CITY OF OAKWOOD
STATE OF OHIO
MARCH 3, 2014

The Council of the city of Oakwood, State of Ohio, met in a work session at 6:30 p.m. in the conference room of the city of Oakwood, 30 Park Avenue, Dayton, Ohio, 45419. Council then met in a regular session at 7:30 p.m., in the council chambers of the city of Oakwood.

The Mayor, Mr. William Duncan, presided, and the Clerk of Council, Ms. Lori Stacel, recorded. Mayor Duncan opened the meeting by asking all present to participate in the Pledge of Allegiance.

Upon call of the roll, the following members of council responded to their names:

MR. WILLIAM D. DUNCAN.....PRESENT
MR. STEVEN BYINGTON.....PRESENT
MR. STANLEY CASTLEMAN.....ABSENT
MR. ROBERT P. STEPHENS.....PRESENT
MRS. ANNE S. HILTON.....PRESENT

Officers of the city present were the following:

Mr. Norbert S. Klopsch, City Manager
Mr. Robert F. Jacques, City Attorney
Mr. Jay A. Weiskircher, Assistant City Manager
Mrs. Carol Collins, Leisure Services Director
Mr. Kevin Weaver, Director of Engineering and Public Works
Mr. Alex Bebris, Director of Public Safety
Mrs. Cindy Stafford, Finance Director
Ms. Lori Stacel, Clerk of Council

The following visitors registered:

Chris Conard, 936 E. Schantz Avenue
Teri and Jack Wilson, 1500 Runnymede Road
Dick Lipowicz, 259 Spirea Drive
Stefanie Campbell, 271 Schenck Avenue
James Tunison, 242 Wiltshire Blvd.
Brian Barr, Oakwood Register
Alice Roedersheimer, 349 E. Schantz Avenue
Costa Kokoropoulos, 118 Spirea Drive
Faye Wenner, 1900 Coolidge Drive
Aaron Rodgers, 230 Irving Avenue
Rachel Collopy, 305 Orchard Drive
Charlie Campbell, 625 Oakwood Avenue
Dave Hendricks, 61 Shafor Circle
Jim Joly, 1011 Little Woods Road
Phil Chick, 256 Beverly Place
Vladimir Benin, 406 Claranna Avenue
Marilyn and John Reed, 525 Ridgewood Avenue
Jack Harrison, 251 Wiltshire Blvd.
Jens Mayer, 324 Triangle Avenue
Jim Broz, 244 East Drive
Joel Spencer, 234 Claranna Avenue
Ted Reymann, 16 Dellwood Avenue
Jim Goetsch, 822 Harman Avenue
Ellen Walters, 474 Lookout Ridge
Richard and Beth Loew, 214 Beverly Place
Sandra Leckband, 236 Wiltshire Blvd.
Bill Newcomb, 915 Far Hills Avenue
Vivian L. Johnson, 339 Telford Avenue
Myrna Gabbe, 345 E. Peach Orchard Avenue
Greg Robinson, 236 Rubicon Road

It was moved by Mrs. Hilton and seconded by Mr. Stephens that the absence of Mr. Castleman be excused. Upon a viva voce vote on the question of the motion, same passed unanimously and it was so ordered.

Mrs. Hilton advised Council she had read the minutes of the February 3, 2014 regular and work sessions of Council and February 24, 2014 work session. Mrs. Hilton reported she found the minutes correct and complete. Therefore, it was moved by Mrs. Hilton and seconded by Mr. Stephens that the minutes of the sessions of Council aforementioned be approved as written and the reading thereof at this session be dispensed with. Upon a viva voce vote on the question of the motion, same passed unanimously and it was so ordered.

STATUS REPORTS

New Public Safety Officer - Mayor Duncan recognized new Public Safety Officer Jeffrey Yount, Jr. and his family and friends and then administered the Oath of Office. Chief Bebris provided information about Jeff Yount, Jr.'s education and shared that he served as a law enforcement officer in New Orleans, LA, prior to coming to Oakwood. Jeffrey Yount, Jr. was chosen to represent the New Orleans Law Enforcement Agency on the show COPS. He is proud to have Jeffrey Yount, Jr. as part of the team.

Proclamation – Mayor Duncan proclaimed April as "Fair Housing Month".

Mayor Duncan explained that he will open the meeting to visitors wishing to address the income tax credit limit ordinance after he introduces the ordinance. He asked that visitors identify themselves by stating their name and address and requested that comments be limited to 3-4 minutes. Council will then address questions and concerns when deliberating on the ordinance. He then invited any other visitors to address Council. None did so.

LEGISLATION

ORDINANCE

BY MAYOR DUNCAN NO 4784

TO AMEND EXISTING SECTION 148.15, *CREDIT FOR TAX PAID TO ANOTHER MUNICIPALITY,* OF THE OAKWOOD ADMINISTRATIVE CODE.

A copy of the ordinance, having been placed on the desks of each member of Council prior to introduction, was read by title and given a second reading.

Mayor Duncan reported that this ordinance was introduced with a first reading at the February meeting. Given the nature of tax credit legislation, the entire preamble text was read at the February meeting to highlight the purpose of this ordinance, as well as the lengthy process that led Council to introduce it.

Thereupon, it was moved by Mayor Duncan and seconded by Mr. Stephens that the ordinance be passed.

Mayor Duncan then opened the meeting for citizen comments.

Dr. Costa Kokoropoulos, 118 Spirea Drive, thanked the Mayor for responding to an email he sent a few weeks ago. He indicated that he had researched the subject from the resources available on the City's website. He shared that he doesn't feel that the loss of the estate tax has earned its place in the income tax discussion. He reviewed annual reports from 2010 and found that each has a graph for estate tax revenue. Typically, $1 million was always budgeted for estate tax revenue. The 2014 Budget shows a projection of $2.4 million in property tax which is an increase of roughly $1 million which equals the estate tax that was previously budgeted. The increase in property taxes should replace what was typically budgeted for the estate tax revenue. The graph in the 2014 proposed budget shows the expenditures that were budgeted versus actually spent. The estimated expenditures were always higher with an average difference in estimated versus actual of roughly $930,000 over six years. He suggests that the $900,000 shortfall is an over-estimation of what the city plans to spend over the next few years. He feels that the actual problem is what is also mentioned in previous audits under governmental activities as "the city has chosen to use unrestricted cash reserves to cover the shortfall between

revenues and expenditures because of the significant amounts of estate tax revenue that have been received in the past." He feels that year after year the City has purposely used cash reserves expecting them to be replenished by the estate tax and not making an effort to balance the budget on any given year, but does acknowledge that the City has cut expenses. If there is a shortfall, it is because the City is overspending. He feels the Leisure Services Budget shows that it will be subsidized by $430,000. He considers these services a luxury and believes possibly raising fees at the OCC or other means to reduce the $430,000 should be looked into. He would like other ways to be looked into versus passing the income tax credit limit ordinance.

Mr. Richard Lipowicz, 259 Spirea Drive, shared that he strongly opposes the tax credit limitation. He attended several community meetings where three income items were discussed: 1) increase in property tax; 2) increase in income tax; and 3) limitation for income tax credit. He understood from the meetings that the limitation of the income tax credit was the least favorable of the options. He believes the income tax limitation is discriminating against people who work for large employers in the area and that handling taxes in this way discourages the people that should be encouraged to live in Oakwood. During the discussions regarding the property tax levy, there was no mention in any public source of limiting the income tax credit limit. He reviewed three past *Oakwood Register* articles by City Council and the Levy Committee and saw no mention of an additional tax item the City would ask for. He believed the income tax credit limit, which was described as a final step in the City's efforts to stabilize its finances, clearly suggests that this was something Council had in mind before the property tax levy was passed. He believes there has been a lack of transparency on what the actual budget problems are. He spoke with someone on the Budget Review Committee and it was shared that the actual operating deficit that the city is facing is approximately $300,000 to $350,000 and this is to replace the City's rainy day fund. With this affecting 35% of Oakwood citizens, he doesn't feel that Council has done everything it can do to raise revenue from different sources. When he ran as municipal court judge, he ran on a platform of raising court costs in order to offset the $77,000 deficit that the court ran in 2012. By raising court costs, the court could come close to being economically self-sufficient. Court costs should be raised to offset the budget deficit. Most have had to tighten their belts and have seen reduced incomes so that businesses could continue on. The city administration and Council need to consider additional income measures that don't involve taxation and additional cost-cutting measures when this only affects a few citizens of Oakwood.

Mr. Chris Conard, 936 E. Schantz Avenue, understands the pressures that municipalities have been faced with and doesn't have an objection to increasing the taxes in the manner that Council is doing it. His objection is to a 1.5% increase. He would like to see a measured approach with a modest increase to show the actual financial issues the City has. He believes there are more things available to be cut before limiting the tax credit. Mayor Duncan advised Mr. Conard the increase was 0.5% not 1.5%.

Mr. Jens Mayer, 324 Triangle Avenue, shared that he went to a community meeting a few years ago and offered suggestions to help with the City's financial shortfall. He provided a 40 page "blueprint" to City Manager Klopsch hoping it would start conversations; however, he was surprised that his suggestions never saw the light of day. He is open to elaborate on the Public Safety Department and knows the City has asked Kettering for a proposal to staff the fire engine and ambulance. He was not surprised that replacing employees and equipment would not yield any savings. Council has a choice to explore the possibility to save significant money and avoid the tax increase proposal or label him and others that come with practical solutions in the City's problems as obstacles in implementing what the administration wanted to do all along. If the second option is chosen, he believes Council is misreading what the residents expressed in the numerous meetings that Council always references. Finding creative solutions and making difficult choices are what Council was charged when elected. He admires Council's commitment, but he intends to contribute what he can to the welfare of his home town and part of that is holding Council responsible for their fiscal decisions. He reiterated his plea to table the proposed ordinance, dust off the proposals of 2012, and after careful evaluations, approach the citizens with a choice. If Council comes to the conclusion that no more money can be saved without chipping away at the life Oakwood citizens have come accustomed to, tell us what we would need to give up to avoid further taxation. This gives the people of Oakwood a choice in this decision.

Mr. Dave Hendricks, 61 Shafor Circle, indicated that he has reviewed the 2014 Budget and has found a few areas that may have been overlooked when the city was looking for ways to reduce annual expenditures. He shared the following list that he believes deserves a second look: Sister City Expenses – $4,500; Marketing and Promotion – $5,000; Historical Preservation – $5,000; Employee Recognition – $4,250; Boulevard and Basket Planting – $15,000; Far Hills Tree Illumination – $4,200; Johnny Appleseed Program – $15,000; and a newly created Contingency Account – $25,000. This creates an illusion of a larger deficit on paper than actually exists. There are also Capital Improvement Funds with estimated revenue of $540,732 and proposed appropriations of $704,500. That is an over-spend difference of $163,000. All of these items together equal almost a quarter of a million dollars. The projected deficit for 2014 is $900,000 because he believes the City chooses to spend more than it takes in. He urged Council to table this matter until every line item on the budget is reviewed to ensure only what is exactly needed is requested. Only then, it should be proposed as a ballot measure. Asking only some residents to pay while others see no increase is morally wrong.

Mr. Aaron Rodgers, 230 Irving Avenue, said that any increase the Council considers should impact all citizens of Oakwood out of fairness. He also feels that encroachment of UD students on the northern edge of Oakwood is also an opportunity for additional income. They are an extra burden on the City and every year it seems as though more and more kids are residing on Irving Avenue. The City is losing income tax from the students that are not reported.

Mr. Phil Chick, 256 Beverly Place, thanked Council for listening to citizens. He enjoys living in Oakwood, but isn't sure how much longer his family can shoulder the tax increases that the City and Schools seem to be passing regularly. He is a member of the Budget Review Committee and has participated in many discussions over the past few years to deal with the issues imposed by the state government. He commends Norb, Staff and Council for getting the issue in front of the community over the past few years. He has been most vocal about increased taxes on the community that currently bears the highest tax burden in the county. He asked Council to really consider the tax credit limit ordinance and that they consider a number of things as they approach a decision on this issue. Realizing that the citizens bear this tax burden, it's important to point out that this increase would result in a 20% tax increase for 35% of the population that work outside of Oakwood. He asked Council to consider: 1) Have I done everything in my power as a member of Council working with staff, the Budget Review Committee and fellow citizens to ensure that we have reduced our expenses to the lowest possible level; 2) Have I fully investigated and honestly pursued all ways to generate additional fee based revenue including the options involving other municipalities; 3) If I feel I have misled my constituents about this increase as implied by earlier speakers, what would I do now to try and explain further tax increases that may be yet to come; 4) Does this tax unfairly target a select group of citizens; 5) Why should I as a member of council vote to penalize those that live in Oakwood but choose to work elsewhere; 6) Would it be more equitable to raise the overall tax rate a smaller amount thus resulting in a tax burden shared by all taxpayers; 7) What impact will a 20% tax increase on a select group of individuals have on the prospects of people wanting to move to Oakwood or people wanting to stay; 8) Have I considered that many of the people most affected by this increase are wage earners whose wages are earned in businesses that our region needs but cannot be located in Oakwood; 9) What will happen to Oakwood if we chase those citizens out of our community; 10) How will this vote appear to my constituents given that the majority of Council members work either in the city or township and would not see any increase in their personal taxes; 11) Am I being fair to my fellow citizens who share the same concern for Oakwood, but who work in other taxing jurisdiction; 12) What will voters think of me if they know I raised their taxes without raising my own; 13) At what point will the continuously higher city and school tax burden finally push my neighbors to leave and how many people will leave because of my vote; and 14) Am I willing to cast a vote that chases people out of my City? He asked Council to deliberate on these questions and consider how their vote may affect current prospective citizens in the community.

Ms. Myrna Gabbe, 345 E. Peach Orchard Avenue, shared that she and her husband work at the University of Dayton and this will be a tremendous burden. She feels that the income tax credit limit is unjust. She also shared concerns about when there would be another request to change the credit limit down the road.

Ms. Vivian Johnson, 339 Telford Avenue, shared that she feels a sense of betrayal because she believed once the property tax levy was passed, limiting the credit limit wouldn't happen. She

has brought other families to Oakwood including two faculty members from other areas with single incomes and feels a sense of embarrassment. She feels that this a tipping point of chipping away at peoples income and she will push to fight against any increases. She feels that this issue has been sneaky and dishonest. She asked that Council not only table this ordinance, but that they forget about it all together.

Mrs. Sarah Spencer, 234 Claranna Avenue, has researched other premiere communities throughout Ohio and found that Oakwood has the highest income tax rate and the other cities give full tax credit. She asked that Council think of more ideas because there must be a way to manage if other cities are managing without raising taxes.

Abby Ridenour, 301 Claranna Avenue, feels that this is outrageous. Her property taxes have increased 9.5% from last year. She believed that the property tax levy was supposed to take care of the issues. The income tax issue should be placed on the ballot and voted on by the community. She is afraid it will continue to be reduced without having a vote and she is shocked that it is even suggested.

Mr. Darryl Myers, 314 Harman Blvd., moved back to Oakwood for the community. Oakwood has something special which is why he chose to come back after moving. He doesn't want his taxes raised, but would be willing to share if everyone shared. Most strategic plans look at three to five years with sacrifices and negotiations. He asked about the negotiations for all pay increases for city employees and how do we come up with an increase during some of the greatest recession times we have ever experienced. He asked Council to table this ordinance and look at some type of sacrifices such as zero increases or where we all share the tax burden.

Mr. Jack Wilson, 1500 Runnymede Road, shared that roughly 50 people showed up to voice concerns at the Council meeting, but there are thousands that didn't come that still have an opinion. He believes the people that didn't show up either trust Council to make the right decision or feel they already have their minds mind up and their voice will not be heard. He suggested that rather than establishing a tax which will continue until changed again, come to the people with a temporary plan to cover the money that is needed now, possibly one or two years, and address the shortfall.

Mr. Jim Joly, 1011 Little Woods Road, stated that for Oakwood to be successful, we need a strong urban core. Mayor Duncan and Vice Mayor Byington met with a few people last week to discuss this issue and when he looked at the *Dayton Daily News* article a few weeks ago, it listed that in addition to the $900,000 in new revenue being sought, other recent increases include $550,000 for refuse, $260,000 for stormwater utility and the $1.07 million property tax levy which together adds up to $2.78 million. Even if we get an additional deficit from House Bill 5, the $3 million may go to $3.2 million, but that is less than 10% of cost reduction. When the community meetings were held, it was presented that the City was looking for a balanced approach. Most people view the word balance as 50/50 and not 90/10.

Mr. James Goetsch, 822 Harman Avenue, recently transferred to Oakwood from Wisconsin and when he made a decision to buy a home in Oakwood, he would have thought twice if he had known there would be three tax increases within the same year. Revenues in the area have been relatively flat, yet costs for residents continue to go up. He feels possibly delaying road improvements or looking for different ways to collect garbage are ways for the community to economize. He believes that the City needs to change bylaws to allow the community to vote on measures like this. He doesn't feel it is right in a community this small that the governing body makes a decision such as limiting the tax credit.

Mr. John Reed, 525 Ridgewood Avenue, feels that we need to leave the vote to the people. The people have spoken and let's do the best for the people of Oakwood.

Ms. Rachel Collopy, 305 E. Peach Orchard Avenue, moved from out of state and works at UD. She has talked to several incoming faculty members at UD over the years and three have moved here. People always ask if they can afford the taxes. She believes that Oakwood is at a point where it is pricing people out of living here. She asked to please spread the burden justly to all residents and by a vote by the community.

Mr. Vladimir Benin, 406 Claranna Avenue, said that this has shook him down to the core morally. He feels it should be put to a public vote and the community should be asked if they agree.
Mayor Duncan closed the citizen comments portion of the meeting and led Council deliberation.

Mayor Duncan then read the following statement:

"Ohio's state and local tax policies are inextricably linked.

As a local government, with home rule powers granted under the Ohio constitution, we remain at the mercy of the Ohio legislature. In 2011, they eliminated the Ohio estate tax, of which 80% of the proceeds went to Ohio cities and townships to pay for local public services. We testified against the action and were granted a delay until 2013 to give us time to adjust to this significant revenue loss.

The legislature then broke a 75 year compact with local governments that substantially reduced the local government fund.

They also eliminated the business property tax and eliminated the reimbursement of the lost revenue to cities. Together, these actions reduced our revenue by about $3 million annually or 20% of our operating budget.

As I speak, H.B. 5 sits in the Ohio Senate. Its fate is unclear but, by any analysis, it means additional revenue losses to Ohio cities.

In addition, 15 surrounding communities increased their income tax rates over the last several years, in contrast to Oakwood, which has not increased its income tax rate in 30 years. Because we currently give a 100% credit for taxes paid to other jurisdictions, our city now receives about $330,000 less in income taxes each year.

Not one of our Oakwood residents working in these 15 surrounding communities that increased their tax rates over the last several years had the opportunity to vote on the matter. Nor will they have the opportunity to vote on the City of Moraine income tax increase this spring which, if passed, will cost our community an additional $61,000 in revenue.

We did not create this system of state and local taxation, but as your representatives on City Council, we will operate within the system created by the State of Ohio.

The Ohio legislature should be given credit for reducing Ohio state income tax rates across the board over the last eight years. These rate reductions are significant in relation to the effect of our legislation this evening on Oakwood residents.

As an example, in 2005 an Oakwood resident with $100,000 of taxable income had a 6.6% Ohio marginal state tax rate; if you had $200,000 of taxable income; you had a 7.2% marginal state tax rate. Today, your Ohio marginal tax rates are 5% and 5.4%, respectively.

Because of the 2013 reduction in Ohio state income tax rates, if city council approves the credit limitation tonight, the net state and local tax increase for an Oakwood resident working in Dayton or Kettering would be $178 annually if your salary was $83,000; $200 annually if your salary is $104,000 and $237 if your salary is $208,000 and above. In effect, over the last few years, the state has reduced or eliminated support to local communities, which allowed them to reduce state income taxes, but forced communities to raise local taxes or to cut local services.

An Oakwood resident working in Oakwood or in a township is not affected by this credit limit, nor is an Oakwood resident with no earned income or a resident who works in a city where the tax rate is 1.75% or less.

Limiting the credit will increase the total tax burden for some citizens, most notably those who work in Dayton and in Kettering where the tax rate is 2.25%.

It is, however, reasonable given the fact that those residents currently only contribute 0.25% towards the services they receive in Oakwood. The credit limit will ensure that all Oakwood taxpayers contribute at least 0.75% to pay for our public services including police, fire and EMS, roadway maintenance and parks.

It is also reasonable given the fact that we have prudently managed city expenses as evidenced by the fact that we spent less for city services in each of the last five years.

I wish our federal and state governments could say the same. Sadly, they cannot.

We made our refuse program self-supporting by reducing expenses and increasing the monthly refuse charge. We established a stormwater utility to account for the costs of this program. We increased fees and reduced expenses at the Oakwood Community Center.

Our union and nonunion employees have agreed to salary freezes, two-thirds of the employees for two years and one-third for this year. We plan to ask them for an additional year with no increase in compensation.

With regard to public safety, I am unwilling to dismantle our 87 year consolidated public safety department because one well-meaning citizen erroneously believes we can save money. Others on City Council will have more to say on this matter. We investigated this option in 2012 and determined it would cost more to share services with Kettering than to retain these services in house. That said, cost savings through consolidation of city services always remain on the table, but only if we can clearly show that it is truly beneficial to Oakwood and to our citizens.

In 2007 City Council wisely decided not to join the County regional dispatch center. The decision was based on facts and not emotion. Had we joined the regional center then, our costs today would be two to three times our current costs.

In addition, I choose not to violate the Ohio Constitution and our City Charter by attempting to force our newly elected Municipal Judge to increase court costs. I understand she is already considering court cost increases and thank her for that. I commend former Judge Deddens, who saved our city over $100,000 annually by making every effort to schedule court appearances when our public safety officers are already scheduled to work. These overtime savings to our city are significant and were not reflected in the city subsidy to our court. Judge Quinn has promised to continue this practice. Some have suggested we disband our court and consolidate with another area court.

Despite the fact that any change requires state legislation, we concluded that doing so would be detrimental to our city, in both quality of service and in cost.

Reasonable people can and will disagree with our comprehensive and multi-year proposal to address the revenue shortfall caused by the Ohio legislature. They should not, however, disagree with Oakwood City Council's commitment to keep Oakwood as the "Premier Residential Community in the Dayton and Miami Valley Region."

Accordingly, I recommend that City Council approve this ordinance setting a 1.75% limit on the credit for taxes paid to other communities."

Mayor Duncan added that he was concerned about the "lack of transparency" comments that were made by multiple citizens. He believes that City Council and City Staff have been transparent through the entire process. Mayor Duncan asked City Attorney Rob Jacques if this item could be placed on the ballot for a community vote.

City Attorney Rob Jacques confirmed that this is not something City Council could place on the ballot because the credit was created by an ordinance, and can only be eliminated by an ordinance. There is no legal mechanism for Council to place the issue on a ballot. He shared that a citizen could draft legislation in the form of an initiative petition and request this be added to the ballot.

Mayor Duncan stated that he was intrigued to hear the idea about raising the credit limit on a temporary basis and then re-evaluating it. He is willing to look into every option.

Vice Mayor Byington said that he heard a few citizens say that they were misled about limiting the tax credit and the City being sneaky. He referenced copies of 14 different articles from the *Dayton Daily News* and *Oakwood Register* as well as City flyers that were published discussing budget issues and different considerations, including the fact that a tax credit limitation has always been under consideration. It is not accurate that people were misled. It is not the fault of Council if citizens did not read this material. There is also no rainy day fund. This is false information and is inaccurate. The suggestion to delay road maintenance is not an option because it is hard to catch up, which is why so many cities are in the condition they are. Vice Mayor Byington shared that the Oakwood Public Safety Department found that the concept of partnering with other existing fire stations would increase response times and would increase costs. He shared that Mr. Mayer's proposals have been reviewed, but unfortunately the City cannot make them work.

Mayor Duncan shared that Mr. Castleman has said that we need to look at our Public Safety Department due to the City being at the mercy of the state of Ohio as it relates to the Collective Bargaining Law. Historically, the City was routinely subject to mediation and then binding conciliation and would lose each time because Oakwood was considered a cornucopia of wealth. This has since changed. There is a new group of Public Safety Officers that understand the economic challenges and economic realities of Oakwood. They chose to reduce their previously bargained increase from 3% to 1.5% and then take an additional year at a 0% increase as evidence of their good faith. There was an issue back in December where someone was breaking into a house on Spirea and before he got back to Far Hills, our Public Safety Officer captured him. One of the advantages of having Public Safety Officers cross trained and one of the reasons we have very fast emergency response times is because of our small geographic concentration. We can respond very quickly to any emergency. The City did evaluate the Public Safety Department and continues to look at ways to cut costs.

Mr. Stephens added that there is no guarantee that if the City partnered with another city's Public Safety Department that they wouldn't increase the price a few years from now. He is not willing to sacrifice the Public Safety Department. There was a gentleman at Harman School that was saved by the Public Safety Department because a police officer showed up and, being cross-trained in EMS services, immediately administered life-saving CPR.

Mr. Byington read the following prepared statement:

> *"Let me begin by saying that I greatly respect my colleagues on Council and appreciate their diligent work in exploring all options to balance our City's budget. I also completely agree with their assessment that our City is in need of new revenue. The costs associated with running and maintaining our city continues to go up with each passing year and despite our continued efforts to reign in expenses, it is, quite frankly, short-sighted and unrealistic to think that there isn't a need to raise new revenues. But as it pertains to this particular piece of legislation, I cannot in good conscience be a part of a policy decision that adds another layer of dysfunction to an already flawed and inequitable municipal income tax system. I cannot look the friends and neighbors that have elected me to represent them in the eye and tell them that we have to raise their effective tax rate simply because of where they work. The reality of our current economy is that good jobs are scarce and most citizens do not have the luxury of choosing where in the region they work. Simply put, you work were your job is.*
>
> *And 38% of Oakwood's working population currently works in outside jurisdictions that have an income rate of 1.75 or higher. As such, it will be these Oakwood residents who will be affected by this legislation.*
>
> *I do not agree with putting 38% of our citizens in a "pay more, or move out of Oakwood" scenario.*
>
> *All of the cost saving efforts, additional service fees, and the increases in property tax, that the City has implemented up to this point to close our overall $3M shortfall, have been shared by the community as a whole. They have resulted in some savings and new*

revenue, but have still left us short of balancing our budget. This budget shortfall has not been solely created by 38% of our citizens and I do not believe it should be solely borne by 38% of our citizens.

The case has been made that 38% of our citizens only have 0.25% of their income tax apply toward the services they receive in Oakwood. While that is true, it is very important to remember that this fact is not by their choice. This is imposed on them by a State taxing system that is highly flawed and highly detrimental to bedroom communities like ours. Penalizing these citizens simply because it is the easiest way of compensating for this flawed taxing system, does not align with my views on governance.

You will also hear the case made that our citizens should be able to vote on whether the City limits the income tax credit or not. While at first glance this might seem like a viable option, it really isn't. It wasn't long after the Ohio Legislature created the Uniform Municipal Income Tax Law in 1957, that the members of Oakwood's City Council of the time, determined that making their constituents pay both the full income tax rate of the city where they work, as well as that of the city where they live was simply not the right thing to do for our community. We had additional revenues coming in, mainly in the form of the estate tax which had been around since 1893, so Council used provisions within the Law to implement a full tax credit for taxes paid to another jurisdiction. In short, the credit was a local governmental way of trying to fix a flawed piece of state government legislation. And it wasn't long before nearly every municipality in the state with a municipal income tax, implemented the same tax credit for residents who work in another jurisdiction.

Since it was originally Council's decision to implement the credit, it is also Council's ultimate decision, with input from our constituents, as to whether to modify that credit or not. It is not a matter that should, nor needs to be, voted on by the community as whole.

With that being said, It has been my contention, since this Council first began discussing this credit limit legislation, that if a raise in income tax dollars is necessary, which we have clearly established it is, then the fairest way to do this would be to raise the overall income rate on all citizens, not just those 38% I have discussed.

One of the arguments for limiting the tax credit, rather than raising the overall income tax of the City, is that limiting the tax credit can be done with a majority vote of Council, while raising the overall rate would require a vote of the people, in the form of a ballot issue. And as we are all aware, convincing people to raise their own taxes can often be a very difficult proposition. There is a fear that, in these trying economic times, an increase to the city income tax rate for all citizens might fail, leaving us still facing a budget shortfall. It is my opinion, that if we make the very real case of the City's need of an increased income tax, in much the same way that we did for the increased property tax we passed last year, and the community votes "No", then I say "So be it". A failed ballot issue will definitively tell the Council that our community, as a whole, is no longer willing to pay for the level of service that the City currently provides and that drastic and painful cuts have to be made.

One of the other arguments for limiting the tax credit, rather than raising the overall income tax of the City, is that it offers the City some stability against a scenario where a neighboring community raises their tax rate, negating the revenues gains that would come from increasing our own rate. It is my opinion, that if one of our surrounding communities raises their income tax rates in the next couple of years (which would also have to be voted on by that communities citizens, I might add) and we have to re-evaluate where this loss puts us financially as a city; then, once again, I say, "So be it". All of us would love to have the financial stability offered by limiting the tax credit, but are we willing to do so at the exclusive expense of 38% of our citizens?

In closing, there are many legitimate ways to justify limiting the tax credit; it's much easier than passing a city wide income tax hike, it only affects about a third of our population, the total monetary cost to those affected isn't onerous, and it provides a certain amount of stability from changes in other communities' tax rates. All of these have their individual merits and I do not fault any of my fellow Council members for

basing their decisions on these merits. But in the end, I believe it all boils down to whether I can defend the decision to set the income tax rate of some of my neighbors at 2.5%, while effectively raising it to 3.0% for others.

As for me, I say "NO"."

Mr. Stephens read the following statement:

"First I would like to say thank you for everyone who attended tonight's meeting. It shows you care about our City and its future. I would like to share my thoughts on our financial situation and why I feel this is our best option for our city.

We all know that we have a shortfall from the loss of the Ohio Estate Tax. Saying that.... something needed to be done. The City hosted over 30 neighborhood meetings and the consensus was "keep our City the same, no major changes to our services". We have cut everything we can to keep our outstanding safety, public works, and recreation departments operating at the same efficiency level as before. We have reduced our full-time staff by 11 positions; a 12% cut in personnel and have reduced our actual expenses in the past five years. We have also cut approximately $1,000,000 in spending since we became aware of the loss of the estate tax. Continued expense cutting was the first piece of the three part plan that was discussed at all of the neighborhood meetings.

The citizens passed a property tax levy in 2013 that allowed us to raise income for the first time by property taxes since 1992. Do not forget, the City only gets 8% of our property tax. That was the second piece.

Finally, the third piece is the income tax. This adjustment, a credit limit, is our best option for a couple reasons. One, it does raise the final amount of funding to reach our budget requirements. Two, and most important to me, it allows us to secure the income tax collection going forward that we are projecting. If we would simply increase our income tax rate above the current 2.50%, it wouldn't protect us from other cities and the loss of income when they increase their rates. For example, if the City of Beavercreek would have passed their income tax levy in 2013 we would have lost approximately $80,000 per year. If Moraine passes their levy in May, we will lose $61,000 annually if we take no action. Every time an area city increases their income tax rate, we will lose money by doing nothing. We have not increased our income tax rate since 1984. Doesn't it cost more today to buy a car, groceries, and other goods and services than it did 30 years ago?

I commend our internal city leaders and previous council members for not increasing taxes in the past 2-3 decades because we received income from the Estate Tax to operate our City and pass the savings onto our citizens. The other commendable point is that we have not accumulated any debt.....I repeat, we have NO debt. However, it is time for us to take action so we can still provide the high quality services that the majority of our citizens have asked for and expect.

My wife works in Kettering so this will increase our family tax commitment, but we are willing to pay more to live in the top residential community in our region. We enjoy the current services and are very thankful for the safety department in our City. Thank you for your time."

Mrs. Hilton shared that she also had concerns about the "lack of transparency" comments and thanked Vice Mayor Byington for addressing them. Norb and City Staff worked very hard to get information out. She was intrigued by Mr. Wilson's comment about a temporary arrangement of the tax cut and believes that Norb and Staff have cut everything they can. She added that she is interested in looking into the temporary arrangement for two years. She asked City Attorney Rob Jacques if a sunset provision (or temporary arrangement) was written into the ordinance if it would take effect today plus two years.

Mr. Jacques confirmed that a sunset provision would take effect for a certain amount of time and automatically revert to the way it was prior to enactment of the ordinance.

Mrs. Hilton heard a lot of comments about the selective application of the tax. She said that it did make an impression on her because she would be willing to raise her own taxes to share the burden.

Mayor Duncan shared that income taxes haven't been increased in 30 years and before last year property taxes had not been increased since 1991. As Vice Mayor Byington has said, we are in a tax scheme in Ohio that operates to the detriment of local governments. He understands Vice Mayor Byington's preference to increase the tax rate for everyone to share alike, but everyone isn't sharing alike because a lot of Oakwood residents do not have earned income. There was a court case this week in Shaker Heights which is going to find its way to the Supreme Court that basically says wealthy executives of Fortune 500 companies that have non-qualified deferred compensation plans cannot be taxed by city governments because it is being considered a pension. And to the point of other communities raising their rates, if Dayton were to change their tax to 2.5%, then Oakwood loses an additional $300,000 annually.

Vice Mayor Byington agrees that the majority of why we are in this situation is because of the state policy and the way things are happening in our current administration. Mr. Byington shared that in his option the idea of a two year sunset provision would be the equivalent of delayed maintenance and is something you can never catch up from. He has not seen anything at the state level that would imply that in two years things would get better financially. If other communities change their tax rates over the next few years, which is very likely, this would mean that the city of Oakwood will lose that money and it will again have a financial shortfall. At that point, the city would look to change the credit limit once again.

Mayor Duncan shared that we will continue to reduce expenses.

Mr. Stephens agreed that we will continue to cut costs. He said that his main concern is not necessarily on raising the tax right now, but what will happen in the future when other cities in the area raise their tax rate and Oakwood loses money because we are not taking action. We need to protect our City and services and the funding that is coming in right now.

Mayor Duncan mentioned that multiple people asked Council to table this credit limit ordinance. He asked Council if anyone felt there was a reason to table this issue.

Mr. Stephens shared that he believes everything has been cut that can be cut and that the City has reduced expenses. He isn't sure what tabling this will solve.

Mayor Duncan responded by stating that we have cut everything we can cut, but we are going to continue looking for ways to reduce costs. We have a Public Safety Officer that is retiring at the end of the month and he will not be replaced.

Mr. Stephens agreed with Mayor Duncan and said that we have already cut to a point where if we start cutting more besides the attrition of that officer, we are going to start losing services.

Mrs. Hilton shared that she could really go either way. She shared that Council has received some letters supporting the income tax credit limit.

Mayor Duncan stated that there are a handful of letters showing support for the tax credit limit and he appreciates their words of support. There have been very few phone calls regarding this issue.

Mayor Duncan recognized resident Jack Wilson who was requesting to again address Council. Mr. Wilson clarified his recommendation about the sunset provision. He added that it should be for one year with a stipulation that Council comes back to the community after 6 months to demonstrate how the shortfall has been reduced.

Vice Mayor Byington shared that he appreciates the theory of this provision but it requires that everything stays the same over the next few years, but what happens when House Bill 5 which would cost an additional $400,000 a year from the budget comes into the picture? When Council comes back to the community, they could see it as if Council did not do enough to reduce the shortfall. It is very difficult and very unrealistic to say we know what the state administration could do over the next few months that impacts local government.

Mayor Duncan added that even if we don't put a sunset provision in the ordinance, it will not be effective until January, 2015. He then asked City Attorney Rob Jacques if the ordinance could be amended prior to its effective date if needed.

City Attorney Rob Jacques responded that it could be amended.

Jim Broz, 244 East Drive, asked how long it will take for the City to determine how much money is received by the tax credit limit. He is concerned that if the sunset provision has a requirement for an update after 6 months, we wouldn't have enough data to provide an analysis.

Mayor Duncan shared that if the ordinance doesn't goes into effect until January 2015, it wouldn't be until April 2016 until the City knew how much money it generated. He said the projections of income are based on all W-2's, but the sunset provision would need further investigation.

Given that there were no additional Council comments, Mayor Duncan concluded the deliberations.

Upon call of the roll on the question of the motion, the following vote was recorded:

MR. WILLIAM D. DUNCAN.....YEA
MR. STEVEN BYINGTON.....NAY
MR. ROBERT P. STEPHENS.....YEA
MRS. ANNE HILTON.....NAY

There being four (2) yea votes and (2) nay votes thereon, said ordinance was declared duly denied and it was so ordered.

Mr. Jacques confirmed that a 2 to 2 vote means the motion does not carry.

ORDINANCE
BY VICE MAYOR BYINGTON NO 4785

AN ORDINANCE AUTHORIZING A REQUEST TO THE OHIO BOARD OF BUILDING STANDARDS TO CERTIFY THE CITY OF OAKWOOD, OHIO FOR ENFORCEMENT OF THE RESIDENTIAL CODE OF OHIO WITH THE CONDITION THAT THE CITY OF KETTERING, OHIO RESIDENTIAL BUILDING DEPARTMENT WILL EXERCISE ENFORCEMENT AUTHORITY AND ACCEPT AND APPROVE PLANS AND SPECIFICATIONS, AND MAKE INSPECTIONS; AND AUTHORIZING AN AGREEMENT FOR SUCH ENFORCEMENT BETWEEN THE CITY OF OAKWOOD, OHIO AND THE CITY OF KETTERING, OHIO; AND DECLARING AN EMERGENCY.

A copy of the ordinance, having been placed on the desks of each member of Council prior to introduction, was read by title.

Vice Mayor Byington reported the City of Oakwood has had an agreement with the City of Kettering for the last 25 years and somehow the state lost the application and has asked for it to be resubmitted to have the agreement on record.

The ordinance is being presented as an emergency measure because the state does not have the necessary approvals on file, and this needs to happen as soon as possible to comply with state law and allow our current relationship with Kettering to continue.

Thereupon, it was moved by Vice Mayor Byington and seconded by Mrs. Hilton that the ordinance be passed.

Upon call of the roll on the question of the motion, the following vote was recorded:

MR. WILLIAM D. DUNCAN.....YEA
MR. STEVEN BYINGTON.....YEA
MR. ROBERT P. STEPHENS.....YEA
MRS. ANNE HILTON.....YEA

There being four (4) yea votes and no (0) nay votes thereon, said ordinance was declared duly passed and it was so ordered.

RESOLUTION

BY MAYOR DUNCAN NO 1784

AUTHORIZING AND DIRECTING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH DR. LUDOLPH VAN DER HOEVEN, THE GARDEN CLUB OF DAYTON, AND THE DAYTON FOUNDATION, TO PROVIDE FOR THE ONGOING CARE AND MAINTENANCE OF FRANCINE'S GARDEN.

A copy of the resolution, having been placed on the desks of each member of Council prior to introduction, was read by title.

Thereupon, it was moved by Mayor Duncan and seconded by Vice Mayor Byington that the resolution be passed.

Upon call of the roll on the question of the motion, the following vote was recorded:

MR. WILLIAM D. DUNCAN.....YEA
MR. STEVEN BYINGTON.....YEA
MR. ROBERT P. STEPHENS.....YEA
MRS. ANNE HILTON.....YEA

There being four (4) yea votes and no (0) nay votes thereon, said resolution was declared duly passed and it was so ordered.

STAFF REPORT– Mayor Duncan asked Finance Director Cindy Stafford if she would come to the April meeting to provide her staff report. Mrs. Stafford confirmed that she would present at the April 7 Council meeting.

CITY MANAGER'S REPORT– NONE

COUNCIL COMMENTS

Mrs. Hilton thanked the Public Works Department for clearing off all the snow. She heard the trucks out from Saturday morning to Saturday night and then they were out again on Monday morning.

Vice Mayor Byington thanked the League of Women Voters for sponsoring a program bringing in speakers to help local government determine how to make things better. He and City Manager Norbert Klopsch attended a program two weeks ago on moderation in government systems. Last week he attended the Wright Patterson Air Force Base Museum grand opening for the Space Shuttle Exhibit. The museum has the crew compartment trainer which is basically the equipment that all shuttle crews train from. The museum has created a full size display of the shuttle utilizing the training equipment which allows people to get up close and see how everything works. He encouraged everyone to visit the museum to view the Space Shuttle Exhibit. They also recently approved the Fourth Hangar which will have the presidential gallery, the Space Exhibit and the Global Reach Exhibit.

Mayor Duncan read the following letter that City Manager Norbert Klopsch received from a citizen which is an example of the services you receive in Oakwood, services that are now at risk:

"My name is Barry Bales and I am an Oakwood resident residing at 344 Aberdeen Avenue.

On the evening of February 13, I experienced a sewer backup.

It was quite unpleasant as you can imagine but the response of the City personnel was outstanding.

Beginning with the police dispatcher who advised me of the fact that a water crew was already out on another problem and would respond to my house as soon as possible. She also offered to send an officer to see if he could assist but that was not necessary.

She then called back to keep me informed of the status of the water crew.

The maintenance supervisor responded quickly and told me what they planned to do to alleviate the problem.

He returned several times to keep me informed of their efforts to alleviate the blockage and the status of their efforts.

The problem was rectified within about 20 minutes and then cleanup began. The supervisor then ordered a dumpster which provided invaluable.

I would like to commend the City personnel for their response and care during this event and the fact that they kept me so well informed during the incident.

I hope you will pass this along and commend all personnel involved, including the dumpster delivery people who were also very helpful."

Mayor Duncan added that this is an example of the services you receive in Oakwood that cost money. These services are at risk. Our citizens are going to have to decide whether they want to pay for top quality services to maintain this city the way it has been run for 105 years.

The public meeting concluded at 9:45 p.m.

MAYOR

ATTEST:

CLERK OF COUNCIL