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February 22, 2008

Councilman Robert Mollette  
1705 Franklin Avenue  
Portsmouth, Ohio 45662

RE: "City of Portsmouth 2008 Operating Budget Tabled Appropriation Ordinance"  
(Mollette correspondence #08-003 dated February 14, 2008)

Dear Councilman Mollette,

Apparently, a "legal question raised by a citizen concerning the proposed salary increases for the Mayor and City Solicitor derailed any productive discussions between Council Members for the purpose of problem solving and approving a workable operating budget." Let us be clear and straightforward on two points: number one, the information shared by the citizen was incorrect; and number two, the citizen you refer to is Teresa, your spouse and self-proclaimed "team member".

My question is, were you aware of Teresa's concern before the Council Meeting? If not, why did you fail to address this issue at the City Council meeting? If you were aware of the concern, was it your combined intention to "derail any productive discussions between Council Members?"

As to the rest of your correspondence, my proposed budget does indeed reflect expenditures less than my projected revenues. As a matter of fact, there will be some revisions to the budget which will reflect *even less* expenditures than projected revenues.

I will not address the issue you raised about a finance / budget committee, other than to say that such a committee already exists with no active members. That is entirely an issue for City Council to discuss and take action upon.

In regards to the proposed 2008 General Fund Operating Budget, once again you have suggested a "five-year plan", which is not only a good idea but a necessity. This suggestion is always easy to make. When reading about your request for a plan, it appears that you would have your constituents believe that you are alone in your concern for the City's future (as you intended).

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Again to be clear, my administration has in the past, is currently, and will continue to plan for the future. We have implemented programs and classes for reductions in health and worker's compensation costs. We have restructured departments, hired skilled employees to reduce payments to outside contractors, and worked with developers to create jobs in our area. We have **reduced** liability insurance costs, health insurance premiums and BWC payments through education and training; introduced the land reutilization program to put abandoned properties into a property tax-generating status again (also increasing property values of neighboring properties); repeatedly proposed a rental regulation program which would also increase property values. We have created additional health programs and started operation of a municipal health clinic, and purchased equipment and trained employees to increase efficiency in job performance. I could continue with additional examples.

We are currently working to improve infrastructure at virtually every City facility to improve efficiency and maintain compliance with upcoming state and federal mandates. These include the Miex Project, ultra-violet disinfection of wastewater, sludge removal upgrades, new garbage trucks, new ground-working equipment, new communication and office equipment, replacing inefficient motors and pumps, removing PCB transformers, upgrades of parks and recreation facilities, etc. We have partnered with an energy conservation company to save millions of future dollars in utilities and at the same time replacing a lot of our old infrastructure. We have re-implemented the DARE Program, the school resource officer and the canine unit for education and crime prevention. We are exploring the possibility and costs for providing more City-owned utilities such as natural gas, electricity, television cable and wireless communication networks. We are making plans for expanding our water service to more outlying areas and customers. We are planning major upgrades to the Municipal Stadium area with expanded recreational opportunities (skate park, water park, BMX park, etc.). We continue negotiations for a combined 9-1-1 dispatch and/or health department. We are preparing to implement mandatory city income tax filing. We are investigating the possibility of investing in properties for future revenue-generating outcome. We are working with the courts utilizing probation workers to provide a variety of public services.

I could continue for another page or two of past, current and planned improvements and revenue-generating ideas, but I think I have listed enough to illustrate that this administration is working within a plan, a plan that is adjusted daily, weekly, and yearly.

If your proposed five-year plan is to include exact unchanging plans and figures, please share with me the following: five years of figures for employee wages, health and liability insurance costs, worker's compensation costs, utilities and gasoline costs, unexpected failures of equipment, structures and infrastructure items, possibility of future state and federal mandates, loss of future government funding, possible lawsuits, and your projected revenues for the next five years.

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Also, please include your ideas or plans on how to increase revenues to meet the challenges we will face in the coming years. Since you often speak against any type of increase for City-provided services, or any additional burden on the taxpayer, and you repeatedly suggest the need for additional police officers and code enforcement, please explain what services you propose to cut.

My administration is doing everything possible in planning for the future. However, some of the responsibility lies with City Council. Have you or other Council Members considered the possibility of failure to meet anticipated revenues in the future? If that happens, would Council have me lay off approximately 50-75% of our public service people or is Council considering a possible charter change in regards to the number of police and fire personnel, so that shortages in departments and services could be more evenly distributed? Or, would Council have me lay off all supervisory employees plus some union and non-union people? Is Council considering an income tax increase or imposing fees on their constituents? Have you made any suggestions as to ways of increasing our existing revenues or creating new revenues? Will Council ever decide on new City offices, because delays to this point have already cost taxpayers between 5 and 10 million dollars?

I am not asking you or City Council to do my job because I am perfectly capable. What I am asking for is some support and/or help from Council, because that is what I need. Portsmouth City government is structured as a 'weak mayor' / 'strong Council' form of government, basically meaning that the Mayor can do nothing without City Council approval or authority as outlined by the City Charter (such as negotiating and signing agreements for making necessary changes to the workforce). I have no authority to veto Council actions nor can I implement policy without Council approval. I can only operate within the appropriations set by Council, and must return to Council when additional appropriations become necessary. When it comes to ideas or plans for changes, I am basically a lobbyist with Council having the final say. Please keep in mind that it is City Council's job to create policy and my job to implement policy. You make the laws; I see that they are enforced.

Now I will address your more specific questions regarding the budget.

1. My projected revenues were \$11,354,000 with the Auditor's projected revenues at \$10,500,000 for a difference of \$854,000. I had a projected carryover of approximately \$27,000, combined with the Auditor's 2007 unencumbered balance of about \$70,000, is about \$97,000. That amount subtracted from the Mayor/Auditor difference is \$757,000. We have recently negotiated our liability insurance plan for 2008 with reduced premiums and lower deductibles for a combined annual savings of approximately \$200,000. Of that amount, subtract \$150,000 from the \$757,000 difference to make the difference between the Mayor / Auditor projected revenues at \$607,000. Now we have the \$300,000 from health insurance savings that I budgeted for that the Auditor did not budget for, making the total difference in our figures approximately \$307,000.

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In your correspondence, you called the use of the \$300,000 health insurance savings a temporary crutch or band-aid. My question to you is, if you need a band-aid to stop the bleeding, do you use it or do you save it and let the blood flow? Not budgeting the savings and having to possibly lay off 25 to 30 public service employees (regular and probationary) would be detrimental to the level of service that taxpayers deserve, and would put 30 city tax-paying employees out of work. This would cause an even greater burden in meeting my projected income tax revenue. There is no assurance that my projected revenues will be met, but there is a system in place to monitor the revenues and expenditures. In the 3 years that I have projected revenues and prepared budgets, we have met and exceeded my figures. Last year, revenues exceeded my "outlandish" projections by about half a million dollars. With all of these facts and figures there is still no assurance that we will meet the projected revenues, or for that matter, no assurance that will even meet the Auditor's conservative projected revenues.

2. See #1.
3. Yes, I have almost 1/3 of the general fund operating budget for a police department, which is to provide traffic safety and fight all types of crime.
4. We have limited personal use of vehicles; we schedule workdays to minimize travel as much as possible; we use only 87 octane fuel; we request vehicles not be left running when not in use; employees have been warned and reprimanded for traveling outside their area of work; we are experimenting with "hybrid" vehicles; we installed a fuel tank at the garage to allow us to buy fuel at a bulk rate; we have a monitoring system in place to document any abuse of fuel usage.
5. I will need clarification to this question. Public Service Grounds Recreation (101.335) shows \$148,225 in expenditures but I fail to see the deficit to which you refer. We budget available money to provide for a crew of Grounds / Recreation employees and budget for improvements within the CIP fund. There is \$70,000 proposed in the upcoming CIP budget for repairs to McKinley Pool.
6. Our plan is to hire 2 full-time, retired law enforcement officers, providing health insurance but at a reduced pay. These would not be in the Police Department but would be full-time employees, working code enforcement when not providing court security. We hope to have people hired within a month.



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7. The Police Special Duty Program is similar to a "Rent a Cop" theme. Entities hire off-duty police officers to patrol ball games, retail lots, special events, etc. The hiring agencies pay a loaded rate for a Lieutenant's salary and the City makes money when a lesser rank officer is hired, and when the working officers take "comp-time" in lieu of pay. This service proves to be a benefit to the hiring agency and to the City.
8. The Police Code Enforcement Officer will be absorbed into the court security plan and that amount will go towards funding the new court security / code enforcement officers. The Human Resources Officer is something that the City has needed for a long time; check with any department head and they will agree. A combination of all department heads and the assistants in my office currently handle these duties at a much higher cost to the City. The new position will also be responsible for updating our outdated Policies and Procedures Manual at a great cost savings to the City as compared to hiring an outside firm specifically for that task.
9. I agree that our non-union personnel should at least enjoy the same increases and benefits of our union employees. The difference between the two groups has become very pronounced. This budget includes adjustments to begin to remedy this inconsistency. Raises for elected officials have been addressed by the Solicitor.
10. Labor, utilities, chemicals, fuel, equipment, and most all other costs to the City, have increased. To maintain the current level of service and to continue to update and improve our system, we must charge a fair price for our products and services. Again, I remind you that the EPA survey completed in October 2006 showed that Portsmouth's water rates are lower than 91% of all cities surveyed. Charge-off costs have increased less than proportionally to the increased operating costs.

I hope all of this information helps with your understanding of the budget and requirements necessary to maintain the daily operation of a City.

Respectfully,

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

James D. Kalb, Mayor  
City of Portsmouth

cc: Honorable Council Members  
Trent Williams, Auditor  
Jo Ann Aeh, Clerk  
Michael Jones, Solicitor