

**VILLAGE OF CUYAHOGA HEIGHTS
COUNCIL WORKSHOP**

**Revised
MAY 28, 2014
6:00 PM**

ROLL CALL: BIRO, BLOAM, CONTIPELLI, DUSZYNSKI, HARRIS, HENLEY

COUNCIL REPORTS

COMMENTS:

Ms. Harris wanted to clarify her statement of wanting to have a meeting for the residents to express their opinions to Council. She didn't mean to use the word meeting; she was approached by a resident who would like to have a more relaxed setting in order to talk to the Mayor and Council, something like a social event. Mr. Greenberg explained that if you have a planned meeting it must be published, and must abide by the Sunshine Laws. Ms. Duszynski stated that we have meetings all the time, and we are all very transparent and open. Mr. Contipelli said maybe we should look into having more social events in the Village. The Mayor said it is very hard to get anyone to participate in the social events we have now. Ms. Biro said if there is a majority of the Council it must abide by the Sunshine Laws.

Ms. Harris didn't mean for it to be a planned meeting, but some kind of social event.

CLERKS/FINANCE COMMITTEE REPORT

Five year economic forecast

In the forecast submitted, we extrapolated the information that we have today, and used it to forecast the future budgets. This is a knowledgeable guess; we can't see the future, so these are good forecasts. A forecast is like a painting of the future based upon a snapshot of today. This is a management tool and must be updated periodically.

Having said that, Mr. Unger explained how they set up the forecast by dividing it into 5 categories; Revenue, Expenses, Total Expenses, Capital Outlay, and 5 Year Forecast. So let's start with the first category, Estimated Revenue.

In each category we have an Assumptions list, and after you read them the report makes more sense, it is easier to understand.

1) General Fund Estimated Revenue:

We assumed:

- 1) the yearly increase in Village Income Tax would be 2 ½% for each year
- 2) Village Income Taxes will continue to make up almost 90% of our total revenue
- 3) Radio Services (Dispatch) will continue operating past the 2016 contract

Having said that, we went line item by line item to come up with the estimated revenue for the next five years.

Estimated Yearly Revenue

2015 - 9.666 million
2016 – 9.878 million
2017 – 10.095 million
2018 – 10.318 million
2019 – 10.547 million

2) General Fund Estimated Expenses

We assumed:

- 1) The yearly increases in Personal Services will be 2% in 2015, 1% in 2016, and 2% in 2017, 2018 & 2019.
- 2) We used a 4% increase in medical costs, and we don't know how Obamacare will affect us in the future.
- 3) Snow removal budget will be moved to the Street Funds
- 4) The Seniors will continue to be supported with a \$4,000.00 check each year
- 5) Holidays include Corn Roast, Christmas, and Easter
- 6) We will continue to pay down our debt by \$200,000.00 yearly

If we see a huge change in the expenses, we will go back and change the forecast. The forecast is very similar in format to the budget format you have for 2014. We went line item by line item to come up with our total expenses. The next section is a Total of all the expenses by year.

3) Total Estimated General Fund Expenses

Again, the Clerk mentioned that we went line item by line item, and if there is a large change in the future, we can adjust as necessary.

The question was asked about the 100th anniversary, and if we put any money in the expense report to pay for this. The Clerk said it is a long time away, and we can adjust as we get closer. The Clerk explained that this is a huge undertaking, and it is a great tool for Council. We are looking ahead 5 years and we can see trends and expenses that will impact our Village.

The Mayor said that he asked for this forecast so that we can educate our residents. If we go to the voters for a tax increase, they will have the information they need to make a good decision.

Ms. Biro also explained that there is a bill at the State level that could impact our total revenue.

Mr. Unger explained that these are the total expenses to open our doors, pay our employees, and pay our everyday bills.

The yearly totals forecasted are:

2015 – 9.658 million

2016 – 9.765 million

2017 – 9.972 million

2018 – 10.152 million

2019 – 10.285 million

4) Capital Outlay

Moving into the Capital Outlay, the Clerk explained that he had many documents, had meetings with all of the Chiefs and the Engineer to go over projects and costs needed for the next five

years. Any costs for Capital Outlay will now come out of our General Fund because we don't have a reserve in our Capital Projects Fund.

Mr. Unger went over all of the equipment and projects asked for in each of the next five years for the Police, Dispatch, Fire, Service Department and the Streets. The Clerk kept everything in this document that was asked by each department, knowing that in order to spend any money on these things; it will have to come in front of Council to vote on any of these projects.

Ms. Duszynski asked about the cost of vehicles and if they can be leased. The Clerk explained that on big ticket items it is worth looking into but not on a car here or there. The Mayor said that big ticket items are what we will look at for financing.

Ms. Biro explained that for some of the items in Capital Outlay, there are grants out there that we could apply for to purchase them. We as a Council need to strongly encourage the chiefs to go out and submit grants before asking Council to make the purchase. The Mayor stated that the chiefs have been made aware that they must look for grants before any purchase is made.

Mr. Unger explained again that he took nothing out of the costs projected for Capital Outlay. Whatever the chiefs asked for, he included in the report, and again explained that anything in this category must come back to Council for approval.

Capital Outlay Totals:

2015 – 2.245 million
2016 – 1.391 million
2017 – 2.224 million
2018 – 940,000
2019 – 137,000

5) Five Year Forecast

We made the assumptions that:

- 1) We will not receive any extra revenue from any local companies that might owe back taxes
- 2) We assume we will not receive any extra income from traffic cameras
- 3) We assume that we will spend all of the expenses in Capital Outlay for each year

Clerk Unger explained the spreadsheet used in the forecast. He told Council that the top portion of the excel spreadsheet will show you the beginning and ending General Fund amounts and whether there is a surplus or deficit.

What this shows us is that if we just look at revenue and expenses, it will show that in 2015, we will have a surplus of \$7,561.00. This is just looking at the expected revenue and expected expenses. For each of the next 5 years we will have a surplus. We will take in enough money to cover all of our salaries and bills for the next five year, and have a little left over.

Now you have to add in the Capital Outlay, and when all of the projects and equipment is added in to the expenses, we will show a huge deficit in each of the next five years.

At the end of 2014, the Clerk said the General Fund should have a surplus of approximately 1.3 million.

If Council agrees to spend all the Capital Outlay in 2015, we will then show a deficit in the General Fund of (\$1,156,850.60).

2016 – Deficit of (\$2,435,412.60)

2017 – Deficit of (\$4,536,229.60)

2018 – Deficit of (\$5,309,662.60)

2019 – Deficit of (\$5,185,283.60)

That is the bottom line, and I don't know what other information I can give Council. I know we have enough money to open the doors and pay our bills in the next five years. If you decide to do everything in Capital Outlay, you will have a deficit balance.

The Mayor asked for this 5 year report because eventually we will run out of money. He wants it to be on the record that in 1987 Mayor Contipelli went to the voters and raised the taxes ¼% in 1988 and another ¼% in 1989.

Mr. Bacci comes into office in 1990 and raised it another ¼%.

In 2002 Mayor Bacci raised taxes again another ¼%.

It has been 12 years since we had an increase.

When I took office in 2008, Clerk Biro and I sat down and after going over the numbers, we wanted to get another 10 years before we went to the voters for an increase in taxes.

So he wants people to know that no administration was all that, they all raised taxes to pay the bills.

During Mayor Contipelli's administration, the taxes were 1% less than any other community, and even though he raised taxes a total of $\frac{3}{4}\%$, the total was still below what other communities were charging.

Mayor Bacci in 2002 thought they might as well grab another $\frac{1}{4}\%$ and charge a total of 2% like all the other communities.

The challenge we have now with a tax increase is we will be north of the 2% number. The Mayor stated that nobody was magical or mystical; they just had all the money they wanted to do whatever they wanted.

The Clerk stated that a $\frac{1}{4}\%$ increase in the tax would produce approximately \$1,000,000.00 in new revenue per year.

These numbers as presented by the Clerk can go really far to the left, or really far to the right. They are projections, they are a guess, but the Mayor believes that these figures are going to be somewhere in the ballpark.

Ms. Duszynski stated that we will be able to pay all of our bills and salaries without using Capital Outlay. The Clerk said yes. Mr. Contipelli stated that we have enough money to open our doors and pay our bills.

Everyone agreed that the Clerk and Finance Committee did a great job on these projections. Mr. Contipelli asked where we go from here. The Mayor said that once the public reads his State of the Village Address they will have more understanding of the problems we are facing. The businesses know the problems we are facing. Ms. Henley stated that we lost a lot of the taxes that we got previously such as the tangible property tax. Now we get nothing from that.

The Mayor stated that he remembers a big stir from the businesses when we raised the taxes in 2002. He doesn't believe that is the case today. Everyone has gone through tough times in the last couple of years, and we are all trying to make ends meet.

MAYORS REPORT

Chief Sturgill is down to the last candidates for the new hires. Hopefully this Friday we will have the candidates ready to be approved by Council. One of the candidates is Kevin Stack, the brother of Kelly Stack the Olympic Silver medalist winner for the United States Hockey team. We are very excited, because they are very good additions. Chief Sturgill is a little worn out from talking to so many candidates. He will keep Council up to date on the appointments.

Ms. Harris asked if we take part time Service Department applications throughout the year. The Mayor said yes, and he was glad she brought that up. We have a candidate right now for Ron's position. He is Cory Pucci from Brooklyn Heights. He is graduating this year, and he is a grandson of the Deliberatos. Ms. Henley stated that he is a good kid. Scotty is considering him for the position which is 32 hours a week. The Mayor stated that we take applications for part time positions all the time.

There will be a probation period for the new part time employee, and if they don't cut the mustard, they will be let go.

Ms. Duszynski asked about the \$10.00 fishing fee. The Mayor stated that anyone under the age of 16 that does not need an Ohio fishing license, they will only pay the \$10.00 fee. If they have to have an Ohio Fishing License, they must have that license, and also pay the \$10.00 fee to the Village. This is for stocking the pond and taking care of the pond.

The Mayor and Mr. Greenberg gave an update on the Harvard Refuse property. Things are going well and moving forward. We are now looking at July for anything to happen, and we want to make sure the Village is not liable for anything.

Ms. Henley asked about the broken windows in Voyale. The Mayor talked to Brian Bauman, and his dad bought new windows and they are ready to put them in. They are trying to fix the building.

LAW DIRECTORS REPORT:

The Mayor has asked Mr. Greenberg to research incentives to get younger people to move in our community. Something that would entice someone to buy an older house, and fix it up. If there is something to get them here, and fix up our housing stock, it will be worth it.

WHEREFORE, there being no further business before this Council, Ms. Harris moved, seconded by Ms. Duszynski that the Work Session be adjourned. All voting aye, none opposed; motion carried. Meeting adjourned at 7:45 pm.