

**CITY OF BLUE ASH**  
**Interoffice Memo - City Manager's Office**

**TO:** City Council  
**FROM:** City Manager and Department Directors  
**SUBJECT:** Agenda Items for the November 12, 2009 Council Meeting  
**DATE:** November 10, 2009  
**COPIES:** Department Directors, Press, Clerk of Council, Solicitor

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The following offers a brief description of the topics included on the November 12 Council agenda:

**9.a.1. Ordinance No. 2009-64 - Authorizing multi-year contract with LifeSphere for recreational and support services for the Sycamore Senior Center**

Ordinance No. 2009-64 authorizes continuing support levels for the Sycamore Senior Center for Years 2010 through 2012. The level of support authorized for 2010 is \$6,700 per month (\$80,400 annual); for the Year 2011, \$6,900 per month (\$82,400 annual); and for the Year 2012 \$7,125 per month (\$85,500 annual). These amounts represent a 6% reduction compared to 2009 coverage levels, which have been discussed with the Center's representative. A representative from the Center is expected to attend the meeting should Council desire an update.

Please direct questions regarding this ordinance to the Treasurer.

**9.a.2. Ordinance No. 2009-67 - Transferring funds**

The initial step in preparing the 2010 Proposed Budget is the projection of the remaining revenues and expenditures anticipated during the remainder of 2009. That process provides our ending fund balances which represent a resource for moving forward with the 2010 budgetary process. This review of the revenue and expenditure accounts for the remainder of 2009 also provides an opportunity to highlight any areas within the existing budget that require adjustment. This assures a greater integrity to the year-end fund balances being estimated.

The Deputy Treasurer has identified a number of areas within the existing 2009 budget which require adjustment at this time, and those items are listed on the two-page attachment to Ordinance No. 2009-67. Rather than attempting to explain each item line-by-line, it is our intent to summarize the significant adjustments and thus avoid some of the confusion that can arise given the structure of the attachment.

The most significant issue is the need to revise our earnings tax collections to reflect today's economic conditions, as we have experienced a very recent erosion in our net profit and withholding collections. The City's initial 2009 earnings tax projections were level or even with our actual 2008 collections, and throughout most of the year, we observed a very moderate impact upon our collections given the severe economic climate. However, during the last several months, our net profit and withholding tax collection levels have shown a greater response to the downturn, and the need exists to adjust the City's budget accordingly. Based upon the most recent collection levels, we anticipate the need to reduce our estimated tax collections by an additional \$950,000, and to offset that reduction in revenue with a corresponding reduction in expenditures. This adjustment, coupled with the previous change in expected tax revenues, reveals an overall predicted shortfall in earnings tax revenues of \$1,725,000, or 5.7% below actual 2008 collection levels. Given that current national unemployment levels are almost to the historical highs of the early 1980s (10.2% vs. 10.8%), this is not unexpected.

Although the opportunity exists for reducing expenditures in countless accounts throughout the existing budget, given the efforts to date on the 2010 budget, the more expedient approach would be to find larger components of the budget that could be utilized to offset this revenue reduction. That is the approach that was utilized with this transfer, through the reduction in land bank funding of \$340,000, the application of \$90,000 in the economic development area that was targeted for expenditure in 2009, \$200,000 representing the street sweeper initially budgeted in Public Service (the purchase of which was delayed earlier in the year), and finally through a use a portion of the General Fund reserve of \$320,000. These four items collectively offset the reduction in expected earnings tax revenue described above.

The projection of expenses for the remainder of the year also revealed the need for supplemental funding in both the net profit and withholding tax refund accounts, representing \$250,000 in supplemental funding. The transfer attachment reflects additional expenditure appropriations for refunds totaling that amount, with the offsetting expenditure arising out of the construction area of the Street Construction Maintenance & Repair (SCMR) account. The successful efforts of the Public Works Director to secure stimulus ARRA funding for the Reed Hartman Highway improvement provided available resources that could be utilized to cover the earnings tax refund situation.

The next item involves the need to provide supplemental funding to the General Bond Retirement Fund #331 in the amount of \$72,250. This amount represents the need to make a payment under the Ohio Public Works Commission no-interest loan relating to the completion of the Blue Ash/Hunt Road project. The original budget did not anticipate this payment being due in 2009, but we have been notified by the State of the necessity of making that payment. Funding to provide for that expenditure was made available through the appropriation of an over-collection of inheritance tax of an equivalent amount.

The attachment reflects a \$90,000 item related to an expected reduction in 2009 commercial building permit revenue, and a corresponding reduction in related expenses in the Community Development area. Although this adjustment has very limited impact upon the City's overall financial situation (the City contracts with National Inspection Corporation for inspection), it is important to make significant adjustments when they become known to the City to avoid any complications with either the State Auditor's review of our records or with the County's Budget & Settlement Division's certification of our estimated resources.

A number of smaller items are described within the "transfers with an expenditure appropriations" area, representing a shift in existing budgetary allocations within the same group. For example, \$25,000 is being shifted from professional services and construction in the Facilities Maintenance area to supplement the salary account (primarily due to Rec Center construction efforts by Facilities Maintenance). Within the Recreation programming area, supplemental funding is needed in the utilities account (\$50,000) due to the cost of operating the new center and the rather substantial expense associated with "temporary heat" during the colder months of 2009 related to construction. Funding for those utilities is being derived from unused funding in the Recreation Airport Days account, as well as from their construction account.

There are several more listings under this category relating to shifts from capital to utilities or to gasoline within the various divisions of the City.

Requesting these budgetary adjustments at this time assists the Finance team in moving forward with the budgetary process, in assuring a greater level of accuracy in the year-end fund balances, and also to avoid any complications with the County's Budget & Settlement Division or the annual audit. However, it is important to note that the mechanism used to offset the lower earnings tax estimate, while expedient, did not take into account unspent

funds that are anticipated to remain at the end of 2009, and which will be utilized to replenish the General Reserve Fund relied upon, to some extent, at this time.

Please direct questions regarding this ordinance to the Treasurer.

**9.b.1. Ordinance No. 2009-65 - Amending Ordinance No. 2008-16 regarding the Recreation Center expansion project (steel component)**

Ordinance No. 2009-65 represents a change order for the steel contractor (Champion Bridge) associated with the Recreation Center renovation and expansion project. The ordinance authorizes an amendment for an additional amount of \$15,440 – resulting in a total contract change from \$1,302,164 to \$1,317,604. This change was necessary to accommodate various structural changes throughout the project (due to hidden existing conditions), as well as to resolve adjustments necessary to address Code changes. This represents Champion's final payment, with funds to pay this expense taken from balances remaining with other trades (no additional project funds are being requested).

Please direct questions regarding this project or change order to the Parks & Recreation Director.

**9.c.1. Ordinance No. 2009-66 - Amending Ordinance No. 2009-39 regarding the Reed Hartman Highway rehabilitation project**

The Reed Hartman Highway rehabilitation project is essentially complete with a few minor punch list items to be finished. This project removed the old, deteriorated asphalt surface on Reed Hartman Highway between Glendale-Milford Road and Cooper Road and replaced it with a new waterproofing membrane and new asphalt surface. Additionally, damaged curbs and catch basins were replaced, new handicap ramps were added, and the vehicle detection system was changed from in-pavement loops to pole-mounted video detection sensors. Reed Hartman Highway was also re-profiled to provide better drainage. The roadway was striped with new thermoplastic pavement markings that last many years longer than paint.

A change order is needed to add three items that were inadvertently not included in the original bid documents, but were required for proper completion of the project. Additionally, a fourth item is required for additional material needed to re-profile a portion of Cooper Road that was also part of the project.

The additional items are summarized as follows:

- Spec Item 614, Work Zone Channelizing Line, Class I. Add 5,519 l.f. at \$0.42 per l.f.
- Spec Item 614, Work Zone Channelizing Line, Class III. Add 5,750 l.f. at \$0.42 per l.f.
- Spec Item 614. Remove Existing Crosswalk Striping. Add 206 l.f at \$3.30 per l.f.
- Spec Item 448. Additional Asphalt Material Only to Re-profile Cooper Road. Add 68.75 tons at \$54.00 per ton.

The total cost for the change order is \$9,125.78.

This project is funded with an American Recovery and Reinvestment Act (ARRA) grant for \$726,757. The Federal grant was awarded by the Ohio-Kentucky-Indiana (OKI) Council of Governments and administered by the Ohio Department of Transportation. The City has worked in partnership with both agencies to ensure a quality project. Change orders may be funded within the grant allocation if savings are realized on other items.

Please direct questions regarding this project or the ordinance to the Public Works Director.