

Bob Mollette

3rd Ward Councilman

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March 6, 2007

Honorable Council Members
728 Second Street
Portsmouth, Ohio 45662

Re: **City of Portsmouth – 2007 Annual (Operating) Budget**

I am frustrated by the direction and lack of productive debate by Council over the approval of the ten (10) month appropriation ordinance for the 2007 Annual (Operating) Budget. It is scheduled for a Third Reading at our March 12, 2007, Regular City Council Meeting. I have voted against this ordinance twice, which the record will reflect my concerns. I believe this ordinance does not offer an operating budget with fiscal responsibility, which the taxpayers demand and shareholders deserve. I realize passage of an appropriation's ordinance is critical for prompt payments on our expenditures and for the City payroll. I suggested in a previous letter (letter #07-30 on February 28) an additional budget meeting, as a group, would be beneficial for gaining a better perspective on the consequences of Council approving, disapproving, or amending the appropriation ordinance. The meeting did not occur, which implies, individual's schedule did not allow or a lack of interest exists. The reason for this letter is to be extremely clear about my concerns with passage of the proposed appropriation ordinance as is.

The ten (10) month appropriation ordinance reflects the remaining expenditures of the proposed 2007 Annual (Operating) Budget. The annual budget expenditures are \$10,904,609 as proposed by the Mayor. The Mayor has projected annual revenues of \$10,631,777 compared to the Auditor's projection of \$10,044,777. The Mayor has projected an annual revenue deficit of \$272,832 as compared to the Auditors projected \$859,832 deficit. The Mayor suggested the annual budget is balanced if premium overpayments of \$272,832, from the employee medical benefit fund, is used to make future premium payments. The appropriation ordinance does not reflect this balance and more importantly, it does not promote conservation to avoid the real possibility of a year-end deficit of \$567,000 (\$859,832 – 272,832) if annual revenues concur with the Auditor's projection. Keep in mind we are already in March of this year.

I believe the Auditor's \$10,044,777 projection of annual revenue is achievable. The Auditor's projection is based on historical data collected over the last ten (10) years and supplied to Council. At this time, I will not challenge the use of premium overpayments (\$272,832) to pay future premiums. I *do* challenge Council to be fiscally responsible with a year-end balanced budget in mind, and recommend not approving the ten (10) month appropriation ordinance, as currently projected, with annual expenditures over the projected revenue of \$10,317,609 (\$10,044,777 + 272,832). This means a \$587,000 deficit between revenues and expenditures are in question.

At this point, what options are available for ensuring a balanced budget? Keep in mind, the powers of Council are limited to be *legislative* only and shall not perform *administrative* duties. After discussing my concerns and possible solutions with the Auditor; I feel the only way to reach the goal of a balanced year-end budget for fiscal year 2007 is to reduce annual expenditures by approximately 5% (\$587,000) or identify attainable revenue to compensate the difference. This reduction may be done across all departments but it must be done in a way of reducing expense without sacrificing safety and ensuring the continued operation of the City.

I am suggesting Council require the Mayor to manage the City's resources and recommend which line items may be amended to reflect reductions in the ten (10) month appropriation ordinance prior to the March 12, 2007 Regular City Council Meeting. As I stated above, this is just a suggestion with the hope of amending the appropriation ordinance to secure a balanced budget for 2007.

I can not overstate the importance of identifying problems early for better resolutions. I recommend that Council require the laws of the City Charter be followed on *future* budgets to avoid last minute decisions.

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 from the end of the signature.

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)