

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

TO: City Council
FROM: City Manager and Department Directors
SUBJECT: Agenda Items for the September 24, 2009 Council Meeting
DATE: September 22, 2009
COPIES: Department Directors, Press, Clerk of Council, Solicitor

The following offers a brief description of the topics included on the September 24 Council agenda:

9.a.1. Ordinance No. 2009-43 - Approving a modification to an approved planned development for the development formerly known as "Shoppes of Hazelwood" on Cornell Road

As Council is aware, the City is in receipt of an application for a major modification to the "Cornell Office Center" planned development on the south side of Cornell Road between Kemper and Centennial Avenues. This application involves a development formerly named "Shoppes of Hazelwood" and includes a request to subdivide the existing parcel, and construction of an estimated 4,500 square foot commercial building to house Dayton Cincinnati Technology Services. The building would allow for two leasable spaces (although the company may choose to use that space to accommodate future growth). This ordinance was first read at the September 10 Council meeting, including a formal public hearing. Thursday's meeting includes the second reading and formal vote of Council.

The original Shoppes of Hazelwood plan (as approved by Ordinance No. 2005-45) was designed to include three buildings, all of which would have had similar appearances to the one building that was built. That project did not succeed, and the current property owner (a creditor to the original development) purchased the property at foreclosure. The development plan shows adequate parking to support the proposed commercial development. The new owner has also been working to "rescue" the existing building, to resolve issues with the site, and to find buyers for the existing units. They have also begun working with a landscaping company to clean up and maintain the existing landscaping and to plant the buffer required of the original development (likely to be a row of columnar Junipers to be installed this fall).

The proposed modification also permits the subdivision of the existing parcel to allow the creation of the lot for this use and the "landominium" lots for the existing building. The subdivision would not result in any new public land or infrastructure.

As reported at the September 10 meeting, the Planning Commission reviewed this item at their August 6 meeting, and recommended approval unanimously. Their conditions are incorporated into the ordinance, and the fence required by the Planning Commission along the rear of the property (adjacent to the residentially-zoned property) is expected to be shown on their plans which will be on display at the meeting. The applicant is also expected to be in attendance again at this meeting to address questions from the public or Council regarding the project.

Given the discussion at the September 10 meeting related to the applicant's verbal request for this ordinance to be an emergency, two versions of Ordinance No. 2009-43 are included for consideration by Council. The first is the same ordinance presented September 10, and the second is an emergency version of that ordinance, written with assistance from the Solicitor's office.

Please direct questions regarding this ordinance to the Solicitor or to Assistant Community Development Director Dan Johnson.

9.b.1. Ordinance No. 2009-52 - Transferring funds

To avoid any complications with the City's 2009 financial audit or with the review process of the Hamilton County's Budget & Settlement Division, a transfer ordinance is recommended for consideration by Council at this time.

It would be proper to modify several of the City's 2009 revenue appropriations to more closely reflect our expectations for the year, and to provide for a corresponding offset or reduction in expenditures as well. Additionally, there are two items which require increased expenditures based upon our expectations, or a recommendation related to a major capital project.

We believe that the estimated amount for 2009 income tax withholding collections needs to be reduced by \$775,000. We expect that the actual collections for withholding for 2009 will be \$23,370,000, instead of the budgeted amount of \$24,145,000. No modifications appear to be needed in the net profit category. Additionally, given the extremely low interest rates currently being paid for investments, the need exists to reduce our expected interest earnings on the City's General Fund balances by \$350,000 to a new total of \$75,000.

Fortunately, we are able to partially offset these expected reductions in 2009 General Fund revenues of \$1,125,000 by \$125,000 in "surplus" real estate property tax revenue which has already been received in excess of our original budgetary estimates. Thus, the net amount of General Fund revenue reduction totals \$1,000,000.

Obviously, the need exists to match this reduction in expected revenue with a corresponding decrease in expenditures. The attachment reflects a reduction in expenditures of \$500,000 each within the "Reduction and Expenditure Appropriations" section in the Street Construction and Maintenance (SCMR) account, and also in the Golf Course construction Fund No. 447. The reduction in SCMR was accomplished given the Public Works Director's successful application for federal stimulus funds (ARRA) to pay for the intended (and budgeted) rehabilitation of Reed Hartman Highway, with the other \$500,000 coming from funding that had been directed from the General Fund toward 2009 design efforts on the new clubhouse and phase I of the irrigation project.

Although the golf course clubhouse and course improvement project remains "next on the list" under our Issue 15 commitment, the need exists for further discussion related to the appearance of the clubhouse, the potential combination of all components of the project into one (i.e., irrigation, cart paths, and clubhouse), and a confirmation of the timetable for the improvements to begin. By redirecting these General Fund resources to mostly offset the revenue adjustments described above, we can move forward with the transfer, yet remain capable of responding to whatever timetable is determined on the golf course project. Given the current low borrowing rates and marketability of high-quality municipal bonds, we would anticipate borrowing nearly all of the funds for this project rather than utilizing available cash in our capital reserve.

The two items mentioned within the transfer shown in the "expenditure appropriations" category involve a \$50,000 allocation from the General Fund toward the General Bond Retirement Fund. The availability of that funding would be needed should Council decide that the City move quickly with the issuance of bonds for the golf course project. Additionally, a new capital allocation of \$135,000 is reflected in the General Government capital area for the purchase and installation of a diesel-fired generator that would be capable of keeping the Municipal & Safety Center, fuel pumps, and south firehouse and sleeping quarters, operational in the event of an electrical outage.

The need for a new generator, of some scope and capacity, has been discussed for a number of years, but it is the general consensus at this time (particularly in light of the extended lke outage last year), that the most rational approach would be for the purchase of

a generator to keep the entire facility operational so that services for the citizens could be maintained. Funding for these two items was covered using the General Fund contingency.

Please direct questions regarding the transfer to the Treasurer.

9.b.2. Ordinance No. 2009-53 - Authorizing purchase of computer equipment/software and professional services related to virtual server upgrade

The City has grown from a limited network of computers which were primarily focused on the needs of tax, finance, payroll, human resources, and fixed assets, to a much broader platform that includes almost 150 computers, wide access to email and the internet, City websites, and many specialized applications for individual departments. In keeping with the technology available at the time, gradual expansion in our technology base was made via the addition of new servers which were dedicated to handling the new applications required by the various departments. Software providers, as a rule, insist that their applications run on a dedicated server. We have specialized application packages running on individual servers for the Recreation Center and Golf Clubhouse operations, for the Police and Fire Departments, for our Exchange E-mail application, for the traditional financial applications, for remote access, for a web server, as well as for database servers and antivirus servers -- for a total of 12 servers currently in place at this time.

Given the technology available during this growth process, this "accumulation" of servers was consistent with what other organizations experienced. However, considering that they were purchased over a six- to eight-year span of time, they are not consistent as to type, processing capacity, condition, and ongoing maintenance has been an increasing burden. Additionally, this "variety" of applications and different servers has made the process of planning for, and "living through," a "disaster" or extended shutdown a nightmare. Some of the older servers are currently experiencing equipment failures or showing unreliable performance, all of our data is centrally maintained within the municipal building, and the need exists to migrate our platform to a more reliable, more efficient, and more protected framework.

The Technology Officer recommended this upgrade/shift in his 2009 capital budget, and funding of approx \$86,000 was included in the final budget. However, this project, as well as many others in various departments and divisions, was placed on hold status pending the impact on the City of our economic times. Recently, the City Manager asked each department head to review all "held" projects and capital purchases, and to present those which had top priority at a recent senior staff meeting. Based on the wide impact that our technology systems have on our staff and ability to perform, and the potential for the existing systems to be down from one to three days in a potential "recovery" situation, it was universally agreed that we should move forward with the migration from our current arrangement to a "virtual server" setup this fall.

Given improvements in software, and in the greater processing and data storage capacity of the servers being built today, it is possible to move away from the old "dedicated" server approach to a platform that would reduce our current number of servers from 12 to only 4 or 5. Today's technology allows more than one software package/application to run upon a very powerful server in a very efficient manner without impacting the operation of other applications on that same server. In essence, several large servers permit a number of individual software packages to "co-exist" and cooperate with and share the basic virtual server operating system. The different applications really are not aware that they don't have a dedicated server!

The Treasurer and Technology group are recommending passage of this ordinance, thus permitting the shift to this new platform, and suggest reliance upon our Blue Ash based Lan Solutions team to provide certain equipment, professional services, software, and

installation. In moving in this direction, we will consolidate our servers from 12 to 4 or 5, avoid having to spend money soon on failing equipment that would only maintain our current status, and definitely improve our "survivability/recovery" capability, in that half of the units will be located in the north fire station basement, running a "mirror" image of our systems. Should we lose a server or application in the city building, recovery using the equipment and data at the North Fire Station would reduce our recovery time from several days to several hours.

This shift to a "virtual server" arrangement is not a totally new or untested approach. We have been watching and waiting for it to become the new "standard", and have no concerns about the success of the migration.

Ordinance No. 2009-53 also authorizes year-round "routine" technology purchases from LAN Solutions in an additional amount of \$26,800. We are including this authority to purchase in the ordinance as well to clarify any question from an audit relating to aggregate purchases from this vendor. With collective purchases planned from LAN Solutions in 2009, including those already completed or planned before year-end, Council authorization for all planned purchases would be appropriate.

Please direct questions regarding this ordinance to the Treasurer.

9.b.3. Ordinance No. 2009-54 - Confirming continuing membership in the Miami Valley Risk Management Association (MVRMA) and accepting the year 2010 pool contribution

From early 1981 through July of 1992, the City enjoyed a very stable relationship with the Clark-Theders Insurance Agency and with the Cincinnati Insurance Company as our primary insurer. We maintained a comprehensive group of coverages with established insurance companies. When those insurance coverages were publicly bid in early 1992, in addition to the conventional bids we received a proposal from a joint self-insurance pool called Miami Valley Risk Management Association (MVRMA). After a careful analysis of the composition of the pool, its members, comparative costs, and its operating policies and procedures, the recommendation was made to Council that the City join that Association as a member effective July 1, 1992. Council authorized Blue Ash's membership via ordinance.

Even though our membership with MVRMA does not require an annual renewal, we believe it appropriate to approach Council each year with an ordinance affirming our continuing membership and also acknowledging the annual pool contribution or "premium." This ordinance seeks that ongoing approval, and outlines the Year 2010 pool contribution to MVRMA of an amount not to exceed \$274,000 for our basic coverages. In 2010, Blue Ash's coverage will represent approximately 6.68% of all pool costs, slightly less than the 7.4% in 2009. There are 20 members at this time, with Centerville representing the most recent addition. MVRMA has been able to maintain a favorable loss experience through the careful selection of its members.

The City's annual contribution is composed of our share of the pool's operating expenses, as well as payment relating to our "share" of expected reserves and losses for the upcoming year. The calculation as to what those losses are expected to be is based upon a statistical analysis done by an actuary. The total amount of the expected loss fund as determined by MVRMA's actuary for Year 2010 for all 20 members is \$2,450,000 and as losses, claims, and reserves are addressed over the next several years, those costs will be charged against that particular fund. Should total losses exceed that amount, then it is possible that an assessment will be charged against each of the cities using their original contribution percentage as a basis. If such an assessment were to be necessary, Blue Ash has a credit in excess of \$90,000 "on account" with MVRMA which could be utilized. As has been the case in most years since formation of the pool, the entirety of the loss fund does not get used, and after the loss fund is closed, any balances are refunded or credited to a city in proportion to

their percentage of contribution. Blue Ash has already received credits of over \$165,000 from the closure of earlier loss years, and we hope to receive additional credits or offsets in the years ahead, as there are loss years with significant balances beyond those required for the claims.

Blue Ash's affiliation with the Miami Valley Risk Management Association has been a positive one, and we are very comfortable with the administration and structure of the program. MVRMA is audited and examined by the Ohio Department of Insurance on an annual basis, and they prepare a Comprehensive Annual Financial Report each year as well. No city has ever left the Association, and the group seems very content with the level of service provided by the pool.

Please direct questions concerning the City's membership in MVRMA or this ordinance to the Treasurer.

9.c.1. Ordinance No. 2009-55 - Authorizing sale of used fire equipment (SCBA's)

Council may recall that in early July, via passage of Ordinance No. 2009-41, authorization was provided for the purchase of new self-contained breathing apparatus (SCBA) equipment for the Fire Department. The Fire Chief has been working towards the potential of selling our used SCBA's to a fire-related business or unit, and has received a favorable proposal from Dalmatian Fire Equipment, Inc. for purchase of our used units in the \$20,000 range. Section 113.01 of the Blue Ash Code requires Council approval for the sale of surplus items valued over \$10,000, and Ordinance No. 2009-55 is being presented for Council's consideration Thursday representing that authorization, naming Dalmatian as the purchaser with an estimated sale amount of \$20,000.

Please direct questions regarding this ordinance to the Fire Chief.