

JACKSON CITY COUNCIL

Minutes from
June 8, 2010
7:00 p.m.
Special Session

Jackson City Council met in regular session on Tuesday, June 8, 2010 at 6:00 p.m. at the Jackson City Council chambers. President Ron Speakman called the meeting to order. The Pledge of Allegiance was given, led by Mr. Speakman. The Prayer was given, led by Mr. Powell.

A roll call was taken as follows:

- Mr. Adams – present
- Mr. Brown – present
- Mr. Elliott – absent
- Mr. Smith – present
- Mr. Fain – present
- Mr. Powell - present
- Mrs. Colby – present

Mr. Smith made a motion to excuse Mr. Elliott, seconded by Mr. Fain. In a voice vote, all Council agreed.

Mayor Heath called this meeting to have discussion and possible action to purchase a brush truck for the Jackson Fire Department, discuss and possible action on items involving the Hillcrest Pool and Jackson City Recreation and discussion on the general fund financial crisis.

Mayor Heath discussed the general fund; see attached, stating this was prompted by Mr. Smith, he had requested a resolution by the second meeting in May. He went on to say this is ultimately up to Council. Mr. Smith stated he breezed through his report and it is difficult to respond, bent on income tax. Further stating the three reasons given, first is the property tax. Mayor Heath replied only 6% of property taxes collected go to the general fund. Mr. Smith asked how much was owed, he had asked, suggested the Mayor check and he would be surprised, need to put pressure on the county. Mayor Heath though the county should do. Mr. Smith replied it is up to our Mayor, need help and ask council. He went to talk about number two, state audit and the evaluation of the number of employees. Mayor Heath stated that is a farce. Mr. Smith replied he was aware of the Mayor's feeling on the state audit. Mr. Adams is having trouble trying to figure out. This document was provided, is should be used. The Mayor had no opposition to using. Mr. Smith asked the Mayor how long he had been in office. He replied two and half years. Mr. Smith stated all we hear is give us more money, Council needs to act strongly to look at directly. We have heard the same story since taking office. We need to streamline, if not, come the end of December we will be making drastic cuts. Mayor Heath replied he would look at layoffs tomorrow. Mr. Smith suggested looking at property taxes and rents and right of ways. Mayor Heath stated we are trying but we will not know until next year to determine legality. He stated he could sit on Mr. Blanton's door step. Mr. Smith stated if you don't call, I will. Mayor Heath stated he would write a letter. Mr. Adams stated that a letter had been sent to the area attorneys in regards to collecting these funds. Mr. Detty was unaware of the response to those. Mr. Smith stated that the County Treasurer, Auditor and Prosecutor need to be contacted. This is not a cure all. Mayor Heath replied he would send a letter.

Mrs. Colby stated he always wanted to go to the people first, what about wage cuts, has anyone in your administration taken a pay cut? Mayor Heath replied it was just him and Bill. Mrs. Colby replied you are asking the residents to take a pay cut, but the budget and spending. There are lots of ways to cut, take this budget back to the 2009 figures. All you talk about is revenue; you can create revenue by cutting back. Every line item in the budget has increased. Mayor Heath replied tell me where to cut, and we are only talking about the general fund. Mrs. Colby replied she has said more than once, we will be looking at all funds shortly. Mr. Fain stated there are other avenues, attrition and inner loan funds; there are solutions if everyone stays level headed. Mayor Heath stated there is trouble with loans. Mr. Smith stated we have discussed in committee meetings, thrown out a lot of ideas, very useful, there is none of that in this report. Mayor Heath replied it is council responsibility to fix stated we will try, don't want this to backfire. Mr. Smith concern was not doing people justice, we are not digging until we bleed, and council will make the decisions.

Mr. Brown stated the leaders before us used the electric department to fund the city, if it's not going to fund us, sell it. We have bonding for the substation until 2014, and then we can take the profits. Truly thinks we need to be aggressive with the rents and right of ways, in the past overused, try again on a smaller scale, it will two years before the state could challenge. If and when we will be closer to 2014, \$5000 is not enough. We need a lot of cuts, buy outs, reduce through attrition. Transfer

from the electric, build up reserves, a revenue source to take advantage of, it not using, sell off. Mr. Adams stated that Mr. Fain is right with the buyouts and Mrs. Colby and Mr. Smith right to have the administration look at every dime. Should take cost allocations from every fund, even if only \$10000. Put rents and right of ways in place until the state stops us lay off a few. We are right and need to put all the pieces together. Put the income tax on the ballot, we don't have to impose, let the people vote, 80% of revenue would come from people who do not live in the city of Jackson. Mr. Speakman stated that is your committee.

Mr. Smith discussed the brush truck, did we ask for competitive bids. Mr. Sheward replied we did every possible vendor bid. Basically Ford, no GM dealers close enough for service.

Mayor Heath discussed the recreation fund, expanded concession stand, see attached report. Mrs. Sexton stated the ordinance for the \$9100 transfer, in the permanent budget revenue is expected at \$8000, this is in the general fund, just need to authorized, add together to make one transfer. Mayor Heath stated attendance has been well at the pool. Mr. Fain asked why we did not have an ordinance from the fund instead of the general fund. Mayor Heath stated those funds are not available to the pool. Mrs. Sexton stated everything has been calculated.

ORINANCES AND RESOLUTIONS

ORDINANCE NO. 37-10

AN ORDINANCE APPROVING ADDITIONAL APPROPRIATIONS IN THE FIRE LEVY 1995 FUND, AND DECLARING AN EMERGENCY.

Second Reading

Mr. Brown made a motion to suspend the rules, seconded by Mr. Brown. In a roll call vote, Council voted as follows:

Mr. Adams – yes
Mr. Brown – yes
Mr. Smith – yes
Mr. Fain – yes
Mr. Powell – yes
Mrs. Colby – yes

ORDINANCE NO. 37-10 DULY ADOPTED

ORDINANCE NO. 46-10

AN ORDINANCE APPROVING ADDITIONAL APPROPRIATIONS IN THE RECREATION FUND, AND DECLARING AN EMERGENCY.

First Reading

Mr. Brown made a motion to adopt, seconded by Mr. Adams. In a voice vote, all Council agreed.

Mr. Brown made a motion to suspend the rules, seconded by Mr. Adams. In a roll call vote, Council voted as follows:

Mr. Adams – yes
Mr. Brown – yes
Mr. Smith – yes
Mr. Fain – yes
Mr. Powell – yes
Mrs. Colby – no

ORDINANCE NO. 47-10

AN ORDINANCE APPROVING ADDITIONAL APPROPRIATIONS IN THE GENERAL FUND, AND DECLARING AN EMERGENCY.

First Reading

Mr. Brown made a motion to adopt, seconded by Mr. Adams. In a voice vote, all Council agreed.

Mr. Powell asked \$1100 additional. Mrs. Sexton stated \$8000 already there. Mr. Fain asked really, no other way to cover, this meeting was called by you to discuss the general fund crisis, we have workers concerned about their jobs, told us you saved money. Mrs. Sexton stated this was for concession purchases. Mr. Fain replied we already gave \$8000. Mayor Heath replied we hope to gain revenue, don't want to spend. Mr. Fain stated why we are still getting. Mayor Heath replied I'm sorry, little expenses come up, want to do professionally, there could be a problem. If we do layoffs, there will be no pool next year. We need to keep the city running at a certain level. Mr. Smith asked if the entire \$8000 spent, have vendors been paid. Mrs. Sexton asked are you assuming they purchase goods at one time, this is not like personal checking, and we have fund structures and revenue line items, re appropriate. Mr. Smith asked why we don't do that. Mrs. Sexton stated it cannot be done till the end of the season. Mrs. Colby stated we passed a line item budget out for a reason, live within it. Mayor Heath replied this money will come back to the city. Mr. Powell replied maybe. Mr. Smith stated the pool is always a loser; we have people worried about jobs, spend the \$8000 first and get ducks in a row. Do you understand we are pleading with you to watch the budget?

ORDINANCE NO. 48-10

AN ORDINANCE TRANSFERRING APPROPRIATIONS, AND DECLARING AN EMERGENCY.

First Reading

Mr. Brown made a motion to adopt, seconded by Mr. Adams. In a voice vote, all Council agreed.

ORDINANCE NO. 49-10

AN ORDINANCE APPROVING ADDITIONAL APPROPRIATIONS IN THE SWIMMING POOL FUND, AND DECLARING AN EMERGENCY.

First Reading

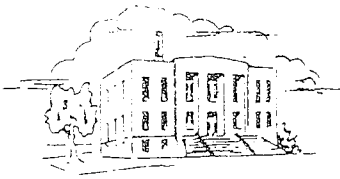
Mr. Brown made a motion to adopt, seconded by Mr. Adams. In a voice vote, all Council agreed

ADJOURN

Mr. Smith made a motion to adjourn, seconded by Mr. Fain. In a voice vote, all Council agreed. Council adjourned at 7:00 p.m.

Tera Brown
Tera Brown
Clerk
Date 10-14-10

Ron Speakman
Ron Speakman
Council President
Date 10/14/10



RANDY R. HEATH, *Mayor*
WILLIAM R. SHEWARD, *Director of Public Service / Safety*

CITY OF JACKSON

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Public Announcement

TO: Jackson City Council
News Media
Law Director
Service/Safety Director

FROM: Jackson City Mayor Randy Heath

DATE: June 2, 2010

SUBJECT: Jackson City Council Special Meeting

Mayor Randy Heath is calling a Special Council Meeting to be held on Tuesday, June 8, 2010 at 6 PM in the Jackson City Council Chambers located at 199 Portsmouth Street, Jackson, Ohio.

The purpose of this meeting is as follows:

Discussion and possible action to purchase a brush truck for the Jackson Fire Dept.

Discussion and possible action on items involving the Hillcrest Pool and Jackson City Recreation

Discussion on the General Fund Financial Crisis

Randy Heath, Mayor



*Jackson County Apple Festival
Held Annually Third Full Week in September*

RECREATION APPROPRIATION

Because we have enlarged our concession stand operation this year to include the Harding Avenue Field, we need some additional appropriations in these areas to meet potential costs for this year and we were afraid some items might run out of money before next Monday's regular meeting.

We are doing cost analysis on our concession products currently to see what are the best items to sell and the potential profit margin, but historically you should gain money from the operations of concession stands at sporting events, income used to help support the recreation programs.

Since I became mayor, we have worked very hard, and have been very successful at reducing costs in the operation of the recreation department. When I became mayor, as much as \$45,000 plus benefits was set aside previously for recreation management, this year that number will probably be less than \$4,000, a most significant savings of potentially more than \$40,000.

We have also easily had more than \$1,000 in donations of goods and services at both the ball fields and at the Hillcrest Pool. This community support has made the operation even more cost efficient.

One of the primary reasons is because I have tried to devote a portion of my time and efforts, especially in the evenings and on weekends, to oversee the program myself to save costs of hiring personnel.

From April through July, we have an extensive recreation program with over 300 youth reported in our program this year and averaging more than 100 admissions per day at the pool, with a high of 193 last Friday.

Especially because of adjustments that have to be made in recreation, we have to make changes during the summer. I will note that the amounts we needed now very possibly could have been covered by existing funds with the need for these ordinances unnecessary except for the fact we have a line item budget, which makes that impossible.

I thank you for your consideration of these ordinances so we can continue the operation of our summer programs without potential interruption.

GENERAL FUND FINANCIAL REPORT

City council members, my fellow citizens,

In section 705.79 of the Ohio Revised Code, it says as follows as to the powers and duties of the mayor: "Keep the council fully advised of the financial condition and future needs of the municipal corporation." Tonight, I am doing just that.

When I chose to run for mayor, I did so because I felt the financial direction of this city was a most erroneous one. While the city was living off of its savings and as a result almost all of its fund balances were dwindling fast, I believe most citizens were under the false impression the income for services was sufficient to meet the needs of the community, potentially for a long time to come.

Politically popular direction? Absolutely. Responsible in nature, absolutely not.

Now, it would be easy to just keep this short and sweet and say we need more money in the general fund or we are going to dramatically slash every general fund service in the city. But that is the way it has usually been done, no explanation, no education, the reason why many citizens do not trust their governmental officials today.

I have always believed it is best to have all the facts up front, that is the only way honest decisions can be made on the facts, and removing the emotion from these critical issues so we can make the right decisions based on the right reasons.

Thus, as a result of what I consider to be the financial misdirection of the past, my administration and the two city councils since January 1, 2008 have been forced to face some of the toughest accumulative financial dilemmas our city has ever had to face.

While utilities are always sensitive, there is a foundation to work from where a certain level of service is required and a certain level of income must be met to match those requirements, thus resulting in the foundation for your rate structure.

But possibly the most difficult fund any government has to deal with is its general fund, primarily because it is so general in nature and has to deal with so many different areas that affects so many different people in so many different ways.

The most important avenue we must travel here is the road that deals with our present as well as takes us to our future. The past is in the past, whatever mistakes were made unfortunately we must now correct because whatever we do is only going to affect the future, and will not change the past.

With that being said, though, responsibly you must realize every person is going to want to know, and rightfully so, just how did we get here? How did we seemingly have so much money a few years ago, seemingly an endless stream, and now we have none? How was everyone led to believe things were so good, and now they are so bad?

There are three primary reasons.

First, inflation. The cost of personnel, services and products rise, every one thinks we can't pay one more penny for this or that, and guess what, the price goes up. In the general fund, the city of Jackson has never had a reliable way to match the effects of inflation.

The first response from citizens is that we should, because property taxes keep going up. But residential property tax collection will make up less than six percent of the city's general fund income this year, so obviously those increases are not adequate.

Thus, if you are going to consistently keep the same level of service, you must meet those increased costs and with each passing year, it has become more and more difficult to do that until we have reached the point where now we can do it no longer. To maintain the same level of services will require the additional revenue necessary to meet those additional rising costs.

Second is the intangibles, primarily such as interest income.

This is where Wall Street in New York has hurt everyone of is living and working on Main Street in Jackson.

The city is required to keep certain fund balances in its utility funds, and the city can invest these funds and generate income that can go to the general fund.

Just three years ago, the city was able to generate more than \$863,000 in interest income. The projected total this year is \$361,000, more than one-half million dollars less than it was just three years ago. Unfortunately, it does not appear that \$361,000 number is going to approach the \$863,000 we use to get anytime soon. It could be years, maybe even never, before we get the interest income we one time enjoyed.

The third is the most difficult to explain, and unfortunately, became the most debateable over the past eight years. But this is an area that demands a full comprehension if we are to move forward in the future with a full understanding.

For many years prior to 2001, more than anyone can remember, the city generated income in part for its general fund through two different methods, one called cost allocations from its utility funds and the other through rents and right of ways from its utility funds.

Obviously, this practice was the centerpiece of the state auditor's office vicious financial assault on our community which led to the \$6.1 million finding for adjustment, which the state auditor's office never independently justified, and resulted in a loss of more than \$8 million to our utility customers as a result of customers having to pay for the new electric sub-station twice and lost income in the water and sewer funds from changing the rate structure to align itself with that attack on our community.

While multiple volumes of evidence has been brought forth to question the actions of the state auditor's office against our city in 2002 and 2003, the fact State Auditor Mary Taylor has sealed the records so no questions can be asked concerning these clearly publicly available documents should speak volumes about the validity of the state auditor's office assault on our community.

While no one, including me, wants to recall that terrible time in our community's history which brutally divided our community and so painfully eroded our trust in all, it must be documented how the state auditor's office financial shell game involving millions of dollars of our community's money made it appear our funds were sound and flourishing when in reality we had been placed on a path toward potential financial disaster.

In addition, for the peace and mind of every resident, there needs to be a clear definition of what is coming from our utility funds for use in the general fund and why, and what is not.

First, the difference between cost allocations and rents and right of ways. Cost allocations are what each department in the city pays to other departments for services rendered. For example, the utility funds make cost allocations to the auditor's office for all of their financial record keeping, a service any utility has to pay for whether it is municipal or investor owned, a perfectly legitimate cost of the utilities.

Rents and right of ways is more complicated. It is a method in which the city's general fund, which is considered by law a separate entity from its utility, or enterprise funds, would charge those utility funds a rent along the city's right of ways, which are owned by the general fund. The rent would be for where water, sewer and electric lines are located.

A formula, and it is important to note a formula approved the state auditor's office as being correct in 1992, was used to determine the level of cost allocations and rents and right of ways for the city's general fund until 2001. Except for one year, the increases in these totals were just three percent each year, which is considered the standard for allowable inflationary increases.

Then, of course, what the state auditor said was fine in 1992 inexplicably was totally wrong in 2002 and as a result turned our community's financial structure upside down, totally overwhelming and intimidating our citizens and creating a financial shell game that is possibly unprecedented in our state's history.

So, how did this financial roller coaster put us in the situation we are in today?

There are many reasons. First, you can't just start moving around \$6.1 million to supposedly resolve an issue in one area and not create a sizable issue in another area, any responsible person should realize that.

In simple terms, \$6.1 million was moved from the general fund to the utility funds, which made them appear to be healthier than they really were. To then prop up the general fund, more than \$5 million was taken from the electric fund, \$5 million meant to buy the sub-station. To then prop up the electric fund, \$3.5 million had to be borrowed for the substation to replace the money already set aside for the substation that was moved to the general fund so it could be moved to the utility funds.

Then, under the previous administration, a total of more than \$10 million was taken from the utility funds, which appeared to be healthier as a result of the state auditor's shell game than they really were, although the state auditor had not approved any rents and right of way plan, and this made the general fund to appear to be much more healthy than it really was and sent the utility funds reeling, which had used the same money to appear to be healthy. Then once the state auditor's office got a change in the mayor's office, they said at least \$1.7 million of disallowed cost allocations were allowed and more money came into the general fund allowing for more spending without a steady stream of future income to support it, but why worry about tomorrow when it appeared we had all this money today and every time we wanted to make a fund look good, we just moved the money from here to there.

See what I mean? What a terrible, complicated, deceiving mess that resulted in living off the past that I know misled a number of residents into thinking it was a foundation for the future. Obviously, it was not, and rather than having the courage to responsibly address our needs of the future, we wrongly hid behind the intimidating, independently unsubstantiated findings of a state auditor's office, that now refuses to answer any questions about its actions, took the politically convenient road and left behind the tremendous challenge we face today.

But the past is gone, and tragically so is the money. We now have to live on our own, and make sure we live up to our responsibly of doing so in a responsible way that does truly set a foundation for the present and the future, puts an end to our financial shell games, and hopefully gives this community the hope and services its needs for today, tomorrow and for the years to come.

So, after all of this, where does this exactly leave us.

It leaves us with a general fund that must start having an annual income that replaces previously lost income and meets annual expenses, and right now it is not and has not for many, many years.

One of the goals my administration has strived very hard to meet is to keep our level of services and quality of life for our residents at a level they had come to enjoy and expect in years gone by.

Now, I am sure there are those who for a variety of reasons, some valid and some that probably are not, are going to be opposed to any new revenue source that is going to cost any person additional money.

Some will be opposed because they are mad at Washington and health care, or Iraq, or something Columbus did, and they want to vent their displeasure, which is fine. The only problem is, unfortunately, you can show all the displeasure you want on the local level and it is not going to affect one thing in Washington or Columbus, the only person it will effect is you, which is very handy for Washington and others.

Or, someone says because several governmental agencies need additional funding, they are going to just say no to all of them, regardless if it is justified or not.

There will be those who might even say no to this even, as the saying goes, if their lives depended on it. Of course, with only a skeleton police department, that statement could very well come true for someone.

Thus, I hope every resident of Jackson will take the time and due diligence to judge this issue solely on its own merit and not allow the judgement on it to be clouded by unrelated issues.

After long and arduous debate, the time has arrived for all of us to decide, how much is that level of service and quality of life worth, and is Jackson worth investing in to maintain it? That is the question, plain and simple, and we have to decide on the answer to the question is Jackson worth investing in to maintain it?

We can not maintain current general fund services in the future at current levels without additional income to replace the income we have lost from interest income and utility rents and right of ways. We can make it until the end of this year, and maybe next year, at least for a while, but much sooner rather than later, the end of the road will be met and we must respond now to assure our direction at that time.

So, exactly how much do we need?

In early April, from the budgetary figures I received from the auditor's office, I reported to council an estimated general fund expenditure this year of just over \$3.3 million and income of only \$2.4 million, about a \$900,000 deficit. Then we learned the initial general fund budget had not included a standard approximate \$150,000 allowance to the street and alley fund, meaning the annual future shortfall would most likely average more than \$1 million per year.

Although those numbers in future years could be a little higher because of unexpected costs or a little lower as a result of savings and unexpected revenue, whatever the very exact number might be is not really relevant because a deficit of that amount for a city our size either means a very drastic cut in services in years to come and the beginning of the dismantling of Jackson, or an increase in revenue to replace the lost sources of revenue from utility rents and right of ways plus interest income to maintain services and keep Jackson a viable community that is safe and attractive to industry and business, to build our economy strong and allow us to be competitive for those badly needed, quality employment opportunities.

While the \$500,000 lost in interest income has been a big setback, as it has for all communities, the biggest difference between my first two years as mayor and the four years of my predecessor is we have averaged only taking \$300,000 a year from the utilities in cost allocations and no rents and right of ways, while in the preceding four years an average of \$2.5 million a year were taken in cost allocations and rents and right of ways without a state approved plan for the latter.

In other words, my administration has had approximately, on average, less than \$2 million a year the first two years in the general fund to work with than was available the preceding four years. You throw in another \$500,000 from lost interest income, and even with the added cost allocations this year, anyone should be able to see we must replace that income or make the severe corresponding cuts that I believe will devastate this community, suspend any future positive direction the community might have in growing the economy and providing new employment opportunities and leave every resident unsafe, even in their own homes.

While maybe we don't spend every penny as every person might wish, this situation truly has nothing to do with alleged wasteful or careless spending, this is truly a funding issue, it is also far beyond saving a dollar or two in operation and maintenance, it is about our personnel and the services they provide, what level we fund our community and what level of corresponding service we provide. Even if we were able to make every cost reduction to please every person possible, we would still be facing a monumental shortfall.

Before talking about possible sources of revenue, though what kind of cuts are we talking about?

If the \$1,000,000 deficit were to be used as a basis for an estimated annual deficit, and to be honest that could be low on an ongoing basis, and based on an average amount of \$65,000 for salaries and benefits of an employee, the city would have to lay off between 15 and 16 general fund employees, which would be 50 percent of the general fund workforce. The police department, which has two-thirds of the non-mandated general fund employees, obviously would be hit very hard, with probably 11 out of 16 officers laid off, meaning almost every hour of the day, there would be only one officer per shift to protect the 6,500 residents of Jackson and all others who might be in the community.

It is also very possible that layoffs of this magnitude would violate the contract with the FOP, and the city could incur tens of thousands of dollars in legal fees and possibly several more thousands of dollars in back pay if the city is found liable.

Right now, our police department is right about the national average for number of officers to protect this community, as the national average for a city Jackson's size would be 15 police officers, one more than is currently on the force, or 2.2 officers for every 1,000 residents.

Although I know vastly different in size, it might be interesting to note last year, Columbus residents, faced with having to layoff police officers, raised its city income tax from 2 percent to 2.5 percent to prevent layoffs of police officers and fire fighters. Columbus has 2.4 officers for every 1,000 residents, the same as Jackson. If the Columbus Police Department were to lay off the same percentage of sworn officers as Jackson would have to, the number to be laid off would be 1,289 officers, just for some perspective.

Despite the obvious differences, though, you could imagine the effect laying off 1,300 officers in Columbus would have, and that same level of effect on crime could also happen right here if 11 of the 16 officers were to lose their jobs.

Because of current contractual language, the Hillcrest Pool would have to close because the city would not be allowed to hire seasonal or part-time employees, could not operate the summer baseball and softball programs for the youth for the same reason, any street paving would most likely never occur again because what little money is available would have to be used elsewhere.

But the bottom line is with just one officer available per shift, no one would be safe. Also, whatever officers were left would probably try to find other employment because the officers know they would not be safe, and if no quality, experience police officer would want to work in that environment, what kind of police officer might you have then? You might gain a far greater appreciation for the ones we have now, despite whatever shortcomings they might have.

Drugs, every community has them, fighting them is a never ending war, an every day battle and lost ground is rarely recovered.

While we rave about our connective highway system with U. S. 35 and the Appalachian Highway, it would be our curse should drugs take over our community. Watch the West Virginia television stations, see how many criminals arrested are from Detroit, and remember, every one of them passes through Jackson, every one of them.

And with Jackson being the most centralized location in southeastern Ohio, and a direct line to Cincinnati, Athens, Portsmouth, etc., if the Detroit element knows there is no one to stop them, why not just stop here?

And with our children having no other positive spare time outlets, swimming, baseball, 4-H, all wiped out because Jackson County couldn't match the investment in their children all other communities and counties have made, what outlet do you think they will turn to? And who will be waiting for them? And when the children can't pay for the drugs, then we have more crime, and senior citizens waiting in fear, wondering if they are the next victim?

And what about those young adults, some with jobs and some without, those with jobs who fall victim to the drug dealers then lose their jobs because drugs have made them undependable, and companies then take their jobs and leave because there is no longer a dependable workforce because of drugs.

Then, after the workers lose their jobs, there is no more health care for the residents, and the health care facilities can't afford to keep treating uninsured individuals, and they are forced to close, and more income is lost along with the ability to stay healthy.

And the cycle never ends, just keeps going down, and down, and down.

I am sure there are those who will say "That won't happen, don't let them scare you". But why wouldn't it happen, and can we really afford to take that chance?

I hope these facts make it apparent why we need officers like we never needed them before, good, qualified officers who know the community and its people like the ones we have now.

Why is it that it doesn't matter if we had five of 55 officers at one time, because this is 2010, and our only responsibility is to face the challenges of 2010 and beyond and what it takes to meet those challenges, and not mold our response simply to suit a time gone by. The past is in the past, the future is right now.

The one cry every elected official hears is we need more jobs, better jobs, better paying jobs, how do we get them to come to Jackson?

Well, let me ask you, if you had 100 jobs to bring to a community, and every community in Ohio was competing as hard as they could for these jobs, would you select a community that had only a skeleton police department to keep their business, industry or workers safe, where obviously fighting illegal drugs was not worth investing in, a community that was not able to invest in the children so they could have positive alternatives such as swimming, baseball and 4-H, where no one would feel safe, even in their own home, where their business might have to close in the winter because streets were in disrepair and potentially no one to remove the snow?

Let's be honest, what would our image be? Why would anyone come to Jackson to hire people who have made it clear they did not feel it was worth being safe or providing safe, positive alternatives for its children? Be honest, would you give Jackson even a first look, let along a second?

You are what you are, and all the sweet talking and empty buildings in the world are not going to help.

As I said, there will be those who will turn their heads, say those bad things will not happen simply to entice you and say lets roll the dice and hope we get by.

If this is the community's choice, then I hope you are right. But it was your son or daughter who ended up forever entrapped by drugs, or your mother or father who was beaten so badly they could never see again, it will be a little late to say maybe Jackson was worth investing in after all.

Yes, there will still be those who take drugs and there will still be crime, but don't we have some responsibility to give our children and our mothers, fathers and grandparents a fighting chance?

I am sure there are those who will ask have we tried to reduce costs and yes, we definitely have and continue to try to do so every day, but every cost is not arbitrary and thus can't just simply be reduced or eliminated without compromising or endangering the service.

We have had two joint meetings with all three of our city's unions concerning the crisis we face, and I believe they have been productive meetings, and hopefully at some point we will come to a conclusion that will benefit all parties involved and hopefully readjust some of our employee wages and benefits.

We took a step in that direction earlier this year when the FOP agreed to no pay raise for two years.

We have looked at a number of options, including a reduction of hours for employees. But that option is not a very viable one, because there would be little chance of returning the lost hours to the work week without additional income, and there is really no savings because all of the money saved by reduced hours would be lost in the benefit costs of retaining additional employees who otherwise would be laid off.

To save money, we have left at least four positions unfilled as a result of attrition, one in the police department, water department and recreation department as well as the water/wastewater superintendent's position. We also reduced the utility office, water/wastewater distribution and mechanic's department each by one employee.

What we have not done to this point is enact an involuntary reduction in force and there are two primary reasons.

One, the initial cost to layoff an employee is very expensive, so you only want to have to lay off an when it is absolutely necessary, and not because it might impress someone or makes a certain statement.

The city, for example, must pay every penny of unemployment as it does not pay into an unemployment fund like private business does. For 26 weeks, that could cost more than \$10,000 for someone to do nothing, and more than \$20,000 for 52 weeks. The city must pay out all due cash in pay, which the auditor's office has estimated to be about \$20,000 an employee on average, and there is upfront COBRA insurance, which could be another approximate \$13,000.

That is a potential upfront cost for 52 weeks of unemployment of \$50,000 or more for each employee, which is a lot to pay so someone does not work. If the city would have to lay off 15 employees, then you could be looking at an upfront cost of potentially as much as \$750,000.

Also, laying off just one or two employees is not going to address our city's problem whatsoever or change any circumstance. There might be a way to avoid all lay offs with the citizens only having to pay 35 or 40 percent of these salaries, but if layoffs are required, it only makes sense to do them all at one time so the city workforce only has to be restructured once and people are not constantly jumping from one job to another because of reductions in various departments and reducing efficiency.

As previously mentioned, there could also be litigation involving the city's unions if such a large number is forced to be laid off and that could be very costly as well.

In addition, if one employee is involuntarily laid off, all programs involving seasonal and part-time help would cease, including seasonal help to keep up the cemetery as well as the swimming pool being closed and possibly summer baseball and softball programs being terminated.

That is why if the city is going to lay off employees, it needs to definitively decide how many and not lead people to believe you are doing something that is really not going to have any material impact and is not going to help the situation at all in the long run, and unnecessarily cause a massive disruption until a final decision can be made.

Thus, for those who believe Jackson is still worth investing in, such as myself, what are the options other than making these massive cuts?

First, you could consider a property tax. This, in my opinion, is the least viable option and the least cost effective.

One mil of property tax would gain about \$100,000 a year, meaning you would need at least 10 mils. This also forces the smallest number of people to make up the difference, places an unnecessary burden on our senior citizen homeowners and makes it more difficult for young couples to purchase homes, which is already difficult enough. I don't see this as a viable option.

Second is to reestablish the utility rents and right of way collections. I have very serious reservations about this for two reasons, but I would not oppose it if this were council's choice.

One, I personally don't think the State Auditor's Office will ever approve a method for our community to do so as they have been given every responsible opportunity to do that and failed. It is my opinion their responses to our repeated questions about this issue have been not been responsible and have certainly lacked courage, but they also know they seemingly operate in a vacuum void of anyone ever being able to hold them to any responsibility, accountability and democracy, and tragically, to me, gives the appearance of being nothing more than a very dangerous state agency that knows they can control a city anytime they want in any way they want, as they did once, and I don't want to give them another chance to cost our residents and/or utility customers millions of dollars more in lost revenue and unnecessary added costs.

When a state agency professes they can't tell you what is right, but can brazenly intimidate everyone to believe they can tell you what's wrong, respectfully, it is just a state agency I am not going to trust, especially with our community's future.

The one thing our city does have going for us is the opinion of the Law Director Jack Detty that we can move forward with this and the ordinance passed last year.

But the second, and I believe more profound reason, is that this does not seem to be the most cost effective, cost efficient manner in which to meet our financial needs and would only be more costly to our residents.

The entire amount of utility rents and right of ways would have to be paid for by our residents, who are 83 percent of our utility customer base, and our business community. These people would have to shoulder the entire burden, when there appears to be another option that would only cost our residents approximately 35 to 40 percent of the amount needed.

If rents and right of ways were divided equally among each customer, and the total allowable amount was collected, it could cost a residential utility customer as much as \$32 extra a month in utility costs, and why use a method where the residents might have to pay as much as 83 percent of the amount, as compared to a method where the residents might only have to pay between 35 and 40 percent of the total amount.

Although utility rates hit all residents, whether employed or not, regardless of income levels, I believe, as will be pointed out later, it would be more costly to all residents, working or not, to reestablish the utility rents and right of ways to the general fund.

So, it is no surprise, that leads us to the third potential funding source, and that is a one percent municipal income tax.

I often hear statements when accusing the city of overspending, that we should be doing like other cities. Conversely, then, maybe those same people should also state that Jackson should generate its income like other cities in Ohio do, and that is through a municipal income tax.

As has often been repeated, Jackson is the only one of Ohio's 192 cities without either a municipal income tax or property tax to fund its police department. If you say that being able to continue to do that would seem almost too good to be true, you would probably be right, it would be too good to be true.

But the fact that Jackson is the last city in the state of Ohio that must have additional funding for its police department should speak volumes about how well the citizen's money has been spent over the years, and not how poorly it is being spent now.

If Beavercreek, as is planned, transitions into a municipal income tax, then it appears Bellbrook, a suburb of Dayton with 9.3 mils of property tax for police operations, will be alone outside of Jackson in not having a municipal income tax as in June, voters in Pataskala approved the establishment of an income tax to save its police department and Marysville in June, for example, received voter approval to increase its income tax rate.

Besides an income tax, other cities even have more additional property tax than Jackson for its operations. Jackson has but 3.5 mils for its cemetery and fire department, while Logan, for example, has 4.9 mils in additional property tax and Waverly has 15.3 mils of additional property tax, which includes 9 mils of property tax for its police department plus its municipal income tax.

But we also must remember we don't live in Logan or Waverly, we live in Jackson and we need to do what is good for Jackson, not someone else.

If Jackson is going to provide the basic services as other cities, it must have the same amount of revenue streams as other cities. I can assure you every one of those other 188 cities now with a municipal tax had the same reservations as every one at this table, most likely tried to avoid it every way they could, and finally realized if they were going to keep their communities viable for employment and safe for all, there were no other alternatives.

And if such a tax was not needed, certainly one of those cities would have found a way to avoid it, but they did not. That should justify something.

So why has every city gone this direction? Most likely because this method spreads out the responsibility to the most people, because it includes those who work in Jackson as well as those who live in Jackson.

Here is an example, if you take Bellisio Foods, Jackson City Schools, Holzer Clinic, Holzer Medical Center and the retail industry, you would find more than 3,000 people paying toward the operation of this city, and 78 percent of them would live outside of the city of Jackson, although they feed their families and clothe their children because of our roads, water, sewer and electric which allows their employers to locate here and those employees to make a living for their families.

Thus, if the remaining amount was a 50-50 split between those living within and outside the city and amounted to at least 2,000, it would still leave a margin of about 60 to 65 percent of those paying the tax living outside of Jackson and about 35 to 40 percent living inside.

The city would gain approximately more than \$300,000 alone from those who work at Bellisio Foods.

What this means is for every \$1 of police protection this tax would generate, the citizens of Jackson would only have to pay about 35 to 40 cents for it.

Let me repeat that. What this means is for every \$1 of police protection this tax would generate, the citizens of Jackson would only have to pay about 35 to 40 cents for it.

I always hear people say get a grant, and since all grants require matching money these days, this would be nothing more than the city, every year, receiving a 60 to 65 percent grant to help operate its police department.

If the gas station announced for every \$1 of gasoline you bought, you only had to pay 35 cents, I think you would be getting in line. You would probably say this is a great deal, and for the citizens of Jackson, an income tax would be no different than getting a grant.

It would also be the only way the city could potentially grow financially without any extra cost to the residents. For example, if you would find a new employer who had 100 new jobs at \$20 an hour, it would mean an additional \$40,000 plus for the city's economy. My guess is those people would be happy to pay for the chance at the job.

So, not only would it make sense to use a municipal income tax to save the residents of Jackson money over other forms of income, but wouldn't it be a great investment to get a dollar's worth of service for only 35 to 40 cents?

If our residents feel getting a dollar's worth of service for 35 to 40 cents is not worth the investment, if they want to continue to debate every penny spent in an effort to impede or halt any additional income, then I would have to ask what is that person's realistic and specific vision of Jackson for today, tomorrow, next year and 10 years from now?

I've had a blessed life, two great loving, giving parents, a great community that has honored me, and opportunities born not out of my efforts, but by the contributions of so many people before me that I will never know, people who cared about their fellow man, and most of all about the children, people who left a legacy behind that I was able to capitalize on.

I know there are those who have not been as fortunate as I, and I am sorry. But I have always taken my most pride in being able to give something back, even if it is nothing more than every one has done.

Thus, the time to decide our future has come. I can not in good, moral conscience summarily gut this city to the core because there are those who believe no one wants to investment in Jackson anymore and no one cares. I've cared too much to just throw it away without a good fight.

But I am only a minor player in this fight. The real players are you on this city council and the residents of Jackson 2010.

I have looked at this issue inside and out for two years, listened to the ideas and suggestions of many people, considered all of them, whether I personally agreed with them or not, and I kept coming back to the same answer, our situation is no longer too good to be true. If we are to have a community that serves our citizens as well as other communities do, we need to have the same access to revenue as they do, and I think Jackson deserves that.

Of course, there will be those who obviously do not value the services we currently offer to the extent others value them and feel they should be cut regardless of the consequences, seemingly wanting to make people believe that every dollar spent is a dollar wasted.

Obviously, I believe the services we offer the community do have value, and we have tried valiantly to reduce costs whenever possible and make them even more valuable. But there will always be those who will just call for cuts, regardless of the consequences or how many have already been made, and I believe without fulfilling their responsibility to the citizens of specifically detailing what the exact cuts are that should be made, and the exact amount that is to be cut, because as of yet, no one has outlined that for this administration although given multiple chances to do so.

I also think those only calling for cuts in our services and city's operations should responsibly detail exactly what amount of cuts would they consider to be satisfactory, and not just arbitrarily call for random, undocumented cuts that could end up costing our citizens much more than the cuts would ever save them.

Hopefully we learned our lessons from the state auditor's office when they summarily said utility rates could be reduced with no justification to support the state's claim, but simply gaining support because they could get favorable responses by simply using their name and its power to make people believe it was true and telling them what they wanted to hear.

The sizable increase we had to make in water rates last year and the cost to our utility customers to follow those unsubstantiated recommendations of seven years ago hopefully taught us to make sure we have all the facts next time before we leap to any conclusions just simply because it was what we wanted to hear.

Because I firmly believe a request for additional revenue to operate this city and replace other lost revenue is truly justified and warranted, I have ask city law director Jack Detty to prepare an ordinance as soon as he possibly can, possibly for the June 14th meeting, for your consideration.

I had strongly consider an additional ordinance to impose a 1 percent municipal income tax that would take effect on January 1, 2011. This would give the city time to establish the mechanism to be used and hold public hearings as to what should be considered for taxation.

I know there are very strong philosophical feelings about imposing such a tax without voter approval, philosophies I respect and don't totally disagree with. But there is strong evidence we have reached a point if there is not a dedicated source of sizable new revenue by January 1, 2011 to replace the lost interest income and utility rents and right of ways, then we must begin dismantling Jackson and accept the community so many us grew to love will never be the same again.

But since there does not seem to be majority support for such a measure and the discussion might only distract the issues, I have chose not bring that forth, although any council member certainly may do so if they feel it is warranted and the right thing to do for the future of Jackson.

But if you are not willing to impose this tax to assure the continuation of these services because you believe the voters deserve a say, and you elect not to choose an alternative method of funding, such as reinstituting the utility rents and right of ways, then I firmly believe you have an absolute moral obligation to place the issue on the November ballot and give the voters a say before we might very well face arbitrarily eliminating these services.

Thus, the ordinance I will propose is to place the issue on the ballot in the November general election, where I hope the voters would make the right decision for our city if no other funding source was found.

I served on council for eight years, and I would have voted at any time to place the issue on the ballot so we could have better planned for our future and not have had to face the pressure from this monumental decision. But we played politics, and we wasted valuable time.

Possibly our situation can be pictured this way. We, like every other city in Ohio, are riding a bicycle up a steep hill, we get closer to the top every day, but the closer to the top we get, the more difficult it becomes. Right now, we are even with our fellow Ohio communities, although our lack of revenue is causing us to lose steam and power much faster than them.

If we let off the pedal and slide back down to the bottom of the hill after climbing that hill for decade after decade, we all know in reality we will never have the energy or the financial resources to make that climb again and catch up with our fellow communities. While others are still striving for the top in quality of jobs and quality of life, we will be at the bottom, fighting hard to do many things we had one time already accomplished.

Personally, I have never liked being last. I have never enjoyed not being in the fight to be the best. I worked too hard to give up everything I already had. I don't want to be known as the city at the bottom of the hill that everyone looks down upon. The days of always getting something for nothing or everything for nothing or very little just don't exist anymore. You get what you pay for, and if nothing is your contribution, then unfortunately for the community of Jackson nothing will be the return.

Investing in Jackson is truly worth it, getting additional necessitated services for 35 to 40 cents on the dollar is truly worth it, and not allowing Jackson to slowly erode away in a sea of political bickering and philosophical stalemates might be the greatest gift to others we will ever be able to give, if it truly is about others, and not ourselves.

The next step, honorable members of Jackson City Council, will be yours.

I thank you for your time and attention.