

**MINUTES OF THE COUNCIL
VILLAGE OF MARIEMONT, OHIO
BUDGET HEARING
JULY 8, 2013**

Mayor Policastro called the meeting to order at 6:15 p.m.

Clerk Borgerding distributed a packet for the budget review. He said he did not include in the paperwork as he was just informed by the Mayor that we are going to receive approximately \$318,000 from one estate in our Inheritance Tax. There could possibly be more. This essentially wipes out the deficit for 2013 and gives us a surplus and balance going forward. It should keep the balance over one million until 2017. Mayor Policastro said some of the Inheritance Tax will be put into Permanent Improvement to upgrade the Municipal Building.

Clerk Borgerding said he was conservative on the earnings tax. It increased 10% in 2011 and 9% in 2012. He projected 2% increases over the next few years. Mr. Andrews asked what is driving the increase in resident business income tax. Clerk Borgerding said we have the Waldorf school starting up which will create more income tax with 40-50 jobs. A lot in the past has been the construction workers. Mayor Policastro said we also have a lot more young people moving into the Village who work and pay taxes. Mr. Andrews asked if those numbers are projected out over five years. Clerk Borgerding said he does not see any of those numbers. Mayor Policastro said we can gauge by the garbage numbers. Usually we have over 100 vacant residences but that number has been lower but the number has fallen. Clerk Borgerding said he decided with a conservative two percent increase because his number has been blown out of the water the past years. In addition, home values are going back up. Personal Property Tax has been phased out and will be nothing this year and nothing going forward. The Local Government Funds have been decreased by 50% over the past three years. It has remained constant 2014 going forward. Due to the amount received in Mayor's Court so far this year he increased his projection for the rest of the year but decreased it somewhat next year. The pool rates are constant unless we decide to increase the rates. If you look at prior years he is conservative with the amount budgeted for the "Other" account.

On the expenditure side he is projecting salaries to go up in 2013 and 2014. We hired a new police officer and the Tax Administrator became a full time position with Mrs. Judd retiring. Mrs. Judd was part-time with no health benefits. He is projecting 1-2% increase for 2014. He calculated the benefits over the past few years as a percentage of salary. He is estimating 35% of salaries for projecting benefits. He does not expect any unusual expenses in the "Other" category. He left the trash estimate the same for 2014 as 2013 but that could increase or decrease depending on if Council makes any changes to the contract. Mayor Policastro said if the decision is made by the Committee of the Whole to roll the recycling carts to the curb it could save the Village approximately \$17,000 per year. The estimated expenditures for 2014 would leave a gap of \$125,000 and the approximate amount going forward based on continued increased earnings tax and a smaller increase in payroll over those years. We have a lot in reserve at this point but we will need to address the gap at some point looking forward.

Mr. Andrews asked what everyone's thoughts were regarding a more competitive salary increase. He feels 2% might be more conservative while still leaving room to think about how to reduce the gap. Mr. Stelzer said we are going to be one of the few communities that show a strong budget. Others are projecting deficits. The budget we have for 2014 gives us a lot of flexibility. To commit to salary percentage increases right now does not make much sense to him because you may find people in other communities not getting increases next year. We tend to look at the competitive rate. A lot can happen in the next 24-36 months as far as government funding and government spending. It is very hard to project earnings tax because they are affected by a lot of things that can not be controlled. In addition, we have a Governor election in two years. If there is a change in that seat we may see a change in local government funding. Mr. Andrews said that makes sense to him and a budget is mostly for guidance. He wants to make sure that Council we do not let up on ways to operate more efficiently and continue to seek ways to save money. Mr. Wolter said that is the reason for our success the past three years.

Mayor Policastro said he has never seen such a strong budget as this one over the last 20 years. It is amazing how well we have done in this adversary climate that we have been up against. Most small municipalities except for Blue Ash and Evendale are having huge problems and we are not. It is due to our employees, Council and volunteers. Mr. Andrews asked if those municipalities are experiencing revenue or expense problems. Mayor Policastro said both. It is the local government funds which is hurting everybody. We foresaw this was coming and made a move to go from 25 employees to 18 employees and combined some positions and it has really worked out.

Mr. Andrews asked if Clerk Borgerding felt comfortable with 1% for salaries and benefits. Clerk Borgerding said even though we have given more over the last year 1% is what has been averaged over the past few years. It may not be a lot but it is better than taking a pay cut. Mr. Stelzer said you have to take salaries and medical insurance together and we have to keep that inflation rate within a certain tolerance level. Clerk Borgerding said the benefit line item also includes pension payments etc.

The meeting adjourned at 6:40 p.m.

Dan Policastro, Mayor

Anthony J. Borgerding, Clerk