

FINANCE COMMITTEE MINUTES

June 20, 2005

The Finance Committee meeting was held on June 20, 2005, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:33 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; Sun Star Reporter Joann Dumound.

Moved by Mrs. Uffman-Kirsch, seconded by Mr. Stefanik to approve the minutes of May 16, 2005. 3 yeas/0 nays. Motion carried.

UNFINISHED BUSINESS:

1. Economic Development Report

No action.

2. Tax collections: Status as of this date

Report from the Finance Director received. The Finance Director said that the figures indicate we still need to be cautiously optimistic.

3. Costs of Master Plan. Review and discussion

No action.

4. Monthly Finance Report

No discussion.

5. Capital Appropriations

The next report will be received in July.

6. Bid Process and Purchasing Policy

The Department Heads have the drafts for review.

7. Police and Fire Levies/Income Tax Increase

Discussion started with a review of the previous discussions.

Mr. Willey said regarding the income tax that he would still like to see a specific plan for specific programs from the Administration.

Regarding the Police and Fire levies renewals Mr. Willey asked when we needed to address these issues. The Finance Director advised that they could be addressed whenever we choose to address them. They can be addressed as replacements bringing them back to full millage which would generate extra funds. As the levies are currently we receive the same amount of money with no increase based on millage.

Mrs. Fegan inquired of our Bond Counsel regarding if the language to cover the need to include wages could be addressed for roads and storm projects. Bond Counsel made a change to be sure that it would be covered. The wording would be "to pay costs of constructing, reconstructing, widening, grading, draining, paving, resurfacing, maintaining, repairing and otherwise improving streets, sidewalks, curbs and gutters **and related infrastructure improvements, constructing and installing storm water improvements, costs of acquiring related equipment and related municipal operating expenses.**" The entire increase would go towards roads and storm drainage. This would allow for paying staff.

Mr. Willey said that the two big issues are storm water and road improvements. How would the city implement this and to what extent would be the priorities. Mrs. Fegan said that the priorities would need to be addressed on an annual basis by the Department Heads, the Administration and the Council

committees. In situations where matching funds would be available that would move up the priority of a project. This is approved by the budget.

If it would pass in November and we knew it would go forward it would be included in the 2006 budget request. The full effect of the increase would not be felt in 2006 because many of our taxes are from individual tax payers. RITA would need to assist with that determination.

Mr. Willey would like to see more detail in terms of “what ifs.” He has a problem in supporting something without a specific plan. He wants to be able to answer why the tax is being increased. If he says it is to fix the roads, the next questions would be what roads, ditches, storm system. He wants to be able to answer these. He wants to understand how this would be approached.

Mrs. Fegan cautioned that the plan needs to be fluid and flexible. We cannot say that the list of roads for any given year is specific because other factors may come into it. If something scores higher for Issue 2 money, a possible joint project with the county, etc., then the project would move up to the top of the list because our value for the dollar would be better. If a list was made and changes were needed to that list it may cause problems with what was told to the residents via the list.

Mr. Willey asked about the other infrastructure expenditures that may or may not be dependent on shared funds. Money will be spent for storm water improvements and he would like to know what they would be. Mrs. Fegan said that 100% of the additional revenue could only go towards roads and storm water improvement. It may not necessarily be 50-50 each year. Our income tax distribution changes every year with the budget. This would be handled similar to that. By the same token there are changes every year based on budgetary priorities that go back to Council for approval, the breakdown between the roads and the storm sewers would probably change every year, also based on Council approval.

Mr. Gentile said that there was a discussion in Streets Committee regarding storm water maintenance of the apparatus and wondered if this could be used to jet out and replace cracked storm lines and how would it relate to the discussion of creating a storm water utility. Mrs. Fegan felt based on the new language the money could be used for the storm water repairs that were mentioned. If we set up a storm water utility, it would be similar as we have a Waste Water Department. It would be an enterprise fund. An enterprise fund needs to be self supporting. We would then have either income tax coming in or user fees coming in for it. Mr. Gentile said that if we are able to change the code as the discussion has been in the Streets Committee to make the storm lateral the responsibility of the resident up to the curb and that under the street the responsibility of the city; could we afford to do so? Mrs. Fegan said that there would be more money toward all the storm water problems. She felt that as far as the code change that this should be discussed with Mr. Mayer and Mr. O’Donnell. Mr. Gentile said if we all, Administration and Council, can tell the residents what can be done with the money we are asking for, nothing in concrete but what we can do over the period 5 to 10-years, such as projections that we can bring quality of roads up to a standard, we can have a storm water maintenance and reconstruction program, we can start widening necessary streets as in the Industrial Parkway in order to hold and attract businesses; they are not concrete plans yet offer residents an explanation of where there money is going and what will be received in return. With a good plan by the Administration to show what is in it for the residents it can be a successful effort.

Mr. Willey said that there are many problems that the city needs to address; he would like to see some information on where we will start and a plan to address these.

Mrs. Uffman-Kirsch said that by mid-2007 that we are projected to face a \$1.7 million deficit. The Finance Director has just said if this passes in November that we would not feel the full increase in 2006. We need to take Council action in July if we are going to have this on the ballot in November. We have had the same conversation for about a year. She is wondering if the plan could be described as roads—prioritized based on condition and age unless outside assistance is received for others where they would take precedence on the list; and storm water improvements based on severity and the number of people

impacted unless outside assistance is received for others and those would be moved up on the list and take precedence.

Mr. Willey said that we would be leaving it up to someone to make the decision and that Council may not have control over it. He does not feel he wants to support something that does not have a definite strategy or plan. He wants to know where we would spend our first dollar. Mrs. Uffman-Kirsch said that we have received a list of streets indicating the age and condition of them. Based on that document we could use it. Mr. Willey said you cannot do them all at once and he wants to know what the exact repairs would be. Unless we approve the budget before the city income tax goes, it will not work. As far as he is concerned it cannot be a blank check. That is why he is asking for detail to know where to begin. He does not want to wait for January 1, 2006, to begin to put a plan together. He is asking for information on if the Service Director had \$2 million today, what would he be doing with it. If he cannot see this he says then basically you are not asking for money to do things, you are asking for money for organizational changes.

Mrs. Fegan said that she feels we need both. The larger dollars would be actual construction of the streets and such. Recurring costs would be the additional people that are desperately needed.

Mrs. Uffman-Kirsch said since the last time we can get action on this subject is next month she asked if we can agree if the questions are what Mr. Mayer will do with money he will get and how much money do we tell him that he is going to get, which option will be used? We need to give him some direction. One option is \$1.8 million, one is \$3.1 million, one is \$4.4 million and one is \$1.3 million, they are very different.

Mr. Willey asked how much would go to storm water. Mrs. Uffman-Kirsch responded that is something Mr. Willey is being asked, to respond to something that we would ultimately have to approve, which scenario? Mr. Willey asked if we should get the plan and ask for the money or should we get the money and put a plan together.

Mrs. Fegan asked how we put a plan together when we do not know how much money we will have to spend. A "wish list" would change drastically depending on the amount we would have to spend. She needs to know what the budget is before being able to come up with the list to prioritize.

Mr. Willey wanted to know what the consensus is in terms of the amount of money to put on the table.

Mrs. Uffman-Kirsch favors the \$3.1 million with a 2% income tax 100% credit up to 1.25%.

Mr. Stefanik said he has been waiting for about 3 months since the Administration was asked to give insight, for a plan and some direction. We had a plan last year that was not good enough. He is waiting to see what the alternatives are. He will not support \$3.1 million to ask the residents to take our word that we will do a good job with the money. The history here is that this approach will fail.

Mr. Gentile favors the \$3.1 million, but it must have a plan. He said he felt that Mrs. Fegan has discussed this with the Mayor and nothing has been received from the Administration other than what was received from Bond Counsel. He referred back to August 2004 when the issue was debated. There was an emergency Finance Committee meeting to discuss it. The Mayor was quoted in the Royalton Recorder that Council is fiscally irresponsible. He will not support anything unless Council and the Mayor are in support. A plan is necessary. We cannot ask to take money on a promise. A lot of time and money was used to rezone this community. It was of the utmost importance. It was successful. This is our residents' money and we need to show them what we can do with it. He understands it has to be fluid, but we need goals that can be accomplished with the money.

Mr. Koch favors the \$3.1 million. He feels that while we need some sort of a plan, we already have a document showing us the condition of the roads. This could be a plan. You cannot promise the residents that everything can be done. The money is being split between streets and storm water. He feels that the

storm water expenditures here should be for the street area only, not for retention ponds and other things that do not deal with streets. As discussed in Streets Committee if a storm water utility is created, that would bring its own funding. We currently do not have a funding source for streets other than the General Fund. For these reasons the city income tax is more important to him to be used for streets than it is for storm water. He feels we already have a plan and we do not need to pay someone to make a plan for us.

Mrs. Bobulsky favors the \$3.1 million. She does not feel that we can establish a storm water utility and then also include the storm water in the income tax. She agrees with the approach Mr. Koch offered regarding that. She felt there is a plan with the list of the roads that show the ages of the roads and the last time there was an improvement. In terms of ranking the storm water improvements, she does not feel they can be ranked in the same fashion as the roads. A key point with this is the number of people impacted. In terms of the Administration's use of past funds, every major road has been resurfaced during this Administration, we are getting into some of the side streets as funds allow. Things have improved.

Mr. Willey said he is interested in knowing the beginning point of the road list, and the preventative issues as the dropping/breaking storm sewers under the streets that will cause the roads to break. Where is the beginning on the road list either a beginning point or a number of miles? What is the most important thing with regard to the storm water? This needs to be done for the budget.

Mrs. Fegan responded that it was hoped that by budget time there would be information regarding available outside funding. A plan could be put together for 2006, but a multi-year projection is one that cannot be precise because of the outside factors.

Mrs. Uffman-Kirsch asked if we use a 50% split for simplicity right now of the \$3.1 million and if the Administration comes back with a road plan for half and a storm water plan for half of the money projected, something not set in stone, because of variables and outside funding; if specific names of projects and names of roads with an approximate equal split based on estimated costs, would that be considered a plan in the minds of the committee? Mr. Stefanik said he would not be able to sell that to the residents. Mrs. Uffman-Kirsch asked what would be needed.

Mr. Stefanik said what we wanted to do last year was provide a specific plan to the residents. For three months we have asked the Administration to come up with a plan to give some guidance on how we should move forward with this. We have not heard one thing yet. It has been three months, so it should not be said that we are at the eleventh hour now. We are still waiting for a plan from the Administration. Last year our plan was not good enough; one that was thought to have everything laid out and one that could be passed. Just as important as the plan is getting it passed. Now the Administration and those who did not like the plan last year were asked to come up with a plan for this year.

Mrs. Fegan asked if we do not go with the micro paver system that was in the proposed plan last year, what would be necessary to see in the plan this year if everyone agrees on the \$3.1 million dollars and approximately \$1.5 million each with top priority roads and storm sewer needs; what exactly is being requested. There are too many variables to take it out for a 5-year plan to make an exact break down.

Mr. Stefanik responded the same as was requested last year for an outside group to come in and develop a plan that will work. When we passed the Master Plan we got the greatest advisors we could get and spent \$60-70,000 on that plan. This is just as important as the Master Plan and it should be treated like it is important.

Mrs. Uffman-Kirsch said that it sounds like we should forget about this then, that it is not going to happen this November. She thinks the bottom line is that we need to take the responsibility, if we have opinions of what should be done we should bring it forward and see. She feels we have a plan. She thinks the bottom line is that it is an election year and it is being deferred and blamed on someone else.

Mr. Willey disagreed. He said there was not a plan for a recreation issue when he asked in both the Finance Committee and Recreation Board meetings how much we are going to spend for a recreation center. He said there was no answer. The response was it depends on how much money we get. He felt there was no specific dollar certain on that issue and he could not support that because of it. We have a "dip list" from three years ago and since then one dip has been repaired. The plan was that they would be taken care of at least three a year. It was not implemented. We go back and look at the year's budget where we are going to replace three lift stations and only one got replaced. The whole thing is that a budget can be done, but unless it is implemented and executed it does not mean anything. So those on City Council put together a budget. The budget is the financial plan for the operation of the city. We are responsible for that. If it is not implemented, who is accountable for it? He wants a plan certain in terms of what will be spent before he will support it.

Mrs. Fegan asked what she should go back to ask for in terms of a plan. Mr. Stefanik said that the Administration is asked to bring a plan and come up with recommendations. What they wanted last year is not good and it is still not, three months more have been wasted talking about it. Mrs. Fegan asked what a plan entails. The Administration has come up with a plan saying that 100% of this will go to roads and storms. We have the Engineering Department saying which roads are in the worst condition and which storms need the most attention. The other factor that comes into this is whether or not we have outside funding from other sources that could be used to fix these, and we hate to turn our back on outside money if we only have to put in 20% of the project rather than the whole thing. So that would change the ranking. Other than the Engineering Department saying "these are the worst roads, these are the ones that need the most attention," how more detailed of a plan is being looked for. She asked for help to understand.

Mr. Willey said he did not think it was necessary to say a street that we are going to repave. There are other things such as broken curbs, sewers dropping, crack sealing, parts of street areas that need repair. What are the priorities? In terms of storm water, what is considered corrective or immediate measures?

Mrs. Fegan is concerned that the city needs money. We need money to fix these things and she is trying to do everything that she can to get this going. She understands that the option being looked at is the \$3.1 million giving no increases for 75% of the residents. We are looking at a 100% going to roads and storms and she feels the split should be addressed every year as we do with our current income tax distribution ordinance.

8. Moral Claims Commission

Mr. Willey said that Mr. O'Donnell received a copy of the information summarizing what Mr. Willey sees as the procedures to follow. It is requested that the Law Director provide his input on these proposed procedures for the Moral Claims Commission.

9. Lobianco Moral Claim

Mr. O'Donnell did not supply the committee with information that the city has in order to process this claim. Mr. Willey will see that Mr. Lobianco is contacted if information is received before the next Finance Committee meeting.

10. Amended Appropriations Ordinance

If there are any questions on any appropriations Council members should contact the Finance Director before the next meeting so the answers can be prepared.

11. Boston Road Repairs

No action.

NEW BUSINESS:**1. Paving of Oakridge**

Mr. Gentile said the matter was sent to this committee from the Streets Committee to discuss if money could be found this year or early next year to be able to do Oakridge. Loans were taken for Maplegrove and Thornhurst. The estimated amount for this would be \$75,000 for a full depth recycle.

Mrs. Fegan wanted to refer back to the priority list that the Service Director established for roads this year or for early next year; she can ask him to try including it on his list. While some revenues are up they are not up that much. We are only half way through the year; things are not totally clear through the end of the year. If they are up a little bit, that will give us a carry over for next year. If they are not, we will not have anything to carry into next year.

2. Enforcement of 1045.02 Noncompliant Sewer Tap-ins

It was asked if the Law Director was looking over this. Mr. Willey said the Law Director receives a copy of the agenda.

Mr. Gentile asked if a sewer bill has been sent to any properties that have yet to tie-in that the engineers have deemed accessible. Mrs. Fegan said no bills have been sent. Mr. Gentile said that the city has the authority to do so in 1045.02 (f). Mrs. Fegan said she previously asked for clarification regarding how far back that should go, from the date that the legislation was approved or when the sewers were accessible to the property. Mr. O'Donnell will need to advise regarding this question and Mrs. Fegan will follow-up with him. It was requested that this matter proceed and bills sent.

3. Miscellaneous

- Mrs. Fegan reviewed the legislation on the June 21, 2005, Council agenda for the notes and bonds Ordinances 05-94 through 05-98. She is attempting to lock into the lower interest rates at this time before those rates rise as expected.
- She requested that the delinquent sewer accounts legislation, Ordinance 05-92, remain on the agenda for three readings so the parties have ample time to contact the city to make provisions for payment.
- Mr. Willey asked what the status of the Ridge Road sewer is. Is Bond Counsel still reviewing it? Mrs. Fegan said it is being coordinated between Bond Council, the Law Director and the City Engineer.
- The alternative tax budget, Ordinance 05- 90, is the tax budget that is set up with the county in order that we receive our money from them. It needs to be approved by July 15, 2005, and submitted to the county by July 20, 2005.

Mrs. Uffman-Kirsch moved to adjourn the meeting, seconded by Mr. Stefanik. 3 yeas/0 nays. Meeting adjourned at 7:47 p.m.