

President Kevin Hardman called the Special Sharonville Council meeting of September 21, 2010 to order at 6:05 p.m. All of the Elected Officials and the Clerk of Council were in attendance with the exception of Vicki Hoppe who arrived at 6:25 p.m. Safety Service Director Ted Mack participated by phone conference. Finance Director Amy Moore along with Deputy Safety Service Directors Christine Thompson and Robert Fisher were in attendance. Numerous employees were also in attendance.

Mayor Lovitt noted the challenge before the Administration has been to meet the following objectives set forth by the Council's majority back in August:

- ◆ No tax increases.
- ◆ Allocate 2011 revenues at 85% to Operating and 15% to Capital/Debt.
- ◆ No expenditure of the 2010 year-end balances during 2011.
 - No deficit spending with the exception of the allowance to spend up to \$467,000 from one of the Reserve funds for the Fire Department in order to keep all three fire stations open.
 - Currently, the 2010 year-end balance is projected at approximately \$4 million which includes the General Fund (\$2,400,000), Fire Fund (\$548,000), Debt Reserve (\$467,000), General Fund Budget Reserve (\$400,000) and Retirement Reserve (\$151,000).
 - The traditional goal of the City has been to carry over 10% of the current year's revenues into the next year. The projected revenues between the General Fund and the Fire Fund are approximately \$20 million. So the current projected carryover is right at 20%.
 - With the Debt Reserve of \$467,000 spent for the Fire Department, the carryover will be projected at 17.5%.
- ◆ Reduce the size and cost of government primarily in the area of personnel costs.
- ◆ Meet the objective of 85% Operating and 15% Capital/Debt for 2011 and 2012. The hope is to transition to 80% Operating and 20% Capital by the year 2015.
- ◆ Mayor Lovitt noted that the first priority must go to the residents and businesses served. The #1 goal should be to minimize the impact on the residents and businesses. However, there is a direct correlation between the number of employees and the level of service provided. Simply put, the employees deliver the service so employee retention is a high priority in everything presented this evening.
 - Most of what is presented will be affecting pay and benefits for non-union employees.
 - The Administration will be working on contracts for next year with the two unions. Any ingredients in those contracts have not been factored in since no negotiations have actually started.
 - At first blush when going through this, it appeared a 12.5% pay decrease across-the-board or a layoff of up to 18 employees was needed.
 - Then came the understanding that the City is self-insured for unemployment. For every two employees laid off, a third employee would need to be laid off to pay the unemployment costs for all three. So 18 layoffs became 27.
 - After three weeks of analysis, an alternative is being presented that is believed to be able to provide an acceptable level of service to residents and businesses as well as meets the objectives of Council while minimizing layoffs.

2011 Financial Projections:

- ◆ Finance Director Amy Moore reviewed the attached information:
 - Fire Fund: 2010 Update with calculations for 2011 Budget restricted to 2011 receipts.
 - General Fund: 2010 Update with calculations for 2011 Budget restricted to 2011 receipts.

- ◆ Mayor Lovitt reviewed the attached information:
 - 2011 Preliminary Budget Update Summary Sheet.
 - Although an estimate has not been included in the revised variance shown, the Administration has agreed to transfer City hotel tax above \$900,000 up to a maximum of \$75,000 to the General Fund in 2011.
 - President Hardman asked why all of the excess above \$900,000 would not come back to the General Fund. Mayor Lovitt identified that the Convention Center has been living on all of the hotel tax. So the question was whether the Convention Center could put some money back into the General Fund to assist the fund for 2011. Not knowing what the future hotel tax will be until it is fully expanded; a long-term decision is not being made until the operations of the expanded center can be determined.
 - Mayor Lovitt identified that the “Recommended” numbers are included in the Revised Variance while the “Not Recommended” numbers are not. He also noted that the recommendations are only due to having to do the math as requested by Council.
 - Vicki Hoppe requested clarification that any reductions would be across the board in the other funds. The reduction savings in the other funds were not included in the Revised Variance. Mayor Lovitt noted that he did not have the confidence that Council would support reducing the General Fund due to having money in the other funds.
 - Janey Kattelman stated that just because questions are not asked does not mean that Council agrees with the recommendations. She also identified that when the term Council is used it does not mean that all of the Council members are in agreement. Mayor Lovitt identified that his use of the term Council means the majority.

- ◆ Deputy Safety Service Director Robert Fisher reviewed the attached information:
 - Early Separation Incentive.

- ◆ Mayor Lovitt reviewed the attached information:
 - Cost Comparison – Unemployment vs. Separation Incentive.
 - All of this money would be budgeted in 2010. This is not money that would compromise the budgeting problem in 2011. The contracts would be signed in 2010, so even the money to pay out the COBRA cost would be encumbered in 2010 and would lower the 2010 ending balance from the \$2.4 million.

- ◆ Deputy Safety Service Director Christine Thompson reviewed the attached information:
 - Sick Time Buy Back Program – Future of the Program.

- ◆ Deputy Safety Service Director Robert Fisher reviewed the attached information:
 - City of Sharonville Grants For Improvements or Assets.
 - Mayor Lovitt noted the City cannot afford to do everything Sharonville needs. The City has a team of people who have become very good at applying for and obtaining grants for Sharonville. In the last few years the City has been spending money on Capital, it just has not all been coming out of the General Fund.

At 7:10 p.m. the motion by Mr. Cunningham to move in accordance with section 121.22(g)(1) of the Ohio Revised Code that Council go into Executive Session for the purpose of discussing personnel issues including the employment, benefits and possible layoffs of employees was seconded by Mr. Rabe. Roll Call Vote to move into Executive Session. Motion approved by a vote of 6 to 1 (Rabe – yes, Schmidt – yes, Pugh – yes, Tankersley – yes, Hoppe – yes, Cunningham – yes and Kattelman –

no). The Executive Session included the Elected Officials, Christine Thompson and Robert Fisher as well as Safety Service Director Ted Mack by phone conference.

The Special Council meeting reconvened at 7:54 p.m.

Additional items:

- ◆ Mayor Lovitt identified that at a prior work session Council requested the creation of a new salary structure for the City. Currently, it was noted that three years puts many job classes at the top of the salary structure.
 - There was also the question that longevity was not functioning the way it was meant. Mayor Lovitt noted that longevity is approximately three more steps beyond the first three years when getting to a senior level. The cumbersome part about longevity is that it is paid to each eligible person one time annually. However, the pension system requires the calculation of longevity into the hourly rate for purposes of calculating overtime. If longevity is really steps, then it should be calculated into the steps.
 - The Administration is not capable of putting a new salary structure together for 2011. There is too much being dealt with at this time and a number of issues to be researched.
 - One of the items on the list of potential budget cuts was longevity across the board for next year. This does not seem fair when it may be part of a new salary structure in 2012. So keeping longevity in place for 2011 has been proposed.
- ◆ Tuition reimbursement has not been recommended to be eliminated. For 2012, the recommendation would be to actually increase the amount but to also require the education to be more relevant to the existing job or to potential promotions.
- ◆ The Administration is recommending appraisals at a cost of approximately \$7,000 to \$10,000 for the following four properties:
 - Crescentville fire station – proceeds would go to the Fire Fund, if sold.
 - The appraisal on this property was conducted yesterday.
 - Tax Office building – proceeds would go to the General Fund, if sold.
 - Historical Society building – proceeds would go to the General Fund, if sold.
 - Western Town property – proceeds would go to the General Fund, if sold.

President Hardman noted that the Administration has drawn up these proposals based upon the parameters that the majority of Council gave at a previous Council meeting. He asked if there was a desire to discuss those parameters again.

- ◆ Vicki Hoppe stated that she did not believe 2011 should be the year Council should be hard-nosed about the Capital percentage. The Department Managers know how to manage the money.
- ◆ President Hardman identified that there is the issue where the City did not fund anything, relatively speaking, in Capital. Residents have asked when the streets will be fixed. The regular street maintenance program needs to be reinstated next year so the improvements that have been stopped may be made on a continuous basis. Is \$1,010,000 needed? Perhaps not, but the Capital must not be neglected.
- ◆ Tom Keating stated that the year end balance does this. It goes up and down every year. It is a nice goal to say that the year end balance will be protected. Obviously, the income and expenditures of the City go up and down. There is nothing tying the two together. Tom Keating

noted that if he were a Council Member he would say this is the year some of the year end balance should be used to make up the deficit rather than to cut services or layoff employees.

- ◆ Al Ledbetter stated that since the late 1980s when he was working with Mayor John Dowlin and Rex Baysore the City consistently used a beginning year balance to offset some of the operating costs. This year there is projected ending balance of \$2.4 million as well as a reserve fund set aside for emergencies which is like a savings account. When there is a problem, you go to your savings account. There are also excess funds set aside for the Convention Center. Al Ledbetter expressed his hope that Council will review all of these numbers and consider using some of the balances. This involves a cost in people, their families, employees who have been with the City for a long time. The goal is to provide services to the residents. However, there is a balance between what is delivered to the residents and what is done for the people who work with us. We are taking care of ourselves. Al Ledbetter expressed his desire that Council also take care of the employees and use part of the beginning balance next year.
- ◆ President Hardman agreed that during the past ten years the beginning balance has been used in order to supplement the budget for the next year. However, the trend was that more money was brought in the following year than what was budgeted. Last year this was no longer the case. If money continues to be spent that is not coming in, the City will continue to be in a bad situation. Reserve funds will be used in the amount of about \$470,000 to shore up a problem with the Fire Department that has not yet even been addressed. This issue is not only a problem for 2011 but for the following years as well. The revenue in the next few years does not appear that it will come in the way it did in the past ten years. As much as he does not want to lay people off, as much as he cares about what they are doing this is why options are being made available. The separation incentive program including the COBRA assists in reducing an impact that flat out layoffs would cause. This is a discipline that Council needs to do and has subscribed to do. It will put the City in a much better position when things start getting better. This is a position President Hardman believes the City should be in.
- ◆ Kerry Rabe expressed that he did not want to back off of the Capital needs as he wishes to see the road, curb and sidewalk improvements. He indicated that he would not mind dipping into some of the reserves, if needed. However, the 15% Capital should be maintained.
- ◆ Janey Kattelman cited an economic speaker on the Today Show who stated that as long as businesses continue to sit on money and do not hire people this whole situation will continue to drag on. She felt this was a good point. The City has always been conservative with the money and money has been put aside without being in dire straits. If 10% is put away or even \$2 million, the City will be fine. When the City starts hoarding money over that amount and lays people off in order to compensate or takes holidays away, then the City has gone too far. Council is jumping to too many conclusions.

The motion to adjourn the meeting by Mr. Tankersley was seconded by Mrs. Hoppe. President of Council Kevin Hardman adjourned the meeting at 8:55 p.m.

ATTEST

Martha Cross Funk, Clerk of Council Date

Kevin Hardman, President of Council Date

FIRE FUND: 2010 Update

	<u>Original</u>	<u>8/26/2010 Revised</u>	<u>Change</u>	<u>9/21/2010 Revised</u>	<u>Change</u>
1/1/2010 Unencumbered Balance	975,827.95	975,827.95		975,827.95	
Receipts	6,154,001.00	6,154,001.00	-	6,208,345.00	54,344.00
Expenditures	<u>6,750,423.00</u>	<u>6,635,973.00</u>	(114,450.00)	<u>6,635,973.00</u>	-
Receipts Over/(Under) Expenditures	(596,422.00)	(481,972.00)	114,450.00	(427,628.00)	54,344.00

Estimated Ending Balance, 12/31/2010 \$ 379,405.95 **\$ 493,855.95** **\$ 548,199.95**

Note: It is highly unlikely the full appropriations will be spent, thus the estimated ending balance is expected to be even higher than noted.

CALCULATIONS IF 2011 BUDGET IS RESTRICTED TO 2011 RECEIPTS

2011 FIRE OPERATING	<u>8/26/2010 Projections</u>	<u>9/21/2010 Projections</u>	<u>Change</u>
2011 Estimated Receipts	6,154,000.00	6,366,000.00	212,000.00
Suggested 85% for Operating	5,230,900.00	5,411,100.00	180,200.00
Preliminary estimates for 2011 expenses	5,840,628.00	5,840,628.00	-
Over (Short)	(609,728.00)	(429,528.00)	

2011 FIRE CAPITAL

2011 Estimated Receipts	6,154,000.00	6,366,000.00	212,000.00
Suggested 15% for Debt/Capital	923,100.00	954,900.00	31,800.00
Preliminary estimates for 2011:			
Debt, Bonds	698,457.50		
Fire Truck Lease			
Subtotal Debt Requirements	698,457.50	698,457.50	-
Remaining for Capital	224,642.50	256,442.50	31,800.00

OTHER SOURCES AVAILABLE

Fire Fund Resources at 12/31/10	-	-
Fire Fund Projected Balance is less than 10% of the average annual expenditures.		
Potential Fee Changes	15,000.00 to 75,000.00	15,000.00 to 75,000.00

GENERAL FUND: 2010 Update

	Original	8/26/2010 Revised	Change	9/21/2010 Revised	Change
1/1/2010 Unencumbered Balance	2,488,867.33	2,488,867.33		2,488,867.33	
Receipts	13,836,066.00	14,027,063.00	190,997.00	14,300,000.00	272,937.00
Expenditures	14,828,852.34	14,370,989.82	(457,862.52)	14,370,989.82	-
Receipts Over/(Under) Expenditures	(992,786.34)	(343,926.82)	648,859.52	(70,989.82)	272,937.00

Estimated Ending Balance, 12/31/2010 \$ 1,496,080.99 **\$ 2,144,940.51** **\$ 2,417,877.51**

Note: It is highly unlikely the full appropriations will be spent, thus the estimated ending balance is expected to be even higher than noted.

CALCULATIONS IF 2011 BUDGET IS RESTRICTED TO 2011 RECEIPTS

2011 GF OPERATING	8/26/2010 Projections	9/21/2010 Projections	Change
2011 Estimated Receipts	13,791,303.00	14,450,000.00	658,697.00
Suggested 85% for Operating	11,722,607.55	12,282,500.00	559,892.45
Preliminary estimates for 2011 expenses	13,058,665.00	13,001,288.00	(57,377.00)
Over (Short)	(1,336,057.45)	(718,788.00)	

2011 GF CAPITAL

2011 Estimated Receipts	13,791,303.00	14,450,000.00	658,697.00
Suggested 15% for Debt/Capital	2,068,695.45	2,167,500.00	98,804.55
Preliminary estimates for 2011:			
Debt	1,006,747.00		
Fire Truck Lease	108,000.00		
Phone Lease	43,000.00		
Subtotal Debt Requirements	1,157,747.00	1,157,747.00	-
Remaining for Capital/Other Discretionary	910,948.45	1,009,753.00	98,804.55
Termination Benefits Contribution			
Capital			

OTHER SOURCES AVAILABLE

Use 302 Debt Balance to make 2011 Payment*	424,418.76	424,418.76
Budget Reserve at Council's determination of need	400,000.00	400,000.00
General Fund Resources at 12/31/10	644,940.51	917,877.51
Less retaining 10% estimated annual expenditures (\$1.5M)		
Potential Fee Changes	6,000.00 to 110,000.00 +	6,000.00 to 110,000.00 +

* The full amount in the 302 Debt fund is approx. \$467,000.

2011 Preliminary Budget Update
Summary Sheet
 September 21, 2010 Council Work Session

GF 2011 Estimated Receipts	\$ 14,450,000.00
85% Operating	12,282,500.00
Estimated 2011 Expenses	13,001,288.00
Variance \$	(718,788.00)

Other income	\$ -	75,000.00	max
Hotel tax over \$900,000	\$ -		
Subtotal \$			

Revised Variance \$ (718,788.00)

	Admin Rcmd	General Fund		Streets		Conv Ctr All	Fire Non Union	SUBTOTAL NON UNION
		Non Union	201 Fund	203 Fund	203 Fund			
5% reduction including SSD & DSSDs (full time) accomplish with 2% red. and 8 furlough days	✓	242,434.20	32,316.27	6,645.76		35,347.94	12,134.43	328,878.60
20% health ins premium	✓	47,221.00	8,320.00	2,301.00		9,447.00	3,452.00	70,741.00
3 holiday elimination; sugg. add 3 personal days*	✓	21,290.00	-	-		-	-	21,290.00
Medical reimbursement @563 pp**	✓	31,356.00	4,680.00	936.00		5,616.00	1,404.00	43,992.00
Eliminate part time benefits	✓	13,000.00	-	-		-	10,000.00	23,000.00
Subtotal \$		\$ 355,301.20	\$ 45,316.27	\$ 9,882.76		\$ 50,410.94	\$ 26,990.43	\$ 487,901.60

Revised Variance \$ (363,486.80)

	General Fund	Streets	Conv Ctr	Fire	SUBTOTAL
	Non Union	201 Fund	All	Non Union	NON UNION
<u>Not Recommended</u>					
Additional 2% reduction SSD & DSSDs	7,174.00				7,174.00
Eliminate longevity (base only)	93,544.00	12,295.00	1,501.00	6,071.00	125,442.00
Eliminate tuition reimb	2,500.00	2,500.00			5,000.00
Total elimination of medical reimb. Fund	37,721.00	5,630.00	6,756.00	1,689.00	52,922.00

	General Fund	Streets	Conv Ctr	Fire	SUBTOTAL
	Non Union	201 Fund	All	Non Union	NON UNION
<u>Recommended</u>					
Gorman pool	57,000.00				
Historic society	3,000.00				
Government affairs	6,000.00				
Eliminate trash removal at mobile home parks	37,362.00				
Reduce Nursery Hours	26,047.83				
Subtotal \$	\$ 129,409.83				
Revised Variance \$ (234,076.97)					

Unknown Values:
 Savings resulting from severance package participation

* Estimated personnel savings only; does not account for additional costs for buildings/equipment being used additional days in the year
 ** \$500 per employee with \$63 cost per person for outsourcing the function to comply with HIPAA

EARLY SEPARATION INCENTIVE

(One time offer)

Eligibility

- Full time employee
- 10 years of service, in good standing, with the City of Sharonville

Conditions

1. Early separation will be effective 12/31/10
 - Agreement must be signed by 11/23/10
 - Employee has right to rescind until 11/30/10
2. 25% of the current annual base wage will be paid as separation incentive:
 - 5% of the 25% to be paid after signing the separation agreement
 - 20% of the 25% to be paid the last day of service by 12/31/10
3. Vacation that has been accrued for 2011 will be paid out
4. Those qualifying for retirement who have been approved by the appropriate retirement system can be paid out sick time balances up to 1440 hours (max total) at 1/1 (100%) and the remainder at 2/1 (50%).
5. Those who do not qualify for retirement but chose to take the early separation option will be permitted to be paid out sick time balances up to 240 hours at 2/1 (50%) even if they do not have the minimum of 960 hours per the current buyback program.
6. COBRA will be reimbursed at 80% for a maximum of 12 months on a monthly basis upon completion of a form and documentation of payment. This only applies until the employee becomes eligible for health insurance through a new employer or through the pension system.
7. The employee must sign a document stating they agree to forgo the ability to apply for unemployment and will not seek any re-employment with the City for one year.

COST COMPARISON - UNEMPLOYMENT vs. SEPARATION INCENTIVE

UNEMPLOYMENT (CITY PAYS 100% COST)

Employee receives 50% of weekly wage up to maximum

Maximum based upon number of dependents

0 = \$375/week, 1-2 = \$456/week, 3+ = \$508

2011 budget estimate for employee with 1-2 dependents - \$23,712

SEPARATION INCENTIVE

Base Pay	\$50,000.00	\$70,000.00	\$90,000.00
Incentive - 25%	\$12,500.00	\$17,750.00	\$22,500.00
COBRA (80% of cost)	\$11,125.00	\$11,125.00	\$11,125.00
Pension Retirement Option			
Sick Time (1440 hrs)	\$34,615.00	\$51,923.00	\$69,230.00
Medical Reimbursement Payout	\$4,500.00	\$4,500.00	\$4,500.00
Non-Pension Separation:			
Sick Time (240 hrs, 2 for 1)	\$2,880.00	\$4,320.00	\$5,760.00
Medical Reimbursement Payout	\$4,500.00	\$4,500.00	\$4,500.00
TOTAL - PENSION OPTION	\$51,615.00	\$74,173.00	\$96,230.00
TOTAL - NON-PENSION OPTION	\$31,005.00	\$37,695.00	\$43,885.00

SICK TIME BUY BACK PROGRAM

Future of the Program

Annual buy back program

- Effective in 2012, once an employee reaches 960 sick leave hours, the employee may sell a maximum of 240 hours at 3:1 (City pays up to 80 hours)

Retirement buy back program

- 2010
 - no change
- 2011
 - 1440 hours bought at 1:1
 - Up to 240 hours of remaining balance can be sold at 2:1
- 2012
 - 1320 hours bought at 1:1
 - No additional hours will be bought
- 2013
 - 1200 hours bought at 1:1
- 2014
 - 1080 hours bought at 1:1
- 2015
 - 960 hours bought at 1:1 – final max with no excess being paid

CITY OF SHARONVILLE GRANTS FOR IMPROVEMENTS OR ASSETS

	Amount	Year
CDBG Grants for GVA Windows	155,067.00	2005
Cottingham/42 Improvements	1,082,000.00	2005 not started
Police Livescan Fingerprint	39,000.00	2006
Reading Road	1,600,000.00	2008 not started
Hamilton County Recycling - Recreation	11,360.00	2009
JAG: Police: License Plate Reader	22,441.00	2009
FEMA - Fire - Air Lines	40,000.00	2009
CDBG Grants for GVA HVAC/Waterline Replacements	223,000.00	2009
Downtown Signals	350,000.00	2010
State of Ohio Capital: Convention Center	1,477,622.00	2008 & 2009
Kemper Connector	576,000.00	2010
Mosteller Rd	1,159,000.00	2010
GSA - Partnership Way	300,000.00	2010
Sharon Rd Bridge		
Kemper Widening		
Kemper/Mosteller Improvements		
OTHER GRANTS		
FEMA Snow		2004
COPS		2005
Fire Training Grant	1,100.00	2006
FEMA - Fire - Hurricane Katrina		2006
Local Grant Rec.	1,800.00	2006
FEMA - Fire - Smoke Detectors	75,000.00	2007
FEMA Windstorm	115,000.00	2007
FEMA - Fire - Hurricane Ike & Gustav		2007
Target Family Entertainment - Rec.	1,100.00	2009
DUI Task Force		recurring
DEA		recurring
PHI - Health		recurring
CRI - Health		recurring
PHER - Health		recurring
OTHER FUNDING SOURCES		
Hamilton County Transient Occupancy Tax - Sharonville allotment	2,194,620.56	2009
Hamilton County Transient Occupancy Tax - Sharonville allotment	1,300,000.00	2010 to 2038