



CITY OF PORTSMOUTH
OFFICE OF THE MAYOR

TELEPHONE: 740 / 354-8807
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JAMES D. KALB
MAYOR

728 SECOND STREET, ROOM 1
PORTSMOUTH, OHIO 45662

December 27, 2005

To: Councilman Mollette
Re: Mollette Correspondence #05-021 (Proposed Operating Budget)

Dear Bob:

Hopefully the following pages will address your concerns with the proposed 2006 Operating Budget. Please let me know if you have any other questions or concerns.

1. No rate increases are planned for later in the year other than possibly sanitation, which council must authorize. (See Chris Murphy's response)
2. The majority of council agrees that this program needs to be implemented but wants to implement entire program (registration and inspection) at one time. We can do this.
3. The Operating Budget Revenues are all projections of anticipated incomes. The Auditor's figures are more conservative than mine. I based my figures on previous years revenues and estimated carryovers including the savings on our insurance plan. Also included in my projections are: rental licensing, sale of assets and donations. (Note: unless my figures are incorrect, the amount of difference is \$862,980.00 not \$962,980.00 as you have figured) ($\$10,412,980 - 9,550,000.00 = \$862,980.00$)
4. Coke contract/BWC refunds/Parking Fees/Copies & Reports/Special Services (firefighters at events, requested street sweeping etc.)/the City collected \$211,000.00 in 2004 and \$38,000.00 through September in 2005. It is a projection.





5. A new law requires organizations to contribute a percentage of their gambling income to a non-profit, such as the City. The City received generous donations from the F.O.E. in 2005 and we intend to solicit other gaming organizations for contributions in 2006.
6. The City has sold property near the Young Street viaduct, as authorized by Council. This money will be collected in 2006.
7. This money was budgeted for the planned retirement of a fireman. I believe that this question was discussed and answered at the November 28th Council Meeting. Check the minutes.
- 8., 9., 16., 17., 18., 19., 20., 21., 22., 23., 25., 27., 28., 29., 30., 31., 32., 33.-See Chris Murphy's response.
10. As I explained before, money was budgeted in this line for 2006 to cover Council's contributions to River Days, Civic Forum (4th of July), Miss Teen USA, McKinley Pool, etc.
11. See #10 answer.
12. I have deleted individual department storerooms and combined them into this expenditure.
13. No questions, but I agree with your statement.
14. Charge-offs are the estimated costs charged for services from one department to another. I would have thought that being in your position at the D.O.E. plant would have familiarized you with the "charge-off" process, as it is utilized by most all large businesses and organizations. The City hired a consultant (Maximus) in 2003 to review operational expenses of the City departments. They established suggested guidelines based on revenues and expenditures from 2002. We are within these guidelines and charge-offs have changed very little in the last two years. The Maximus report is in my office and available for your review.
- 15., 17., 24., 26., 30., 32., 44., 48., 50., 54. – see # 14 answer



19. See Chris Murphy's response. Employees are aware of policies regulating vehicle usage and have been asked to conserve when possible.
34. Chief Horner and I will address your request for a plan for combating crime at another time as this is not a budget issue. There is no money for additional police officers at this time. There is money budgeted in Municipal Courts for court security.
35. The expense is for the Adelphia Building. Expenses to renovate won't be a million dollars.
36. The amount budgeted is for possible maintenance not performed by the City Garage. The higher "actual" amounts reflect work paid for by insurance claims.
- 37., 38. See Chief Storey response.
39. The sheriff deputies will be used until we put our own security in place. The remaining money will then be used for our security program.
- 40., 41., 42., 43. See Jennifer Hanlon's response
Note: Question #42-this was a typo, but is reflected in totals.
45. This is an educated projection, as is most of the proposed budget.
46. Part-time.
- 47., 48. See # 12 answer
51. The 2005 expense was high because of the extensive work done by our cable attorneys and various lawsuits defended by outside legal counsel.
52. See Mike Penn's response and # 14 answer.
- 53., 54., 55., 56., 57., 58., 59. – See Mike Penn's response.
- 60., 61., 62., 63., 64., 65., 66. – See Rick Duncan's response.



67. See Rick Duncan's response to # 60.

68. No question.

69. See Chief Storey's response.

70. No.

Hopefully in the future you will have time to meet and personally discuss matters that are this lengthy. Meeting in person would save time and money.

Thank You.

Sincerely,

A handwritten signature in black ink that reads "James D. Kalb". The signature is written in a cursive style with a large, sweeping initial "J".

James D. Kalb, Mayor
City of Portsmouth



City of Portsmouth, Public Service Department

55 Mary Ann St, Portsmouth, OH 45662 Phone: (740) 354-7766 Fax: (740) 353-3459

Christopher L. Murphy
Public Service Director

December 12, 2005

Councilman Bob Mollette
3rd Ward Council Person
1705 Franklin Blvd.
Portsmouth, OH 45662

Chris Murphy

Re: Service Department Answers to Correspondence #05-021 (2006 Operating Budget)

Dear Councilman:

In review of your correspondence, I submit to you the answers for those questions concerning my Department's Budgets.

1. Item #1: I can only speak for Sanitation Fund #631. It is currently being monitored and evaluated from the 2005 increase put into effect June 2005. However, it may need a 5% increase to keep up with increased fuel prices.
2. Item #8: A large part of the increase is the result of having a full-time Assistant, which was not budgeted in 2005.
3. Item # 9: The increase is due to the rising cost of oil, gas, diesel, tires, and other petroleum based repair parts.
4. Item # 11: McKinley Pool is now part of Council Discretionary Fund (see item#10).
5. Item# 16: The "basis for Total Others amount" is the summation all expenses listed under OTHERS. This includes PERS, Insurance, Medicare, ect...
6. Item# 17: I don't understand your statement "*(utility users pay for administration needed)*". As for the last statement "*Justify charges to others*", these are labor rates to help pay for mechanics wages. If a fund (other than General Fund) has equipment to be worked on, they pay the cost of labor; just as anyone would who took their car to a garage. Since Mechanics are paid from the General Fund, there is no reason to charge other Departments who operate out of the General Fund.
7. Item # 18: The explanation for "TOTAL OTHERS" is detailed on page 6 of the budget. Also see item# 3 of this memo.

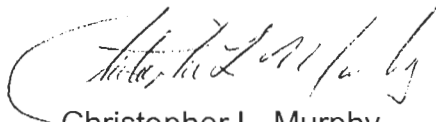
8. Item # 19: The Mayor has stated in staff meetings the importance to conserve fuel. Every Department Director and Department Chief is aware of this critical issue.
9. Item # 20: These are funds budgeted in non-General Fund Departments to cover fuel and repair parts for that departments equipment. As a Department uses fuel or parts; it is paid for from the Garage and reimbursed in the form of a charge-off.
10. Item # 21: This is the same question you asked in Item # 18 and was answered in #7 of this memo.
11. Item # 22: This is the same question you asked in Item # 20 and was answered in #9 of this memo.
12. Item #23: The actual amount was shown in the Grand Total when the budget was put together. Since there was only one line expended (.5203 Utilities – AEP contract) it was entered as the Grand Total to eliminate redundancy.
13. Item #25: These large expenses are due to damages incurred by accidents and acts of nature. Money was expended from these lines when funds were received and appropriated into these lines in the form of insurance checks approved by City Council.
14. Item #27: The budgeted natural gas increase has nothing to do with the Marting's or Adelphia buildings. This line pays for natural gas used at the Naval Reserve Building and the two buildings at the Cemetery; as well as any propane used by Grounds Maintenance during a project.
15. Item # 28: When the 2005 Actual amounts were put in the budget, they were erroneously inverted. The figure for Permissive Tax should have been placed as Auto Registration Fees and the Actual for Auto Registration Fees put as Permissive Tax actual figures.
16. Item # 29: The SCMR charge to Water Distribution covers the cost of asphalt repairs and patches due to water breaks.
17. Item #30: The \$52,000 is revenue as detailed on the Highways Improvement Summary, page 17 of the budget. This Revenue is transferred to SCMR (Fund 233 to Fund 231) for use to cover expenses.
18. Item # 31: See #1 of this memo. The plan will be evaluated after the first of the year.
19. Item #32: These Charge-Off's are as follows;
 - a. Public Svc Admin – performs administration, HR, and payroll functions for this Division.
 - b. Sanitation Cashier – Performs billing functions for the Division out of Waste Water office.

- c. Auditor/Finance – Performs Accounting functions (pay-ins & pay-outs) for this Division.
- d. Executive – Performs Human Resources duties for this Division.
- e. Garage – Performs Maintenance of Divisional Equipment (see # 6 of this memo).
- f. Grounds Maintenance – Assists Sanitation in the collection at all park and recreational facilities.
- g. Engineering – helps offset the cost of janitorial services performed.

20. Item # 33: I am currently looking into increasing rates that are comparable with private and State owned facilities offering the same services.

I hope I have added some clarity to your budget questions. Should you have further questions concerning this Department, contact me at 353-5419.

Sincerely,



Christopher L. Murphy
Director of Public Service
City of Portsmouth

CF:
Mayor Kalb
City Clerk
Council Members (5)



ROBERT A. STOREY
FIRE CHIEF

CITY OF PORTSMOUTH
FIRE DEPARTMENT

TELEPHONE: 740 / 353-2660
FAX: 740 / 353-2551

1529 GALLIA STREET
PORTSMOUTH, OHIO 45662

Chief Storey

MEMORANDUM

To: Mayor James Kalb
From: Robert A. Storey, Fire Chief
Date: December 13, 2005
Re: Questions and Rationale for Hydrant Testing Charges - Question #37

The Fire Department spends three days a week beginning early in the spring testing and flushing the hydrant and water system within the City of Portsmouth. The system consists of approximately 1000 hydrants at which we spend an hour servicing, flushing, performing static and residual flow tests, and processing into records required by the National Fire Protection Association and the American Water Works Association.

The charge-off is derived by using the fire department hourly cost of \$366.82 per hour operating and a \$15.00 per hour capital cost. These figures are based on previous years' budget figures.

The reimbursement hourly rate for the water system flushing, testing, and records is based on the number of personnel involved and the capital cost per hour amount to \$150.00 per hour x 1000 hydrants or \$150,000.00 rounded off.

On the matter of question #38, the two \$58,000.00 pension payments come from the county to the city to help defray the pension cost for the police/fire pension. I believe the origin of these funds goes back to the late 40's or 50's and I think is the result of a court ordered settlement dealing with the old employee retirement system.

Please call me if I need to clarify any other information.

Respectfully,


Robert A. Storey
Fire Chief

RAS/kg



40. Page 33 – How many employees does the division currently employ? Explain and justify expenses to the Enterprise Funds.

As shown on this page (#33), the department currently employees 2 persons: Director and Grants Technician.

It is my understanding that municipalities use enterprise funds to provide for a range of city services delivered through the general fund budgets. As very few departments are actually financially self sustaining, the Community Development department is partially funded through Enterprise Funds just like the Public Service Department, Finance Department, Executive Department, Legal Department, Engineering Department, etc... Such funds are used to pay for the costs of operating the department.

41. Page 34 – Indicate utility costs associated with office space.

There are no utility costs associated with office space as we are in a city owned property.

42. Page 34 – Indicates \$17,297 in expenses by no employees shown.

There should be the same 2 employees as stated in the answer above shown on this page – they were removed somewhere between my office turning in the budget and council receiving their copy.

43. Page 37 – Explain and justify expenses to Enterprise Fund of \$35,266.

See answer to question 40.

Jennifer Hanlon

Jennifer



CITY OF PORTSMOUTH
ENGINEERING DEPARTMENT

728 SECOND STREET, ROOM 25
PORTSMOUTH, OHIO 45662

*Mike Penn,
Engineering*

TELEPHONE: 740/354-7557
Fax: 740/354-8809

DATE: December 12, 2005

SUBJECT: Engineering Department's Answers to memo dated December 8, 2005

Mayor:

Here are the answers that you requested concerning the 3rd Ward Councilman's questions.

ITEM:

52. This was set years ago and covers the Engineering Department's services to other departments.
53. The former Assistant Director retired using the single insurance plan. A family plan must be budgeted for in 2006 to cover the possible need.
54. (See item #52)
55. The amount of funds required in the Contractual line fluctuates with the needs of the permits issued throughout the year. As more permits are processed, more plan reviews are needed therefore we pay our contracted Plans Examiner more. Also, this budget line includes any temporary inspectors that are utilized during a prolonged absence by our electrical inspector. Example: the electrical inspector goes on a cruise that lasts for a week or longer and is out of touch with the office so we contract with a substitute to come in for a day or two (as needed) in order to serve the public in a timely manner. Otis Elevator is also under an annual service agreement contract for the Municipal Annex for the amount of \$4,000.
56. (See item #52)
57. The City Building, Municipal Annex, and the former Marting's Building are paid from this line. NOTE: the gas is turned off in the former Marting's Building.
58. The Engineering Department pays for the entire electric service for the Municipal Annex.
59. This is for the small day-to-day repairs that need to be done throughout the year. Large projects would be included in the CIP budget.

If you need anything else just let me know.

Michael Penn
Engineering Department

Public Utilities Department

Division of Wastewater

Rick Duncan

Memo

To: Mayor Kalb
From: Richard Duncan, Director of Wastewater
Date: 12 December 2005
Re: Answers to Mr. Mollette's budget questions

Below are my answers to Mr. Mollette's concerns. Call me if you have any questions.

- Item 60: Page 55. Wastewater Summary Sheet. Capital Outlay Funds for Public Utilities are appropriated in a separate ordinance. The Capital Outlay line is included in the operating budget to indicate the anticipated level of expenditure and to balance the Wastewater Summary Sheet.
- Item 61: Page 55. The previous flood defense levy (passed in 2000) called for funds generated by the levy to be used for "current expenses for equipment." Personnel and other operating funds not related to equipment were funded with Wastewater Funds.
- The renewed levy allows for levy funds to be used for operating costs, including personnel. However the levy not generate enough funds to cover the entire Flood Defense budget.
- The proposed budget includes a charge-off of \$40,000 (page 63) to reduce the amount of Wastewater Funds used. This amount is approximately half of the proposed personnel cost for 2006 (\$82,943).
- Item 62: Page 55. Debt Service. This question should be referred to the City Auditor.
- Item 63: Page 63. See answer to Item 61.
- Item 64: Page 66. Debt Service. This question should be referred to the City Auditor.
- Item 65: Page 66. Debt Service. Utility Loan was paid off in 2004. This question should be referred to the City Auditor.
- Item 66: Page 66. Debt Service. This question should be referred to the City Auditor. Status of Long Term CSO Study is "ongoing."