. You're saying in the CIP Fund you spent 2 ½ million dollars in '02 and I know that there certainly weren't any expenditures out of it after the first three months of '02. I mean it was, we said everything ______________________.

Mayor McPherson: I'd have to look but I think you passed a water project and a couple of sewer projects.

Mr. Hills: We may have. You may be right and they add up in a hurry.

Mayor McPherson: Yeah, they sure do.

Mr. Hills: And that's another point that really scares me and why we talk about these reserve funds. Once we don't put those taxpayer dollars into those funds and then all of a sudden we need those because we had some CIP Funds out there that I think had a fairly high safety factor on them, or at least we thought they did, Graham and Main, some other things that - once we stopped putting money in and don't stop spending out of them, that fund balance has tended to dwindle. So eventually you need to get to the point of putting it back. And certainly I'm in full agreement that we need to make the change in item number 9 of moving the allocations on our tax revenues over and the reason that we need to make that change is, and I don't think it's a secret to anybody, Howard your charts have shown it very well since March, is certainly our income tax revenues are down. They're substantially down. And where they are most down is in our net profits. And that brings up another point that I think, Nancy, if we'll be sure that we have this one that we want to address in '03 and we've talked about since March and April, we need in our allocation and in our appropriation of tax dollars, we need to tie the net profits more to the capital expenditures like the icing on the cake rather than the operating expenditures, because net profit taxes coming into a city are only as good as the businesses making the profits. And if you get in the habit of relying on those and all of a sudden that business isn't here, isn't making that profit, it makes a big difference. And I think that's a difference we've seen in some of the charts. And your charts are very helpful there. The Sewer Capacity Fund, we want to move 149,000 back out of there which is about the total of what we put in there. Can you tell me why we put tax dollars into the Sewer Capacity Fund? Is that, I know we did it for a reason a few years ago but I don't remember off hand what it was. Because usually that's a self-generating fund that...

Mr. Whitney: Was that not to subsidize putting lines in new areas?

Mr. Hills: I don't know. Is that, was that...

Mayor McPherson: It's where we borrowed money ahead and then with the understanding that when the project was done and the money came in from a grant we would repay the General Fund. Now I don't know that that's the exact dollar amount but that's where it came from. And that's why you take money out of those funds and put them back into General Fund. It's usually to repay in advance.

Mr. Hills: Because that one's usually a self-balancing fund. What money comes in, it comes back in from the people paying the water and sewer bills. Mr. Gilbert.

Mr. Gilbert: I believe in the sewer policy we changed the income tax allocation that went to the Sewer Capacity Fund earmarked specifically for the construction of the remaining five projects. And we alter, we changed that percentage earlier this year. And we did that I believe in '99 or late '98 and that's why you would have seen a more recent increase in that level of funding in that particular fund.

Mr. Hills: Okay. And that helps. Because we do so many different things and I don't want people to misunderstand. The movement of funds, if you ever want to find a complex financial system, and I think Mr. Stake who deals with financial systems quite a bit, go find a municipality or county or state. They are, it's not quite like balancing your home check book. However, I will say that if you've got $2,000 in income and $2400 in bills, there's only one way to make it balance at the end of that month and that's either reduce those expenditures by $400 or increase the revenues. And our revenues can only increase when the taxes, or someone paying taxes and fees in the city increase.

Mr. Gilbert: Mr. Hills.

Mr. Hills: Yes, Mr. Gilbert.

Mr. Gilbert: If I could ask a question. On the Capital Improvement Fund, when we, as an example I recall on the Broadwyn Storm Water we had appropriated $185,000 into the CIP. When (Tape Change) specific fund that's allocated for Storm Water, once, Mr. Whitney once we transfer that money into the CIP, are those restrictions on what that funding can be used for eliminated, and it's then part of the CIP so you can transfer that back to the General Fund?

Mr. Whitney: Yes.

Mr. Gilbert: I mean is that part of what this 400,000 is here from the different funds, or?

Mayor McPherson: If it's a Storm Water Fund or if it's a Sewer Fund for a specific project it can't be transferred to the General Fund.

Mr. Hills: You say it can't be?

Mayor McPherson: Cannot be.

Mr. Hills: If it's for a specific project.

Mayor McPherson: If it's for a specific project. When that project's over the purchase order will be cancelled and the money will go back to that fund.

Mr. Clemens: The Storm Water Utility is a utility fund. It can only be used for that. So it can't be used for anything else so when that money comes in it has to go back to that fund.

Mr. Gilbert: I didn't know if it lost that restriction once it went into the CIP. That's where the 400, so the 400,000 that would come out of or be reallocated, what type of projects are we dealing with there? We're find that money out of the CIP.

Mr. Hills: Let me see if I can help a little bit here Eric. In that CIP, you see where, in '02 you see where the 12% is in the purple? And it had 894,000 come in?

Mr. Gilbert: So it's strictly out of the income tax allocation.

Mr. Hills: That's income tax, that 894 went into the CIP, 894,000 because of the 12% portion of the income tax and now they want to take 400,000 back out of that and put back in the General Fund. And so it's just, now once it's in the General Fund, is it spendable? Yeah. It's like being in your checking account. It's out of your savings account and into your checking account. But you can't just spend money without having a purchase order. There has to be a documented trail. But once it hits the General Fund that is a city checking account.

Mayor McPherson: And that can only be spent if it's appropriated by Council and that's what we're doing in the budget is appropriating money.

Mr. Hills: In the budget we absolutely are. But, so the net of this is we want to change, we want to do for '02 what we are doing for '03 semi in a retroactively type thing. We want to take the monies that we did put in some other accounts in '02 and put them back in the General Fund where the tax revenues would have gone had they not been dedicated out to somewhere else.

Mr. Whitney: Good statement.

Mr. Hills: And all that from that little simple piece of paper. Questions, comments from anybody on Finance? Anybody on Council in general? Now that we've had this good discussion, I think we'll hold this for a couple of weeks and I think you're going to get some breakdown for us on some of those questions and we'll deal with this in two weeks.

Now I have really managed to mess up the agenda but I would like to, rather than number 6, I would like to do number 9 which I should have done before. The one we just did which is an Ordinance to Amend the Code of Ordinances of the City of Reynoldsburg, Ohio: Amending Section 191.19 "Allocation of Funds". This is the ordinance for '03, Mr. Whitney, that is changing the percentages to the 83% going to the General Fund of all tax revenues and the 17% going to the General Debt Retirement Fund. And hopefully by doing this we won't stand here next year and have to transfer funds or ask to transfer funds back. What this is doing I believe, and Mr. Whitney please correct me if I'm wrong, this is stating with the tax revenues and the financial position the city is in, it is time to put money into the General Fund so we can pay our operating budget more so than increase the fund balances that provide some of the other services to the citizens.

Mr. Whitney: That is correct.

Mr. Hills: And that's why 83% would go there and the 17% would need to go into the accounts to pay the long term debt that the city faces off issuance they've had over a number of years. Is that correct?

Mr. Whitney: Yes it is. While again, maintaining the balance in the debt account at a minimum of a million.

Mr. Hills: Right. Okay. Questions from Mr. Clemens.

Mr. Clemens: Yes. I understand what we're doing and we just removed that 400,000 from the Capital Improvement Fund and this means this year that we're not going to put any into the Capital Improvement Fund because we're in debt. I personally know how we got indebted so far, which I wasn't in agreement upon. I don't feel like penalizing the rest of the community, the rest of the city on our Capital Improvements because of the police building we built and spending our funds like we did. We have a lot of improvements that should be made in the city as far as our Capital Improvements. This takes away from our other departments and I know that we're low on funds coming in but I'm willing to go with it now but come about the middle of the year if things are improving, I'm going to ask for money to be put back in that Capital Improvement Fund. Because there are improvements that need to be made.

Mr. Hills: Mr. Clemens, I 100% agree with you. That is a concern and that's why I want to see some reserves and minimums placed on those accounts and I'm sure we'll get into this discussion when we get into the appropriation a little bit, but I think it's easy for us all to sit here and say, I know why it's there because of the police building, but we've got to remember folks, the police building, the greatest majority of that was done by bond. That is long term debt.

Mr. Whitney: That is correct.

Mr. Clemens: It's debt any way you look at it.

Mr. Hills: That is long term debt of which is now being addressed in this 17%.

Mr. Clemens: I understand that.
Mr. Hills: Now, where the, I think where everybody can look back, hindsight's always better than 20/20.

Mr. Clemens: I just made a point.

Mr. Hills: Yeah, you certainly did and I think that we look back, there was tax income of _____ things we're going to look at tonight. In '00 there was tax income of 12 million dollars. Tax income now is down substantially below that.

Mr. Clemens: The point I just wanted to get across is that I do know that there are Capital Improvements that have to be done and they can't be put off year after year. I mean there has to be some Capital Improvements on our streets and our sidewalks and our approaches and our handicap approaches. It won't be major like we did last year, but I think there's things that we've got to look at. And like I say, I think come the middle of the year, we'll see how we stand and possibly we can get back in some of these Capital Improvements.

Mr. Hills: I absolutely agree and I think we need to look at these fund balances and say, from these fund balances, what can we continue to do? I wasn't real crazy about seeing the CIP stopped in '02. It was. We're not doing anything for it in '03 and now I'm seeing funds come back out of the CIP to go back to the General Fund. That's one reason we're holding this for two weeks, to see if, let's find out what that balance really is. Let's find out what that balance should be to be sure that we continue to provide those capital-type services because we're going to see as we get into the next one we're saying it costs over 10 million dollars to open and close the doors of the city on a day-to-day basis forgetting about the Capital Improvement. But this one does change those percentages for '03. It was, did have it's first reading on 11-25 and what it is is a modification of the old ordinance which is eliminating these other percentages and changing these funds. Does it raise any additional comments or questions? Because it would take effect the first of the year when we do it. If it doesn't I'd like to send this as item 9 forward for a second reading. Is there a second? Second by Mrs. Cannella. All in favor state aye. (All voted "Aye"). Opposed? (No response). It will go forward for second reading.

That brings us to the last item of this evening, item number 6, and I'll tell you right up front, this one isn't going forward either, but certainly I think we do need to talk about it a little bit and Howard I'm sure that you may want to get, it's not going to take nearly as long as I hoped. We did receive a budget, a second budget on 11-27-02. There's a couple of key things that I would like to note and I have tried this year to be sure all Council people have seen everything I've seen and had the opportunity to look at it and I appreciate those who have and I appreciate the comments from them. There's a couple of key things when we look at this mass of numbers in front of you that you need to look at and I think the first one is on the first page. About 2/3 of the way over it says, "'03 estimated revenue". About half way down it says, "general fund total", the amount is $10,849,614. That to me is, this is our estimated revenues, excuse me, that's our estimated revenues I just read to you for ‘03. Okay? And this is what the city, or is the Mayor’s budget. The Mayor has said, and the City Attorney has worked with him, “we’re getting this much money in”. Just to the left of that you’ll see the ‘03 budget request and it says, $10,810,839. Therefore, we’re saying there are more revenues than there are expenses. And that’s good. That’s what we’d like to see as a balanced budget. Now, we can go look at the 22 millions all over the rest of this page and when you’re talking about a budget, it doesn’t mean anything. This is our operating budget. What we’re saying here is it’s going to cost $10,810,839 for this city to open and close the doors daily to provide all the services we are currently are providing with our employees, paying them, the copying cost, the equipment cost, or the maintaining the equipment that’s out there now. So that is where we are saying right now, or Bob is saying, that this balance, we have more money than anticipated coming in. Now as we look through, and I do encourage everyone to look through all of these pages, the notes, and I do appreciate, and these stand out as some departments have done an outstanding job of explaining what they’re doing, why they did it and how they did it. Others aren’t quite as good. No one’s bad. Everyone has certainly been informative. I greatly appreciate the fact of having the multiple columns, the 2000 actual expenses, 2001 actuals, the estimated ‘02's and then the ‘03's. Because what that does do is give you a picture as you’re going through this of are there cuts really being there. The next key page that I think we need to look at in this budget, is that you can look at this front one and it says, it’s going to cost us $10,800,000 day-to-day operating cost to run this city. If you go clear back to page number 32 and then go to the page following that which is now noted to page one, this tells us where these revenues come from. You will note that under the ‘03 estimated revenues the $10,849,000 is just the same number that was back on the front of page one. This is the revenues. And it breaks down all the revenues and their sources, property taxes, local taxes, levy shared taxes, license permit, recreational fees, the court fines, investment earnings, transfers of income tax, which of course is the big one of the 10,800, 6.4 million of it comes from income taxes. And that would be the 83%. Correct? Whatever that percentage is coming in. The one that does, and I do appreciate the detail that was provided here because some of it historically hasn’t always been some detail. The operating transfers is $708,614. Now, Bob and I have yelled at each other, shed some tears, fought, in a number of different discussions on how to get here and how not to and the budget that you originally saw on October 24 was one that I think you could say was balanced without any raises and I differ on how you balance with raises. Bob’s a big believer, and it’s just the difference in policies, okay? It’s a different concept. Bob says, let’s help the revenues out when we have a problem and I say, let’s help the expenses by cutting them. It’s, where does the pain hurt the most? In this case Bob has said, well let’s put $708,614 back into the revenue side out of those funds and then we balance. And we do. By doing that, that $708,000, I would look at this and I’d say, gee what we need to do in order to make this is cut our expenses 7% roughly and that would make up for that $708,000. You’d reduce it in expenditures. And I can go through there and find it. But I don’t think anybody likes the way I find those things and it’s not the easy way to do things. And certainly I think there was some happy mediums at times, I would hope. The COPS funds. $338,000 of that 708, that was one that Bob and I talked about, and Howard was there, Nancy was there, Mike was there, I think there’s some monies that have been received by the city over the years. If I understand it right, that have been sitting in a fund when they could have gone into the 100 accounts and been used.

Mayor McPherson: And should have.

Mr. Hills: And should have gone in. But when they go in then what we shouldn't have done was budgeted in the 100 accounts that amount of money either. So it's kind of a setoff. But bottom line, they're sitting there and they could have and should have been used in other ways over a period of time and so we said, gee there's a $700,000 deficiency here, why don't we set it off and it's only half that much that way. And we did. And that was in this other budget we got on October 24 and there were some cuts made in that one. And right now what we have done in order to cut, and there are some cuts, there still are some cuts in there folks, there really are. There's $44,000. And the green sheet that you got circulated once before that listed a bunch of things, $44,000 has been cut on vehicle purchases for the police department but it's kind of ironic because if you go back to the police department budget, which is another one of these, and this is why we're not sending this forward, there's still questions that we need to kind of figure out. The $44,000 we show is not buying vehicles, in the police department it shows zero, two marked units transfer to prisoner care. So I thought we were turning three or four vehicles a year but apparently I don't know what the transfer to prisoner care, but when I see a zero and then transfer it always makes me wonder, there must be some other question there. But there is the 44,000 and there's also on the green sheet, there's another sixty some thousand dollars in seasonal labor taken out of the parks and recreation. And I know, and I think Bob, and I don't think I'm out of line in saying what you hope there, as the economy turns around enough, we pick that one back up by March or April or May or whatever and I would probably look at doing things a little differently. I certainly hope it comes back. But what I found in this budget that we hadn't really talked about in October was the police - back on the revenue, the Police Pension Fund, the 125,000, the Water Fund 75, and Waste Water Fund 60, and then we have the Compensated Absences Fund 110,6. Now that's certainly, by making those transfers it enables the city to give their employees a raise of the 4%. And I'm going to sit right here and tell you, I'm not opposed to that raise. I have said it. I said it two weeks ago. I've said it a month ago. I probably would have come up with the money in a different way to get there by reducing some of the other expenditures in order to compensate the 4%, but I will go on line of saying, that 4% does match with what the last year contract is in our FOP. And if people don't realize these monies are tight, I certainly hope they do when they sit down and start these contracts. You're reading from every city right now that is negotiating contracts and the State of Ohio. Folks, it's tight. It's tight because the tax dollars aren't coming in. Now, sometimes when the tax dollars aren't coming in you've got to make those adjustments. But I am supportive of the 4% to the employees just like the contract employees are getting. When we go into '04, I'm not going to be encouraging increases for anything. I don't know how we can unless the economy totally turns around. I've got elected official raises that are going to have to be dealt with by Finance. I question how I in good faith can sit up here and say, let's raise the elected officials' salaries. How can I do that when the monies are down? When monies are down, you increase revenues or you decrease expenditures. We are balancing this budget by borrowing from our savings accounts to put into our operating accounts. I'm not saying we can't do that. I'm going to say I very much appreciate what the City Attorney has mentioned. It's another one of the goals in '03. I think maybe it'd be a good time, we've had a number of Auditor turnovers in the last four or five years here. This is a prime time to come in. Let's have our audit in '03 done by the State of Ohio and give us some guidelines as to what we should or shouldn't, or how we can or cannot be making these transfers. No one, certainly no one, and I don't want anybody to interpret what I'm saying, that no one is doing anything wrong, but let's get a state audit to come in and make sure that everybody is protected in the positions that they're in and get the whole thing balanced out. Bottom line in this budget before you that Bob has is balanced. Are the cuts there? No they're not. Now Bob will tell you, yes it is. I cut CIP. I did this. I did that. I'm not talking about this 22 million dollar budget. I'm talking about the one it takes to open the doors daily and that's the $10,800,000. And no the cuts haven't been made there. They could have been made. Are we going to pass a budget? I'd certainly hope we will. We can go into the new year with an interim budget and a monthly budget and do everything else. Is that what we want to do? I don't know. Howard, and Bob, our arguments have put Howard between a rock and a hard place. I know that and I appreciate that and it's been difficult for everybody. It's been difficult for the people on Council because you all are tired of hearing me complaining at times. Ron Stake's ear gets red sometimes when I bring up some of the points that bother me. But I, we're certainly, I know more about the budget than I ever did. I think most of us know more about the budget than we ever did. Bob I certainly will let, I guess I got off on my box and started talking and probably shouldn't have. You tell me why this is a good budget.

Mayor McPherson: Well, I think you pretty much indicated why it's a good budget. It's a balanced budget. How we arrive at it is a difference of philosophy. I believe that the way that we have done it is the best way to do it given our current financial condition. We've been able to balance the budget and increase salaries for the non-contractual, non-elected employees by 4% and we are still, if you look at the '03 budget request 10, estimated revenues 10,8 give or take 30 or $40,000, we've got a balanced budget. Will we have to continue to watch it? Absolutely we'll have to continue to watch it. Every month we're watching it. We're looking every month at what our income tax collections are doing. Every month we're watching what our revenues are and going into '03 things will continue to be tight. If you look at our projected expenses for '02, 10,4 our budget request is approximately $400,000 more than it was last year which given a 10 ½ million dollars budget is very significant increase overall, especially when you're able to give all the employees a 4% increase. We're very comfortable with the budget and again I'm here primarily to answer questions. I've talked to each and every one of you about the budget. Bill and I have talked at length. We've worked with Howard. We've worked with the Accounting Manager and I think the budget you have before you is a very good budget for 2003. I'm pretty much just open to questions.

Mr. Hills: Bob let me ask one thing just for clarity purposes. You're saying this is good, 10,8 equals 10,8 and therefore it's a balanced budget. Now you certainly wouldn't be upset as all through '03 that if you came to Council and want some expenditures out of the General Fund, the answer would be no wouldn't it?

Mayor McPherson: Well at this point there is no money to come and ask for.

Mr. Hills: There's no money to spend and that's the same reason we've said no from March on of this year. Because the numbers you've showed us said there's no money to spare.

Mayor McPherson: Let me explain too. There's been a lot of comments by Bill about the Capital Improvements projects and us not doing any and counting that money. You need to understand that in the Capital Improvements budget, if we don't use that money as a Capital

Improvement project it goes to the General Fund. That's how we balance the General Fund. By not doing those projects. So make no mistake about it, that is real money. It's not just paper money that floats around out there some place and doesn't get counted. That is real money. And we have decided not to do a million dollar program next year for the street program, thus enabling us to balance our budget. We still have in Capital Improvements $1,964,000 if memory serves me. Most of that is fund projects. Storm water, sewer, something of that nature. I believe, Howard did we end up with $750,000 left that we can use for General Fund, Capital Improvement projects? And a perfect example of that...

Mr. Hills: Excuse me Bob. What is a General Fund, Capital Improvement project?

Mayor McPherson: That's money that comes from the General Fund. We come to you, we ask for a project to be done. That money comes from the General Fund. Unappropriated...

Mr. Hills: Right now we couldn't give you any money from the General Fund.

Mayor McPherson: The money is already still in there.

Mr. Hills: In where?

Mayor McPherson: You've already appropriated that money to the Capital Improvement's programs.

Mr. Hills: That's in the CIP program.

Mayor McPherson: It's in the CIP program.

Mr. Hills: That's in a fund. That's not in the General Fund.

Mayor McPherson: It's in the CIP Fund.

Mr. Hills: It's in the CIP. Not the General Fund.

Mayor McPherson: And so if we decide, and an example of that is if we do the handicap ramps. Yes, but it looks like after talking to Bill Underwood and all, we're going to come up somewhere around 150 to $200,000. Well that money is already in the Capital Improvements Fund. We can come to Council, ask for that to be appropriated from the unappropriated Capital Improvement projects. So we're not breaking the bank if you will. We still have money in there to do necessary projects as they come up for next year. We're just not building that fund up right now. And we're not going to build it up next year. We're going to see how things go before we start...

Mr. Hills: We're not building it up and we're also, those projects that were originally scheduled for '02, were not done. Were moved out.

Mayor McPherson: The ones that come out of the unappropriated Capital Improvement Funds were not done other than the street program. The street program was done.

Mr. Hills: Absolutely. I think you told me that not all those monies come out of the CIP. They come out, there's some Street Funds...

Mayor McPherson: Well they come out of the unappropriated Capital Improvements Fund but some come out of Storm Water. Some come out of the various funds within that fund.

Mr. Hills: The city has money. The city's not going broke.

Mayor McPherson: The city has money. That's what I'm trying to point out.

Mr. Hills: That's absolutely true, but the only way the city is able to do these Capital Improvement projects is through the tax revenues to put money in those funds so that they are built up. What we are doing now is taking, and there's little bits and pieces, something out of this fund, something out of this fund, to make up about a 7% operating deficiency in '03. And I'm not saying it can't be done.

Mayor McPherson: We're holding projects. We're postponing projects or totally eliminating projects.

Mr. Hills: I'm not saying it can't be done. I would like in a couple of weeks to, in this breakdown, and I truly appreciate the breakdown from the Auditor's office of what funds these monies are coming from. I think Council needs to know these things. We do need to know, we do need to _________________ the Auditor and the City Attorney has looked at them and said, can we move those funds out of there to the General Fund? I think that's a good thing to be sure we've double checked on. And then certainly when you point out, and '03 is only $400,000 above '02, I appreciate that. And that is, that's as no-growth as you can probably get into and you're giving you're 4%. So I do appreciate those efforts. But when you go back and look from 2000 it goes from 9.2 to 9.8 to 10.4, over a three year period, our operating costs have gone up 1.8 million dollars. So it's not that we haven't been, and that I guess would be about a 20% increase, so when you go back to '02 and come forward, that's what makes these columns so nice to work with, is you certainly haven't gone up much this last year, and I appreciate that because you didn't have any money to go up with but we have gone up over a period of time and those things do happen. And I'm sorry, Mr. Clemens, I did not see your hand.

Mr. Clemens: I want to get back to the Capital Improvement Fund because I don't understand this. I understand that we have the $700,000 some that we can spend on that. And I understand we can spend it, but it's not 2003 I'm worried about. I'm worried about 2004. Now we're talking about zero.

Mayor McPherson: And I agree with that.

Mr. Clemens: We're not just talking about next year. I'm talking about what is going to happen the year after.

Mr. Hills: When you're taking out and not putting back in, you're not moving ______________ .

Mayor McPherson: You're absolutely correct Mr. Clemens.

Mr. Clemens: Unless we get a bigger ______________ there's nothing going to be there and that's what I want to...

Mayor McPherson: Well if you look at that chart I think that Mr. Whitney did for you earlier on transfer of funds, I think he projected in it that we would start putting some money back in, in one of those scenarios the 2% and...

Mr. Hills: That's a different presentation. That one went with the budget. That's another...

Mr. Clemens: That's taking your mandatory back. You're not mandatory. That's taking away the percentage.

Mayor McPherson: We really hope that our revenues increase to the point in '03 that we can again start putting money back in there. But if we don't, we're not going to go broke. We're not going to not be able to do the emergency or necessary services from the Capital Improvements projects. We just have to watch every project and make sure that it's a really needed project.

Mr. Hills: I would like to thank Council for what they have done in '02 to not let us, and Bob what you, and Howard have done too since this came up in March and issues came up, people have tried to contain their expenditures. Part of which because when you brought them here you didn't get them which that hasn't happened in history but it is happening and it will happen. You'll see it more in the future. But I do commend Council for the time and efforts they've spent on these things. I'm going to hold this for a couple of weeks because I think what we've done is to allow everybody a little bit more time to think and look over some things. Mr. Gilbert, did you have another question?

Mr. Gilbert: I guess real quick, on this 708,000, if those are transfers from other funds I'm having a hard time in justifying them as actual revenues.

Mr. Hills: That's his argument.

Mr. Gilbert: Well, and I appreciate what Bob's done and I see where he's going with this and I guess my concept that I'm coming away with here is that we're deficit budgeting but with the fund transfers we're not deficit spending.

Mayor McPherson: Well the thing that you're forgetting is that...

Mr. Gilbert: It's a question of whether that's the philosophy we want to pursue here for the next year.

Mayor McPherson: That's why you saw before you tonight a request to change the percentage allocations. Those percentage allocations then will put that money into the proper funds this time of year.

Mr. Hills: In the forward year. In '03.

Mayor McPherson: That's correct. In '03.

Mr. Hills: Right. But Mr. Gilbert's point is absolutely correct. In order to, we have to move those in '03 so that the revenues are _____ down lower in the General Fund. You're absolutely right.

Mayor McPherson: And the revenues are made up by the percentage allocation.

Mr. Gilbert: And to the Mayor's credit, you did go over some items with me where I think some of the add-ins since you're initial meeting with Mr. Hills that I have some support and I see a need for them but I'm having a hard time calling the 708,000 revenue. It's not. And then the Mayor has the argument with the reallocation next year so...

Mayor McPherson: It'll take all year to pull them back though.

Mr. Hills: And I thank the Mayor for breaking down, or the Auditor's office for breaking down the $708,000. Transfers, if you look back, has been in our budget for a while. Not to this degree, but has been there. This isn't the first year of being done and that's one of the reasons I brought up some of these, I think goals we need to do for '03, is just to level, everything getting up on the tables and finding out exactly where we are because this, what we're doing is not a rarity. It's just a greater amount of money and I unfortunately probably ask too many questions. So I appreciate Mr. Whitney got me my answers and I finally figured out I asked the right questions so I got to see what I needed to see. So that's why we're all up here discussing it and if there aren't any other questions I'd like to hold this for two weeks and please understand, our agenda gets lighter and lighter, it just all seems to be dumping into Finance but we will discuss this through this year, if we don't pass a budget we will, can work on interim budgets. I'm not sure that that's our goal. But I want to be sure we all, when the budget is approved we all know exactly what it is we're doing tonight. I appreciate everyone's assistance, and comments, and patience. So, anything else for Finance?

If not, we'll adjourn at 8:52 p.m.

Finance Committee
- -Nancy C. Frazier, Clerk of Council
(Transcribed - Susie Smith)
December 2, 2002