

President Kevin Hardman called the Sharonville Council work session of June 22 to order at 6:00 p.m.

All of the Elected Officials were in attendance. Others in attendance included: Ted Mack, Robert Fisher, Christine Thompson, Ralph Hammonds, John Mackey, Chris Ellis, John Cook, Mark Preuss, Aaron Blasky, Derek Broenner, James Nesbit and Martha Cross Funk.

Ted Mack provided the attached list of ideas that were discussed by the Budget Oversight Committee (Mayor Lovitt, Kevin Hardman, Mark Piepmeier, Al Ledbetter, Janey Kattelman, Ted Mack, Robert Fisher, Christine Thompson and Amy Moore). The ideas have been separated into short-term and long-term solutions. Within those two groups, the ideas are further distinguished as either revenues or expenses.

A spreadsheet that includes the reductions of budgets that have been proposed by Department Managers for the remainder of this year is also attached. The proposed reductions amount to approximately 2% of budget and Ted Mack is proposing a change to the budget to reflect the downsizing in the budget for the rest of the year.

Ted Mack recommended pre-budget meetings beginning in August or September for discussions on the long-term solutions to address some of these issues. The Department Managers would then be able to make decisions for budgets based upon those directions.

Revenues for 2010 were projected at a reduction of approximately three percent from 2009. Through the end of May 2010, the revenues are basically even with last year's revenues due to better receipts in May than expected. Currently, the City's revenues are above projections but the economy is very volatile. Based upon receipts through April, the revenue was projected to be down approximately \$180,000 less than budgeted for 2010. This would have reduced the ending balance projected on the attached worksheet at \$1.4 million.

Ted Mack encouraged discussion and debate on all of the issues introduced. Most of the issues were discussed in the Budget Oversight Committee meetings. However, Ted Mack identified that the recommendations noted are those of the Administration.

Ted Mack reviewed each issue with Council. Additional comments noted on each issue below are from comments made during the work session. Council noted no objections with the short-term recommendations. Ted Mack identified that the general public has not noticed the reductions that have been made so far and made Council aware that these proposed short-term changes, especially in Recreation, will be noticed. Janey Kattelman stated that the Recreation Committee has had meetings on these issues and knew these changes were coming. Vicki Hoppe noted they had also been discussed during budget.

Paul Schmidt noted that using 2009 as a model for 2010 one can see that a lot has to be done. In the General Fund, the carry-over of \$2.5 million is projected to be \$1.5 million at the end of the year. The same problem exists in the Fire Fund. Reductions are being made now to preserve as much of the carry-over as possible. Capital of \$700,000 to \$800,000 was not included in the budget. Receipts for 2011 may be flat and the City has still not addressed the capital issues. The short-term reductions proposed are nowhere near what have to be faced. Revenues and expenses have to be aligned.

Kevin Hardman noted projections are for the General Fund to bring in \$13.8 million in 2010. For 2011 with the same receipts and \$800,000 going to capital, the operating budget would be \$13 million. This is \$1.8 million less than the operating budget for 2010. The City will need to find \$1.3 million in addition to the cuts being discussed tonight. Kevin Hardman identified that 70% of the budget is personnel costs and almost 70% of the cuts presented tonight have nothing to do with personnel.

Council Members expressed an interest in having Department Managers included in these discussions. An additional Council work session to include Department Managers was scheduled for July 27 at 6:00 p.m.

4.	EXPENSE: Close west side rec center July1	\$15,000	Yes
	<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. The savings are related to wages. 		
5.	EXPENSE: Hiring freeze for full-time employees	\$?	Yes
	<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. The hiring freeze is for <u>full-time</u> positions. There may be exceptions for Department Manager positions or for highly specialized positions (ie. mechanic or nurse). A part-time employee may be considered or it may be necessary to fill the need with another full-time employee. 		
6.	EXPENSE: Refinance city debt	\$?	No
	<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons – This was done not too long ago. There is no benefit at this time. 		
7.	EXPENSE: Reduce mileage rate for employees	\$?	No
	<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons – The City follows the federal government guidelines. 		
8.	EXPENSE: Cut 2010 budgets by 2%	\$? (see spreadsheet) (GF)	Yes
	<ul style="list-style-type: none"> • Administration DOES recommend this option. \$114,450 (FD) <ul style="list-style-type: none"> a. Pros b. Cons 		
9.	EXPENSE: Suspend sick-time buy back	\$? Done for 2010	No
	<ul style="list-style-type: none"> • Administration does NOT recommend this option. Changes have been made in the new Policy Manual to control future costs in this area. <ul style="list-style-type: none"> a. Pros b. Cons – It has already occurred this year. c. If this is to be considered, it would need to be planned for the 2011 budget. The employees would report sick-time buy back requests for 2011 in October. 		
10.	EXPENSE: Suspend 4 in-car cruiser cameras	\$24,060	Yes
	<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. These cameras were budgeted to be purchased from the General Fund not the SPD special funds. The interview room cameras were budgeted from the SPD special funds. 		
11.	EXPENSE: Cancel remaining PD community programs	\$7,600	Yes
	<ul style="list-style-type: none"> • Jr. Police Academy, Female Self Defense, Neighborhood Watch, Child ID, Shop with a Cop <ul style="list-style-type: none"> a. Pros b. Cons c. No recommendation was made by Administration as these programs may be done through comp-time rather than overtime. However, comp-time is not a requirement so the \$7,600 would be the savings if paid out as overtime. 		

12. EXPENSE: Cancel remaining honor guard events	\$4,575	Yes
<ul style="list-style-type: none"> • 4th of July Parade, Reds Game Sept 1, Veterans Day, 2 trainings <ul style="list-style-type: none"> a. Pros b. Cons c. No recommendation was made by Administration as these programs may be done through comp-time rather than overtime. However, comp-time is not a requirement so the \$4,575 would be the savings if paid out as overtime. 		
13. EXPENSE: Increase employee health contribution	\$110,000	Yes
<ul style="list-style-type: none"> • This has been done. <ul style="list-style-type: none"> a. Pros b. Cons c. This amount is not reflected on the worksheet because the dollars being contributed and the way the insurance package was structured stayed within the current budget. The \$110,000 is the amount that would have had to been added to the budget if the health insurance package had not been changed and the benefits had been kept at the same level. d. Changes included: Co-pays for primary care increased by \$5; Specialist co-pays increased from \$15 to \$40; Prescriptions increased from \$10/\$20/\$40 to \$20/\$40/\$60; Deductible of 10% based upon usage (The City had been paying the deductible at 100% instead of keeping the 90% City / 10% Employee split as with the premiums and as intended); Premium increases of approximately 14% on single and family plans; New tiers added for employee and spouse as well as employee and children saw a premium reduction. e. The Health Plan period is from July 1, 2010 until July 1, 2011. However, the deductible remains on a calendar year. Employees will pay 10% of any deductible used during the remainder of the year. 		
14. EXPENSE: Suspend tuition reimbursement	\$?	No
<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros – There are not very many employees who use this option. Those who do use it wisely and the City is better for it. b. Cons 		
15. EXPENSE: Suspend Reading Road capital project	\$120,000	Yes
<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros – This is just suspending it for one year (from 2013 to 2014). The dollars have already been granted for this project. There are some unanswered issues related to the project that need to be resolved first (ie. the removal of the Reading Road overpass by Norfolk Southern). b. Cons 		
16. EXPENSE: Suspend Sharon Road capital project	\$100,000	Yes
<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros – The stimulus dollars anticipated are not likely to be available anyway. b. Cons 		
17. EXPENSE: 5 day furlough	FD \$57,000; GF \$125,000; All others \$30,224	Yes at \$1.1 M
<ul style="list-style-type: none"> • Administration does NOT recommend this option unless projection of end of year balance shows less than \$1.1M will be carried forward to 2011. <ul style="list-style-type: none"> a. Pros b. Cons c. These five days would span over any six-month period beginning at the point that an end of year balance of \$1.1M or less is projected. d. This includes all salaried personnel. e. The 5 day furloughs would have to be discussed with the unions. 		

- f. Ted Mack asked for clarification if this was also the same for the #3 income tax credit reduction. Kevin Hardman stated that the income tax credit reduction could be discussed more when working on the budget for next year.
- g. Martha Cross Funk expressed concern that the inside millage was being taken off the table before all revenue options were discussed. As someone who voted against the inside millage in 1994 as a Council Member, she noted her understanding of why Council members would prefer not to exercise that option. However, in 1994 the reasons were a desire for an expanded Recreation Center (which was able to be expanded without the levy) and other ideas for future projects. At this time the City is in need of funding due to economic conditions for critical services. There are services like waste collection that affect all of the residents. Martha Cross Funk noted that, as a resident, she would prefer to pay the inside millage which provides a way to fairly assesses the service to all residential units at a cost that is significantly less on a per unit basis than the cost of the service billed separately to those same homes. Again, this fairly assesses a service to all who use it. As Vicki Hoppe pointed out there are residents who do not pay any tax to help support the City either due to working in other cities or due to retirement. The income tax credit reduction ends up assessing this now additional cost for services that are used by all to only those who happen to be employed and only if they happen to be employed outside of the City of Sharonville. Reducing the credit or increasing the tax only affects those people who work. When everyone gets the services, why is the City only making the people who work pay the cost? By taking the inside millage off the table now and saying that discussion regarding the income tax credit reduction can occur later, Council would be saying that if a revenue source is sought then the additional revenue will be only on the shoulders of the residents who work outside of the City. One revenue option should not be taken off the table without the others. The charge for waste collection is also still being left on the table when it would be less of an expense per unit to pay for it through the inside millage. This would also ensure that the trash continues to be picked up at all residences rather than having some residents choose to not pay and create clutter or start dumping their trash in the dumpsters of others.
- h. Mayor Lovitt stated that the owners of \$100,000 homes would pay less for a 2-mill levy than they would in paying \$15 per month for waste collection. Again, this would be due to the fact that the levy would also apply to businesses.
- i. Kevin Hardman identified that in the current political landscape residents will be looking for what cuts have been made and what services will have to be cut before tax increases are considered. He noted that he was also opposed to the income tax credit reduction and that the City needs to identify more cuts in the budget.
- j. Ted Mack noted that long-term some of these decisions must be made. Even in the good times some of the things that needed to be funded as far as the safety services could not be funded. The decisions must be made for what is right for the City and not a rush to judgment because of a bad economy. The problem existed before, the City is still faced with it and it is right in our faces because of this critical economic situation. The Administration is trying to continue to make cuts in order to stay afloat. These short-term cuts are very simple, like low hanging fruit to pick from but there is very little of that left. This is the reason the Administration's recommendation was for the inside millage or the income tax credit reduction. If that is not on the table, then there are services across the board that will be different for the City.
- k. Tom Keating identified that Council could put the inside millage on the ballot to allow the residents to make the decision. It was also noted that it could be identified for a specific purpose (ie. safety service capital) and it could be for a limited number of years.
- l. Kevin Hardman noted that most of what was discussed this evening was about the General Fund and has not even addressed the Fire Fund. The Fire Department has not been funded by the General Fund though Council has realized that it will have to start occurring since there is not enough money in the Fire Fund to do it. If an inside millage were identified for the purpose of safety service capital (ie. primarily Fire), this does not even begin to address the problems in the General Fund.

2.	REVENUE: Increase income tax	\$?	Y	N
	<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons 			
3.	REVENUE: Decrease income tax credit	\$1M	Y	N
	<ul style="list-style-type: none"> • SSD/DSSDs DO recommends this option (if no millage) ONLY if Safety Services are to remain at their current level to their critical safety capital needs. <ul style="list-style-type: none"> a. Pros – Same as #1 for levy inside millage. A full elimination of the income tax credit would provide more income than the 2-mill levy. b. Cons – This is subject to a referendum. The only people paying the extra money are residents. 			
4.	REVENUE: Increase residents fees	\$?	Y	N
	<ul style="list-style-type: none"> • Administration DOES recommend this option with modest increases to offset costs. <ul style="list-style-type: none"> a. Pros b. Cons c. This would include modest increases to cover costs (ie. permit fees, Recreation fees). 			
5.	REVENUE: Rental property application/inspection fees	\$50,000/year	Y	N
	<ul style="list-style-type: none"> • Administration DOES recommend this option to offset costs in the Building/Planning department and for better quality rental properties. <ul style="list-style-type: none"> a. Pros b. Cons c. These inspection fees would cover the costs related to the inspections. It would improve the quality of rental properties in the City and assist in avoiding incidents like Harmony Grove happening. Springdale is using this program. d. Mayor Lovitt noted that, like the Health Department, the fees need to be justified based upon the expense the City puts out in doing the inspections. These inspections are not currently being done so this would be new expenditure being reimbursed. It is a good program but it is not a gain in dollars for the budget. Ted Mack noted the dollars were not included in the spreadsheet. 			
6.	REVENUE: Increase business fees	\$?	Y	N
	<ul style="list-style-type: none"> • Administration DOES recommend this option with modest increases to offset costs. <ul style="list-style-type: none"> a. Pros b. Cons c. This would include modest increases to cover costs (ie. building permits, dump truck usage fees, Recreation fees). 			
7.	REVENUE: Charge for trailer park waste	\$25,000	Y	N
	<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons 			
8.	REVENUE: Charge for dump truck usage 2011+	\$?	Y	N
	<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons – It is a positive service being offered to the residents and would not necessarily generate that much income. c. Mayor Lovitt noted that businesses are charged a fee for dump truck usage. 			
9.	REVENUE: Lease City owned property	\$50,000/year?	Y	N
	<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros – There is a property that someone is interested in leasing. The Administration prefers to lease currently owned properties where the proceeds, if able to be sold at this time, would likely be a net loss based upon the actual value of the assets. b. Cons 			

10. EXPENSE: Reduce staffing all departments	\$?	Y	N
<ul style="list-style-type: none"> • Administration will continually assess staffing levels during attrition. <ul style="list-style-type: none"> a. Pros b. Cons 			
11. EXPENSE: Privatize city services	\$?	Y	N
<ul style="list-style-type: none"> • Administration will continue to evaluate this area. <ul style="list-style-type: none"> a. Pros b. Cons c. Some of this has been done this year. The landscaping maintenance of the expressway off-ramps has been out-sourced. 			
12. EXPENSE: Pay half to none of waste collection	\$250,000-\$500,000	Y	N
<ul style="list-style-type: none"> • Administration does NOT recommend this option unless projection of end of year balance shows less than \$1.1M will be carried forward to 2011. <ul style="list-style-type: none"> a. Pros b. Cons – The cost per unit is less if paid through the City rather than billed to residents individually by the waste collector. The only people paying the extra money are residents because the businesses are already paying it. c. Robert Fisher noted that he pays \$15 per month where he lives. Rob Tankersley noted that he pays \$38 per month for a property in Sycamore Township that he owns. d. Kevin Hardman noted that the fee proposal for dump truck usage was nixed because it was a popular program. He questioned that Council would then charge every residence for waste collection. He noted that he receives comments questioning why the City does not also provide leaf collection. 			
13. EXPENSE: Redo salary schedule	\$?	Y	N
<ul style="list-style-type: none"> • Administration DOES recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. This would involve looking at all of the job classifications and adding a tier or two to the step increases. 			
14. EXPENSE: Reduce longevity pay	\$?	Y	N
<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. This is not recommended at this time but it may be considered at some point. d. Vicki Hoppe suggested that furlough days would not need to occur with the elimination of longevity pay. Mayor Lovitt noted that there are three ways of doing this. If things get too bad, lay offs will affect the least senior employees. Cancellation of longevity punishes the most senior employees. Furlough days will take a piece from everyone. The City will hope to move forward without losing the team members who have been trained; who have come to depend on the City and the City has come to depend on them. As things get better, everyone is still here. 			
15. EXPENSE: Ceiling for sick leave accrual	\$?	Y	N
<ul style="list-style-type: none"> • Administration does NOT recommend this option. <ul style="list-style-type: none"> a. Pros b. Cons c. This is not recommended at this time but it may be considered at some point. 			

16. **EXPENSE:** Operate 2 fire houses \$? Y N

- Administration does NOT recommend this option unless no millage is collected OR the tax credit is not repealed.
 - Pros
 - Cons
 - Decisions are going to need to be made regarding the Fire Department as well as safety and other services if additional revenue sources are not made available.

17. **EXPENSE:** Hire a City Engineer vs. Outsourcing \$? Y N

- Is it more cost effective to hire an engineer?
 - Pros
 - Cons – If a city engineer was hired and took over what the current engineers do, the individual would be demanding a fully-staffed office in a very short period of time. The City’s engineers draft plans for street developments, review site development plans and also find grant dollars for much of what the City does. Ted Mack noted that he believed the cost of having an in-house engineer would actually be higher.

Budget Consideration
2010

Beginning GF Balance 2010	\$ 2,488,867.00	Beginning Fire Balance 2010	\$ 975,827.00
Projected GF Receipts 2010	\$ 13,836,066.00	Projected Fire Receipts 2010	\$ 6,154,001.00
Approved GF 2010 Budget	\$ (14,828,852.00)	Approved Fire 2010 Budget	\$ (6,750,423.00)
Projected ending Balance	\$ 1,496,081.00	Projected ending Balance	\$ 379,405.00
Overspending 2010 Revenue	\$ 992,786.00	Overspending 2010 Revenue	\$ 596,422.00

Department	Item	Reduction
Health Department		
	51014 Part Time Salaries	\$ 3,500.00
	53600 Taxes, Licenses and Permits	\$ 1,500.00
	53999 Other Misc Contracts	\$ 500.00
	54000 Contract Gasoline	\$ 500.00
	54301 Medical Supplies	\$ 1,000.00
	54301 Office Supplies	\$ 300.00
	54999 Other Operating Supplies	\$ 500.00
Total		\$ 7,800.00
Recreation		
Programs and Centers - 325		
325 - Wages of \$38,452	Close Crescentville Center July 1	\$ 15,000.00
PERS - \$5,383	Close Rec Center on Sundays	
Medicare - \$557	beginning July 4	\$ 11,752.00
Workers Comp - \$769	Close Rec Center 1 hr early Mon - Sat	\$ 11,700.00
	Withholding reduction - 325	\$ 6,709.00
Maintenance - 310		
310 - \$11,000 Wages	Reductions in PT Salaries	\$ 12,920.00
PERS \$1,540		
Medicare - \$160		
Workers Comp - \$220		
Total		\$ 78,481.00
Pools - 335		
	Closing Gorman Pool - July 1	\$ 20,400.00
		Note: Reduce Budget by \$8000 if closing Aug 1
Building and Planning		
	53103 Advertising	\$ 500.00
	53203 Engineering	\$ 2,000.00
	53300 Maint of Equip	\$ 2,000.00
	53301 Maint of Building	\$ 500.00
	53701 Book and Periodicals	\$ 1,500.00
	54200 Small tools	\$ 250.00
	54201 Major tools	\$ 500.00
	54302 Photographic Supplies	\$ 200.00
	54999 Other Operating	\$ 150.00
Total		\$ 7,600.00
Public Works		
	51012 Overtime	\$2,000.00
	52100 Educ. & Training	\$500.00
	53700 Memberships & Dues	\$39.00
	54101 Bldg & Land Maint.	\$4,400.00
	54102 Cleaning Supplies	\$200.00
	54200 Small Tools	\$500.00
	54900 Office Supplies	\$600.00
Total		\$8,239.00

Budget Consideration
2010

Department	Item	Reduction	
Police	51014 Part Time Salaries - Crossing Guards	\$ 10,545.21	
	51016 Sick Time Buyback	\$ 1,266.69	
	51101 Workers' Comp	\$ 28,517.29	
	51190 Uniforms/Clothing	\$ 4,000.00	
	52100 Education & Training	\$ 5,000.00	
	52200 Tuition Reimbursement	\$ 5,000.00	
	53700 Memberships & Dues	\$ 1,472.50	
	54201 Major Tools	\$ 5,000.00	
	cancel purchase of 4 in-car video cams	\$ 24,060.00	
	Community Service Programs	Jr Police Academy	\$ 1,900.00 = from overtime 51012
		Female Self defense	\$ 1,350.00
		Neighborhood Watch	\$ 200.00
		Child ID	\$ 550.00
		Shop with a Cop	\$ 3,600.00
		Tri County Expo	\$ 1,200.00
	Honor Guard Programs	4th of July Parade	\$ 915.00
		Reds Game Sept 1	\$ 915.00
	Veterans Day Celebration	\$ 915.00	
	2 more Training Days	\$ 1,830.00	
	51012 General Overtime	\$ 17,767.00	
Total		\$ 116,003.69	
Administration	53299 Other Professional	\$ 10,200.00	
	53999 Other Misc. Contractural	\$ 4,800.00	
	52100 Education & Training	\$ 1,000.00	
	54999 Other Operations	\$ 1,000.00	
Total		\$ 17,000.00	
Tax	51012 Overtime	\$ 4,000.00	
Total		\$ 4,000.00	

Reading Road Delay for Engineering	\$ 120,000.00
Sharon Road Engineering Eliminate	\$ 100,000.00
Total 2010 Budget Reduction w/o personnel options included	\$ 459,123.69
Revised Ending Balance	\$ 1,955,204.69
Revised Overspending 2010 Revenue	\$ 533,662.31

Budget Consideration
2010

Fire Department Budget Considerations

Fire

Item	Reduction
51012 Overtime	\$ 25,000.00
51016 Sick Time Buy Back	\$ 1,500.00
51101 Worker's Comp	\$ 30,000.00
51104 Unemployment Insurance	\$ 1,000.00
51105 Medicare	\$ 2,500.00
51111 PR&P	\$ 14,000.00
51190 Uniforms & Clothing	\$ 4,000.00
52000 Travel Trans	\$ 2,500.00
52100 Education and Training	\$ 15,000.00
52200 Tuition Reimbursement	\$ 2,500.00
53000 Gas	\$ 4,000.00
53100 Telecom	
53400 Risk Insurance	\$ 7,000.00
53600 Taxes, Licenses and Permits	\$ 1,000.00
54301 Medical Supplies	\$ 4,000.00
54900 Office Supplies	\$ 250.00
54904 Program Supplies	\$ 200.00
Total	\$ 114,450.00
Revised Ending Balance	\$ 493,855.00
Revised Overspending 2010 Revenue	\$ 481,972.00