

FINANCE COMMITTEE MINUTES

May 16, 2005

The Finance Committee meeting was held on May 16, 2005, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:30 p.m.

Present: Committee Members: Chair Don Willey, President of Council Robert Stefanik, Lisa Uffman-Kirsch; Denise Bobulsky, Vincent Gentile, Tom Koch; Finance Director Karen Fegan; Second Assistant Prosecutor Donna Vozar, Law Director Tom O'Donnell, Neil Price, Jerry Zemlicka, Brian Power, Larry Krysh, Donte Dicatorcio, Randall Lobianco.

Moved by Mr. Stefanik, seconded by Mrs. Uffman-Kirsch to approve the minutes of April 18, 2005. 3 yeas/0 nays. Motion carried.

UNFINISHED BUSINESS:

1. Economic Development Report

Report dated May 16, 2005, received by members of the committee and reviewed. Regarding the \$75,000 grant that was received, an amendment to our appropriations ordinance will be required to cover the portion required by our city.

2. Tax collections: Status as of this date

Report from the Finance Director discussed. The information received indicates that there is continued caution needed with revenues and expenditures.

3. Costs of Master Plan. Review and discussion

Mr. Kosdrosky responded to the committee with a memo regarding the implementation portion of the Master Plan. He is asking for a memo regarding clarification of what is meant by the implementation portion. Mr. Willey responded that part of the request for implementation costs, is information supplied in the memo from Mr. Kosdrosky regarding the town center. Additional requested information would be costs for rezoning, studies, costs for acquisition of land behind the cemetery, State Road rezoning costs and anything else as a result of the Master Plan that would be implementation costs. Mr. Willey will send a detailed request.

4. Monthly Finance Report

Mrs. Uffman-Kirsch requested an explanation on the storm sewer drainage fund as it relates to the encumbrance being larger than the cash balance. Mrs. Fegan said that there were more supplies needed and this will be adjusted with the appropriation amendment from the contractual services. Mrs. Uffman-Kirsch asked from where the payment for the removal of the tree branches from the storm would be taken. Mrs. Fegan said that would be coming from the regular budget at this time. Reimbursement is currently being sought. Mrs. Uffman-Kirsch requested that information be supplied to the committee relating to the cost to the city for the storm damage.

Mr. Willey posed questions about revenue projections as it relates to the interest rate increase. Mrs. Fegan said that it takes a long time for the interest rates to increase and it takes a long time to rebound. She is trying to keep our investments a little more short term in order to capitalize on the fact that rates are increasing. Our balances are not as high as in the past so the increase will not be as much as in the past.

5. Capital Appropriations

The next report will be received in July.

6. Bid Process and Purchasing Policy

Mr. O'Donnell said the draft is with the department heads.

7. Police and Fire Levies

Mrs. Uffman-Kirsch asked if the committee wanted to proceed with the Police and Fire levies.

Mr. Stefanik said that he is still interested in guidance from the Administration on the issues of Police and Fire levies and the income tax levy.

Mr. Willey said with regard to the Police and Fire levies there had been discussion to make the Police and Fire levies more self-sustaining with respect to money coming from the General Fund. He asked if that would happen, what would be the dollar difference and for what would these funds to the General Fund be earmarked? A recommendation is needed from the Administration.

Mrs. Fegan reviewed the information provided last month regarding the anticipated revenue from these levies.

Mr. Willey asked what the money would be used for that would not be coming from the General Fund toward the Police and Fire Departments. He would like this to be summarized and reported to the Finance Committee.

Mrs. Fegan said in general there will be increases to all general expenses including wages, PERS pension, health insurance, and jail operation. The recommendation of the Administration of what would be done with the money would be in the budget that would be approved by Council. Roads are always a priority and whatever money that would be available would also be put toward roads.

Mrs. Uffman-Kirsch stated that she did not know why a plan was being requested for the money that Council knows is needed for streets or storm sewers or wherever it is best determined. The budget is approved by Council and the expenditures listed there are something that Council controls. She did not understand why the Administration would be required to come up with a plan before Council would support these levies.

Mr. Willey responded that the taxpayers are being asked for approximately \$800,000 more a year. The taxpayers want to know what it is for and Council should have an idea of what is to be done with it and he recommends all of it to go to streets and roads. At budget time the Administration presents a recommendation to which Council can make changes, but that process does not seem to be working this way. Since Council is asking the Administration to execute a plan, then the input of the Administration in terms of what they would do with this money is needed. He asked if the Administration would be willing to accept the plan of Council and that the priorities of everyone would be different.

Mrs. Uffman-Kirsch and Mr. Willey continued to debate the issue.

Mr. Gentile said that people were told that we built a new fire station with no increase in taxes. He did not feel this would be true if there is not enough money to staff the facility. He felt that the overall expenditure of the money is not being given to the residents. He said his phone is not ringing to complain about the response time of the ambulance or the police. Residents do call all the time to complain about the roads. To say that we want to raise money in one area to switch money to another would cause suspicion. He felt that we should be forthright with the residents saying that we want money for the roads

Mrs. Fegan pointed out that the city is dictated by the ballot language as to how the money can be used. The Police and Fire levy money must be used for the safety forces. It has been the Finance Committee that determined the ballot language.

Mrs. Uffman-Kirsch asked what happens if these levies are not put on. The Finance Director said we will continue receiving money at the reduced millage. The money will be equivalent to what has been received.

Mr. Gentile feels that we need to set the priority to get funding for roads first.

Mrs. Uffman-Kirsch asked if Council was forced to make a choice, to put the renewal on the ballot — the levy bringing approximately \$868,000, or put a specific road levy on the November ballot, or do nothing; what each member would want to do. She feels a decision is necessary.

Mr. Willey said he did not feel that people should be told it is not a tax increase that is being discussed. But, by letting everyone know it is a tax increase a failure is more at risk for the police and fire levies. He would support any issue where there is a plan for major reconstruction of the roads. He would support a road levy.

Mr. Stefanik said he wants to wait for a plan from the Administration as stated in the committee minutes last month. He thought there was a great plan last year and there was no support to move forward with it. He does not support tricking the residents into voting for a police and fire levy while the money would be rerouted. He did not feel that the police and fire departments would be supporting the levy when they know the money will be taken from them and put into the roads. We are projected to be in a deficit situation in four years according to the strategic planning report that was performed for the city and we need a plan immediately.

Mr. Gentile said we need a responsible plan to show accountability for the money and where it will be spent. He felt that we need a plan that will put the required amount of money together so that it is not necessary to continue to go back to the residents. Council and the Administration have to work together to present the idea to the residents.

Mrs. Bobulsky said she would like to see the income tax issue be presented on the ballot. She feels that is the biggest issue. Improvement has been made with the roads. We could use some of the money for roads but some should be appropriated in other directions as well, in terms of storm water, operating, and the whole picture, not just earmarked for roads. She would like to see Service Department improvements. Suggesting roads only would cause her to hesitate. She is in favor of an income tax increase.

Mrs. Fegan said that whatever is determined the city needs money.

Mr. Willey said that he agrees with everything that has been said and that we have many needs. He feels that if he is going to support a tax levy, then Council needs to know exactly what will be done. When Council wants to spend \$20,000 the Administration is saying that we do not have the money and we should not spend it. There is no implementation on the part of the Administration when Council wants to spend money.

Mrs. Fegan said that the plan needs to come from the committee and the language needs to come from the committee not the Administration.

Mr. Willey asked if Council would need to decide the specific numbers for each department for everything.

Mrs. Fegan said that the percentage needs to be determined by the committee and Council.

Mr. Willey wants to review the information from last year; that is a memo dated June 28, 2004 from the Finance Director with draft legislation attached. He asked for the Administration to put together a plan. The Finance Director said that the ballot language is what limits the Administration and the plan. Mr. Willey said that the ballot language is determined by what is being asked in terms of the plan.

Mrs. Fegan said we all know we need money for streets, Service Department, a solution for the storm problems, and for general operations. Is that where the money is to go? The budget is put together within the constraints of the projected dollars coming in and for what it can be used.

Mr. Gentile said we need a plan to show the residents what the money will be spent similar to the plan that was presented when the residents went to the ballot for the recreation facility and road repair in 2003. He would like to have something to present to the residents as to what they could expect to see for the money.

Mrs. Uffman-Kirsch asked if the plan could be considered as to pay costs of constructing, reconstructing, widening, grading, draining, paving, resurfacing, maintaining, repairing and otherwise improving streets, sidewalks, curbs and gutters. We will hire additional Service Department personnel. We will acquire related equipment and related municipal operating expenses and we will construct and install storm water improvements.

Mr. Willey wanted to know what the cost was of that plan. Will all the storms be done? Will all the sunken sewers be done? Will all patching be done? He wants to know specifically what areas will be done. To what level do we want the Service Department? He wants to see the anticipated revenue and determine what portion will go to each. If a tax increase is proposed it will need to be translated into the plan.

Mrs. Uffman-Kirsch wanted to clarify that what is being asked by next month's Finance Committee meeting is that Administration is requested to take the ballot language agreed upon last year and estimate the amount of additional revenues that this income tax increase could bring in, itemize what percentage and the corresponding dollar amount of that anticipated additional revenue would go for each of the things in the ballot language.

Mr. Willey said that is what he would like to see. He does not know if it can be done in a month's time.

Mrs. Fegan asked if the members would be able to support the language from the draft legislation of last year or does that need to be tweaked further. If there is a plan, everyone needs to be addressing the same problems. If we are not able to do so and more work needs to be had then we will be running out of Finance Committee meetings in order to put it on the ballot. Also, Mrs. Fegan asked what would be the consensus of support in order to know what figures to prepare. She wants to know how we can all make this work for the good of the city and the good of the future of the roads and all that is needed to be done. She wants to know if there is something that needs to be changed before she begins preparing the information.

Mr. Willey said that the Administration and department heads are the best judges of what can be implemented. He feels that as long as these are critical needs, that as long as it is reflective of what is in the language the information could be sufficient.

Mrs. Uffman-Kirsch wanted to be sure the language would cover the need to hire more personnel as needed. She is fine with the language as long as it includes money being used for additional personnel. Mrs. Fegan will check with bond counsel.

8. Moral Claims Commission

Mr. Willey provided information summarizing what he sees as the procedure to follow. He said that he understands that a separate commission would not be formed and that the responsibility stays in the Finance Committee.

Mr. O'Donnell said he would like to see the procedure written down somewhere. It does not need to be done via legislation.

9. Amended Appropriations Ordinance

Mrs. Fegan said the amending appropriations ordinance will be ready for the second meeting in June in order that it can have three readings before the summer recess.

NEW BUSINESS:**1. Boston Road Repairs**

Mr. Willey asked if information was available as to where the money would be found for the repairs. Mrs. Fegan said she does not know from where the money could come. Mr. Willey said that rather than being sued by Medina County and while the opportunity to spend only \$20,000 instead of more is still present, he feels that we should proceed and take the money from the General Fund expected income tax revenue. Real and personal property taxes might also have the money needed. He felt that it looks like at this point of the year the money would be available in these areas and he proposed using money from these areas. He did not feel spending the money from these areas would pose a risk. Also the labor portion of the contract for the widening of Route 82 is \$1.8 million and one percent city income tax should be collected from this giving approximately \$18,000. It is his recommendation to proceed with this project.

Mrs. Uffman-Kirsch asked the Law Director if the \$17,000 amount is a guaranteed amount.

Mr. O'Donnell felt that this was an estimate. Mrs. Uffman-Kirsch felt that the engineering estimate of \$35,000 is based on figures from June 2003 and she wondered if those numbers are valid at this time. If we are going to pursue it we need to have a more current estimate.

She also said since the project is in her ward, her concern is that we do not have enough money to do things in the city that are more of a priority. She could not with a clear conscience recommend to proceed with this portion of the street in her ward. This road comparatively has very little traffic and she is very uncomfortable supporting it.

Mr. Willey said that there is an active business on that road that gets much traffic to it.

Mr. O'Donnell said that in terms of legal obligation he disagrees with the county prosecutor that we have a contractual obligation. He said Mr. Mayer indicated he had money in his budget for patching the road.

Mr. Stefanik requested an estimate of the cost of repair. He also requested information on whether we have responsibility as Medina County has for Boston Road between Ridge Road and W. 130th Street.

Mr. O'Donnell will get with Hinckley to obtain a request for proposal in order to obtain a more current cost estimate and he will clarify the contract that was between Cuyahoga County and Medina County and our responsibility in this.

2. Law Department Litigation Status Report

Mr. O'Donnell said this memo previously distributed is a confidential memo and he would prefer this not be discussed in public. This item is removed from the agenda.

3. Lobianco Moral Claim

Mr. Randall Lobianco, 3262 Helen Drive, addressed the committee regarding a moral claim. He discussed his problem of flooding in his basement and explained that it was determined to be a problem at the main which the city has repaired. He previously submitted the Moral Claim to the city and said it has gone through the process of the city insurance company. He would like to request that his Moral Claim be paid.

Mr. O'Donnell explained the involvement of the city when processing a claim. Mr. Willey requested copies of all correspondence the resident has regarding this. Mr. Lobianco explained that there was a separation of the lateral from the main which was located across the street. It was discovered that there was a blockage at the main and in the main. The repair required that the blockage be cleared up several yards from the connection in the main. Mr. Lobianco felt that this repair is not one of the homeowner's responsibilities.

Mr. O'Donnell will supply the committee with information that the city has in order to process this claim.

Mrs. Uffman-Kirsch moved to adjourn the meeting, seconded by Mr. Stefanik. 3 yeas/0 nays. Meeting adjourned at 8:12 p.m.