

SPECIAL FINANCE COMMITTEE MEETING MINUTES
REYNOLDSBURG CITY COUNCIL
July 25, 2011

Members of Finance Committee present: Doug Joseph, Leslie Kelly, Mel Clemens, Fred Deskins, Jr.

Other members of Council present: Barth R. Cotner, Chris Long, Nathan Burd, Council President William L. Hills.

Mr. Joseph: Okay, I will open the Finance Committee at 6:31 p.m. for July 25, 2011. Second item on the agenda is the approval of the agenda. Are there any additions, deletions or changes to the agenda tonight? Seeing none, the agenda will stand approved.

Item No. 3 - Discussion: Income Tax Resolution of Necessity- - *on July 18, 2011 item was held until special Finance Committee meeting on 7-25-2011.* Before we get started, I just want to mention, anyone that would like to speak on this issue tonight, please fill out a yellow slip that's out in the hall and give it to the Clerk at the end of the table there and we'll give you an opportunity to speak on this issue tonight. I will open it up by letting any members of the Finance Committee who have any comments or questions on this issue to go ahead and present them at this time. Anyone on the Finance Committee, Council? Any members of Council? Okay. We'll go to our slips. The first one I have is Nora O'Reilly. Would you come up to the microphone please. Yeah, that would be fine. Please give your full name and address for the record.

Ms. O'Reilly: Should I pull it down? Can you hear me?

Mr. Joseph: Go ahead.

Ms. O'Reilly: Do you want me to yell? You can hear me?

Mr. Joseph: Yes, proceed.

Ms. O'Reilly (1789 Graham Rd.): My name is Nora O'Reilly and I'm a 45-year resident of Reynoldsburg and I love my city. I'm grateful for the services that we receive here such as having the streets plowed nicely when it snows. We have wonderful parks and we have a great library. We have the best Senior Center in the State of Ohio. I would vote for this income tax, but I don't think you can pull it off by November and here's why. I don't think that Reynoldsburg is standing alone. I think this is going to turn out to, we're going to see this statewide, the necessity for change statewide, and I think the elected officials have to come up with a way to save money. I think we have to deal with union benefits that are unsustainable. I think we can't expect property owners to bail out everything and I think you're going to have a tough time because remember, the Reynoldsburg schools have a property tax increase coming in the next few years too. I think we need to look at shared services between Truro and Reynoldsburg and Reynoldsburg and anybody else that will share with us. I think you have to think outside of the box Ladies and Gentlemen. I think we

all have to step up and think out of the box. Before anybody will vote on anything for any more money, you need to show the taxpayers that it's not the status quo, that you are good stewards of our money, and I think you are, and that you will show where that money's going to be cut from and what services are going to be changed. This is a time to think, a need to be real, and I think the need is real, but I think the solution has to be creative, and I thank you for your time.

Mr. Joseph: Any questions for Ms. O'Reilly from the Finance Committee, from Council? Okay, thank you very much. Our next speaker slip is from Jody Thompson. She's not here yet? Okay. I have another slip coming. The first is Monica DeBrock. Please give your name and address for the record.

Ms. DeBrock: Hi, I'm Monica DeBrock, 7400 Bryden Road and I would like to see this on the ballot this Fall. The reason is, is we cannot wait for our city to get critical in needs of funds. The city has always kept a tight budget. We have a great Police force, but we cannot cut it any more. We have a great road crew and our city is a great place to live, but we need to continue to want new members in our community that want to live here, have the amenities that will welcome families, and I do not think that if we keep getting tighter with our resources that our city will be a welcoming sight for families looking for a great community, and I think that obviously the Federal and State budgets being cut, it is up to the local community to decide how much money they want to put into their local community and I believe that at the local level, we have better control. So I think that we need to put more money into our city so that we can keep it where it is, make it even better, and have control of how we want our community. So I would like to, you know, wish that you would put it on this Fall. Figure out what the number needs to be and good luck with the budget.

Mr. Joseph: Are there any questions of Ms. DeBrock from the Finance Committee, Council? Thank you very much. Our next speaker, I don't want to butcher your name so I'll just say it's the speaker from Rosegate Court, 96 Rosegate Court. If you could please come up and give your name and full address for the record please.

Mr. al-Nakhalch: Ah Hello. I am Malik al-Nakhalch and I have recently moved here. My address would be 96 Rosegate Court. I recently moved here from the suburbs of south Philadelphia and I'd just like to say hello to everyone. This is our first Council meeting we've attended and I would just like to say that so far, over the past several days, it's been pretty nice and it seems to be a nice community, a lot of decent people, and I'd just like to say that it's good to be here, and thank you all for your time.

Mr. Joseph: Thank you very much Sir. Next is Tom Gratz. Please come to one of the microphones, give your full name and address for the record, please.

Mr. Gratz: Yes, Tom Gratz from 8071 Palmer Road in Reynoldsburg. I oppose the income tax increase and I'm surprised it's even up for discussion since this group's entirely Republican and all

you hear from Republicans is cut spending, less government and absolutely no tax increases. The effect it will have will be on small businesses. It will have an effect on people who live and work in Reynoldsburg. Will it create jobs? I don't know. The Republicans always say, tax increases kill jobs. Is it good for Reynoldsburg? I don't know, but if it is, why 1%, why not 5% if tax increases are that good? Thank you.

Mr. Joseph: Thank you very much. Are there any questions for Mr. Gratz from the Finance Committee, Council? Okay. Our next speaker is Robin Baker. Please come to one of the microphones and give your name and address for the record, please.

Ms. Baker: I'm Robin Baker, I live at 6539 Red Coach, and I am neither for or against the levy, or the income tax increase. What I would like to see is it on the ballot so the community can decide. Put the community out there, we all have an idea. It's not just the people in the room. There's, you know, thousands of people that want to have a decision. I think you should leave it to the people. Whether the Fall, Spring, whenever we need it, it needs to be on the ballot.

Mr. Joseph: Any questions of Ms. Baker from the Finance Committee, from Council? Thank you very much. The next speaker is Adam Shiffman. Please give your name and full address for the record, please.

Mr. Shiffman: Sure, Adam Shiffman, 683 Blazon Street. Good Afternoon. So as I look into the question on the income tax and trying to learn more about it, I have a question really regarding what are the different options out there rather than the residents paying a higher tax? I've been here in Reynoldsburg, I come from the East Coast, probably couldn't pick that up, but I come from the East Coast again about 11 years or so and since I've been here, I've seen a number of businesses open up. I live off of Taylor Road so everything down Broad, Meijer's and Lowe's and that whole corridor, and then Walmart and that whole St. Rt. 256 corridor over there has been built up just in the last 10 - 11 years. So I'm not saying yes or no that I would vote or not vote for the income tax, but what are we doing as far as the corporations contributing more? I'm sure there are certain tax incentives for them to do business in Reynoldsburg. I understand that you have to give those incentives to draw business. You want to be business-friendly, but what else are we doing besides just the residents having to pay more? What are we doing to get the corporations to pay more as well? The few articles that I was able to read going back to research on this issue, it doesn't really give a lot of information as to what is possibly going to be cut, what changes would happen. I remember going through with the school levies and over the two or three years of that process, it seemed to be fairly clear through that process what was going to be cut. This type of elective, buses, school hours would be changed. These are the things that are going to be affected. I'd like to learn a little bit more about what exactly is going to change, good or bad with this proposed tax increase and again, I don't think you'll answer the question tonight regarding the corporations and the businesses and their taxes, but I'd be interested to learn about it later on, even in the newspaper. Thank you.

Mr. Joseph: Thank you. Any questions for Mr. Shiffman from the Finance Committee, from Council? Yes, Mr. Clemens.

Mr. Clemens: Just to clear up the shopping center that you speak of on St. Rt. 256. It's in Fairfield County. Property tax goes to Fairfield County. Reynoldsburg doesn't get the property tax on that section. It's not in, it's in Fairfield County, not Franklin County. We do get the income tax off of it.

Mr. Joseph: Any other questions? Okay. Thank you very much. Has Jodie Thompson arrived yet? Okay, we'll come back to that slip if she comes right before the Committee's over. Mr. Harris, you had submitted some new information. Did you want to make any comments on any of the documents you provided Council over the weekend?

City Auditor Harris: Thank you, Chairman Joseph, members of Council. Before I get to that, I would like to say that there was a thing in the paper about the Ad Hoc Committee and there seemed to be some kind of discrepancy as to what they were compensated. That was a volunteer group and they volunteered their time. They got no compensation whatsoever for doing it so that was something to clear up, something that was in the press. Also last week, there wasn't a lot of discussion about the report itself and I'd like to go over a couple of things that were in the report. Just to make sure everybody's completely clear about what happened with this report and what came about. The Ad Hoc Council Committee to Review the Budgetary Issues facing the City of Reynoldsburg was formed by City Council to review the city's General Fund and Capital Improvement Fund and develop recommendations for cutting costs, increasing revenue, or a combination of both, if the Committee determined that such actions were necessary or advisable in order to balance the city's budget now and well into the future. For those of you who are not familiar with them, Linda Smith is the bank manager for WesBanco. She was on the Committee. Dave Reidel, who's been an insurance agent, broker in the city for a number of years was on the Committee. Larry McGrath, who is a Vice President with the Huntington National Bank was with it. Bill Shorthill, who is an investment counselor was on it, and Brad Sprague, who has been our bond underwriter for 20 years or more and before that was involved with municipal finance in the City of Columbus; he was the Budget Director for Tom Moody when he was there so he has extensive background in that. So these were people who all understood municipal finance and understood numbers and budgets and all those types of things. There's two real problems that they looked at.

The first was the Operating Budget of the city and the second was the Capital Needs of the city, and we've talked a little bit over the years about the Operating Budget when we go through it every year. One of the things that was not mentioned was the Capital Improvements Budget and it says in here 'the city has been balancing it's General Fund budget for a number of years by working off of accumulated reserve and reducing funding for capital improvements'. The city historically devoted as much as 15% of income tax revenue to its Capital Improvements Fund, and in order to balance its Operating Fund the city has reduced the allocation of the Income Tax Fund devoted to Capital Improvements to its current level of 2%. Actually, I looked up in 2003, Council took it to 0

for one year and then in 2004 put it back at 2%. The practice has enabled the city to kick the can down the road, but that option is no longer available. Not only is the option of reducing the income tax allocation to Capital Improvements no longer available, but more importantly, the city must ultimately address the capital needs and the deferred maintenance that has accumulated over the last several years. The city must find a balance between funding general operations to an acceptable level and to maintaining its vital infrastructure. I also pulled, I didn't pass this out, but some of the amounts that we have put into street improvements in the last ten years, starting in 2002, there was \$945,000 spent on the street program; in 2003 there was no street program; 2004, \$550,000; 2005, \$233,000; nothing in 2006; 2007 was \$729,000; 2008, \$431,000; 2009, \$875,000; 2010, \$834,000 and we just recently just passed one for under \$400,000. The City Engineer has determined for the Ad Hoc Committee that in order to keep the streets in reasonable condition so that they can go for 20 years without, to be re-paved once every twenty years and to do that repaving, it costs approximately \$2,000,000 per year to do that. We currently are spending 1/4, maybe 1/2 of that amount. So every year that goes by, we fall further and further behind on capital needs of the city and this does not include capital equipment, which we virtually bought none of in the last five years. We just recently purchased \$37,000 to replace dump beds, one for a dump truck that was purchased in 1994 and one that was purchased in 1997. Those things are well beyond what their useful life is and you know a lot of people have said that they like the condition the streets are in. It gets more and more difficult without the proper equipment to do it with.

The other thing I passed out for you tonight, there's been a lot of talk about cuts that the city should make and some other things, both by the Ad Hoc Committee and some of the things that were mentioned tonight. I went back and pulled out the actual General Fund expenditures for the city for the year 2001 which was \$9,799,000; 2010, it was \$12,648,000. That's an increase of \$2,848,000 which over that, it went up 29% in ten years. Which, without doing all the complicated things we have to do to figure out what it is by compounding it, strictly 2.91% per year. Of that money, if you take out the increases in medical insurance, which is not just a problem here, but nationally, that's \$1,029,000 which means other than the medical insurance, the difference is going up, increase over that ten year period, is \$1,819,000. If you take out the increases in the Police Department, other than the medical insurance which was already pulled out, that's an additional \$1,902,000 which means over ten years, the rest of the General Fund, other than those two items, went down \$83,723. I think this will show that the problem has not been that Council and Administration have been on a big spending spree. They haven't. There have been cuts made. They haven't been publicized like the schools because it was never done in a big dramatic fashion but nonetheless, it has been done. I think all these should be taken into account when you look at the necessity for this.

The other thing that I had the Regional Income Tax Agency pull is, actually a lot of people are concerned about how this would affect them, most Senior citizens do not have taxable income under city income tax. Secondly, the last income tax that went through, that was put through the city, started January 1, 1982, 30 years without a tax increase in the city. That's a long time folks. Most of the rest of the county is either at 2% or 2 1/2%, one is even at 2.85%. We are still at 1 1/2%. The Regional Income Tax Agency for the City of Reynoldsburg in the last tax year which is complete, which was 2009, processed 18,464 returns for the City of Reynoldsburg. Of that number, 14,078

were residents who live here and work somewhere else. Many of those residents are already paying 2 ½%. So this would cost those people nothing. Senior citizens, any kind of passive income is not taxable. The things that are not taxable are pension benefits, social security, interest, dividends, annuity payments, and anything else involved with investments. The only things that are taxable are rental income, gambling winnings, book royalties, mineral rights and if you have a patent and you're getting paid off of a patent but other than that, Senior citizens are exempt from this and this obviously does not include the Senior citizens as well. RITA does not require Senior citizens after they come to the point where they are no longer have taxable income, to file a return so I can't give you an accurate number of how many that is. They track them for five years. I can tell you that right now, they're only tracking 1,330 retired people who would also not be paying any income tax. So any type of revenue you're looking at increasing is going to affect the number of people, this one, the reason that the Ad Hoc Committee looked at this and decided this was the right one to do, this is the one that effects the fewest number of residents, and if you have any questions, I'd be glad to answer them.

Mr. Joseph: Mr. Harris, you said one of the communities is 2.85%. Who's that?

Mr. Harris: Grandview Heights.

Mr. Joseph: Grandview Heights, okay. There are questions for Mr. Harris from the Committee?
Mrs. Kelly, go ahead.

Mrs. Kelly: We've heard talk about a tax credit. Currently we give 100% tax credit. In reducing that, if we were to reduce that, how many people would that affect?

Mr. Harris: It depends on how much you reduced it. I have a breakdown of all the different ones and if you want to, you know, I can tell you right now, of the 14,000 who live here and work somewhere else, 6,800 of those returns are already at 2 ½% and 3,400 are already at 2%. Depending on how far you reduce the credit, you could be affecting most of those people who are currently paying 2 ½%, would have to pay if you did at 50% they would be paying another .75 so they'd be paying 3.25.

Mrs. Kelly: So just to make sure I'm hearing you correctly, reducing the credit has the potential to affect far more people than an income tax increase.

Mr. Harris: Absolutely, and it's also more difficult and more expensive to collect because many of these people would, since you pay income tax where you work, they will only take out for the city that they are in. If you live here and work in Columbus, they will only take out City of Columbus so you have to pay your own. Sometimes, depending on your income level and how far you reduce the credit, it could require that they pay, do estimated income taxes and file quarterly returns. Also what should be noted is of the dollars collected, about 2/3 of the dollars collected by us in income taxes are

for people who live somewhere else and work here and many of them would be unaffected because if you live in Columbus and you work here, you're paying us 1 ½%, you're paying Columbus 2 ½% so you have to file quarterly returns with Columbus and pay them their 1%. If that, if they pay 2 ½% here, then they get 100% credit, it does not affect them either. It would affect Columbus and wherever else they work at, but it would not affect the individual.

Mrs. Kelly: Thank you.

Mr. Joseph: Back to Mrs. Kelly's question about the tax credit. What would the tax credit reduction have to be to mirror, or at least be close to the same dollars generated by 1% increase in the income tax rate?

Mr. Harris: That would be 100%.

Mr. Joseph: You'd have to wipe it out completely?

Mr. Harris: Yes.

Mr. Joseph: Okay. Councilman Deskins.

Mr. Deskins: _____(inaudible). Dick, the growth in the Police Department_____.

Mr. Harris: It's a number of things. It's increases in computerization. It was increase in Officers. There were, I don't know how many Officers were added between 2001 and 2005 because I wasn't here, but there were three that were put in, in 2006 I believe, so some of that was increased Officers. A number of it is, a certain amount of it is increases given through Police contracts, but the 200 accounts, which are supplies; and the 300 accounts, which are services; those have gone up dramatically as well and to say there's one thing that stands out, I can't give you one thing. It's just a variety of things.

Mr. Joseph: Councilman Clemens.

Mr. Clemens: Yeah, Dick, like last year's budget, what was our Police budget?

Mr. Harris: It was around \$6,000,000 or \$6,800,000 - I'd have to look it up.

Mr. Clemens: And what was the city's?

Mr. Harris: It was \$13,000,000. About \$12,600,000.

Mr. Clemens: That shows you where it's gone. Almost 60% goes to the Police Department.

Mr. Harris: And when you look around at other communities, our Police department is not as underfunded as most of the rest of the departments, so therefore where we're at 60% or more, they're at 30%. I mean, when you start talking about Grove City has an \$8,000,000 Police Department, but they've got a \$22,000,000 General Fund balance. So obviously, the percentages are skewed by the fact that they got so much more money coming in.

Mr. Joseph: President Hills.

Mr. Hills: Dick, I thank you for the comments and if I could, I'm going to try to clarify some things and some questions that I heard, but in the Ad Hoc Committee, the key thing, it would do everyone good to read their report because some of the key words are 'structural imbalance' and they made it very clear, that's been happening on a recurring basis. The structural imbalance means you are spending more every year than what you're bringing in and if you're in there, you're in the reserve accounts, and that's what this city has been able to do is use the reserves. I just looked at the June report, end of June coming out of the Treasury Investment Board, the General Fund balance, unencumbered, is \$700,000. Now I haven't seen it less than \$1,500,000 - \$2,000,000 in the 18 years I've been here; \$700,000 and our total Capital Improvement Fund is at \$3,200,000. So you've got about \$4,000,000 of reserve funds. These aren't dedicated but that where you see the Capital Improvements, that's how you fix streets. Now in the numbers we just turned into the County, there's some key things, and you mentioned one Dick, \$13,000,000. That is our anticipated expenditures for 2012. Our anticipated revenue is \$11,700,000. That means minimally we have to have \$1,300,000 out of our reserves and/or a tax increase or somewhere to raise the revenues to match what our expenses are. Cuts are going to be there in order to do that. If the tax resolution of necessity goes to the ballot, we're giving the public the ability to decide, do they want to pay that 1% more taxes and retain or get more services, then maybe then all of that \$1,300,000 in cuts won't have to be implemented because the money from the tax increase that goes into effect in November of 2011 starts in January of 2012. Any tax increase that goes on the ballot in 2012 doesn't start generating until 2013. The numbers I gave you out of these accounts that are there are about \$3,800,000. You need \$1,300,000 this year to minimally cover it and that's no street program, that's no other capital programs to go on. You are down to where you're pulling from the bottom of the barrel and that's why we're in the position we are now. That's why we're saying, let's take an increase, a 1% increase to the ballot and I'm not blaming the State, certainly we didn't get any benefit from the State when you lose half of your Local Government Funds and next year you're going to lose your Estate Taxes, but I think that Dick was absolutely correct. I think the Mayor's been correct. This city has been an excellent steward of the funds because I've been here, this is my 18th year and I can assure you, where we took a major loss which was about \$1,700,000 to \$2,000,000 a year when some businesses left town, we kept hearing it will be back, it will be back. Have faith in us, it's coming back and those of us that have been here a long time kept waiting for that to come back and we used those reserves. We were fortunate enough to have money in those reserve accounts. Now folks, we're just about down to where there aren't many reserves left. Thirty years without a tax increase.

It's got to be done. When we talk about tax increase and I think if you read the Ad Hoc Committee, it says there needs to be cuts. There needs to be reduction of benefits, there needs to be fee increases to start covering your services in Parks and Rec, the Building Department, Senior Citizens, but then it says distinctly, if you don't touch your fees and do these, increase your fees, cut some of your expenditures and get that tax increase, you will have to do a credit and Council is the one that must do the credit. That's not an option for the voters. The voters have the option to increase the income tax. Council will have, depending on what their feelings are, they'll have the duty or they'll let maybe the State come in and run the city. I'm not sure then what Councilman then would be here to vote on if the State's in here but I guess, for anyone, and I've heard the statement, well, this is a surprise, we didn't know about it, we didn't realize it was this way. There is no one sitting up here at Council table that hasn't heard in either the 2, 4 or 6 years they've been here, that we have been over-spending for the last 6 or 8 years. It's been talked about every year at budget time. Where the cuts are going to be, what are we going to do? It ends up, we transfer money from the reserves and put it over. I think this year it has been said by the Auditor, we can't continue to do that. We don't have the money to do it. An Ad Hoc Committee was formed, say let's take a total different look at this from somebody that doesn't live it day by day and they absolutely came up with it probably looking worse than we thought it even looked. So it's, this is the time the voters can get involved and have the opportunity not to see services reduced. I've heard people talk about cuts. Who's going to get cut. What's going to get cut. Those are tough things to talk about and as we get into the budgeting project, it's got to be looked at. Right now the budgeting process must figure out how to cover \$1,300,000 in increased expenses or reduced revenue. So we've got to reduce expenses by \$1,300,000. There are ways to do that. We close the Senior Center. The only way you can do this and Dick knows and the Mayor knows, you start looking at the budget sheets and say, what can you do without. Has there been an organized sit-down, let's talk about it? No there hasn't and I'm sure in September, it's got to start. The Mayor has to present a budget. What happens if it's out of balance or there's problems and Council has to look at it? You hope it's a joint effort. It's been a joint effort for the years that I've been up here trying to keep the budget balanced, whether it be by transfers or what, but I don't know where it's going this year and I'm sure the Mayor doesn't want to get into that discussion tonight, but I can tell you now, I have talked with the Auditor and if you go look at some of your departments and as the Ad Hoc Committee, it says closing departments,

Mr. Harris: It absolutely does.

Mr. Hills: ..you turn around, if you close Development, you close Building, you reduce Parks and Recs, you close the Building Department, and possibly get into Officers, one to three, hopefully in the material side and not the wages side so we can keep the Officers but you get up to your \$1,300,000 or \$1,500,000. Can you get there? It's not hard, though look at the numbers because the numbers are fixed. That's what's in the budget and you're got to reduce it \$1,300,000. To take \$11 - \$7 Million dollars in revenues and reduce the expenses of \$13 Million by \$1.3 Million, those expenses are saying we're spending more money in those departments. The numbers configured I think are correct. The Police Department is spending more than anybody else but I will have to defend the Mayor and

the Police Department. Safety is one of the most important things you can ever provide to your citizens and before we ever reduce, didn't replace people or cut things, the Police Department hopefully stays on top and is kept operative. There'll be people, some like the Police Department, some don't like it. It depends where you are inside the cruiser, outside the cruiser. There's a whole lot of different things on that, but it's, we have worked hard to keep that up. Dick, I appreciate those things you've said. I, and Councilman Deskins, I appreciate the fact of summarize some of these things but there's a lot of people talking around numbers and sometimes it helps if you can lay right on the table what some of those numbers are going to be and is there a problem and does that problem start before 1-1-2012 and it's minimum number is \$1.3Million. Now if the tax increase is on the ballot and it passes, all of that \$1.3Million's not going to be out there and have to be cut, but it's got to be prepared to be cut and you adjust for it after the vote on November 8th or whatever. Thank you for your time.

Mr. Joseph: Mr. Harris, if the income tax is increased to 2.5%, how many additional dollars would be generated by that increase?

Mr. Harris: I don't have the exact number here, but it's around \$5,800,000.

Mr. Joseph: Okay. Other questions by the Finance Committee.....

Mr. Harris: And let me just say one thing about that Councilman Joseph.

Mr. Joseph: Sure.

Mr. Harris: It sounds like a huge number, but when you look at Lancaster Avenue, which is about 2 years away from being a gravel road, that's \$1,200,000; Taylor Road between Main and Broad is about \$1.2 to 1.5Million; Taylor Road between St. Rt. 256 and new Taylor Road, is \$1.5Million. We've put in for an OPWC grant last year, which we did not get for Brice Road which is \$3,500,000; Livingston Avenue from the High School on out is probably about 4 or 5 years away from being that. That's \$2,000,000. You're up to \$10 or \$11Million dollars in street repairs right there. Twenty-five percent of the streets in this city came in after the expansion into Licking County got started in full. Most of those streets have never, they're now 15 - 18 years old. Most of those streets have never been touched. You're looking at 25% of the streets in the city, just the part in Licking County which have never been touched. It's going to have to be done in the next 5 - 6 years. You got some major capital improvement issues out there and you know, \$200,000 a year that we're currently putting in, is not going to get it fixed.

Mr. Joseph: Councilman Burd.

Mr. Burd: Thank you, Chairman Joseph. Dick, thanks for the information you shared tonight and through this whole process. Just some basic information as far as who pays the income tax. It's individuals who work in the city and then businesses pay off their net profit? Is that correct?

Mr. Harris: Yes and individuals who have individual businesses also are taxed and the corporations who are in, located within the city, pay the same rate as individuals do.

Mr. Burd: Just asking your opinion. I mean there's this grand and philosophical debate about competitive advantage. You know some states argue with each other to get businesses to move in because they have better tax rates. Now we're talking about going from 1 ½% to 2 ½% which would put us other than Grandview Heights, put us higher than almost anybody or at least as high. Obviously, you talk about comparable suburbs like Grove City and Hilliard and Westerville. Businesses would get a better deal financially if they're operating there and I don't want to get into a big debate about does this matter on a local level or not, but what's your opinion? I mean, do we have a competitive advantage because we have a lower tax rate?

Mr. Harris: Let me answer a couple of different ways. Number one, when the State took, changed the law about 4 - 5 years ago to where a large company that has a division here, we used to just tax what that division did. Which means if you have a very profitable division there, you get a lot of money. If you don't, you don't get any on the net profit tax. However, what happened, the State changed it where you can no longer do that. You have to accept their corporate total returns. So all the losing ones that come off of that, you don't get that anymore. When that happened, we lost \$500,000 a year in income. The other thing is, we've been at 1 ½% and everybody else has been at 2% for 15 years. What big ____ did we get? Most businesses that come to town are not looking for reduced incomes taxes because it's 1 ½% or 2% or 2 ½%. They're looking for property tax abatement, because that's where their big expenditure is, is the property tax, not the income tax because most of it they don't pay anyway .

Mr. Burd: There was a lot of talk tonight about all the people that this won't effect.

Mr. Harris: Uh-huh.

Mr. Burd: And just to be blunt, if I have two neighbors, one comes home and tells me he got a pay cut, the other comes home and tells me he didn't, my concern is going to be for the one who did and so how many people are we talking about? Is it around 4,000, I was trying to do the math, that would actually be impacted by money coming out of their paycheck?

Mr. Harris: There are 4,000 people who both live here and work here.

Mr. Burd: So that's the amount that would go, those are the numbers that would go from _____

Mr. Harris: If you don't count the Senior citizens...

Mr. Burd: Right.

Mr. Harris: I can't give you an accurate number on. That is about 75% - 78% , somewhere in that area of the people who will be unaffected or very small and let's be honest, Columbus went to 2 ½%, Whitehall's at 2 ½%, Worthington's at 2 ½%, Grandview Heights went to 2.85%. Bexley's going to be on the ballot this Fall. Gahanna's probably going to be on the ballot next Fall to go to 2 ½%. Everybody's going that way and I'm sure their cuts in Local Government Funds is going to push them along the way too.

Mr. Joseph: President Hills.

Mr. Hills: One thing, when Dick went over these totals, see it, there are more cities at 2 ½% than people, people think it's only Columbus, no it's not, but there are cities that are also going there and are planned to go there and their Finance Departments are already working on it. Westerville who only went to 2%, took, gave them back 100% credit. They'd had the credit part and the were taking, they were, I'm not sure what the original number was.

Mr. Harris: I think it was 80, they were giving 80% credit, I believe.

Mr. Hills: And now they're, they've given them 100% credit, which makes the accounting part of it much easier and the taxpayer now doesn't have to make the extra payment. So there's not a trend towards taking away your credits. In fact, Westerville is shown they want to keep it there but to keep the 100% credit, they did raise their tax rate.

Mr. Harris: And Gahanna does not give 100% credit and if they go to 2 ½%, chances are they will eliminate the credit as well.

Mr. Hills: They're going to eliminate it also. So it's, credits are.....

Mr. Harris: It affects the most people is the reason people go away from it.

Mr. Hills: Affects the most people and the people don't get to determine. That's the advantage about putting the tax, this isn't whether you're in favor of 1 % tax or not. What we're dealing with here is the ability to put the 1% tax on the ballot and to allow the voters that live in this city to vote on that increase. Rest assured, I won't miss Council next year, the day that I have to come in and take out that credit. I won't be anywhere near this building when this Council has to vote on reducing the credit because money's got to come in so the State doesn't come in. That is not a happy moment for anyone.

Mr. Joseph: Councilman Deskins.

Mr. Deskins: Thank you, Chairman Joseph. President Hills, you've done a super job (inaudible)

The City has got to explain to the public_____ It's got to get out. We need to let them know. I feel uncomfortable putting it on the ballot too soon. The way you're explaining it, we won't have any money for two or three years down the road. I'm feeling a different way now. We got to make a decision and the Mayor's got to tell us where he's going to make his cuts. (inaudible).

Mr. Joseph: Councilman Burd, do you have any other questions?

Mr. Burd: No, not at this time.

Mr. Joseph: Okay. Any other, Councilman Clemens.

Mr. Clemens: Now I was just going to give my opinion.

Mr. Joseph: Okay, that's fine.

Mr. Clemens: You know, I'm not big on statistics and figures and but I've been here through the good times and basically this is not one of them. I've been here when we were able to build all of our recreation parks and Senior citizens center and our ball fields and watch most of you people play on them, except Fred.

Mr. Deskins: How old are you Mel?

Mr. Clemens: Pretty close to the big one, you know that, but I think it's important to let the people decide on whether they want to move upward or downward. Really I want to move upward. I see what's happening in Reynoldsburg. I see what we can do if we get the additional money. I see how many more additional Policemen we need for safety issues which is our big issue within the city really and then I've always pushed that and when I brought up what we pay the Police, I want you to know what it costs to have them and we need more money to have more of them. I don't want to cut the Recreation. I can come out, I got the balls to tell you what we would cut. We'd cut the Recreation Department, we'd cut the Senior Citizens Department, cut some of our Building Department. I've went over the Mayor's staff. He's cut, he can't cut anymore. There are very few that can be cut in this building. We don't want to cut any Policemen. I don't want to come out and be like the School Board and treat you like children and tell you we're going to take away your Recreation Department, take away your Senior Citizens but this is what we're going to do really and I don't want to be the one that does it but if I'm here I would do it because, you know, the city comes first and I think the kids come first, I think the public comes first, but I think it's up to the people to decide on how they want to do it. Now if they want to go backwards, I'd be one of the first to move out of town really because I don't want to see this town go backwards. It's slipped a little bit the way it is and unless we come up with additional money, it's going to slip further. Sit here and argue about what figures we're going to do and who's going to pay it. So your neighbor pays it. I feel sorry if you can't tell your neighbor why he's paying it. He's paying it to have better benefits. I pay it, we

all pay it so the people who have already paid Columbus, I wish we would get it back from Columbus, we can't but they're paying it; I don't think it's too much to ask the people that live here in Reynoldsburg or the people that live outside of Reynoldsburg and come here and work in our stores and so forth, I don't think it's too much to ask them to help pay for a better community for everybody here to live in and I think that's what it's all about. Do we want a better community for our kids to be raised in? When I speak about kids, I'm talking about grandkids and great grandkids and do I want them to live here? Certainly I would want them to live here because I respect Reynoldsburg. I think that's what we're here for. I respect the feelings of the people here on Council. I know how some of them feel and I know how some of you feel about taxes. We're not passing taxes. We're putting it on the ballot so the people can decide on whether they want an increase or a decrease and how they want Reynoldsburg to move ahead. I'm tired of looking at Brice Road come apart. I'm tired of looking at Lancaster Avenue, seeing it fall apart. Taylor Road doesn't look good, Livingston Avenue looks bad. Drive across that bridge and see how you like it. We don't have money to take care of this. We don't have money to put on additional Police, to take care of my district. Ward IV is my Ward and I've been there 60 years and I don't want to see it go any further than it's went, but to do that we have to have a bigger safety force. As I said, the Mayor's done a good job in the Administration and our City Attorney and our City Auditor for holding their staffs down and doing the job they have with the people they have. We can't cut any more and give out any services. I would like to move this forward and let the people have the opportunity to vote on it. It's just that simple. Either we move ahead in Reynoldsburg, I always said, you know, we're way ahead of Whitehall, we're not ahead of Whitehall now. I mean Whitehall's taking in another \$8,000,000 when they pass their tax. They're ahead of us now. I think their's is around \$16,000,000. So I'd like to see us get back up on top or at least get in the middle again and I want people to move out here other than just to be cheap. I don't want to hear this word. Move to Reynoldsburg because it's cheap. That doesn't impress me a bit, really. You know, I want it to get so you know, I'm having a hard time living in Reynoldsburg because it's expensive. You know it's a good community. So let's get away from this cheap bit and get this to the public and see if we can get this passed. That's how I feel. You know, I could talk all night but I'm not going to but anyhow that's how I feel. I'd like to see this moved on, see Council pass it. See it go to the ballot. We've got plenty of time to explain it to people. You know, it's very easy to say we're going to cut this and do it. I don't say we're maybe going to cut this and stretch it out for two years like some things do. We would have to do it quick so I don't know I think we ought to pass it. That's how I feel about it and I'll shut up.

Mr. Joseph: Councilman Long.

Mr. Long: Thank you, Chairman Joseph. I agree with a lot of what Councilman Clemens has to say although when I look at the Ad Hoc report, the number one condition they put on there 'to City Council, prior to putting the tax out there, is that City Council commits to addressing the expenditure recommendations made earlier in this report'. In other words, systematic cuts through the budget. 'While we understand that all recommendations cannot be fully implemented by November, we encourage Council to commit to continuing to work on addressing the concerns raised herein'. Now based on that, Mr. Clemens, I can't theoretically just run directly into an on the ballot decision here in

November unless there is some way possible that we can go ahead and guarantee to these people out here who are going to be additionally taxed, that we here in the next four months, prior to that going out there on the November ballot, those cuts have been made.

Mr. Clemens: I agree, I have no problem with the cuts they recommended. I know that our health is expensive and we ought to do something about it. We're too easy on it. As far as taking away the health insurance for City Council, I have no problem with that, take it away. We're only talking about getting maybe \$90,000. You've got to add these things up.

Mr. Long: Absolutely.

Mr. Clemens: When you start adding them up, we could take away the Health Savings Account, we could take away the \$4,000, drop to \$2,000 real quick like that, that would get us a \$120,000. Okay, you take \$90,000 and the \$120,000 and we're up to \$210,000. You know, we could do things like that, but to get to that \$1,300,000 - now I work this over, I can get up to about 8, where I'm left with about \$800,000 to come up with and then we start having to look toward the Recreation Department, start looking at different departments to get to that \$1,300,000. That's the hard part, but I have no problem, and I agree that I think we've been really good. I think we've been really good to our personnel. They may not think so, but they all can look at the real world. If you go out in the real world and come back in, then you know what it's like. So I think we've been, I think we should follow through with what they've recommended and look at them all and I feel sure that we probably will. Whether we can do it in that length of time, you know, I can't really say, but I think we should follow through and look at it completely, yes.

Mr. Joseph: Councilwoman Kelly.

Mrs. Kelly: I agree with both of you in a sense. I do think we need to put this on the ballot in November. My fear is if we wait until the Spring to put it on we will put ourselves in a position where we have no choice but to make drastic cuts to services or seriously consider reducing the credit and we'll be making those decisions without having given the community an opportunity to vote. As a member of the community who has children who are involved in the Parks and Rec Department, I would hate to wake up one day and then that department's no longer there and I never had the opportunity to put forth my vote and so I strongly urge us to consider putting this forward onto the ballot and allowing the community and our voters to decide the direction they want to go.

Mr. Joseph: Yes Councilman Clemens.

Mr. Clemens: Just one short thing and I understand Chris' feeling about going into May. My problem is I think of what's going on in the State and I worry about when the school will be back on and I don't want to be tied up with another school issue because we've done that before and we went down the chute and I know it happened on a deal like that. They've got to make the choice, it isn't

going to be us. That's my only feeling about kind of moving it on and back further is that I don't know when the school's going to come back and if they get short on funds, they'll be back and I understand that, but that's my only feeling on, you know, moving back like that_____.

Mr. Joseph: Councilman Burd.

Mr. Burd: Just a comment about schools and taxation. You know, I've looked at my property tax breakdown and it really irritates me how little goes to the City of Reynoldsburg and I understand if all of it goes to the schools and that's fine, but part of my thinking in this is that, correct me if I'm wrong, but the last levy to pass is being phased in through 2012 and so property owners in the city are going to see their property taxes go up regardless of what we do. So we're talking about a situation where while your property taxes were going up, we're now talking about your income taxes if you live and work in the city also going up and that's part of my concern is that it's almost a double whammy for those 4,000 or so people that I'm frankly concerned about. This is the worst economy we've seen in my lifetime. I know I haven't been around as long as anybody else, but everything that can be said about our finances as a city, a lot of residents will say the same thing about their personal finances. You know, we talk about how our income's down a little bit, yeah, so is their's. We talk a lot about how our savings aren't quite where we'd like them to be, same with them. We talk about how we're deferring capital improvement projects. Well, they're deferring home improvement projects and you know, it's just, I take it seriously, the fact that we would reach into their paychecks and take an additional percent out right now when we haven't put out what Plan B is. We've had this report for two weeks, two weeks, and that's all the discussion we've given it. We owe it more discussion than that and as far as putting it on the ballot, you know, Council has the right to vote "Yea" or "Nay" in order to put something on the ballot. So I don't feel bad if I'm uncomfortable with putting a tax increase forward when we haven't talked about what's going to happen when it fails and we don't have any specifics. You know we talk about \$5,800,000 being a big number, that's because it is a big number. I mean that's a lot of money to raise at a time when a lot of people will tell you they're struggling and I'm uncomfortable with it and that's my position on it and I respect everybody's opinion but this is a serious, serious issue and moving forward with something like this is about the most serious thing we can do and I think we need to think a little harder about how it would impact those people who are already seeing their taxes go up.

Mr. Joseph: You know, I'll just add to that, that the cuts we are seeing from the State are not all coming at one time. They're being phased in and most of the feedback I've gotten from anyone I've talked with is that they want to see cuts first, they want to see government reform and they want to know what real dollars are really going to be needed and then come back with a realistic amount for request on the ballot. I mean, we're talking about a 67% increase in our, the rate from 1 ½% to 2 ½ % and I have spoken to very few people who think that raising taxes before we really know what we need, before, you know, trying to squeeze additional inefficiencies out of government consolidation or what have you, those things need to be reviewed first. So I think since this is not going to be a train wreck overnight, I don't think we can run, should throw this on the ballot at this time when we really

don't know what we're going to need. There'll be time to review this again next year when we've had a chance to put together a budget for next year after actually looking in detail where we can make fee adjustments, budget cuts, etc.. So that's my position. I think it's way too soon to move forward on something like this without having a better discussion on those other reforms. Any other questions or comments? President Hills.

Mr. Hills: Just a followup and I can see what you're saying, Doug, I see what you've saying. Again, I will remind you, there is a minimum \$1,300,000 shortage coming up 1-1-2012. That can be 100% by cuts and these things you've heard talked about closing will close. Brad, you've looked at the numbers too. There's no way you can meet that without closing them and there will be no street projects of which our Engineer said we need \$2,000,000 a year to maintain these roads for foreseeable future. So we don't have a \$1,300,000 problem; that's to cover the hole; you had the \$2,000,000, you're already up to \$3,300,000. Then you say now we want to add some cops, that's where the rest of that 1% goes. I think that again referring to 'we just got this', where have you been for the six years you've been up here? We've been overrunning our budget every year. We have allowed the reserves down to where there isn't enough money to cover things and I realize Nathan what you're saying and you want to think for the taxpayers and you're sorry it's going to cost them money. Let the taxpayers think for themselves. That's all you're being asked to do here is send it to the ballot. Let the voters decide and then live with what the voters say. I was here in 2006, some of you were, some of you weren't, when the voters told us no twice. Now this is what, 5 ½ years since that time. We're back saying, we listened to you. You said no taxes, we haven't done anything. We've used the reserves the best we can. Folks, there isn't much to dig into anymore. Thank you.

Mr. Joseph: Well and that, your comments President Hills, kind of fits into what I've been thinking all along is that when we went to the ballot in 2006, the idea was going to the ballot in August, so we're not competing with the schools in November, the voters said no. One week later, Council put it back on the ballot, where we were competing with the schools, the voters said no again and I think in some ways, that was insulting to go against the voters so soon after a rejection and it just damaged the whole idea of doing any kind of increase considering how quickly it was put back on. My point is, additional dollars may be required at some point. We don't know what those additional dollars are. Put the cuts into place. Once people know what the cuts are and they feel the pain, the chance of passing something is probably actually greater next year, rather than putting something on the ballot now, having it fail and then putting it back on next year where again, we're going against what the voters just said.

Mr. Hills: You're starting to talk about political philosophies and I, you'd be about the last person in the world that I'd desire to do that with. Okay, so what I'm getting at, we do have a Council meeting that's supposed to start at 7:30 p.m. so I don't know how quickly we're going to wrap this up, but we will start the Council meeting as quickly as we can, but Doug, I'm not even going to go with evaluating an election of what did or didn't happen. I think you make your living trying to do that; I

certainly don't. I vote my gut as to what is right and what is good for the citizens. So I don't think it does us any good to evaluate what it's for. My point of bringing up 2006 is we as a Council, and as management and Administration in the city, we listened to you. You said no and we did the best we could for as long as we could. We've run out of time and space.

Mr. Joseph: Mrs. Kelly, and then we'll try to wrap it up here.

Mrs. Kelly: Okay. I want to comment on something you said about, once they feel the pain. I would like for people not to feel the pain. I'd like for them to have the opportunity to vote on it and not feel the pain. I don't want my kids to not have the opportunities. I don't want other people's kids to not have the opportunities. I don't want people to live in a community to have the opportunities just taken away from them as a motivator to get them to vote. I want them to have the opportunity to make that decision and it is our responsibility, Administrations's and our responsibility to clearly communicate with them what cuts we're going to implement. What impact it's going to have on our community, why we need that. Now does that force us over the next few months to get our butts in gear? Yes, it does, but that's what we need to do in order to put this forward so that we're giving our community an opportunity to decide before anybody feels any pain.

Mr. Joseph: All right. Unless someone has something additional to contribute, we should probably move forward. I'm going to ask, what's the pleasure of the committee on this issue?

Mr. Clemens: I would like to move it forward.

Mr. Joseph: Okay, is there a second on that? Oh, I'm sorry, before we proceed, I do have one more speaker slip, Jodie Thompson. If you wanted to speak, I have a speaker slip for you. Someone filled it out. She's here now. Yeah, if you give your name and address for record.

Ms. Thompson: Jodie Thompson, 7878 Priestley Dr., Reynoldsburg. I apologize for my lateness. Listening to everybody discuss whether they should or should not be on the ballot, I believe our major discussion I feel like we're hearing is whether you're for it or against it and whether that's your opinion or not, I don't think is the answer we're looking for today. We're looking for - put it on the ballot, let the citizens decide - if they're against it, they're against it; if they're for it, they're for it. When we discussed the schools, learn from the schools. The schools waited until they were in dire need of a levy before they put it on the ballot. It was too late. It's too late at that point when you start to feel the pain. Don't make the people feel the pain. Put it on the ballot, let us decide for ourselves. Thank you.

Mr. Joseph: Okay, you've all spoken. Anyone that needed to speak should have filled out a speaker slip. If you've spoken, we need to...

Woman in audience: _____

Mr. Hills: We have a Council meeting that's scheduled to go into.....

Mr. Joseph: If you've not had a chance to speak, I would have allowed it, but we need to proceed and we've had a motion and we've had a second, any last minute discussion on this?

Mr. Hills: That motion and second was to send it forward for tonight's.....

Mr. Joseph: Right, to the Council meeting tonight for consideration.....

Mr. Clemens: With a motion for adoption as an emergency.

Mrs. Kelly: Second.

Mr. Joseph: Okay. All in favor, vote "Aye". (Mrs. Kelly, Mr. Clemens, and Mr. Deskins voted "Yea"; Mr. Joseph voted "Nay"). It moves forward tonight to the Council meeting and we will close the Finance Committee Meeting at 7:34 p.m.

Special Finance Committee

--Nancy C. Frazier, Clerk of Council

July 25, 2011

(Transcribed - S. Cochran, Ass't. Clk. of Council)

MINUTES REGULAR COUNCIL MEETING
REYNOLDSBURG CITY COUNCIL
July 25, 2011

President of Council William L. Hills called the meeting to order at 7:40 p.m.

Members of Council present: Chris Long, Nathan Burd, Fred Deskins, Jr., Leslie Kelly, Doug Joseph, Mel Clemens, Barth R. Cotner.

The Invocation was given by Mr. Burd. Mr. Hills led the Pledge of Allegiance.

Minutes of the regular Council meeting held July 11, 2011 were approved without objection.

Mr. Hills: Moving to Item No. 6, Approval of the Agenda - we will be adding the resolution from Finance Committee. I think you wanted to add the Resolution of Necessity, is that correct?

Mr. Joseph: Yes.

Mr. Hills: And we will add that as Item No. 12a. Is there a motion to add it to the agenda?

Mrs. Kelly moved to amend the agenda with the addition; Mr. Clemens seconded. **The agenda was amended with all voting "Aye".**

Community Comments and Requests:

(Robin Baker, 6539 Red Coach)

Ms. Baker: This is a carryover from the last meeting. You all were talking about how first of all, the comment of, you know, 'wait 'til it hurts so people will pass it' - I had to go through that with my daughter. She's twelve years old. She went without art, she wants to be an artist. She went without gym. The only thing she had was Parks and Rec. So the idea that you're going to cancel or get rid of Parks and Rec without our opinion, without telling my daughter we didn't get a choice right now they just went ahead and cut it, they didn't give us a choice to pay for it; I'm ready to pay more fees for that, but I'm not ready to pay everything. I'm giving away my taxes I think to Columbus. I

have an extra 1%. I would prefer it to go here. It's my right to say take my taxes from my check and give it to where I live not where I work. I think that's something I should be able to vote on so that's my opinion and that's what I think putting it on a ballot would make more sense. At least I could explain it to my twelve-year-old that we went ahead, we asked the people, people didn't want it, we were out-voted. That's the only thing I'm saying.

Mr. Hills: Thank you, Ms. Baker. Questions or comments? The second speaker slip is Monica DeBrock. I know you were having this discussion so I don't know that maybe you've already made your point or.....

Ms. DeBrock: My name is Monica DeBrock, 7400 Bryden Road, and I'm a twenty-year resident of Reynoldsburg, and it's also a carryover from the meeting before. I want to make sure that the voters get a chance for what they want in their city. I don't think it should be the Council up there to say we shouldn't have Parks or Rec, or the Senior Center, or reduce the police force, whatever it takes to balance a budget. That's, your job is to balance the budget, but we would like to have the opportunity to be able to say how much money we want to put in to have services for our community. So it's not saying whether you agree with it or not, whether you feel sorry because you neighbor might have to pay for it and they're going to yell at you. It's about doing what's right for a city.

The other comment that was stated at the meeting before was that not only if this got voted, if people would have an increase in their income tax but they also would have an increase in their property tax because of the school tax that was passed. The last school tax that was passed, was an incremental levy. It was over three years and one of the things that was stated during the process of going out to the community for that levy was the school has always had tight finances, just like the city. The city keeps their finances tight but the school said, if we can with all the new buildings, we're going to try to look at the permanent improvement levy that's always been on the ballot probably for 30 years, not sure exactly how long it's been on but we've always paid it that the school board would let it go if they could make the numbers work and the school board had decided that they were not going to put it back on the ballot and that was part of the thing that was talked about during the school board levy that it would actually take one year of increases and actually make it so you're not paying any more. You still have the levy that everybody voted on but the increase of the total outcome is not going to be there so I don't think, we need to make sure that when you tell people that their income taxes are going to be increased next year for the school or the property, that's not true if you're going to decrease one of the levies that was on _____ that's gone. So we need to make sure we check into those numbers to make sure that, that is fact but I do, I would think that the city, people come to this community, not for what the taxes are, it's for what the services and amenities are in this community and this community is Parks and Rec, Senior Center. This is a place where people want to raise their family. It's a commitment and the safety force that we have is phenomenal. I can't, I mean the response time that we have in our community, I think we should be very proud that when there's a problem, that we can get our Police and Fire _____ so I don't want to go to where we're hurting, I don't want to. The schools, we ended up, we could go to some of the voters and ask for levies and then we lost school busing and you know, kids lost class choices. It was not a happy place

in this community, and yes, there was a struggle, but it went to, before the voters for them to decide and at that time, they said no, they couldn't do it, but they did go back and they finally did approve it and so now the services are still tight and they're still struggling, but we have a great school system.

So if we can keep our city, having a great city and having this report for two weeks, you guys for six years have known that your budget has been out of balance. So this is not a two week report. This is a long-term problem that you guys have been studying. You have a new report and now you have a whole month to put your facts together, figure out a plan before you have to get out to the public. All of August, get your game plan together, figure out what it is that's going to be cut if this doesn't pass. Figure out what it is that the community wants to have. Go out and poll some people. Find out what the money needs to be spent on and I think you'll be surprised that the community does not want to lose its Parks and Rec, its Senior Center, or a reduced police force.

Mr. Hills: Questions for Ms. DeBrock? Thank you very much. Next speaker slip is Debbie Peck. Debbie, you can come up front, or you can use the mike behind you, whichever you prefer.

Ms. Peck: Hi, my name is Debbie Peck, 487 Fallriver Drive, Reynoldsburg, Ohio, fifty-plus-year resident, thirty-year property owner. So, and I missed a lot of the meeting before this. I'm sorry about that, but I do want to let you know that I do not want to see a reduction in city services. My wish is that we would have enhancements and I know that, that's not possible, but please don't allow reductions. I am curious as to whether or not we can ask for less than 1%. If there is some doubt among some council members the ability to get it passed, who's to say that it has to be the 1%? Can we go in at less than 1% and by doing so also make the necessary cuts ahead of time to show good faith to the voters that you have done something besides just coming to them and asking them for the full 1%? I do not want to see this go on the ballot at all in 2012. I want it on the ballot in 2011; 2012 is the Presidential election. The voters are going to be angry. I don't want to see it fail because we're up against the Presidential election. I also think that it failed the last time because it was difficult to educate the community and the voters. I'd like to see a lot of time spent on how you're going to educate and I think that it's very simple to just have some tables ____ and it goes like this. You live in Reynoldsburg, you work in Gahanna, this is going to cost you _____. You live in Reynoldsburg, you work in Columbus this is going to cost you _____. You live in Reynoldsburg, you work in Hilliard, this is going to cost you _____ and in the end you live in Reynoldsburg, you work in Reynoldsburg and this is going to cost you this. There's a whole lot of voters that are going to be in the cost-me-nothing, and I think that that's going to get this passed. I also remember when the school levy finally passed. I believe, among other things, that it was due to a large part with the support that we had of the city with the schools and I remember Mrs. McCloud being on that last campaign. I think the schools need to come back and do the same with the city and I believe Mr. Dackin should be in charge of this campaign and he should say this is what the city needs. Now we all voted for the schools. Neither one can do this by themselves, sorry; but we can do this together; so I'd like to see the schools, there's a lot of voters here; I want those same Seniors that were eighteen-years-old, who went out there and voted to pass the school levy when it didn't affect them because they weren't property owners, I want those same Seniors voting for this because they live in this city and they are affected by it, and that's all I have to say.

Mr. Hills: Thank you very much, Ms. Peck. Are there any questions? Final speaker slip I have, Frank Peck.

Mr. Peck: My name's Frank Peck. I live at 487 Fallriver Drive, Reynoldsburg. I've lived here thirty-plus years. I'm a retired Marine, retired executive from the clothing business. Just as additional information tax wise to what you were talking about, I have been very involved in school finance for about the last three or four years. I'm not running for school board, I don't want the job, but I stay after them. I passed out some information and did some research the other day and passed it out at the last School Board meeting. It might fall into some of the things that you are looking at. As an example, I did research and I wasn't planning on speaking tonight or I would have brought copies for everybody, but I did research through foreclosure.com and I think zilo and some of the other major websites for housing information have the same detail but I did Reynoldsburg, Hilliard, Worthington, Upper Arlington, Gahanna, all the communities around us and year-to-date, one column was homes for sale, pre-foreclosures, foreclosures, Sheriff's sales and bankruptcies. Unfortunately, Reynoldsburg led every single category. So what does that tell me? Our tax base is eroding very, very quickly. I did another study where the student population in Reynoldsburg, the high was in 2006. We had 6,400 rounded, 6,400 students in the Reynoldsburg school system. The Ohio Department of Education indicates their projection for 2013 is, it will be 5,400. That's a 15% drop in student population. There again, that correlates to the other real estate detail, people are losing their jobs, they're moving away, the kids are going with them. Just food for thought. One other thing I think you need to consider and I brought this up at the School Board meeting, the last one, also. The school system here in Reynoldsburg in the last three or four years, has received approximately, and I think I'm pretty close, \$6,000,000 in stimulus money. Now just like any other organization, if you get money from the government, you're going to spend it, and that's what it's there for, but here's what's going to happen. I look at probably about 2013 or 2014 when that stimulus money is all spent and we've hired all these new people to put into all these new buildings and we're paying all the retirements and all of the medical benefits for these new employees, what's going to happen? There's going to be a tax increase for the real estate property owner in Reynoldsburg. I guarantee as sure as I'm standing here. I didn't bring it on. I can see what's going to happen. That one-time stimulus money is going to run out sooner or later and the schools are doing what they can and they're going to spend it and I don't blame them for spending it. but all I'm saying to you is that for the taxpayer, the property taxpayer in Reynoldsburg, they're going to get hit again, 2013, 2014, at the latest, 2015. So just information for whatever you want to do with it. I've got to run because my wife's probably pointing at me. Thank you for your time.

Mr. Hills: Questions? That's all the speaker slips I have. Anyone else need to address Council on anything? I don't see anyone jump, yes Sir, you want to address Council? If you would, come forward to the mike and after you do, please fill out a yellow slip then.

Mr. al-Nakhleh: I'm Malik al-Nakhleh and I live at 96 Rosegate Court. I already introduced

myself earlier and I would like to carry on an issue I had during the last meeting that we had about an hour ago. Has the Council thought of a compromise or at least given a decent amount of thought into a possible compromise between the income tax and cuts? Not necessarily, I heard some of the Council members talking about the concept of feeling the burn and I don't necessarily agree with that. Personally, I agree with the income tax and for that being implemented but for the sake of the minority, I think a compromise should at least be looked into a bit more. I understand we're running out of time, but I think, at the very least, a reasonable compromise should be at least seen more than just like option one and option two. I mean because we each have different views on the matter so a reasonable compromise might be a possible solution and I was just wondering if the Council could look further into that. That's about it.

Mr. Hills: I thank you for your comments and I thank you for attending and listening to some of the things that go on and I'm sure that there'll be a number of discussions between now and November as to where the cuts may come and how they're going to be and there will have to be compromise on those and I would hope that Council and Administration and the Auditor's office would all work together to make those things happen. If you filled one out earlier, then we'll use that one, thank you.

Clerk read report from Clerk of Court- --total monies collected from courts held during June 2011 - \$40,365. Total monies also collected during that same period pursuant to Ordinance Numbers 146-94 and 104-02- --\$3,251 for the Computerization Needs Fund, and \$155 for the Enforcement and Education Fund.

Clerk also read into the record that Council was also in receipt of the Budget by Classification document received from the City Auditor on July 22, 2011.

Mr. Hills: Okay, I may note that everyone received that in their packet last week. The State Auditor had suggested that it needed to be in the record that, that had been distributed to Council members so that they had the budget numbers in front of them.

Reports:

Lieutenant O'Neill: This is concerning the permit application for transfer for Nishi's as far as their liquor permit is concerned. For our standard procedures, Officer Bock conducted the investigation. He thanks you for extending the amount of time available to him, because there was a little bit more to this one, at least on the surface. At the conclusion of his investigation, he sent forward a recommendation that we do not contest the application and allow it to move forward.

Mr. Hills: Okay, all right. Then you do not want to contest that one?

Lieutenant O'Neill: Do not want to contest.

Mr. Hills: If there are any questions, what we could do with that is just refer back to the Clerk with no action. Anyone opposed to that? Someone move to refer it back to the Clerk.

Mr. Clemens moved to return to the Clerk; seconded by Mrs. Kelly. All voted "Aye".

Mr. Hills: Second, I have a report from Mayor McPher..... . It's been four years and I haven't done that.

Mayor McCloud: Paybacks are a bitch my friend.

Mr. Hills: You've got five months to pay me back don't you.

Mayor McCloud: There have been a number of references to what these cuts would look like and while we all know we have not started the budget process, we don't start the budget process in July, I think it would be remiss if I did not describe the kinds of things that we would have to do. Our Parks and Recreation budget is about \$870,000; that would leave \$500,000 that we would eliminate that would be all programming within the Parks and Recreation Department and the Parks Department itself. To get to \$1,300,000, a 10% layoff in our Police Officer workforce. Our Officers, we have 54 sworn Officers, so that would be about 10% of our Police Force. I'm not saying that's the only way to do it, but this is way beyond buying cheaper copy paper. You know, we have, when I started here, the Building Department had four inspectors, we now have one. I do not have an HR Director, our Development Director just left. We run this on a shoestring and skeleton crew and I will continue to do so, whether I have \$100 or \$200 to operate, but those are the kinds of things that we would be looking at.

Mr. Hills: Any questions of the Mayor?

Mr. Deskins: Thank you, Mayor.

Mr. Hills: Thank you very much, Mayor McCloud.

Clerk read Motion: That while Council is in Recess for the month of August 2011, the Clerk of Council be and is hereby authorized and directed to return any Liquor Permit Requests received, marking them 'without a request for hearing', as long as the Reynoldsburg Police Department finds no reason for a hearing. If a hearing is required, a special meeting of Council will be called.- -Mr.

Clemens moved adoption; Mr. Joseph seconded. With the roll called, members voted: Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea"; Mr. Cotner "Yea". Motion passed.

A RESOLUTION TO ADOPT THE SOLID WASTE MANAGEMENT PLAN FOR THE SOLID WASTE AUTHORITY OF CENTRAL OHIO AND DECLARING AN EMERGENCY- -Clerk read

ordinance by title for the one required reading. Mr. Joseph moved adoption; Mr. Clemens seconded. With the roll called, members voted: Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea"; Mr. Cotner "Yea". Motion passed; Resolution No. 33-11 adopted.

ORDINANCE AUTHORIZING CONTRACT FOR SUPPLEMENTAL COMPUTER MAINTENANCE SERVICES AND DECLARING AN EMERGENCY- -Clerk read ordinance by title for the one required reading. Mr. Joseph moved adoption; Mr. Deskins seconded. With the roll called, members voted: Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea"; Mr. Cotner "Yea". Motion passed; Ordinance No. 34-11 adopted.

A RESOLUTION DECLARING THE NECESSITY OF AN ELECTION ON THE QUESTION OF APPROVING THE PASSAGE OF AN ORDINANCE TO AMEND SECTIONS 191.02, 191.04 AND 191.07 OF THE CODIFIED ORDINANCES OF THE CITY OF REYNOLDSBURG, OHIO IN ORDER TO INCREASE THE CITY INCOME TAX BY ONE PERCENT (1.0%) FROM THE CURRENT RATE OF ONE AND ONE-HALF PERCENT (1.5%) TO A RATE OF TWO AND ONE-HALF PERCENT (2.5%) BEGINNING JANUARY 1, 2012, AND DECLARING AN EMERGENCY- -Mr. Clemens moved adoption; Mrs. Kelly seconded. Mr. Hills: Any questions or comments? Mr. Clemens.

Mr. Clemens: I'd like to make one comment, because it's been stated here quite a bit. I want everybody to understand. This is not something that we discovered two weeks ago. The Ad Hoc Committee helped us. This is something that our City Attorney, or our City Auditor's been pounding in our head for the last year and a half. We discussed this over our last budget. We cut over the last budget. We've talked about this being on the ballot in private, off and on with each other. Everybody knew it. I mean this, if this is a surprise, we were asleep then because this is not a surprise. This is something we knew that was happening and we had to correct and to bring up; I was here and on the 2006 when everything went down the chute and I think that the big thing was we did go out and work on it to get it passed and we did bring up issues on who would have to pay and who wouldn't have to pay. I think it went down because basically I think it went down because the people at that time did not trust the Administration nor Council and I think that had a lot to do with it on issues that were going on at that time and I hope they would feel better about us this time and about the Administration and Council and because they've put us here and it's been a hard decision for everybody that's on Council and I realize that but that's a few things but this is not a surprise and I don't want anybody to think this is a surprise, because it's not.

Mr. Hills: Thank you, Councilman Clemens. Other questions, comments? Councilman Cotner.

Mr. Cotner: Thank you, President Hills. I just want to make a comment that, you know, I've lived and worked here my whole life and love this community and am very proud of this community and I want us to look at where we can be as opposed to where we've been. We have still a great future and

a potential to turn some things around in this community and I have no desire to see our residents hurting before we wait to make some changes and some improvements. Tonight we have an opportunity to give our residents that chance to improve this community. It's not all up to us. It's up to our residents, it's up to our community. I think now's the time we try to step forward and provide some leadership to do the right thing, to give them that opportunity to let their voice be heard. So I hope that we can move forward positively with this and again, let our community look at this and weigh out those decisions of what type of town they want to live in. Thank you.

Mr. Hills: Thank you, Councilman Cotner. Other questions? Councilman Long.

Mr. Long: Thank you, President Hills. I believe no matter what we do here tonight, we need to take a very close look at the report that the Ad Hoc Committee went ahead and gave us. There are definitive areas and very specific areas where the city can cut additionally. Now granted, we think we can get to \$1,300,000 but ____ do we think it would give us some definitive number as to what actually need? Probably. Can we get it done here in the next 30 seconds before we're going to take a vote as to whether or not it goes on to the November ballot? No way in hell. So it does come into a situation now to where as President Hills and others have pointed out here, we are not affirming that there should be a 1% tax increase. All we are voting on here tonight is that this issue is being placed before the people. Thank you, President Hills.

Mr. Hills: Thank you, Councilman Long. Any other questions, comments? None? Okay. Nothing else. Everybody sure they said their piece?

With the roll called, members voted: Mr. Long "Yea"; Mr. Burd "Nay"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Nay"; Mr. Clemens "Yea"; Mr. Cotner "Yea". Motion passed.

Mr. Hills: Ordinance having received the necessary five votes for an emergency, this will be moving to the ballot and we will number that, Ordinance No. 35-11 adopted.

ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF REYNOLDSBURG, OHIO: CHAPTER 160 EMPLOYEE COMPENSATION, SECTION 160.02 "AUTHORIZED POSITIONS, PERSONNEL, CLASSIFICATION AND PAY GRADE" SUBSECTION (g) "SERVICE DEPARTMENT" (1) Service Department TO ELIMINATE THE POSITION OF RECEPTIONIST- -Clerk read ordinance by title for the second reading. Item referred to Finance Committee.

MOTION FOR COUNCIL TO RECESS FOR THE MONTH OF AUGUST- -Mrs. Kelly moved to adopt the Motion; Mr. Deskins seconded. All voted "Aye". Motion passed; Council in recess for the month of August.

Meeting adjourned at 8:11 p.m.

William L. Hills, President of Council

Nancy C. Frazier, Clerk of Council