



# *2013 Budget Review*

## *CITY COUNCIL*

### **MINUTES**

**November 13, 2012**

**Immediately following Special Meeting**

#### **COUNCIL MEMBERS PRESENT:**

M. Goodman-Hinnershitz, D. Reed, S. Marmarou, R. Corcoran, D. Sterner, J. Waltman

#### **OTHERS PRESENT:**

L. Kelleher, D. Cituk, M. Bembenick, C. Younger, C. Zale

Ms. Goodman-Hinnershitz and Ms. Reed called the meeting to order at approximately 5:25 pm.

#### **Budget**

Mr. Bembenick distributed an updated copy of budget changes that have lead to a balanced budget based on reducing the Real Estate Taxes to 9.45%, increasing resident and commuter EIT by .2%, eliminating the streetlight assessment, removing 55 retirees from the health care package (savings \$825K), which results in a \$900,503 contingency.

Ms. Goodman-Hinnershitz and Ms. Reed inquired if the \$35K coming from the Parking Authority is designated to fund any City position. Mr. Bembenick stated that the funding is not covering any position and is, instead, covering a study to evaluate efficiencies in the traffic lighting system.

Ms. Goodman-Hinnershitz noted that incoming revenue is not tied to any specific employment positions authorized in the annual Position Ordinance, unless some type of grant funding requires the creation of a specific position to undertake activities associated with the grant, such as the former MAG Coordinator.

Mr. Bembenick reviewed the 3<sup>rd</sup> page of the handout, which is dubbed "The Wish List". He stated that all items on this list are not included in the 2013 budget with one adjustment. The attached list reinstates the web developer and leads developer positions and eliminates the

technical trainer position.

Mr. Bembenick stated that with the \$900,503 contingency City Council can now consider other additions to the 2013 budget. Mr. Waltman expressed his desire to further reduce the property tax increase. He noted the need to review the Auditor's recommendations. Mr. Bembenick stated that the Auditor's recommendations are reflected in the documentation distributed.

Ms. Goodman-Hinnershitz thanked Mr. Bembenick and Mr. Zale for their work to present a final balanced budget. She asked all to remember that although we have gotten by this year, we will be back on the edge of the cliff during the 2014 budget process.

### **Auditor's Recommendations**

Mr. Cituk distributed his list of budget adjustments, in summary:

- Property Tax Prior – increase by \$200,000
- Penalty and Interest – increase by \$60,000
- Bus Priv Tax – increase by \$50,000
- EIT – increase by \$100,000
- Local Services Tax – increase by \$100,000
- Trades Permits – increase by \$30,000

The Auditor's Recommendations are reflected in the adjustment sheet distributed by Mr. Bembenick at this meeting.

Ms. Reed inquired about who has authority to waive the trades permit fees. She noted the financial impact of the waived trades permit fees. Mr. Younger stated that typically requests go to the Administration. However, he said he is unsure if the Administration can waive permit fees without Council approval.

Mr. Cituk stated that the Administration is discussing expanding the types of entertainment that falls under the Admissions Tax. He stated that currently this tax is only applied to City and City Authority owned venues such as First Energy Stadium, the Sovereign Center and the SPAC.

Mr. Sterner inquired about the in-sourcing of towing. Mr. Bembenick stated that the Mayor's office is reviewing this issue but he stated that he is unsure if the City could take on this operation within the 2013 budget year.

Mr. Bembenick stated that he will provide information on the following topics at the next budget review session:

- Final Pension Figures

- Admissions Tax information
- RSD Tax Service information
- Towing report
- Police Reimbursement amount from RSD

Mr. Bemenick stated that PFM is comfortable with the figures presented this evening.

Ms. Reed suggested reducing the property tax increase to 5%. Mr. Zale warned that trimming back too far could create the need for a property tax increase next year. He noted that Council should consider the benefit of creating a financial cushion, which could offset future expenses. Mr. Cituk noted that First Level Supervisors will come out of the salary freeze in 2013 and AFSCME will come out of the freeze in 2014, which will require salary increases.

In response to a question, Mr. Cituk explained that the Fire Relief line item acts as a pass through for the volunteer firefighter program. There was a discussion on the number of active volunteers in the City. Also noted was the decline of volunteers in the outlying municipalities has created the need for these municipalities to move to either a full time or part time paid fire service.

Mr. Sterner stated that various topics arise during budget meetings but are not revisited after the budget is adopted. He stated that a few Administrations decided to spring the land value tax during the budget process; however, Council has repeatedly asked for discussion on this topic to begin in January, which will provide time for Council to understand the switch in formulas and allow time for public education on this type of taxation.

Mr. Sterner noted his surprise that the realignment of the health insurance and life insurance expenses has saved such a significant amount of money. He suggested that this realignment and the improved collection of City fees and taxes would improve the financial health of the City. All agreed.

Ms. Reed stated that she will work with Mr. Bemenick in December to define a list of topics for the Finance Committee to discuss through the first six months of 2013.

### **Budget Review Meetings**

The group decided to discuss remaining budget issues at the COW on Monday, November 19<sup>th</sup> at 4:30 pm. The meeting adjourned and went into an executive session about litigation at approximately 6:30 pm. The executive session adjourned at approximately 7 pm.

*Respectfully submitted by  
Linda A. Kelleher CMC, City Clerk*