

**MINUTES OF THE COUNCIL  
VILLAGE OF MARIEMONT  
BUDGET HEARING – JULY 23, 2018**

Mayor Policastro called the meeting to order with the pledge of allegiance at 6:20 PM. Present were Council Members Mrs. Graves, Mr. Hawkins, Mr. Marsland, Ms. Palazzolo, Mrs. Rankin, and Ms. Schwartz. Also present was Fiscal Officer Tony Borgerding.

Fiscal Officer Tony Borgerding explained that this meeting would be more of an open discussion and that if anyone had questions they should feel free to ask them. He further explained that the budget is an estimate of expenditures and revenue for a specific period of time. He emphasized the keyword to keep in mind is “estimate”. The budget being presented at this meeting is for calendar year 2019.

Mr. Borgerding said he has been preparing the Village’s budget for several years now. Over the past few years, he has been within 2% of the actual total expenses. He explained the process he used to establish the budget for 2019, saying that at this point, we are only halfway through 2018. He estimated how this year would end based on where we are at this point for expenses and revenue. He used those figures to estimate what the budget would be for 2019 based on trends from the last few years and what should be expected in 2019. He said an example was that the police got a bigger raise. He distributed a budget packet for Council to review. He pointed out that the packet showed that the Village had an increase of 5.3% in 2016 and a 7.7% increase in 2017 in earnings tax revenue. He always estimates conservatively, so he estimated a 1% increase in revenue from the earnings tax for 2018 and for 2019 and on through 2022. The actual amount should be more. This year he is expecting \$2,440,000. Last year we had \$2,417,000 so we are already \$23,000 ahead of where we were last year at this time.

The next item is the real estate tax. That really jumped up this year, because of the new Safety Services levy. That will bring in an extra \$350,000. We have also have increased revenue from our other levies. Mr. Borgerding said he is estimating an additional \$390,000 in real estate tax money. We put this levy on the ballot a couple of years ago and this will help us out over the next 10 years.

The state took away the inheritance tax a few years ago. He said he does not expect much increase in the Local Government Funds or the Trash Fees. Most of the increase in revenue will come from the real estate tax due to the new levy. Looking at the bottom line, last year we had a balance of \$1.1 million to about \$1.4 million this year. Looking at the trend, we should have about \$2,000,000 at the end of 2023 in our General Fund.

Mayor Policastro said we are in ‘pay-back’ mode for loans and asked if Mr. Borgerding had taken that into consideration. Mr. Borgerding said he had considered that in his estimate for the Permanent Improvement Fund. Mr. Borgerding said if there is not enough in the Permanent Improvement Fund to repay all the loans, we would then have to take money from the General Fund. Ms. Schwartz asked if Mr. Borgerding had considered how much we would be paying back each year on the new addition to the municipal building. Mr. Borgerding said that is part of what would be paid from the Permanent Improvement Fund. He said if we spend more money on

Permanent Improvements than we have budgeted for we will have to take it out of the General Fund. He said we can also redo the bond over five years or ten years. Mayor Policastro said we want to get that paid off, because in the near future, we are going to be looking at getting a new fire truck. Police/Fire Chief Rick Hines said we will most likely need an ambulance before we need a new fire truck. The one to be replaced is the tanker/engine and it is now just being used as a backup. Mr. Marsland asked if we have to pay back anything we borrow from the General Fund for Permanent Improvements. Mr. Borgerding said we can just take money from the General Fund; we don't have to borrow it. Mayor Policastro asked if Mr. Borgerding has factored in having to borrow money from the General Fund. He said he had not, but the trend is upward for the next four or five years. Mayor Policastro said he always worries about the peaks and valleys and that we could have another recession like we did in 2008. Mr. Borgerding agreed that would hit us hard in earnings tax revenue.

Mayor Policastro said he is also concerned about Kellogg. Chief Hines said they signed another five-year contract with their workers last year. There are four years left on that. He said that the former plant manager had been very confident that they would sign another five-year contract going forward. Mayor Policastro said if we ever lose those 500 jobs, it would be tough.

Mr. Borgerding said the other thing to look at is expenditures. The biggest expense is salaries and benefits. For all expenses, there was a 3.8% increase in 2016 and a 1.7% increase in 2017. He is estimating a 4.6% increase this year due to the raise for the police department. He estimates a 3% increase for 2019 and 2% for each year going forward. The benefits are a percentage of the salaries. Those percentages have remained fairly consistent. Over the years it has been 33%, 33.6%, 34%, and 35%. He is estimating 35.7% for 2019.

Mr. Hawkins asked how the pensions work. Mr. Borgerding explained that the employee pays a percentage of their wages and the Village also pays a percentage. Chief Hines said that the last time there was an increase, it was the employee portion that was increased, not the employer portion. Mr. Borgerding said health insurance always goes up a little bit as do salaries and he factors that into his estimates.

Mr. Borgerding said that overall things are looking bright, with a projected ending balance of \$2,000,000 in 2022. In 2023, it should go up a little more, but after that, it could go down as expenses go up and revenue goes flat. Mayor Policastro asked if we should go out for a Capital Levy in the spring. Mr. Borgerding asked what projects we have coming up. Mayor Policastro said we need to start working on some infrastructure projects that are starting to surface. Mr. Borgerding asked Mayor Policastro to put a list together and he would look to see what we should do.

Ms. Palazzolo asked if we should do that now or later. Mayor Policastro said we don't want to do it at the same time as the school levy. He said we usually do it during primary season when it has a better chance of passing.

Mr. Borgerding said we will be have a \$100,000 note payable over five years, plus interest on the \$450,000 loan, plus what we have to pay back to the state. Mr. Borgerding said we should have a meeting to go over the permanent improvement projects we anticipate. Mayor Policastro

said he would make a list. He said we have work to do on Settle Road and on Homewood Road. We have some flooding problems on Mt. Vernon we need to address. He said we have some big problems we are going to need to tackle. That is why he thinks we need about a 1.5 mill Permanent Improvement levy. He said the last one we did was in 1993. He said a 1.98 mill levy would bring in about \$350,000.

Mr. Borgerding said the rest of the packet shows more details about expenses for each department with estimates based on trends.

Mr. Borgerding said the Permanent Improvement Fund and Paramedic Fund. We had a lot of activity in the Permanent Improvement Fund with the money that came in from the bond. We received \$400,000 from real estate taxes and another \$400,000 from the grant from the state. That amounted to total receipts of \$800,000. We have to pay for the building. We paid \$130,000 of that last year, so we have another \$720,000 this year for a total of \$850,000. We got \$850,000 from PNC. We will pay them \$400,000 with the money we get from the state and that will leave us owing \$450,000 that we had to go out and do the new bond for. This was an exceptional year with more activity than usual. There will be less than \$200,000 in that fund at the end of the year. As you can see from my report, it will be dwindling down as we pay off the note. Over five years, that will cost \$90,000 in principle and \$5,000 in interest each year. By 2022, the balance will be really low.

Mayor Policastro said that is why we need a small levy. Mr. Borgerding said that would be especially true if we need a new ambulance or fire truck. Ms. Schwartz asked why we need a new fire truck. Chief Hines said we would need to replace the fire truck in about five years, but we need to look at replacing the ambulance next year. Ms. Schwartz asked how old the fire truck is. Chief Hines explained that the ladder truck is only seven years old. The one we are looking at replacing is the engine or pumper truck, which we bought in 2003. We are using it mostly for back-up right now to stretch it out as far as we can. Mayor Policastro said that is another reason we need to consider a levy in the spring of 2019.

Ms. Palazzolo said that Building Administrator Don Keyes seems overworked. She asked if we should look at what it would cost to hire someone on a part-time basis to help him and add that to the budget. Mayor Policastro said we would have to find someone with the right credentials, but he agreed that Mr. Keyes could use the help. Mr. Borgerding asked if Mr. Keyes' workload would go down after the condominium project on Miami Road is finished. Ms. Palazzolo said she did not think that is where he spends the bulk of his time. Mayor Policastro said we also need to think about getting a replacement for our Building Inspector, Dave Tensi. He said when Mr. Tensi retires, we will be in trouble, because there are very few people around who have that education and state certification. Ms. Palazzolo said the problem is that, even if we found someone, we don't currently have a salary for that person figured into the operational budget. Mayor Policastro said our operational budget looks fine. Mr. Borgerding said what he presented is a budget. If we have to go over it to pay for another person, then we do. Mayor Policastro said we need a Certified Building Official. Mr. Borgerding said he makes appropriations at the beginning of the year. At the end of the year, he reviews it all again and, if we have overspent in any area, he can do supplemental appropriations. Ms. Palazzolo asked if the budget could support hiring someone to help Mr. Keyes. Mayor Policastro said the General Fund could support it. Mr. Hawkins asked if

Fairfax has someone working part-time that we could share. Mayor Policastro assigned the matter to the Finance Committee. He said we would need to look for an architect or engineer. Ms. Palazzolo asked if we could get someone to help him with the administrative work. Mayor Policastro said we need someone with the right credentials to do apartment inspections. He said if we could find anyone it would certainly be a big help.

Ms. Palazzolo asked if there was any money to do any improvements at the community pool. She said there are areas that could use improvements, such as the eating area, and asked if we have the money for that. Mayor Policastro asked if she and the Swim Pool Facilities Manager, Ed Beck, could make a list of things that need to be done. He said this is another reason we need to think about going out for a Permanent Improvement levy. He said we need to do something with the baby pool. When we do something, we will need to tear the whole thing out and start over. Ms. Palazzolo said that would give us the opportunity to do a zero-entry pool and maybe include a water feature. All the parks that are updating their pools are including the water features. It is not terribly expensive to do. She estimates it would be a maximum of \$20,000. Mayor Policastro said the entire project would be more like \$50,000. A little levy would help with that. Ms. Palazzolo said maybe the levy should be more like 2 or 2 ½ mills. Mr. Borgerding said we can also raise fees at the pool, because we haven't done that for quite a while. Mayor Policastro said he hates to raise the fees. Mrs. Graves said we need to compare our fees to other pools. She said membership at the Mariemont Community Swim Pool is actually more expensive than the Cincinnati Sports Club. You do have to have a membership there, but after you pay for the membership, it is less expensive than our pool.

Mr. Borgerding reiterated that it would be a good idea to get a list together of all the permanent improvement projects we need to consider.

The meeting adjourned at 6:50 PM.

---

Dan Policastro, Mayor

---

Anthony J. Borgerding, Fiscal Officer