

**MINUTES OF THE MAY 4, 2017
SPECIAL MEETING OF THE ALLIANCE CITY COUNCIL**

The meeting was called to order by President Garnes at 5:30 P.M.

ROLL CALL: Larry Dordea, James Edwards, Julie Jakmides, Donald Kline and Roger Rhome present.

Council President Garnes gave the invocation and led the meeting in the Pledge of Allegiance.

President Garnes acknowledged the meeting was called by Mayor Andreani and asked the mayor to explain the purpose.

Mayor Andreani explained the need for the meeting to discuss the financial situation of the City to State Auditor representatives who will be conducting a financial analysis. Mayor Andreani introduced Nita Hendryx and Jim Armeni of the State Auditor's Office

Nita Hendryx explained what they are seeing in the City's financial situation and explained what is determined in a financial analysis. Ms. Hendryx reviewed the 2017 budget with proposed expenditures and revenue sources and stated the City is on pace to have a \$1.9 Million deficit this year. City will need to examine spending and revenue sources.

Ms. Hendryx discussed the City allocation of income tax and stated the Auditor's office needs a definite decision if the current allocation is going to change or not. This would affect the analysis.

Ms. Hendryx explained fiscal warning, fiscal watch and fiscal emergency and noted what is involved with each stage.

Councilman Dordea and Councilman Edwards questioned the City's options and if the City does adjust the allocation would it still experience a deficit. Dordea noted a crumbling infrastructure and further financial problems further down the road if not addressed.

Councilwoman Jakmides questioned what actions other Cities in similar situations have done in recovery plans and Ms. Hendryx reviewed some item noting Alliance has already done many of the common things.

Councilman Edwards questioned what impact state mandated action would have on Collective Bargaining agreements and Ms. Hendryx explained that it would have no effect.

Ms. Hendryx discussed loss of revenue in the city including Local Government funds, Personal Property tax, Estate Tax etc. This is a common municipal problem.

Auditor Knowles noted many of the normal recovery plan items that Alliance has already implemented.

Mr. Armeni questioned what specialized funds the General fund subsidizes and if they can be made self sufficient. Auditor Knowles stated that there aren't many.

Councilman Edwards stated a Parks levy could be proposed to make the Parks self sufficient.

Councilman Rhome asked how soon a levy would be collected if it passed for streets or parks.

President Garnes questioned the time line for fiscal recovery and Ms. Hendryx explained.

Ms. Hendryx explained fiscal warning, fiscal watch and fiscal emergency and noted what percentages are associated with each as well as what mandates come with each.

Councilman Dordea questioned what stage the City is currently in and Ms. Hendryx explained that no determination has been made. This stage is just the fiscal analysis. Determination would be

determined on year end numbers.

Councilwoman Jakmides questioned and was assured that final determination of fiscal state is based on year end determination.

Councilman Dordea stated that the City has been flirting with disaster for several years not and has avoided fiscal emergency only due to the sound fiscal management of the administration.

Councilman Rhome stated that the City must act as soon as possible to avoid the situation being even worse.

Councilman Dordea confirmed that if worst case occurs, the State steps in and forces a 15% cut across the board to balance the budget.

Councilman Kline asked what effect the fiscal emergency would have on collective bargaining agreements and was again informed there is no effect on the contracts. Councilman Kline stated that this something has to be done because he believes City employees are overpaid.

Ms. Hendryx stated she will provide recovery plans of other Cities for Council to review.

Mr. Armeni discussed a performance audit and the benefit it could provide. Councilwoman Jakmides questioned cost of a performance audit and Mr. Armeni explained. Councilman Rhome questioned the time line of a performance audit and Mr. Armeni explained.

President Garnes stated that the Citizens of Alliance need to if they want less services or to provide more revenue.

ADJOURNMENT: Noting no further business presented of discussed with Council, President Garnes adjourned the special meeting of City Council at 6:12 P.M.

ARTHUR GARNES, COUNCIL PRESIDENT

GERARD T. YOST, COUNCIL CLERK