

## MINUTES

### COUNCIL-MANAGER BRIEFING

November 23, 2009

The Council-Manager Briefing was called to order by Vice Mayor Oler at 5:15 p.m. at the Fairfield Municipal Building, 5350 Pleasant Avenue. The following Councilmembers were present: Tim Meyers, Tim Abbott, Mitch Rhodus, Marty Judd, Mike Snyder, Mike Oler and Terry Senger. Staff members present: Art Pizzano, Dennis Stuckey, Mary Hopton, Tim Bachman, John Clemmons, Greg Kathman, Dave Butsch, Carol Mayhall, Dave Crouch and Angie Johns.

#### **Review of 2010 Operating Budget**

##### **Budget Overview**

Finance Director Marty Hopton briefly discussed the budget process, which takes approximately 3 ½ months to prepare and is a collaborative effort between Administration, Senior Staff and Management. She discussed the timeline for the process. Mrs. Hopton discussed that the economic recession is impacting Ohio and here locally, six to ten months behind the curve. She commented in mid 2010 to the end of 2010 unemployment is expected to go back into the single digits, which is a good thing for us regarding withholding tax. She stated Fairfield is fairing better as far as our delinquency rate, which is better than most of the cities and townships around and we are fairing better as far as collecting what is owed. Mrs. Hopton discussed the decrease in revenues of just under 4%, 65 million in revenue is projected. She discussed the decrease in expenditures will be approximately 15 % or 63 million. She discussed the changes to the communications line item and cell phone allowances to address IRS requirements. Mrs. Hopton discussed the debt, which is just under 30 million dollars, noting the majority of our debt is now long term debt. She explained that does not include the bypass 4 project. She stated Moody's reaffirmed us at Aa2 rate. Mrs. Hopton discussed the basis for this rating and what we could do to achieve Aa1 rate. Councilmember Abbott asked Mrs. Hopton to look into putting a dollar figure around being upgraded one level. Mrs. Hopton gave a brief overview of the main funds. She noted the General Fund decrease is 4.3% or just over 24 million with the largest impact being income taxes, which is projected at another 4% decrease next year. She explained expenditures decreased 7.9% or approximately 25.7 million. Mrs. Hopton stated our fund balance was about 12-13 million last year and we will have 10.5 million by the end of this year with 25% reserves, which is based on three months of our operating budget of 6.5 million. She stated for this year's budget we are using 1.6 million. She discussed fund transfers, in which the general fund subsidizes other funds that cannot make their own balance including the Street Fund, Solid Waste, prisoner cost, and grants for outside organizations. Mrs. Hopton clarified we are housing more prisoners. She noted the Fire Levy Fund decrease of almost 1% or 5.5 million. Mrs. Hopton stated our expenditures are projected to increase 2%, 5.7 million because the primary function of the Fire Levy is personnel and that is 84% of that budget. She stated the fund balance is projected at \$850,000. She explained the water and sewer are enterprise funds subsidized by users. She briefly explained a projected 3.9% decrease in the Water Revenue Fund due to this year being very wet. She further noted the expenditures decrease of 5.3%. She commented on a slight increase in fund balance of 3.7 million. She stated in the future the rate structure may be re-evaluated. Mrs. Hopton explained Sewer has an increase in revenues because it is based on consumption and the summer irrigation credit. She stated expenditures were held flat. Mrs. Hopton discussed the Recreation Facilities Fund, explaining the revenue decrease of 1.6 million with expenditures decreasing to 2.7% to 1.6 million. She stated we are expecting a fund balance of \$50,000. Mrs. Hopton briefly summarized each department budget. Development Services Director Tim Bachman explained the Building Division cut costs by \$32,650 and added another service. He discussed the addition of a line item for accreditation, which will cost about \$10,000. City Manager Pizzano discussed the accreditation process value for succession planning. Councilmember Oler commented on the cost of accreditation and stated he would like to consider this further. Mrs. Hopton discussed the reduction of travel and training and other professional services as well as computer items. She pointed out the reduction in cost at the Municipal Building largely due to decreasing the utility cost because of improvements. Public Works Director Dave Butsch explained the budget was trimmed and efficiencies were improved. City Manager Pizzano emphasized that service is not compromised. Mr. Butsch and Council discussed LED lighting that may come in the future. Mr. Butsch stated traffic signals will be replaced with LED bulbs. Mrs. Hopton briefly explained the street funds noting a reduction in the original budget for salt. Mr. Butsch further discussed the changes in the cost of salt. Mrs. Hopton explained the reduction in the Mayor & Council Budget is largely due to restructuring the Clerk of Council position and the reduction of the part-time position. She briefly discussed the reductions in the City Manager and Human Resources budget. Mrs. Hopton briefly overviewed the Finance Department budget highlighting the reduction in travel and training and non-capital equipment. She discussed the Income Tax Department's reduction in travel and training, postage and printing. She commented that businesses are being encouraged to pay online to reduce costs. She explained the informational technology decreases for computer equipment. Mrs. Hopton discussed the financial services utility operations including increases in bank charges and the identity theft red flag options. She briefly explained the difference between fiscal emergency and fiscal watch, which is based on the deficit of the general fund. Councilmember Rhodus suggested the possibility of shared rooming to reduce travel and training costs. Councilmember Meyers commented Council hones in on Economic Development and bringing in new business to have budgets like this. Councilmember Abbott asked if there is anything we need to differently to deal with fraud issues. Mrs. Hopton explained she has a separate insurance policy for those types of situations. She stated we are seeing a huge increase in bounced checks, bad checks, MasterCard/Visa declines or disputes. She discussed the

safeguards in place for online transactions. Councilmember Rhodus commented it will be good to know if the final quarter balloons up after the decrease in other quarterly estimations. Mrs. Hopton stated she will know by April.

Adjournment

The Council/Manager Briefing adjourned at 6:15 p.m.

Respectfully Submitted,

Angela Johns  
Clerk of Council