

MINUTES – SPECIAL SESSION

PORTSMOUTH CITY COUNCIL MEETING
Wednesday August 7, 2013
6:00 P.M.

The City Council of the City of Portsmouth, Ohio met in special session on Wednesday August 7, 2013 at 6:00 p.m., in the Council Chambers of the Municipal Building.

President of Council Steve Sturgill called the meeting to order. A moment of silent prayer was observed followed by The Pledge of Allegiance to the Flag.

Roll Call showed the following members to be present:

Kevin W. Johnson	1 st Ward
Rich Saddler	2 nd Ward
Kevin E. Johnson	3 rd Ward
Jim Kalb	4 th Ward
Gene Meadows	5 th Ward
Steve Sturgill	6 th Ward

Also present was Acting City Clerk, Tracy Shearer and City Auditor, M. Trent Williams.

Clerk’s Report

1. In accordance with Section 4 of the City’s Charter, Mayor David Malone requested in writing that a special meeting of Council be called for Wednesday August 7, 2013 for the purpose of approving the City’s Financial Recovery Plan as required by Section 118.06 of the Revised Code. 2. Authorizing the Mayor of the City of Portsmouth to prepare and submit an application to participate in the Ohio Public Works Commission State Capital Improvement and Local Transportation Improvement Program and to execute contracts as required. Notice of meeting was delivered to all Members of Council, the Mayor, City Solicitor and City Auditor and receipt of the notices was received from all those being served.

The Clerk’s report was received, filed and made part of the record, on a motion by Councilman Kevin W. Johnson.

STATEMENT OR REMARKS FROM CITIZENS ON ITEMS ON THE AGENDA

Harold Daub - 1221 22nd Street - He compared the City’s financial situation to the County’s situation and recommended the County Commissioners and City Council meet and proposed a blending of the City and County. There have been some cities and counties in Ohio that have had major successes with blending. He also stated that Portsmouth needs to be looking for other ways to raise money besides raising fees on utilities, as people are moving out and there is no industry moving in and with the new Portsmouth by-pass coming to fruition, he believes that this will be a step back for Portsmouth as gas stations will be closing and there will be less income for the City.

LEGISLATION

The clerk gave a **first reading**, to a Resolution approving the City’s Financial Recovery Plan as required by Section 118.06 of the Revised Code.

Councilman Kevin W. Johnson motioned that this resolution be passed.

Councilman Kevin W. Johnson asked Mayor Malone to review the budget with Council.

Mayor Malone reviewed one of the biggest changes being no raises over the next 5 years.

Councilman Kevin W. Johnson stated that this is a forecast for the next several years and proposed several amendments be added to the resolution. (A) City of Portsmouth has taken action and the voters have approved the City Manager form of government to take effect January 1, 2014. (B) Council has established a Budget & Finance Committee to lend common sense and professionalism to the hiring of a new City Manager. Section 2 shall be reviewed and analyzed by the new City Manager and any amendments to the plan must be approved by Council and submitted to the State Auditor by June 2014.

There were no questions or comments. The role was called. **VOTE: 6 ayes – 0 nays, the amendments were added.**

Councilman Kevin W. Johnson stated that the Budget & Finance Committee will be reviewing items: 3, 5, 6 & 7 as there are no specifics.

**Res. #12-13
5 year City
Financial
Recovery
Plan
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Mayor Malone stated that they had been working on it but have not finalized it.

Councilman Meadows asked the Mayor if he had spoken to the Unions pertaining the changes and if there was a limit on what can be amended to the budget.

Mayor Malone stated that he had not officially spoken to the Unions and that he believes the budget will work.

Councilman Meadows asked the Mayor if there was a contingency plan should the Union say no to the plan.

Mayor Malone stated that he did not want to address that in this meeting as he doesn't want to lay off people and would only do so as a last resort.

Councilman Meadows stated that the budget doesn't allow for the City to comply with the Charter requirement of 44 Police and 44 Fire employees.

Auditor Williams commented that the State understands that this plan may change but that the available dollars will not change. The State is not concerned on how we achieve the plan whether it be health care adjustments, lay offs, new revenue, they just want a plan. This is a living document that will change yearly.

Councilman Saddler asked the Mayor about the replacement pages of the budget he's submitted to Council that seem to pertain to the insurance fund, by suspending this account, will this keep us out of debt.

Mayor Malone responded that the City has been holding their own the last few years through the insurance fund as it hasn't increased.

Councilman Kevin W. Johnson stated that Auditor Williams did a good job on the report and the City wouldn't be in this shape had the State not made the heavy cut backs that they did with property taxes, inheritance taxes and State taxes which happens to be 14.2% so if the finances had stayed like they were, the City would be in a much better financial position.

Auditor Williams stated that the good thing is there's not much left for the State to cut. He also stated he had a conversation with Dave Thompson about solutions for the loss of tax revenue and that this could in part be given back to the City and allowed to go into the General Fund.

Councilman Sturgill asked if the amount was the \$230,000 proposed for 2014 and if he had any idea of what the figures for the end of 2013 will be.

Auditor Williams replied that the \$230,000 is for 2014 and is very hopeful that the projections for the end of 2013 that the City will end the year in the black but he's still waiting to hear back from the State on what they will do with the charge offs.

Councilman Sturgill asked Auditor Williams if the charge offs will be changing dramatically.

Auditor Williams stated that it will reduce the budget by at least \$100,000 based on figures from 2012 and 2013, but will not be as much as the previous years.

Councilman Sturgill stated that the City is in a terribly bad situation and he's not sure this 5 year plan allows us to maintain our services throughout the City without some major changes in our insurance. The problem with trying to pass a 5 year budget which is a map that needs to be updated every 6 months is preparing a resolution to submit to the State knowing that some of these numbers are incorrect and there are some serious issues and omissions in this budget.

Mayor Malone asked Councilman Sturgill "with all due respect, do you know for sure that these numbers won't work?"

Councilman Sturgill responded "No, no more than you know that they will work". He stated that one particular problem being within the Executive office, we're going to the City Manager form of government which could cost the City \$127,000 next year with wages and fringe benefits. For all intents and purposes, the only way the City will be able to run that office is with charge offs and the charge offs come from water, sewer and sanitation. He believes that the City has made some giant leaps in submitting this budget at this point and that it's a work in progress but it's a lot to continue to ask the citizens to pay these fees.

Auditor Williams stated that Ground Maintenance has been cut to \$17,000 and Ground preparation to \$-0- which means the parks will not be taken care of. He stated that the revenues are fairly flat with a slight growth and that's based on 16 years of seeing growth in the income tax, but how it's spent is a different issue. In the past 13 years of being the Auditor for the City of Portsmouth, using historic numbers of 2-4% growth in income tax per year with the exception of 2 years, he has no reason to believe that the trend won't continue. The revenue numbers listed are 99% accurate, the problem will be how it's managed

and how it's spent and what services are available within. He concluded that if the State had not made all of those cuts, we would not be in a fiscal watch.

Councilman Saddler asked that all citizens contact the Governor's office and ask that the State tax reduction be repealed for not only our community but others like ours that are in very similar situations. All citizens of this City need to voice their opinion.

Councilman Sturgill requested that Judge Kegley be given the floor.

Judge Kegley stated that he has listened over the last 30-45 minutes and feels like a lamb being led to the slaughter; however he is in attendance to defend the Courts budget which is actually diverted from what the Mayor has submitted for the Courts as they are asking for pay increases for their employees. He told of an agreement between Council and the Courts, years ago the Courts agreed to stop a mandamus action if Council agreed to pay out for salary increases for the Court employees the same as the Unions. The Courts have set back and not demanded raises that our people deserve. This isn't about Union -vs- Non-Union but all the employees deserve raises because they're good strong employees, hard working people but the City has negotiated contracts with the Unions and they've gotten raises while our employees have received none. He stated that he does not know the ins and outs of this budget but he does know that the employees have worked very hard and deserve to be brought up to par with the raises that have been given to the Unions. He speaks on behalf of Judge Mowery also and they are committed to getting their folks the raises they deserve. Auditor Williams spoke of the parks not being taken care of the Court system can help out with that through our Community Service projects. The City has one janitor who directs the workers and does a good job but without the help of the Community Service workers he would not be able to do his job, as they are helping with sweeping, mopping and cutting grass. The Court does understand about the budget issues but would like Council to consider the plight of their employees.

Councilman Kalb ask Judge Kegley to explain what a mandamus action is for those that may not know.

Judge Kegley stated that Mandamus Action is when the Court has the right to order things to be done, if they're not being done. Years ago a mandamus action was put forth and attorneys were hired by both sides, it would have cost the City tens of thousands of dollars had the action proceeded, however the City agreed to pay the increases.

Councilman Meadows asked how much the City will suffer if we lose good employees because we're not giving them raises.

Auditor Williams requested to Judge Kegley that he convey to his employees to consider that income is not just money in your pocket but it is insurance benefits. These employees are still paying \$25.00/\$50.00 per month where other employees are paying \$80.00/\$200.00 per month for the insurance. He agrees that the employees should be given raises but this needs to be given consideration also.

Judge Kegley stated that should our employees be brought up to par then they would agree to pay the \$80.00/\$200.00 the same as the Unions.

Councilman Kevin W. Johnson stated that this has nothing to do with the forum and we are willing to discuss this in the fall.

Councilman Sturgill stated that we're submitting a financial recovery plan, but over the years we've not had a responsible budget. We're being asked to submit a 2014 budget that is not correct and will change 3 months down the line.

Mayor Malone respectfully disagreed with Councilman Sturgill's comment and stated that he believes that it will work.

Councilman Kalb stated that the State is not looking for something specific, but just a plan.

Auditor Williams stated that the City has been asked to give a 5 year forecast and this has been done with what we've had to work with. The other thing we've been asked to submit is how we plan to make it happen. We've given them what they've requested; they want to know our thoughts which is not a guarantee. He stated that he doesn't agree with a lot of the numbers either but he believes that the Mayor has done the best he can under the City's current situation.

There were no questions or comments. The role was called. **VOTE: 5 ayes – 1 nays (G. Meadows), the resolution was adopted.**

The clerk gave a **first reading**, to a Resolution authorizing the Mayor of the City of Portsmouth to prepare and submit an application to participate in the Ohio Public Works Commission State Capital Improvement and Local Transportation Improvement Program and to execute contracts as required.

Councilman Kevin W. Johnson motioned that this resolution be passed.

Res. #13-13
Application for
Ohio Public
Works State
Capital
Improvement
& Local
Transportation
Improvement
Program

There were no questions or comments. The role was called. **VOTE: 6 ayes – 0 nays, the resolution was adopted.**

STATEMENT OR REMARKS FROM CITIZENS ON ITEMS NOT ON THE AGENDA

The meeting adjourned at approximately 7:05 p.m. on a motion by Councilman Kevin W. Johnson.

City Clerk

President of Council