

MINUTES REGULAR COUNCIL MEETING
REYNOLDSBURG CITY COUNCIL
July 11, 2011

President of Council William L. Hills called the meeting to order at 7:30 p.m.

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

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

Minutes of the regular Council meeting held June 27, 2011 were approved without objection.

The agenda was approved.

Reports:

Presentation by Mayor McCloud - Reynoldsburg Girls Track Team

Mayor McCloud: Thank you President Hills, members of Council. For the third consecutive year, the Reynoldsburg High School Girls Track Team won the Division I State Championship in the State of Ohio. That is a huge honor. I'm not much of a track historian, but I have to expect that, that's fairly unprecedented within the State of Ohio. Coach Denny Hammond is here this evening and at this point, I'd like to have Coach Hammond step forward.

(presentation) - On behalf of the City of Reynoldsburg, it's my honor to present to you yet another ____; this is for you to hang in the place of your choice - home or office. Congratulations on a job well done.

Coach Hammond: The girls are working, or on vacation, but we thank you for your recognition. We thank you for your support and hopefully we can do this again next year.

Mr. Hills: Thank you for coaching.

Item No. 9b is a Report from the Ad Hoc Council Committee to Review Budgetary Issues Facing the City of Reynoldsburg. Are we going to have as a whole committee or the Chair, Brad Sprague, do you plan to address Council this evening with that report? If you would Brad, please come forward. I'd like to recognize, Brad probably will also, but they're all, all members of the committee are here consisting of Larry McGrath, Dave Reidel, William Shorthill and Linda Smith. They are here to support Brad, correct?

Mr. Sprague: They're covering my back.

Thank you, President Hills, and thank you members of Council, and Mayor. The Committee met for about a month, once a week, every Wednesday morning, and spent a lot of time looking at the

finances of the city, both on the revenue side and the expenditure side; and the first thing we tried to determine, as a group, was whether we thought the City of Reynoldsburg was facing a short-term financial problem, or one induced by the current economic conditions, or whether it was facing truly what we would call a structural imbalance; and I think that the conclusion of the Committee is that the financial difficulty of both the General Fund and the Capital Improvement Fund falls in the category of a structural imbalance. It's not something we expect the city to be able to grow itself out of, and a structural imbalance is when current year revenues do not match current year expenditures for a prolonged period of time. Over the past several years, this condition has persisted and the City of Reynoldsburg has done a good job of managing its resources, but it's done so by a) - drawing down on accumulated reserves from prior years and b) - from diminishing its support of Capital Improvement Projects precipitously to the point where there is about 2% of income tax revenues now being devoted to the General Fund, or I'm sorry, to the Capital Improvement Fund and in the not-too-distant past, that was 15%.

It's possible that the city, in our opinion, could have struggled forward, waited a little more, before it made some systemic changes, with the absence of, with the dramatic changes at the State level in the State support of local government, but the new State budget that was just adopted effective July 1, 2011, had two major provisions in it that are going to affect the financial well being of the City of Reynoldsburg and every other community in the State of Ohio for the long run. One of those is the cutting of the Local Government Fund by 25% in fiscal year, 2012 State fiscal year, and another 25% in State fiscal year 2013. That ultimately means a loss of over \$500,000 in revenue to the City of Reynoldsburg. Furthermore, in 2013, it's anticipated the Estate Tax will be eliminated and I believe the City of Reynoldsburg has about \$350,000 budgeted in Estate Tax revenues this year and although that fluctuates from year to year, my understanding is that's a good representation of what it has been historically.

With those two changes coming into play, it really tips the scale to the point where the Committee didn't think that Reynoldsburg is going to be able to budget long-term on a balanced basis and meet its capital needs without some form of revenue enhancement and those two items that were cut, the Local Government Fund and the Estate Tax are two of the five largest sources of revenue that the city receives in its General Fund and they've been dramatically cut.

The Committee, and the bottom line is, is recommending to the Council that it place a 1% income tax increase on the ballot and that income tax increase be used for two things: one) to maintain the General Fund on a balanced basis going forward; and two) to make a commitment to fund capital improvements on a long-term basis, as well. Committee's endorsement or support of an income tax increase has not come without some recommendations on the other side of the equation and the report contains a list of cuts that the Committee has identified and which we think ought to be pursued by the Council and the Administration. I think it's safe to say that most of those cuts fall in the area of employee benefits. The Committee feels that the benefit package is rich and that it ought to be brought more in line with what you might see in the private sector in the community. We understand that can't all be done overnight because some of the benefits awarded are subject to negotiations, though we'd expect that those cuts that are subject to union negotiations, be addressed in the next round of negotiations, and those that aren't, get implemented on a more accelerated basis. We also

think that if the income tax is going to be wholeheartedly endorsed by this Committee and hopefully by the public, that the Council also make a commitment to building a solid fund balance on an ongoing basis in the General Fund and that it would also set aside some money in a Rainy Day Fund so that the next time there's an economic downturn, the city is not again financially strapped.

When we looked at the tax increase, there are two ways to generate more money out of the income tax. One is to an increase in the rate and the other one is certainly to reduce the credit that Reynoldsburg residents receive for wages that they earn outside of the City of Reynoldsburg. It is our recommendation that a tax increase is preferable and has the least amount of impact on the citizens of Reynoldsburg than the alternative and that is because with an income tax rate increase, with 100% credit for what's earned in other communities, Reynoldsburg residents, for example, who work in the City of Columbus, would not pay more income tax as a result of the tax increase. Non-residents who work in Reynoldsburg, and there's thousands of those people, would shoulder a large amount of the increased tax rate and shoulder the burden of the total dollars that are being generated by the tax increase. Obviously it would be unfair to say that no resident of Reynoldsburg is going to pay more if there's a tax increase. Those who work and live in the City of Reynoldsburg would experience the full amount of the tax increase and those that live in Reynoldsburg but work in another community that has a lower tax rate than that which would be in effect in Reynoldsburg with the passage of an increase, will pay a small percentage to Reynoldsburg in addition to what they're making in the other community.

What we did not look at, but we think that it should be addressed if anything, if you as a body decided to present something to the voters, is we did not look at eliminating departments or particular services. We didn't think that was within the realm of what we were being assigned to do. Those are policy decisions that have to be made by this body and the Administration but we do think that the voters should be made aware when they're presented with any tax increase, of what will happen in the absence of a tax increase. We also think that Council should make its intentions clear that if an income tax increase fails, what the position will be in regards to maintaining the 100% income tax credit that exists for residents who work outside of the community. Like I said, I won't go through all of the different specific recommendations that we made. They're addressed in the report, but we would be, I or any other members of the committee, would be happy to answer any questions that you might have; and we do appreciate the opportunity to work on this, and we do appreciate the cooperation received from Council, the Mayor, City Auditor Dick Harris, and of course, Nancy, who kept us all together. Thanks.

Mr. Hills: Do you have any questions for Mr. Sprague? Questions at all? Any comments any other member of the committee wants to make? I will say again, I do appreciate the service of all the committee members. I know it was a lot of material to go through and analyze and we appreciate that. What will happen from this, this report and recommendation will be handled on July 18th in the Finance Committee. The determination, discussions will be made. Council does not increase the percentage rate of income tax; it can do a resolution to go to the voters to be voted on at the next General Election. Council cannot increase the rates and it's now 1 ½% to 2 ½% . The only thing they can do is do a resolution which would allow the voters to recommend and accept the tax increase.

I think Mr. Sprague has noted, mentioned the reduction of the credit. I'm sure we'll have discussions along those lines as we go on, but this is set for Finance Committee on July 18th for discussion. If something is coming out of that, it would be for passage on July 25th because there is a date in August, I believe it's August 10th, that everything must be downtown if you're going to have anything on the ballot. So it will take action starting coming out of committee next week. Does that raise any questions for anyone on Council? Anyone on the Ad Hoc Committee? Mayor, anything you want to add?

Mayor McCloud: No, Sir.

Mr. Hills: With that, that concludes the Reports. Again, I would like to thank everyone for their efforts.

Clerk read Motion: **That the Council of the City of Reynoldsburg does hereby request a thirty day extension of the time stated on the "Notice to Legislative Authority" for permit no. 9285322 whereby responses must be postmarked no later than 7/18/2011.** - -Mr. Clemens moved adoption; Mr. Joseph seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed.

A RESOLUTION REAUTHORIZING AN AGREEMENT BETWEEN THE CITY OF REYNOLDSBURG AND THE BOARD OF COUNTY COMMISSIONERS, FRANKLIN COUNTY, OHIO ON BEHALF OF THE CITY OF REYNOLDSBURG IN ORDER TO PARTICIPATE IN THE FRANKLIN COUNTY OHIO DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (HUD) ENTITLEMENT PROGRAM AND ABIDE BY THE COVENANTS OF THAT PROGRAM AS STATED HEREIN AND DECLARING AN EMERGENCY- -Clerk read ordinance by title for the one required reading. Mr. Cotner moved adoption; Mrs. Kelly seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Resolution No. 27-11 adopted.

ORDINANCE AUTHORIZING MAYOR TO ENTER INTO CONTRACT TO PURCHASE ROAD SALT AND DECLARING AN EMERGENCY- -Clerk read ordinance by title for the one required reading. Mr. Clemens moved adoption; Mr. Long seconded. Mr. Hills said it was nice to know, and the public will know, we will have the bins full with 3,000 tons of salt before the snow falls this year, so there should be no issues. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Ordinance No. 28-11 adopted.

ORDINANCE AUTHORIZING MAYOR TO PURCHASE TWO 10 FT STAINLESS STEEL DUMP BODIES (SALT TRUCKS) FOR THE STREET DEPARTMENT AND DECLARING AN EMERGENCY- -Clerk read ordinance by title for the one required reading. Mr. Clemens moved adoption; Mr. Cotner seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long

"Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Ordinance No. 29-11 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 first reading. Item referred to Finance Committee.

RESOLUTION ADOPTING THE TAX BUDGET OF THE CITY OF REYNOLDSBURG OHIO, FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2012 AND DECLARING AN EMERGENCY- -Clerk read ordinance by title for the third time. Mr. Joseph moved adoption; Mr. Clemens seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Resolution No. 30-11 adopted.

ORDINANCE AUTHORIZING AND DIRECTING THE CLERK OF COUNCIL TO CERTIFY GRASS AND WEED CUTTING COSTS (2010) FOR COLLECTION BY THE FRANKLIN COUNTY AUDITOR- -Clerk read ordinance by title for the third reading. Mr. Joseph moved adoption; Mr. Cotner seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Ordinance No. 31-11 adopted.

ORDINANCE AUTHORIZING AND DIRECTING THE CLERK OF COUNCIL TO CERTIFY GRASS AND WEED CUTTING COSTS (2010) FOR COLLECTION BY THE LICKING COUNTY AUDITOR- -Clerk read ordinance by title for the third reading. Mr. Joseph moved adoption; Mr. Deskins seconded. With the roll called, members voted: Mr. Cotner "Yea"; Mr. Long "Yea"; Mr. Burd "Yea"; Mr. Deskins "Yea"; Mrs. Kelly "Yea"; Mr. Joseph "Yea"; Mr. Clemens "Yea". Motion passed; Ordinance No. 32-11 adopted.

Meeting was adjourned at 7:50 p.m.

William L. Hills, President of Council

Nancy C. Frazier, Clerk of Council