

**FINANCE COMMITTEE MINUTES**  
**January 25, 2006**

The Finance Committee meeting was held on January 25, 2006, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:30 p.m.

Present: Chair Kurt McKee, President of Council Robert Stefanik, Don Willey, Denise Bobulsky, Vince Gentile, Robin Zaccardelli, Lisa Uffman-Kirsch, Mayor Cathy Luks, Finance Director Karen Fegan, Law Director Tom O'Donnell, Economic Development Director Mike Kosdrosky, Edward Miller, Pat Jones, Sun Star reporter Joanne Dumound.

Moved by Mr. Willey, seconded by Mr. Stefanik to approve the minutes of November 14, 2005. 2 yeas/0 nays (Excused McKee). Motion carried.

**UNFINISHED BUSINESS:**

**Discussion was suspended on Items 1-5**

- 1. Economic Development Report/available grant money**
- 2. Tax collections status.**
- 3. Monthly finance report**
- 4. Capital appropriations**
- 5. Bid process and purchasing policy**

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

There were eleven bills sent last week.

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

The topic was reviewed. A projected deficit was reported to occur by the end of 2006 according to the Cost of Services Report prepared in conjunction with the Master Plan. The question has been what are we going to do to avoid the deficit or what is the current projected deficit. Each year costs and expenses grow higher than our revenues increase causing the budget to be tighter. Each year there is less money with which to do things.

In trying to avoid a deficit plans are moving forward for increased economic development, but this is not an immediate short-term reward. Also, increasing revenues through revamping the tax structure continues to be considered.

It was announced that the 2006 Budget is being prepared and there is a large amount of money needed to achieve the balanced budget required. There will be no capital purchases, no street striping for the year, no road work for the year, no crack sealing for the year, there is only minimal cold and hot patch. There is a freeze on replacement hiring. The department heads will be looking to see where additional cuts can be made. There may be cuts in personnel and services.

The city income tax proposal will not resolve this issue. The estimates are that even if the current tax dollars that were going to streets went to the General Fund instead, it would show about a \$400,000 shortage. A solution is needed for operating money in the General Fund.

**8. Discussion of cost-detail to promote city income tax increase**

There is no change to the information previously provided by the Finance Director.

**9. Appropriations Status. 2006 appropriations (Temporary) and schedule for 2006 (Final)**

Council approved the temporary appropriations budget. The 2006 final budget must be on the second agenda in February in order that it can go three readings. Hearings will be determined by the Finance Committee.

**NEW BUSINESS:**

- 1. Proposed Ordinance 06-9, Income Tax Increase (Codified amendment)**
- 2. Proposed Resolution 06-10, Income Tax Increase (Ballot language)**
- 3. Proposed Ordinance 06-11, Income Tax Increase (Credit)**

The amount of money being sought for the tax increase was discussed. It was mentioned to explore the option of asking for less. Discussion occurred that due to the budget information given tonight, if going to the voters with an income tax increase and trying to fill a void for operating revenues in the General Fund would be enough. It is dependent on what we will receive in revenues and what would be done with the safety levies. Roads, storm water and flooding still need to be addressed. There was discussion regarding a way to provide for money going to the General Fund perhaps by changing the income tax levy distribution or presenting safety levies, adjusting the tax credit, keeping city services as they are, and improving roads and infrastructure.

It is anticipated that the current proposed legislation will generate \$3.1 million and that this proposed legislation would have the best opportunity to pass.

Ballot language has been changed to clear up questions. It was decided that the sunset clause will be removed. Public Hearing language will be inserted.

A special Finance Committee meeting will be called for February 1, 2005, at 5:30 p.m. Mr. McKee will call the Council Office to inform them.

Mr. McKee moved to adjourn the meeting, seconded by Mr. Stefanik. 3 yeas/0 nays. Meeting adjourned at 7:55 p.m.