

CITY OF GROVE CITY, OHIO  
COUNCIL MINUTES

March 07, 2011

Regular Meeting

The regular meeting of Council was called to order by President Berry at 7:00 p.m. in the Council Chamber, City Hall, 4035 Broadway.

After a moment of silent prayer and the Pledge of Allegiance, roll was called and the following members were present:

*Greg Grinch Maria Klemack-McGraw Ted Berry Steve Bennett Melissa Albright*

1. Ms. Klemack- McGraw moved to dispense with the reading of the minutes from the previous meeting and approve as written; seconded by Mr. Grinch.

Mr. Grinch	Yes
Ms. Klemack-McGraw	Yes
Mr. Berry	Yes
Mr. Bennett	Yes
Ms. Albright	Yes

2. The Chair, Council & the Mayor recognized Officer Pat Shaw and presented him with a plaque to commemorate his award of being MADD's 2011 Top Cop.

Chair read the agenda items and they were approved by unanimous consent.

**The Chair recognized Mr. Bennett, Chairman of Finance, for discussion and voting under said Committee.**

1. Resolution CR-07-11 (Amend Resolution CR-54-02 to Update the Audit Committee) was given its reading and public hearing.

Mr. Mike Uhrin, resident and former Council Member, said he sat through the Audit Committee meetings and said they don't do anything. He said putting a CPA on the Committee won't do anything. Teeth have to be added to the Committee responsibilities. He said the way it sets and the way this Resolution is going about it, won't solve the IRS problem. He said he doesn't see where this will be any different. He questioned if a CPA would serve without getting paid. He said reporting to Council won't do much, because Council doesn't have any authority. The audit lies at the Administrative level.

Mayor Stage commented that he believes that we and many municipalities are operating under a false pretence of security and confidence with some of the audits that have been done. He showed the 20 awards the city has received over the years from State Auditor's and GFOA. He said these acknowledge the accuracy of our records and the significance of our accounting systems. He said he has been in the business for a long time and gets a great deal of confidence from these. He made suggested changes to the Resolution, one being a new whereas statement and a couple of additional criteria for the audit committee. He asked that Council replace the Resolution with his revised version.

Mr. Bennett stated that he respectfully disagrees with the Mayor about what those awards represent. He said he and the Mayor sat in on a Pre-Audit meeting with the Auditor's office last month and was told that those awards were nothing more than the City being able to put the numbers in the right slot. It doesn't mean that the numbers were accurate or that deep research occurred. He said as far as internal controls, that is the responsibility of the Administration. He said he doesn't see where the addition of

the Whereas statement has anything to do with where they are trying to get. Mayor Stage said there were two items that were addressed in that meeting: one was the preparation of the information for the CAFR (comprehensive annual financial report). He said, clearly, there are an award and a statement from the State Auditor that goes further than just putting numbers together. He said the Administration has to go on record that the internal controls are not there, no matter what is said by the State audit. He said he would veto the Resolution without the addition of his Whereas statement.

Mr. Berry commented that they could invite a representative from the State Auditor's office to explain what the audits actually mean. He said he did like the two additional changes under Section 1 that were suggested.

Mr. Berry moved to amend Section 1 to include under Committee Functions: 1. Recommend to City Council any special audits to be performed as the Committee deems necessary with an emphasis on internal audits and performance audits; 2. Any "Finding for Recovery" will require the Audit Committee to meet within 30 days from the issuance of the findings and require a report to City Council; seconded by Ms. Klemack-McGraw.

Ms. Klemack-McGraw	Yes
Mr. Berry	Yes
Mr. Bennett	Yes
Ms. Albright	Yes
Mr. Grinch	Yes

Mayor Stage stated that the Whereas statements are not part of the legislation and not part of the administrative act. He said he doesn't understand the reluctance to add the Whereas statement.

Ms. Albright noted that we are currently in the middle of the audit and asked Mr. Turner if we would be getting any information back soon. Mr. Turner said not until June. Ms. Albright agreed with Mr. Berry in asking the State Auditor's office come in and explain what their audits cover. She suggested postponing this until that presentation is heard. Mr. Berry said additional changes could always be made later. Mr. Grinch agreed with postponing this. He said he doesn't want it perceived as window dressing. Mr. Berry said the new changes establish a minimum of experience for the committee members; includes a standard of ethics; requires management letters to be addressed in writing and filed with Council; and adds the Clerk of Council as an ex-officio member. He said the requested Whereas statement has nothing to do with the outline of the Audit Committee as proposed.

Mayor Stage said the Whereas statement explains why we need to strengthen the Audit Committee. He said you have to be careful to say the Committee has done nothing. There have been responses. Mr. Bennett asked how many meetings the Audit Committee has had since its inception. Mayor Stage said in 2010 they had one meeting and there have been meetings in the past. Mr. Bennett asked if there were minutes of those meetings. Mr. Turner said there were only lists of who attended. Mr. Bennett said we have no recommendations and no minutes from those meetings. The audit letters have come back with recommendations and those have not been handled. He said he is not trying to throw mud, but we need to be able to start something sometime and see to it that these things don't continue. He said this is just adding some better direction for this committee and move forward. With having the Audit Committee report back to Council and the Administration, we can progress together and move ahead with better reporting and stronger oversight.

After further discussion, Ms. Albright moved to postpone this Resolution until 3/21/11; seconded by Mr. Grinch.

Mr. Berry	No
Mr. Bennett	No
Ms. Albright	Yes
Mr. Grinch	Yes
Ms. Klemack-McGraw	Yes

**The Chair recognized Ms. Albright, Chairman of Safety, for discussion and voting under said Committee.**

1. Ordinance C-06-11 (Amend Section 1131.99 of the Codified Ordinances titled General Zoning Code Penalty) was given its second reading and public hearing.

Mr. Smith, Director of Law, explained that this is from a direct result of a court case the City was involved in, whereby the Court had an issues with the penalty section. He said this will clear up that section and any confusion as to the enforceability of this code section

There being no additional questions or comments, Ms. Albright moved it be approved; seconded by Ms. Klemack-McGraw.

Mr. Bennett	Yes
Ms. Albright	Yes
Mr. Grinch	Yes
Ms. Klemack-McGraw	Yes
Mr. Berry	Yes

**The Chair recognized Mr. Grinch, Chairman of Service, for discussion and voting under said Committee.**

1. Ordinance C-07-11 (Authorize the City Administrator to Execute the Acknowledgement with the Franklin County Health District and Vector Disease Control International, LLC for Mosquito Management services) was given its second reading and public hearing.

Mr. Honsey, City Admin., explained that this will include the City into an integrated mosquito control program. He said this will also trap adult mosquitos and test them for West Nile virus. He said we can't do that with our current, in-house, system. He said we are one of the last communities to come on board with this program. Mr. Spring, Service Dir., said we expect to save about \$10,000.00 and this program is environmentally friendly and is a better approach. Mr. Bennett asked it we have a backup. Mr. Honsey said he believes we could supplement the program.

Mr. Grinch said the concern is for effective protection for the community. He asked if this program will do that. Mr. Honsey said he would like to try it and see how well it works. We can supplement in areas if needed. Mr. Bennett asked if surrounding communities have had any comments. Mr. Spring said other communities have been in the program for a year and seem to like it.

There being no additional questions or comments, Mr. Grinch moved it be approved; seconded by Ms. Albright.

Ms. Albright	Yes
Mr. Grinch	Yes
Ms. Klemack-McGraw	Yes
Mr. Berry	Yes
Mr. Bennett	Yes

**The Chair recognized Ms. Klemack-McGraw, Chairman of Lands & Zoning, for discussion and voting under said Committee.**

1. Ordinance C-08-11 (Accept Real Property from the Grove City Area Community Improvement Corporation) was given its first reading. Second reading and public hearing will be held on 3/21/11.
2. Resolution CR-08-11 (Intent to Appropriate a 0.113+ acres, with 0.85 acres present road occupied, Fee Simple Interest and a 0.020+ acre Utility Easement from Helen Lucile Shepherd and the Heirs of David H. Shepherd, said Acreage located on White Road in the Township of Jackson) was given its reading and public hearing.

Mr. Smith, Dir. of Law, explained this acquisition is part of the White Road project. This property is unique in that Mr. Shepherd is deceased and the estate has not gone through Probate. So, no one can sign the paperwork. He said the family is willing to sign and this is a measure to accomplish that in a friendly way.

There being no additional questions or comments, Ms. Klemack-McGraw moved it be approved; seconded by Ms. Albright.

Mr. Grinch	Yes
Ms. Klemack-McGraw	Yes
Mr. Berry	Yes
Mr. Bennett	Yes
Ms. Albright	Yes

**The Chair asked that any new business to be brought before the attention of Council be done so at this time.**

1. Mr. James Chester, attorney for Manheim Auto Auction, gave a report on Jones Topsoil Company and their attempt to quarry sand and gravel on their property on S.R. 104. He said he has been negotiating an agreement to allow this with many restrictions. This is still in the works and the Zoning Appeals Board of Jackson Township has a hearing on Thursday. He said it affects Grove City, in that they want Jones to annex to Grove City. They believe that Grove City could enforce these restrictions much better. He said it is important to the Auto Auction for Grove City to accept such an annexation.

Mayor Stage said they are encouraging the Auto Auction to encourage Jones to annex into the City.

**The Chair recognized members of Administration and Council for closing comments.**

1. The Mayor announced that Chief Wise has announced his retirement. He voiced his best to him and formal accolades will be held on the 18<sup>th</sup>. He said the Engineering Firm has reported on all the projects they are involved with. He will get that to Council for review.
2. Mr. Honsey asked Mr. Spring to pass out the new "Engineers" Project summary report, which he did. This provided an update on the service projects. He commented that the engineering contract asks that the firm perform duties as if they were a department head. He said the report reflects those administrative services.

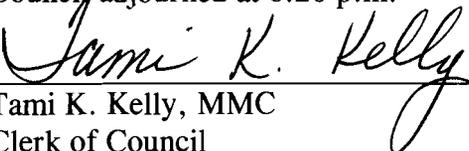
Mr. Turner reported that for many years the payroll account had been used to pay IRS penalties and interest. This is not the purpose of that account. So, for every dollar used for penalties and interest, the account is short a dollar to pay for current withholdings. He said when we got the IRS notice, we owed for quarters within and outside the notice, \$673,000.00 of withholdings. At that time, he estimates we already paid \$438,000.00 of penalties and interest. That leaves \$236,000.00

unaccounted for and the focus of the special investigation. He said the amount accumulates significantly when you add in the principal and interest due from the date of the notice to current. To date, he said we have paid \$757,369.00, which includes the payroll and interest (\$83,000). He said he estimates that the possible additional penalties and interest owed is \$657,000.00. This brings the total damage to the City of \$1.4 million. He said this is the worst case scenario. If we do suffer the worst case, over \$1.1 million will have been paid in the form of penalties and interest. He said the attorney's are working with the IRS Revenue Officer to receive any relief from those penalties and interest.

Mr. Bennett asked if any of the penalties and/or interest has ever been abated. Mr. Turner said yes, in 1999, \$43,846.00 was abated.

4. Mayor Stage wanted to make clear that we have paid all of our taxes. He said if we have to pay all the penalties and interest, we have some \$600,000.00 set aside from last year's budget. He said there is about \$200,000.00 not accounted for and that is what the Police are investigating.
5. Mr. Smith stated that we are not a party to the agreement that Manheim is working out with the Township but he is involved in the process and is helping by suggesting language that is advantageous to the City. He also noted that he provided Council with an update on the IRS issue. They are preparing the "reasonable cause" letter to submit to the IRS to ask that they abate the penalties currently due (\$500,000+) and a rebate of the penalties already paid (\$400,000+). Once that letter is filed, the Revenue Officer will render a decision in two weeks. An appeal can take place, if needed.
6. Captain Robinette announced that they are conducting their first Citizen Police Academy. Anyone over 18 is eligible. It is a 10 week commitment and encouraged everyone to consider it.
- Chief Wise confirmed that he is retiring. He said any rumor that his is being pushed out is false. He said he has private employment lined up and this is a good opportunity for him and his family. He said this is a great community and he has had a wonderful career. He said he leaves happy & without regret. He said the investigation will continue. There are professional people in the department and they will handle it well.
8. Mr. Bennett said he has been approached by some people about the traffic on Orders Road at the Fryer Park intersection and asked if it could be investigated. Mr. Honsey said they are working on traffic counts throughout the city and will include this area. Mr. Keller noted that this area is in the County, but they are working with them on a crossway at this intersection.
9. Ms. Klemack-McGraw commented on the rumor mill over the IRS issue. Mr. Berry also commented on this issue, noting that the city does have money, but he feels it is inappropriate to send a message that we are accepting the waste of over one million dollars on this issue. It is not acceptable to squander this type of money on an issue that could have been avoided. He said it is somewhat frustrating to set on Council when you want to make changes, but it is not within your jurisdiction. The audit Committee Resolution is one way Council can offer some help. He said it is troublesome that in 11 years, only one City Administrator has responded to an IRS Management Letter in writing.
10. After additional comments from Council and Administrative staff members, a motion to adjourn was approved by unanimous consent.

Council adjourned at 8:26 p.m.

  
Tami K. Kelly, MMC  
Clerk of Council

  
Ted A. Berry  
President