

This is the correspondence from Councilman John Rach read by Vice Mayor Weiss and referred to in the minutes of February 10, 2022.

This message was sent from the City of University Heights.

Statement on the budget

All, I'm sorry I could not attend today's budget meeting but I am out of town.

I'd like to start off by saying that one of the important roles of the city council is to oversee the city's finances on behalf of the residents. It is the Council that has the fiduciary responsibility. Our community elects us to represent them and to protect their hard earned tax dollars.

The Mayor has a vision for the city. I admire his vision and I am excited about the forward momentum. However, his vision over the next four years is aggressive. I am sure all of us in this room can agree that these ideas will be explored collaboratively. Over the course of the next four years, it's quite possible that most of this vision can be implemented after it's been fully vetted through the committee process.

The Mayor is proposing a budget that has a substantial deficit spend. I am not at all surprised by this. Of course the administration would submit a proposal with their full term vision all in year 1. It only makes sense that the leader of the community would want to implement their vision in the first year of the new term. However, I would like to caution that implementing all of these new projects all at once, without a full discussion at the committee level would be unwise and imprudent. In an effort to thwart off overspending at this stage, we need to take a hard look at the overall finances of the city.

The Mayor is proposing we deficit spend by nearly \$4.5 million. This would bring our general fund ending cash balance to roughly \$2.8 million. That is the absolute lowest amount of money to have in reserves that is allowed by local ordinance. If we accept this proposal, it will leave no flexibility for the future. No future administration, not even Mr. Brennan's will ever be allowed by law to deficit spend ever again since our cash position will be at its bare minimum allowed. As costs go up and revenues remain flat, it is almost certain that will not be able to maintain our minimum balance and serious cuts would need to be made next year.

It's times like now where we need to hold the administration accountable to produce a responsible budget proposal.

The Chairwoman and Vice Mayor of the City has spoken to me regarding her thoughts to get our expenses in line with revenue. I fully support these ideas.

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On the issue of recycling, I agree our city can do so much better. I'd like to discuss strategies at the committee level to see how we can make a greater impact at a reduced cost.

The proposal that the administration is bringing forward is unique and ought to be discussed at greater length. I'm not aware of any other city that employs a dual method of pickup: both backyard and curbside. In fact, it was recommended by the trash study that we don't do a dual method of pickup since it would be too costly. I asked about the possibility throughout the study of backyard rubbish pickup and curbside recycling pickup and was greeted with laughter. Being serious on the issue I had asked that the cost be incorporated into the study. It was and it was found to cost more money.

The Mayor's budget proposal proves this theory. By the numbers and according to the study, the City recycles 355 tons each year at a cost of \$96 per ton. That totals \$34,080. If we were to transition from bagged recycling to loose recycling we can do so at cost of \$69 per ton or \$24,495; a savings of \$9,485. If we abandon recycling all together (which I am not recommending), we would be throwing our recycling into a landfill at a cost of \$45 per ton.

In an effort to save \$9,500 per year by switching from bagged recycling to loose recycling, the administration is proposing we buy cans for every household in UH at a cost of \$240,000. In addition to this one time cost, two additional

service employees would need to be hired to physically dump the contents of the curbside recycling into the recycling truck. The cost of salaries, pension and benefits for these individuals would exceed \$200,000 per year. Just so we can save \$9,500 per year. Does that even make sense? It sounds like government waste throwing good money at a unsolved problem.

This budget proposal also includes the addition of a full time city planner. It doesn't come as a surprise that our 2 square mile city is fully developed. It has been for many many decades. What would this city planner actually do? Perhaps after the completion of our re-zoning efforts, there may be new opportunities to re-develop areas that will be re-zoned. But that hasn't happened yet. We are putting the cart before the horse here.

On the issue of roads, all of our roads ought to be resurfaced every 15-20 years. At that rate we should be resurfacing a half mile to one mile of streets per year. This year's budget proposal far exceeds this. I do support the resurfacing of roads not to exceed \$800,000 this year. If we repave Cedar, then we won't have the funds to resurface any other road in this year's program and vice versa.

We have long term needs such as the new municipal facilities. Right now, the latest estimates on the new construction are \$50 million. We need to think carefully how to finance this. University Heights is one of the highest taxed cities in the entire state: If we spend our investments in this year's budget, then we will certainly be asking the residents to support a

tax increase to finance the new construction. How much more taxes can our residents endure? Especially when we can't even balance a budget.

I'd like to conclude with the reminder that the council has the obligation to be good stewards with the city's finances. This is not our money but we are the keepers of the purse. It is our duty to produce a balanced budget. While we have money in our reserves, which earns interest while we determine its future important purpose, we should not be dipping into that for annual operating expenditures. Furthermore, we should not be depleting that in one year.

I do support spending last year's surplus this year. And if we end 2022 with a surplus, then I support including that in 2023's budget.