

The Council of the City of North Royalton met in the North Royalton City Hall Council Chambers, 13834 Ridge Road on **February 14, 2006, in special session**. The special meeting was called to order at 6 :00 p.m. by President of Council Robert A. Stefanik and opened with the Pledge of Allegiance.

PRESENT: Council: President of Council Robert Stefanik, Council Representatives Denise Bobulsky, Vincent Gentile, Don Willey, Kurt McKee, Robin Zaccardelli, Lisa Uffman-Kirsch; Legislative Services Director Laura Haller.

Administration: Mayor Cathy Luks, Law Director Thomas O'Donnell, Finance Director Karen Fegan.

The Director of Legislative Services read the Special Meeting Notice. Notice of this meeting was posted and presented to Council as required.

PUBLIC DISCUSSION

- Tony Sandora, 8517 Wallings Road, read a statement to Council, a copy of which is attached to these minutes.
- Ray Kern, 7378 Pamela Drive, addressed Council in favor of the income tax increase.
- Ed Miller, 10613 Tudor Circle, addressed Council in opposition to Ordinance 06-22.

THIRD READING CONSIDERATION

ORDINANCE 06-22

AN ORDINANCE TO AMEND SECTIONS 880.01, 880.03, 880.04, 880.17, AND 880.27 OF THE CODIFIED ORDINANCES OF THE CITY OF NORTH ROYALTON, OHIO, IN ORDER TO PROVIDE FOR A ONE PERCENT INCREASE IN THE CURRENT LEVY ON INCOME, TO A RATE OF TWO PERCENT, EFFECTIVE JULY 1, 2006, FOR THE PURPOSES OF GENERAL MUNICIPAL FUNCTIONS OF THE CITY, AND DECLARING AN EMERGENCY. Title read.

Mrs. Uffman-Kirsch asked the Legislative Service Director to read proposed amendments to this legislation as presented by the Mayor last evening as follows:

- Amend the title of the legislation to read as follows:

AN ORDINANCE TO AMEND SECTIONS 880.01, 880.03, 880.04, 880.17, AND 880.27 OF THE CODIFIED ORDINANCES OF THE CITY OF NORTH ROYALTON, OHIO, IN ORDER TO PROVIDE FOR A ONE PERCENT INCREASE IN THE CURRENT LEVY ON INCOME, TO A RATE OF TWO PERCENT, EFFECTIVE JULY 1, 2006, FOR THE PURPOSES OF PAYING COSTS OF CONSTRUCTING, RECONSTRUCTING, WIDENING, GRADING, DRAINING, PAVING, RESURFACING, MAINTAINING, REPAIRING AND OTHERWISE IMPROVING STREETS, SIDEWALKS, CURBS AND GUTTERS, AND RELATED INFRASTRUCTURE IMPROVEMENTS, COSTS OF CONSTRUCTING AND INSTALLING STORM WATER IMPROVEMENTS, COSTS OF ACQUIRING RELATED EQUIPMENT AND OTHER RELATED MUNICIPAL STREET AND STORM WATER OPERATING EXPENSES AND OTHER GENERAL MUNICIPAL FUNCTIONS OF THE CITY, AND DECLARING AN EMERGENCY

- Amend Section 1, 880.01 Purpose; Levy of Tax to read as follows:

To provide for the purposes of general municipal functions of the city **and paying costs of constructing, reconstructing, widening, grading, draining, paving, resurfacing, maintaining, repairing and otherwise improving streets, sidewalks, curbs and gutters, and related infrastructure improvements, costs of constructing and installing storm water improvements, costs of acquiring related equipment and other related municipal street and storm water operating expenses**, there is hereby levied a tax on all salaries, wages, commissions and other compensation, and on net profits, as hereinafter provided.

- Amend Section 8 to read as follows:

Section 8. This ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the city, and for the further reason that this ordinance is immediately necessary to provide additional funds where are urgently needed to enable the city to perform and provide its general municipal functions, **and to enhance the safety of vehicular and pedestrian traffic in the city and to enhance storm water drainage in the city.**

Moved by Mrs. Uffman-Kirsch, seconded by Mrs. Bobulsky to **amend Ordinance 06-22 as read**. Roll Call: Yeas: **Three** (Bobulsky, Zaccardelli, Uffman-Kirsch). Nays: **Four** (Stefanik, Gentile, Willey, McKee). **Motion defeated**.

Ordinance 06-22 will remain on third reading. (*See below for final action.*)

RESOLUTION 06-23

A RESOLUTION DECLARING THE NECESSITY OF AN ELECTION ON THE QUESTION OF APPROVING THE PASSAGE OF AN ORDINANCE TO AMEND SECTIONS 880.01, 880.03, 880.04, 880.17, AND 880.27 OF THE CODIFIED ORDINANCES OF THE CITY OF NORTH ROYALTON, OHIO, IN ORDER TO PROVIDE FOR A ONE PERCENT INCREASE IN THE CURRENT LEVY ON INCOME, TO A RATE OF TWO PERCENT EFFECTIVE JULY 1, 2006, FOR THE PURPOSES OF GENERAL MUNICIPAL FUNCTIONS OF THE CITY, AND DECLARING AN EMERGENCY.

(After a brief discussion, it was determined that it would not be necessary to propose amendments to Resolution 06-23 since the amendments to 06-22 had been defeated.)

Moved by Mrs. Uffman-Kirsch, seconded by Mr. Willey to **adopt Resolution 06-23**.

Mayor Luks said that the Cost of Services Study was done by a leading expert in the industry. It is not outdated as has been stated and is a perfectly viable working document. There are steps that must be taken to preserve the quality of life and services in this community. Without increased revenue we cannot keep up with those demands. This means services will erode, streets will further erode, and flooding problems will continue. No one on Council who is opposing this tax increase has provided her with any other methodology by which to address these problems.

Mayor Luks said that it has been stated that the Administration has been mismanaging the funding and they raise the issue of overtime. Her response to this is that it is absolutely ludicrous to accuse this Administration of any form of mismanagement. This Administration works diligently to operate effectively and every expenditure made is in a line item that is first approved by City Council. There are politics being played here and she agrees with the resident who stated that this is not a time for partisan politics. The impact of what Council does tonight isn't going to only be with us for this year; the impact will last on. Mayor Luks said that there have been statements made that if this goes to the ballot and passes, this would enable the Administration to get a lot done and take all the credit. Mayor Luks said that she can't do it alone and Council can take all the credit for it. And if it doesn't get done, everyone on Council that votes against it will be to blame. She said that she asked Council to have special meetings to get this on the ballot by the February 16th deadline. Since Council failed to call these special meetings, she did it. Thinking that maybe some alternatives were needed, she contacted our Bond Counsel and came up with the options that she gave to Council last night in order to provide a vehicle by which to make amendments should Council wish to do this another way. There is no denying the need for this and there is no magic answer in the budget; that is ridiculous and everyone on Council knows it. It's nothing but rhetoric and creates a plausible excuse to do what you are doing. The future of the city is in Council's hands tonight and if they fail to send this to the ballot and fail to get behind it, then when residents call about the roads or call about storm water problems or call about any other services we can't provide, Council better have a good answer for them because Council is going to have to answer to them, not her.

Miss Zaccardelli said we were elected by the residents to do a job for them. Everyone knows that she is "anti-taxes". She does not like to increase anyone's taxes but there comes a point in time when you have to do something and she feels we are at this point right now. It is not up to her to say that we are not going to put this on the ballot. We were elected by residents who trusted us to do the right thing. By not putting this on the ballot and not letting the residents vote on an issue that concerns each and every one of them, we are doing them a great disservice.

Mr. Willey said that he favors an increase in the city income tax because he knows we need it but he does not think we are asking for enough money. He has been saying this for 4 years. His problem with this particular legislation is 1) it is not adequate. 2) at the 11th hour we find out we have a deficit a year early. He said that there isn't anyone in this room that can tell him how much money we need to support the current level of operations and to expand the operations that we need to expand. He said that he just received his preliminary budget this evening and feels that we need to review it in order to determine how much money we need. He said that he cannot in good conscience support a tax levy that he is not comfortable with and that may not be adequate. He said that he does not feel that this is about politics. He said it seems that

when the administration gets its way, it's good government in action; when they don't, it's partisan politics. He said that he will not support this because there is no plan in place and he does not know what the projections are. He concurs that we need the money but we should have done this two years ago and not waited until the 11th hour. Mr. Willey said that he will not be bullied, intimidated or insulted into making a decision at the last minute.

Mrs. Uffman-Kirsch said that she thinks it is unfathomable and unconscionable that Council will not allow the voters to make this decision. She understands Council's concerns about wanting to go through the budget line by line. Included in the memo given to Council last night by the Mayor was the option of removing this from the ballot if needed. We have a deadline of February 16th to get this issue on the ballot. We have until March 21st to vote to remove it from the ballot. This allows for sufficient time for budget hearings.

Mrs. Bobulsky said we have an obligation to our residents. They are the ones that should be given the opportunity to decide what they want. By not placing this on the ballot, we would be acting irresponsibly.

Mr. McKee said that a 1% increase will double the income tax for 25% of the residents. He has suggested in the past to try a quarter or half percent, but was told that it would not be enough. He said he felt it was ludicrous to get these additional documents last night. Mr. McKee said that residents have asked him what happened to using this money for roads and sewers, since this new legislation puts all the money into the General Fund. Regarding the idea of borrowing money for the future, we will be paying that off over many years and that is a lot of money in interest. He feels that this is too much debt, and too much of an increase. The majority of the residents he has spoken with do not like the idea of putting the money in the General Fund and they felt that 1% is too much. He said we are supposed to work for the people and not stick it to the people who have to pay it.

Mayor Luks said that regarding the 11th hour issue, when we scheduled the second special Finance Committee meeting, she and the Finance Director came prepared to discuss all of the numerous options and assist Council in understanding what those options were. We were cut short by members of Council who at previous meetings said they would support putting this on the ballot and then announced that they would no longer support this issue and voted to recommend defeat. Mayor Luks said we never got to discuss the various options and alternatives. So regarding the 11th hour issue, it wouldn't have been the 11th hour if we had done the work in the Finance Committee meetings that this Administration had hoped to accomplish.

Mayor Luks told Mr. McKee that his comments regarding borrowing money and interest has absolutely nothing to do with the documents and the legislation that are in front of Council this evening. If this tax issue were to be approved by the voters, then so much money each year would be put into the particular funds, depending on how it is broken down in the legislation. Each year through the budget approval process Council would determine where those monies would go, whether it would be borrowing for all of the road projects, or whether it would be to undertake a couple of roads at a time. This would be a decision made by Council on an annual basis and not one that is being made by this legislation. When Mr. McKee stated that residents are questioning why all the money is going into the General Fund, Mayor Luks said that he is elected to represent the people and to educate and inform them as well. It is his duty to provide them with information on the situation that the city is facing and why we need what we need.

Regarding Mr. Willey's comments about having a plan in place, Mayor Luks said that she has bent over backwards trying to figure out what to give him because every time that she or the Finance Director provide him with information, it somehow isn't what he asked for. We provided the Cost of Services Study, and each year we continue to balance the budget by making cuts because the costs are exceeding revenues at a growing rate just like the study projected. We provided a plan of what the City Engineer estimated to be the cost of repairing roads. The Finance Director has provided various scenarios on how to structure this tax increase in order to generate various sums of money. Mayor Luks said that she does not see how reviewing the budget this year is going to address the fact that each year we are going to be facing a short fall. Mayor Luks said that this increase will generate enough money and we have assured Council of this. But if they feel differently, it's up to them to make the final decision on how much to ask for.

Miss Zaccardelli asked what the problem was with putting this on the ballot. She said that Council controls the budget. If we have an excess in the General Fund it will be up to us to disperse it. If there is a short fall, then it is up to Council to figure out where to get the money. She said she fails to see why we won't let the voters decide this.

Mrs. Uffman-Kirsch said that it has been said that this 1% increase is a doubling of the income tax. She said that it needs to be stated again that the credit is increased as well, so the 1% is not a doubling; 75% of the residents would not see an increase. Regarding Mr. McKee's concerns raised earlier that the increase is now going into the General Fund and not to roads and flooding, Mrs. Uffman-Kirsch said that she had just proposed an amendment that would have changed this back to the language stating that it went to roads and storm sewers. She said that she understands that Mr. McKee is new, but there is a responsibility to understand what you are doing. She said he voted no on the amendment that would have provided for what he was concerned about.

Mr. Gentile said that the residents expect us not to put something on the ballot that we receive at the 11th hour, but rather that we deliberate and debate the issue and allow for public involvement. In the past when we have put the income tax increases on the ballot, we have always had months of debate, research, and review of the budget. He is in favor of raising revenues for roads and storm water issues. In 2004 Council wanted a plan developed. We saw the Cost of Services Study and we wanted a plan that would detail the expense of services. Council wanted an affordable, detailed plan for our residents and we did not get it. We went into an emergency Finance meeting in August 2004 on very similar ballot language and we were called fiscally irresponsible for trying to meet a deadline for the November 2004 ballot, but we had debated this for months. Now we have had maybe 2 weeks debate on the issue, we have had amendments proposed at the 11th hour without any debate and we have not yet even seen the budget. Mr. Gentile said he is going to vote no and urges his colleagues to vote no because he wants to see the budget and a plan that moves the city forward and shows the residents exactly where this money is being spent.

Mrs. Bobulsky said that we have been over the plan for years. The plans are there, she thinks that we are just choosing to ignore what these plans are. She is not sure what Council will find by looking over the budget. She asked what is the harm in sending this to the ballot, reviewing the budget and then if we find something, we can remove it from the ballot in March.

Mr. McKee said that he has not seen a detailed plan, but if he sees one later in the year, maybe he would support an income tax increase. Regarding comments made earlier by Mrs. Uffman-Kirsch, Mr. McKee said that he knows that 75% of the people will not have their income tax increased. The 25% of the people who work and live in the city are going to have their taxes doubled and he felt that was too much money to ask someone to pay. He is in favor of less government, controlled spending, and keeping taxes as low as possible. He said that he may be new, but he said that he personally sees a lot of places where we can cut. He said that sometimes new ideas are what is needed.

Law Director Thomas O'Donnell wished to reassure Council from the standpoint of the Law Department that it is possible to place this on the ballot today by approving this legislation and then remove it before March 21st, which is the Board of Election's deadline for printing ballots. He said that he had done this in the past in Highland Hills. He said that if there is any doubt about not approving this until you have time to review the budget, this gives Council that option. Not placing this on the ballot risks the city's bond rating, risks further layoffs, etc. Council controls its own meeting schedule and can meet as often as they want between now and March 21st to review the budget and make this decision of whether to leave this on the ballot.

Regarding the issue of the income tax doubling for some residents, Mr. O'Donnell said that the tax structure in North Royalton has been unfair for years and raising the income tax evens the playing field so everyone pays the same amount.

Mrs. Fegan said that much has been said about receiving budget information at the 11th hour. She said that this has been our budget timetable every single year for the last 8 years since she has been here. Normally, Council gets the budget the day before it is introduced on Council's agenda, which would have been next Monday; she gave it to Council last evening. She tried very hard to get it out earlier, but because changes were being made on a daily basis, it could not be put out any earlier. To the comment that these issues need to be discussed at the Finance Committee, she said that she was at the last Finance Committee meeting and not one question was asked about income tax at this meeting. She said that Mr. McKee has said he has seen a lot of places in the budget that can be cut. She finds this statement difficult to accept because he has not asked any questions about this budget yet. How can he know that things can be cut until he has heard an explanation. The questions need to be asked and answered first before it can be determined if items can be cut. This year is going to be tough, but next year is going to be even worse. We are going to have a greatly diminished carry over, which means further cuts in services and further cuts in personnel, something she does not want to see and certainly hopes that Council does not want to see either.

If residents are posing questions and Council is uncomfortable answering these questions, Mrs. Fegan said to please contact her or have the residents contact her directly and she will explain the situation to them. Let's get the discussion going and get the facts out there so that an intelligent decision can be made. Mrs. Fegan encouraged Council to adopt this tonight and send it to the ballot for the good of this community.

Mr. Kosdrosky said that of the 58 communities in Cuyahoga County, only 6 or 7 have a 1% income tax, and most of those are townships or villages. North Royalton is the largest community in both population and area that still has a 1% income tax rate. From an economic development standpoint it seems inconceivable to him that a community of our size is still at a 1% income tax rate. He said that one way to conserve wealth and promote economic stability is to promote local self sufficiency and a critical component for this is the need to have a competitive income tax rate. Many people want to compare North Royalton to other communities but they forget that most of those communities that are successfully attracting economic development and new business have a 2% or higher income tax rate and therefore have the infrastructure and matching dollars to get infrastructure money from the state and federal government to support business that want to expand or locate in their community. He said that if Council does not address the current financial situation by placing an income tax on the ballot, it is going to hurt our community's attractiveness to both business investors and bond investors. Failure to address needed revenue streams at this time when expenses keep rising is a recipe for fiscal disaster. North Royalton is no longer a bedroom community and cannot sustain itself on a 1% income tax. He felt that it was important that city leaders address this issue today, otherwise we will see further cuts in city services and the city's ability to borrow cheaper money. If our bond rating is downgraded, which will almost certainly happen if we do not get an income tax increase, it is going to cost the tax payers more to borrow money for future infrastructure improvements. This will hurt not only the tax payers, but we will suffer long term from an economic development perspective. Not addressing the tax issue is not only fiscal suicide, it is tantamount to economic suicide.

Mrs. Fegan pointed out that while some residents will see their income tax increase to 2%, most residents are already paying 2% or higher depending on the community they work in.

Mayor Luks asked the Law Director if, now that all of the discussion has ensued, it would be possible for someone who voted no on the amendments earlier to make a motion to reconsider their vote and revisit the issue.

Mr. O'Donnell stated that the motion would need to be put forth by someone who voted on the prevailing, or in this case negative, side.

No motion was put forth.

Mr. McKee asked if we could change the legislation after it has been sent to the Board of Elections.

Mr. O'Donnell said no.

Roll Call: Yeas: **Three** (Bobulsky, Zaccardelli, Uffman-Kirsch). Nays: **Four** (Stefanik, Gentile, Willey, McKee). **Motion defeated.**

ORDINANCE 06-24

AN ORDINANCE AMENDING SECTIONS 880.20 AND 880.26 OF THE CODIFIED ORDINANCES OF THE CITY OF NORTH ROYALTON, OHIO, IN ORDER TO INCREASE THE MUNICIPAL INCOME TAX CREDIT TO 100% OF THE MUNICIPAL INCOME TAX UNDER CHAPTER 880 OF THE CODIFIED ORDINANCES OF THE CITY UP TO 1.25%.

Moved by Mr. Willey, seconded by Mr. Gentile to **adopt Ordinance 06-24**. Yeas: **One** (Zaccardelli). Nays: **Six** (Stefanik, Bobulsky, Gentile, Willey, McKee, Uffman-Kirsch). **Motion defeated.**

Due to the defeat of Resolution 06-23 and Ordinance 06-24, Council wished to take final action on Ordinance 06-22.

ORDINANCE 06-22

AN ORDINANCE TO AMEND SECTIONS 880.01, 880.03, 880.04, 880.17, AND 880.27 OF THE CODIFIED ORDINANCES OF THE CITY OF NORTH ROYALTON, OHIO, IN ORDER TO PROVIDE FOR A ONE PERCENT INCREASE IN THE CURRENT LEVY ON INCOME, TO A RATE OF TWO PERCENT, EFFECTIVE JULY 1, 2006, FOR THE PURPOSES OF GENERAL MUNICIPAL FUNCTIONS OF THE CITY, AND DECLARING AN EMERGENCY. Title read.

Moved by Mr. Gentile, seconded by Mr. Willey to **adopt Ordinance 06-22**. Yeas: **None**. Nays: **Seven** (Stefanik, Bobulsky, Gentile, Willey, McKee, Zaccardelli, Uffman-Kirsch). **Motion defeated.**

ADJOURNMENT

Moved by Mr. Gentile, seconded by Mr. Willey to **adjourn the February 14, 2006, Special City Council Meeting**. Roll Call: Yeas: **Seven** (Stefanik, Bobulsky, Gentile, Willey, McKee, Zaccardelli, Uffman-Kirsch). Nays: **None**. **Motion carried.**

Meeting adjourned at 7:10 p.m.

APPROVED: _____ DATE APPROVED: _____
PRESIDENT OF COUNCIL

ATTEST: _____
DIRECTOR OF LEGISLATIVE SERVICES