

**CONFERENCE/WORK SESSION**  
**PORTSMOUTH CITY COUNCIL**  
**Thursday, December 27, 2007**  
**(overview)**

Present, with the exception of Mike Mearan, were all members of Council, the Mayor, the Auditor and the City Clerk.

**Discussion**

**2008 Operating Budget**

The Mayor opened the meeting by acknowledging the fact that everyone has had the budget for almost three weeks and has had the opportunity to ask questions before this meeting. He also acknowledged that he was presented this evening, just before the meeting, a review of the proposed budget, containing 17 questions, from Bob Mollette. (copy attached). He said he would have hoped to have had more time to look at the questions and be prepared with the answers. The Mayor advised Council that he has presented them with a balanced budget, noting that what appears to be a shortfall in revenues will, in fact, be covered with the anticipated insurance savings for 2008.

Bob Mollette acknowledged that he did submit a list of questions and concerns but noted this to be a conference/work session and felt those answers could be defined by the Mayor at Council's next legislative meeting. He also felt that rather than amend the ordinance on the floor it would be easier to discuss it during a conference/work session and modify the numbers in accordance with the intentions.

In response to Mr. Mollette's written questions the Mayor noted the increased revenues for income tax was only \$100,000.00, not the \$200,000.00 claimed by Mr. Mollette. The Mayor said the projection of \$100,000.00 was based on the last three years, noting during that time the income tax has increased by almost \$500,000.00. He said he only increased the projected about by just 2% over last year's budgeted amount, which he said wage increases would just about justify that. With regard to real estate property taxes, which have been increased \$100,000.00, the Mayor explained this to be up \$25,000.00 from the 2006 actual, which is a little more than a 1% increase. He advised Court collections were increased to \$140,000.00 and explained this amount to be the same at the 2006 actual amount. The inheritance taxes were increased by \$250,000.00, which he explained was just a guess. The Mayor explained that in order to make an educated guess regarding inheritance taxes, he averaged out the revenue over an eleven year period and arrived at a figure of \$426,000.00, of which he only budgeted one-half of that amount. With regard to interest on investments, the Mayor said he increased that amount by \$100,000.00, noting that amount to be \$60,000.00 more than the 2007 estimated amount, which he said he anticipated more money there based partly on expected funds from the Ameresco project. He said he did not anticipate any increase in the cable franchise fee. The Mayor explained the \$147,000.00 anticipated increase in miscellaneous revenues as being up less than \$20,000.00 from the 2006 actual amount. He said the average, over 11 years would be, \$572,000.00 and after taking out the two highest and two lowest years and arrived at a figure of \$250,000.00 then reduced that

figure by \$100,000.00. Noting one of Mr. Mollette's concerns to be that the General Fund did not include McKinley Pool, the Mayor pointed out the pool is reflected in the recreation fund. Noting Mr. Mollette said he would be agreeable to an increase for the Mayor after the next election, the Mayor said he kind of took that personally and felt it unfair that everyone in the City has received increases including the other elected officials with the exception of Council, who chose not to put the issue on the ballot. He pointed out that the other elected officials received an increase in an amount that was twice what he projected for his office in the middle of their terms, which were approved by Council. He said this request was previously requested at the beginning of a new term but it was denied at that time. With regard to his request to add a position of Human Resource Officer, the Mayor explained this position would be part time. He said this person would assist with insurance issues and upgrading the City's policy and procedure manual. He said this would be an expensive endeavor to hire a company to do that. He also pointed out some additional duties that this person would perform. With regard to demolition costs for the Engineering Department, he pointed out the adoption of a new program, Land Reutilization, and it is his hope that the City will not need to raze as many structures. The Mayor said he has just glanced through Mr. Mollette's list but if there are any other specific questions he would try to answer them now, if not, he will have the information available for Council next week and requested legislation be prepared for the next legislative meeting.

With regard to the land reutilization program, Mr. Mollette inquired as to the cost of the program, ie. attorneys, land research, advertising. He also inquired about the proposed 3% water rate increase and asked the Mayor to explain the status of the water contract with SOCF and the MIEX project.

The Mayor acknowledged there would be some cost for advertising connected with the reutilization program but the tile searches would be done in house by the Solicitor. He said there would be no large cost involved with this program. Howard Baughman noted the City would recoup those cost by having decent housing back on the tax duplicate. The Mayor advised there to be about 1,500 houses available for the program this year but noted that some of these properties may be purchased by individuals. He advised that MIEX is ready for installation of the equipment. He also informed Council that the City lost a grant because our water rate is not high enough compared to other cities and advised Council that he has this rejection in writing for anyone who would like to see it. He said he is attempting to improve an old system and keep up with everything that needs to be done. With regard to the contract with SOCF, the Mayor said the City is in the middle of the bid process and acknowledged the City to be the only one qualified to make a bid. David Malone requested the Mayor to share the documentation regarding meeting federal qualifications on the grant so Council and the public can understand the process. The Mayor noted that even with the 3% increase we will still be very close on being able to meet the required level.

In response the Howard Baughman asking if the retirement pay for the Fire Department was included in the Fire Department budget, the Mayor stated that it was. He also advised this to be the last retirement that would require a large payout. He said

that even though there will be several others that will be substantial they won't be the large amounts that have been paid and can be included in the budget.

Howard Baughman, acknowledging his awareness of the Mayor's desire to update the City's Policy and Procedure Manual, inquired as to the Mayor's perception of the duties of a human resources person, and if those duties would cover code enforcement in the Police Department and would there be anytime available for other duties. The Mayor said this person would be involved in the employment application process, grievances, contract negotiations and any other duties for which a human resources person would be responsible but would be part-time with no benefits. The Mayor said it is his plan to refill the position of Code Enforcement Officer in the Police, Department and it is his hope that eventually the public will become aware of the codes and with less violations in the immediate downtown, the enforcement could spread into other areas.

Howard Baughman, acknowledging the Mayor's attempt to take care of some of the department heads and licensed personnel and noting the difficulty the City has competing with other cities and employers, asked the Mayor how far the adjustments go to alleviate that problem. The Mayor said he has a book in his office that shows the City of Portsmouth as rating very low in salaries both state wide and nationally. The Mayor shared information from the Internet that places Ohio in first or second place with the lowest cost of living nationally. He acknowledged that while it is cheaper to live here anyone can go 25 miles away and earn \$15,000 to \$20,000 more a year. He expressed his appreciation to the dedicated people who are employed by the City.

Marty Mohr noted the City to be operating on taxes that have not been increased since 1988 and felt the City should impose an impact fees on any construction project that is within the City's limits but not in lieu of any fines that may occur. He said other cities do this, some have been doing so for years, and he felt the City's Engineering Department has the ability and the knowledge to set these fees. The Mayor acknowledged that the City should have a \$500,000 to \$1,000,000.00 carryover each year and advised that he has made cuts and changes and noted the employees have settled for minimal wage increases. He further noted that everything has increased and the City is paying more for hospitalization, workers compensation and everything else it has to buy. Acknowledging his projected revenues are higher than what the Auditor envisions, we have met his projections and hopefully will do so this year. He said if they are not we may have to make adjustments but he feels his projections are fair numbers but acknowledged that basically it is a guess. With regard to impact fees, the Mayor said the City has managed with the Health and Engineering Departments inspecting these projects and being proactive with regard to anything that may require cleanup. The Mayor agreed to collect information from other cities that impose an impact fee to see what they are charging and how it works.

Jerold Albrecht inquired about the request from the Income Tax Division for an additional employee. The Mayor said he is still looking at that request, noting there are some questions for which he has not yet received any answers. He said it is a possibility that the additional income that would be derived could occur without having to hire an additional employee. Howard Baughman noted discussion with the Auditor about just requiring everyone to file a return, saying most cities have benefited from this

requirement. The Auditor advised that if that direction is taken it would require the employment of another person to handle the additional work but noted it would bring in "a lot more money". Mr. Williams further advised Council that the Income Tax Department has taken in tens of thousands of dollars in new revenue this year by having anyone who signs up for a new water account to register with the Income Tax Department first.

The Auditor stated there to be some problems with the Mayor's projected revenues but claimed the bigger picture is not having a balance in the General Fund and called it "irresponsible" for that balance not to be 10% of the revenues. Mr. Williams felt the City should have a cushion of \$1,000,000.00 at all times. He acknowledged that the Mayor's suggestion of 5% would be a good start and he would then not have to worry about whether or not the City will be in the hole or to the good at the end of the year and the City would be more fiscally responsible. The Auditor stated that in the past years the City has budgeted for every dollar of revenue the City receives and noted that this year the budget contains \$300,000.00 more in expenses than has been projected in revenues by relying on the health insurance fund to balance out if necessary. He said any extra income that is derived during the year should go to build the base that is in our bank account at all times. The Auditor went over some of the Mayor's revenue projections and how it exceeds his estimates; however he expressed his hope that the Mayor's projections are accomplished. He advised that the Ameresco proceeds into the water, sewer and capital improvement funds and the interest from those funds are used to pay for the debt service, not for general fund revenue and that they are not to consider any funds coming in as a result of the Ameresco program for the general fund whatsoever. He also said the anticipated funds from Court collections is not what will be received and needs to be addressed. Mr. Williams said the big picture is what needs to be put into place to meet the Mayor's projected revenues.

In response to Marty Mohr asking about the Mayor deciding not to use the insurance savings from 2007, the Mayor said the City had a good year, noting, 2008 could be better or it could be a bad year. The Mayor noted the railroad to be "gearing up" again and some smaller businesses are opening. Describing the City as being "far from flush", the Mayor stated that in order to make these figures match he had to do a lot of cutting to some departments, including his own.

Bob Mollette noted that this has been talked about this for the past four years and stated his concern as being that once it is accepted it is Council's budget and maybe it won't get talked about again until September. He felt Council does not routinely control the budget but that the budget controls Council, who is here just trying to make use of the money that is being received. Mr. Mollette said he would like to do more, calling the present procedure to be frustrating. He felt that voters are not being convinced that the money is being managed well, when the City requests additional taxes. He felt the City needs to look beyond just one year and if an increase in revenue is needed the City needs to convince the public by communicating and having a plan in place. He noted people coming to Council meetings to express their anger about there being no resolution to the drug, prostitution and speeding problems, which affects their safety. He suggested solutions include involving the citizens and felt this to be an ideal time to implement some of the suggestions he has previously made to address these issues. He said he felt

Council needs to be more proactive in working with the Finance Department and monitoring it more frequently. The Auditor interrupted Mr. Mollette, saying he was not making light of what was being said but Mr. Mollette's suggestions is not the fix to the problem. Mr. Williams described the problem as "simple", and asked the Mayor if he reduced the Police or Fire Department budgets. In response, the Mayor said he reduced them by one employee and acknowledged that he had cut everybody's budget. Noting the budget to contain \$3,500,000.00 each for the Police and Fire Departments, the Auditor, noting this to be a total of \$7,000,000.00 for two departments, pointed out that the revenue side shows income tax of \$5,000,000.00. He noted that the City's biggest expense and biggest revenue are no where near each other and pointed out the fix is not moving a couple of account lines up or down at the end of the year or in June. He acknowledged that it goes back to planning. Mr. Mollette concluded the Auditor to be saying that the City needs more revenue and he felt gaining the confidence of the public is needed in order for the public to support any type of tax increase. He said that the feedback he is getting is that they are not getting response from the police that they should be getting. The Mayor, noting that he is not making light of Mr. Mollette's suggestions but to put radar guns in the hands of the public would be like handing out pistols to stop the crime problems. He said the reaction that would result from a piece of paper being placed on someone's windshield for taking up more parking space than is needed, would be nonexistent. Mr. Mollette said he felt utilizing citizens gives them an opportunity to participate and that the citizens would be trained in the use of the radar gun, which does not result in the person receiving a ticket but being notified that they have been observed for speeding and remind the person in a friendly way to beware that the City is trying to, from a safety standpoint, control the issues that affect residential areas and citizens in general. He felt this would provide, for the public, the perception that they are receiving services for which they are paying. Jerrold Albrecht was interested in knowing what would happen when the motorist gets out of his car and comes back and beats the crap out of John Q. Public and then they sue the City. Mr. Mollette stated that to be why he is suggesting that we look at these types of issues and talk to other municipalities that have implemented these types of programs, more on an administrative level than a legislative level. He said his constituents have complained about motorist that speeds in their neighborhoods everyday at the same time and they are not receiving any response from the police. Mr. Mollette noted that this issue may affect someone more personally than any other issue in the City and the City should take these concerns seriously. He felt that if a few tickets are issued the people who are committing these offenses will slow down. Howard Baughman pointed out that the issue, when you talk to the police, is that when you have over 35,000 calls to 911 a year, you have to make a choice - do you respond to a domestic violence call where someone is going to get hurt or do you sit on the street with a radar gun. Mr. Mollette felt that is where we get past that by justifying the time and the expense of hiring more police officers. Jerrold Albrecht said unused cars would have to be used because a police car would stick out like a sore thumb. He acknowledged that the police try, saying he has seen them parked at various spots and as soon as they start catching them they slow down, which, he said is a good thing but they cannot sit there all day watching traffic. The Mayor said he is still waiting for a ruling with regard to the use of cameras in traffic lights. He acknowledged it would be costly to implement but would be utilized. Mr. Mollette said ODOT has specified that we fix some of our short-term, low-cost recommendations and he added up these items, which total \$230,000.00. He said he wanted to know if the City is planning

to add these costs to the budget or if this is something that ODOT will assume. Mr. Baughman pointed out that the City can't do much until there is a public hearing. The Service Director stated that he is in touch with ODOT. He advised that the project packet submitted by the City was rejected by the State because the City did not implement any access management, which is one of the most controversial issues, in which the City can get involved. He says the rejection, basically puts the matter back in District 9's hands with regard to what will be done. Mr. Murphy said this is going to continue to show up as a "hot spot" and troubled area until it is fixed. He said he is working with ODOT to try to push the issue at the State level. He noted that some things can be addressed but they would be at a cost to the City, whereas they would otherwise be covered under the grant. He said he did not feel the City could financially address the problem without the grant but some CIP funds could be used.

Marty Mohr restated the fact that for the past seven years he has heard nothing but darkness and bad news about what is going to happen in the next fiscal year. He said when that doesn't come to fruition nothing is said about the good things that did happen and that the only thing being talked about then is the gloom and doom predicted for the next year. He reiterated the fact that the City is "working on oldest tax levy in the books". He noted the City has managed on a hope and a prayer and commended the department heads and City officials for making it happen with little tax dollars. With regard to having a positive balance that can be rolled over into the next year, he acknowledged that to not be possible with today's costs and commended everyone for doing a good job of maintaining services. The Auditor noted the City to have been able to have a pretty good balance for a couple of years but noted that when that balance is budgeted it goes away. The Auditor suggested that the balance should be carried over as a cushion; however Mr. Mohr noted that any excess funds would be targeted by the unions for wage increases that would deplete any surplus.

The Mayor advised that the difference in the revenues and expenses will be corrected before the budget is presented to Council in the form of an ordinance.

On a motion by Marty Mohr, Council authorized the preparation of the legislation as well as the preparation of a salary ordinance that will reflect wage changes per union contracts and other increases within the budget.

The Mayor reminded everyone that the dispatchers have not had a contract for a year and are entitled to back pay.

# Bob Mollette

3<sup>rd</sup> Ward Councilman

1705 Franklin Blvd.  
Portsmouth, Ohio 45662

Phone: 740-353-0099  
email: [mollette@mollette.info](mailto:mollette@mollette.info)  
website: [www.mollette.info](http://www.mollette.info)

Correspondence#: 07-061

December 27, 2007

Jim Kalb, Mayor  
728 Second Street  
Portsmouth, Ohio 45662

## Re: Review of the Proposed 2008 Operating Budget

I reviewed the proposed City of Portsmouth 2008 Operating Budget hand-delivered Friday, December 7, 2007. I documented the following questions and comments for resolution:

1. The projected 2008 Operating Budget General Fund Revenue grand total is \$11,039,000 with a projected General Fund Expenditures of \$11,319,633; this is a projected deficit of \$280,633. According to the City Charter (Section 48, Item 8) the legislative authority can not approve a budget that does not identify all revenue necessary to meet the expenditures.
2. On October 1, 2007, the Auditor submitted a projected 2008 General Fund Revenues of \$10,025,000. The difference between the Mayor's and the Auditor's projected revenue is \$1,014,000. The major differences are as follows:
  - a. City Income Tax – Mayor increased \$200,000
  - b. Real Estate & Personal Property Tax – Mayor increased \$100,000
  - c. Court Collections – Mayor increased \$140,000
  - d. Inheritance Tax – Mayor increased \$250,000
  - e. Interest on Investments – Mayor increased \$100,000
  - f. Miscellaneous Revenues – Mayor increased \$147,000
  - g. Donations – Mayor increased \$20,000

The major differences above total \$980,000. I understand the 2008 projected revenues are expectations used for forecasting purposes, but these expectations are not practical if the revenues are grossly inflated to offset the expected expenditures. Please enhance my confidence your revenue projections are achievable.

3. The proposed 2008 General Fund Expenditures does not reflect any funds (\$0) for the McKinley Pool. The proposed 2007 General Fund Expenditures supplied \$5,000 and appears based on Council Letter No. 2007-87 was under-appropriated by \$1,000. I am requesting McKinley Pool receive appropriate funding for 2008.
4. The Executive Department (101.103) reflects a \$5,000 annual salary increase for the Mayor's position and \$12,480 for a new position of a Human Resources Officer. At this time I would be in favor of a salary increase for the Mayor's position if it would take affect after the next Mayoral Election, which would not affect this budget. Also, please provide additional information concerning the Human Resources Officer.

5. The Municipal Court Department (101.111) budget reflects two (2) new court security officers for \$35,000. The City of Portsmouth has contracted with the Scioto County Sheriff Department in 2006 for \$78,052 and 2007 for \$80,366 which includes two (2) deputies working five (5) hours each day for one year. The 2008 Renewal Contract dated November 5, 2007 was submitted for approval is \$88,374 and states "In the event I (*Sheriff*) fail to receive two fully executed copies of this contract on or before December 21, 2007, I will have no other choice but to terminate these services being provided to Portsmouth Municipal Court at the close of business on December 31, 2007." The 2008 Operating Budget reflects a proposed \$8,000 for contractual/Sheriff (.5299). Provide additional information concerning the proposed municipal court security program with a timeline.
6. The Engineering Department (101.663) budget reflects a proposed 2008 amount of \$15,000 for Demolition (.5297). Does the Demolition include securing (boarding-up broken doors and windows) vacant houses for safety? Based on the aging housing within the City of Portsmouth is this amount adequate? How does our land reutilization program interface and what monies are required to operate this program?
7. The Police Department (101.221) budget proposes a Code Enforcement Officer for \$20,800. Does the City currently employ a Code Enforcement Officer? The issue was raised February 13, 2006 by downtown retailers concerning parking in front or nearby their businesses for potential customers as critical and important to the success of our downtown. At times when good manners and common sense do not exist; the City must enforce our two-hour limited parking codified ordinance. The two-hour limited parking areas are properly marked. The previous approach by our Code Enforcement was unsuccessful because the expectations of compliance were unknown until after the violation was documented on a citation with a fine. What is the current status of this program and the plan for implementation?
8. The Police Department (101.221) budget proposes \$82,000 expense for Special Duty. Describe the Special Duty Program (duties/policies/procedures/associated costs) and the proposed events planned. Also the 2008 General Fund Revenue estimates \$5,000 for Campus Security and \$135,000 in revenue for Police – Special Duty/Admin. I support the overtime opportunities for our officers and acknowledge they are an important asset. Are these efforts self-sufficient? Again, describe the program and include future plans.
9. The deliberation to approve the City's Operating Budget should be a time to discuss taxpayer priorities and develop a strategic plan for responding to those needs. Constituents have expressed anger about the impact drug trafficking and prostitution is having on the quality of life in their neighborhoods. I expressed those views in letter #07-052 dated October 4, 2007 and appealed to the Mayor to consider involving the appropriate departments for developing a plan to gain public support for resolving our problems with prostitution and associated crimes in our neighborhoods. Constituents have expressed anger about unsafe conditions from the lack of traffic law enforcement in our residential districts. Families have stated the unsafe conditions that are created by speeding vehicles and vehicles not stopping at stop signs and red lights are unacceptable. I requested enforcement of our traffic laws and suggested possible solutions as documented in letter #06-044 dated June 1, 2006. Does the City have a plan to address these concerns?
10. The Fire Department (101.223) budget includes \$9,714 for back pay per Dispatch Contract, please explain.

11. The Fire Department (101.223) budget includes \$150,000 for Retirement Pay. I understand the reason for budgeting for retirees but does the City need to plan for other departments?
12. The Public Service Department (101.117) budget indicates \$315,000 for fuel (.5354). This is an increase of \$20,000 for the 2007 Budget. It is difficult to project the price for fuel but consumption should be scrutinized to assure the taxpayers efforts are being taken to conserve. Describe what measures have been implemented to conserve fuel and any future strategy.
13. The Public Service Grounds Recreation Division (101.335) reflects \$148,225 and does not include funds to support the Council Trust for Recreation (810) and Playground Trust (851). Does the City have a strategic plan for maintaining our City parks?
14. The City of Portsmouth received a copy of a US23 & US52 Safety Engineering Study dated June 2007 (revised) which was prepared for the Ohio Department of Transportation District 9 by the HNTB Corporation. The study included short term/low cost recommendations, medium term/medium cost recommendations, and long term/high cost recommendations. The study recommended the short term/low cost countermeasures to be performed by the City or ODOT. I subtotaled the short term/low cost estimated expenditures at \$230,000. Update the status of these safety countermeasures and timeline.
15. The Wastewater Summary indicates estimated combined revenue of \$2,462,260 for Portsmouth and New Boston. How much revenue comes from New Boston? Provide an updated status for the City's Long Term Control Plan for Combined Sewer Overflows.
16. The Public Utilities Flood Defense – Operations Division (621.225) indicates a proposed \$23,574 for three (3) new Probationary Common Laborers. Describe job duties.
17. The Water Work Summary indicates estimated revenue from Water Rents of \$4,700,000 and includes a projected three (3%) percent rate increase effective January 1, 2008. Document the rationale for a rate increase. Provide an update on the status of the previous water contract with the Southern Ohio Growth Partnership to sell water to the Southern Ohio Correctional Facility and the status of the MIEX project.

There are many challenges facing our community and I feel positive by involving the public with open discussions we will meet those challenges. If you have any questions concerning the request for additional information or need clarification, contact me.

Respectfully,



Bob Mollette, 3<sup>rd</sup> Ward Advocate and Representative on City Council

rwm

cc: City Auditor  
City Solicitor  
Jo Ann Aeh, Clerk (Record)