

**MINUTES OF A SPECIAL MEETING
MASSILLON CITY COUNCIL
HELD, MONDAY, JANUARY 26, 2009**

COUNCIL PRESIDENT GAMBER I'll call this meeting to order the special meeting for Monday, January 26, 2009. This council meeting is being held at the request of the finance committee. There are two items in the agenda Ordinance No. 14 and 15.

1. ROLL CALL

Roll call for the evening found the following Council Members present: Kathy Catazaro-Perry, Dave Hersher, Chuck Maier, Ron Mang, Paul Manson, Dave McCune, Donnie Peters, Larry Slagle and Tony Townsend.

Thus giving a roll call vote of 9 present.

2. ACTION TAKEN WITH POSSIBLE PASSAGE ON THE FOLLOWING ORDINANCES:

ORDINANCE NO. 14 2009 BY: FINANCE COMMITTEE

An ordinance making certain transfers in the 2009 appropriations from within the Capital Improvement Fund, for the year ending December 31, 2009, and declaring an emergency.

COUNCILMAN MANSON Okay, first I was talking with the auditor about both of these ordinances we seem to think that we have them in reverse order.

COUNCIL PRESIDENT GAMBER They are.

COUNCILMAN MANSON Okay, how about we deal with 15 first then 14.

COUNCIL PRESIDENT GAMBER Is there any problem going with No. 15, first with the way the money flows that should go through first anyways.

COUNCILMAN MANSON This is the transfer of the funds now. Simple as that anymore questions.

COUNCILMAN MANSON moved for suspension of the rules and passage, seconded by Councilman Hersher.

The rules were suspended by a roll call vote of 9 yes.

ORDINANCE NO. 14 – 2009 WAS PASSED BY A ROLL CALL VOTE OF 9 YES.

ORDINANCE NO. 15 2009 BY: FINANCE COMMITTEE

An ordinance making certain appropriations from the unappropriated balance of the Capital Improvement Fund, for the year ending December 31, 2009, and declaring an emergency.

COUNCILMAN MANSON Okay, please prepare an ordinance just like it says appropriating from the unappropriated balance of the Capital Improvement Fund for 2009, \$138,000.00 to be deposited in the advanced to account 1401.920.2750. This appropriation is needed to transfer

capital funds to the general fund to pay payroll bills until collections come in and then the advance will be repaid. Any questions?

COUNCILWOMAN CATAZARO-PERRY I just am curious of course I did not get the email how I found out about it was because I received the notice by the police department Friday night. I did get the email but I did not look ahead of time. So I just didn't I really would like to know if we noticed this or is this just something you would come up, Jayne? Thank you. When did we notice this and how did this all come about if you could just give a little history.

AUDITOR FERRERO – I'm the one who went to the mayor and asked him if would give up some money in this capital improvement line. Because we are so short if you look at the cash report right now you'll look at the capital improvement fund the income tax 1401 has \$139,000.00 in cash and up in the general fund we're short \$86,000.00 today. That's not even telling you that I have \$202,562.00 worth of bills from 2008 and 2009 to date that need to be paid out of these general funds money. Plus we have payroll right now normally we budgeted that we would be getting about \$770,000.00 in January from income tax money so far we've only gotten \$500,070.00 so we're about \$200,000.00 short of where we normally are at this time of the month. A lot of this is because we had no carryover absolutely none a lot of it is there's just no cash money for us to pay bills or to pay payroll and we had payroll coming right in and nothing to fall back on. So I asked the mayor to do this and he quickly agreed to it and so we put the legislation together quickly with the help of Mary Beth. Which I would like to thank her because it was later in the afternoon when some of these things came about and she did it quite readily for me and I appropriated that. I thank you for that Mary Beth. It's necessary we're going to have to do it and as we go further into the meeting and to the work session I saw you looking at the memo that I sent to the mayor earlier about purchase orders. I can cover that with you then. But its just a shortage of cash and that we need to move some money and when we do get some money in then we'll pay that account back.

COUNCILWOMAN CATAZARO-PERRY We talked earlier about the 97/3 I mean do you think that's appropriate do you think that we're going to get to that sooner than later?

AUDITOR FERRERO – Oh, absolutely. It's going to have to happen.

COUNCILWOMAN CATAZARO-PERRY I mean instead of you jumping through hoops I mean would that be something that you...

AUDITOR FERRERO – Well, that realizes about \$200,000.00 for us, but I'd like to see and then the other thing is that the last day of the month is a Saturday this year. So a lot of people don't send their taxes in until the last day and as long as its postmarked but see that all has to be receipted in and then it has to go the bank before we can so that will all go on February's month. So I don't want you to think I'm panicking but its necessary that we do this so that we have some cash in that and we can finish out the month in the negative. It's illegal for us to do that. I'm holding onto a couple of bills that we have already made out of the general fund right now and we haven't mailed them because to see if we would have enough money. Because we have to elected officials payroll will come out tomorrow and that's about \$20,000.00. So...

COUNCILWOMAN CATAZARO-PERRY Okay. Thank you.

COUNCILMAN MAIER Yes, Ms. Ferrero we're in January and we're already scrambling to get payroll money and I realize there was no carryover. Is the administration looking at anything are they going to start to sit down have they discussed with you any kind of belt tightening, cut backs, consolidating? I know that the school district is doing that right now because the times are hard and they're not getting any better this year we know that. You know we generally toward the end of the year we're scrambling right now we're scrambling and its January.

AUDITOR FERRERO – Yeap, I spoke with the mayor on Friday and I asked to schedule a meeting with him and he is readily able for me to meet with him at any time. As I talked to Pat who is my chief deputy we meet daily we scrunch the numbers we look at everything what's going on what we have to do what we have to pay. But we have we have got to think ahead this year and we have got to be very conscious of what we're doing this year and we have got to

plan that we have a payroll or a carryover. I'm sorry, that we have a carryover for next year. We can't you can't operate this way you just can't its impossible you can't and we can't allow this we can't go into the next year allowing this to happen. I think that drastic things need to happen in the next six months. I think we need to look at things really close we need to tighten our belts and we need to watch every single cent that's paid. But I can tell you in every staff meeting I have sat in on and I go to every staff meeting the day after our council meetings our regular council meetings. The mayor has instructed everybody to tighten their belts and only spend money where its necessary. Everybody's trying to come up with ways to cut down like the parks laid off you all know that, that they did lay off people. I invite you all to call me if you have any ideas that you think that ways that we can save money. Like Kathy when you talked just about turning lights on and off and that's a great suggestion I passed that on in the meeting. All department heads are running short right now I can tell you that. Yes?

COUNCILMAN MAIER Yeah, a follow up question. If payroll is exactly the same this year as it was last year are we in trouble in this year with what's projected that? I mean obviously we are.

AUDITOR FERRERO – Well, payroll won't be the same as it was last year (its going to higher) yeah, definitely.

COUNCILMAN MAIER But the answer is if payroll is the same this year are we you know are we going to have that money?

AUDITOR FERRERO – Well, I don't know if you are all aware that county just sent us a letter and they cut down our budget that we got them by a \$136,000.00. So there's another \$136,000.00 so now we have to go back in and we have amend our budget and you're going to be seeing that in legislation that comes up in the next few weeks. We have to amend anytime we do that we have to cut back. That's what we are looking at on a daily basis, constantly. Yes, Chuck?

COUNCILMAN MAIER Okay, so I do agree with you we are at a critical spot. I think not six months I think within the next 30 or 60 days we need to make some cuts. (I agree) If we're going to get through this year. (Yeap) And that's just my opinion,

AUDITOR FERRERO – And where do you suggest we do that?

COUNCILMAN MAIER I'm not the administration, but you know they're going to have to sit down and do that. I'm finished. Thank you.

COUNCILMAN SLAGLE In terms of historically do you know what the levels for January were down by in terms of income tax collections?

AUDITOR FERRERO – Well, historically we have that \$700,000.00 that's what we based our budget on this year with historical figures and its just not coming in.

COUNCILMAN SLAGLE So, would there be any expectation that February, March, April, May aren't going to be the same?

AUDITOR FERRERO – Well, I don't know I can't speak to the future but I can tell you that because of the way that the month falls that is going to have an affect on us. That's going to have an affect on the revenue that comes in. Because the way it's receipted in. So maybe February if we expect \$500,000.00 with our expectation for February.

PAT PANTELLO – I think what Jayne's saying is February if we stay last year we were above 1.7 if we maintain the same income tax we'll see a little peak in February because it wasn't posted until February. So we're not expecting the taxes to go down at this point. Right now the problem is when they're receipted in. I really think the withholding is the big problem because of the due date of January 31st. If in fact it doesn't come in the first week of February the withholdings are down then Linda I'm sure the department will let us know that those did not come in and we can expect February to be down too. She has to make that call because she's the

income tax administrator. But we're thinking it's the time and because we didn't have a carryover you know its even worse. Because you don't have another revenue but a few receipts here and there. So income tax is our main thing that carries us through January.

AUDITOR FERRERO – I talked to Linda right at 4:30 today and asked her about how much money she got in today because we've been watching it on a daily basis and we got about \$56,000.00 in today. So we're still in the negative and that's why I asked the mayor for this \$138,000.00 and I didn't want to wait because I didn't want to call you for a special meeting on Friday. I knew you would all be here tonight so I thought that it would be best if we did it while you were all here.

COUNCILMAN SLAGLE So really you're just saying that this might be a time thing but we won't know until next week, basically.

AUDITOR FERRERO – That's right.

COUNCILMAN SLAGLE Next week we're going to know if this is a timing thing or its what as far as I can tell virtually every municipality and county government and state government in Ohio feels is going to be the norm not the abnormal.

AUDITOR FERRERO – Right and we need to pay some bills. We need to pay these bills that have been outstanding since November.

COUNCILMAN MANSON First of all, something I'd like to point out exactly what the auditor said our problem is we had no carryover. If we had \$200,000.00, \$300,000.00, \$400,000.00, \$500,000.00 carryover which we should have we should expect to have. No business as big as our should operate without a cash carryover all the time. That is the reason we're having to do that also there will be some taxes coming in this week but like the auditor said she did not want to wait until Friday and have the emergency meeting on Friday. She'd rather be ahead of it. We have one very large one that we will be getting either later this week or if it comes in over the weekend like we said it will be the first couple of days in February. So they can't avoid paying their taxes. But as far as the timing of when they send the check its different. I think if you call in next Monday you'll know that the tax revenue increased considerable the last few days of this month. I confidently say that. So but they're not here yet so to get ahead of it that's what she's saying that's why she'd rather do it at this time.

COUNCILMAN MANSON moved for suspension of the rules and passage, seconded by Councilman Hersher.

The rules were suspended by a roll call vote of 9 yes.

ORDINANCE NO. 15 – 2009 WAS PASSED BY A ROLL CALL VOTE OF 9 YES.

3. ADJOURNMENT

COUNCIL PRESIDENT GAMBER That concludes our business the meeting is over.

MARY BETH BAILEY, CLERK,

GLENN E. GAMBER, PRESIDENT

