

# 2011

## STATE OF THE CITY

(PREPARED JANUARY 2012)

### 2011 AND BEYOND

2011 was a year of improvement and modest growth for the city. Bright spots in city finances were the increase in income tax receipts and some unexpected revenue in estate taxes. However those were offset by the decrease in local government funds as they were cut by the Ohio Legislature and the decrease in real estate taxes due to lower property values and delinquent taxes not yet collected. The General Fund of the city feels these types of ups and downs in revenue the most and it always presents a challenge to manage those dollars.

It is anticipated that 2012 will continue to improve over 2011. Employment seems to be stabilizing and some companies are still adding jobs and projecting some growth. 2012 should also be the year the city starts to feel some effects of the oil and gas boom as companies and employees are slowly moving into the area. This should continue to provide new employment opportunities and provide more dollars to spend in the local economy which in turn will strengthen and support local businesses. It is difficult to pin down exactly how much of a benefit the oil and gas industry will provide in terms of increased income tax revenues. I am hoping for some gains here but some employees are being hired as sub-contract labor and tracking income can be difficult.

Overall I am looking forward to a more prosperous 2012 and with that said, it will still be important to monitor the spending and revenue streams with a close eye.

### **HUMAN RESOURCES**

2011 provided another year of stability for employment for city workers. With only the reduction in Recycling of one full time employee, all workers and seasonal help were maintained to enable us to maintain full service levels to the citizens. Feeling that the worst of the recession has passed I am proud to say that we weathered it from an employment standpoint without facing layoffs, furloughs or other methods to reducing employee costs. These options all remain viable alternatives should the financial situation change due to cuts in Local Government Funds, reduced Real Estate tax revenues or other reductions in revenue causing us to not being able to sustain our current employment levels.

Staffing and Human Resource issues are dealt with on almost a daily basis. With over 160 full-time employees there are always questions, interpretations and staffing issues that require large amounts of time from department Superintendents, Chiefs and elected officials.

Several long time employees retired in 2011. Civil service eligibility tests were given in the police department where several new hires were made. In management, the major changes came in that Ed Wilson was hired as the Water Superintendent and Vickie Ionno was hired as the Health Commissioner. Both of these very qualified employees came from outside of the city

ranks. Although there was some interest in these positions internally, the candidates were not as qualified as those from the outside. Currently there is an opening for an Assistant Superintendent in Wastewater and those who meet the license requirements internally did not show interest in leaving the current bargaining units. This may be due to the disparity of benefits between bargaining and non-bargaining employees. For example, the AFSCME Service union has a 4 ½ % pension pickup, dental insurance and the ability to accrue double the amount of compensatory time that non-bargaining personnel do. In addition the union has better longevity benefits. This tends to stunt succession and causes the city to look outside its own labor pool for non-bargaining management candidates. This disparity is something council needs to look at and bring the non-bargaining personnel in line with bargaining. Council's Salary Ad Hoc committee was beginning this process but nothing has been done recently to further this process.

In addition, with the fall 2011 elections, the city will have a new Law Director, Police Prosecutors, Municipal Court Judge, Council President and one new Council at Large member in 2012. While these changes can bring some fresh ideas to city government, the large amount of experience lost by previous officeholders will be difficult to replace. I would anticipate some growing pains with these new officeholders for the first quarter of 2012.

The Mayor is planning to fill the vacant position of Assistant General Services Superintendent in 2012. This position has been vacant since 2005 and with the growth in the departments in terms of number of calls, increases in recycling and sanitation demand and to maintain the quality of service; it is time to bring back this additional level of supervision. The General Services currently operates with three divisions, plus seasonal summer help, seasonal leaf crews and in excess of usually 30 employees most of the year. One supervisor cannot adequately monitor production, monitor job assignments, deal with trash and special pick-ups, traffic issues, snow plowing and salting, tree removal, mowing, general clean-up and administrative duties. Funding from an unfilled Recycling position that was eliminated in Recycling in 2011 will provide almost all the funds to pay for this position without any major increase in wage expenses.

In addition, as mentioned in prior years, operating without a Human Resource staff person puts the city at some risk when different levels of management with different levels of education in Human Resource issues deal with employees on a daily basis. Human Resources is a time consuming field filled with many challenges from accurate and legal job descriptions, to collective bargaining and interpreting bargaining contracts, to insurance issues, to Equal Employment Opportunity issues to Family Medical Leave.

The city, in my opinion, with the size of its work force is exposed to the potential for employment related liability issues due to not having an on staff trained professional to interpret and uniformly administer Federal, State and city policies. This is a position that needs to be filled.

The other position that is still vacant is the Assistant Water Superintendent's position. The filling of this position is still desired since the Water Superintendent is responsible for not only the Water Filtration Plant, but also the entire Water Distribution System and the Utility Billing Office. As with General Services, this large of a responsibility spreads too thin one Supervisor who has multiple staffs at multiple locations and buildings to oversee on a daily basis. Working short-handed in this manner can stunt productivity and citizen service due to not being able to handle multiple things at the same time. This position also needs addressed and filled as has been mentioned before.

The city's Labor-Management Steering Committee continues to meet monthly. The Mayor has attended this meeting for the last four years but will no longer beginning in 2012. The Mayor would like to see what direction the group takes and what issues they would like to discuss without his influence at the meetings. The committee has continued its summer employee/family picnic and reinstated the Christmas employee luncheon. In addition, it still monitors a suggestion box and tries to address issues raised through that means. Finally, this committee has been able to keep up and running a quarterly employee newsletter that continues to grow and expand with different contributors each issue.

Also we will be looking at moving the Service Director's staff to the third floor of city hall. In addition, we will make room for the General Services Superintendent to have work space there as well. This will make for a more efficient operation under one roof and provide a more central location for the citizens to access for permits and mapping information. In addition, our IT area will also be more central to all city operations. Relocating and centralizing this should also save on fuel expenses for travel between locations, and reduce utility expenses at the Commercial Avenue location. The third floor is currently used for a workout room and another location will have to be found for this equipment.

## **ECONOMIC NEWS**

2011 continued to improve over 2010 from a business standpoint. The diversity of the New Philadelphia business base has provided the city with a stable revenue source which is growing slightly each of the past two years. Income tax revenues increased in 2010 over 2009 by 3.7% and the increase in 2011 over 2010 was 3.5% or slightly over \$200,000. This demonstrates stable and slow growth in the New Philadelphia job market. In addition, we are excited and in anticipation of how the development of the oil and gas industry will impact our city in terms of increased income tax revenues. I would project another stable year in 2012 and another small increase in income tax revenues. Monitoring this source of revenue is done monthly and will continue to be closely watched.

The city will have some major capital expenditure items to review and consider in 2012 and years beyond. Already committed to is the widening project scheduled for 2014 for West High Avenue from Five Points to the railroad tracks. This approximate \$600,000 buy-in by the city is coming from set asides in the Master Capital Fund and is being done in conjunction with ODOT. In addition, the city is in the process of determining an estimate to upgrade and expand the storm sewer lines from Five Points down West High to 10<sup>th</sup> Drive SW then to the river. Doing this will be determined by potential funding sources and council being willing to incur some long term debt. No decision has been made at this time on this possible upgrade to solve the flooding issues at Five Points. Also, the city has in principal decided to move forward with ODOT for several major paving projects to occur in 2013. These paving projects are being done as part of ODOT's 80-20% program for paving state routes through city limits. The city's estimated portions of these is about \$500,000 and doing them will be based on projected revenues being received by the city.

Other major capital projects either being looked at or to be looked at include a new main fire station, a traffic upgrade project on University Drive and improvements to the Southside Community Park, and the acquiring of land for expanded cemetery space. Obviously, the city does not have resources to do all these things at once but over the next ten years all need to be looked at and prioritized. Federal, State and other sources of grant funds will go a long way in determining what the city council will be willing to commit dollars to. The Administration is

committed to trying to wisely recommend the spending of tax dollars for items to benefit our city and its residents.

## **LOCAL BUSINESS NEWS**

2011 seemed to finally give many local businesses a small amount of confidence that the economy in our area and beyond was turning in the right direction. Unemployment has been on a slow continual decline in the county and many businesses that have laid people off in the past couple years had not only called them back to work but also had made small increases to their work forces.

With its second season underway the Kent State Performing Arts Center has met its minimum expectations and continues to attract people to our area that support our tourist and travel business. Our major employers like Gradall and Howden Buffalo have been doing well and business has picked back up at Kimble Mixer. Also, Tusco Display from Gnadenhutten leased with the option to purchase a large vacant building on the southwest side of town for increased production capacity.

The ongoing razing and reclamation of the former ODOT site on West High Avenue continues by the Tuscarawas County Port Authority and will provide an approximate 8 acre prime development site on the main gateway into the city.

Final design plans are in production for the new incubator building being built by the CIC and Kent State University at the gateway into the Tech Park. Construction should begin in 2012 with completion in about 18 months.

Once again, I would like to mention the potential for jobs and revenues to many businesses from the growing oil and gas business that is supposed to really blossom in 2012. One large commercial site in New Philadelphia has already been purchased that will create new jobs for our residents to seek. We already have experienced high traffic in our city from all the abstractors working in the courthouse searching real estate records relating to oil and gas leases. These many new workers to our area are spending money for food and entertainment, keeping our hotels at a higher capacity than maybe normal through off travel season months and generally adding to our local economy. How the growth of the oil and gas business actually impact the city in the future remains to be seen but so far the impact has been positive.

Having said all this, from a business standpoint the recent past has shown good improvement and prospects for the future seem bright. Just how fast things will improve remains to be seen but as Mayor I feel much better about the short term and long term business prospects of the future.

## ADMINISTRATIVE ACCOMPLISHMENTS IN 2011

Much was accomplished in 2011 by the Administration and city departments. Following is a listing of the highlights of those accomplishments:

- ◆ General Paving and crack sealing of road surfaces most in need
- ◆ Beginning of the Lauren Lift Station upgrade and expansion
- ◆ Working with and getting a new lessee in the airport restaurant
- ◆ Installed two catch basins on Hillandale at Oak Shadows Drive
- ◆ Rebuilt Lagoon gatehouse mechanical overflow equipment
- ◆ Fixed water problem and added catch basins Tuscora Park entrance
- ◆ Fixed water problem and added catch basins Summit and N. Broadway
- ◆ Fixed flooding problem and installed storm sewer 1000 Block Second SW
- ◆ Repaired catch basin and replaced sidewalk and curb at Minnich and Third St NW
- ◆ Finished catch basin installations at Larkin and Third St SW
- ◆ Installed storm sewer and handicapped ramps Hilan Ave SW and South Broadway
- ◆ Replacing metal roof on green hangar at airport
- ◆ New windows and add siding on red/white hangar at airport
- ◆ Install concrete pads in tan hangar at airport
- ◆ Completion of the CDBG project near Central Elementary
- ◆ Completion of the recycling change to weekly curbside with bins
- ◆ Taking delivery of a new recycling compactor truck bought entirely with grant funds
- ◆ Holding the first citywide free shred event for residents which was a big success
- ◆ Completed the fuel farm upgrade at General Services to satisfy OEPA
- ◆ Hired a new Water Superintendent
- ◆ Hired a new Health Commissioner
- ◆ Purchased a new Sanitation Truck with no debt

- ◆ Held citywide employee summer picnic and Christmas luncheon
- ◆ Attained grant money and local contributions for University Drive Traffic Study
- ◆ Cancelled gas supplier agreement for significant savings on gas bills
- ◆ Completed Traffic Signal project and upgrades with two new light locations
- ◆ Completed upgrades at Wastewater plant
- ◆ Decided to NOT lease/purchase a jetter type truck for the Water Dept.
- ◆ Began implementation of the Backflow Prevention Program

### **SOME CHALLENGES FOR 2012 AND BEYOND**

- We must continually monitor revenues and expenses
- We must continue to emphasize high service levels to satisfy our citizens
- Labor/Management relations are important and try to continue those in a positive way
- Disparity between benefits for bargaining and non-bargaining workers needs addressed
- Key Administrative positions need to be considered for better efficiency and productivity
- Budget dollars carefully to be able to fund commitments
- Work with the local business community to support their efforts in whatever way we can
- Make sure that our enterprise funds generate enough dollars to support their operations
- Work with city council to prioritize projects for major expenditures
- Being able to keep up with deteriorating road surfaces and aging infrastructure
- Develop and update city administrative policies concerning cell phones, social media, drug screening, and summer help, snow plowing and salting.
- Work with the Federal Aviation Administration and the Airport Commission and council to address Runway Safety Areas at Harry Clever Field
- Locate and purchase additional Cemetery land
- Look at starting an Opt-In electric aggregation program
- Devise a way to deal with the goose problem at Tuscora Park

- Develop a new master plan for the Southside Community Park
- Have and complete successful collective bargaining with all unions using Clemans-Nelson
- Dealing with deteriorating surfaces at Tuscora Park tennis courts

## SUMMARY

2011 was another productive year for the city in terms of accomplishments and growth. Many projects were completed and some were done that had been talked about for years but never gotten implemented. Some of the city's revenue streams grew like income tax collections but others decreased like Local Government Funds due to changes mandated by the Ohio Legislature. Unemployment decreased on a fairly regular downward trend towards the end of 2011 and local businesses seemed to have improved their employment and sales numbers for the year. Throughout the entire downward cycle of the last three years the working staff of the city employees has been almost entirely maintained. This enabled us to keep our high level of excellent service that the residents have come to expect. As we move forward into 2012 there still are many challenges ahead and most are financially related. The need and demand for dollars to maintain and improve city infrastructure, buildings, equipment and staff never ends. Although the city has not taken on any long term debt during my first administration discussions about possible new projects including a new main fire station, large storm sewer projects, and traffic projects such as may be looked at in the University Drive area may necessitate additional debt. The city, like most individuals, cannot do or purchase needed things that are costly without borrowing some part of it. And always, when talking about taking on debt there will need to be discussion about how to retire it and what revenue sources are available or needed to do so. These types of discussions will provide a good opportunity to evaluate how and where the city grows in the future. These discussions will not be easy and in some cases not popular but they are part of operating a city with modern, efficient facilities, equipment and staff to provide the government services the citizens have come to expect and want to the extent they are willing to financially support them.

My administration will continue to work towards upgrading and improving the above areas within the financial appropriations the city council is willing to support to operate the city. 2012 looks to be a promising year and a better business climate for New Philadelphia. I am pleased to be working towards a better New Philadelphia.

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Michael R. Taylor, Mayor  
January 6, 2012