

City of Gahanna

*200 South Hamilton Road
Gahanna, Ohio 43230*



Meeting Minutes

Monday, April 8, 2013

CORRECTED AGENDA

7:00 PM

Council Committee Rooms

Committee of the Whole

*Ryan P. Jolley, Chair
Beryl D. Anderson
Karen J. Angelou
Brian D. Larick
Stephen A. Renner
David L. Samuel
Brandon Wright*

Members Present: Stephen A. Renner, Ryan P. Jolley, Brandon Wright, Beryl D. Anderson, Karen J. Angelou, Brian D. Larick and David L. Samuel

Additional Attendees:

Isobel Sherwood, Dottie Franey, Karl Wetherholt, Mike Andrako, Jennifer Teal, Joann Bury, Leah Evans, Deputy Chief Bell, Lt. Jeff Spence, Shannon Clonch, Tony Collins, Sue Wadley, Shane Ewald, Mayor Stinchcomb; Bob and Joe Curtin from Curtin & Associates; Press.

ISSUES - From Council:

Presentation - Bob Curtin, Curtin & Associates

Jolley called the meeting for Monday, April 8, 2013 to order; we have an addition to the corrected agenda; we are adding the Appointment to the TIRC (Tax Incentive Review Council) Board after the Liquor Permit; first item is Bob Curtin.

Angelou said she would like to introduce Curtin; he called me several months ago to talk about potential revenue enhancement opportunities for the City; could be realized by hiring a company to come in and look for income taxes and that type of revenue; I said we have RITA (Regional Income Tax Authority); he suggested that is not enough; I suggested he talk to Teal; he said he has talked to her; I called Renner and said this may be a possibility because in the past we have done things to find revenue among license plate taxes that was successful; then I asked Curtin to come and speak to Council and provide information on how this would work.

Bob Curtin said this is my son, Joe Curtin, who is a CPA in Worthington; he is leaving April 15 and joining me on a full time basis; I have been in the City income tax field since 1975; I was the Income Tax Administrator for the City of Columbus for 12 years; the City of Columbus collects a lot of money that it doesn't deserve; when in doubt companies send the money to Columbus because they don't want to set up withholding; they are under a funny assumption that Columbus will distribute that money to you and that never happens; a big thing I want to tell you is, even if you are with Columbus or RITA, it is not the end all; they do not do everything for you; you need a cop on the block to interface with them to give them information they can use to go after revenue; a big thing I can see going on right now is the construction on Hamilton Road; has anyone been monitoring that and feeding RITA the information to go after the General Contractors; if no one tells the contractors they are working in Gahanna and they need to withhold the 1.5% Gahanna tax, you are not getting the money; at the same time you need to furnish that information to RITA; there may be some compliance but the General Contractor may have 20 or 30 sub contractors who are independent; you have to stay on top with the General Contractor to make sure you are getting tax revenue from all of them, and that you are notified of changes in companies working on the projects; one of the things Joe and I have been successful doing in Grandview is talking to tax preparers in the area on what is called a days in/days out formula; it will be greater if your request for 2.5% passes but it would still make an impact now; an example is someone making \$50,000 who is gone 20% of the time traveling; whoever is doing his withholding is probably not going to change it if this person goes to Chicago; they will continue to withhold Columbus; for this example 20% of his time or \$10,000 would not be earned in Columbus and could be ripe for coming back and getting a refund and making those dollars primary to Gahanna; so he would get a \$250 refund; then he would turn around

and owe \$150 on that to Gahanna as primary, not subject to piggyback; now someone comes to Joe and asks for a tax return to be prepared so he can get this money back and pay the City of Gahanna; the problem is in a lot of cases the cost exceeds the benefit; the client would pay a fee of \$150 and he will say I don't want to file that; so what happens is Gahanna doesn't get any money; so not only would he have to file with Columbus for a refund, he would have to amend his RITA return because right now it is not subject to the piggyback tax; it would be taxable at Gahanna's primary rate of 1.5%; what we do is talk to accountants and try to get their people to file by appealing to civic pride. Joe Curtin said if someone is making \$250,000 with a liberal work from home policy; they may work at home 1 day a week; their company may be located in Columbus so they file only Columbus because they don't know about days in/days out; we think this is heavily under utilized; it presents a nice refund opportunity and can go over 3 years adding up to \$1500; so we are getting the Gahanna resident a nice refund and this is under the current tax system that is here; and you are talking about a good amount of money for the City of Gahanna; 20 people could be \$40,000. Bob Curtin said he had noticed a lot more information out about working from home; used an example of an attorney in Grandview who works from home 2 days a week to explain how it works; currently working for Obetz, Canal Winchester, Groveport, Grandview, and Marble Cliff; we will probably get 3 to 4 more cities since Joe wants to expand the business; usually when we find someone withholding in error in a specific city, it means they are doing the same thing for all the cities we are working with; so all returns can be amended and we do all that; we follow through and will also cc Teal on all that we do since that becomes our billing copy documentation; we charge on a commission basis with no up front fees; if we don't produce you don't pay; this is not taking anything away from RITA; I was a marketing manager for RITA for 17 years after I left Columbus; we always told people you need someone to interface with them; we work in harmony with them.

Anderson said can you walk us through how this would work with an individual; how do you know who is Gahanna for how many days. Bob Curtin said a lot of times it is information from accountants; they ask their client to talk to us and explain it is not cost effective for the accountant to do the work; I am getting paid by Gahanna so that tax preparer will want to work with and get money in his pocket at the same time Gahanna is getting a nice return. Joe Curtin said an example is someone traveling could expect an \$800/\$1000 refund; if they go through their accountant, he would say I can do this for you but I am going to charge you \$500 to \$600; so the Gahanna resident sees a lot less of it; so that is where we work with the accountants and they say talk to Bob and Joe; then the resident can see the entire refund. Anderson said in what other areas of business outside of construction have you been successful with this. Bob Curtin said I just talk to people and my mind is trained to ask questions like do you travel much in your job; New Albany asked us not to contact their people at night; we do it however you want; we do not plan to go door to door; you also get delinquencies from RITA; it would be up to Teal, but we can also pursue these delinquencies; they are a lot tougher.

Larick said assume this comes to pass and it is day one; can you step through how you go about doing the job. Bob Curtin said I would start with Hamilton Road; talk with the building department and find out who are the General Contractors; get the sub contractor lists; call RITA and review the list to see if they have been filing Gahanna taxes; there is withholding and corporate taxes; the 2 don't exist on the same timeline but we would check on both. Larick said so what information do you need access to. Bob Curtin said RITA gets access to federal tapes; the access we need would be from your building department, talking with Teal and actually just driving around. Larick said but the information the City needs to provide to you to get you started, what is that. Joe Curtin said we need a log in. Bob Curtin said that would be talking to the building department asking what are the last 10 projects you have done; now who was the General

Contractor. Larick said this is looking back 3 years. Bob Curtin said yes. Larick said you mention construction quite a bit, but what are the top 2, 3, 4, & 5 places where you find this kind of revenue. Bob Curtin said construction would be 1; temporary workers since this is based on where you perform the service not where the offices are located; people who travel; their main office is Columbus and the withholding is Columbus; press stories used to point out I knew where I paid my taxes since my zip, community, and tax districts were all different; we all know that the Franklin County zip codes are a mess; you have seen a fall off of personal property taxes; I was a personal property tax consultant out of college and I have dovetailed that into what I am doing here; a lot of companies filing personal property tax showing just Columbus when in fact you could be in 17 different school districts; same concept here; so 2nd would be people being withheld incorrectly; the federal government will not withhold unless you have 500 workers; around here just Columbus and Whitehall have this; so a small government office right here on Hamilton Road would be paying Columbus tax; it is the same with the Post Office; they could be withheld for Columbus; can get a contract with Columbus and get 3/8 sorting time; I am chasing people in Canal Winchester and Groveport for this. Teal said we do have a contract. Larick said what kind of history do you have here; what have you produced on an annual basis. Bob Curtin said Canal would be about \$60,000; Groveport \$80,000; Grandview was providing a whole lot, in the 80 to \$90,000; Marble Cliff not so much; Obetz hasn't been much, 20 to \$25,000 a year.

Samuel said how long have you been specifically in this compliance field. Bob Curtin said since 1988. Samuel said have you had any legal actions taken against you. Bob Curtin said no; in Grandview, and with mandatory filing, they are utilizing Mayor's Court to summon people in who have not filed. Anderson said we have Mayor's Court. Bob Curtin said we could use that if you wanted; take direction on that from Finance Director and City Attorney.

Wright said how many of the municipalities that you work with have a signed agreement. Bob Curtin said we don't work without one; I want to be able to say I am the tax consultant for the City. Wright said how long are the terms of the agreement. Bob Curtin said one year; there is a 30 day clause so if you're not happy, just tell us and we won't do it; we want it to be the cop on the block working with you and RITA to get all your money. Wright said I like the idea of this as a way to raise funds but I do not want it to become burdensome and give our City a bad reputation about taxes; have you had any complaints from the cities you have worked with. Bob Curtin said no complaints other than those associated with working on delinquent accounts where we are asking for specifics on payment. Joe Curtin said as far as days in/days out we would be working with accountants; any other direction would be provided by the City of Gahanna. Bob Curtin said remember for days in/days out they are never going to owe money without getting a refund first.

Renner said you are commission based; what is your rate. Bob Curtin said 20% on the first \$100,000; then it goes to 15% on the next \$100,000; then 10% and down to 5% at the bottom. Renner said as we consider this, I think we should ask Teal to give us a summary as she has been looking at revenue enhancements; could you let us know when you could come back and provide something. Teal said I have my first quarter presentation scheduled for next committee; I think that will be an appropriate time to pull together all the correct information; I have jotted down some follow up items to address that Curtin has brought up; what we do and don't do; I can roll that into first quarter and have it in 2 weeks.

Angelou said Teal is looking at licenses and license plates; we have done that in the past; it was lucrative for us and I thought it was probably still going on; I want to thank Mr.

Curtin for his insight.

Larick said how do you differentiate definitively the revenue you have found versus efforts that have already occurred in the community. Bob Curtin said if they are filing then there is no need for me to contact them; if they have not filed; then that is something I picked up. Joe Curtin said we provide documentation; if someone was out of compliance and we have gotten them back; we would have a 1 page document saying here were our efforts and now you can see they are back in compliance. Bob Curtin said we would cc Teal on anything that we write.

Anderson asked is the work you do applicable to out of state companies that may have a worker here. Bob Curtin said if they have people working in Gahanna it does not make any difference where they are located; they owe tax here; I would go after the employer and it would be up to him to go after the individuals; I would go after whoever is liable per the ordinance; Angelou has my number; if there are any other questions feel free to give us a call.

Jolley said thank you to both of you.

PENDING LEGISLATION:

ORD-0074-2013

TO AUTHORIZE THE MAYOR TO MAKE APPLICATION FOR AND ACCEPT ASSISTANCE FROM THE CLEAN OHIO CONSERVATION PROGRAM FUND ADMINISTERED THROUGH THE OHIO PUBLIC WORKS COMMISSION; FOR A GRANT ON A CONSERVATION WATER QUALITY PROJECT; AND TO DECLARE AN EMERGENCY.

Collins said we mentioned last week we would bring back the information; we still don't have it; we are waiting for our partner; we understand it is in a positive position but we do not have the details at this point; we are waiting for the other end of this deal; I asked Sherwood if we could schedule an Executive Session prior to next week's meeting and I will have the information available then.

Angelou asked how long is that going to take. Collins said I was hoping to have it today; received word on Thursday that it was expected Friday; I didn't hear then or today (Monday); literally expect it any minute now.

Sherwood clarified the recommendation. Jolley said we will put it on for second reading on the regular agenda; then if needs to be postponed we could do that. Collins said ok.

Recommendation: 2nd Reading, Regular Agenda.

Recommended for Adoption

ISSUES - From Director of Finance:

Bond Refunding Update

Teal said I wanted to give you an update because our bonds are sold; the official closing is April 23; the deal is done and the dollars are known; the figures are firm; thought this would be an appropriate time to share the outcome of that process; this is for 2005; remember in the ordinances we were given authority to pursue 2005 and 2007 if certain criteria were met; day by day we continued to price both; we ran into a variety of scenarios; looked at which one would create the best savings for us; there is a provision in federal bond law that, if you have an issuance under 10 million dollars called bank qualified, banks can invest in it different ways and have better tax consequences; because of this the issuer can have lower rates and achieve better savings; it came to a

point where if we could structure a deal under 10 million dollars we could achieve far greater savings than if we tried to roll both issues together; all told we refunded the bulk of our 2005 bonds; we refunded \$8,485,000.00 in outstanding bonds; we did not extend beyond the initial maturity period; final maturity will come in 2030; over that period we will achieve \$1,059,469.58 in total savings in less debt service payments that we would have been making; that is an actual percentage savings over what we would have paid of 10.48%; we are thrilled with that result; if you remember from the Bond Ordinance the minimum we were shooting for was 5%; I was starting to get nervous because February and March were dicey in the market and we would not have come in over double digits if we had been faster; timing worked perfectly; I had the experience of watching the bonds price; I was able to go to Key's trading floor in Cleveland and see the magic happen; we had a very committed team that worked very hard; on the fly they had to structure and restructure the deal to develop the demand to get them purchased; it really paid off for us; we are very pleased; the closing is the final housekeeping to be completed on April 23; we are just so pleased as to how this went; we will continue to monitor 2007 issue; as of me leaving the table last week, they were looking in the low 2% range; it is not on the horizon right now; keep watching in case something good comes up; hard to find another deal in the short term for the 2007 that matches what we found for the 2005 so we will probably wait a year or so; this was great deal for the City; our debt service payment in 2013 since we only get a partial year this year is a little over \$41,000; then the cash savings year to year between now and 2030 will be between \$58,000 and \$62,000 a year; really a significant and measurable improvement to our bottom line.

Jolley clapped hands. Teal said it was a great experience; my first deal was fantastic. Jolley said thank you; we talk about making sure we having good people on staff that can go out and do great work like this and save the taxpayers over a million dollars; it is phenomenal.

Wright said it is possible to announce this in a more formal setting. Jolley said we will figure something out; talk after the meeting.

ISSUES - From Council:

Lean Ohio Initiative (Performance Measurement)

Larick said as part of my routine work, I attend a number of meetings with regard to performance improvement and quality initiatives; back in January, I went to a breakfast where the speaker was Bill Demidovich who is the Deputy Director of Lean Ohio for the Department of Administrative Services for the State of Ohio; his group has worked with different segments of state government to work through issues they are having with work that needs to get done by improving the process, speeding up the process, and eliminating extra effort; it is about finding ways to get the work done appropriately and correctly without the wasteful activities that tend to occur in government; I spent some time with him; talked about the City of Gahanna; I asked about opportunities to have folks witness some of this work; participate in this work; what could we get from some of this work; initially it was high level conversations that we could come and have someone watch; later he was able to expand on that and he has opened the opportunity to allow 2 individuals from the administration to participate in initiatives driven by other organizations; not only do they get to watch, but be a non-interested party to this, they still can provide input, be the fresh face; this is providing 2 individuals, the Mayor has determined that Brandi Braun and Tony Collins would participate in a one day Value Stream Mapping where the initiative that is being looked at is laid out and everything looked at to determine where to focus attention and establish priorities by understanding the issue; the 2nd event is a Kaizen Event; it is an in depth one week session to take an

existing process and step through it in detail as it is; then work through the steps again to determine consequences and outcomes; by the end of this you have a room covered in steps that it takes to accomplish the task; by the time they are done they can consolidate it as much as 90%; not taking away any quality, not increasing risk of failure or unwanted outcomes; they simply take away the things that don't provide value or purpose in the process; Braun and Collins would be participating in this; experience what the session is like and provide input as an uninterested party; then use this as a step to bring back this knowledge and information; the big opportunity here as mentioned by Demidovich is the State provides Green Belt training; in process improvements, they use martial arts nomenclature; there are yellow belts for senior executives to give them a general understanding; there are green belts for the initial front line people who drive the projects; there are black belts for those who are more senior in their knowledge and experience and can educate; and there are master black belts who can take all of that and drive it across an organization; the State has developed a 2 week green belt training done 1 week at a time; to complete the training, individuals have to bring a project from their own environment to result in an improvement; not only do they get the experience and training, they complete something that will benefit the organization; there is no charge for any of these things; the only cost is the time and effort by our staff; the dates have not been defined yet; wanted to bring the information forward; wanted you to know that this is something Lean Ohio has offered; potentially looking at doing this for other municipalities; we are close to being first; it becomes a step toward a data and methodology driven approach to how things are done; it provides tools and knowledge that simplify the process of making things better and more cost effective; exciting opportunity; sending additional discussions on this to the administration for them to do the scheduling.

Angelou said can you give an example of a Kaizen Event. Larick said the BCI organization that evaluates crime evidence for police organizations; all the projects done are on the LeanOhio.gov website; in this case, the backlog was 9 months to a year to get results on crime evidence; by going through the process, they cut dollar amounts in the 10s of thousands to 100s of thousands dollars; the time was cut to 60 to 90 days; it made a huge improvement.

Anderson said so this is project specific or are there things that can be extrapolated to be applied to like things or across the board; the project example you just gave, whatever was found to make that leaner, are those principles applicable to other things or are they project specific. Larick said these are universal quality improvement tools. Anderson said so it is a tool box culled from that process. Larick said none of these things are project specific; the genesis of all of this was manufacturing production; in time they have migrated from manufacturing to service organizations, anywhere there is an activity that needs to be accomplished these principles have been utilized. Anderson said so these are available to the public. Larick said absolutely.

Samuel said how long has this been going on in Ohio. Larick said Lean Ohio has been around 2 to 4 years. Samuel said Ohio doesn't usually lead on anything. Larick said lean and quality initiatives in government are relatively new; in the service sector they are more mature having been around a decade or so; in manufacturing it has been around since post WW2 having been practiced in Japan when the US wasn't interested; an American set of tools used by a foreign entity and finally made it back to us.

Jolley said great stuff for us to take advantage of; privately this would cost thousands of dollars. Larick stated the training, from my experience, provides not only the knowledge but great resources remain available.

ISSUES - From Clerk of Council:

Liquor Permit - Wine Guy Gahanna/New D3

Sherwood said the Wine Guy has requested a new D3 permit; the Police Department has no objection; this is for the first floor patio only; assume their current license did not cover the Patio.

Recommendation: Motion Resolution, Consent Agenda.

TIRC Board Appointment

Evans said the TIRC Board meets on an annual basis to review all existing tax abatement activity that we have had as well as our existing TIF Districts; the Council is chaired by the County Auditor and there are ORC requirements for certain people to be members; there is a seat for the Mayor; there is a seat for the Finance Director; there is a seat for each of the school districts that are impacted by our tax abatements; there are requirements for 2 residents, one of them needs to be a minority appointment; that seat was formerly filled by Sadicka White who was the Development Director at that time; the Development Director does not have a seat; they attend but do not have a seat; White filled that role as a resident and a minority member; we are in need of a new member; Scott Davis was formerly on the CIC; he is able to commit to the once a year meeting; it is a great meeting; allows us to vet what is going on with our tax abatement issues; talk through issues and the Council makes a recommendation for action if needed; it is a really good audit of our tax abatements and how we administer them; we are looking forward to his participation.

Jolley said his resume looks great; no questions.

Recommendation: Motion Resolution, Consent Agenda.

PRESENTATION - Police Department:**Police Equipment and Fleet**

Deputy Chief Bell introduced the Police Department Presentation for Equipment and Fleet; said I have a lot experience as I started in 1973; we want to explain to you about our most important tool and that is our fleet; Spence will go over this in detail; beyond cosmetics, to the people that drive them, it doesn't matter what they look like, it matters what they feel like and what they do for them; they have to have a feeling of safety; critical tool for us; try to explain the importance of that tool to be able to do what it is we do for the citizens of the City of Gahanna.

Spence provided a Power Point presentation; a copy is available in the Council office.

Questions and comments: Samuel said how does fleet insurance differ from ordinary insurance since you have high risk situations. Franey said it is the liability that is higher.

Meeting Adjourned.

Della Brandenberger, Reporting