

Wilmington City Council met in special session on Thursday, December 23, 2013, with President Scott Kirchner presiding.

Call to Order

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

Chief Weyand was also present.

Finance Committee - Chairperson Mead asked President Kirchner to lead the discussion of the budget.

President Kirchner – Last Thursday council voted down the budget presented by the administration. Tonight’s meeting is a budget work session to try to get a budget that council will approve. I don’t want to speak for council, they are concerned about the budget being a deficit budget.

Councilman Mead - We need to have a budget where expenditures are balanced to revenue so that we have money in 2015 for the planned employee raises and so we can start maintaining our streets.

Councilman Stuckert – I’m not in favor of asking the citizens for additional tax money, but I don’t oppose the discussion. I think there are areas where cuts can be made – maybe from the audit that was done or through the insurance benefit fund. We need to be disciplined to not spend more than we take in. Our first priority should be the citizens. Then we need to prioritize employees and streets.

Councilman Spicer – Being new, in theory, I believe we should balance our expenditures to revenue. I also believe the employees should not have to go without raises. I’m okay with retaining the 25% carryover and using the extra 5% to fund the shortfall as long as we take a hardline stance on looking at expenditures as we go through the year.

Mayor Riley –It’s good that we have this discussion. The budget should be viewed as a bucket rather than a garden hose. There’s never a constant flow of money going through the hose, but as long as you make sure you keep the bucket 25% full, we’ll be okay. This budget leaves us with a bucket that is 30% full at the end. My number one priority is that we get more money to the staff. I also am worried about the streets. We have \$120,000 a year in permissive tax money and I am trying to get that increased. I’ve gone over the budget with the supervisors and reviewed the organizational chart to find ways to consolidate. There is no way that we can cut \$500,000 out of this budget. If we do that, we will be cutting services to the citizens. This is a bare-bones budget.

Councilman Mead – One of the things we need to keep in front of us, we have generally committed that in 2015, we are going to try to catch up with some of the increases that have been missed. Any new significant revenue is going to take a year to two years.

Councilman Wallace – I know the one thing that has stuck with me over the last few years, if we have enough carryover to get into the next year, which is what is being proposed, I’m pretty much okay because I’m not interested in letting more employees go. It makes no sense to me to let people go so I can plow up some money to give someone a raise. I don’t like that. I know if we had taken this stance five years ago or seven years ago, our quality of life in Wilmington today would not be as good as it is today. I am not interested in reducing the budget so we have to let anybody go.

Mayor Riley – The county commissioners made the newspapers because they passed their budget. They have less than a 5% carryover in their General Fund. So, we’re arguing about a 25% carryover. If we decided that the minimum carryover that we should have is 20%, we would be able to do the raises and the other things you’re talking about. I agree with you on the 25%. I think if we can get through the first quarter of this year, we’re going to find that things are going to be a whole lot better. We have more

jobs coming in and I think that we are going to end the year better than what this budget implies.

Auditor David Hollingsworth –Our unencumbered balance right now is \$3,038,000.00. We got in a Union Township check plus a check for emergency ambulance for \$57,000 that we weren't necessarily expecting. We started the year with \$2.6 or \$2.7 million dollars, so we have actually added to the General Fund balance this year. That equates to about a 32% carryover. There are supplementals that you can't avoid. Let's review what this council approved during the course of the year when we had a balanced budget. You approved the purchase of two new police cars, \$64,000. You approved a new phone system, which was \$20,550. There was a tax refund of \$160,000, which you cannot avoid. You approved \$105,500 for two new trucks for the streets department. We needed \$65,000 for litigation. If we get sued again and are found to be at fault or have to settle, you have to pay it. You also had a safety grant of \$48,000 and you transferred \$13,150 to the recreation fund. If there was desperate concern about keeping money back to pay for the bargaining units negotiations, it's not reflected in the supplementals approved by the council. Some of them you could have said no to.

Thinking about that chunk of money we have to come up with to get everyone caught up to speed in 2015 – it really goes past 2015. If our revenue source stays flat and we balance the budget, that's an additional three or four hundred thousand dollars you are going to have every year thereafter. It's not just a one-time deal. What are you going to do beyond 2015? Even if you balance the budget, it doesn't solve the problem. As far as the streets go, some thought is going to have to be given. You are not going to be able to do all of that out of operating money. Maybe you will have to finance that. There was nothing dramatically new built into this budget

Councilman Jaehnig – I look at it a little different. If the goal was to have a budget that was set based on revenue, then I believe that should have been stated before last week. The goal as I had always understood it, was to make sure we had a minimum of 25% carryover. I think to spring that or make that a demand this late in the year...it's difficult to implement with no notice. If we are concerned about spending an additional \$500,000 over revenue, then we shouldn't have spent the additional revenues that came in this year on things like police cruisers and paying off debt and phone systems. The budget is a work in progress. Fighting over it at the last minute is not solving anything. If the Finance Committee wanted a budget balanced to revenue, they should have said that a quarter ago. I think the budget is a good budget. Larry, what was your projected revenue for the building department and where did you end up?

Service Director Reinsmith – Last year I told you the permit fees were \$34,000. Today we just passed \$114,000. We're up \$80,000 in the building department.

Councilman Jaehnig – That tells us that there is growth taking place.

Councilman Stuckert – I understand the bucket concept, except our bucket is at 30% because we're not paving streets and we're not paying employees. There are two priorities that are not in there, and that is why we have a carryover. I ran on the platform of balancing spending to revenue. I don't know how you missed that we were interested in balancing spending to revenue. Based on that, David you're right. It was a mistake for us to approve those supplementals we did last year. Unfortunately, a little like Joe here, there is a learning curve and we're a little naïve. I don't understand the concept of the administration bringing the heads of departments and stuff in and tell us how badly we need something and wanting it and then we do it and we're told, "Why did you do that?".

Auditor David Hollingsworth – I'm not saying they were a mistake, because we ended up with roughly \$400,000 more in the General Fund at the end of the year than we started the year with, even though you approved supplementals.

[Discussion of budget]

Councilman Stuckert – I'll say that it has to be harder to get supplementals in the future.

Councilman Jaehnig – We’re already looking at everything very thoroughly and it shows at the end of the year because we have more funds now than we did at the beginning of the year.

[Discussion of previous year budget process]

Councilman Siebenaller – I understand Councilman Jaehnig point about the difficulty about the conversation starting so late. I think that has been a problem this year, at least with me, being able to understand everything and get questions answered and that kind of thing. We started the conversation very late. I’ve talked to the mayor about this. A budget balanced to revenue is something that I’ve always wanted. I think it has been stated here in budget work sessions. I understand we also voted that we want 25% minimum carryover, but I don’t think that necessarily negates the fact that we still want to balance budget to revenue.

Councilman Jaehnig – Me, personally, if a vote was going to come up to set a standard of having budget to revenue as the standard, I would vote no, because you can’t guarantee that is going to be possible every single year.

[Discussion of the philosophy of budgeting revenue to expenditures]

President Kirchner – I would offer a comment to you Councilman Jaehnig. I will guarantee you that if you continue to spend more than you take in, there will be a time when you will find a way to budget to your revenue. You will have to. I think that the responsibility of this group is to not to get to the point where you have to do it, but to get to the point through discipline you achieve it, just as our citizens do in their home budgets.

Mayor Riley – I think we’ve done that. A few years ago, the bucket at the end of the year only had about 15% left in it. Then, after a lot of work and discussions, got 25% left in it. This is the budget was given to you over a month ago. It has been tweaked a little bit, but it has not really been changed. I think you should pass it and then help us throughout the year not only cut expenditures but also develop revenue. Let’s show people that we’re open for business. We have a willing work force. Let’s show them we have a council who is willing to pass a budget that ensures services continue for the citizens that they deserve. Our number one priority is service to the citizens, and I think we’ve done that on a shoestring.

Councilman Stuckert – My pledge is to present the face of the city as you indicated. I pledge to work with you and work together to look for ways to make adjustments in the budget. I think we all have to work with you to identify ways to make cuts. I want to be able to vote against the budget and work with you. I guess that’s what I’m trying to stay.

Mayor Riley – I would much rather you vote for the budget.

Councilman McKay – I also agree with the budget as it has been presented. I would like to concur with the thoughts of Councilman Wallace that services to the public that attract folks are extremely important and sometimes you have to dip into the carryover to do that. I appreciate, Joe, that you’re doing some thinking here. I think there are folks here that have not changed their mind. That’s their prerogative to do that. I will support this budget. I think it’s well thought out. I’m sorry that it doesn’t balance to revenue, but we’ve got to get more revenue. That’s what we need to do.

Councilman Spicer – We have the extra carryover this year, but what happens at the end of this year if we just stay at the 25%? I don’t mind dipping into the reserve if we don’t go below the 25%. We need to be prudent throughout the year. We have to keep our employees.

President Kirchner asked about the transfer to bond retirement line.

Mary Kay Vance – That number came directly from Scott Stubbins.

[Discussion of debt retirement]

Auditor David Hollingsworth said they would look it up and they would get back with council.

President Kirchner suggested that a minimum amount be placed in the insurance fund and that would come closer to balancing the budget.

Auditor David Hollingsworth said that is something that should be discussed throughout the year. At some point you have to trust the administration that they will not over spend the money just because it is sitting there.

[Discussion of insurance fund]

Auditor David Hollingsworth left the meeting at 7:00 p.m.

President Kirchner, seeing no more discussion, turned the meeting over to Councilman Mead to discuss the first reading of the budget.

A motion was made by Mead and seconded by McKay to give the first reading only on the ordinance Making Appropriations for Current Expenses and Other Expenses and Other Expenditures of the City of Wilmington, Ohio During Fiscal Year Ending December 31, 2014.

President called for a roll call vote.

Roll call: Jaehnig, yes; Spicer, yes; Stuckert, no; Wallace, yes; Mead, no; Siebenaller, yes; McKay, yes.

Motion passed.

President Kirchner read ordinance by title only.

Mayor Riley asked if anyone was interested in suspending the rules.

Chief Weyand said the employees would appreciate a budget being passed before Christmas.

Councilman McKay – If you move to suspend the rules and that fails, can you come back and do a single reading the next time.

President Kirchner said he believed it would not affect the legislation. He said the agenda only stated the first reading. It may not be legal to do more than one reading at this meeting.

[Discussion of time of next meeting]

The time of the special council meeting set for December 26 was changed to 8:00 a.m.

President Kirchner asked that the second and third reading be placed on the agenda for the special council.

Marque Jones said that he ran a report today and we're up \$54,000 in withholding, which represents \$5.4 million in payroll that's out there. It has exceeded the end of the year last year. We are going to track the number of people that come into Wilmington versus the ones that are in Wilmington on the payroll and withholding, so we will know what percentage is coming from the outside.

A motion was made by McKay to adjourn.

President Kirchner declared the meeting adjourned.

Council adjourned.

ATTEST:

President of Council

Clerk