

**FINANCE COMMITTEE MINUTES
FEBRUARY 16, 2009**

The Finance Committee meeting was held on February 16, 2009, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 6:30 p.m.

PRESENT: Committee: Chairman Mike Farrell, Vice Chair Gary Petrusky, Vince Gentile; Council: Dan Kasaris, Don Willey, John Nickell, Larry Antoskiewicz; Administration: Mayor Robert Stefanik, Finance Director Karen Fegan, Other Attendees: Paul Marnecheck

APPROVAL OF MINUTES

Moved by Mr. Gentile, seconded by Mr. Petrusky, **to approve the November 17, 2008 Minutes and the January 19, 2009 Minutes.** Yeas: 3. Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

1. Monthly Finance report including tax collection status

Mrs. Fegan referenced the budget reports for January. She reminded committee members that the numbers in the budgetary column reflect the temporary appropriations only and not the full year's budget, so if the numbers look a little askew that is the reason. She said that the full budget numbers will not be added until passage by Council.

Mrs. Fegan said that since there was no mail delivery today, she did not receive tax collections, but said she will probably receive those in the mail tomorrow.

2. Gas/Oil Well Revenues

Mrs. Fegan said that she received a memo from the Chief Legal Counsel at RITA suggesting some possible changes to our ordinances just to clarify the issue of gas and oil well revenues. She said that RITA believes we are covered, but these suggested changes will make this issue clearer. This has been forwarded to the Law Department for their review. She said she has also forwarded information to the tax side of RITA and they are following through on determining who has been paying and who has not. That information will be forthcoming.

Mayor Stefanik asked about taxing gambling winnings. Mrs. Fegan said that at one time we did have a gambling tax ordinance up for vote, but it was defeated. She said that we can resurrect that legislation which she believes taxed winnings over \$1,000. Mr. Gentile said that this is a very controversial subject for people who do not even play the lottery. Mayor Stefanik said he believes this was controversial in the past because Council made it controversial. Mr. Gentile suggested routinely amending the code to include certain items including gambling winnings as earned income. Mr. Farrell asked what percentage of winnings the city receives. Mrs. Fegan said the tax is 2 percent. Mr. Gentile would like to look at the previous legislation that failed. Mrs. Fegan will talk to RITA to see what other communities are doing as far as taxing gambling winnings.

Mr. Gentile and Mr. Willey believe we should remove the Admissions Tax from our code. Mrs. Fegan said this tax brings in very little money. She stated that last year the total amount the city received was \$3,800. Mr. Farrell asked if we have ever received more than \$3,000 (or so) from this tax. Mrs. Fegan said that in 2004 we received \$6,800. Mr. Farrell asked if the tax includes charity benefits that take place in the city. Mrs. Fegan said that the way the original legislation was written charitable and political events were excluded from this tax.

Mr. Farrell said he would like to review the Admissions Tax and the gambling tax at the next meeting. Mrs. Fegan will get that information together for the next meeting.

Mr. Gentile referred back to the gas and oil revenues and said he spoke to Ms. Vozar today regarding the Zillich well off of Royalwood Drive. He said that this well was planted incorrectly and it did not include the city. He suggested having a line item open for this. Mr. Kelly said the Cutter Oil Company owes us the money from this well. The Law Department is going to go back and retro to the beginning of this well and

then sit down with Mayor Stefanik to negotiate a percentage of what we are willing to lease or sell the royalties for. Cutter Oil will then have to go back to Zillich to recoup their money. Mr. Gentile feels the amount of money we will receive from Cutter Oil could be significant.

3. 2009 Budget Status

Mr. Farrell said that the Special Finance Budget meeting was held on Saturday, February 14th. Mr. Petrusky was unable to attend and will discuss any questions he might have with Mrs. Fegan.

Mrs. Fegan said she distributed a memo this morning to clarify a conversation she had with Council regarding contractor inspection fees. She felt that maybe her answer was not clear. She said that when a developer comes in with a new development, they are required to give the city 3 percent of the estimated value of the development, then when inspections are performed we deduct that fee from the dollars we are holding. Mrs. Fegan said that because we had no new developments in 2008 and only one new development in 2007, there has been a major decrease in fees over the years.

Mr. Farrell asked if at this point we are able to take the 2009 Budget off of the Finance Committee agenda. Mr. Gentile said he spoke with Mayor Stefanik regarding the budget and they discussed possibly waiting to adopt the budget until the March 3rd Council meeting. Mr. Gentile said he feels this will give residents ample time to address any questions or concerns they might have. Mr. Kasaris agreed that we should wait to pass the budget. Mr. Farrell asked if there has ever been an issue in the past where residents questioned the budget. Mr. Gentile and Mr. Nickell said they have not had any residents question the budget in the past. Mr. Willey said he has had a couple of instances in the past where residents had questions. Mayor Stefanik said the reason for holding this back is mostly perception. He feels this will give residents who feel we pass everything on First Reading an opportunity to attend a meeting and voice their concerns. Mr. Antoskiewicz said if we are not going to pass this on an emergency measure, we should just wait the three meetings. He said we could pass this in two meetings, but said if perception is the issue, we should just wait the entire three meetings before we approve the legislation.

Mayor Stefanik said he does not have a problem waiting one more meeting to pass the budget, but feels the sooner we get this passed, the sooner we can purchase the new equipment for the Service Department and repair the roads. Mr. Willey said he feels comfortable passing the budget at tomorrow evening's Council meeting. He feels this is a very well prepared budget.

Mrs. Fegan said that this is a process, this is not an event. She said if residents question something on the budget that we feel needs to be changed, we can always make amendments.

Mr. Petrusky asked if it is still possible for Mr. Kamps to purchase the Dura Patcher tomorrow if the budget does not pass on First Reading at tomorrow evening's council meeting. He asked if we would just be able to change the legislation to amend the fact that this piece of equipment has already been purchased. Mrs. Fegan said in a case like that she would insist that we amend the temporary appropriations. Mrs. Fegan said there are other items the Service Department is looking to purchase and she said that the Police Department is also looking to make purchases.

Mr. Nickell said that Council is not doing anything dishonest by voting on the budget at Tuesday's Council meeting. Mr. Antoskiewicz said that if someone in the community had an issue with the budget, they would be sure to attend the meetings.

Mr. Nickell asked Mr. Kasaris why he is uncomfortable with approving this legislation at Tuesday's Council meeting. Mr. Kasaris said that he is concerned that the budget meeting was not publicized in the Royalton Recorder and feels that when it is published, we may have already passed the legislation, which he believes is taking an opportunity away from residents who may want to voice their concerns. Mr. Antoskiewicz said that the only meeting residents would be able to attend after this information appears in the newspaper, would be the March 3rd Council meeting which is the same meeting where Council is considering approving the budget. Mr. Antoskiewicz said that the Finance Committee is where

residents should voice their concerns about the budget and since the next Finance Committee meeting will not take place until March 16th Council would then have to wait until the last meeting in March (March 17th) to pass the budget. Mr. Antoskiewicz feels that asking residents to express their concerns at the Council meeting for five minutes, where Council does not even respond back, is not letting them express their concerns.

Mayor Stefanik said that he believes there were articles in both the Sun Newspaper and the Royalton Recorder newspapers announcing that we are working on the budget. Mrs. Fegan said that she also read an article in the Royalton Recorder regarding the budget.

Mrs. Fegan reminded Council that the city is very concerned with flooding and passage of the budget will make more funds available for the Stormwater Department.

Moved by Mr. Gentile, seconded by Mr. Petrusky **to recommend to Council to adopt the budget as proposed.** Yeas: 3. Nays: 0. **Motion carried.**

This item will now be removed from the agenda.

NEW BUSINESS

No new business.

ADJOURNMENT

Moved by Mr. Petrusky, seconded by Mr. Farrell to **adjourn the meeting.** Yeas: 3. Nays: 0 **Motion carried.**
Meeting adjourned at 7:25 p.m.