



City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Jamie Leeseberg, Chair
Brian Metzbower
Stephen A. Renner
Karen J. Angelou
Brian D. Larick
Nancy R. McGregor
Michael Schnetzer

Kimberly Banning, Clerk of Council

Friday, January 11, 2019

5:30 PM

Council Committee Room

CALL TO ORDER

Chair Leeseberg called the meeting to order at 5:30 p.m.

ONGOING BUDGET DISCUSSIONS -

[ORD-0099-2018](#) TO MAKE TEMPORARY APPROPRIATIONS FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE GENERAL FUND TO JANUARY 31, 2019 AND TO MAKE APPROPRIATIONS FOR CURRENT EXPENSES AND EXPENDITURES FOR ALL OTHER FUNDS DURING THE FISCAL YEAR ENDING DECEMBER 31, 2019 FOR THE CITY OF GAHANNA, STATE OF OHIO.

Leeseberg stated that typically questions/comments from the public are not entertained during Committee meetings, but due to the nature of the meeting tonight, we will be taking questions from the public, if there are any regarding the budget discussions; there will be a meeting on the 14th and 22nd; if you want to keep something in the budget which is slated to be removed, etc., you can state your comments at those future meetings. Leeseberg allowed the Mayor to take the floor.

Mayor Kneeland referenced a spreadsheet, which included different areas for additional savings of \$2 million, proposed at the last meeting; provided a recommendation for a path forward; stated the Clerk printed a copy for each Council member; this proposal allows for funding for concrete streets; believed Council had enough information to make some decisions. Leeseberg thanked the Mayor for getting this out ahead of time so that we can gather our questions; asked Council if they had any questions.

Schnetzer said there was a known funding gap looming early on in 2018; budget originally presented in Q4 made the numbers work with significant reductions to capital; that is how we have managed to stay afloat for 7-8 years; that is an unsustainable practice; have asked Administration to change course and reinvest in the city's capital asset base; the backlog is so large, and the modified proposal that cuts out \$1million, is insufficient; the new recommendation does not have a solution; what's the long term solution.

Mayor stated that his request was to have the budget adopted and address the streets; most people in the community want to focus on the streets; the plan outlined in the memo said that we want to adopt the budget proposed and take the rest of 2019 to engage the community and evaluate; something would need to go back on the ballot; the credit reduction is a short term solution; we must have operating costs and capital; tax credit reduction today is 50% which will generate \$3-4 million; the budget gap will grow to \$8 million quickly; proposing a plan to slow down a bit, keep focused; August special election or November regular election is the timeframe; believes May ballot would be too soon for a citizen led initiative; that's up to Council; make tax credit changes go into effect in January; perhaps take the credit down to 0% credit.

Larick asked if the Mayor is asking for us to not make changes and ride this out. Mayor said the ask is for the proposed October budget for 2019 with an additional \$1 million; going to continue to reorganize and adjust operational organization in order to reduce costs; the plan is to slow down tax credit legislation in order to engage the community; then take action on ballot initiative; if that does not pass then the legislative action by Council would go into effect in Jan. 2020. Bury stated that when the legislation is passed to reduce the credit, it is then passed onto RITA and next quarterly bills are adjusted for new credit moving forward. Mayor stated if election is in November, and it does not pass, then credit would go into effect and we would see results in Q2 of 2020.

Larick said assuming the credit legislation passes, the question is what about collections; with regard to the credit, every quarter, depending on how much you have paid in advance or not; a statement is provided and received in the mail and due the following month; the intent is so that at the end of the year, people are not hit with a large bill; if credit legislation is in effect, collections begin in 1st quarter of which it is in effect.

Schnetzer asked what is the plan of administration; does not sound like they are in support of additional revenue. Mayor said not in support of credit changes this year. Schnetzer said that's where the revenue would

come from. Metzbower said we are still trying to close the 2019 budget, not 2020. Schnetzer said this perpetuates how we got here; we are underfunding capital; believes it is wishful thinking to hold out for something to rescue us in the future; going back to the ballot is an extremely heavy lift; this is like paying the minimum on a credit card bill, it gets more costly over time. Mayor said we had a consultant in 2015, for Go Forward Gahanna; could use this tactic again; won't stand in the way of gaining revenue. Schnetzer said he's tired of kicking the can down the road; Council has the power of the purse and now is the time to correct the course; stated he is willing to make the necessary tough decisions.

Angelou said perhaps this fits in with what the Mayor is bringing forward; we can't move backwards; by not doing anything, it is a backwards move; Mayor sounds like he's asking for 6 months to get the issue back on the ballot. Leeseberg countered that by saying we are canceling a full time electrician position which was presented to us as a savings in year 2 and forward, because of what we would save from not paying Jess Howard; that's an example of cutting \$42,000 this year and losing the savings moving forward; cutting \$167,000 for 2 code enforcement officers which had the program been developed and mailers gone out, the program would have been cost neutral. Franey disagreed. Leeseberg asked for clarification. Franey said the program had not been scrapped. Leeseberg said the program was supposed to have started Jan. 1; now one officer will do the job when we get around to it. Franey said she did not believe that was the start date; did not believe that was the direction by Council. Schnetzer confirmed that it was. Leeseberg stated this Council works long and hard for things like that; and those things get put on hold because administration does not want to do those things; stated as an example, he has brought up fence code review over and over again; administration has not done anything because it is inconvenient to do so; some cuts proposed by the Mayor are not realistic.

Mayor stated that his people work very hard every day; because we get mandates we attempt to meet those but we also have other commitments; we have a process for when the code enforcement officer would start; we have software updates to track and monitor and all that is in progress and will be finalized 3/1; so will rental registration mailer; these things you give us are not the only things we do; have a hard time sending an officer out over a fence when there are civil ways those things can be done. Leeseberg said it is in line with Ohio Revised Code; we have a list of things not getting done. Larick asked when the legislation for code enforcement was passed, was it in June-July; when was the last update council received. Leeseberg said there was none. Larick said the

point is not code enforcement. Mayor asked if we are going to discuss the budget. Leeseberg said this is another example of a cost neutral item and by cutting this out, we are not saving anything. Mayor said we have upfront costs for hiring those people.

Schnetzer said he would like to address some proposals; appears to free up \$1.1 million; is that satisfactory to the group or do we need to look at other options. Renner asked what the goal of tonight is. Leeseberg said to receive the \$2 million in cuts; and to see if there are specific questions about the cuts; digest these numbers and be ready for Monday; if there's something on the list you don't want to cut, bring something else instead. Schnetzer asked if everyone received the outline of the path forward that the Mayor sent. All confirmed. Renner said the point of the meeting tonight was to receive the list; it was all delivered; the point of tonight was for clarity; appears we are using this time to attack the administration; ask that the questions be respectful; we have to start labeling what additional cuts we will have.

Schnetzer said there's an email dialogue back and forth where administration asked if we wanted to continue to have the meeting tonight; we have a week and a half to get this narrowed down; we can't just call it a night; we have an audience; we have had this material for 48 hours; should be prepared to discuss; if we are not in favor of these options before us, then we need to replace them to get to the number we are trying to reach; this is our job. Renner said when we asked the administration to deliver something, we are adding an additional item; will stay here all night if that is needed; but to ask if this is sufficient, we have not had time to figure out alternatives and would like the freedom to do that. Schnetzer said there is \$1.9 million worth of Detroit Street rebuilds that should be done in 2019; \$2.3 million in asphalt overlay; backlog of over \$7 million in streets alone; \$3.5 million in unfunded capital needs projects; this proposal is insufficient. Renner stated that he is not in agreement with the aggressive timeline; issue 29 almost passed; theory of governance can be discussed later; believes strongly in keeping engagement alive; need to be public about end goals; cannot just look at a numbers game; we have a duty to forewarn the public about a credit reduction.

Schnetzer said there were 8,700 individuals that affirmatively supported issue 29; 8,800 that said no; half the community understood and saw the need and voted for it; they knew what was going on; they understood the ramifications of a failed levy; there's a lawful revenue option so that we don't have to cut things out; it is common knowledge for an adjustment if

the issue were to fail; residents were aware; this meeting is to adjust the credit. Leeseberg said this year we took a different approach to the budget and looked 20 years out; this year we are ok, but by year 20 we will be bankrupt; every year we don't do something more, makes that bankruptcy happen faster; we told the people we needed \$7-\$8 million; we need the money and have told people we need it; don't believe the people will pass the issue due to other mitigating circumstances and until the other factors are taken care of, don't believe this will pass; people don't trust this administration; can't kick the can down the road; will not be voting on anything less than \$2 million in cuts.

Angelou stated these were not wish list items; pure core basic services were locked in for issue 29; had to be clear to everyone voting for it; had many meetings and we still have to make a budget; does half a year make a difference or not; we were going to give 100 percent credit, and so when we drop to a 50% credit we still aren't making the goal but getting closer; we have a great community and people love this community; there are beautiful posts on social media about how difficult this issue is; believes in a short amount of time people will want to vote for a tax increase; let's give them a chance to get there; wants to see the senior center stay open; it gives senior citizens worth and wellness; if 50% credit allows keeping the senior center open then will be in support.

Renner stated that he's aware of the frustration; respects council colleagues; would like to lend a thought that elections are a single event; as much as we try to woo perception, voters will always perceive in a certain way; we presented an all or nothing ballot initiative and the perception was that people went into the ballot box and thought there was a need for better streets or keep them status quo; some people voted for status quo; please consider that. McGregor said she was not on Council in 2013, but was opposed to it back then; threats were made then; it didn't pass and nothing material happened; people said we did not need it because nothing changed as a result of its failure; this time we did not want to make threats; showed the need and people did not believe; we have no choice but to make cuts; if we don't have the money to keep something open then we must close it to accommodate for infrastructure; cannot let our roads, bridges, and buildings fall down and have recreation programs instead; that is the function of government; we have so much maintenance to keep up with. Schnetzer said the coping mechanism after 2013 is a significant reduction in capital outlay; regarding the senior center we can close it and saved \$122,000; we could restructure to make it a micro community center; would like to know what that looks like because the savings is quoted as \$86,000; is that an option.

Franey provided further clarification; because of staffing, what happens with one facility can affect other programming; if senior center is strictly a senior center then one employee would be there full time; if it were to become a micro community center then part time supervisors could also work in the building and staffing could be shared among other programs/centers; tried to give the dollars meaning based on different options; simply a shifting of staff; existing users would see a change because the facility would be shared with other programs; would be multi-generational programming. Angelou said she would like for the supervisor to remain because of the programs he has brought in; senior demographics will continue to grow. Leeseberg said he would be fine with keeping the senior center open if we found the money in some other place. Angelou cited a 0% tax credit; reviewed the staff layoffs listed which include loss of services; this has been painful; there were 18,000 visits to the center last year; is an important service to have.

Schnetzer said he agrees that this is painful; Exhibit 6 is the percentage of total revenue that was spent on capital outlay, for building and repairing; the recession caused cutbacks; in 2012 it was reduced to 15%; we have since been spending less than 10% to reinvest in the city; other cities spend about 25% for capital; this is unsustainable; bargaining units require a specific way to make cuts; appropriate path forward is a combination of cuts, capital, and revenue via adjustments to tax credit; a zero credit is a long term solution; even 50% credit would affect households. Larick stated that we are dealing with macro issues but having discussions on the micro issues; we have bids that need to go out in the next 30 days and cannot bid if there are no funds; that impacts the work season, costs, so many things; the difficulty here is pulling the conversation back to the macro level. Leeseberg stated that Council has the ability to change the tax credit. Larick said the challenge is the unknown; we cannot manage the city on a hope. Schnetzer stated that he works in public finance; numbers are black and white; despite that, not an advocate of laying people off; the only thing left to cut is services and people doing those services; one example is that in order to lay off an officer, cannot cut the most senior officer who makes more money; would have to cut 2 newer and lower paid officers; in the wake of the recession every other community has increased tax rate. Leeseberg said before, we had the option of cutting out pools but residents were not in favor so we cut the street maintenance back then; now the time has come to maintain the streets; at point asked how much would be saved if everyone were cut, we still would not have as much money as we need; can't just make cuts; we needed issue 29.

Larick stated that for projects, has the capital needs assessment here which is broken into segments of roads and bridges replacements among other things; these projects cannot be funded; Research Road is in the heart of the industrial zone and is at a 50% grade; it is needed for those businesses; Havens Corners needs widened, and that's a \$5 million project; Taylor Station and Claycraft are \$1.6 million; is hard to sell someone on roads that do not immediately affect residents; ADA compliance on sidewalks is needed; Municipal Complex would require \$250,000 to replace HVAC; the point is that none of these things are interesting but have to be done; we must figure out how to do it; Larick said those items are not including the backlog of items; would take nearly a decade to catch up on streets alone; 83% of our roads are fine; takes roughly 4% to maintain but we must do more to catchup on the backlog; the current rating for McCutcheon is around 60%; at the end of the day we must do our job. Renner stated that our job is not only the fiduciary responsibility but also the responsibility to the public; a venn diagram would show our job as one piece legislative, another fiduciary and the third circle is duty to the public; another thing about the credit is that if you give the public advance notice that we are going to reduce the credit then they can adjust their home budgets; give the people a choice. Angelou stated when people come into the city and look at the streets, they know what kind of city they are going into. Schnetzer said we must ask if we want to be a vibrant community or continue on the path of inaction; would imagine people will not be happy to pay an additional 1% in taxes, but they will understand. Leeseberg agreed that the \$1.1 million is not enough; asked for the members to review items and if something will stay in the budget then find something else to remove.

Angelou stated that we want our community to have the necessities; we looked for waste and got rid of it; we were lean to begin with but became more lean; we worked on the economic development plan; we've had development but it's not enough; the need is specific and not a slush fund in the sky; the Band-Aid is the 50% credit; option chosen was the only one that came close to working; there's no place to grow out so we must make what we golden; let's make the streets look like the best streets out there; have lived here since 1970 and served on Council for a very long time. Leeseberg said that we have studied this for almost a year; reissued bonds; we have gotten creative and now running out of ideas; don't take this lightly. Schnetzer stated that we are running out of options; without a new revenue source to pay back debt then we don't have the capacity to take on more interest and payments; not in the budget; this meeting is a continuation of those started in October; we have wonderful

programs, a great police force, our services make the difference; my family is often found at one of the many Gahanna playgrounds and we use the camps. Leeseberg said those playgrounds will not be replaced, they will be removed when they degrade. Schnetzer reiterated how they got to this point; asked for clarification on the micro-community center.

Franey explained that micro community center would be much smaller; would not have aquatics, just programing for multi-generations as opposed to being specifically geared toward seniors; would still have programs for seniors; would bring in more money; would not be comparable to Westerville's community center. Larick asked about the plan for the position which would be laid off. Franey said pay in benefit would be \$52,000 or so. Larick stated that there's no other community that has the minimum level of income in its structure; every other community has a significantly higher tax rate, property tax income and other revenue streams; that does not exist here. Mayor said other communities have implemented levies on streets alone. Schnetzer said those facts don't fit well on a post card; we have tried to simplify this as best we can; most other cities have a straight property tax; JED Z's are very complicated; in 2016 Reynoldsburg finally updated their rate; we have been sitting at the lowest rate in Franklin county; have been at 1.5% income tax rate since the 1970s.

Leeseberg reiterated that there are streets that should have been paved and were not and they now sit below our standards; below a 75% rating can cause up to 4x the regular amount to repair them; the other backlogged items include capital projects; when elected in 2013, took a tour of facilities and there are still things today that were not repaired and should've been back then; thanked everyone for coming out tonight; said to keep coming to meetings; we have Coffee with Council meetings; please reach out to us, get ahold of us at council@gahanna.gov. Schnetzer said we try to be accessible; can find our individual email addresses at www.gahanna.gov; will stick around after the meeting if you would like to discuss one on one. Leeseberg concurred. Angelou stated that her street is rated at a 56%, was 67% last year. Larick stated that 3 years ago we had 12% of our streets below standard, 1 year ago it was 14%; slowly but surely there's a growing volume of work; a growing debt. Leeseberg mentioned that not all roads in Gahanna are taken care of by Gahanna; the County manages portions. Larick said we will continue the discussion on Monday, 1/14.

ADJOURNMENT

Adjourned at 8:07 p.m.

