MINUTES SPECIAL COUNCIL MEETING
REYNOLDSBURG CITY COUNCIL
Saturday November 6, 2004

President of Council William L. Hills called the special meeting to order at 8:08 a.m.

Members of Council present: Preston Stearns, Brett Baxter, Eric Gilbert, Antoinette Newman, Lane J. Beougher, Ron Stake, Mel Clemens (present at 8:13).

Budget Workshop:

Mr. Hills: We are here today to discuss the budget. This is a budget workshop. With that, I'd just like to turn this over to the administration. Mayor, you've got the floor.

Mayor McPherson: Thank you. I want to thank everybody for coming here this morning. I hope by the end of the session we will have answered most of your questions about our budget. We're going to kind of just get right into it because I know that everybody's got things to do today. Although we asked for 8 to 12, we would hope that everybody will be able to get out of here much, much earlier than that. So, without any further ado, we're going to start going over the 2005 budget.

Now we did a couple of years ago, we tried to let everybody know what we see as a vision of the city. And as you go through the things, the documents that come forward since then, we tried to put a vision of the city on it. It's to develop Reynoldsburg in a most highly, desirable community in which to live, raise a family, and which to retire in a Central Ohio community. We want to keep the city a very safe place to live and work, and we want to make sure that our growth rate for businesses and households enable us to adequately keep our tax base up, so this is our vision - making the services desired by the citizens available at a reasonable cost; maintaining a physically attractive, ecologically balanced environment; making available adequate and appropriate leisure activities; providing water, storm sewer, solid waste disposal, and sewage services; designing land use; maintaining appropriate roadway quality while making traveling in and around the city flow smoothly.

> [The Mayor distributed the document, "2005 Budget City of Reynoldsburg". (Document of file in Clerk of Council's office).]

Okay. Our objectives. First we want to keep the expected spending within the source of the funds available for the year, and that's why we're here today; that's the budget process. It's my intention for everyone here to hire no new personnel during 2005. It's my goal not to replace any non-critical positions that we have come open. I want to get all non-union employees equitable pay increases. Now you know it says equitable, not equal.

Okay. To that end, in our budget, I want everybody to kind of remember, I want to bring everybody's focus into this. We are primarily concerned with the General Fund. You know, the General Fund is what we deal with every day. The Enterprise Fund, Special Revenue Fund, all generate their own sources of income and will balance themselves, or you know, we don't pay any money into it.

I want to give you a budget summary. My goal this year was to present to City Council, a balanced budget. We're not drawing down on any of our revenues that we have on hand. Projected revenues in the City of Reynoldsburg in 2005 is $11,487,737, with expected expenditures of $11,458,436, which in essence then gives us the balanced budget that we set out as a goal for everyone.

I want to just talk briefly about the concept of the discretionary funds and that's basically in several different areas. First of all the General Fund, the Debt Retirement Fund, and if you go through the cover sheets on these, you'll see all these listed. Income Tax, Employee Compensated Absences, Capital Equipment, Capital Improvement. These are really the only areas in our budget that we have any discretion to work with and some of them are out of our control. Income Tax is pretty much out of our control. Who retires is pretty much out of our control. Capital Equipment, Capital Improvements, we work on those on a daily basis. So really the General Fund again, comes down to that's where the actual discretion is in the budget. Here's how the General Fund revenues are broken down. The first one here is property taxes. We go right on down the list and the bottom line is, when we estimate all the General Fund revenues for 2005, we fund $11,487,737. That's the number we have to keep in mind when we develop our budget. Our budget cannot go over that amount. Let me give you a break down here just on the pie chart as to how our revenues come in. Seventy-six percent of all our revenues come in from income tax. It's broken down into withholding, which is the big blue section. Fifteen percent is individual income taxes. And the nine percent is the corporate profit taxes. Now as everybody knows, this year we've had corporate profit taxes go down. We've had some reductions in our individual income tax. So, what I did was do a comparison between 2002, 3, and 4. And as you can see, 2002 our total was seven million, o sixty-two. 3, nine million, one fifty-seven. And '04, when we close out the year, we're estimating seven million, seven-thirteen. And those are the numbers that we have to use when we develop the budget.

This is to give you an idea of how our revenues are distributed; this is our transfers of income tax. So that is our biggest single source in our budget. Here's our, kind of a summary if you will of our General Fund expenditures; this is what we are requesting this year, but as we go through here, I thought it would be interesting for everybody to see exactly what percentage of the budget each department ____________. So as you go through here, you start out, Council's 2.76, Mayor's 1.68, I believe. Going on down, these are not significant dollar amounts but accumulatively, they certainly do add up. The other half of this, as you go down through here, here's the rest of the General Fund, and you get right here and, wow, 55% of the General Fund is taken by the Public Safety Department. Okay. That's a significant amount in the entire budget. Very significant. Fifty-five percent of the entire General Fund budget is safety forces, and the other 45% then is divided amongst all the other departments in the city. If you look in the total budget, what you need to compare the total percent of the budget, if you look at the total budget, 79.45%, or round it, 80% of the General Fund that we have is discretionary, is salary. Okay? I point that out to you because you need to understand that what we're here, and we'll probably talk about today is only 20% of the General Fund. Everything else is pretty much locked in. I tried to divide it out by 5200, 5300 accounts, and then on down the road you'll see supplies are minimal. 3.41. Services is 16.74. Purchases are, I mean we just practically have no purchases in the budget this year. So as you can see, 80% of everything that we're going to talk about today is already committed out of our General Fund, it's salary. And there's nothing we can change about that you know, unless we lose people. This just shows a little pie chart of everything that we've covered. And this will be the spending by department. And as you go through your work sheet there, I'm not going to waste your time going through them individually, but this does show you by department, where all the spending in the city comes from. This is just a composite of the pie that I showed you earlier. This is the personnel cost. This being supplies. And this being the debt that we've already incurred for the city. And again, we can't change that. The debt's there. And this is the other. This is what we're talking about today out of the entire budget.

Okay, I wanted to show you our personnel trend because a lot of people keep talking about all these employees we have. This is our trend since 2000. This is the number of employees we've had by department. Okay, and if you can see, the police department's increased about eight personnel. The total administration, this includes the City Council, City Attorney, Auditor, and my department. So this is everybody in the administration. We had 22 in 2000. We have 23 right now. That's because we are missing the HR, or that would have read 24, and you can see, since 2000, there's only been two people added to our administration. And broken down I think one was, the Assistant Clerk of Council and one I believe was the half in the Attorney's office.

Mr. Whitney: And minus one in the Auditor's office.

Mayor McPherson: And minus one in the Auditor's office. But any way, as you can see, you know I keep hearing about all these increases in personnel, and it just hasn't happened. But if you go down to Service, the Service Department has increased two. Building Department, they dropped one. Parks and Rec, we've increased one. HR, we left two in even though we had one vacancy. Development, from two to three, and that was our new Zoning Administrator that everyone thought was a good idea, and so did I. And on down. So even in the Enterprise Fund accounts, you can see we have not increased our personnel any significant amount between 2000 and 2005. So in the past 5 years, here's our numbers: we had 136 in 2000, 143, 148, we held steady in '03, 149 in '04, and 153 which is current. And as I say, you can go through there, all the increases are going to be in your Safety Department. This is our current. This is what the personnel trend looks like when you put it on a graph.

I wanted to share with everybody health care costs. Because that's been a big issue with everybody. It still is a big issue. When the health care cost came in this year, they asked for an increase of 24.9% over what we were paying last year. We subsequently ended up negotiating on several occasions. I was shooting for no more than a 6% increase. And as you can see, it finally came back. It's going to be a 7.7 increase in the FOP. And the reason it's a smaller percentage is because they were paying more. Okay. Now, 9.2, 9.3. We end up then if you average it out, it came out to like an 8 point something percentage increase in our health care cost. Significantly less than they were asking for when they first came in. Same coverage.

One of the other things that we deal with when we talk about personnel costs, and personnel costing 80% of the budget. Family Medical Leave and Military Leave have killed us. I'm only putting Police Department here because it's so insignificant in the rest of the departments, you're talking maybe 50, 60 hours total. Here's Family Medical Leave in 1999. And as you can see, every years, 2,427 hours. That's one man gone the whole year. 1,968, that's based on one person gone the entire year. So just in two things, Family Medical Leave and Military Leave at the Police Department, we've had two full time employees not there all year. And you know, those jobs have to be filled in by somebody. And I show you this because you'll probably see when you go through the budget and all that, there's been a lot of overtime used. Now this doesn't include the regular sick leave, vacation, comp time, any of the other things. I just wanted you to see what just Family Medical Leave and Military Leave has done to our department since 2000.

This line is just to give you an idea about the income tax revenues for the past 10 years. This graph pretty much follows what's happened to the city. When we have an income tax drop, it's because of an economic slump some place. Whenever it goes back up, you see a year delay before we go back up at least. Some times longer. And as you can see here was our big slump that we had, and here's where we're headed. We're going back up. So when we start looking at our economic trends and start trying to develop our budget for 2005, we have to sit down and say, okay, what do we think the economy's going to do? And it's very important that we are beginning to see this downturn that we've had over the past three or four years start to come back. So we're looking for a much stronger economic climate during 2005 than we've had in the last two or three years. And this is more for us than anybody else. This is your revenues versus, used to be the DNP, now they call it the GDP. But as you can see, that __________, going back up. Any place that we've had a downturn in the economy, we show a downturn in our revenues. So you can go in and you can almost see that if there's a downturn in the economy last year, we will see a downturn in our revenues this year. And again, when it starts coming out and starts going up, we see that at least a year, to a year and a half after the fact. And that's what this is, I mean, you go way, way back and see this trend consistently.

I've been asked about our Street Fund programming and how we're going to get money for our Street Fund this year. And you know, I've always told everybody, we need to have a Street Program every year. So here's how we're going to do this. We're getting some reimbursements back the money that we've advanced. This year, we're going to be getting the Taylor Road engineering back when we finally go __________ with that. The Taylor Road/Main Street, we've applied for $250,000 on that. And our Streetscape engineering, $98,000, that will be a reimbursement from the bond when we get out there and finance these projects.

Male: Bond or Issue 2?

Mayor McPherson: Both. It's a combination. We have a combination of several financing things that we go through and we've got, it's in your book and we also ____________________ talked about that. Permissive tax, we get about $200,000 a year in on that. Street Fund, we've got about $200,000 available in the Street Fund. So our total this year that we'll have available for our Street Program, CIP Funding, about a million dollars. Now, as long as we, we don't want to kick that whole million dollars into one Street Fund Project, so we'll probably be bringing forward a 5, $600,000 project like we did last year. But just so, you know, rest assured, that when we put the budget together, we did calculate into the budget that we're going to have to put something into the Street Program Funding.

Okay, Funding Capital Projects. You need to understand that when we fund a Capital Project, that project is funded independently of the operating budget. We do not include that as part of the operating budget. Anything we bring you, we'll bring later on. It will be dealt with as a separate appropriation. It will be dealt with as a separate funding. Here are some of the funding needs that we feel we are going to get from our bond issue that we'll probably be bringing to you later on this year. Streetscape II. People have asked me from day one, what are we going to do about Streetscape II? Are you going to bring it forward? What do you think we need to do? So I'm going to tell you today, I think we need to move forward with the Streetscape II. And I think we need to move forward with the entire Streetscape II. It would be a shame for us to lose millions of dollars in either no interest, or low interest loans, and the grants that we already have in place on Streetscape II. We need to understand, and I think later on, we'll even see this, the Streetscape II funding, when we have to start paying that debt service, it will not be probably until 2007. And then we are going to show you a slide here, it shows a lot of drop off stuff that we will then put back in to our funding process. __________ right now, is what we would anticipate our annual service __________ to be for our debt for Streetscape II.

Mr. Whitney: Plus the other ___________.

Mayor McPherson: Yeah. The bond issue that we put out is going to include those other two we just showed you. The total will be $270,819 a year. This will be our debt to continue with the (inaudible), to fund not only Streetscape, but your Taylor Road area. That will include your engineering that we'll be getting back. The Bartlett area and the Broadwyn area, these are the two things that are going to come out of Enterprise Funds. So they're not General Funds but I wanted everybody to see them because they are already in process, if you will. The legislation's on your table.

Okay. Here's the debt servicing. Here's what's really important. This is funds that we're going to have available as other debt drops off. So as you go down here, when you hit about '06, '07, you'll see that we started getting up to where, here we'll have about $138,000, dropping down into, I think this is '08 or '09, we're going to be having $300,000, $296,000, $306,000, $346,000. So as you can see, by programming this Streetscape II and other projects out to where our debt service starts hitting in 2007, we will more than have enough money dropping off that we already have obligated to debt, to pay any of our new debt service. We're trying our very best not to increase our debt load. And I think we've been doing a pretty good job of that. So again, as we have a decrease in servicing, that makes the funds available over here for doing the projects that we bring forward for you to do. So we think it's very important that you realize we don't just ask for a bond without considering what our debt decrease is going to be for existing debt that we have on the books now.

Mrs. Frazier: Mayor.

Mayor McPherson: Yes.

Mrs. Frazier: When you were doing the funding of the Capital Project, is Bartlett and Broadwyn not included in the, what you would bond?

Mayor McPherson: No. That is not included in the bond ________ the Streetscape II. That would be a separate bond.

Mr. Whitney: Separate bond. But is a service from the Storm Water Fund.

Mayor McPherson: We just wanted to share that that is part of our debt service.

Mrs. Frazier: Okay.

Mayor McPherson: Okay. Now, one of the things people have also asked is, what do we do to increase revenue? There are several things you can do. And now, don't take these as recommendations because we are not recommending any increase that we're showing you here today. We're just answering the questions. And ______________ here for one that I'm going to tell you about. But there are several options to increasing revenue. One is to change the tax credit. One is to change the income tax rate. And one is to go to property tax levy.

Now, what kind of revenues are we talking about if we do any of those things. Okay, if we keep a rate at 1 ½, 100% of the credit is given up to 125%. Right now we give the whole 1.5% credit. If we reduce that to 1.25, we get another million dollars and proportionate on down. If you reduce it to 1%, you get $2,000,194. If you change the income tax rate from 1.5 and 1.75 to 2, you're increasing an income to a million, two sixty-seven or two million, five thirty-five. Okay now those are just numbers that I'm throwing out if people want to know, how can we generate another two million dollars? These are just a few of the ways you can do it. The way that I don't have on there, and again, you know one of the things you might, I put the property tax levy thing on there, and it's kind of ironic because I think Mel has talked to me about this the other day and you know, we've got, you know, okay, let's say we want to fund a personnel cost in the police department and we want to hire three officers, five officers, or whatever. Okay. What's a way to do that without tapping the General Fund? Well one way is to go to the public and say we want to put a millage, some bill on. In this case, we just calculated one mil and what it would bring in. So a one mil property tax levy for personnel in the police department will bring in about $600,000 a year. So for $100,000 home, that's roughly $35 a year that it would cost the average taxpayer. So again, these are just, I'm throwing them out as options. We are not at the point we have to really consider any of these.

Male: When was the last time we did have a tax assessment levy (inaudible).

Mayor McPherson: I'm not sure we ever had a tax assessment levy. I know we put an issue on, I don't think we actually put the issue on for the levy but we wanted to know if people would fund the activity center over at Civic Park. I think that's about the last thing that we put up to the public, wasn't it? I don't remember.

Mrs. Newman: This isn't the only tax increase residents would have. Seniors wouldn't have their income go up dramatically. And I heard someone say, I guess it's correct, that 20% of our population here are senior citizens or retired people. (Inaudible). And one resident actually said she had been taxed out.

Mayor McPherson: I've heard that.

Mrs. Newman: We all need to keep that in mind.

Mayor McPherson: Absolutely.

Mrs. Newman: (Inaudible).

Mayor McPherson: Well, and that's why again, I'm pointing out to everybody, this is not a recommendation. We have not at this point, I was just asked if we had some avenues that we could pursue. The final avenue we could pursue. If we got to the point where we had to talk about increasing the taxes to the people, we'd have to talk about laying off service personnel. And we'd have to talk about laying off safety personnel. So these are issues that we are not asked. I've answered the question that was asked about, what can we do if it comes to that? Now let me preference everything we've done by saying, we believe that the economy is getting stronger. We believe that our revenues are going to increase this year. We believe that now that the election's over, we have turned the corner. And when you look at the budget, and I'm sure all of you have looked at it because you've had it for a while, we have estimated our revenues extremely conservative. Extremely conservative. Even some of my directors have come to me and said, oh no, we're going to get more than that just in our own department. Maybe. But this budget is super conservative in our revenue estimate. It is also super conservative in our expenditures. You'll notice when you go through there, there are no conference accounts left in there any more. I have dropped membership in the U. S. Mayor's Conference. I've asked my directors, I've asked my personnel to do the same thing. I am no longer, I am resigning from the Steering Committee for the National League of Cities for the Transportation and Infrastructure. That is a very elite committee folks. Only 30 people in the United States area on that committee. But we're all going to sacrifice, then we're going to sacrifice. And when we go through this budget, you're going to see that sacrifice in there. So what I'd like to do now is we're going to kind of open it up to any questions. But what I'd like to do, Bill Underwood's got to leave and if we could, if there's any questions, you know for Bill or if there's anything in his department, we can move ahead and just start taking questions about the budget itself. I guess the first question is, were there any questions on what we went through? The slides or how we arrived at any conclusions we have. And just to tell everybody, we don't have to stay here til noon just because it said 8 to noon. You know, we can leave here at 9:00 if we answer the questions. But again, Mr. Underwood's going to be leaving so I'd like to if we could, start out with his department. Does anybody have any questions about the City Attorney's budget? I guess Ron does. Bill, do you want to come on up?

Mr. Stake: (Inaudible).

Mr. Underwood: First before we get into that (inaudible). We're trying to get an ordinance for right-of-ways (inaudible) to bury utilities. One of the main arguments here is they have no obligation to (inaudible).

> [Mr. Underwood asked that everyone refrain from using the term 'streetscape' in the future, and to refer instead to 'commercial corridor revitalization'. With what is trying to be accomplished, beautification project(s) were not the issue, but projects that would increase revenue and the value of the property, and for tax purposes, and business purposes, and job purposes.]

Mr. Underwood: The other thing, when you're reading accounts out of the Auditor's office, and this isn't any fault of the Auditor's office, if you look at the balance of the accounts, if you have something for office accounts and it's, you order something from Office Max, they deliver your supplies, and you get a bill right then to pay it, and it's done in real time. If you're doing something like professional services on the budget, and you have attorneys, and they will work for a month or two and then their bills come in and by the time we process it, it's maybe two or three weeks, and by the time it's sent down, and gets paid, there's a big lag time. When I do a purchase order, I keep track of all that on there. So if I say there's no money in there to buy (inaudible). Where their input is going to show (inaudible). But that's not necessarily the case. Just because of the billing, and processing, and payment, because where their cutoff is, the only thing that goes on afterwards (inaudible). We keep track of our purchase orders on a timely basis of what we really have. And it's different than what's in the Auditor's office (inaudible). So that's how I do it. There's some things that are pretty much (inaudible).

Mr. Hills: When you do your purchase order, that then becomes the encumbered ____________, does it not?

Mr. Underwood: Yes. But then we _____________ the purchase order, which I did to cover some bills so some of these purchase orders were zeroed out.

Mr. Hills: As long as the purchase orders add up, don't ______________

Mr. Underwood: I go on actual dollars; not encumbrances.

Mr. Whitney: We don't know what goes on in his office.

Mr. Hills: The 50,000 ____ Chester, Wilcox...

Mayor McPherson: At that point it doesn't matter (inaudible). $50,000 is still encumbered.
Mr. Hills: Out of your daily ___________

Mayor McPherson: That's correct.

Mr. Underwood: The encumbrances don't always tell you the story. About the only account of really any size is the Special Counsel account...I ran off copies for Council members..

Mr. Stake: Bill, recently you sent down a request for an Assistant City Attorney. Is that request in your budget here?

Mr. Underwood: No. (Inaudible).

Mr. Stake: I don't have that with me. Do you recall what the additional amount would be for that?

Mr. Underwood: It starts about 42,000...it would be the minimum..

Mrs. Frazier: Mr. Underwood. Your secretary's line is up. Did you include a raise in there or is it because of the new person, or what?

Mr. Underwood: I did nothing.

Mayor McPherson: I'll cover that. You'll find in every budget, that the personnel costs for the year have gone up because I recommended in this budget, a 2.5% pay increase for all non-union personnel. That is the cost of living index as of 9-31. It was calculated by Mike given the criteria you all put into your ordinance. It actually came out I believe to 2.4397 or something like that. I rounded the request of the raise and put in there 2.5. Now that does not include the elected officials. The elected officials are rounded to the nearest tenth or something which is an actual number of 2.43 or something like that.

Mr. Underwood: (Inaudible).

Mayor McPherson: That is not a recommendation from any one. We just did that as a cost of living increase.

Mr. Underwood: My understanding was __________________ evaluation. (Inaudible).

Mayor McPherson: The merit increase is above the cost of living. Any difference between the cost of living index and the actual raise. We did not request a raise for any personnel.

Mr. Hills: Are you saying those are two separate raises then?

Mayor McPherson: That's the way the ordinance actually, yeah. The ordinance actually, you know, when you valuate the merit, it's on a pay increase and I don't think cost of living index is a part of that. So we have not considered the cost of living to be part of that raise. The raise would be as if we would request anything above the cost of living index as a pay increase. Because I don't think, to divide up the cost of living index amongst employees, maybe I'm wrong but if that is your intent then you know...

Mr. Hills: Let me just ask, because (inaudible), but I'm assuming when you refer to this index, it's the exact same index that (inaudible) in some of our ordinances. And you're saying that this year (inaudible). There are some officials who (inaudible). Now I thought in '05, there would be a determination of this amount of money available for raises and it's up to you all to evaluate these people of putting out that amount of money. Now Council would be neglect if they didn't at least put enough money available to cover the minimum price index change. But as far as this being that plus whatever you want to give them merit (inaudible), that certainly isn't the way I remember it being discussed. It wasn't the two-step process. Now there are some (inaudible) but I don't know if that was what was discussed.

Mayor McPherson: And let me tell you, since we're going to get into this while Bill's here, my recommendation to City Council is right now to do the cost of living index across the board. My recommendation if the economy turns around, is going to be to come in and say, now I'd like to give the rest of the employees a pay increase. And then I'll come back to you with that. So that is my decision. Just like I'd asked every department head to prioritize what they took out of their budget. If the economy turns around and we start seeing a swing up and we see a strong economy, I'm going to then prioritize within the departments what I need to come back to Council and ask you to put back in our budget and still maintain a balanced budget. You know for example, we took out police cruisers. To me, that's a priority issue that if the economy turns around, I'm going to come back to you and I'm going to ask to put some cruisers back in. We all realize that (Tape Change). We will struggle along as best as we can to get the job done as best we can with what we've got. But if the economy turns around, I'm going to come back to you and I'm going to ask you to put some money in there so that we can maintain that project. What you're seeing now does not mean that I'm not going to come back at the end of the first quarter and ask you to put some money back in that budget which would include raises for the employees over and above whatever the cost of living was. And I say that because I've had a couple of Council members tell me that I should be putting 4% in there to be equal to what the police department got. I don't think economically, we can do that right now.

Mr. Hills: I'm not saying you're wrong. I'm just saying the ordinance we passed is not that way. Now I don't know if Council.....do you remember anything other than the way I stated? If it is, that's great.

Mayor McPherson: The way the ordinance reads, is whatever you appropriate, it will come in and I'll decide how it's divided amongst my departments. I have decided that's how it's going to be done this year. Basically, that's it. I am not going to, first of all you need to understand, there hasn't been one performance evaluation come back to me that I've read that didn't qualify for the pay increase. Not one.

Mr. Hills: (Inaudible). That pay increase this year, which hasn't been in the last couple of years, could very well be that cost of living. But that's the thing I think we need to have some ______ . Certainly, I think what you're telling us right now is that we at least ___________ 2.5 cost of living, and that's in the budget.

Mayor McPherson: That's correct.

Mr. Hills: So you're asking us to at least ___________.

Mr. Underwood: Well, I had a long talk with Scott Warrick. His thought is, you don't get the merit if the performance isn't any good. And I don't think the ordinance reads the way _______ . I could be wrong too. But I think if you appropriate it to get the cost of living then ________ the merit on top of it, that's fine. If that is the _____________.

Mr. Hills: (Inaudible).

Mr. Underwood: (Inaudible).

Mr. Hills: Because Council has appropriated the amount of funds (inaudible).

Mayor McPherson: The cost of living request comes from me. It is not in an ordinance. It's my request that we give the employees at least the cost of living. And if the economy turns around, I'm going to come back to Council and ask you for more money. Because I would like to give the employees 4% like the union employees get. I just don't think our finances are such right now that I can request the 4%. So that's why the 2.5 is in there.

Mr. Clemens: Then you might as well go back to the steps.

Mayor McPherson: I don't think we'd get a lot of argument about going back to the steps.

Mr Baxter: (Inaudible) ... the difference in the amount...

Mr. Underwood: (Inaudible). That was about the time we added a part time ___________.

Mayor McPherson: I guess, Bill, did you have anything you wanted to address about the Council budget as President of Council, or Ron as Finance Chair, or just kind of move on?

Mr. Stake: I don't have anything.

Mayor McPherson: Bill? Or Howard, did you have anything you wanted to address, or just answer questions?
Mr. Whitney: Answer questions.

Mayor McPherson: Well, let's just get into that part of it then. This is the opportunity to ask some questions. We'll try to answer them if we have an answer today, if not we'll write them down and get an answer back to you. I just want to re-emphasize that we have presented a balanced budget that would be in primarily with 20% of the General Fund because 80% of it is pretty much committed in personnel costs. Bill, how did I know you had a question?

Mr. Hills: I do want all of Council, since we have new Council members, to understand as you're going through this budget process, unless the Finance Chair says there isn't going to be any questions, questions not asked today would not mean it can't be asked in a few weeks or a month from now.

Mayor McPherson: That's correct. We would ask that you just ask us ahead of time so we can get the answers. And again, if you want to ask it from the floor, that's fine too. But give us the opportunity to look the answer up. Because we do not have all the answers when we're asked sometimes.

Mrs. Newman: I'd like to ask a question then. Nancy, you said you were going to have our records done differently. Do we have anything in here for that? For storage?

Mrs. Frazier: I put in money in the miscellaneous line just in case we can get something started on that.

Mrs. Newman: Okay. Is that going to be enough?

Mrs. Frazier: Yes. To start.

Mr. Stake: And we will have three committee meetings on this. So we'll have plenty of time to get those questions asked and some answers.

Mr. Hills: (Inaudible).

Mayor McPherson: One of the big things I wanted to get across to everybody, is our revenues, our sources and try to help everybody, especially our new Councilmen to understand where our money comes from. And that's why I tried to do this and go through the slide presentation. Just to re-emphasize as to where our money comes from, how it's divided up. And I think that's very, very important when you look at the whole picture as to looking at the budget how much each department has; how much is Enterprise Fund. I think these are very important to kind of get straight because they're very confusing.

Mrs. Newman: The other thing is (inaudible) to support our economy. To support our government (inaudible). And of course, their income taxes are going to go up as their salaries increase. But I don't think we want to increase the burden on the young working class of people unless we have to. We have to consider (inaudible) before we do anything really rash.

Mr. Stake: You're talking about tax increases?

Mrs. Newman: Yes. (Inaudible).

Mayor McPherson: The budget that you have in front of you today doesn't show any decrease in services. We will still maintain all the services that we've been providing. We may not be as fast as we have been in the past because we're asking our personnel to assume more responsibilities. The city has grown. In the last census, we grew 25%. Obviously, when you look at our personnel increases, we have not increased personnel other than in Safety which I think is a priority for this city. We need to do that as the need comes up. So we just want to continue to provide the services that we have, keep our funds at least in balance, which we have done. And I think that, and I'm probably _____________ say this, maybe they'll put it in the paper, but I really want to thank all the staff, the directors, the people that worked so diligently on getting this budget balanced. Ron's worked with us. And Howard. And Mike. This has not been done lightly.

Mr. Clemens: I'm the one who talked with the Mayor about an additional Safety personnel levy, and I have no problem with it. The school has no problem putting a levy on, the township has no problem doing so. We've not had a levy on the ballot for a long time. I'm not saying 'do it this year'. If the revenue doesn't go up though, it's something to think about.

Mrs. Newman: All these things add up.

Mr. Clemens: I'm not saying they don't add up. (Inaudible). We've not had anything on the ballot as long as I can remember that has to do with Safety. (Inaudible).

Mayor McPherson: Well, no. We dropped that back into the school system. We took that out of our budget. They are going to assume that responsibility.

Mr. Clemens: (Inaudible).

Mayor McPherson: No. It's out of our budget. It's in their budget.

Mr. Clemens: (Inaudible).

Mayor McPherson: It's in their budget. We prepared Ron Strussion for that last year because although you may not have noticed, we cut it 50% last year and we prepared Ron. Sharon met with him and told him that this year for '05 we were going to take it totally out of our budget and it was going to be totally their responsibility to fund it.

Mr. Clemens: (Inaudible).

Mayor McPherson: Mel, I can't answer what the school board and the school system's going to do but they did last year. And I can't imagine that they wouldn't fund the crossing guards.

Mrs. Reichard: Not only did I talk with Mr. Strussion, I've been talking to members of the school board about the School Safety Specialists. I'm sorry. And we took out $50,000 last year and there was no protest.

Mayor McPherson: I think they expected it Mel, given our financial situation.

Chief Miller: On school crossing guards, I don't know that it's ever increased since I've been here - we're talking 10 years. The 6,000....a drop in the bucket. That is not in the budget. Because something happened with that state law level that forced the schools to start funding these people (inaudible).

Mayor McPherson: They have to (inaudible).

Chief Miller: I actually think that the amount they have to (inaudible).

Mrs. Reichard: (Inaudible). The year 2000 and now, I understand that three of those are full time, (inaudible).

Mrs. Frazier: On the School Safety Specialists, did we have legislation on any of those?

Mrs. Reichard: When I started looking...

Mrs. Frazier: Jeanne, is it funded a certain way? Did you look at that?

Chief Miller: (Inaudible).

Mrs. Frazier: I know. But that's why I'm asking. Am I confusing the School Safety Specialists with them - that you have in the building?

Mayor McPherson: Are you talking about the School Resource Officer?

Mrs. Frazier: School Resource Officer.

Mayor McPherson: No. That's still there. We didn't touch that.

Chief Miller: The first School Resource Officer was a grant. Now that grant (inaudible). So what's currently happening is (inaudible). If you'll recall, the first year the __________ will pick up 75% and then the city and schools ____________ 25%, and then 70/30 split. And then the schools pick up 70% of the salary (inaudible). _________________ 50% by the federal government. The other 50% (inaudible). And then the school reimburses the city 70% for the officer's salary. The officer's from the Junior High School ____________ their _________ year of federal grants. (Inaudible).

Mrs. Frazier: The percentages I'm not concerned with but, it was the School Resource Officers that we had legislation on. We have to be careful of where we just axe it. The Safety Specialists, it just seemed like in the beginning, we had legislation where it was some kind of agreement. I didn't know whether that had expired so you could just make it go away. And I didn't know if you had that in the file or not. Because I know we had done some research on it not too long ago and I just wanted to make sure we talked about the same body.

Mr. Hills: (Inaudible).

Mayor McPherson: Well, you need to understand the schools just arbitrarily increased their numbers and all that and didn't even bother to tell us at the time they did it. You know, at the time that was okay because we had the money. But now we don't have the money. And they understand that.

Mr. Gilbert: I thought it was okay because we needed a School Resource Officer.

Mayor McPherson: Well, obviously (inaudible). But at the time we did not have to make a decision between the School Resource Officer and a police officer. Or I mean a School Safety Specialist. And now we do.

Mr. Gilbert: (Inaudible).

Mayor McPherson: We made the decision.

Mr. Gilbert: We are not contributing a dollar this year towards School Resource Officer.

Mayor McPherson: Our School Safety Specialist.

Chief Miller: (Inaudible). And they are school employees. The School Resource Officers are police officers who work for you. But they are not police department, but they are assigned during the school year. They start their morning here (inaudible).

Mr. Gilbert: (Inaudible).

Chief Miller: We pay 31% of their pay (inaudible).

Mr. Gilbert: (Inaudible).

Chief Miller: (Inaudible). There was one at the junior high and then there's one at the middle school.

Mr. Gilbert: (Inaudible).

Mrs. Reichard: It started out at like, 30, and then every year it started going up. (Inaudible). Because when I saw (inaudible). So when I check into it, that's when I found it had not been (inaudible) for several years.

Mayor McPherson: It just went in and did a budget line item sort of thing.

Mr. Gilbert: (Inaudible).

Mayor McPherson: And it will continue.

Chief Miller: (Inaudible). Have done a good job over the years. Time and quality (inaudible).

Mayor McPherson: Kids learn to trust them.

Mrs. Reichard: (Inaudible). Rather than paying school personnel (inaudible).

Chief Miller: (Inaudible). And I know they're looking to come back. There were some that have been in some way, shape or form, involved in (inaudible).

Mr. Hills: (Inaudible).

Mayor McPherson: Well, if you recall, that was an issue a couple of years ago, Bill. But any way, they still have them. They're doing a great job. I haven't heard the schools giving any thought to not having them.

Mr. Baxter: (Inaudible) debt ratio versus income coming in. (Inaudible).

Mayor McPherson: I'll let Howard get into this in a minute but I think the thing that you need to remember, and I tried to show that in the slide, is that our goal, my goal, as being responsible for the budget, is to not increase our debt service in the City of Reynoldsburg from the General Fund. Now Enterprise Fund, if the money's coming in to take care of it, that's one thing. From the General Fund, I don't want to incur any additional debt unless we have something drop off that we already have debted to offset it.

Mr. Baxter: (Inaudible).

Mayor McPherson: $300,000.

Mr. Baxter: So we would not incur a debt of 300,000 or less.
Mayor McPherson: There may be a year in there that the debt drop off would not equal the debt. But then the year after that, it would exceed that. So in the year it would not, Howard has the ability through this bond to adjust our payment schedule.

Mr. Whitney: (Inaudible).

Mayor McPherson: Right. And that's our goal. And we will maintain that goal.

Mr. Baxter: (Inaudible).

Mayor McPherson: We're using actual dollars. Yes. That's our drop off dollars, that's your debt dollars.

Mr. Hills: (Inaudible).

Mayor McPherson: Actually, we talked a million, five is what we try to keep our level now. If it has to go above that for a specific project, that'll be a specific project that's going to be brought to Council and you'll all know it before that happens.

Mr. Baxter: (Inaudible).

Mayor McPherson: We continually look for funding methods, grants, low or no interest loans. Whatever it takes. We are constantly looking for this. And John Brandt has a lot of contacts on a lot of commissions. I won't go into specific commissions and that helps us. Our involvement with the county and with the state and things like this do benefit us when it comes to grants.

Mr. Whitney: If all goes well. Taylor Road (inaudible).

Mayor McPherson: Well, that's Enterprise Funds.

Mr. Baxter: (Inaudible).

Mayor McPherson: We're talking General Funds, Brett. Our debt service will increase when we start adding Enterprise Funds in. But the Enterprise Funds fund themselves and they will pay the debt themselves. General Fund, we want to maintain the level of a million, five. But if

Enterprise Funds, if we decide to go for a million dollar debt or maybe we go for two million on the Storm Water. It depends on the projects that we eventually decide to put into there. But those will be funded from Enterprise, not General Funds. I just wanted to make sure everybody realized it.

Mr. Baxter: Exactly. I understand. (Inaudible). That we recognize that that level of debt hasn't increased and we don't have intent to increase it.

Mr. Whitney: (Inaudible). As the city grows in terms of revenue with the recovering economy, the debt service will actually become less significant.

Mr. Baxter: As our economy goes up it would be less significant. I agree with that. That's what I was looking for which would imply, as our revenue increased, so should our debt. (Inaudible).

Mayor McPherson: I can assure you that our debt service today, and our debt level, will not be the same five years from now. Because within the five years, there will be growth in this city that will probably have to be funded through bond issues. And when that happens however, we have to make sure that our ability to pay that debt service is there.

Mr. Baxter: (Inaudible).

Mayor McPherson: Good and bad times. Yes.

Mrs. Newman: Mrs. Reichard mentioned that the municipal building needs a new roof; I didn't see that in there.

Mayor McPherson: We're going to limp through another year again. We'll just take care of the leaks another year. That didn't score high on the priority list. It is at the point it's not doing serious damage and we can put paper towels down and wipe the drips up. Next year if we have the money, it will probably be a Capital Project. Or again, it is in our list of priorities. And you know, and every department, I told them, put your list of priorities together. If that is her number one priority, when she comes back, if the economy rebounds, then we'll be coming to you for a roof. But at this point we feel we can do without it and just take care of the leaks.

Mr. Baxter: (Inaudible) wait too long there, it's going to be a major fix.

Mayor McPherson: Well there you go. Mel said he's got $60 he put in there for rain suits. So we'll pass out a rain suit to the departments that are really bad. Other questions? Comments?

Mrs. Newman: I'd just like to say one more thing. I think you all are to be commended on your presentation. (Inaudible). And you have my commendation and respect for that.

Mayor McPherson: Thank you very much. I appreciate that. And again, I can't take all the credit for it. Because I was pretty much the hatchet man in this thing. I have to thank my directors, and my superintendents, and the people that actually got into the trenches and found ways to cut money. Well, you know, my whole goal is not keep you here to noon. So I appreciate your coming. I appreciate your questions. We'll have the next three committee meetings. Again, if you do have any questions, I would appreciate that you get a hold of me and ask me ahead of the Council so I can be prepared to address your questions at Council.

Mr. Baxter: And this is the Bible to refer to, right?
Mayor McPherson: This is the Bible. You'll find in here that it is by line item, by department, except for the City Attorney and the City Council. And their's is just the cover pages. So you'll have to deal directly with those departments on those. Because I don't know how the numbers were arrived at. Thank you all. Have a great weekend.

The meeting was adjourned at 9:28 a.m.

William L. Hills, President of Council

Nancy C. Frazier, Clerk of Council