

**FORT MITCHELL CITY COUNCIL
MEETING
June 19, 2017**

CALL TO ORDER / PLEDGE OF ALLEGIANCE / ROLL CALL

Mayor Hehman called the meeting to order at 7:00 p.m. followed by the Pledge of Allegiance.

COUNCIL MEMBERS PRESENT

Vicki Boerger, Mary Burns, Jim Hummeldorf, Kim Nachazel, Greg Pohlgeers, Beth Rose, and Michael Stoeckle.

OTHERS PRESENT

City Administrator Sharmili Reddy, City Attorney Louis Kelly, Public Works Director Matt Stegman, Fire Chief Gary Auffart, Police Chief Andrew Schierberg, City Treasurer Amy Gunther, and City Clerk Linda Bartels.

APPROVAL OF THE AGENDA

Mr. Pohlgeers made a motion to approve the agenda, Mr. Stoeckle offered a second to the motion. After asking for discussion or questions and hearing none, Mayor Hehman called for a voice vote. The motion carried by all ayes.

APPROVAL OF THE MINUTES

Mr. Stoeckle made a motion to approve the minutes of the June 5, 2017 council meeting. Mrs. Boerger offered a second to the motion. After asking for discussion or questions and hearing none, Mayor Hehman called for a voice vote. The motion passed by all ayes.

CITY ATTORNEY'S REPORT

Mr. Kelly performed a second reading of Ordinance 2017-08 amending the 2016-2017 Budget. **Mrs. Rose made a motion to pass ordinance 2017-08** amending the 2016-2017 Budget. Mr. Stoeckle made a second to the motion. Mayor Hehman asked for further discussion or questions and hearing none, he called for a roll call vote

Mr. Pohlgeers	Yes	Mrs. Nachazel	Yes
Ms. Burns	Yes	Mrs. Boerger	Yes
Mr. Hummeldorf	Yes	Mr. Stoeckle	Yes
Mrs. Rose	Yes		

Ayes: 4 Nays: 3 Absent: 0 Motion Carried.

Mr. Kelly performed a second reading of Ordinance 2017-09 the 2017-2018 Budget. **Mrs. Rose made a motion to pass ordinance 2017-09** the 2017-2018 Budget. Mrs. Boerger made a second to the motion.

Discussion – Mr. Hummeldorf stated that the finance committee reconvened and has recommended that the employees absorb 5% of the increase in health care costs. He said he didn't think he was speaking out of turn that the Mayor was in favor of passing on some of this increase to the employees. He advised that if that adjustment is made, then the budget comes in neutral. We have forecasted a 4% increase in revenue but we have a 6% increase in expenditures. If we look at revenue growth from 2016 to 2017 it was a 2% increase

in revenue and a 26% increase in spending. This year we are looking at a 4% increase in revenue and a 6% increase in spending and that is pretty tough to handle. Mr. Hummeldorf believes that at a minimum our revenue increases should match our expense increases. Mr. Hummeldorf stated we are stewards of tax payer money and base line should begin with our revenues matching our expenses, it didn't last year and it didn't this year. Mr. Hummeldorf advised that when we look at health care cost over the last two years from 16 to 17 we had an overall 26% increase in health care costs. Year 17-18 is a 16% increase but the Mayor said we got a 2% decrease so that is 14%. So from the 2016 to the 2018 budget we are looking at a 36% increase and have not passed any of this along to the employees. He knows this is difficult with differences in wages from the private and public sector, but he does not think it is on the same magnitude as the health care. Mr. Hummeldorf said the finance committee did not vote whether to approve or support the budget rather our caveat was passing on a 5% increase in health care to the employees. Mr. Hummeldorf advised that as a voting body we need to vote on what each department increases are so he would recommend that we take a look at each department's and increase it 4% over last year's amended budget .

Mrs. Guenther stated it has always been the philosophy of the City to budget very conservatively. So we always under estimate the revenue and overestimate the expenditures. This is so we do not run out of money in case something goes wrong. She stated even though we budgeted for a 6% increase in department expenses, we do not expect to reach that. We do expect the revenues to increase less than expenses. Over the last five years we have come in under budget compared to the amended budget on an average of \$288,000.

Mrs. Guenther stated the other missing pieces are the transfers, because what goes out is expenses and transfers. When you add the expenses and transfers together, those have gone up only 2.5%. Whereas the revenue is budgeted at 4% increase. So the increase in expenses is actually less than the increase in revenues. In this budget we have a surplus of \$7,300. It is not a net loss. In the business world that would be called net income.

Mrs. Guenther said that as far as our health insurance, the increase from the prior year was due to some vacancies in the police chief position, the public works director's position and changing the fire chief from part time to full time. Those attribute to the increase because there was no staff to pay insurance for those positions for a significant period of time.

Mr. Hummeldorf stated that normally in the private sector, he does budgets all the time, those are called anomalies. We normalize it so that we are comparing apples to apples. It is difficult to sit here and look at a 3x spend over revenue and just say well it was this or that. We have not normalized any of that so that we can say if we had those folks in 2016, then this is what that budget would look like. We can then compare it. A 3x increase in spending over income is difficult to understand. Mrs. Guenther said that is why we make a note of those anomalies as comments next to each line in the draft budget.

Mayor Hehman said the budget that he presented to the Council is one that we have been working on since February. We went through a lot of due diligence including numerous meetings before a final draft was prepared. This budget was presented to the Finance Committee in April. They met three times after. We met with City Council and heard from the police, fire and public works departments. He does not feel that staff spends unwisely and they always spend within their means. We have heard time and time again about staffing and the challenges in retaining employees. Mayor Hehman believes that we have made some right moves. We have knocked down the health care and are passing on a portion of the increase to the employees. We are going to create a formula to offer compensation to employees if they do not want to take our insurance. That is an additional savings. We are looking at ways to make sure we are fiscally responsible and he believes that this budget is doing that.

Mayor Hehman asked if there were any other concerns.

Mr. Stoeckle said the recreation budget went down from \$95,000 to \$67,000. Mr. Hummeldorf asked if he meant from the first time they received the budget. Mr. Stoeckle replied yes. Mr. Hummeldorf said Public

Works went down \$300,000. Mr. Stoeckle said that Mr. Hummeldorf stated the recreation budget went up 2%. Mr. Hummeldorf said recreation went up 3%. In 2016 the budget was \$53,000 then amended to \$70,000. This budget is now at \$73,000. It is less than 4% per Mr. Hummeldorf. He does not have a problem with that.

Beth Rose stated she agrees with the Mayor and Amy especially when the Mayor said Department Heads don't just go shopping for things. She does not believe they over spend or abuse the budget in anyway shape or form. Every time an auditor attends a council meeting to give a report in how we have done, we come up as the best in the county in terms of internal controls and spending. She thinks we are just fine and this budget is perfect.

Mrs. Boerger said she can't just pass a 5% increase on to the employees for healthcare, she knows Ms. Bartels has worked very diligently on the healthcare. She cannot just say she agrees with a 5% increase when she does not know if the co-pays or deductibles have changed. This also does not reflect any pay increases that they may or may not have received. Mayor Hehman said Mrs. Boerger was correct, co-pays and out of pocket expenses are going up for employees.

The Mayor advised that he is staying firm at passing on 3% of the increase in health care costs to the employee. We are trying to recruit. Employees have gone many years without a substantial raise. We have fought hard to retain employees. Both Chiefs have asked us for help in retaining and hiring people.

Mayor Hehman asked if any other members of council wished to comment. There were no comments from council. Mayor Hehman stated that the last several years we have come in under budget by an average of \$288,000 and have been conservative in budgeting and not spending beyond our means. Mayor Hehman advised that even with the different contracts a lot of the negotiations have to happen at the end of the fiscal year whether it is trash bids or health care.

Mayor Hehman stated that at the last finance committee meeting he asked if anyone had any other issues with this budget and no one spoke up. None of them had any other issues with this budget. Mayor Hehman advised that Mrs. Reddy and Mrs. Guenther were both present at this meeting and what the finance committee recommend back to him was doing a 5% increase. The finance committee did not have any other recommendations for this budget. Mayor Hehman stated that it is not their job to vote but it was their job in an open forum to make those recommendations and other than the health care they did not speak up to change anything else.

Mrs. Reddy pointed out that from our provider Horan who provides insurance to all different companies, we have 70% participation in our wellness program. That alone shows that our employees go above and beyond when they have to. Mrs. Reddy advised that while we are talking about passing on higher costs to the employees that do not achieve a wellness status, but even before we did that, we had a 70% participation rate. Mrs. Reddy advised that copays are increasing, the cost of emergency room visits are going up as well as the deductible. Mrs. Reddy stated that we are service based and we have to take care of our employees.

Mrs. Nachazel advised that she didn't think anybody was questioning that, what she is hearing from Mr. Hummeldorf is that we have to keep in mind that if we are only getting a certain amount of revenue that we can only spend so much.

Mayor Hehman advised that it is important to understand the in and out expenses in the budget to get a true idea of expenses. For example, Public Works is showing an extra \$100,000 in expense this year which is an LED Grant that council said ok to and it is in the budget. While it is shown as an expense, it is also a revenue with a grant. In the Police Department budget there is more training which we have talked about. There is a part time police clerk in that department and two sergeants to make sure that we have supervision around the clock. We have heard these arguments when we started this process back in March going over what they needed. Mayor Hehman advised that he feels we shouldn't be discussing removing these at the last minute.

Mr. Hummeldorf advised that he has another ordinance and budget that he would propose that would stick to 4% revenue growth and 4% expenses and if it needs to be amended we can do that as we go through the year. Mr. Hummeldorf advised that he is fine with amending budgets if something comes up. Mr. Hummeldorf advised that our starting point should be that our expense growth match our revenue growth.

Mrs. Guenther clarified that the difference between the 3% and the 5% of the health insurance increase is \$7,000.00, it is not \$100,000.

Mr. Pohlgeers advised that he did not feel strongly either way, he just feels that the expectation needs to be set as far as some type of out of pocket expense because he feels that health insurance is only going to rise.

Mayor Hehman advised that staff is sitting back there and that it is going to be loud and clear to them that health care coverage is going to be a much unknown variable just like in the private sector.

Mayor Hehman asked that Mrs. Bartels call for a vote to see where we are at and then we can discuss.

Mr. Pohlgeers asked that before a vote, what the options are.

Mr. Kelly stated that logistically speaking there is a motion and a second. Mayor Hehman advised that was correct. Mr. Kelly advised the motion is for the second reading of the ordinance that was present at the last meeting which would include the 3% of health insurance crease pass through to the employee. This can be voted on and if that vote fails then there can be subsequent motions by members of council. Mr. Hummeldorf asked if we needed to close discussion. Ms. Burns asked Mrs. Guenther if there was a cushion of \$7300.00 and Mrs. Guenther advised that was correct. Ms. Burns asked if we were to take the out of pocket from 3% to 5% that would be \$7000.00 and Mrs. Guenther advised that was correct.

Mr. Kelly advised that under general protocol rules you have a motion a second and then discussion. When the discussion is closed then you have a vote. Mrs. Nachazel asked if we could vote to postpone. Mayor Hehman advised that motion would need to be withdrawn. Mr. Kelly advised that the motion can fail for lack of necessary Aye votes. Mr. Hummeldorf asked if there was a motion to close discussion or do we just agree to vote. Mayor Hehman advised that he can call for a vote if there is no new discussion.

Mayor Hehman asked for further discussion or questions and hearing none, he called for a roll call vote

Mr. Pohlgeers	No	Mrs. Nachazel	No
Ms. Burns	Yes	Mrs. Boerger	Yes
Mr. Hummeldorf	No	Mr. Stoeckle	Yes
Mrs. Rose	Yes		

Ayes: 4 Nays: 3 Absent: 0 Motion Carried.

Mr. Kelly performed a second reading of Ordinance 2017-12 adopting procedures to designate an on-Street Handicap Parking Space. **Mr. Pohlgeers made a motion to pass ordinance 2017-12** adopting Ordinance 2017-12. Mrs. Boerger offered a second to the motion. After asking for discussion or questions and hearing none, Mayor Hehman called for a roll call vote

Mr. Pohlgeers	Yes	Mrs. Nachazel	Yes
Ms. Burns	Yes	Mrs. Boerger	Yes
Mr. Hummeldorf	Yes	Mr. Stoeckle	Yes
Mrs. Rose	Yes		

Ayes: 7 Nays: 0 Absent: 0 Motion Carried.

Mr. Kelly performed a first reading of Ordinance 2017-13 modifying the two hour parking limit on Dixie Highway between Orphanage Road and 2479 Dixie Highway to 30 minute parking.

Mr. Kelly performed a reading of Resolution 2017-06 accepting ownership of East Orchard Road from Kentucky Transportation Cabinet.

MAYOR'S REPORT

Mayor Hehman announced that the Highway Department will begin repairs on the Brent Spence Bridge next month. Long delays can be expected for 60 days

CITY ADMINISTRATOR'S REPORT

- The trailer is reserved for the float. She will coordinate a time to decorate with council members.
- PDS is in the process of reviewing all zoning ordinances and seeing how it implements the Direction 2030 plan. We will be doing a thorough review of our zoning ordinance as part of that process. She asked that council members contact her if they have any interest in working on this project.
- Camparosso was cited for allowing cars to be parked in spaces that needed approval from the adjacent property owner per the development plan. They were un able to obtain an agreement to use the right of way to back up. If needed the Code Enforcement Board will call a special meeting to address the issue.

COMMENTS FROM COUNCIL MEMBERS

Mr. Hummeldorf stated that the landscaping looks very nice in front of the dentist office.

Mrs. Burns thanked the Public Works Department for trimming the bushes along Beechwood Road. She asked if they would now put a yellow line down the middle of the street. Mr. Stegman said he would get pricing.


DEPARTMENT HEAD REPORTS

Fire Chief Auffart thanked the council for their approval of the budget to hire five new full time employees.

ADJOURNMENT

Mr. Hummeldorf made the motion to adjourn the City Council Meeting at 7:43 p.m. Mrs. Nachazel offered a second to the motion. After asking for discussion or questions and hearing none, the Mayor called for a voice vote. The motion carried by unanimous voice vote.

Signed _____, 2017



Jude Hehman, Mayor

Prepared By:



Linda Bartels, City Clerk