

Wilmington City Council met on Thursday, December 2, 2010, with President Fred Ertel presiding.

Roll Call: Jaehnig, present; Wells, present; Peterson, present; Wallace present; Mead, present; Mongold, present; McKay, present.

Assistant Chief Weyand was also present.

Council gave the Pledge of Allegiance to the flag.

President of Council – Fred Ertel: The minutes from the November 18, 2010, meeting are not available for this evening; they weren't completed. We did have a holiday last week plus just a lot of great calls about Mr. Beck coming to town, so that somehow worked its way into it. So, we will be fine. We will get those before you for the next meeting. We will approve those plus the ones from tonight, hopefully, at the same meeting. That's the story on those. That does my portion of the meeting. Mr. Mayor?

Mayor – Mayor Raizk: Thank you, Mr. President. I don't have any report other than I want to thank all concerned. I thought our Holiday evening and day and the whole matter of events was just outstanding. It is amazing to me. You know, this started when times were a little better, and yet it has grown every year, even through some of our toughest times. It's just an amazing event. The word gets out and people are now calling in and saying, "When are you going to have it?" I just want to thank everybody. It was a great night to be in Wilmington. It was cold, but everybody's hearts were warm. That's all I have, Mr. President.

President Ertel: Thank you Mr. Mayor. Moving into Asset, Acquisition and Use?

Asset, Acquisition and Use - Chairperson Sandy Mongold: No report, Mr. President.

President Ertel: Thank you. Mr. Auditor?

Auditor – Auditor David Hollingsworth: I just wanted to make a comment about what will be coming up under finance, the first reading of the budget for 2011. We have had a work session. All the department heads met with my office and with Mayor Raizk. Again, we can't thank everyone enough for all of the hard work that has gone into the budget. I know the Mayor has tried to hold the departments' feet to the fire and trying to lessen the blow on the general fund carryover as much as possible. I want to make sure everybody is aware that what we are budgeting for this year shows that we are going to spend about \$1.2 million more than what we are going to take in for the current year. We feel like we are going to have a carry-over balance into next year, probably about \$3.6 million dollars. So when you see the deficit, it is not a deficit in the general fund, we are eating into the reserve but it is not a net deficit. We won't be in the hole at the end of the year. Again, many of the department heads, we have tried to maintain the services at the level to make sure everyone in the city is safe without really having to make drastic cuts. I think we knew that going in when DHL made their announcement. I think there was planning done a head of time just to try to make sure that we could maintain the level of services that we were giving the citizens at that point and not have to make drastic cuts. Hopefully, some good things will happen with the economy and we will be able to weather the storm. But I just wanted to make sure that everybody was aware that when we say we are going to... You look at this and say there is a deficit of a \$1.2 million. We are just eating into the reserve that we are carrying over. And again, we project we are going to have \$3.6 million that we are carrying over. We projected a deficit of around a million dollars. I think Mary Kay looked at that for the last couple of years, but we never spent that much. A lot of people have the misconception that because the money is budgeted it is going to be spent, but I think the departments heads have been good enough to really watch what they have budgeted to make sure that there is no unnecessary spending. So we have never really spent the deficit that we have actually budgeted. Hopefully, that will be the case in 2011 and that is all I wanted to say. I just want to make sure that was clear with everyone.

President Ertel: Very good. Thank you. Finance Committee? Sandy?

Finance Committee – Chairperson Sandy Mongold: The first item we have tonight is an ordinance making miscellaneous transfers.

A motion was made by Mongold and seconded by McKay to give the first reading only on the ordinance Making Miscellaneous Transfers.

Motion passed.

Director of Law read ordinance by title only.

A motion was made by Mongold and seconded by Peterson to suspend the rules and give the second and third reading on the ordinance by title only.

Roll call: Jaehnig, yes; Wells, yes; Peterson, yes; Wallace, yes; Mead, yes; Mongold, yes; McKay, yes.

Director of Law read ordinance by title only.

A motion was made by Mongold and seconded by Peterson to pass the ordinance as read.

Roll call: Jaehnig, yes; Wells, yes; Peterson, yes; Wallace, yes; Mead, yes; Mongold, yes; McKay, yes.

Motion passed.

President of Council declared Ord. No. 4943 passed as read.

Chairperson Sandy Mongold: The next item we have is the first reading on the ordinance making appropriations for current expenses and other expenditures of the City of Wilmington, Ohio during the fiscal year ending December 31, 2011. I believe the Auditor has made his comment. We all have been in meeting. We had a finance meeting last Monday. With that, I move for a first reading.

A motion was made by Mongold and seconded by Peterson to give the first reading only on the ordinance Making Appropriations for Current Expenses and Other Expenditures of the City of Wilmington, Ohio During the Fiscal Year Ending December 31, 2011.

President Ertel asked for a vote.

Councilmen Mead and Wells voted – Nay. All others voted – Yea.

Director of Law read the ordinance by title only.

Chairperson Sandy Mongold requested that the second and third reading be on the December 16th agenda.

President Ertel: Just a question for those that voted Nay. Did you have the opportunity to go to the budget meetings? That is my only question?

Mead and Wells advised yes.

President Ertel: Thank you. Water Committee?

Chairperson Sandy Mongold: Excuse me, one minute. One more comment. We do have another finance meeting scheduled for December 13<sup>th</sup>, at 11:30 a.m. I would encourage anybody who has any questions or concerns about the budget to attend and, if needed, mark on your calendars that we will have a meeting on December 29 at 7:30 a.m., if we need to have that meeting. Thank you.

Councilman Jaehnig: The 29<sup>th</sup>, is that a Finance Committee meeting or is a Council Meeting?

Councilwoman Mongold: December 29 will be a Council meeting.

President Ertel: Thank you, Sandy. Water Committee please?

Water Committee – Chairman Wallace: No report, Mr. President.

President Ertel: Thank you. Streets Committee?

Streets Committee – Chairperson Peterson: We have no report.

President Ertel: Thank you. Solid Waste/Recycling?

Solid Waste/Recycling – Councilman Wells: Mr. President, I have no report tonight but I hope everybody got to see the new recycling truck out front. I have got my bin. I hope everybody's got a bin that needs one.

Mayor Raizk: May I say something, Mr. Councilperson. The bins were distributed, one of our former employees that knows everybody by heart who recycles distributed those bins and for the first go round. I want to say if you didn't get a bin and you want a bin, please contact either the billing office downstairs or the landfill directly. We will make sure you get a bin. We are going to start picking up the bins, now that the truck is here, on Monday. So the concept is, put it out with your regular trash and we are going to pick them up everyday. So don't hold over if you have some. I know that at my house, because the bags were big, we kind of waited until the bag got full before we put it out. But with the bin, put it out, we will start picking those up Monday. For those people that still have some bags, next week we will have the truck go round and follow that can pick up the bags, because we can't pick up the bags in this truck. That will continue for one more week. Starting on the 13<sup>th</sup>, we will no longer pick up the bags. So get rid of them next week, so we don't have to do double duty.

Scott Kirchner: If I could offer a thought for clarification, Mr. Mayor, because I just spoke with Donnie outside, so it doesn't get reported wrong and the phone rings off the hook. He indicated they are handing out the bins on the day of the trash pick up, not all of them went out today. Because we just asked the same question today.

Mayor Raizk: Have you gotten yours yet?

Scott Kirchner: No...

Councilman Jaehnig: Is your pickup day on Friday?

Scott Kirchner: Our pickup day was today.

Mayor Raizk: I am sorry, I didn't make that clear.

Scott Kirchner: But they are going out this week?

Mayor Raizk: Early in the morning, I was following the truck around the other morning on my way to City Hall and I'm a Monday pickup so I guess I got mine on Monday. I misspoke. That is clear. It is the day that you get it, so if you are a Friday pickup, which you are Friday?

Scott Kirchner: No we are Thursday. Actually, they were doing even and odd's. So, they will handing them out through next week, it is my understanding. But if people don't have one by the end of next week perhaps then they could call.

Mayor Raizk: But the point is, if you still have bags we will pick them up this week, this week coming, but we don't want to make two rounds. The whole idea is that one person can drive this truck and we could do it. We should be okay.

Paul Hunter: So after the 6<sup>th</sup> it is not valid. If I recall the paper said...

Mayor Raizk: The 13<sup>th</sup>. All next week, you will be able to put the bags out, but if you have extra put them out and we will pick them up, but after that we will do bins only.

Service Director Larry Reinsmith: He has put out about 500 already of the bins.

Councilman Jaehnig: I've got mine, I was presently surprised at the size.

Mayor Raizk: I was too, I thought they were smaller in my mind when you had it up here but, they look sizeable.

Paul Hunter: You get a second one if you needed it, right?

Mayor Raizk: Yes.

Councilman McKay: Am I correct in the assumption that they are going to be a little stricter on looking at what you put in there, and there will be some rejections if things are not in there that should be?

Mayor Raizk: We are going to have to watch it, especially with the bins. We always had the problem, it wasn't a huge problem, but there were always people that put garbage in a blue bag every once in a while, and it is kind of an unavoidable problem. We would get into that, we would pick it up but that was extra work to make sure of what was in it. Especially since the container is open, you will be able to see quickly what is in there. If it is garbage, they're going to leave it.

Councilman Jaehnig: One of the things Donnie was talking about was the cardboard. They can't handle the cardboard at this moment and the pizza boxes.

Mayor Raizk: That is correct. If you have box cardboard, it still needs to go down to the recycling.

Service Director Reinsmith: Box cardboard and the pizza boxes go right in the trash.

Mayor Raizk: No, I meant, you can take your corrugated cardboard to the place on West Main and put it in that facility.

Service Director Reinsmith: As long as you're not a business.

Councilman McKay: I was out at the location the other day and got their list of things that they're not going to accept, and you know, it is fairly long. I just wondered maybe if we ought to put something in the paper so that you don't have a bunch of...

Councilman Jaehnig: The put it in the bottom of the bin.

Councilman Wells: There is a pamphlet that you'll get.

Councilman McKay: Thank you.

Mayor Raizk: Donnie has looked at the Interact Club for also some education doing that.

Treasurer – Geoffrey Phillips: What are our plans over the next couple of months to utilize the Utility Billing statements to reinforce. We're in the midst of the Christmas season. People may have gotten the pamphlet; it will probably go with the Christmas cards. One of the reasons we went to the stuffed statements and are paying the additional postage was to share these kinds of communications. It seems to be an appropriate channel to refresh with the people in their monthly billing statement: don't throw out cardboard, do throw these out, and don't do that. Until people hear it three or four times, they aren't going to get it.

Mayor Raizk: We intend do to that.

Treasurer – Geoffrey Phillips: Not everybody get the Wilmington News Journal. We need a plan to do that.

Councilman Jaehnig: But, we wish they would, Gary.

Mayor Raizk: We are going to use all appropriate means to do some education on that. The other part of that is that also, just like any program that you start, there are going to be some sticking points and then as we get through that, we can begin to work to educate folks about what you can and cannot do. I'm sure there will be some rough places in the beginning, but we will work through it. One of the things is that is if you got to see the truck it will take about three tons, which is about the amount of recyclables that we pick up in an entire week. The truck will get full with five days' worth of recyclables and make just one trip to the MRF. If we start getting more and have to make another trip, at least it will be our truck making it and not have to contract for service. That's all I have.

President Ertel – Thank you. Wastewater/Sewer Committee?

Wastewater/Sewer Committee – Chairman McKay: Mr. President, we want to do a reading to defer the sewerage system rate increase. Are there any questions?

A motion was made by McKay and seconded by Peterson to give the first reading only on the ordinance Authorizing the Continued Deferral of the Sewage System Rate Increase Scheduled for January 1, 2011, for a Period of One Year, And Declaring an Emergency. Motion passed.

Director of Law read the ordinance by title only.

Chairman McKay requested that second and third reading be on the agenda for the next meeting.

Councilman McKay: That is all I have.

President Ertel: Good. Thank you. Judiciary Committee?

Judiciary Committee –Chairman Jaehnig: No report Mr. President.

President Ertel – Safety Committee?

Safety Committee – Chairman Jaehnig: We have one item tonight. The first reading on a resolution for the Mayor to enter into a contract with GovDeals. This is the auction that we've been doing for government city surplus that we need to auction off. Our contract for the first year was very successful and it is coming to an end and we need to renew that. Assistant Chief did a presentation at our last council meeting. Are there any questions in regards to that?

A motion was made by Jaehnig and seconded by McKay to give the first reading only on the resolution Authorizing The Mayor To Enter Into A Contract With GovDeals, Inc. To Sell City Surplus Items To The Public Through An On-Line Auction Service And Declaring An Emergency.

Motion passed.

Director of Law read the resolution by title only.

Chairman Jaehnig requested that second and third reading be on the agenda for the next meeting.

President Ertel: Thank you. Downtown Revitalization?

Downtown Revitalization Committee –Chairman McKay: I have no report other than there is just a lot of stuff going on downtown. We want to keep it happening and keep the downtown alive along with the rest of the city. That is all I have.

President Ertel – Thank you. Parks and Recreation?

Parks and Recreation Committee – Chairman Wallace: No report, Mr. President.

President Ertel: Thank you. Service Director?

Service Director – Larry Reinsmith: No report.

President Ertel: Safety Director?

Safety Director – Mayor Raizk: No report.

Reports:

A motion was made by Wells and seconded by Peterson to approve the Income Tax Report – November 2010, as received.

Motion passed.

Reports accepted as presented

President Ertel – At this time I would like to open the meeting up for any public comments, while in session either by members of council or anyone from the audience. If you would please, come forward and state your name and address for the record.

Geoffrey Phillips: Treasurer of the City, 69 N. South Street. Following the Finance Committee meeting on Monday, I was asked by Councilman Jaehnig, in the budget proposal that's before you, with the proposal of a million dollar deficit, how many jobs, what kind of revenue would it take to replace that? So I put together a quick handout that you can read. It gives you some numbers that you can contemplate before the meeting on the 13<sup>th</sup>. You also have in your packet the Income Tax Report and while those pages are coming around, you might want to pull that out, as an observation I would make for you with these two documents. How many jobs will it take to offset a one million dollar deficit? This year in 2010 the City of Wilmington spent, it appears, based on David's projection as Auditor, we will spend a million dollars more than we take in. What's it going to take to make that up? What's important that as we look at 2011, why do we want to consider not continuing that string of million dollar deficits, is that the City's largest source of general fund revenues is employee withholding from wages. If you have the Income Tax report, I would encourage you to look at the report on the right side for the year 2010. Withholding tax is \$3,264,000 year to date of the \$4,042,000 collected. That's 81% of our income tax revenue came from withholding. Some of you say, "Well, Gee, what's the trend?" Well, look to the left side, and you will see that in 2009 a year ago for the entire year of 2009 we collected \$5,743,000 from withholding, total collections were \$7,077,000. 81%. We are right on pace with where we were a year ago 81% of our income tax collection is from wages. Now as you look at the rest of the handout, how many jobs will it take to replace a million dollars? Our tax is 1%. One hundred million dollars in wage growth would need to be created within our community. At 1% we would receive one million dollars or about a 25%, I guess you could make an argument 33% increase, Fred you are the engineer here tonight, 3.2 million, so about a third increase to get to four million. So that, a hundred million dollars, what does that break down into jobs. The US Census Bureau for zip code 45177 reports the average Wilmington household earns \$40,348. That's \$19.40 per hour. Take in \$100,000,000, divide by the average of \$40,348 per year suggests job growth would have to be 2,478 new jobs. Job growth will come; there's no doubt it's going to come. One of the questions we asked the Mayor at the end of the meeting on Monday, there is lots of buzz in the community that there are things that are going to happen. Two thousand four hundred seventy-eight jobs, the reality is that it will take a period of time for us to get that back. So the budget you have before you a year ago was a request for a two million dollar deficit, and as we are at the end of the year, we are going to spend about a million of that. You will recall the Mayor did bring you some adjustments of about a million dollars, and so last years' two million dollar deficit, offset by a million dollars of adjustments, still meant that we spent a million dollars in cash this year that we didn't take in. Next year you have a proposal before you for a million dollar deficit. Do we have the cash? Yes. We started this year with \$4.6 million. We spent a million. We are down to \$3.6. . We could spend another million, and a year from now we would be down to \$2.6. Now, as David was saying when I entered the room tonight, do we think we will spend all of that million next year? Probably not. However, you've got to look at the revenue side. The revenue side forecast from Mary Kay and David is \$8.5 million. Five hundred thousand of that eight point five million is money that the City of Wilmington will receive from the State of Ohio. The State has an \$8 billion budget deficit. One of the things that our city staff as they go to meetings is being told, one of the considerations being given by Governor Kasich, our governor-elect, is that state sharing thought the local government fund will be zero. Well, the deficit you have before you, the budget is actually \$1.25 million. If it is another 500, that's a \$1.75 million deficit. My purpose tonight is to answer Councilman Jaehnig's questions and to give you some numbers. What is it really going to take in job growth? Now the reality is, I've shared with many of you through the years, hopefully, let's say four businesses come to town and they bring 600 jobs each. That's 2400 jobs. "Well gee, Geoff, your math is a mess." They may pay \$19 an hour; they may pay something less. We would trust that those four businesses will generate profits, and that those profits would then be taxed in the business category of the report you have, so it's not a perfect number, but it gives you an idea that for a million dollars to be made up, it's a hundred million dollars in new wages and could be about 2500 jobs. From number one in unemployment, we would fall way down the chart real quick. So

hopefully I've answered your question, but it is just something to think about before the meeting on the 13<sup>th</sup>. Any questions?

Paul Hunter: You're discounting jobs outside the area of residence here that don't have to pay outside.

Scott Kirchner: He is talking about my situation where I work out of town.

Paul Hunter: It doesn't have to be local jobs, in other words.

Geoffrey Phillips: A hundred million dollars in taxable wages needs to be created, whether they're 2400 jobs inside the city or residents that live in the city and work somewhere else, as long as they are still able to pay the 1%. Now if someone like Scott worked in a community that's paying 2%, we are going to give a 100% credit on the 1% and they still are going to pay us nothing. So, he make work somewhere that created a hundred jobs, but if we can't tax it, it has no value to this question before us tonight.

Paul Hunter: Let's go 1.5 so we can get something out of it.

President Ertel: Do we have to do that? Give them that credit?

Geoffrey Phillips: It's an option. The current ordinance that we have before us does allow the credit and that is something that council may wish to consider as a means of closing...

Service Director Reinsmith: Do we have any idea of what that number is?

Councilman Jaehnig: I'm sorry, Geoff. I'm a little lost. Can you start over the explanation of the tax credit?

Geoffrey Phillips – Let's say Rob that you have a job, and I'll use you as an example, let's say you have a job in Hillsboro, Ohio. There tax rate is above 1%, but you lived in Wilmington. We would give you 100% credit for the fact that at your site of your employment you pay 1.25 or 1.5 (I don't recall Hillsboro's tax), you would then pay the City of Wilmington zero because you have already paid that or more to Hillsboro. Now if you worked somewhere that does not have a tax. As an example, let's say that you have a job at American Showa in Blanchester. There is no municipal tax in Blanchester. You live in Wilmington, we tax you 1% because you pay zero down there. Let's say as an example that you, I'll pick a community, I don't know what Cedarville has, let's say Cedarville has a 0.5%. Well you would have a 0.5% withheld at your place of employment in Cedarville and when you come back to Wilmington you pay us a 0.5%, because we give you credit for what you paid up to 1%. We wouldn't refund you if you were paid one and a half, you don't get a refund for the other half you pay, but you get a full credit up to our 1%. That is your question. Now, do we have to do that? No, there are cities that do not allow the credit. Particularly as an example when you get down around your urban pockets like Cincinnati and Dayton a number of the communities that are considered bedroom communities. They give no credit because folks live in Milford and drive into Cincinnati and Milford needs revenue, so they do not allow a credit. That's an option that you can consider.

Larry Reinsmith – Do you have any idea what kind of number that is?

Geoffrey Phillips – Not recently, with the change of the last twelve months, we haven't looked at that number. We could study that number if that is a request that council would want to know.

Councilman McKay – Do you think it is a big number?

Geoffrey Phillips – I would want to review the tax itself before I say yes or no. It's something more than zero, but I doubt if it is a million bucks.

[Banter]

Scott Kirchner: But to give some perspective on that thought that I think that council needs to keep in front of them. While I may have to pay more in taxes where I work than I pay here and get credit for the one percent and not pay taxes, I do spend my income here. If you now make me pay taxes here and where I am employed, you can cause an additional exodus to the city. It's your call.

Mayor Raizk: It is also a marketing scenario to when you are trying to attract new business. It is something that is always reviewed. We've always, you can talk about it all you want to, but for twenty-five years or more I was harping about the airport out here about trying to get that revenue. Where would we have been if we had had some of that revenue for those many years? The reality of it is, is that it's a marketing tool. If you don't have those jobs that you've done in there, so you can make it high enough to make the numbers on the page look good but then your end result is business is going to look at you and say, you work in Blue Ash, so business is going to look at Blue Ash. If we say why do they come to Wilmington where there is a... Right now, we have an attractiveness. If you were to say the business is looking at Blue Ash or here, we've got a one percent difference for them. That would be an attraction that we could market. It is a glass half empty and a glass half full in a way.

Councilperson Mongold – We would encourage people to move across the county line.

Mayor Raizk – It's a matter for discussion.

Councilman Jaehnig – For some reason I thought that it was split and I understand the complexity of that. That is probably why it has never happened. I don't know why I assumed that , but I assumed if it was two percent, one got one and the other got the leftovers.

David Hollingsworth: When we originally annexed the airport, it was one of the complaints of folks that didn't live in the city. They came and complained that they would be taxed by the city but not represented. As the Mayor indicates, we invited them to come live. We would love to have them come here. But beyond that, the reason that the airport existed was the infrastructure that you provided with the expenses here as well as the safety services that service it.

Councilperson Peterson: Years ago I worked in Blue Ash, I can remember one night watching the election returns finding that I hadn't voted but it went from one percent to two percent.

President of Council – Fred Ertel: Just a question Geoff, would it be difficult to get that number of how many people fall into that category, only for discussion sake?

Geoffrey Phillips: I'll ask the Tax Commissioner. I know we did a study a couple of years ago, but because of the changing work demographic, I'm not sure how fresh that number is, but we can ask.

President of Council – Fred Ertel: Because of our shortage of staff we want to make sure it is pertinent, but if it is available.

Mayor Raizk: My sense is that it is not a huge number.

Geoffrey Phillips: I think what you are really going to see if you go to the Income Tax Report, I realize that not everybody in the audience has it, but if you look at the individual side and you will see a year ago we were at \$414,000 and this year to date we are at \$354,000. It is within that 354 that you are going to find most of those folks that we are giving the credit to. They have filed a return with us, they may have owed us a dollar, or ten cents or they may not have owed us anything. That is where we are going to find that number. But I will make that inquiry, Mr. President.

Paul Hunter: [Inaudible for Transcription] a net job exporter. In other words, more people move out of Wilmington or travel out of Wilmington to jobs than come to Wilmington from outside for jobs. Isn't that an established pattern we are seeing?

Geoffrey Phillips: Maybe in the last twelve to eighteen months, but part of that, with the airpark, you had more folks driving in here than we had living in the city.

Paul Hunter: I'm talking about real jobs.

Mayor Raizk – I think that would be real jobs as well. There was a significant...

Geoffrey Phillips – You had 9500 working at the airpark and 10,000 of us living in town, including my fourteen year old daughter who doesn't work and my eighty-four year old father who is almost retired. There weren't ninety-five hundred of us in the city so they had to come from somewhere. They may have come from in Union Township, they may have come inside Clinton County or from a neighboring county.

Paul Hunter – I got some data from the Chamber a year or two ago that said more people went out for jobs than came here for jobs.

Geoffrey Phillips: I think Paul I was at the meeting when that data was presented by Job and Family Services. It would be interesting to ask for an update. Are there other questions?

Scott Kirchner: How are we tracking in this year's actual returns to your projections, year to date?

Geoffrey Phillips – Our projections for 2010 was \$4,175,000 and we are at \$4,042,000. When I met with the Tax Commissioner yesterday, we looked at 2009. In December we collected one hundred thirty-one. "Marque," I said, "How good do you feel about collecting one hundred thirty-one?" One hundred thirty-one plus four million zero forty-two would be like right there. Now folks you've got the report from me, go left and in business eighty thousand of that one of that one hundred thirty-one came from businesses. That meant that business profits were paid to the city before year end for tax purposes. Will that happen this year? Your tax staff has very proactively mailed out the quarterly tax withholding statements timely so folks have the entire month of December to do that. We don't know that answer, Scott. As I shared with the Finance Committee, we are at four million zero forty-two. We may not hit four one seventy-five. Our estimate for next year that we have given the auditor's office that is in that \$8.5 million is \$4.1 million. But we also recognize that there are folks that are saying that they are making money now they did not make money in 09 and lost a lot of money in 08. But they have to file a return and send the money in. Other questions?

President Ertel: What are your thoughts, just tell me your opinion of the business refunds this year. Do you think they will be sizeable, a lot of them, or basically you don't see any on the horizon?

Geoffrey Phillips – Your definition of this year 2010 or 2011?

President Ertel – 2010

Geoffrey Phillips: In 2010 we did have, as the Chairwoman of the Finance Committee knows, we have had a couple of major income tax refunds that have already been issued. We had a potential with one...

Mayor Raizk: But they are reflected in here, aren't they?

David Hollingswoth – I think the total, as I recall, through the end of October was like \$168,000.

Geoffrey Phillips – That is actually what we paid, which is higher than normal. We had a potential possibility of it being even higher. But some folks in their postponed business returns, (am I saying that correctly David?), businesses file extensions and so in their extension filings they reported profits, which offset those potential refunds and we think we have mitigated most of that at this point.

President Ertel: I just wondered if there are any big ones...

Mayor Raizk: But those funds are reflected in the report?

Geoffrey Phillips: In that piece of paper you have, they are not reflected in that report. They will be reflected in the Tax Commissioner's Annual Report and they are reflected, if you look in the budget data, they are reflected there. This is cash collections, that's correct, not accruals. Other questions?

Unknown male speaker: Delinquent taxes, do you have any information on delinquents?

Geoffrey Phillips: Delinquent income taxes? We have been very pro-active and if council continues to support us with appropriations, we will continue to be proactive next year. We are in this room on a frequent basis for small claims. As the Assistant Chief will note we are across the hall for criminal charges with the Director of Law's Assistant. We have at least one major business that we are going after that has withheld money from their employees and has failed to turn over to the city and that is a criminal violation.

Unknown male speaker: Do you have a dollar figure?

Geoffrey Phillips: I don't know an exact dollar amount. In some of these cases, we don't know what we are asking for because they have not filed a return so we don't know. In the case the Director of Law has already told you in a previous meeting, this business filed a return, they told us what they paid their people, they told us what they withheld, they just didn't send the money. Council knows who they are because they also have a little problem with their Visitor Bureau tax. Any other questions?

President Ertel: No. Very good work.

Geoffrey Phillips: Thank you very much.

President Ertel: Anyone else wishing to address council?

Scott Kirchner: 245 S. Mulberry St. I want to start tonight, coming into the building tonight it was exciting to see the recycling truck, and I congratulate Councilman Wells and the Solid Waste/Recycling Committee on taking the next step in the recycling program. I also applaud the work that the folks at the landfill and Donnie Maher did in getting that up and going. Because it is exciting to see and I think it is the right thing to do, so a very positive note there. On the Holidazzle, I also think it is important to note the Mayor could, I think, could have even been further in his admiration of the Holidazzle. I think that we need to note that Councilman Jaehnig origination of the idea, and if I'm not mistaken, brought it from a hometown previously lived in as an idea when it started. I do think that that parade has grown and I think it brings hope and excitement to this community. I think it gives an opportunity for folks to bring out the best in what we are and I appreciate the fact that you brought that before us and put your heart and soul into it. I know that you and the family, your wife and daughter have done that as well and I appreciate it and want to thank you for it.

Scott Kirchner (cont.): On another note, one of your items tonight, the deferment of the sewer rate increases and I'm going to get on a soap box here for a second. These deferments are the final two installments of a five year rate increase plan voted on in 2005 that would raise sewer rates one hundred and roughly thirty-nine percent over that five years. That was done due to a master plan demonstrating major projects, two of which were to be bonded, one in 2007, one in 2009 as I recall, totaling \$5.3 million, none of which have been done. I have urged council to eliminate these final two increases and with this legislation, if you pass it, you will vote sewer increases into a term of representation that you do not serve, because they will defer them to the next year when a new council could potentially be seated. If I again remember correctly, they will carry somewhere around a 17-19% per year increase zapping families. We have taken millions of dollars literally out of homes of this community, not done what we said we would do in 2005, and we continue to hold this over the future of the city. I'll encourage council to not defer these but do away with the final two increases. I would also like to note on another budget issue. I attended the Solid Waste/ Recycling Committee meeting budget review, which is one of the only ones I could get to. I noted that there is a new approach

by the city that I am concerned about and I will voice that concern tonight. It is the admin costs allocation that we have begun taking administrative salary costs, personnel costs, and distributing them over the enterprise funds, namely water, sewer and trash which generate their own income to cover the costs of operation. By removing approximately \$1.3 million or \$132,000, we take that money out of the general fund totals and we place it into the enterprise funds. Correct me if I'm wrong, David, but if we had not done that would the deficit not be 1.39 or 1.37 or somewhere in that, as opposed to the 1.25. So we would have a larger deficit if we hadn't taken administrative costs and allocated them into the enterprise funds and left the revenue from those funds cover them.

David Hollingsworth: It is a deficit on paper. You are assuming everything is going to be spent which historically has not been the case.

Scott Kirchner: I understand. I not asking about the deficit. If we assume today that it is 1.25, the administrative allocations of that cost over, would that increase that deficit or not.

David Hollingsworth - [Inaudible for Transcription] Mary Kay and the budget gap.

Scott Kirchner – So we have taken \$132,000 of administrative costs from the general fund budget and distributed it out to those funds. My concern is two-fold. Number one: if we are not reducing the administration, the costs are still there, and you can drive rate increases mandatorily because of bond coverage requirements. Legally, you have to maintain the 1.1 So you can, with those additional costs into those funds, drive increased sewer, water and trash rates, which we already have done significantly over the past five years. Number two, by removing that cost from the administrative budget, if in fact you try and move it back into the administrative budget where will the funds come from at that time, because I don't think that they will just sit there unused. I think it is a dangerous shell game that we are looking at doing and I'm not saying that it is not proper accounting. I understand that it is legal, but I really think that council needs to consider that it is not a good process. It's simply moving money from one pocket to the other. Those are my concerns. I appreciate your time tonight and I encourage you to balance that budget as opposed to go though with a deficit budget. Thank you.

President Ertel: Thank you Scott for your thoughts. Anyone else wishing to address council while in session.

Paul Hunter: Just a quick comment. Mrs. Gara was the mother of this whole recycling program. She is the one that beats us to death for a year, when you going to do it, when you going to do it. Cindy and I and others worked from that base and Sandy too to bring this about.

President Ertel – Thank you Paul. Anyone else wishing to address? Do I have a motion for adjournment?

A motion was made by Wells and seconded by Mongold to adjourn.

Motion passed.

Meeting adjourned.

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President of Council

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Clerk of Council