

**MINUTES OF THE COUNCIL
VILLAGE OF MARIEMONT, OHIO
BUDGET HEARING
JUNE 25, 2012**

Mayor Policastro called the meeting to order at 7:00 p.m.

Clerk Borgerding distributed a packet for the budget review. He went over the highlights and commented that the earnings tax is continuing to increase greater than expected with a 12% increase over 2011 as of the end of May. Earnings tax is \$100,000 more this year than last year at the end of May. The real estate tax should grow with all the new development in the Village. However he did factor a conservative number. Mr. Scheeser commented that the numbers were flat from 2009-2011 and then increased for 2012-2013. Clerk Borgerding said most of it is due to the condo developments. These are the figures that were certified by the Hamilton County Auditor. The personal property tax will eventually disappear. Inheritance Tax collected for the first half of 2012 was \$46,000 and he estimates we will get at least that same amount for the second half. It is much less than normally budgeted which is \$250,000 per year. The Inheritance Tax will be gone for 2013. In addition the local government funds have been reduced over the last three years and he expects it to stay where it is. We had a good bump in trash fees last year due to the increase of the sticker price and the 35% increase in waste fees. It should stay constant going forward. Mr. Andrews said he would expect those to go up assuming every two to three years the fees would increase 2% or so. Clerk Borgerding said the fees have not been increased much in the past except last year. Mr. Andrews asked what the philosophy is with increases in trash fees. He believes it should be planned to be increased just the same as salaries/benefits. Mayor Policastro said it would be up to the Council Committee to make recommendations for increases. Clerk Borgerding said he is budgeting for what we currently have. Down the road Council may want to increase the fees/stickers so the trash collection is not subsidized by the Village anymore. Mayor's Court fees were increased last year to match those of Hamilton County which equaled a 15% increase. Mr. Scheeser asked if STEP revenues show in the Mayor's Court line item. Chief Hines answered yes. Ms. McCarthy asked if we take in more than we pay out. Chief Hines said yes. Clerk Borgerding said the line item "other" includes such things as swim pool, tennis, licenses for cable, building permits etc.

Mr. Scheeser said from 2011 versus 2012 is +1.0% while 2012 versus 2013 is -3.5% which will hurt. Mr. Andrews asked about the assumptions in the local government funds. Clerk Borgerding said it is based on what was received in 2009, 2010 and 2011. A portion of the local government funds are being reduced 25% every year but it started out in the middle of the year so it did not affect 2010 entirely. One fund goes down while the other fund remains steady.

Treasurer Kulesza said his belief was the personal property tax was being totally eliminated. Clerk Borgerding said for some reason the Village will still receive approximately \$5,000 for the next couple of years. Treasurer Kulesza asked what the commercial activity tax goes for. Clerk Borgerding said it goes into the state coffers to be used as they see fit. Mayor Policastro said he has heard that Kellogg should be adding more jobs. In addition, if the proposed school buys Dale Park that will bring in 15-20 jobs.

Clerk Borgerding said as far as expenditures there is a big jump from 2010 to 2011 which is the Paramedic Fund which ran out of money. More salaries got charged to the Fire account in 2011 and should stay fairly constant now. At some point Council needs to discuss how to split those costs and whether or not we need to increase the fund. In 2011 the third quarter pension and insurance was not paid until 2012 so it will be higher this year. Ms. McCarthy asked if any late fees or penalties were incurred. Mayor Policastro said no everything was paid in time because the due date was in January. We will see a reduction in salaries and benefits in the Tax Department. He did factor a small pay raise for employees but it would not take place until the middle of the year. The unknown will be the healthcare benefit. With the 'other operations' line item it would include Ash tree work, refunds, etc. Mr. Andrews asked if there were any expected costs for proposed annexation. Clerk Borgerding said nothing has been added in at this point. Mayor Policastro said we are going to take baby steps. Mr. Andrews said the expenditures would precede the income. Mayor Policastro said our Solicitor charges \$100 per hour unlike other law firms that charge \$300.00-\$400.00 per hour.

Clerk Borgerding said 2012 is projected to end with a \$160,000 deficit which will bring the General Fund ending balance to \$934,000. By the end of 2016 the General Fund surplus would be \$500,000. In the next few years we need to reduce expenses or find ways to increase revenues. Mayor Policastro said in 2014 we need to start looking at what we are going to do. He believes right now the Village is in very good shape. We do not know what the economy will be like in the coming years. Mr. Andrews said he would like to see Council not assume that earnings are going to go up or expenses are going to get easier to manage. He does not want to wait until 2014 or late 2013. We need to plan to have an annual serious discussion about the budget and the scope of the discussion should be the size of the projections at that point. Mr. Scheeser said he trusts Clerk Borgerding and the due diligence he put in but we need to rally around the truth and use it as our impetuous to act in 2013. Mayor Policastro said in the last 20 years we have never looked better financially to have a four year window and he is not going to the residents for any more money until we need it. Clerk Borgerding said it seems every year we seem to catch up somehow. We have made some hard choices and cut some personnel but he does not think we can keep doing that because we are already pretty thin. Mr. Andrews said he does not disagree with any of that but we are projecting a deficit next year and he sees this as a call to action. Mayor Policastro said he does not think we are projecting a deficit next year - we are projecting a surplus of \$934,000. We are not going to make any decisions as this meeting is just to discuss the 2013 budget. He thinks the budget looks pretty good. Mr. Scheeser said it looks awful. Maybe we are always doing the good work but we are spending \$161,000 in 2013

that we do not make. He believes this is the call to action and we have to take this seriously. This is unacceptable and it is not the way he wants his name associated with a negative deficit. Mr. Andrews said it is Council's responsibility to try and maintain and balance the budget. If we can solve some of it in 2013 it will make the outlook in 2014, 2015 and 2016 more manageable.

The meeting adjourned at 7:30 p.m.

Dan Policastro, Mayor

Anthony J. Borgerding, Clerk