

## Ways & Means Committee Minutes

Honorable Council  
City of Newark, Ohio  
April 15, 2014

The Ways and Means Committee met Monday, April 14, 2014 in Council Chambers following the Service Committee, with these members in attendance:

Ryan Bubb, Chair                      Doug Marmie  
Jeremy Blake

We wish to report:

1. **Resolution No. 14-33** authorizing the Clerk of Council to submit a request to the Licking County Auditor to certify the total current tax valuation of the City of Newark, Ohio and the dollar amount of revenue that would be generated from an additional tax of 2 Mills was considered.

**Mayor Hall-** we were here a couple of weeks ago and our City Engineer Brian Morehead gave a pretty good presentation of the situation we are in with the streets. It is surely not unique to Newark many cities across the state are experiencing the same. I don't think that it is just from this past winter. Obviously it was a rough winter but it is from a combination of that without a good solid plan. We don't have any increases in revenue so it is challenging how to address that when there are increases in costs. We are here tonight to bring a first part of the legislation up for one potential remedy or solution. I was handed a piece of paper this afternoon that I will share. It covered the cost of filling pot holes this past year. I want you to put this in perspective of repairing your car. There is a point you keep repairing and the cost exceeds doing a better fix. If you look out across the city the streets that we paved in recent years weathered this winter pretty good. Obviously ones that didn't have a recent coat of pavement the condition of those streets starts dropping pretty quickly as Brian showed you on his charts. The cost of repairing potholes from December 2, 2013 to April 14, 2014, cold mix asphalt and propane is \$33,722.00. A hot mix that we use in the winter time \$19,700.00, fuel \$16,300.00, man hours \$7400.00. So it fix potholes in the city is above \$77,000.00. We have been repairing potholes over the last couple of months but to go back and keep repairing it when the right way is to pave it. There are two ways to go. Mr. Morehead showed that we need north of 2 million dollars a year to maintain the city streets. There are a couple of different angles you can go to get additional monies but at the end of the day you are probably talking a levy or your talking income tax or you are talking debt. I don't think that we believe in using debt to fix streets that are never going to go away. I think of debt more for a project when interest rates are low but streets are something that we are

going to constantly maintain. It is our job as administration to try to bring forward some potential solutions. Obviously whether it is a levy or an income tax it is going to go to the voters because they are the ultimate deciders but we believe they have the right to that option. With a levy which will be a property tax, is a two part legislation. The legislation tonight asks the County Auditor to certify how much money a levy of 2 mills would bring in. The time frame if this is something that this Council endorses it has to go on the ballot; it has to be there the first week of August. So to push this through without putting an emergency on it which we don't think you should rush, it gives us about a one month cushion. Once the numbers are back from the County Auditor if this Council sees it, it will then go on the ballot.

**Motion by Mr. Marmie to send to full Council,**

**Jeremy Blake-** I think that we are all in this for Newark and I think that we recognize that there paving issue with our infrastructure. I think that the question that comes up is to how we solve that. I am curious about understanding the differences with the income tax. I am concerned about our seniors, people on social security and retirement incomes. I am concerned about levying something additional to them which is why I would like more clarity on that particular option, the income option versus what is before us tonight.

**Mayor Hall-** first of all if this was an alternative we would probably need to get it rolling but this is just the first step; it is just looking at dollars. It is not saying that you want it on the ballot that is another piece of legislation. This body would be no committee to something going on the ballot by passing this legislation tonight. It is just doing an investigation into the route of what 2 Mills would collect. Roughly an average home value in the City of Newark is \$98,000.00. For about \$5.60 a month we would raise about 1.6 million dollars. It is short of the 2 million but there is a limit to how far we can ask the voters to step in I believe. On an income tax we would like some feel on what direction this body would entertain. We have a 1 ¾% income tax which being the 20<sup>th</sup> largest city in Ohio that is on the lower side. If you did a quarter of a percent increase you could probably just rough it, we would collect about 19 million, divide that by 7 that is about 2.7 million dollars. Maybe in the next couple of weeks we could have the Tax Administrator drum those numbers however right now it is tax time and she is focused on that. They have entertained 600 people in this lobby over the last 5 days. This administration is not closed to any remedy that this body may see fit. I am open to any solutions to this problem.

**Mr. Blake-** is there a similar certification process for an income tax if we were to go that route?

**Mayor Hall-** no, because we collect our own income taxes. There is legislation but we are not reaching out to another body, in this case the County, it builds in extra time.

**Carol Floyd-** first of all to reiterate what the Mayor said, I was looking through some old Council stuff and I found an old newspaper from June 8, 2008. The headline "Newark Officials wrangling money for street paving." This is not a new issue this is something that we have had for a long time. I think that we have to do something. I just wanted to clarify is that if this is passed tonight all it does is goes to the Auditor to see how much money we could get out of it. It doesn't say we are not going to do a property tax. Is that right?

**Mr. Bubb-** that is correct

**Mayor Hall-** yes

**Mrs. Floyd-** if we do choose to do an income tax that could also be discussed and we could

figure out how much that might bring in. So all this does is get the ball rolling on doing something as far as streets are concerned.

**Mr. Bubb-** to your point Jeremy, you had mentioned exploring all options and getting back to what Carol said that is what this would allow us to do while potential plans are being formulated. That would give us a true number of what the Auditor says this Millage would bring back in terms of money. Comparisons could be done later, income tax versus real estate tax.

**Lesa Best-** I seem to remember and maybe it was discussed here or another Council meeting it was discussed that since semis, large capacity vehicles tend to damage streets more and the larger businesses the big buck stores that make billions every year since they are the ones that have those big semis that I see going down West Church all the time, would they not pay a little more for damaging our streets instead of all of the tax breaks they get?

**Mr. Guthrie-** I have had a number of conversations with Mr. Rhodes and I think that we are doing the right thing by having this discussion. I am grateful that the Mayor has taken the lead on it. Personally as a member of Council I would like to see us go forward during the next 30 days get all the information in front of us but I am not sure that we have to have this piece of legislation within the next 30 days to know that it is going to generate approximately 1.6 million. I had a couple of conversations with Barb Jobes and Mr. Johnson; both have been giving me excellent feedback. Mrs. Jobes indicated to me in her email today that a .15% income tax would generate approximately the same revenue as 2 Mills of property tax at 1.6 million. I think that we could spend the next month absorbing those two issues and still have plenty of time to certify with the County Auditor if the property tax is the best option. I really value the point that Mr. Blake made here tonight that the income tax applies to earned income. That is going to exempt our seniors who are on social security and other sources of retirement. Not considered earned income it is going to exempt them from the burden of paying an additional tax. That means of course that the rest of us who pay taxes on other sources are going to have to pick up the load. I think an important comparison that we should make over the next few weeks. I think that we generally know that we are looking at about 1.6 million dollars with 2 Mills. Personally I would like to see this be a Capital Improvements Levy but I can see if we did that it might in some way be confusing to the voters. I would like to see part of it earmarked for streets and other parts of it earmarked from Capital Improvements but that might cloud the issue. Mr. Rhodes and I talked about that and I am willing to concede that might be accurate and maybe we better just fully focus this on streets but I would like to see a fair comparison between both options before Council does a roll call vote. That is just my opinion, thank you.

**Mr. Blake-** I agree and I want to thank the Mayor and members who have spoken. I think that my concern is that when you are talking about a straight street levy and all of has won elections. I am ready to get on board and win an election for Newark. I want to say

that publicly to the Mayor, Director Rhodes and I have spoken about that several times, so I think that people are in this and ready to get geared up for November but I think what I would like to see is comparison. I think that an income tax would be broader. You would not only collect off of people that are living here but also people who are working here. I think that there are pluses and minuses to each so I hope that the discussion would explore both of those. I understand now what this piece of legislation will do so I will second Mr. Marmie's motion to do that knowing that we will be exploring both in the future. I don't want to be a road block but there is serious concern about putting a property tax on the levy and I am not feeling comfortable right now with a property tax. I would like to better understand the income.

**Mr. Bubb-** as I think about how I vote here, are you planning on bringing some sort of idea for an income tax forth in a couple of weeks or where are we at on this?

**Mr. Blake-** well if we are going to explore it, I heard the Mayor say we are going to explore it

**Mr. Bubb-** what I want to do here is if we are doing this then I want to encourage Council members that have an idea for an alternative tax to bring that forth due to where we are at with times.

**Motion by Mr. Marmie to send to full Council, second by Mr. Blake**

**Mr. Marmie-** I don't think that there is a person in this room that doesn't know my position on taxes and tax increases however I am a firm believer of gathering any information or data to make well informed decisions. That is why I am supporting this particular resolution because at least we will have accurate factual data in front of us regarding whatever. I will put it on the record right now I won't be supporting any kind of tax increase but I will support gathering this data.

**Mayor Hall-** I would like to leave you with two more bits of information. Understand that 1.6 is lean for what we need. Mr. Morehead's presentation showed north of 2 million and second of all the State has been proposing legislation to change local income tax collections. Balance those around in your head for the next week or two. There have been proposals that look like we get our income tax revenues cut in half; it is up in the air a lot right now over in Columbus where local, municipal income tax will be. There are a lot of factors to both of these points and we will discuss them right here in this room.

**Mr. Blake-** the Law Director is not here but Director Rhodes did you have a conversation with the Law Director about from when you and I talked? He was going to draft a piece of legislation

**Director Rhodes-** he was not in today so that was unable to occur but I think motioning this out of Committee then to look at the information from Mike Smith then reconvene in here in about 5 weeks or so after we the information back because it has to go to two reading before it has to go to Council. That gives everyone the appropriate amount of time to get the information on our proposed income tax and then we have two pieces of legislation here that evening and we have good dialogue on it. It also gives Council members the appropriate amount of time to think about how they really feel and if they have something additional that they would like to offer. I would encourage that today.

**Tim Waldron-** discussed that this had been tried before and was voted down.

**Motion passed by a vote of 3-0.**