
**CITY OF CARLISLE COUNCIL – WORK SESSION MINUTES
TUESDAY, JANUARY 18, 2022
CARLISLE COUNCIL CHAMBERS - CARLISLE, OHIO**

Mayor Winkler called the Carlisle, Ohio City Council Work Session of Tuesday, January 18, 2022, to order at 6:11pm in the Council Chambers at the Carlisle Town Hall building, 760 Central Avenue, Carlisle, Ohio with the following members in attendance:

Council Attendees:

Mr. Tim Humphries
Mr. Chris Stivers
Mr. William Bicknell
Mr. Randy Winkler, Mayor

Mrs. Debbie Kemper
Mrs. Kim Bilbrey
Mr. Michael Kilpatrick

Staff members present: City Manager Julie Duffy, Finance Director Ryan Rushing, and Police Chief Will Rogers

Discussion Items:

Alternate Revenue for the Carlisle Police Department

General discussion was made regarding medical marijuana as a potential new source of revenue to the city. Key points made included:

- Mr. Stivers indicated he had been in discussion with State Representative Scott Lipps regarding pending legislation in the State House of Representatives regarding reducing restrictions on the medical marijuana industry and additional dispensaries.
- Mayor Winkler indicated that he had previous discussions with the City Manager of Monroe regarding the current impact on dispensaries in their community.
- Mr. Kilpatrick stated he believed that local communities could not receive revenue from sales tax. Mr. Stivers stated that sales tax is collected by counties and not locally, but other states had success in adopting other tax revenues related to medical marijuana.
- Mr. Stivers indicating that he believed it could generate anywhere between \$12,000 to \$20,000 of potential annual revenue that would help fill the identified annual budgetary hole of \$400,00-\$500,000.

General discussion was made regarding the history of the ordinance. Key points made included:

- Mayor Winkler stated Mr. Rushing was asked by the Finance Committee to bring forth the legislation for consideration and that there was no discussion by Council on the topic until the third reading where it was tabled by a 4-3 vote. Mayor indicated that someone should have spoken up during the first reading with concerns rather than doing so at the third reading.
- Mrs. Kemper clarifying that she voted to table the legislation to collect more information from staff after hearing questions from various citizens and needed the additional time to give the matter further consideration. She indicated that she was not against the police department and that they did an amazing job. She stated that she wanted to make sure that she was making the right choice for the community and received the information she needed after further discussing with staff.
- Mrs. Bilbrey indicated that she heard from citizens who were surprised that council let it go two readings without discussion and that they felt council was not supporting the police department. She stated that \$400,000 is a big hole to fill and had concerns about the ultimate impact to the citizens by delayed action of Council on this topic.

- Mr. Bicknell stated that Mr. Rushing provided Council with concerns on the future of police funding in 2019 and that his role is to look such financial issues years down the road.
- Mr. Stivers indicated that he refrained from discussion during the first two readings out of a concern that it would be meddling in the day-to-day operations. He indicated that he now realizes that he should have spoken up during the first reading about his concerns so that it did not go to a second reading.

General discussion was made regarding citizen comments received by individual council members. Key points made included:

- Mrs. Bilbrey indicated that she had been contacted by citizens with concerns regarding the lack of conversation during the first two readings and that she has encouraged all members of the public to attend the meetings.
- Mr. Kilpatrick indicated that he had received comments and questions from the public and invited them to attend the work session as well.
- Mayor Winkler indicated that he had not been contacted by any members of the public.
- Mr. Bicknell indicated he had been contacted from a few members of the public.

General discussion was made regarding the General Fund and the types of expenses/revenue paid from the fund. Key points made included:

- Mr. Rushing provided an overview of the 2021 actual expenditures and revenue for the fund and indicated that highlighted certain one-time items that either added to the revenue (land sale in the Business Park) or underspent the appropriation (vacant full-time staff position). He stated that had either of these items not occurred, the General Fund would have seen an overall decrease in fund balance at the end of FY2021.
- Mr. Rushing indicated that revenue was not keeping pace with expenses and reiterated that the General Fund is the only fund that can be used for any purpose as all other funds are restricted in their use.
- Mr. Rushing stated that the deficit in the police fund is related to operating expenses and would continue to increase over time unless a source of revenue is found that can keep pace with both the cost of inflation and the cost of doing business.
- At the request of Mr. Bicknell, Mr. Rushing provided the top five expenses in the General Fund for 2021.
- Mr. Rushing stated that the largest expense in 2021 was Lands & Buildings but this was overstated as we would receive reimbursement of \$85,000 in 2022 for a CDBG project that occurred in 2021.
- Mr. Rushing indicated that the actual largest expense in 2021 was a \$350,000 transfer from the General Fund to the Police Services fund and that this transfer should have been \$400,000 but was \$50,000 less due to the one-time Cares Act reimbursement. He stated that the budgeted General Fund transfer in 2022 for the department was \$412,000 – a 3% increase from the original planned 2021 transfer.
- Mr. Rushing stated that the third largest expense in the General Fund was Council due to allocated personnel paid from this department for such personnel as the members of Council, Law Director, and City Manager.
- Mr. Rushing stated the next largest department is the Planning and Zoning which supports two contracted services – city engineering and building inspections – plus local personnel.

- Mr. Rushing stated the fifth largest department in the General Fund is the Finance Department which is mainly comprised of allocated personnel expenses.

General discussion was made about the 2022 budget. Key points made included:

- Mr. Kilpatrick asked what impact COVID had regarding income tax collection and if the figures were expected to increase in 2022. Mr. Rushing explained that the law was changed so that taxes were collected where they work and that Carlisle may have seen an increase in collection in 2021 as more people were working from home but would change as people returned to their place of business.
- Mr. Kilpatrick asked what inflation percentage was used in the 2022 budget. Mr. Rushing explained that he budgeted for a 3% increase, but that Social Security released a 6% increase, so it is difficult to project what the actual inflation impact to our 2022 budget will be. Mr. Kilpatrick indicated that his industry is experiencing 40% increases. Mrs. Bilbrey indicated that she is also seeing large percentage increases in her line of work. Mr. Rushing agreed that inflation cuts down the buying power but is a necessary part of the budget forecast process.
- Mr. Rushing reminded Council that this issue is one of sustainability and that performing the services as we do now will cost more tomorrow. Mr. Rushing stated that our revenue is not keeping up at the same pace as the cost to provide today's services.
- General discussion was made about the feasibility of bring contracted services in house. Mrs. Duffy indicated that the costs to bring an engineer or building official in-house would be far greater than contracting when you factored in their higher professional rate and benefits plus the amount of equipment needed for them to perform their work. Additionally, Mrs. Duffy explained that there would still be the need to contract out work for elements of these roles due to the need for specialists within their field as opposed to keeping them as contracted services and accessing all of their services at once.

General discussion was made about the police fund. Key points made included:

- Mr. Rushing indicated that the police fund had a net decrease of \$87,000 in 2021 even after a \$350,000 transfer from the General Fund. He stated that the fund would have been at zero if the General Fund transfer and Cares Act reimbursement had not occurred.
- Mr. Kilpatrick asked what percentage of the fund is related to personnel. Mr. Rushing stated that 82% of their budget was for personnel. He stated that the number one expense of government is generally related to personnel and that equipment and materials purchases were typically for use by the personnel.
- Mr. Rushing reminded Council that the 2022 budget did not include the roll-out of a police vehicle, as we bought two in 2021. He stated the cost for a new police vehicle was \$55,000 to \$60,000. Mrs. Duffy reminded Council that the city's current rollout schedule of 6-7 years for police vehicles is about twice that of other agencies.
- Mr. Rushing stated that the only dedicated source of income for the police department is the existing 0.5% income tax which is expected to generate about \$485,000 in 2022. He stated that the department also received nearly half of the remaining 1% income tax through a transfer from the General Fund. Therefore, even though the income tax legislation states that 0.5% of the current tax rate goes to police and 1% is for general services, the reality is that it is actually flipped with the police getting the 1% and general city operations receiving 0.5%.

General conversation was made about which residents currently pay towards the Carlisle income tax and how local income tax collection works.

General discussion was made regarding the proposed 1% tax reduction legislation. Key points made included:

- Mr. Bicknell expressed concerns with putting on a police levy or raising the overall tax rate to 2%. He stated that a decreased tax credit would be a fairer way for those who live in the city to pay for local services they use rather than shift the burden to the employees of our local businesses. He expressed concerns about going to a vote if council would still take action to reduce the income tax credit should it be voted down. He stated that he believes it is in the best interest of the community to act now rather than to wait until the police fund is depleted so that the department can continue to progress and offer their services five to ten years down the road.
- Mr. Rushing was asked by Mr. Bicknell of the current percentage of residents who do not pay income tax toward city services. He stated that only about 30% of citizens pay the current 1.5% income tax due to the current tax credit structure.
- Mr. Stivers indicated that he did not believe it to be fair for those working outside of the city to pay an additional 1% on top of what they were paying to the community where they work. He indicated that he would vote no on the reduce tax credit legislation if it came to a vote. He stated that he believes this issue should go to the citizens for a vote as he will never individually vote for a tax increase. He state that he would assist with attempting to educate the public on the issue if placed on the ballot.

General discussion was made about the previous ballot issue in 2014 and 2015. Key points made included:

- Mrs. Kemper stated that the city went for a ballot issue in 2014 and 2015 where the issue was voted down. She stated that the issue regarding lack of funding that is currently before council could have already been decided if council had taken appropriate action years ago.
- Mayor Winker indicated that council had several open houses during the 2014 and 2015 levy issue to educate the public, but few people attended.
- Mr. Rushing indicated that the 2014 was voted down by 60+%, and the subsequent 2015 issue was voted down by approximately 59%.
- General discussion was made about the possible impact social media could play in a campaign. Mr. Kilpatrick and Mr. Stivers indicated that social media could be a useful tool in a campaign. Mrs. Bilbrey commented that most social media users are typically younger whereas most voters are 50+.

General discussion was made regarding the sewer fund. Key points made included:

- Mr. Rushing indicated that the sewer fund has a current fund reserve of two million dollars that took the city 20+ years to capture. He reminded Council that the city has a sewer project to replace a small portion of the sewer main on Central Avenue that would cost approximately one million dollars from the reserves if the city is not successful in obtaining grant monies.
- Mrs. Duffy commented that the city had been turned down for grant monies once for this project and had submitted for a second grant from the State. Mrs. Duffy indicated that the pool of grant monies has become more competitive over the years with larger projects from the County and bigger cities receiving most of these funds.

- Mrs. Duffy indicated that the Carlisle sewer system is forty-years old, and that maintenance and replacement of the system will be very expensive. She stated that any discussion to decrease the revenue source for this fund would not be in the best long-term interest of the community. She stated that each new subdivision further adds to the system and increases the burden of maintenance and repair.

General discussion was made a possible ballot issue. Key points made included:

- Mr. Bicknell questioned if there would be enough time to place the issue on the ballot more than one time as the projections indicated the police department will be fall below the required 20% minimum fund balance by the end of 2023.
- Mr. Rushing stated that city cannot run nor fund the campaign using public funds – which also includes city equipment and staff time. Mr. Rushing stated that council needs to answer the question of what would happen if the issue does not pass.
- Mrs. Duffy stated that campaigns that offer something new from the additional tax dollars are generally much easier to run and explain to the voters. Mrs. Duffy reminded council that the issue for the police department was to keep it solvent and not to necessarily add anything new. She asked council what the message of the campaign would be and what the consequence they would state to the public should the issue not passed. She stated that the stated consequences should be something that council is prepared to implement should the issue not pass.
- Mrs. Duffy indicated that it is important that council adhere to the dos and don'ts of a campaign as to not violate the rules. She commented that members of the Bellbrook school board and their superintendent were recently criminally charged for such violations on their school levy issue.
- Mr. Bicknell stated that a ballot issue on police funding would be more difficult as compared to the school's building campaign. He stated that council needs to decide if they are going to raise the necessary revenue either by a ballot issue or reduced tax credit or are they going to begin discussion about reducing city services. He indicated that citizens would be hurt in any of these scenarios.
- Mr. Humphries indicated that he is in support of it being on the ballot and suggested that each council member use two of their council paychecks to fund the campaign.
- Mrs. Bilbrey indicated Council is not going to be able to please everybody. She stated that she owns a marketing company and that how you deliver the message is the key to its success. She said that it is important to deliver a tough message with a positive spin and that everyone needs to be on the same page and deliver the same message.

General discussion was made about the how to bring back the tabled legislation for consideration. Key points made included:

- Mr. Bicknell indicated that he thought the discussion would start at the point where it was originally tabled.
- Mrs. Duffy indicated that she would need to research the process for the issue to be brought back for discussion and would provide to Council prior to the January 25th meeting.
- Mr. Humphries asked Mr. Rushing when the city would receive the additional money if the legislation to reduce the credit passed at the next meeting. Mr. Rushing indicated that the city wouldn't receive full collection until 2023. He stated that communication would be given to the residents about the adopted legislation so that they can inform their employers to begin withholding. Mr. Rushing said

that there would be some true-up for residents in 2023 since the legislation was not adopted prior to the beginning of 2022.

General discussion was made about the Carlisle Mayor's Court. Key points made included:

- Mr. Stivers indicated there is no one thing beyond the tax increase that will fill the police's need. He continued with his earlier conversation of filling the budgetary hole and mentioned that Mayor's Court was running a budgetary deficit of about \$30,000.
- Mr. Rushing stated that Mayor's Court's direct expenses was about \$30,000 less than direct revenue. He stated that there was also indirect revenue generated by the court through the enforcement of our local income tax laws that is captured as part of the income tax receipts but not shown as court revenue. He commented that the court played a significant role in the enforcement of our current income legislation and was confident that the amount of tax revenue collected by this enforcement would more than cover the apparent deficit. He stated that the tax system does not currently have the ability to capture this amount and has asked the software provider to add this data point in the future.
- Mrs. Duffy indicated that she and Chief Rogers had a meeting with Franklin Municipal Court regarding what would happen if the Carlisle Mayor's Court dissolved. She stated that half of the court cases over the last three years were related to enforcement of our local tax ordinance – either for failure to file or failure to pay. She stated that Franklin Court would enforce our local ordinance in the same manner as other similar violations in their court. However, they stated that their court's attention was on much higher level of offenses and that we would not receive the same level of service we experience now using our own court. She stated that Judge Ruppert indicated that the City of Franklin does not enforce their local tax ordinances to the extent that we do. She suggested that this is more than likely due to the difference in each community's tax base in that Franklin has a much larger business and withholding base whereas Carlisle is primarily residential. Mrs. Duffy stated that Franklin Court indicated that they also operate at a loss of about \$650,000 that is covered by the City of Franklin annually.

Additional discussion was made about the proposed legislation. Key points made included:

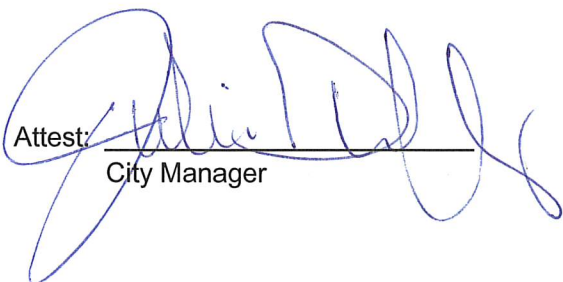
- Mrs. Duffy stated that the growth of our community is residential. She stated that economic development is an important factor for the future of the community and that we should continue to seek out new businesses. She stated there is not enough available land to support enough business growth to fill the police budgetary hole. She reminded council that a million-dollar payroll produces \$15,000 in annual revenue – of which approximately \$10,000 would be used towards the police force. She indicated that council will be considering a rezoning request that would take away land along SR123 and develop it residentially which would add to the number of persons utilizing city services and increase the amount of public infrastructure without adding any additional tax revenue to offset.
- Mrs. Kemper asked Chief Rogers if the police department has had any recent turnover. Chief Rogers stated that the department has had no turnover since he was hired. He stated that the seven officers he has are dedicated to the community and are aware of the discussion of Council on this topic. He stated that some of his officers are concerned with the idea of council delaying any decisions on the future of the police department. He stated that he has instilled a sense of community in the department and has concerns that some may choose to leave fearing that the department will lose revenue and must cut staff in two to three years.

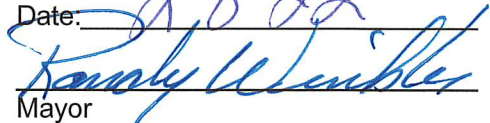
- Mrs. Bilbrey asked council members for their final thoughts on what direction to give staff.
- Mayor Winkler indicated that he believes the reduced tax credit is the only option and would like it to be brought back to council for discussion.
- Mr. Kilpatrick indicated that he is in favor seeking more money for the police department. He stated that he has concerns about council being at a precipice at this point and having to operate under that pressure to do something now. He said there are two ways to look at a problem – either increase revenue or reduce expenses. He was glad there was discussion about the Mayor’s Court and would like to look at other such building blocks to reduce the deficit. He stated that Council could use the next six to eight work sessions to look at economic development and how to pull people into the community. He stated that businesses in town find it difficult to do business in this community. He stated we need to look at internal ways to reduce expenses prior to going to the citizens for more money. He asked Mr. Rushing when the last audit was performed. Mr. Rushing indicated that the city gets audited every two years. He stated that he would prefer to look at 0.5% instead of 1% and work it up slowly.
- Mr. Stivers indicated that Mr. Rushing provided information regarding the reason for the 1% and that 0.5% would not be enough to sustain the department for more than a few years. Mr. Stivers indicated that he thought tonight’s work session was to seek alternative solutions and that four ideas were discussed – medical marijuana, Mayor’s Court, a levy, and taking the reduced credit back to a vote. He indicated that he supports any increase of tax payment as a ballot issue.
- Mr. Humphries passed on commenting.
- Mr. Bicknell indicated he was in favor of having staff bring back the legislation for the tax reduction.
- Mrs. Kemper stated that she talked to some residents and with staff to get some of her questions answered. She stated that she has concerns about the timeframe for putting an issue on the ballot. She also indicated that she asked staff if council could reverse the reduction at a future point and was told that they could. She said that if council did opt to reduce the credit now that they could continue to work on alternative revenues then come back in the future and reverse the tax credit reduction. She stated that she was in favor of staff bringing back the reduced tax credit legislation for action.
- Mrs. Bilbrey indicated that she was also in favor of staff bringing back the legislation.

Adjournment:

With no further business, Council adjourned the meeting by voice vote with all in favor.

Meeting adjourned at 8:16 p.m.

Attest: 
 City Manager

Date: 2-8-22

 Mayor