MINUTES

COUNCIL-MANAGER BRIEFING

July 13, 2010

Mayor Ronald A. D'Epifanio called the Council-Manager Briefing to order at 6:00 p.m. at the Fairfield Municipal Building, 5350 Pleasant Avenue. The following Councilmembers were present: Mike Snyder, Tim Abbott, Mike Oler, Marty Judd and Terry Senger. Staff present: Angie Johns, Dennis Stuckey, Dave Crouch, Carol Mayhall, Dave Butsch, Greg Kathman, Mary Hopton, Tim Bachman, Mike Dickey, and John Clemmons.

Council Chambers Project Update

Assistant City Manager Dennis Stuckey briefly reviewed the history of the Council Chambers project which began with the contract being approved by council with Butler County Electric in December 2008. Mr. Stuckey described some of the design flaws including the microphone activation procedure, which has led to some of the sound problems; a wider-angle camera lens was needed; an increased number of camera pre-sets were needed; a DVD player was added to have all formats available for presentations; and a physical switch was added for Time Warner Cable input. Mr. Stuckey explained the new franchise agreement with Time Warner Cable was approved by Council in August, 2006 and signed by Time Warner in April, 2007. Mr. Stuckey briefly explained the four locations that can be used to input to broadcast on the cable, which include the Community Arts Center, the High School and at Bob Link's office. Mr. Stuckey discussed problems with the equipment at the high school. Mr. Stuckey discussed the audio issues including problems with programming of remote functions, default levels were too low and had to be adjusted, initially too little adjustment capabilities for the remote levels, sound problems in the line from the Community Arts Center although nothing is being sent out from the Community Arts Center, the computer was brought back to the Municipal Building, but sound problems continued. The live broadcast is now fine, but the recorded sound is low. Time Warner's output has been verified. Mr. Stuckey discussed the computer that controls everything that goes out on TV 18 except for the live broadcast. Mr. Stuckey discussed problems with the VHS and DVD players and the new system that allowed for the elimination of the players. He briefly explained the process for playing recordings, noting there is currently loss of volume. Mr. Stuckey discussed the new service to place videos of the meeting on the Internet along with the meeting Agenda. He stated meetings are being archived on the internet and the audio out to the internet is fine. Mr. Stuckey commented there is outstanding paperwork with Butler Electric and a graphics generator is still needed from subcontractor Wire to Wire. He briefly discussed problems with installing the graphics generator. Law Director Clemmons discussed payments for Wire to Wire and Butler Electric. Mr. Stuckey summarized that the audio problem will continue to be monitored and work will continue with the computer to resolve issues with the conversion of DVDs to computer input. He noted the improvement in some recent audios that have been broadcast. Mr. Stuckey explained if there is a fault, it is with the computer bought outside of this contract and that company will continue to work with us on the problem.

Finance Update

Finance Director Mary Hopton explained home sales are down, property values have decreased, but fortunately the employee base is stable. She explained on the tax side there has been individual business income fluctuating. She further commented the City has seen a drastic downturn in our return on investments. Mrs. Hopton explained recovery for local government and state governments has a lag time of about 18 months. She discussed income taxes on the individual and business side, not withholdings on the companies, there is a lag time of about 18 months because tax returns are due one year after the fact. She further discussed information she received at a recent Finance Association Conference in which a speaker from Moody's indicated Ohio will start to see a recovery somewhere towards the end of 2012 and discussed how this is determined; therefore realistically before we see any real impact it will be 2013. Mrs. Hopton explained about two million dollars were drawn from reserves to balance the 2010 budget. She commented that was primarily due to honoring the last year of the union contracts. Mrs. Hopton discussed the General Fund balance and the Income Tax revenue that goes into the General Fund. She commented our bond rating is Aa1; previously we were Aa2, which changed because Moody's recalibrated their rating scales. She further commented less than ten percent are Aa1 or AAa1, which are the top tiers of all the counties, states and cities that they rate. Mrs. Hopton read a brief paragraph from the Moody's rating. She commented our top two contributors account from three and one half to four million dollars of our withholding and that is strictly tied to the insurance industry. She explained the importance of maintaining a healthy reserve in case those two employers have something happen to them, in which the city would lose close to four million dollars. She explained if the city drops too far into reserves it could lose its Aa1 rating. She discussed for revenues for the General Fund, she projected property taxes a little lower and local government funds, from the State of Ohio, are down about 5% or $77,000. Mrs. Hopton explained revenues are up for June about 5% or $400,000, which will reduce the draw on reserves. She explained this increase is tied to estimated payments from businesses based on their profit and historically when they guess we end up paying it back the following year. She commented she would be happy if they held true, but she is not counting on it at this point. Mrs. Hopton discusses expenditures, which year to date is just under 47%, whereas, last year it was at 50%. She commented we are doing what we need to on the expenditure side the best we can, which is a good thing, but then you have the revenues. Mrs. Hopton commented as of the end of May, 2010 our overall fund balance is down about ten percent that is primarily use of our capital funds. Mrs. Hopton discussed they will continue to concentrate on collection efforts, tax efforts, court actions and explore fee structures. She briefly overviewed the schedule for the 2011 budget. Mrs. Hopton explained what the Moody's ratings look at and in our case it is tied to our concentration of our large employers, the size of our budget, the operations provided and what they deem is a healthy reserve to help sustain us in times like this. She commented the underwriter was adamant that if we dip too much further down that we run the risk of losing or hurting our bond rating, which then costs us when we go out on our next project. Mrs. Hopton stated our current reserve for our General Fund balance is about 9.6 million, which in past years we have had a 25 percent reserve with funds above that and all those funds above it are gone, so now we are at that reserve level. She explained after this year we will end up closer to 18 percent if projections hold and revenues do not come in to compensate. She further explained for 2011 all the personnel costs in the budget will be held flat except for health care because we are going into negotiations. Mrs. Hopton briefly discussed there is not much at this point with the new healthcare system requirements, outside of carrying dependents to an older age. Mrs. Hopton briefly discussed bond rating scales between all the three main companies are virtually the same. She stated at 17 to 18 percent we will be close to seeing the bond rating change, Moody's would like us to stay at nine million and above. She commented unless we get a windfall of tax money or something that would allow us not to draw on our reserve, we will fall below that.

<u>Adjournment</u>

The Council/Manager Briefing adjourned at 6:47 p.m.

Respectfully Submitted,

Angela Johns
Clerk of Council