

VILLAGE OF CUYAHOGA HEIGHTS
COUNCIL WORKSHOP
MINUTES
6:00 PM
MAY 27, 2015

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

Motion to excuse Ms. Harris from the Workshop.

Mr. Contipelli made the motion, seconded by Ms. Henley. All in favor, none opposed. Motion carried.

CLERKS REPORT:

Mr. Unger was asked to give Council an update on the current financial situation for 2015.

Clerk Unger stated that his report is limited to the first 1/3rd of the year since those months are actually closed, and we have exact numbers that reflect the budget at that time.

We started the year with a beginning balance in our General Fund of 1.465 million dollars.

We budgeted 11,061,944 in our General Fund this year, and that includes all of the costs in Capital Outlay.

9,563,994 to pay all of our normal bills for the year

897,950 for Capital Outlay

600,000 transfer to the Community Improvement Corporation

TOTAL - 11,061,944

January month end we had 1.547 million in our General Fund

February month end we had 1.770 in our General Fund

March month end we had 2.084 in our General Fund

April month end we had 1.455 in our General Fund- This was the month we transferred 600,000 to the CIC.

EXPENSES:

Our expenses at the end of April were 31% of the total for the year. This is 2.3% lower than expected at this time.

Mr. Unger stated that he looked back at previous years to see how we fared in our General Fund spending to see if we spent all that we budgeted. Since 2010, we have spent less than we have budgeted in 4 of the 5 years. This is something to keep in mind, just because we budget the money, it doesn't mean we have to spend it.

REVENUE:

RITA taxes at the end of May are \$175,789.36 more than last year during the same time period. I estimated a 2% increase and we are currently at 4.51% increase. At the end of the year, every percent increase is approximately an additional \$80,000.00.

For the first third of the year, we took in .35% of our expected revenue in the General Fund. This is right on target.

We are still in negotiations with RITA on recovering some of our unpaid local taxes.

SYNOPSIS:

Without looking at any other variables, if we spend all the money budgeted in the General Fund this year, and all of the Capital Outlay budgeted, we will have approximately \$400,000 to \$500,000 dollars in the General Fund.

Other variables that could affect this number would be, not spending all of the money that is budgeted, not spending all of the Capital Outlay that is budgeted, getting more revenue than expected, and coming to terms with the RITA unpaid taxes.

STRATEGY:

I am trying to expense some of the costs through the Capital Projects Fund, and the Street Funds first instead of going to the General Fund, because the General Fund is more flexible, and easily moved if needed.

I also gave you a list of projects under Capital Outlay to help you keep track of the projects going forward. Mr. Contipelli mentioned that some of the road projects that Council talked about doing was not in Capital Outlay, Clerk Unger said that is correct, and this will be over and above all the expenses we currently have.

Mr. Unger stated that in the last three years we have not spent all the money budgeted for Capital Outlay, and currently we have spent very little of Capital Outlay for 2015, and I gave you the list to make informed decisions on what you want to spend this year.

Ms. Biro asked Clerk Unger when we will see an updated 5 year forecast. Mr. Unger stated that he will try to get it completed for the next Finance Committee Meeting.

Mr. Contipelli thanked Clerk Unger for the report, and giving us a clearer picture of where we are today with our finances.

MAYOR BACCI/ENGINEER TODD SCIANO:

Five year Capital Outlay as it relates to streets

The Mayor stated that as Mr. Unger is working on the 5 year finance forecast, Mr. Sciano is also working on a 5 year forecast for street projects. For instance, Grant Avenue resurfacing is approximately 1.5 million dollars, and Canal Road resurfacing is approximately 2.5 million dollars. There are other street projects over the next 5 years that could easily total 10 million dollars. There is no chance of doing any of these projects without a new revenue stream.

Mr. Sciano went over the street projects we need to address over the next 5 years, and the projects that we have put off for many years because of the lack of funds to do them. We continue to push back street maintenance, and then they become more expensive. Mr. Sciano gave us an example of a project that was awarded in another municipality 6 years ago at \$382,000.00 and today the bid is \$790,000.00. The cost doubled in six years.

The Mayor explained that when you put off projects for any amount of time, the costs will be more than the original quote. He explained that the street projects we are currently looking at are not pie in the sky wish list items. When he talks about Grant Avenue and Canal Road, those projects in our current revenue stream will never get done.

Mr. Sciano explained that the E.71st Street project that we just did would be 20% higher today than when we did it. So whenever we put off a project for another year, our costs on that project will be more expensive than the original quote. In 2013 we carried over \$550,000 in projects, and in 2014, we put off \$750,000.00. So when we decide to do these projects, they will cost a lot more, because the contractor's prices will rise. There are many small street and sidewalk projects that we continue to put off, but the big ones are Grant Avenue and Canal Road. Mr. Sciano then went in-depth into the projects that we have put off.

Ms. Duszynski made the comment that we don't have the money to do these projects, so where are we going to get the revenue. The comment was made to raise the income tax rate. Mr. Unger was asked how much revenue a ¼% and ½% raise in the tax rate would generate. Mr. Unger explained that for every ¼% you would get an extra million dollars a year in revenue.

Mr. Sciano explained the need to address Canal Road and Grant Avenue. The cost for these projects will be over 4 million dollars. The Mayor explained that we are not spending money on frivolous things, this is our infrastructure, and we need to address it. The folks that pay for this community are the people doing business here. We are the recipients of all the benefits from companies that do business in our community, and roads are always a topic at all of the businesses in our Village.

The Mayor said that we can have a five year plan and we can plan all the strategies we want, but the bottom line is we can't pay for it. We don't have the money. Ms. Duszynski stated that what concerns her most is if we don't have the money now, how we are going to get the money later, especially if the costs rise.

The Mayor said he doesn't want to continue to harp on the revenue stream at this time because it has been previously addressed to Council in 2014 when the Mayor passed out the historical income tax increases from past administrations.

Council could continue to let the roads go until they turn into dirt roads, but that is not how we do business here. Mr. Sciano always talks about how our roads are the industry standard, and we are very fortunate to only have 10 or 12 of them. He just wants Council to be aware of what is happening. The Mayor and Mr. Sciano will get a report to Council outlining all of the projects and the current costs and future costs.

Ms. Biro questioned Mr. Sciano concerning some of the grants available to do any of our street projects. Mr. Sciano explained that he is aware of all the grants, but it is very hard to get awarded if the project only helps a couple of houses when other projects help hundreds. He also stated that Silverload is always working to get government grants. Ms. Biro asked if there was any impending sewer projects on Canal Road planned, the Mayor and Mr. Sciano stated none that they are aware of.

There was some discussion of when we need to go back to the residents to increase taxes. The Mayor said that in 2008 they projected they would have to get a tax increase in another ten years, then the economy took a dive and put the whole country into a recession. Here we are 7 years later, and we have worked diligently to adjust to the income levels we had. We didn't waste our money on frivolous things, and give everything to the workers or the residents. We did what we could with less money and put off many of the street projects that we should have done. Now we have to figure out how and when we want to do it.

Mr. Contipelli asked how long it would take to pay off our note and have money to do these projects. Mr. Unger said we pay off \$200,000.00 a year on the note, and it would take a long time to free up that kind of money. Mr. Unger said before we borrow any more money, he would certainly suggest to Council to look at all other options before borrowing. He said that we have expended our money quite wisely, when he started in 2010, our General Fund was at 1.6 million. We watched every penny that we spent, and there was a time we almost closed the pool for lack of money. Today our General Fund is at 1.4 million, and we have done more projects than any previous Council. We went through the worst depression that most of have seen, we paid all of our bills, and kept our services the best in the County.

The Mayor and I believe that we have budgeted our money wisely, but there is a point that we will need extra revenue for infrastructure projects that we continue to put off because of the large expense. You can go back and borrow

more money, but then it becomes a burden on your General Fund, and you will never get ahead. The Mayor said that borrowing will encumber our future, and he doesn't want to hand off the Village to the next generation a great burden of debt. This will only happen with a new revenue stream. Every Mayor is looking at the same thing. There is no "get rid of that employee" or "get rid of that service" that will save enough money to do the infrastructure projects that we need to address.

The Mayor read a letter from Chief Sturgill thanking his Policemen for attending the Memorial Day participation. The Mayor was elated that Chief Sturgill wrote to them that it is a duty bestowed on them from the veterans who have lost and risked their lives to insure our freedom. It was very touching, and he wanted to share that with Council.

Mr. Bloam made the motion to go into Executive Session for employment matters, real estate, tax issues, and litigation, seconded by Mr. Contipelli. All in favor, none opposed. Motion Carried.

Mr. Contipelli made the motion to come out of Executive Session, seconded by Ms. Duszynski. All in favor, none opposed. Motion carried.

WHEREFORE, there being no further business before this Council, Mr. Bloam seconded by Mr. Contipelli that the Work Session be adjourned. All voting aye, none opposed; motion carried. Meeting adjourned at 8:20 pm.