

**MINUTES OF THE COUNCIL
VILLAGE OF MARIEMONT, OHIO
BUDGET HEARING
JUNE 27, 2011**

Mayor Policastro called the meeting to order at 7:04 p.m.

Clerk Borgerding distributed a packet for the budget review. He went over the highlights and commented that the numbers should not be a surprise to anyone. They are consistent from last year with 2013 being the year we really see a cut in funding. Positive revenues in the General Fund include (1) Earnings tax is trending upward as the economy is slowly recovering from the recession (2) Real estate taxes will continue to increase as new development continues and (3) Trash stickers were doubled at the end of 2010 and the trash fee increased by 35% in 2011 which generates \$80,000. It has been factored into this year's budget and carried forward to 2012. Negative revenues in the General Fund include (1) Estate tax may be repealed after the 2012 year (2) Local government funds are being reduced by 25% each of the next two years (3) Personal property taxes will eventually be phased out in 2013. He shows \$10,000 for 2012 and then he does not budget anymore after that. It will only affect the General Fund not the Permanent Improvement Fund. Positive expenses from the General Fund include (1) Police, Fire and Maintenance departments have survived the decrease in personnel (2) All departments are accepting of a potential pay freeze in 2012 (3) Combining the Fire Chief and Police Chief positions has saved the Village a lot of money and will continue over the years. The State encourages more shared services and if we can do more of this it would be great. The negative expenses in the General Fund include (1) Health insurance will increase by 25% in 2012 (2) The General Fund continues to subsidize the Paramedic Fund over the first quarter but we have since received money from Hamilton County. The Paramedic Fund should be fine for the rest of the year. It is taking \$20,000 out of the General Fund every year which is something that will need to be addressed. It is a continuing levy so it does not come up for renewal.

Mayor Policastro said he would like to look into adding/combining to that levy instead of having a new levy. Clerk Borgerding said he would talk with his contacts at the Auditor's office about adding to a current levy.

The second page outlines the major line items of the General Fund in regards to revenues and expenditures. It shows that fiscal year ending 2011 we will have an \$189,000 deficit and it is projected to have a deficit of \$155,000 in 2012. The projected deficits go downhill from there.

Mr. Scheeser said this situation is extremely dire. We are going to have to have a deficit road map starting right away. This is a call to action and a ski slope to deficit and deficit spending. Nothing is going to change unless we do something drastically different. Mr. Scheeser said we need to look at expense reduction and increases to the revenue.

Mr. Andrews asked when Council should develop a plan to attack this. Clerk Borgerding said the Finance Committee should get together which he would be involved with in conjunction with them.

Mayor Policastro said we have not had a levy in 15 years. He believes that is the answer. We need to target the Paramedic Fund so we have enough for the year and we need an Operational 3.5 mill levy probably next year. Mr. Scheeser said we need to be careful and assume that our renewals are going to happen. People are still pretty anti-tax and feeling insecure with jobs. The school levy puts us in a bit of a bind. Mayor Policastro said since he has been here every levy has been worked hard. It has been his experience if you let people know what you need and you do not take more than what you need they will pass it. The levy a year and a half ago was not worked and was not needed. Mr. Andrews said that is one of many potential options but he does not think it is the only option.

Clerk Borgerding said 2012 does not look that much different than 2011. Mr. Scheeser said there is a real emotional cliff that we crossed this year which is not having a million dollars in the bank anymore. Mayor Policastro said that can not be said for sure because we have not received our second inheritance tax yet this year. Mr. Scheeser said he hopes that is what happens but this is a very sobering matter. Mr. Wolter said Council as a group needs to start thinking how we are going to start solving these problems and how we are going to sell the solutions. We skated through 2008 and 2009 but now we are running out of resources. Mr. Andrews said we need to really think and come up with some innovative options because continuing to freeze salaries, save a little bit here and a little bit there and adding levies could be dangerous. Mayor Policastro asked how adding a levy could be dangerous. Mr. Wolter said adding a levy is a reality. Mr. Scheeser said part of the selling of a levy would be unbelievable diligent rooting out all inefficiencies that we can tolerate. Everyone will agree we need to sharpen our pencils and turn over rocks again. Mr. Wolter said Council has a responsibility to talk with the residents and let them know what we are up against. Mayor Policastro said we have to also let the residents know what we have done over the past few years and all the steps we have taken. Now we have done as much as we can do. Mr. Scheeser said he agrees with a smart communication plan. Clerk Borgerding said we have done a lot on the expense side. Mr. Wolter said we have to our advantage the strong community spirit. He believes if the levy is properly done we will garner the support of our residents. Mayor Policastro said we need to let the residents know that our employees are not taking raises and all we have done. They know how healthcare is rising and what the cost of everything is.

Mr. Andrews asked if the Village millage adjusts. Mayor Policastro said no - what it is at the time is what you are going to get. Mr. Andrews asked when was the last time we increased the operating levy. Mayor

Policastro said you cannot increase the levy. You can add to it but you risk the chance of losing it. Some of the levies do follow a percentage growth - others are fixed money. Mr. Wolter asked about changing that program so the rates adjust. Mr. Scheeser said there are some tricks that he knows people come down hard on Council when they do inside millage. Mayor Policastro said we are not going to do that. We are going to put everything right in front of the people and explain it. Mr. Scheeser said he does not want to do that because he wants to remain transparent. Mr. Andrews said at the first Finance Committee meeting it would be a good idea to go over all of this so Council understands what each levy is generating.

Mr. Andrews asked how often we look at our money movement strategies. Clerk Borgerding said when he was doing it we had the Star One Account that was doing fairly well when he first started. He normally would renew the CD's after calling around to banks for their rates. Treasurer Kulesza is talking about stair stepping some CD's so they do not all come due at the same time. Mr. Andrews asked if there was an opportunity to generate meaningful interest. Clerk Borgerding said he did not want to put too much risk in the CD's. We have some guarantees with the bank. He said there may be some opportunities but not really.

The meeting adjourned at 7:30 p.m.

Dan Policastro, Mayor

Anthony J. Borgerding, Clerk