

Wilmington City Council met in special session on Thursday, November 10, 2012, with President Scott Kirchner presiding.

Call to Order

Roll Call: Jaehnig, present; Wells, present; Stuckert, present; Wallace, present; Mead, present; Siebenaller, present; McKay, present.

President Kirchner: I would like to thank everyone for making themselves available today. With this being a special meeting of council, we will dispense with the Pledge of Allegiance. The only item on the agenda today is a budget workshop. Our first look at the 2013 budget. That item is under Finance, and I will turn it over to Mr. Mead to initiate the process.

Councilman Mead: Mr. President, I don't know what mechanics of this thing ought to be. Do you have any idea?

President Kirchner: Well...

Councilman Mead: Why don't you lead the thing off and...

President Kirchner: We can do that. You all received last Thursday a packet with this year's initial budget submissions. I think one of the things that I did notice is this process is obviously much different than it has been previously. Historically, we have met in committees, looked at individual budgets, forward it to a full session of council with the full budget to look at. This year, the Auditor compiled them all and provided us with a copy of what that result was. I guess I will start, my thought would be, with letting the mayor explain the changes that he and the department heads have made at this point that impact the budget.

Councilman Mead: Before we get into that, could David explain again what we are looking at here. So we know as we go across this chart exactly how we compare the 2012 budget with the 2013 budget.

Auditor David Hollingsworth explained the layout of the budget worksheet.

Auditor David Hollingsworth: Sure: If you just want to compare the 2013 budget with the 2012 budget, you just look at the first and the last column. The first column is where the appropriations are at right now.

Councilman Mead: Are you talking about the bold at the top of the column?

Auditor David Hollingsworth: Well, where it says budget 2012, that is the appropriations as of...

Councilman Mead: The total. Is the total the top number?

Auditor David Hollingsworth: That's the cash. That's your beginning cash balance.

Councilman Mead: So, that's not the budget.

Auditor David Hollingsworth: No it's not. Then everything underneath that of the top section would be the revenue sources. And then the total – the total funds available that include the cash balance, those are not just the revenues from the current year, that includes the carryover.

Councilman Mead: So, we're looking at the last number.

Auditor David Hollingsworth: Underneath the 2012, the \$10,500,451, that's the total cash available. That's the carryover cash balance plus the revenue.

Councilman Mead: That's not the 2012 budget.

Auditor David Hollingsworth: No. The expenditures are below that. The total expenditures for 2012 are \$9,333,534.

Councilman Mead: That is the budget.

Auditor David Hollingsworth: Right. That includes any supplementals or transfers that have been made after the last council meeting. The key thing is, that budget doesn't necessarily mean that we're going to spend all of that. That will be reflected in the next column as far as what we have spent. That was through October 19. So, I mean, what you really need, which we don't have yet because the year's not up yet, is December 31 with what we're headed for in 2013. But everything in between, the budget balance, the third column over, that's simply the difference between what was budgeted for 2012 and what we've actually spent. The same way with the revenue sources. It gives you an idea of what we have left to collect over the remainder of the year and what we have left to spend for the budget for the remainder of the year. The fourth column over, is what we...we took a look at the budget balance and then we said, "Is that really reasonable?" Do we really think we're going to collect this much or spend this much in the remainder of the year. So, what we've put in the fourth column is what we thought we were actually going to collect for the remainder of the year as far as revenue sources and what we thought we were actually going to spend. Then the last column, the difference, is the difference between what was budgeted and what we thought we were actually going to spend so we can see what either the excess revenue, the increase in revenues were going to be or decrease and then whatever the increase or decrease in the expenditures based on the budget and what we thought we actually were going to spend for 2012.

Councilman Mead: I just didn't want to get confused with the cash balances. That does not reflect the budget.

Auditor David Hollingsworth: Right. It's just the cash that is available to be spent. Right. I did that just so we can see what the cash balance is going to be at the end of each one of these periods based on what we actually were spending and what we thought we were going to spend.

Councilman Stuckert: David, let me ask you a question. So, you're saying that \$9,941,296 is what we've spent through October 19 of this year?

Auditor David Hollingsworth: No. That's your revenue sources.

Councilman Stuckert: That's our revenue sources. Okay, so our revenue sources will be down to \$4,640,000 by December 31.

Auditor David Hollingsworth: No. That's what we're estimating. That includes the beginning cash balance, though, remember. Because that's what we think we're going to collect for the remainder of the year from those various revenue sources. You have to kind of back out the beginning cash balances. If we're trying to get to total revenues that we're going to collect for the remainder of the year, you have to back that beginning cash balance out.

Councilman Stuckert: So, roughing 2.1 million?

Auditor David Hollingsworth: Actually, about a million and a half. This is the actual cash balance, the 3.189. The fourth column over. You've got to back that number out of the 4,640,000 that you're looking at.

President Kirchner: When I look at the numbers, David, for 2013 clarity, the very first number on the front page in the far right column under 2013 would be our expected carryover.

Auditor David Hollingsworth: Correct.

President Kirchner: Unencumbered monies from December 31 – January 1.

Auditor David Hollingsworth: That's correct.

President Kirchner: So, when we take that number and go to the second page where the two lines are around the \$10,514,867. Subtract the top number out, and what we have are our estimated revenues for 2013. My math shows that as \$7,637,568 as the estimated revenues. And that number actually is down from 2012. 2012 estimated revenues – I've got it somewhere here - \$7,865,693. So, your estimated revenues for 2013 are down by roughly \$230,000. Two hundred and twenty eight. So, for 2013, the estimated revenues are down \$228,000. Now one of the places I think we've seen a big change there, David, correct me if I'm wrong, would be in Tier II.

Auditor David Hollingsworth: Right. You've got \$206,000 in Tier II grant money that was budgeted and collected in 2012. We do not have that for 2013. Again, those are grant monies. It goes through the General Fund, but it's money that we're going to spend for grant specific project. The same for the income tax revenues. Marquee is projecting \$4,000,000. This year, we had \$4.1. We're still on track. If you looked at the Income Tax Report at the last council meeting, it's about \$10,000 or \$12,000 below.

President Kirchner: So, the General Fund budget with that pass-through passes by that amount on both sides. It reduces by the \$206,000, but the income reduces by \$206,000. So, it's a wash because it was grant money. So, your budget for 2013 will automatically go down by 2013 because we don't have the CDBG monies – the Tier II money. Just to be clear, there are still CDBG funds that will come in for the year.

Councilman Wallace: Two questions – either Mary Kay or David – either one. The Then and Now stuff, that shouldn't come out of the budgeted money. Right. That shouldn't come out of the carryover.

Auditor David Hollingsworth: You're going to muddy the water. That really has nothing to do with what we're budgeting.

Councilman Wallace: The reason I'm asking the question is you talked about unencumbered money. So, anything encumbered would come out of these pockets, right, as far as the budget goes.

Auditor David Hollingsworth: Right.

Councilman Wallace: And that won't deal with the carryover.

Mary Kay Vance: The Then and Now doesn't have anything to do with your budget numbers. It's just an informational document that the state requires us to do. It won't change your numbers up or down.

Councilman Wallace: Except for spending money out of last year's budget.

Mary Kay Vance: It's not last year's budget. It's just dollars that they would have spent. When you pay your DP&L bill 12 months out of every year, you always know January's bill is your December's usage. It is still 12 months regardless of when you used it. The Then and Now is identifying that it was a bill that said it was of your December usage, but we paid for it in January. It doesn't change that you paid 12 months' worth. It doesn't change the amount that you did. All it does is tell you that it happened to be an invoice that had a December date on it. It doesn't change.

Auditor David Hollingsworth: It's a state requirement. I would not do it unless the state didn't forced us into it. It creates more confusion than anything else.

Councilman Wallace: I just wanted to make sure that we were not going to come back and play with the carryover balance.

Auditor David Hollingsworth: Let me qualify the carryover balance. We're still two and a half months from the year-end. These numbers are going to change. I hope they don't change dramatically, but they are going to change. It's not going to be exact to the penny.

President Kirchner: So, when we look at column 5, which is the difference, right now the anticipation is that reverse appropriations at the end of the year will be \$818,709. Is that an accurate statement?

Auditor David Hollingsworth: What are you looking at? Where did you come up with the 818? At the end of the expenditures?

President Kirchner: Is that all General Fund impact?

Auditor David Hollingsworth: Correct.

President Kirchner: So, entering this year, you roughly had a 9.2 million dollar budget and a 7.9 million dollar income. The difference being 1.3 million dollars. That would be more spending than we had income. That's why you call it a deficit. If that 818 holds true, that deficit is reduced to just under 500,000. But, of course, as David said, until we get to the end of the year, we don't know that budget number. So, that's the meeting we generally do on the 29th or 30th of December, depending on what day it falls on where we have a quick morning meeting to do the final budget reverse appropriations. And generally, historically, I believe I think we've always been passing the 2013 budget at that time too. Though, I won't say that every time it has been that way. So, if we look at that line on the fifth pages counting front and back, are those items above those lines – those totals – all of the General Fund items or are there other General Fund items below that line?

Auditor David Hollingsworth: That's everything that's going to affect the General Fund. You have other funds that are affected by the transfer line items that are part of the General Fund, but...

President Kirchner: Right, both those exist right there in the third page, so the budget for 2013 General Fund-wise. I know we have to look at the whole budget. Right now, we're talking about General Fund. The deficit is a General Fund phenomenon. None of the other funds have deficits. Only the General Fund has a deficit. Now, we do transfer to other funds out of the General Fund. I don't want to confuse that. But that is the deficit that we have to get to a point of eliminating. So, 8.3 million dollars, \$8,324,873 is the 2013 General Fund budget. Is that an accurate statement?

Auditor David Hollingsworth: Right.

President Kirchner: Okay. So, 8.3 million dollars compared to a revenue estimate of 7.6 million dollars, which means that you are looking at a \$700,000 deficit at this point. Is council all on the same page with where we are at from a General Fund standpoint?

Mayor Riley: Council will notice that on the fifth page, where you do have the \$8,324,873 General Fund budget. If you look straight across the page to the budget of 2012, you will see that is a \$1 million reduction on the 2013 budget compared to the 2012 budget. You will also notice that the cash ending is \$2,189,994. Our instructions were to present a budget that had a 25% carryover. The very last number, cash balance ending, \$2,189,994 being the anticipated carryover is 26.3% of the 2013 budget, so that is the directions we had from council. With David and Mary Kay and Brenda and everyone working very hard, that is the number that we came up with. A \$1 million reduction over last year. I would say again as I said almost exactly a year ago, that this may be the budget that we start with, but this will not be the budget that we end with. We work on the budget year-round. That is how we trimmed a million dollars off of the budget this past year. I would anticipate that in 2013, with the continued help of all of the employees of the city, the superintendents and supervisors in particular, we will continue to trim the budget. We're going to look for ways for increasing revenues if at

all possible and reducing our expenses. So, this is the budget that is being presented, with an over 25% carryover – 26.3% carryover.

Auditor David Hollingsworth: What I tried to do with this format, and I think I mentioned this when I handed it out, all of the funds that received money from the General Fund in transfers, I budgeted their cash balances to a zero balance. So, in other words, I adjusted the transfer number. If it was showing that they were going to have an excess cash carryover balance at the end of 2013, I reduced our transfer to get that number to zero, so you have everything inside the General Fund that is being spent.

Councilman Jaehnig: So there aren't funds sitting there from the previous year that don't show coming out of the General Fund in 2012.

Auditor David Hollingsworth: And there always are, but just to try to make this a little easier to follow, I budgeted those cash balances to zero in 2013.

President Kirchner: 2013 or 2012, David?

Auditor David Hollingsworth: 2013. So, you will see they have no cash balance being projected in 2013 at the end of the year.

President Kirchner: I know unfortunately I was not able to be at the meeting where council discussed the commitment to a minimum of a 25% carryover. And I believe that commitment was unanimous that that was the minimum amount that we thought was fiscally responsible to keep in there. I don't know that it was necessarily the direction of how big of a budget we should get, but it was the starting point that council wanted to be sure we kept. The issue that we've still got is that the \$700,000 is a deficit. Now, based on these budget numbers, at the end of 2013, 25% of 2013's budget will be left. The issue is, if we go into that next year and we don't see a significant change in revenue, we will eat into that carryover with the current structure of the city.

Councilman Wallace: Scott, if I use your analogy, which I think makes some sense. If I look at 2012 budget and I look at the income. If I go back at the income, I end up with 7.4 income. If I reduce the carryover from the actual income of 9.9. $9.9 - 2.5$ is 7.4. I take the actual expenditures of 6.7, that comes out at .7. So, that difference there is 700,000 as well as the difference you're showing is 700,000. I mean, based on that thinking, we've pretty much have broken even this year with a reduction income – in carryover. I think that's pretty darn good. In other words, if we're making less money next year than we made this year, and next year we had 0.7 deficit, and this year we had a 0.7 deficit, we really gained. In other words, our carryover deficit was the same next year as it is this year, but we've got less income.

President Kirchner: That's true in a way, but one of the things that you have to understand is in this year you saw an \$843,000 impact of unexpected revenue with the inheritance tax. So, you actually have seen the income of that in carryover. Had we not received that \$843,000, your income line item would be down by \$843,000. Now the reason that is important is in 2012 of this year is the final year that the inheritance tax exists, so there will be no inheritance tax in 2013 as a possibility there. Let me clarify one thing, in talking with County Treasurer, it is possible that before December 31 of this year, that a passing or passings will occur that will bring an inheritance line item into next year because it occurred in this year. Now, the \$843,000, David, correct me if I am wrong, is the largest inheritance tax income we have ever received.

Auditor David Hollingsworth: It is, since I have been in office.

President Kirchner: Which is...how many years.

Auditor David Hollingsworth: 25 years.

President Kirchner: I don't anticipate that we will ever receive that again. Of course, we obviously hope that that line item is zero. We don't want to see anyone pass. But the

impact to this year's budget was significant. Without it, \$843,000, this year would have had a \$1.5 million deficit.

Councilman Wallace: I think that's where...and this is the thing that always drives me nuts when we get to this. Every year I ask our directors, "Is this the bare minimum that we can come up?" And I get that yes, yes, yes. Then all of a sudden, we get in the middle of the year and we have to buy something, you know, and they are able to scrape funds together in trimming their budget numbers. I don't get that from a budget standpoint. From an internal standpoint, we may have to buy some things. We put together to buy a cruiser. We bought that scale out there at the landfill. We're pulling major monies out of General Fund somehow. You know what I mean. But that is not budgeted and that is the scary part of it. If we don't do those extra things above and beyond this budget. If truly those things are thought about – what we need next year – and those are listed in these number, then we don't have an issue that you're talking about. There liable to be something blow up on us that we don't know about and that we can't foresee at this point. But when you're in a money crunch like this, I just don't think budgetarily we are able to come up with monies for some large ticket item that we didn't plan for next year. And we've done it for three or four years in a row now. That's the thing that drives me crazy.

President Kirchner: And let me address. There are two things there. Number one, coming into this year, last year's budget process and last year's mayor, not Mayor Riley, but Mayor Raizk, had directed that some items that were scheduled to be needed, like those cruisers, be removed from the budget to decrease the size of it. Now, that issue we will address with our department heads today and make sure that everything that is necessary for the operation – and it's a great question, Mike, and I think we need to clarify that – to make sure that this budget does not artificially show a lower cost when they know they are going to have to come back and ask for more. That's a very valid point. But, I do want to say that the issue of budget adjustments where they have made adjustments to move money from one account to another in the Police Department, one of the reasons that is true is because you had a number of officers on in Safety. You had a number of dispatchers on, and you lost those folks because they left during the year. I know in Duane's case, he actually found ways to cover some of those shifts and to reduce the cost so that money was available to move to something he needed. And the management of their budget that way, where they can identify opportunities to save, I think is exactly what we want our department heads to do, and what Mayor Riley talks about in they constantly work on a budget. Now, I will equate it to our home budget so it makes sense. If we have a budget for electric, water, gas, groceries, house payments, all of those things at home, there are ways we can affect the amount we will spend. With groceries, you may do couponing. You may reduce the amount of premium meat that you would buy. You may reduce through thriftiness and free up more money in your budget to do something else with it. If you reduce your cable. Maybe you do away with a cell phone. Things like that can affect your budget. And in the case of our department heads, the mayor has indicated that they constantly work on finding those opportunities, and as long as they can live within this budget and reduce from there, through that currently unknown opportunity that could come, I think that is a great effort, and that is exactly what we want them doing. So, I don't think it's necessarily that they put too much in these line items, they put what they expect to need and then work to reduce them as the year goes on.

Councilman Wallace: My point is not that. My point is going into 2013, if someone needs we've got to buy this item, I would like to see it on paper right now. That's my point. I'm just talking about major items like that. I'm not talking about...because I applaud Duane what he did this year on how he could maneuver monies. We see that on the last item there on the spreadsheet, where we saved money on all of the salaries and things like that. A lot of that comes from his area. I understand those things. It's just that when someone knows they are going to have to buy an earthmover next year and we don't see it on paper and all of a sudden we're hitting June with, "We've got to have one of these today, and it's only going to cost \$5 million." I'm going "Holy cow. We knew this five years ago. Why isn't this on paper? Why aren't we saving for this?" To me, that is their job. I know they do that. But I also know that has also been kept from us sometimes.

Mayor Riley: One of the things I've asked them to do this year, Mike, which I think is somewhat new, is actually look at the budget process in three different ways. One is the operating expenses, which are your paperclips and whatever you need. Looking at your people is the second one, and the other is capital. I asked them to budget for just those big-dollar items. Not the small items, but something that's going to be – a cruiser – would certainly be a capital item.

Councilman Wallace: And we need more cruisers. I understand that. I'm not against buying them.

Mayor Riley: As far as I know, the budget reflects everything that they're planning on buying. Well, unless someone hits a cruiser – but insurance would cover that.

President Kirchner: I think that anytime you see something like somebody hits a cruiser, and engine blows. They're not planned items, and I think we all understand that. But, to get to this year to find out that they needed two new cruisers and nobody put it in the budget is your point.

Councilman Wallace: That's my point.

Mayor Riley: And we do need more cruisers.

Councilman Wallace: Every department needs stuff. I get that and I understand that. I want to budget for that. That's not my point. My point is, we are still working within these dollars. I don't want someone to slap me in the face with something in the middle of the year and say, "Hey, we forgot to put this on paper." That's sort of like these sharing grants that we come up. If we only chip in \$250,000, then we can have this grant to do something. Well, where's that money coming from. That's still a lot of money. These matching grants drive me crazy, because we can't afford matching grants.

Auditor David Hollingsworth: If I may interject, Duane, I think you had \$64,000 allocated. We did take that out of here, because it's always been the unwritten policy in the past that they come to finance and ask for capital items rather than budgeting for them to make sure that we do have the money available to spend for that. So, those were taken out of this spreadsheet – any capital-type items. There weren't that many. I think Duane's was the biggest request of any department. But we did zero those out of here, but only for that reason.

Mayor Riley: We also had some anticipated revenue, if I'm not mistaken, from Wilmington Drug Task Force that we may be able to use for some of this.

Councilman Wallace: Even if there's something that we don't have in the budget right now and we think, "Boy, if we could come up with a way to get that, we want to get that." I'm okay with hearing that too and talking about that down the road. But I just don't want to be hit upside the head with some major expense that we knew that's not trying to be dealt with in here somehow, some way, in some shape.

President Kirchner: To that point, David, can I ask, if we backed capital items out, do you have a report that we can review of what anticipated capital investments are.

Auditor David Hollingsworth: I can generate something. I don't have one now.

President Kirchner: Because the bottom line is, that will affect the General Fund if it's not in an Enterprise Fund.

Auditor David Hollingsworth: Correct.

Councilman Jaehnig: Beside the Police Department, whatever capital items could be sitting out there that are General Fund related?

Auditor David Hollingsworth: I don't know. That was the only one that really comes to mind.

[Multiple people discussing grant-related status of taxi funds]

Auditor David Hollingsworth: That's the one that sticks out. That's money that comes from grants. That's kind of irrelevant.

Councilman Jaehnig: I mean the Fire Department and the Police Department would be the two big capital item areas in the General Fund that we're aware of. Unless there's something came from the courts that you backed out.

Auditor David Hollingsworth: The court's capital items – those are generally...

Auditor David Hollingsworth: Their computers, their chairs...

Auditor David Hollingsworth: Those come out of their computer fund. That is unrelated.

Safety Director Burton: I think as far as the Police, to answer Mike's question, also in the budget preparation the mayor asked Duane and Andy to put out a projected 5-year forecast of capital equipment like trucks. I don't think you guys get a copy of that. I think if council got a copy of that, it would help. Because that's normally like when you say, Mike. It comes up in a Safety or a Finance meeting, it's to buy a cruiser or a squad or whatever that may not be on paper here somewhere. That is out there.

Councilman Jaehnig: I think it's useful to have that besides the budget. If the budget's purpose is to have...this is the operating expenses...this is what we have to spend to operate. If, in the past, we have removed capital items from the operating budget to pass through council separately to approve each individual item, then I think it's a good idea to have at the beginning of each year...these are our potential estimated capital expenditures that we are going to be talking to you about. That way, as the year goes and different revenue streams are identified and the decision by that department and the mayor is made to pull the trigger, it's time to pursue this piece of capital equipment, it's not a giant surprise like Mike was saying. In general, since the beginning of the year through now, there's definitely a better sense of communication. It seems that between the department heads and the mayor's office and working on the same page, while in Finance, while I'm not on the committee, there were definitely supplementals and transfers, they seem to be a lot clearer than they have been in the past and a lot better thought out. Here's the entire plan. Here's what we're doing. Here's where the revenues are coming from. And that type of explanation than what we've had. It's clearly reflected in where we end up at the end of the year. To the president's comment earlier – me personally – I am very pleased with the budget that is proposed. And while their continuous work, and I sure hope that the mayor and the department heads continue to work on trimming budget, I'm pleased with the overall effect before we get into each individual department. So, you had asked our opinions on that, so there is mine.

Councilman Wells: I would like to say something – to clarify one thing that Mike said. The scales were not purchased out of the General Fund.

Councilman Wallace: That was an example. I understand that. I was just talking about major expenses out of the General Fund in particular. I understand that. Let me just say, I'm not against these major purchases. That's not my point. I would just like to see us plan for, like Randy is doing, instead of keeping them from us, so we can get something passed and move forward.

President Kirchner: In this case, what they're telling you is that those are not in this budget. They are not planned for that way. They are looking at the need for them, but the monies do not exist in these line items. So, it would be additional expenditure out of the carryover balance, increasing the deficit, and it's a philosophical question that I think council has to visit as they look at this budget. In the case of the Police Department, Duane has a very effective schedule of cruiser replacement that keeps our department capable of responding and minimizes the impact in a single year of a great number of

investments. He does it a little bit each year as vehicles get to that age. So it is an ongoing and regular item of use.

Councilman Wallace: What's the life of a cruiser, Duane, while you're talking about it.

Chief Weyand: Six and a half years ago – about six years ago, it was about three years. I'm getting about five and a half out of them now.

Councilman Wallace: So, we should be buying one a year, right?

Chief Weyand: One to two. And there is going to be a year or two where you hit one. But like, Rob, I think was on Safety Committee in 2007 when I lobbied to get two additional cruisers. At the time, I said that we were getting three years out of the cars. We run them 24/7 throughout the year. Now we assign two officers to a car and it allows for the maintenance and allows for the lower use of mileage on them. So, we're getting about five – five and a half year out of them. At the same time, your maintenance cost is coming down considerably because our vehicle maintenance line item, which did cover fuel, and fuel at the time was considerably less, was a little over \$100,000. Fuel is up, and our maintenance is still down in that line item compared to six or seven years ago.

Mayor Riley: Bob, I would also note. Denny has a funeral that he has to go to today, which is why he is all dressed up.

Denny Gherman: Wedding.

[Laughter and banter]

Mayor Riley: I appreciate Denny getting dressed up to come in. But, if you have any questions for Denny, I would like to be appreciative of his time, so he can feel free to leave when he wants to.

Councilman McKay: Do you have any propose capital items, Denny.

Denny Gherman: No. We filled out our five-year plan and did not ask for any next year. We do have equipment – our snow equipment is 15 years old, and it's going to catch up with us. But, I have asked for it in future years, but this year we have elected not to ask for it. We have not had any new equipment in the past five years.

Councilman Wallace: Any major changes in your budget from last year to this year?

Denny Gherman: My salary line item is down due to one person retiring that's not going to be replaced. Other than that, everything is going to be pretty much the same. This budget is about 52% of what it was five years ago. We have cut every year. I don't think there is anything else that can be cut if we're going to run our department.

Councilman McKay: The only major thing that could happen is as we discuss briefly at the Streets meeting, there is a possibility that we could be looking at a move. If that happens, then there are plusses and minuses that have to be considered. But that is not part of this budget.

Denny Gherman: No. That's not part of this budget. Correct.

Mayor Riley: Those are just operational things that go on throughout the year. As everyone is probably aware, we have been looking at the possibility of consolidating city services on the Nelson Road properties that we have. Denny's would be one of those that we would consolidate over there, which would free up property on Walnut Street. I don't want to talk about possible sale of property in a public forum, but we would be looking...there's no sense in owning property if you're not going to use it. So, that said that is something that we would look at to help pay for the moves and such.

Councilman Wallace: Mr. Mayor, do we look at the consolidation as a savings overall operationally money-wise. I know it's going to be a savings, don't get me wrong,

because I remember talking about the mechanics and that type of thing, but will that save us money in the long run operationally or not?

Mayor Riley: I certainly believe it will, Mike, in that we are going to be restructuring the way we do some business. We're consolidating. We're getting a lot of the people who do labor in one area, and obviously we have some people who do labor out at the water plant, that do water lines and stuff like that. We do now a lot of sharing back and forth. If we have a major snowfall, everyone who can drive a snowplow is driving a snowplow. We do a lot of sharing of resources between departments already. I think this will make it a little easier to do because they're working right there shoulder to shoulder every day so they can help each other out more. Plus, you have one facility that will not be heated, cooled and taken care of – one less facility to work with.

Councilman Wallace: That's got to save something.

Mayor Riley: Oh, absolutely. I can't give you an exact number, but sure.

Denny Gherman: Another major point at the Nelson Avenue facility, we would be able to get all of our equipment in side. More than half our equipment has to sit outside now and it's taking its toll on it.

Councilman Jaehnig: Especially with 15-year-old vehicles.

Paul Fear: Can I ask David two questions, which are probably pertinent to all of the other department budgets...when we affectively moved property casualty insurance out of the 2012 and allocated it to enterprise funds, we went from 240 to 200, did we allocate liability, vehicle insurance, and property and this type of stuff to the individual departments? Because I didn't see that in any of those except for the 5200 in his budget here. But I didn't see anything in Police or Fire.

Auditor David Hollingsworth: Why? They're all General Fund. It all comes out of the General Fund.

Paul Fear: That's my question...where do they go in the General Fund. 240 went down to 23, is that all we pay for the entire year for everything else?

Mary Kay Vance: We allocated it to the other...

Auditor David Hollingsworth: Any insurance line item. The only thing that effectively affected would be the enterprise funds. We allocated their portion of the property casualty insurance, which has always been paid out of the General Fund. The reason that hasn't been done in the past is because prior administrations were concerned about the debt coverage in burdening the Enterprise Funds. Now you have some flexibility with the Enterprise Funds. I mean, it's only fair that they pay their...it wouldn't be fair for us to pay their salaries out of the General Fund, and it's not really fair for the General Fund to take the full burden of the insurance costs.

Councilman Jaehnig: It's more than just being fair, though, isn't it. Because when I went in and I started trying to look at those type of things, in the definition of the Enterprise Fund, it clearly talked about Enterprise Funds could not have funds coming from the General Fund in order to operate in the form of cash or in-kind services. So, it seems to me that we should have never been dividing that out in that manner. Those enterprise funds are supposed to operate completely independently and on their own. While that does put us at risk at some of our bond coverage issues, it seems like that is the way they're supposed to legally operate.

Paul Fear: My question was the fact that I only saw \$23,000 for the entire year for every other operating department, and I would have thought that the police would be more than \$1200 for their insurance on their vehicles and that type of stuff. I'm was surprised at the small amount that still comes out of the operating. That was my question.

Auditor David Hollingsworth: There is an insurance line item within each of the Enterprise Fund...

[Multiple people discussing liability insurance allocation]

Councilman Stuckert asked if we did the same with the health insurance costs.

Auditor David Hollingsworth explained that already comes out of the each of the line items. It goes into an insurance fund but it comes out of the individual departments.

President Kirchner gaveled the meeting for order.

President Kirchner: I am going to ask that we have one conversation at a time for two reasons. Number one, someone has to type this record, and that is not going to be very easy, but also because I think all of the conversations are important and everyone probably needs the information. So, please, if we can keep it to one conversation at a time, I'd encourage you to write down your questions if you need to ask them when that conversation is complete. To the mayor's point, we are focusing on M&R right now to make sure that we get Denny out of here. So, I would encourage...

Paul Fear: The second question I had, then, was when we showed the benefit insurance, I know we kind of talked, have they been allocated per department per employee cost? Because he says one lower employee, but his benefit insurance went up \$15,000. Is that because we allocated the difference between a single and a family?

Auditor David Hollingsworth: Are you talking about the difference between what's budgeted for 2012 and 2013?

Paul Fear: Yes.

Auditor David Hollingsworth: It could be because of the change of the mix of the employees, the insurance costs, what we got from Liz was actually going to go up a little bit for each employee.

Mary Kay Vance: It's done based on how many employees are sitting in that department.

Councilman Siebenaller: If you are down by one employee, do you anticipate rehiring that position in the coming year.

Denny Gherman: No. We are not going to fill it.

Councilman Siebenaller: The one other question that I had...the vehicle expenses went from \$70,000 to \$34,000 but then there is a line added for vehicle fuel, which is the difference.

Denny Gherman: We just separated the two. It's still the same. We did not increase that line.

Mayor Riley: To that point, that's new this year. The fuel line is new because we kept talking about fuel expenses and the volatility of fuel costs. I said, "Let's just make a separate line for fuel for all of the departments that use vehicles, because we need to know specifically what that is." If there is a variance, yes, you can go look at the pump and sort of figure out what the variance is...whether it's high or low. So, I asked for that line.

President Kirchner: I would offer that one of the things that I think could benefit us there is if council understood the commodity volume. Can we get the estimates on the number of gallons that they will use? I realize that it is an estimate, but it allows very quick math when we see a difference in, say, \$3.25 gasoline now and \$4.25 gasoline at the end of 2013. And I am not making a prediction – I just want to make it clear. I'm just illustrating a point. When you know the number of gallons, you can see the difference in

budget that it can cause. So, since we've separated that line item out, if we can get those estimated fuel amounts.

Councilman Jaehnig: Did each department use the same average fuel cost? Was there an estimated cost per gallon that we worked from, and did each department use the same number?

Chief Weyand indicated that he used \$4.50 and Denny Gherman indicated that he used \$4.25.

President Kirchner: The good news is, hopefully that will be an overestimate.

[Banter]

Councilman Wallace: But to be honest with you, again, we're trying to make an intelligent guestimate here. And this is pretty good. The numbers they are using have a chance of coming into fruition. So, you know, even if we are off a thousand, two thousand dollars, that doesn't bother me as much as again what we were talking about earlier.

President Kirchner: I completely agree with you. Those small commodity fluctuations...

Councilman Wallace: Even if you use \$4.25 and look at the rough amount per gallon. I appreciate that. Because that can be a reality. That could be off too. We can't control the future there, so I'm okay with those numbers.

Chief Weyand: I'm sure they do the same thing I am. I'm looking at it is, if we hit \$3.50 in January and we're at \$4.80 in December, I'm hoping that the cost averages out and we can make up for it.

President Kirchner: Denny, I'm looking at your organizational chart, and I'm not asking about an individual, I'm asking about what position we have eliminated.

Denny Gherman: One of the crew leaders.

President Kirchner: Okay. So, we're down to just one crew leader. Excellent work, and appreciate you modifying the way the department operates to use those remaining resources – to use your personnel effectively. They do great work. Very good.

Councilman McKay: And reducing your budget. When you had more allocated to it than you had last year.

Mayor Riley: Well, I compliment all of them. Denny does a great job for us. Anybody that needs anything done in the city, whether it's Police, Fire or whatever, Denny's name comes up and he gets it done. I do so appreciate his work throughout the year, plus his willingness to actually just dance faster, because there is so much more going on and he has fewer people, but we seem to still be getting all of these projects done. I truly appreciate it. I would note too, that I talked with David Hollingsworth, and he needs to leave at 9:30. And somewhere around the 9:30 hour, a little 7-year-old grandson is going to come in and expect pappy to go with him. So, I will probably be leaving about 9:30 as well. Just for your information, I didn't want to just surprise you by leaving at 9:30 or whenever Logan comes in.

President Kirchner: I would say after two and a half hours of initial budget session, we should have enough information. Before that time, we will kind of talk about schedule and what we would like to do as far as moving forward in the budgeting process.

Councilman McKay: Mr. President, to kind of consolidate that or move forward, is it your plan to just go through the entire budget? Is that what we are going to try to do today?

President Kirchner: I think that we should try to get an initial review of all of the departments, especially with the department heads that are here, to understand the impacts to the budget that we're seeing. In reviewing, I know Brian had a question about the vehicle and fuel expense. To respect Denny's time, are there any other questions?

Councilman Siebenaller: How does the State Highway Fund and Permissive Tax Fund affect your department? It looks like it's pretty much all street related.

Denny Gherman: It's all related to that.

Councilman Siebenaller: Those aren't...are those General Fund monies?

Auditor David Hollingsworth: Permissive Tax? No.

Councilman Jaehnig: Those are designated that they have to go to that particular...

Auditor David Hollingsworth: Nothing comes from the General Fund that goes to those two.

Denny Gherman: I did have a couple of people ask about the reflectivity program. They did not understand it. Reflectivity is a federal program where all of our signs have to be reflected, such as our new signs, and that has to be implemented by January 1, 2016. So, for the last two years, we have spent \$10,000 doing that as we change them out to get ahead of the job.

Councilman Jaehnig: So we won't have to do it all at once.

Denny Gherman: Right.

Councilman Jaehnig: And we're on target.

Denny Gherman: Any signs that we are buying now are reflective.

Councilman Jaehnig: That includes like street name signs.

Denny Gherman: Yes. The street name signs do not actually go into effect until 2017, but as we replace them now, we are going ahead. There is not that much cost difference. It's just going to be a big savings now to do it now as we go.

Paul Fear: Mayor, is this where the issue with the R&L vehicle license tax comes in...does it go into this fund?

Mayor Riley: Yes. One of the things that I have been working on this year...I've met twice with the Director of the State Bureau Motor Vehicles, Mike Higgins, and his assistant, Duke Hobson. We've had several phone calls. As you recall, a major transportation went from licensing in Ohio to licensing in Indiana, just because of the convenience, supposedly. That convenience factor should be gone now. Through some really good work that has been done by the state in streamlining their licensing program. So, now we're just trying to mend some fences and mend some bridges and get that licensing back in Ohio, which according to the BMV, would have a very positive impact on us. You can't budget hope, but my hope would be that sometime this year we would start seeing some of those funds that used to basically be Denny's budget to start coming back to us. It was like \$800,000 wasn't it, Denny, that we lost?

Denny Gherman: Yes.

Councilman Mead: Mr. Mayor, I had read somewhere in the past that we should have never been getting that money in the first place.

Mayor Riley: According to the BMV, we're entitled to it.

Councilman Mead: So, you think we actually are.

Mayor Riley: Well, according to the BMV, we're entitled to it, so that is what I'm going on. As I've said, I've talked to several people there, and they said the City of Wilmington is entitled to that.

Councilman Jaehnig: Is that because we're the county seat?

Mayor Riley: I'm assuming. We have the processors are here. Maybe because it's a 45177 area code. I don't know what the reason is, but I'm tickled to death with it.

Councilman McKay: Well, there's a split. The county gets...

[Discussion of licensing fees]

Councilman McKay: You might note here too on Denny's budget, the street improvements have taken pretty much the biggest hit. There's about \$100,000 decrease from last year's budget to this year's budget – from \$175,000 to \$75,000 – so don't look for a lot of streets to get improved.

Denny Gherman: One of the things that we have been doing, we do have a pothole patcher that we've been using almost daily. That is a Band-Aid, but it's more of a permanent fix than cold mix or anything. We have been using that to salvage all the streets. It's been a real asset.

Councilman Jaehnig: That particular fix is much more durable, right?

Denny Gherman: Yes.

President Kirchner: Denny, how much overtime do we have estimated into the salary line item.

Denny Gherman: I estimated 7%. It's very hard to estimate for our department. With the winter of last year, obviously, we are way ahead, but if we have a bad winter, being that short that many people, it's going to hurt. Again, as the mayor said, we are going to have to rely on other departments to help out with that.

President Kirchner: Now in this year, we obviously had a very wet winter coming into the beginning of 2012. Opposed to snow, we had a very mild winter and a lot of rain. Is that some of the savings we have seen in this year's budget was we were able to not have as many snow issues, as many overtime hours, as many folks in trucks driving all day and night?

Denny Gherman: Yes. That was a major factor.

Mayor Riley: As well as salt.

Councilman Stuckert: So, we will still have last year's supply of salt, basically.

Denny Gherman: No, we do not. We actually, due to the low winter, we did not order salt last year. This is the first year that it has been required. In the past, we had contracted for 1200 tons. We had never had to use it in the past. This year, with everybody being down, we are obligated to buy that. We still have to buy it for last year as well as what allocated for this year. Yes, Don?

Councilman Wells: What about the beet juice program. Did we discontinue that?

Denny Gherman: No. I don't know how many of you are aware. We did buy beet juice last year and the equipment to apply it. Due to the winter, we did not use it at all. A lot of cities use beet juice; they mix it with the salt. My intention is to use it after a snowfall. Davids Drive, 134, Nelson Avenue, areas that drift bad, we have to go out every two hours after a snowfall. It snows for two or three days and then we have two or three days of that. With the beet juice, if we put that down, it will cut down on that overtime. That

is primarily what we are going to use that for. Last year, we did not use any at all due to the nature of it. It should be a major cost savings overall.

[Discussion of whether beets are grown locally]

Denny Gherman: They are actually grown in Michigan.

President Kirchner: That would be the Grow Food Grow Roads program.

[Laughter]

Denny Gherman: The beet juice will actually work better than the salt or calcium chloride or any of the corrosive materials that are hard on the trucks and the vehicles on the road. Beet juice will not hurt any car finish or anything. It's being used by a lot of cities. They start out small and then they use it more and more every year. It's been a real successful program.

President Kirchner: I'm fairly confident that young children around this country are very happy to see a use for beets.

[Laughter]

Councilman Stuckert: Seriously, do we have any way of making sure that the farmers who grow beets around here are aware? Can we increase our beet output.

President Kirchner: My guess would be, you would have to look at that whole processing approach. I think it's a little out of scope, but perhaps if we do have a beet farmer.

Councilman Jaehnig: Well, this area of the country is not good for root crops. We have too much clay in our soils and so that's why you don't see a lot of root crops in this area. Northern Ohio, Southern Michigan have a lot more sand in their soil and it is much, much better for root crops. So, trust me, the farmers are well-aware that the opportunity is there. Unfortunately, the land does not cooperate.

Councilman Siebenaller: Where do we budget for the salt and the beet juice and everything.

Denny Gherman: That comes out of Street Supplies.

President Kirchner: You know, one item that I did want to check on with all of our departments is property taxes. Does your department have any property taxes it pays?

Denny Gherman: Yes. Ours is very small. It comes out of our incidental item.

President Kirchner: And what is that property that we are paying on? The reason that I'm asking is because any property for municipal use, we should not be paying property tax. And if we need to get these filed to get them abated under municipal use.

Denny Gherman: My understanding is where the service garage is, the garage itself is not taxed; it's the lot behind. I never understood why. They say it's the lot behind which we use for a storage area.

Mayor Riley: Brenda, Larry and several other people are looking at all of the parcels. The city owns a boatload of parcels of land around the city. My direction to everyone has been that if we are using the land, we should simply be exempt. If we are not using the land, it should be for sale. We are not landlords. If we have property that is not being used for municipal purposes, rather than paying taxes on it, let's see if somebody wants it so we can get out from underneath. I'm surprised about the lot behind you, because I think we have some things stored on there, don't we?

Denny Gherman: We do. Our property tax is only around \$40 a year.

Mary Kay Vance: Some of that is the street lighting assessment. We are not exempt from our own street lighting assessments. There are those few things that we are not exempt from, but the property themselves, a couple of years ago we had, I think, Lauren Raizk and Laura Curliss went through all of the properties and went through that application process. So, I'm assuming that Brenda is working on those again. It's an ongoing process. But I know they addressed those at Denny's plant, but it's worth taking a look at again.

Denny Gherman: It has come down from 90-some dollars about seven or eight years ago down to about 40.

President Kirchner: Obviously, \$40 is not a huge amount of money. If that is the street lighting assessment, that is fine. It...it seems to me as I analyze the budget we had some larger property taxes that we did pay and not necessarily in your budget – I'm talking about the budget overall. It's been a while since I went through. Actually, I can do some analysis right now.

Denny Gherman: With the Randall Company?

President Kirchner: Yes. I know the Randall Company is unique and we are actually paying on the portion that we are not using municipally. Is that correct? Or are we paying on the whole thing at this point. That would be my question.

Service Director Reinsmith: I think...

Mary Kay Vance: It's come down. It is half of what it was, I think, the year before. I don't handle that, so I can't respond to what the timing is. Because once you take over a piece of property as a municipality, I think it's a year before that exemption can go into place. I only know these things peripherally, so don't take me as the expert.

Service Director Reinsmith: I know they submitted the information to the tax department about the square footages and acreage of the two parcels.

Paul Fear: That comes out of the Enterprise Fund anyway.

Service Director Reinsmith: Yes. That comes out of the Enterprise Fund.

Mary Kay Vance: It's still worth addressing, and I believe they're doing it. So, the answer is, they are looking into it. I mean, I don't know why we need to discuss it any more.

Councilman Jaehnig: Mr. President, do we have anything else that we need Denny for, or can we move on?

President Kirchner: That's up to council. Council?

Councilman Wells: Are you a pallbearer at this wedding?

[Laughter and banter]

President Kirchner: I've taken a quick purview of the 2012 budget, and you have a total of \$89,075 in property tax or taxes line items. And I don't know how much of that would be street lighting, but definitely it's a place where there is some potential to be had, and I don't know how much of it is the Randall Company.

Service Director Reinsmith: I know those are big numbers down there on the property taxes.

President Kirchner: I believe that one is \$51,600. So, it's over half of it. Then the Union Hall, we probably are still paying on it, but we aren't using it municipally.

Service Director Reinsmith: I know another one is the property that Jerry owned – the house over on Wall Street. We've sold that and that was about \$800 a year, so that will come off of this.

President Kirchner: \$825 I think. We've got...for the General Fund, \$32,800.

Mary Kay Vance: Part of what is in the General Fund, because you brought it up is the only reason I'll respond to that, is in that line item is where we, the City, pay Union Township for the parcels that we have annexed in. The county does the calculation for us – the annexation agreements where we keep Union Township whole on property taxes. So, there is a portion of that that is not real estate tax that is from our property that we're paying now. Part of it is the real estate tax that we're paying to Union Township.

President Kirchner: Payment in lieu.

Mary Kay Vance: Yes. So, it's not all real estate tax...just FYI...that's in that line item.

President Kirchner: I don't know if we can get a breakout. I do think we have to look, as Councilman McKay indicated, perhaps Asset, Acquisition & Use can call for a meeting to take a look at all of the City owned properties that we are currently paying on and determine. Because I'm in agreement with the mayor, if we're not using it for a municipal reason, then it probably needs to be for sale. Just like Jerry's house was – the Water Department's house. Not Jerry's house.

Councilman McKay: Well, it sounds like the mayor has already directed folks to be looking at it. If we could just get that compilation, I don't think that would be too hard to do.

Mary Kay Vance: It's not going to change your budget. That won't happen overnight either – getting rid of properties and all of that.

Councilman McKay: No. If we could just say this is what it is.

President Kirchner: And I think having a clear picture of – for the monies that are to the townships for annexations, obviously that is going to continue based on the contractual agreements under which we did the annexation. But, when we look at the \$89,000 in this year that is under that heading, if you separate that out, understanding the impact, because anything for municipal use shouldn't have anything but street lighting, and we need to make sure that is at the minimum.

Mary Kay Vance: And that hopefully is what they working on.

Councilman Jaehnig: Since we are talking about street lighting, if we could look at the street lighting fund. Those are taxes that come in through assessments to pay for the street lighting, correct?

President Kirchner: Correct.

Councilman Jaehnig: And that particular fund seems to be growing, but those monies cannot be used for anything but street lighting. Correct?

Service Director Reinsmith: Yes. If we were to add lights, then it would come out of that fund.

Councilman Jaehnig: So, as we add additional lights or add additional roads that need additional lighting, the purpose is to build that fund up to be able to pay for those things. Is that correct?

Service Director Reinsmith: Right.

Councilman Jaehnig: Okay. Because with the electric aggregation, there was a portion in that that also dealt with street lighting for the city and a reduction in costs for the city's

cost in street lighting and a clause for them also to pay for the conversion of those lights to LED's to be more cost effective in a cycled plan. So, I was just kind of curious.

Mary Kay Vance: They do that analysis annually, and you pass that street lighting assessment. We have to have it...

Councilman Jaehnig: So that changes yearly.

Mary Kay Vance: If there will be some effect on that, it will show up when we do that analysis and plug it in to next year.

Councilman Jaehnig: I guess I forgot the annual thing we visited.

Mary Kay Vance: So it will come back to you.

Councilman Jaehnig: So we will adjust it as needed.

Mayor Riley: These are issues that we deal with throughout the year. We get requests for streetlights really fairly often. People are asking for more lighting. It is one of the concerns of our citizens. In fact, I had a lady just last Sunday complaining about the main street right here on South Street in front of the city building, questioning why we only have lights on one side of the street – the east side of the street is really dark. It was an elderly lady, and she said she was afraid to walk that side of the street at night. Of course, she noticed it because it's dark earlier now and she was concerned about it. So, street lighting is always going to be an issue and it is always going to be something that we get frequent calls about – either the lights are out or they have identified an area by their residence where they need a light.

Councilman Wells: That mural parking lot, the other night I walked through there and neither light was on.

Mayor Riley: Neither one?

Councilman Wells: Neither one. It was dark.

Chief Weyand: There was someone over there fixing them on Friday.

Service Director Reinsmith: We did a survey a week or so ago at night and we found 142 lights that were out.

Mayor Riley: Were out or were flickering.

Service Director Reinsmith: So, we reported that whole list to DP&L and they are in the process of repairing them.

Councilman Wells: That's good.

Mayor Riley: Also, I would note that the city owns some property – I've been trying to think how to phrase this, and I can't think of a good way to phrase it other than it's worthless property. Absolutely worthless. If you go to the corner of Spring and Locust Street, the northeast corner of that intersection, there is a little stream that comes from the city down towards Swindlers and goes underneath Al's Sweeper Shop. The stream right there that we own two parcels right there. I have no idea when we came into ownership of that. It's probably been forever.

Service Director Reinsmith: It was years ago. Hale Hospital used to be located there. And somewhere when they did away with the hospital, I think the land was donated to the city for some reason. That was years ago. We occasionally mow it. People complain and we go down and mow it.

Mayor Riley: There are some parcels like that that are just absolutely not marketable at all. I would love to come up with a way of getting rid of those parcels, but nobody wants them.

President Kirchner: But in that case though, Larry, on those particular parcels, isn't that part of ensuring that we can drain water in that area?

Mayor Riley: No. This is not part of that. That's on up Thorne in that area. That we can not pay taxes on because of the use. We're using it for flood mitigation, but that is...

Service Director Reinsmith: And we bought a lot three or four years ago – remember down on Mulberry, the house that was caving in. And we ended up buying that house and we tore it down. I know it came out of Harry's budget because they said it was stormwater related. But we own that parcel there. It just sits there and we have to clean it up occasionally.

Councilman Wells: Is that where we put the guardrail up?

Service Director Reinsmith: Yes. So, we have little pieces like that all over.

Councilman Wallace: If we made all of those part of the city parks.

Mayor Riley: Lori Williams would kick your tail.

[Laughter]

Councilman Wallace: No, I'm not putting on Lori, but would that be a tax abatement for us, if it became a park?

Mary Kay Vance: We're not paying anything on them now.

[Multiple discussions of locations of properties]

Mayor Riley: We're getting off of budget. But, those are the kinds of things we're looking at on an ongoing basis. But if it costs \$12 for the property tax on one of those properties, it's going to cost us more than that probably to go through all of the legal gyrations we need to do to get it off the tax record. Those aren't really high priority, but they are things that I have Brenda looking at on a routine basis.

President Kirchner: Okay, the next section of the budget, we have Phil here. Why don't we go ahead and take a look at Taxi and see if anybody has any questions. Of course, the primary money source for that are state and federal grants, and the amount of monies that go into it are the local match requirements. The impact to the General Fund is the transfer to the Taxi Fund, and it is budgeted in 2013 for \$236,156, which is a roughly \$20,000 increase over the current year. Now, Phil, has the match in any way changed – the match requirements as far as how much is required from local.

Phil Floyd: No. As I pointed out during the public hearing, the difference is that I am looking to request to purchase four vehicles – replacement vehicles. So that's where the biggest difference is from last year.

Councilman Jaehnig: Am I correct though, Phil, in remembering that what we budget, we have to budget for legal purposes because of the match, but it isn't what we always expect. Is that correct? But we have to set it aside to be able to get the funds, but we quite often come under. Every now and again we spend exactly what we budgeted, but...

Phil Floyd: We have to show it available, and part of the contract signing is indicating that money is available in the General Fund if needed.

Councilman Jaehnig: What are your feelings as you start moving into 2013.

Phil Floyd: Very, very, very difficult because of the uncertainty – mainly gasoline. We use an incredible amount of fuel, of course, and maintenance costs. Those are the two variables that are totally uncontrollable. Other areas that we have control of, we've reduced from 2012, but transmissions, engine replacements. We're a year behind on replacing vehicles, so our maintenance cost is higher to maintain. So, it's very difficult to answer that question for you. We just do our very best, as we have done in the past, staying within the budget. And we have been fortunate to not have to come and ask for a supplemental and this year likely we'll be in good shape. We'll be under budget. The state is two months behind now in providing E&D funds. \$65,000. Last year it was a month behind, and it really causes a cash flow problem for us. That is our biggest challenge, but we're getting it done.

Councilman Jaehnig: Phil, unless it's listed differently, I'm not seeing maintenance on this.

Phil Floyd: Maintenance is Vehicle Contracts and Services.

Mayor Riley: We have one person who does maintenance on the cabs, so some of the maintenance costs would be under salaries.

Phil Floyd: Correct.

Councilman Jaehnig: Now, with the replacement of four vehicles, potentially would our maintenance costs be lower because we have four new vehicles compared with four old vehicles.

Phil Floyd: Potentially, yes. As the age and the miles build up, more maintenance is required.

Chief Weyand: Keep in mind, when he orders them on state contract, he won't take possession of them until June.

Phil Floyd: Actually August or later.

[Inaudible discussions]

Councilman McKay: So, you're looking at your capital increasing of about \$35,000, but you're only asking for an increase from the city of \$20,000. Am I looking at that right?

Phil Floyd: No.

Councilman McKay: Well, help me look at that.

President Kirchner: \$64,000 I think is the increase...

Phil Floyd: We have to split. They did change how maintenance is allocated from operating to capital. This was done two years ago. But the actual amount that we will be responsible for, if we purchase four vehicles, is \$30,799. Capital maintenance is \$32,945. So, you can break down to each vehicle to the share we owe and will be responsible for. But we show the request hoping to get that approved by the state and by you all. Again, that's where the increase from last year and what we have to show as available.

Councilman McKay: You're showing fares increasing. In my math, and thank you Mr. President for correcting that, but you're capital vehicle expense if you purchase everything is \$64,000 higher.

Phil Floyd: But that includes that separation of capital maintenance.

Councilman McKay: I'm sorry. You were trying to explain that and I wasn't listening.

Phil Floyd: Yes. That includes that figure but it still again the total is what we have to show is not that high.

Councilman McKay: I was complimenting you because you're only asking for a \$20,000 increase.

Phil Floyd: Yes.

President Kirchner: Mary Kay has been waiting to make a comment.

Mary Kay Vance: Full disclosure because we working on the ordinance, the legislative piece that you'll see when you get ready to give this a reading, and the separation of all of the liability, the property casualty part of it, you know where were talking about how we spread it out to all of the departments, was not available when Phil sent his original budget to the state. So, you will see an additional line item, and David did not have it either from Phil. It was not part of his. When you get your actual ordinance, there will be an additional line that says the property casualty insurance that will be Phil's portion of that property and liability insurance, and it's \$8,666 to be exact.

Mary Kay Vance discussed in detail the name of the line.

Mary Kay Vance: I just wanted to explain that to you because when you see the ordinance and you lay them side by side, they will not match by that amount from what you're looking at today.

Mayor Riley: This goes back to our cost allocation.

President Kirchner: The question would be, will that change the transfer amount due to them.

Mary Kay Vance: No.

Councilman McKay: That's even better.

President Kirchner: Well, obviously it's one pocket to the other. Moving that cost out to him and increasing the amount coming out of the General Fund when we had historically paid it out of the General Fund, so the true increase that you're seeing in their need is the \$20,000 minus the \$8600, so it's around \$11,400, so it's even better.

Mary Kay Vance: I just wanted to make sure you knew that because someone could lay those side by side and be confused as to why the bottom line could have changed when you get that ordinance, and I don't want that to happen.

Councilman McKay: Fare increase – is that just ridership. You're not having an increase in fares that you're anticipating?

Phil Floyd: No. We're just estimating that ridership will go up a little bit.

Councilman Wells: How much do we pay a driver? How much is their wage?

Phil Floyd: \$8.89 to start.

Councilman Wells: And then what's our most paid driver?

Phil Floyd: Sorry?

Councilman Wells: What's the limit on that?

Councilman McKay: Are you thinking about the future?

Councilman Wells: I've had people talking to me about this.

Phil Floyd: We have some drivers at \$10.29. The starting is \$8.89, so mostly those that have been hired in the last four years are still there.

Councilman Wells: Now how do you give those out? Is it a merit thing or seniority or what?

Phil Floyd: No. It comes from you all.

Councilman Wells: No, I mean how do you determine it. Is it by length of seniority or...?

Phil Floyd: There are step increases based on what you all sign. It's the same as all other city employees.

Councilman Wells: And how many drivers are there?

Phil Floyd: 43 drivers right now.

President Kirchner: Phil, when you look at your vehicles, what kind of vehicles are we looking adding to the fleet at this point. I know we went through a period where they made us get the larger vans and there were a number of riders that did not care for them. I suspect our fuel economy was worse. What will be the direction that we can move forward now?

Phil Floyd: For 2013 I would request two of the standard minivan replacements and two of the larger wheelchair-accessible vans.

President Kirchner: Okay. What kind of a vehicle life do you see across your fleet. Is it different for the different pieces or do you get about the same out of all of them?

Phil Floyd: We try to spread out the mileage. We watch mileage and we send out vehicles that have less miles to try to keep them somewhat even. The criteria for the state is five years or 150,000. We can then, at that time, ask for a replacement. As I say, we are a year behind, so we're at six years on those that can be replaced. There is a process that we go through the state to request disposal and then request a replacement. We have some vehicles that are at 200,000.

President Kirchner: Have to looked into the potential of CNG – compressed natural gas.

Phil Floyd: Yes. I had a discussion last year with Chris Schock and we did a lot of work with that. I've done a lot of research on it.

President Kirchner: It's based on – because I had had some conversations with Chris – I know he had been getting some data from you. The indication was that we had the potential to have some slow fill units that we could use those vehicles and they actually could be bi-fuel. They could be gas and natural gas, so if you ran out on a long drive or something, you could stop and get gas. Have we looked at implementing anything along those lines to reduce the cost of the mileage.

Phil Floyd: Not in the immediate future. The state also is researching and provides lots of information on that and also guidance on whether or not it is feasible. Right now, with the analysis that I have done, the cost to change over each vehicle and then set up a system of fueling, we don't see a cost benefit.

President Kirchner: Now, when you say "set up a system of fueling" are you talking about a quick pump or like a fuel station.

Phil Floyd: A slow fill system.

Mayor Riley: Which will take about eight hours per vehicle.

Phil Floyd: Which would not be feasible. You would have to do that overnight. You would have to have a person there to monitor. You're adding a person then. So, right now it doesn't look like it would be beneficial. And the monies just aren't available to do that. We're looking into possible grants. My representative at ODOT right now is checking into researching that for us to see if there is something out there that we could get help with.

Mayor Riley: From an operational point of view, we are looking at all possibilities. We are looking at using compressed natural gas,...

Phil Floyd: We're looking at alternatives – electric hybrid.

Mayor Riley: Chris Schock is giving us some information. He has done a lot of work for us looking at compressed natural gas, the cost of converting the vehicles, the overall cost of using natural gas and those things. We're just not in a position right now where I think we can make that leap. Some companies have done that. I believe primarily. I know Rumpke has used compressed natural gas on their trucks – their trash trucks – but they haven't done all of them. I think they're doing it on a...

Phil Floyd: Experimental

Mayor Riley: Experimental. That's a good word for it. Thanks, Phil. Because they don't know exactly how it's going to pan out. They're getting some funds, I believe, they're getting some grant funds to do those types of conversions. We'll continue to look at it, and if we can come up with compressed natural gas or hydrogen or steam, we will consider it. We're looking at it on an ongoing basis.

President Kirchner: Does council have any other questions specific to the taxi budget at this point? Thank you, Phil. If you want to leave at this point as we go through this, you're welcome to. But you're welcome to stay as well. One of the things that I do want to throw out to council. I did a little math here real quick, and let me make sure, Mary Kay, that I'm getting this right, based on the benefit insurance line item, are we calculating a 22.7% increase across the board on the benefit insurance?

Mary Kay Vance: I don't know what that percentage is. I just used the figures that we received from Liz. I didn't figure a percentage.

President Kirchner: Okay.

Mary Kay Vance: Perhaps.

President Kirchner: That's just using the numbers that are here year to year. It's a budget line item that affects every department – every budget, and it is a significant portion of expenditure for the city. I think it's one of the areas we are going to have to look at trying to find some cost containment. With the self-insured nature of the city, obviously there is a fluctuation – maximum liability or in good years where our people are healthy and have no issues and claims are reduced, there is obviously a potential for less money than we have budgeted. But, last year's insurance, let me say this clearly, starting April 1 of this year, last year's budget process coming into 2012, the cost of insurance went up 10%. Based on this number that we're calculating into the budget, the potential for a 20-plus percent increase. Overall, it's a potential 2.3 million dollar liability in 2012 plan, which a 20% increase would take us somewhere around 2.7. So, it's one of the items that council is going to have to have some conversation on with the administration and take a look at cost containment, cost sharing, benefit levels. Every year that number becomes kind of a guess at this point because we don't renew until April 1. One of the things that I know we've talked about before that I would like to see is a shift to a longer plan this year and moving that renewal to more of an October 1 date so that for budgeting purposes at the end of the year, you actually know the cost in the year going forward. All right, at this point, the next part of the fund we have Duane here, so we can move to the Safety Budget. Duane do you have any general overviews to changes made in your budget.

Chief Weyand: Pretty much, salaries were down a little bit – that is down, but we still act with the ability to fund the officer we just hired and that still includes an officer that we plan on replacing later in the new year because we had a retirement. Other than that, most everything stays the same. You will notice the only major difference there is maintenance contracts. Each year we have contracts for software and contracts for dispatch equipment, and every now and then the vendors raise the price. The one significant cost that comes to mind that has gone up considerably is our Miami Valley Crime Lab. We pay to have stuff processed through there, and I'm almost certain that probably makes up for the entire difference in the maintenance contracts. As you know, this past year we had a homicide, so the way we budget it out, is that when you have those things and you incur a lot of cost, they eventually start passing that stuff on, as well as this year we had two or three rapes and we had some DNA. DNA is about \$1600 a test. Since you pay a flat fee for your maintenance contract through Miami Valley Crime Lab, the following year they will stick it back to you. So, we ended up getting...

[Discussion of the meaning of DNA]

Chief Weyand: The previous year we had a bunch. This year we had several. We have a person sitting at the jail right now who just got convicted this week of seven F-1 rape convictions of a child. So we had to get a DNA on that. Those are the things, like I say, that really eat up the cost. We do some fingerprints and we do some other stuff. The DUI blood tests and things like that – they aren't the high-end costs, but the DNA is where the cost is. So that's why our contract with them is up because they just basically pass the cost back to you the following year. Most of the stuff will remain the same. You probably see a couple of things in here that are new – that we haven't had in the previous years. For instance, WebCheck, we did ask for a supplemental or I transferred money in, but we had to keep that. WebCheck allows us to fingerprint all of our city employees. Also, we have to fingerprint our own employees. There is a mandate that we have to do background checks on all of our own people every five years. So, we'll probably finish up the few we have left in our own house and fingerprint them this year. Education and Training should be about the same.

Councilman Wallace: Why would we have to fingerprint the same person every five years.

Chief Weyand: It's a mandate. We use the Bureau of Motor Vehicles system, we use to run license plates, criminal history checks and that stuff – in order to have a MOU in place that allows us to access the information from the state of Ohio it's a mandate that we background check all of our employees every five years. The way we do that is the WebCheck system.

Councilman Wallace: My fingerprints, I know they change a little bit, but not that much.

Chief Weyand: Right. They're not changing, but the system, the mechanism in place to allow you to do that check for a criminal history is through fingerprints. Because anyone could come in there and say, "I'm Mike Wallace and I just got arrested from some child sex offense somewhere else." If they fingerprint me and run me through as Mike Wallace, then when you get fingerprinted and you say you're Mike Wallace, they're going to compare the two fingerprints and say, "Wait a second; one of these guys isn't who he says he is." So, even with BCI, fingerprints are classified and filed by the patterns. They're not patterned by names, because the fingerprints will never change. So that's why we fingerprint everyone.

Councilman Wallace: We did a criminal check on a guy that was trying to become a coach at the high school, which we do. We do a background check. They came back as he was involved in things that we couldn't hire him, and it was false. It was like an uncle or another relative of his, and it took him over a year to get that cleared out before we could hire him to be a coach.

Chief Weyand: We have that a lot of time where we have a twin that will come in and say he's the brother, and once his fingerprints are on file as the other, that's the problem you run into, so you have to spend some time to get that straightened out.

Councilman Wallace: I'm sorry. I didn't mean to get...

Chief Weyand: That's okay. It's interesting. They're filed away by fingerprint, not by name. You'll see we zeroed out College Reimbursement. Last year, when we had someone that applied for it because it's a contract thing, I'll either come back and get a supplemental or I'll find money to make it happen. But we don't really budget for it. For the most part, everything stays the same. You'll see facility maintenance and you probably wonder why the police department has facility maintenance, we do have our impound building, which is basically the old cab company building. That's where it's at. Every now or then we'll have a roof leak or we have something over there that needs to be addressed – electrical issues – so that's why we have a little bit of money to pay for that. We do house some evidence items in there. For instance, we had Jim Xidas' car in there. We have to have a place to keep that. We still have the car because there's an appeals period we have to hold onto that for. So, we still have to maintain the building and kind of keep stuff safe over there. So that is why there is a facility maintenance line in there. Some of the other stuff you'll notice – radio maintenance. We still do have portable radios and radios in dispatch that we do try to keep track of. Fuel is separated out, as the mayor suggested. Our vehicle maintenance is \$20,000, which hopefully we should be in good shape there because we have a pretty program in place as far as fleet maintenance. In our CAD system, our computer-aided dispatch, our record management system is the right word, I track all of our inventory, not for just cars but for everything we buy, we put into our record management system and we keep track of the maintenance. We are pretty forward on keeping all of the oil changes, transmission changes, fluids and stuff like that – keep everything serviced to drag out the life of it.

Councilman Wells: Where do we get our maintenance done? We shop around?

Chief Weyand: I shop around each year for the best price. Not only do I look for the best price, but I also like look for buying power too. For instance, the best price going right now that I feel is the bang for the buck is the Wilmington Auto Center for a lot of the stuff we get done. But they don't provide our parts. So then I shop for parts. So, for instance, like when we buy Dodge cars, I go back to the place we bought them and I look at the rotors at this price or this price and get them pretty much at cost. And I'll buy them at bulk and then just hold onto them. Because I know every year we're going to put 20,000 miles on a car. And with 20,000 miles comes four tires, four rotors, and two sets up pads, so I factor those into my cost of doing business. As I start next year, I'll start looking to buy these things and where I can get the best price.

Councilman Wells: Thank you.

Chief Weyand: Like I said, really none of the other stuff changes from previous years to this year. The only difference you'll see is that the canine was higher for this year versus next year and a lot of that is money that will be transferred in. The one cost that I will point out, and I think Scott addressed this, was the benefit insurance. That is \$85,000 higher than it was the year before, which really adds a considerable amount to what I was trying to save.

President Kirchner: I did the math on it. It's a 23.8% increase. So, it is significant.

Chief Weyand: On the next page, equipment parts and supplies, we trimmed that down a little bit. A lot of the stuff we have been able to maintain and we haven't had to keep replacing. Uniforms we brought that down a little bit and are getting a little longer life out of them. Firearms and ammo has gone up a little bit. Unfortunately, you're competing with the military for ammunition and stuff goes up each year. Impound costs – if you're not familiar with that – that's a wash. We pay the wrecker when they tow the cars into our impound lot and then when the people get them out, they reimburse us, plus we collect storage on the cars. We only do that in certain cases, like when we arrest someone for DUI or when the person is driving under suspension or if the car is used in the commission of a felony. Anything we pay out of that, we get back. Other than that, that's the extent of the Police side of that with the exception of the Motor Vehicle, which was discussed already.

Councilman Wallace: Duane, I read yesterday where this guy that was, I guess he

Assistant Chief Weyand was also present.

Pledge of Allegiance

Council gave the Pledge of Allegiance to the flag.

President of Council asked cell phones to be set to silent mode.

President of Council - President Kirchner:

A motion was made by Wells and seconded by Stuckert to approve the minutes of the last regular meeting, August 2, as amended.

Motion passed.

Minutes approved as amended.

Mayor - Mayor Riley –

Auditor - Auditor David Hollingsworth:

Asset, Acquisition and Use. - Chairperson Bob Mead had no report.

Finance Committee - Chairperson Mead:

Water Committee - Chairperson Wallace had no report.

Streets Committee - Chairperson McKay had no report.

Solid Waste/Recycling - Chairperson Wells had no report.

Wastewater/Sewer Committee - Chairperson Stuckert had no report.

Judiciary Committee - Chairperson Stuckert had no report.

Safety Committee - Chairperson Wells had no report.

Downtown Revitalization Committee - Chairperson McKay had no report.

Parks and Recreation Committee – Chairperson Jaehnig had no report.

Income and Levy Tax Committee – Chairperson Jaehnig had no report.

Service Director - Service Director Reinsmith had no report.

Safety Director – Safety Director Russ Burton had no report.

Reports

A motion was made by * and seconded by * that the * be accepted as presented.

Motion passed.

Reports accepted as presented.

President Kirchner opened the meeting up to the general public and/or members of council to address council while in session.

President Kirchner asked if anyone else wished to address council while in session.

Seeing no one else who wished to speak, President Kirchner asked for a motion to adjourn.

A motion was made by McKay and seconded by Wallace to adjourn.

Motion passed.

Council adjourned.

ATTEST:

President of Council

Clerk