

**FINANCE COMMITTEE MINUTES  
OCTOBER 17, 2005**

The Finance Committee meeting was held on October 17, 2005, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:30 p.m.

Present: Chair Don Willey, President of Council Robert Stefanik, Lisa Uffman-Kirsch; Denise Bobulsky, Vincent Gentile, Tom Koch, Robin Zaccardelli, Mayor Luks, Finance Director Karen Fegan, Law Director Tom O'Donnell, Community Development Director Mike Kosdrosky, Edward Miller, Joanne Dumound.

Moved by Mrs. Uffman-Kirsch, seconded by Mr. Stefanik to approve the minutes of September 19, 2005. 3 yeas/0 nays. Motion carried.

**UNFINISHED BUSINESS:**

**1. Economic Development Report**

Mr. Kosdrosky reported to the committee. The Economic Development Plan is almost complete for the Town Center District (TCD). It is in final review with outside legal counsel. It is expected to be ready in the form of legislation sometime next week. The acreage has been studied for land use, density, economics, etc. There will be an accompanying engineering and infrastructure report that will be given to Council members. Future discussions will be necessary regarding implementing the tax incremental financing district (TIF) that needs to be coordinated with changes in state law for hopeful completion before the end of the year. The TIF district will be necessary for any future major development of the TCD 4 and 5 areas in particular to help offset infrastructure and improvement costs to the State Road and Route 82 area.

Mayor Luks said that a developer was selected. That information will be released once a letter of intent is received. The letter is expected this week from Mr. Peter Ruben with the Coral Group. This process has been proceeding with Dave Harbarger and an expert from Squire Sanders who is experienced in creating TIF districts. Because of the upcoming changes in law there is a tight timeline to have our legislation enacted by the end of the year. In order to create the TIF district the economic development study was needed. The economic development study should be passed before the TIF district is created, but it can be done at the same meeting. All of this will be presented to Council in a work session with the developer and the expert from Squire Sanders who will explain all that is involved. Dialog has begun with the school administration because they are in the TIF process as well.

Mr. Kosdrosky said that he is also working with business owners interested in expanding into the Industrial Park Phase 2 and the property owners. He has created a spreadsheet to show what is being bought and sold and will provide a copy to Council members. There are some property owners who are waiting on their parcels and not willing to sell for development at this time; therefore the expansion is moving slowly. There was discussion regarding tax incentives and that these incentives would not be available to assist with the sale/purchase of land.

There will be another mailing this week regarding Issue 106 and the income tax. The Mayor said she would like to know if there were any comments or questions that Council feels need to be addressed in the mailing. She also asked if Council was willing to place their signature on this mailing showing their support. There was discussion among all present regarding this issue and the money currently available for roads and the current and projected needs.

**2. Tax collections status.**

Mrs. Fegan said receipts came in today and she will prepare a report. The figures this time are a little under what she would like to see for this time of year.

**3. Costs of Master Plan, review and discussion.**

Mrs. Fegan said there is no further information and there will not be. The Mayor said it is done.

**4. Monthly finance report**

No discussion.

**5. Capital appropriations**

Mrs. Fegan said she will have a report available.

**6. Bid process and purchasing policy**

Mr. O'Donnell said this is planned as an administrative policy. He will accept any recommendations Council would have regarding their review of the information they received.

**7. Moral Claims Commission**

Mr. O'Donnell previously provided Council with a copy of draft legislation and recommended it be part of Council Rules. This draft was reviewed by the committee.

Mr. Willey moved to recommend approval of the proposed legislation, seconded by Mrs. Uffman-Kirsch. 3 yeas/0 nays. Motion carried.

**8. Boston Road repairs**

Removed from agenda.

**9. Enforcement of 1045.02 Noncompliant Sewer Tap-ins**

Mrs. Fegan said she sent a list to the committee after the last Finance Committee meeting of those that have not complied. She is waiting for the deadline and they will move forward on it.

**10. Discussion and review of the deficit projection report**

Mrs. Fegan said she does not have a formal memo. The process is ongoing and being monitored closely with the earlier budget requests from the department heads and what is actually budgeted. The entire budget along with things that were requested but not included in the budget is being closely monitored.

Mayor Luks said that the study projected a deficit in terms of all things remaining equal. The various items in the study gave alert to things that could be curtailed such as rapid residential growth by the rezoning of land from residential and curtailing equipment purchases. The results of the study are being addressed so that things do not stay the same in terms of the downtown district, and the Master Plan concepts being employed. All of the things over time will make a difference. That study was pointing out if everything remained the same that there would be a deficit.

Mr. Willey asked about an argument being posed over spending money regarding the projected \$1.6 million deficit that growth is not good. He feels that we need to do something now to identify what we are doing and avoid that deficit.

Mayor Luks responded that is being done. The projected deficit will continue to grow if we do not address the balance in our tax base. The primary thrust is to shift the balance between residential and nonresidential. It is also a matter of being fiscally conservative which is being done when Council passes the budget.

Mr. Willey is looking to quantify all of this \$1.6 million dollars in order to offset this projection. The Mayor responded saying this is being done when purchases and financial decisions are made and Council does this with the budget.

Mr. Willey asked if it would be fair then based on the budget for next year to reduce the proposed budget by \$800,000 to save half of the projected \$1.6 million. The Mayor said that every year a balanced budget is approved by Council so there will be no deficit. There may be less equipment, less money for roads, less money for all kinds of things as each year would get tighter. That is the point. Mr. Willey said that we may not experience the deficit and the Mayor said that we cannot have a deficit.

Mayor Luks said that the point of the statement was that services need to be reduced or a deficit will occur if all things stay the same. We cannot pass a deficit budget. We may have to do without even more than we are already doing without. If we do not change things we will have either less services, fewer employees, less equipment or a deficit. That is in an environment where the city still feels that the current services are not enough. These are the choices the city faces if things continue to stay the same since 2004. They have not. It is up to Council to pass a balanced budget and oversee the funding and financing. It is up to the Administration to look for ways to not keep things all staying the same, through economic development, the Master Plan, Issue 61, and the current ballot issue. All of the things that we are doing are working toward not having things all stay the same.

Mr. Kosdrosky said Council will have significant input with decisions regarding the tax incremental financing district, and the town center district. It is the largest economic development project the city has ever or will ever see not only in future revenues but also in terms of quality of life that will have a spill over effect if it is done correctly and planned well with the achievement of the Master Plan vision.

#### **NEW BUSINESS**

1. Mr. Miller addressed those present regarding the income tax levy on the November ballot.

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