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Director

Jim Holycross
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Jeremy Hoyt
Vice-President

Dave Faulkner
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Robert A. Yoder
Treasurer

Budget/Visioning Committee

Tuesday, July 18, 2017

The Budget & Visioning Committee met in session on Tuesday, July 18, 2017 at 1:06 pm at the LUC East Liberty Office.

Visioning Committee Members were in attendance as follows: John Bayliss, Brad Bodenmiller, David Faulkner, Todd Garrett, Kevin Gregory, Dave Gulden, Jim Holycross, Stephen McCall, Heather Martin, Adam Moore, Vince Papsidero, Ryan Smith, Ben Vollrath, Andy Yoder.

Absent members were Scott Coleman, Chad Flowers, Charles Hall, Jeff Stauch.

Jim Holycross chaired the Visioning Committee Meeting.

1. Budget

- Dave Gulden shared an e-mail with the group from TRC with a couple of different options for the building.
 - Jim Holycross – The part I'm still having a hard time with is the utility/custodial cost. That seems like a steep cost. It doesn't change the overall concerns.
 - Dave Gulden – It's charged as actual; they say it's a conservatively high number.
- Adam Moore – What was the thought process for having equity?
 - John Bayliss – The thought was that it gave us a reduced payment.
 - Andy Yoder – It gave us a vested interest.
 - Steve McCall – It was cheaper to own; allowed us to be a partner; because of legalities, we'd have our percentage of equity; after 15 years, we wouldn't have that payment.
 - Dave Gulden – For future renewals we wouldn't have to pay that base rent again.
- Ben Vollrath – It seems if you go with option 2 or 3, they'll bump the interest rate
 - Stephen McCall – But if we're doing that, we're paying that forever.
 - Adam Moore – The equity gives us long term.
- Andy Yoder – We don't have true ownership, and there are things in the lease that we need to look at. The lease allows that if it's partial timeframe, they're willing to pay us; if it's eminent domain, they don't have to pay us. Looking at the projected budget, looking at the down payment, looking at projections, even if we continue to pay wage and

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benefits and the building costs; we can't afford to do anything. The question is, should we look at postponing or maybe not even doing this move until our budget is lined out to where we can operate at an increase cost and maintain our current staffing level and maintain our current activity. I don't want to move there and accept more debt and high expenditures until we figure out if we can produce the quality of product and service to the level that LUC has been doing. Right now, I'm voting no for the lease. I don't think it's a good financial decision for us and it leaves us more unstable. Andy explained the revenue portion of the budget to the committee.

- John Bayliss – I'm concerned because I didn't see this coming.
 - Andy Yoder – I think because we've had the pot of money, it's looked viable.
 - John Bayliss – I thought we were setting aside money for capital.
 - Discussion was held regarding the 35% of revenue policy.
- Discussion was held regarding the expenses and the history of them.
- Andy Yoder – We need to look at an increase of revenue, even without buying into the building.
 - John Bayliss – If we're going to keep the same levels of staffing, they need to find something to do.
 - Dave Faulkner – What's the cost going to be to get out of TRC?
 - Dave Gulden – Maybe nothing, I don't know.
 - Ryan Smith – They were building the building with or without us.
- Jim Holycross – How many people are on the building committee at this meeting? I don't know where the disconnect is or if there was one. But how did we find ourselves in this situation; that we have to walk away with, are we ready? It's hard to say just to walk away; I don't know if others were more aware of the financials but the email last week was shocking to me. We know the fix is not to sit on our laurels and do nothing; even if it's not moving to the new building, we still have a problem. This is big time decision making stuff.
- Dave Faulkner – As a board, we hired Dave to run this organization. What is your recommendation? That's what we pay you for.
 - Dave Gulden – You wanted to have a building; the task was to stay in East Liberty and build a new building. We can't afford to do the current idea. Do we need to be an independent building in East Liberty? I recommend we continue to find a solution for the building and continue with the Visioning Committee. There's a lot of uncertainty both federally and locally. I don't want to unplug from this deal.

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- Jim Holycross – For the Commissioners, it seems in life everything increases in cost; would you find it tolerable if we had to increase cost but we did it incrementally?
 - Andy Yoder – My thing was to look at how fast we could get the money. In my opinion, we should have had an increase every other couple of years.
- Ryan Smith – If you had to, do a big increase now, and then build in small increases.
 - Vince Papsidero – With just inflation alone, it's a legitimate reason to increase jurisdictional dues. When was the last time subdivision fees were increased?
 - Andy Yoder – I believe in 2006.
- John Bayliss – A 5% increase in 2018, then another 5% in 2020, it's going to get us close in the short term.
 - Andy Yoder – That's without increase in rent and utility cost.
 - John Bayliss – We're staffed to do more work than we're going to do; we need to rethink our staffing levels; staff needs to find more things to do.
- Adam Moore – How do we add value?
- Jim Holycross – I don't think you're going to fix that budget with one fell swoop. We've been closer to crises before in my experience at the city; there are reserve funds here at LUC. We have to have a vision for where you're at and where you go. That we all believe, given the scenario and the path we've been going down, it's just not affordable. I'm comfortable if that's what the committee decides. We're not sure what's going to happen with the CDBG and Fair Housing. Maybe it won't be cut.
 - Steve McCall – Even if that money is in the budget it's 25,000, it doesn't help.
 - Adam Moore – If we're counting on money that can change politically, we shouldn't be doing that.
 - Steve McCall – One of the things we look at internally is if I have to hire someone to do the work that LUC does for me, that cost is going to cost me four times the amount of what we're paying LUC.
 - John Bayliss – Is that a general fund obligation or Engineer?
 - Steve – It's definitely general fund. In my realm, we participate to work together; we're involved with subdivisions and plats; and it's a benefit for us to be working together. If we throw that out, it's going to cost all of us a lot more.

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- Dave Gulden – Zoning is complicated. Brad uses the term that we're tech support for our members. It provides a lot of value. Also, we never paid rent so that's part of the shock along with taking CDBG out of the revenue
- Heather Martin – The current staff was hired on at salaries higher than their predecessors, and insurance costs have gone up.
 - Steve – Yes, that was the commitment the board chose to make to move the organization forward.
 - Dave Gulden – My insurance is more because I have two dependents.
 - Steve – As it should be. We could look at the employee share of the insurance.
 - Andy Yoder – And the RTPO has inflated the budget.
 - Dave Gulden – It's good for the two RTPO counties but it comes at a cost.
- John Bayless – When was the last change in assessment levels?
 - Dave Gulden – About 9 years ago, in 2007.
- John Bayliss – For Logan County a 10% increase is \$3,500 a year.
- Jim Holycross – In the grand scheme of things it's not that big of an increase.
 - John Bayliss – Our general fund has been flat for 5-10 years; 10% sounds big, but in reality it isn't that big.
- Dave Faulkner – What would it take, without the building thing, if you raise the fees 10%? Do it incrementally to where we can operate? Figure that out, because we still need to do something with the building. That savings of money should have never been included in the budget, that's what's whacking us.
 - Andy Yoder – It's not whacking us. It's been in the budget, it's just the expenditure increases, after using that money and the revenue decreases.
 - Dave Faulkner – I think it's a good move over there; with the vision; at this point it's not working and it needs to head into a new direction.
 - John Bayliss – The idea of the investment that we could have been protected. A constant expenditure for 15 years and then we'll have a greatly reduced expenditure in 15 years; why not just use it as rent and not the investment?
 - Dave Faulkner – We're not looking at an investment; who knows what we'll get back?

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- Ben Vollrath – We budget the same amount in this building for utilities and maintenance.
 - Discussion was had regarding what is appropriated but what is expended for those line items.
 - Ben Vollrath – The hard thing is looking at what we budget versus of what we expend. Those are pretty good numbers. It's just figuring out the other stuff in the organization.
 - Steve McCall – Building cost is the same.
- Ben Vollrath - If this place isn't an option, then that place looks like a good option.
 - Jim Holycross – What is the expectation of the organization? what is it that we want? If it's just what it's always done, then you're going to get what you have always gotten.
- Dave Gulden – It sounds like you two are ok with renting (John and Dave Faulkner).
 - John Bayliss – I'm hesitant.
 - Discussion was held regarding the cost of renting and how far the \$340,000 budgeted would take us.
- Andy Yoder – In looking at, the 2019 Draft Budget and took appropriations based on 2017, were looking at needing \$330,000 a year to operate.
- Steve McCall – For the RTPO, that could be something that those participating counties could have to pick up, if it's an increase in services then we should have to pay that.
- Andy Yoder – Is there any thought to how long we can drag this out?
 - Dave Gulden – They want a signed agreement and us to move in in September. You're wanting more time to develop a plan?
 - Andy Yoder – On a personal level, for me, it's off the table. But to meet middle ground, how much time can we have to do this? Can we do an increase and not lose membership; if we had a year or 18 months to do some work; stabilize things, negotiate on amounts. It gives us a better look at some numbers; let them run it for a year and give us actual numbers.
 - Ryan Smith – We still have a building problem.
 - Andy Yoder – We still have a building; we know what it's going to cost. I'd like to see what happens with some of the revenue from the government.
 - Ryan Smith – In the first few years there isn't going to be any maintenance
 - Andy Yoder – It gets you a feel for utilities for lawn care, snow care, etc.

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They're looking at spending quarter million dollars on maintenance.

- Adam Moore – Do you think there's a chance at an equity stake five years down the road?
- Andy Yoder – If we don't commit, I don't they'd bat an eye at it. I think they could fill it with no issue.
 - Ryan Smith – Are we really 14% of the cost, with just 3 people?
 - Dave – It's based on square footage, not people.
- Adam Moore – I'm sure that's a conservative number for maintenance. Is there anything coming up in the next 5-10 years we should be worried about for this building?
 - Dave Gulden – The roof.
 - Ben Vollrath – Even if we move over there; we're still going to own this building and have to do have maintenance. Is anyone going to buy it?
 - Steve McCall – At the time, we did have inquiries.
 - Dave Gulden – If we stay, we stay; but we still have maintenance issues. When the staff turns over I believe you would have trouble attracting talent to work in this current building. Maybe we don't need an office, maybe we're traveling staff.
 - Steve McCall – My original thought was whoever was the president, they were just also the host county that would provide space for the staff and meetings and the staff traveled to each location.
- Jim Holycross – I don't know what the building committee considered; were they trying to house all things; I'd lean more towards what Steve is saying; do I really need to expand to a space this large?
 - Steve McCall – That was all part of the survey on the location; we looked at other options; had other discussions.
 - Dave Gulden – It was looked at to renovate this building and it was deemed cost prohibitive. A site down the road was looked at for new construction.
 - Ryan Smith – If we back out of this, we still have to face it at some point.
 - Steve McCall – That 15 years is going to be an issue. You're going to have that office for 15 years. How are we going to handle that part of it? The cost for staffing isn't going to be maintained for 15 years the same. I agree on a yearly increase to the jurisdictions; do we want to be a 3-person office doing the

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- services they're doing? If so, we need to pay for that. If we don't, then we don't.
- Dave Faulkner – If the counties paid the cost for the building cost, it wouldn't be that much. That cost is cheaper than doing per capita increase.
 - Adam Moore – What would we need to become cash flow positive?
 - Steve McCall – We need to get up to \$340,000 revenue.
 - Andy Yoder – Even a 25% increase doesn't do that. We still need another \$160,000.
 - John Bayliss – Our revenue has far outpaced expense.
 - Jim Holycross – For me personally, I'd pull back pretty hard and reevaluate; but then what do I expect of this staff; things are going to change; do we want to be real aggressive? I spoke about this agreement, I didn't like the idea of financing it. There was a concern about the reserves. We've got to come to some conclusion or direction as to how to proceed. There's been a lot of work to come to this decision. Maybe we have to take a look at what is needed. Do we want the organization to be represented? We want professionals. I'm in between saying we run the risk, let's go forward but I think there's a lot of risk there. Or let's draw back. I can't speak for TRC, if I'd been along to make some assumptions. The building is already built but they may be mad at us. We go back as to the drawing board and take some time and figure this out. I think you can build or acquire some type of place that functions without spending \$800,000. I think as a committee we must come as a consensus.
 - Dave Faulkner – Can you find out if they'll give us some time? I see Dave, Brad and Heather as forward thinking. If we don't find a way to move down there, we're missing the boat. We don't use the facility like Union County does.
 - John Bayliss – Your challenge to Dave and the staff is to show us how to increase our fees; and to show us how to increase revenues?
 - Jim Holycross – My thought is having the presence there. Do we gain relationships and opportunities by being there?
 - Ben Vollrath – I feel like this is a special opportunity; I'd like to find ways to find a solution and not ways to get out of this.
 - John Bayliss – Can we get our electric sponsors to help?
 - Jim Holycross – Are there ways to fund this that we're not thinking of? If you look at the package of one employee I know from experience at city it is costly. Is there value, that we'll help you with this problem?
 - John Bayliss – I think we need to adjourn for two weeks and let the staff come up with proposals.

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- Dave Gulden – I'll report to TRC that we're looking at a shortfall, we're looking for solutions, and we need some time.
- Adam Moore – When do we have to sign?
 - Dave Gulden – They want us to move in September 1.
- Ben Vollrath – I feel like we need to have a drop date of when we're going to give them an answer
 - Andy Yoder – Or get a timeframe; I believe that we want to be there but I want to be there and have this organization be viable. Yeah maybe they won't be happy if we back out, but the other side of the coin is there are a lot of people who we have to answer to if this organization is gone in 5 years or it's just down to 1 employee. We need something that everyone is agreeable too. Something that is stable. An option for the lease if possible, it will give us some time.
 - Adam Moore – I think we all have a similar vision of where we want to be; how can we be there and be sustainable?
- Ben Vollrath – I just want to say you guys at LUC do a good job and this is no reflection of your work.

2. Next meeting will be August 9, at 1:00 pm.

3. Tasklist:

- Dave Gulden will send calendar invite for next meeting
- Dave Gulden will contact TRC about timeframe
- Heather Martin will create a Revenue/Expenditure/Carry Over spreadsheet
- Heather Martin will create a line item history
- LUC Staff will provide other service options to the committee

The Visioning Committee adjourned at 2:32 pm.

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