

Bob Mollette

3rd Ward Councilman

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February 28, 2007

Honorable Council Members
728 Second Street
Portsmouth, Ohio 45662

Re: **Discussion for City of Portsmouth - 2007 Operating Budget**

In an effort to gain a better perspective on the consequences of Council approving or disapproving the proposed 2007 Operating Budget, I would like to encourage a comprehensive debate to better understand our decision. I am concerned by the lack of productive debate with less than two (2) weeks remaining before an agreement on a workable budget must be met. Again, I can not overstate the importance of identifying problems early for better resolutions. I am suggesting that Council conduct an additional Budget Meeting next week with the Mayor, Auditor, and the Department Heads (as needed). I feel this would benefit all Council members to meet as a group, in one location, and create an environment for debate and resolutions. The budget should reflect fiscal responsibility, which the taxpayers demand and stakeholders deserve. I have included various comments and items for discussion for a productive debate.

The requested pay raise for the Mayor and Auditor, included in the 2007 proposed budget, has currently derailed any productive discussions between Council members for problem solving and approving a balanced workable budget. As an example, the amount in question for these two (2) pay raises, which is less than \$7,000 total a year, compared to the \$859,832 deficit projected with the most conservative revenue being used. I am proposing we concentrate on the projected revenue deficits to determine alternate revenue sources and achievable reductions to expenditures.

The General Fund Expenditures is projected at \$10,904,609. The Mayor has projected the General Fund Revenues to be \$10,631,777 compared to the Auditor's projection of \$10,044,777, which brings the Mayors revenue deficit to \$272,832 as compared to the Auditors projected \$859,832 deficit.

What options are available for balancing the budget if the projected revenue creates an \$859,832 deficit? The Mayor and/or Auditor should prepare to recommend alternate sources of revenue for Council consideration as an option to supplement expenditures if no further reductions are made.

What options are available if the City is forced to decrease their expenses to match the projected revenue? Examples consist of: not rehiring to backfill a City position created by a retirement or employment exit; possible fuel reduction; or other miscellaneous funding used to supplement departments. The projected revenue of \$10 million is achievable based on the conservative figures of the Auditor. The Mayor and/or Auditor should prepare to recommend achievable reductions with consequences.

At this time I am recommending a Budget Meeting for Council members' public discussion. I will be available next week Monday, Tuesday, or Wednesday. If interest or schedules do not permit another Budget Meeting then contact me.

There are many challenges facing our community, and I feel positive by involving the public we will meet these challenges. As always, I welcome debate for resolution on the above issues.

Respectfully,

A handwritten signature in black ink, appearing to read "Bob Mollette", with a horizontal line extending to the right.

Bob Mollette, 3rd Ward Advocate and Representative on City Council

rwm

cc: Jim Kalb, Mayor
Trent Williams, Auditor
David Kuhn, Solicitor
Department Heads
Jo Ann Aeh, Clerk (Record)