

Record of Proceedings

Special Council Meeting

August 9, 2016

Presiding Officer, Council President Nick Molnar, Mayor Pro Tempore called the August 9th special meeting to order at 7pm.

Present: Council members' Kevin Bilkie, David Engle, Sylvia Hanneken, Nicholas Molnar and Janet Tulley; Law Director Mark Guidetti and Council Clerk Josephine Arceci.

Absent: Mayor Joseph Migliorini

Prior to legislative action, the following discussion was held regarding ORD. NO. 61-2016.

Councilor Bilkie asked Law Director Guidetti to explain Section 1(B)(2) of Ordinance No. 61-2016 and reference to the application of 12 ½% to parks and recreation, capital improvements, maintenance and operating expenses to which Mr. Guidetti answered the percentage represents how much of each tax dollar is allocated for those purposes. This language is part of, and must remain within the tax code. Mr. Bilkie asked Ms. Hanneken in regards to Ordinance No. 61-2016 in which order does she recommend that the roads be repaired to which she responded that Engineer Gigliotti's report was thoughtful therefore she would follow the order of repairs he suggests. Ms. Hanneken added that she estimates 80% of the ¼% income tax renewal she's advocating will generate slightly over \$8 million dollars over the 10-year life of the tax. Annual collection is estimated to be about \$1.3 million dollars. The remaining 20% of the tax would be allocated to parks and the Recreation Center she added.

Engineer Gigliotti commented that his report groups roads the same part of town together to reduce mobilization of equipment from one area thus making projects more cost effective..

Councilor Hanneken asked Mr. Gigliotti to explain the reference in his memo/report to water mains and Cleveland Water to which he responded that Cleveland Water provides a program in which communities must sign an agreement to be part of, the advantage of which is the community may then apply biannually for competitive funding for water main replacements. The agreement entails ownership of the water mains being assigned to Cleveland Water in turn for the community acknowledges anti-poaching laws that is not taking tax dollars from Cleveland. Clarifying further Engineer Gigliotti explained that Cleveland Water is currently responsible for paying the cost of making repairs to ruptured/leaking water mains within Macedonia. Macedonia however is financially responsible for replacing the water mains. Mr. Gigliotti added that Chagrin Valley Engineers represent 17 communities, 16 of which are within the Cleveland Water department and of the 16 at least a dozen entities participate in this program.

Councilor Tulley questioned Mr. Gigliotti if it's fair to assume Cleveland Water will be responsive if Macedonia were to participate in his program given Macedonia's experience is to struggle when trying to get Cleveland to pay the cost of repairing the road after a break to which Mr. Gigliotti explained that the Cleveland Water Main Replacement Program is a different entity entirely within Cleveland Water from the department responsible for repairing water main breaks.

Councilor Bilkie asked Ms. Hanneken if she foresees using of any of the 80% of the 80/20 split of ¼% income tax for anything other than roads. Mr. Bilkie expressed concern that 20% allocation of the tax

Record of Proceedings
Special Council Meeting
August 9, 2016

proposed by Ms. Hanneken, just over \$200,000 barely helps recreation's operating costs let alone capital projects.

Councilor Hanneken responded her intent is that the 80% be solely for roads with the potential of more dollars being appropriated towards that end if necessary. The difference of 20% is designed to provide a capital revenue flow for the parks and the Recreation Center. The tax would be effective for a period of 10-years, the total value of which would be about \$2,000,000 she added. In Ms. Hanneken's opinion the operating expenses of the Recreation Center should be appropriated by Council as Council does for every other department.

Councilor Tulley told Ms. Hanneken her recommendation falls short of the needs of the Recreation Center that residents, the Parks & Recreation Commission and the members of the Recreation Center have expressed.

Ms. Hanneken disagreed. In Ms. Hanneken's opinion her recommendation is reasonable given the City's financial projections and the fact that Recreation will have a reserve fund of \$1.5 million.

Ms. Tulley told Ms. Hanneken the cost of anticipated capital improvements exceeds the allocation of dollars Ms. Hanneken has proposed. Additionally, Ms. Tulley said Finance Director Hall has advised the 20% of the 80/20 split will be needed to support day-to-day operations.

Ms. Hanneken disagreed that tax revenue will be needed for this purpose. Ms. Hanneken opined that given there has only been discussions about the Recreation Center and there is no formal plan her proposal is a reasonable in providing a variety of capital improvements over the next 10-years.

Finance Director Hall interjected there will be a short-fall in the Recreation Center this year of \$310,000 which means the fund balance is expected to be \$1,281,000.00. Continuing, Ms. Hall explained that in 2017, accounting for \$500,000 in income tax collections the first half of year, leaving member and program income the same and adding 3% increase for operations and salaries there will be a \$200,000 short-fall leaving a fund balance in \$1,081,000.

Ms. Hanneken told Ms. Hall she did not agree with her assumptions but agreed with her numbers in making those assumptions.

Council President Molnar asked Ms. Hanneken if she spoke with Recreation Director Manley about Ms. Hanneken's proposal to which she answered that she did not because she has not been allowed to speak directly to any department head per the Mayor. Ms. Hanneken added that her estimates are based on information from outside input.

Law Director Guidetti interjected that Ms. Hanneken has not been denied she has been advised that requests of department heads have to be made through the Mayor's office.

Ms. Hanneken informed Mr. Guidetti that when she has emailed department heads she has copied the Mayor but has been told, as she interprets, that she is interfering with normal business.

Record of Proceedings

Special Council Meeting

August 9, 2016

Mr. Molnar told Ms. Hanneken the information she is providing is based on information gathered elsewhere as she has not spoken with Recreation Director Manley or Finance Director Hall, who is a certified public accountant but who Ms. Hanneken is saying is wrong.

Ms. Hanneken informed Mr. Molnar that what Ms. Hanneken is saying is that she does not agree with Ms. Hall's assumptions.

Mr. Bilkie told Ms. Hanneken her proposal will cripple the Recreation Center to which Ms. Hanneken answered that she didn't agree. Ms. Hanneken reiterated that in her opinion operating expenses of the recreation department should be allocated by Council as Council does for every other department. Ms. Hanneken opined department expenses and expenses in general must be prioritized. In terms of importance allocation of dollars should first be to safety, and then roads and others areas as needed..

Mr. Bilkie reiterated that in his opinion recreation is as important are Macedonia's other needs.

Ms. Tulley questioned Ms. Hanneken how she suggests funding storm water projects since Ms. Hanneken does not include money for this in her proposal.

Ms. Hanneken responded by echoing a memo from Engineer Gigliotti in which he factors catch basins and crossover repairs into road improvements. Therefore in her opinion these types of repairs would be covered in the 80% of the 80/20 split of ¼% tax. Echoing Mr. Gigliotti's memo further, Ms. Hanneken said other storm-water projects would be accomplished through NEORSD funding.

Ms. Tulley questioned how projects as costly as the retention basin at Our Lady of Guadalupe estimated at \$390,000 could be funded with NEORSD's community share money.

Ms. Hanneken opined the City can pay for the project then get reimbursed by NEORSD. Ms. Hanneken said she was informed by a NEORSD contact; the watershed team leader for this area that the annual storm water fee projections for Macedonia is \$906,816.00. Business properties will pay \$508, 248.00 of that sum and residents' \$398,568.00. The 25% community share should be around \$226,000 Ms. Hanneken said and since there is no end date of this fee then the annual disbursement provides a reliable, ongoing revenue stream.

Ms. Tulley asked Ms. Hall to explain the disbursement process as she understands it to which Ms. Hall answered that based on information she received from NEORSD officials collections will take 12 months. NEORSD estimates the community share will be more like \$200,837, about 90% of total annual collections because some properties owners will not pay. Ms. Hall added that currently in escrow is \$109,000 of Macedonia's share that was collected nine months prior to the 2014 law suit. Explaining further, Ms. Hall said Macedonia must first apply and receive prior approval before implementing any storm water project. And NEORSD will not approve any project the cost of which is in excess of the dollar amount in Macedonia's sewer district account. Ms. Hall added NEORSD will not allow application of community share money to be used for bonded projects, nor can the money be applied to

Record of Proceedings

Special Council Meeting

August 9, 2016

engineering costs. The entire process Ms. Hall added is similar to ODOT requirements, that is, the city pays first then is reimbursed.

LEGISLATION

ORD. NO. 58-2016

AN EMERGENCY ORDINANCE AMENDING SECTIONS 182.01(B), 182.03 AND 182.04(A) OF THE CODIFIED ORDINANCES OF THE CITY OF MACEDONIA, OHIO, IN ORDER TO INCREASE THE CITY'S INCOME TAX RATE BY ONE-QUARTER PERCENT (1/4 %) STARTING ON JANUARY 1, 2017 AND CONTINUING THEREAFTER FOR ROAD IMPROVEMENTS AND STORM WATER PROJECTS; AND SUBMITTING SAME TO THE ELECTORS ON NOVEMBER 8, 2016 was **offered** by Mr. Molnar for its **third reading by title only**.

Relative to ORD. NO. 58-2016, Mr. Bilkie questioned the terminology relative the storm water projects, that is, wondering if storm water projects shouldn't be changed to infrastructure projects. More importantly Mr. Bilkie opined the term of the tax should be limited to 10-years because it provides a finite timeline which may be more palatable to the voters as well as providing a compromise among Council. Mr. Bilkie said at least twenty roads could be repaired within the 10-year time frame with the level of revenue generated by ¼% levy.

Mr. Bilkie moved, Mr. Molnar seconded to **amend ORD. NO. 58-2016 where applicable throughout, by limiting the term of the income tax increase to a 10-year period.**

Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.

Mr. Molnar moved, Ms. Tulley seconded to **adopt ORD. NO. 58-2016 as amended** and post same according to law.

Roll call: Ayes: Bilkie, Molnar and Tulley*****
Nays: Engle* and Hanneken
The motion carried.
ORD. NO. 58-2016 declared adopted as amended

Relative to ORD. NO. 58-2016 and during roll call Councilor Engle* stated he is not supporting the increase being placed on the ballot again since voters defeated a tax increase just a week ago and because Council does not have a consensus about what should be done and because he has not heard "dittily from the Mayor. Mr. Engle said he does not know whether or not the Mayor supports the increase since he has not attended any of the special meetings nor has the Mayor provided any direction on this matter. Another reason Mr. Engle opined is there is no plan. Mr. Engle knows there is a need but in his opinion next year is a better opportunity to present the question of an increase to the voters.

** Councilor President Molnar reiterated the plan for improving Macedonia's roads was presented to Council in November 2015 which was then revised April 26, 2016. Mr. Molnar said the easy decision in

Record of Proceedings

Special Council Meeting

August 9, 2016

some matters is not always the best decision. Pushing the can down the road yet another year as Mr. Engle is suggesting is not an answer. Road deterioration is not suddenly going to stop. Something has to be done now. The voters in August said they did not approve of that level of tax for that period of time. This proposal is a lesser percentage for a limited period of time. Mr. Molnar applauded Mr. Bilkie for making changes to Ordinance No. 58-2016, for attempting to gather consensus among Council and for trying to make the levy more reasonable for the voters.

*** Councilor Tulley expressed her appreciation too that the term of the tax was limited to 10-years. Ms. Tulley added there are so many more roads in City that need repaired that aren't even on the list. Crow Drive being one of them she added. If the tax is not approved Ms. Tulley questioned how improvements can be made without assessing property owners. Ms. Tulley added the City has had a plan for roads and a plan for storm water, what the City hasn't had is money. Income tax revenue is what it needed to insure future repairs of Macedonia roads and storm water issues and for these reason she supports the increase.

ORD.NO. 59-2016 ○

AN EMERGENCY ORDINANCE AMENDING SECTIONS 182.01(B), 182.03 AND 182.04(A) OF THE CODIFIED ORDINANCES OF THE CITY OF MACEDONIA, OHIO, RENEWING THE CURRENT ONE-QUARTER PERCENT (1/4%) INCOME TAX LEVY WHICH EXPIRES ON JUNE 30, 2017 AND WHICH IS DESIGNATED EXCLUSIVELY FOR MAINTENANCE AND OPERATION OF THE CITY RECREATION CENTER INCLUDING ANY NEW CONSTRUCTION AND OTHER PARKS AND RECREATION PURPOSES, SAID RENEWAL TO CONTINUE FOR A TWENTY YEAR TERM EXPIRING ON JUNE 30, 2037; AND SUBMITTING SAME TO THE ELECTORS ON NOVEMBER 8, 2016 was **offered** by Mr. Molnar for **its third reading by title only**. Second not required.

Mr. Molnar moved, Ms. Tulley seconded to **adopt ORD. NO. 59-2016** and post same according to law.

Roll call: Ayes: Bilkie, Molnar and Tulley
 Nays: Engle and Hanneken
 The motion carried.

ORD. NO. 59-2016 declared adopted.

ORD.NO. 60-2016

AN EMERGENCY ORDINANCE AMENDING SECTIONS 182.01(B), 182.03 AND 182.04(A) OF THE CODIFIED ORDINANCES OF THE CITY OF MACEDONIA, OHIO, RENEWING THE CURRENT ONE-QUARTER PERCENT (1/4%) INCOME TAX LEVY WHICH EXPIRES ON JUNE 30, 2017 AND WHICH IS DESIGNATED EXCLUSIVELY FOR MAINTENANCE AND OPERATION OF THE CITY RECREATION CENTER INCLUDING ANY NEW CONSTRUCTION AND OTHER PARKS AND RECREATION PURPOSES, SAID RENEWAL TO CONTINUE FOR A TWENTY YEAR TERM EXPIRING ON JUNE 30, 2037; AND SUBMITTING SAME TO THE ELECTORS ON NOVEMBER 8, 2016 was **offered** by Ms. Tulley for **its third reading by title only**. Second not required

Record of Proceedings
Special Council Meeting
August 9, 2016

Ms. Tulley moved, Mr. Molnar seconded to **amend ORD. NO. 60-2016 to reflect the 10-year tax levy for road improvements as set forth in Ordinance No. 58-2016.**

**Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.**

Ms. Tulley moved, Mr. Bilkie seconded to **adopt ORD. NO. 60-2016 as amended** and post same according to law.

**Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.
ORD. NO. 60-2016 declared adopted as amended**

Relative to ORD. NOS. 59 & 60-2016, Councilor Tulley reiterated what Law Director Guidetti had explained during the prior special meeting, that is, each ordinance is that same in that they provide for continuing the ¼% income tax for the Recreation Center for 20-years. The difference in the two ordinances pertains to the language describing the allocation of the income dollars if voters approve the ¼% income tax increase for road improvements or if voters do not. Ordinance No. 60-2016 is primarily clarifying language for the codifier who prepares Macedonia's Codified Ordinances. Only two issues will appear on the November ballot; ¼% tax for road and storm water improvements and the continuation of ¼% tax for 20-years for the Recreation Center. Ms. Tulley asked Finance Director Hall to explain the expiration of the debt payment relative to the Recreation Center to which Ms. Hall stated that last payment of \$600,000 will be made December 2016. Continuing, Ms. Hall explained that the actual amount of total debt this year is \$1.7 million, principal and interest. That payment will be made with \$600,000 from the Recreation Fund and the majority of the remainder from the General Fund. Once payments and transfers are made Ms. Hall stated there will little left in the GF.

○ *At this juncture, Law Director Guidetti advised Council President Molnar that a member of Council in the majority relative to the adoption of Ordinance No. 59-2016 has the right to move said ordinance be reconsidered for the purpose of amending the ordinance in the same manner as Ordinance No. 60-2017 was amended, that is, to reflect that the term of the tax levy to be limited to 10-years.*

Mr. Molnar moved, Ms. Tulley seconded, to reconsider ORD. NO 59-2016.

**Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.**

Record of Proceedings
Special Council Meeting
August 9, 2016

Mr. Molnar moved, Ms. Tulley seconded to **amend ORD. NO. 59-2016 to reflect the 10-year tax levy for road improvements as set forth in Ordinance No. 58-2016.**

**Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.**

Mr. Molnar moved, Ms. Tulley seconded to **adopt ORD. NO. 59-2016 as amended** and post same according to law.

**Roll call: Ayes: Bilkie, Molnar and Tulley
Nays: Engle and Hanneken
The motion carried.
ORD. NO. 59-2016 declared adopted as amended**

ORD. NO. 61-2016

AN EMERGENCY ORDINANCE AMENDING SECTIONS 182.01(B), 182.03 AND 182.04(A) OF THE CODIFIED ORDINANCES OF THE CITY OF MACEDONIA, OHIO, IN ORDER TO INCREASE THE CITY'S INCOME TAX RATE BY ONE-QUARTER PERCENT (1/4 %) FOR A TEN-YEAR TERM FOR ROAD IMPROVEMENTS, AND FOR MAINTENANCE AND OPERATION OF THE CITY RECREATION CENTER INCLUDING ANY NEW CONSTRUCTION AND OTHER PARKS AND RECREATION PURPOSES; AND SUBMITTING SAME TO THE ELECTORS ON NOVEMBER 8, 2016 was **offered** by Ms. Hanneken **for its third reading only.** Second not required.

Ms. Hanneken moved, Mr. Molnar seconded to **adopt ORD. NO. 61-2016** and post same according to law.

**Roll call: Ayes: Hanneken*
Nays: Bilkie (originally passed, his vote announced after Ms. Tulley's) Engle, Molnar** and Tulley ***
The motion failed.**

Relative to ORD. NO. 61-2016 and prior to roll call, Councilor Hanneken* stated all of Council received an email from a resident urging Council not raise Macedonia's tax rate above 2%. The resident's primary reason is increasing the current rate above the rate of surrounding communities deters business growth in Macedonia thereby hurting property values. Residents at the August special election voted 3 to 1 against increasing Macedonia tax rate above 2%. It is Ms. Hanneken's opinion that all of Macedonia's needs must be prioritized within the 2% tax rate. Safety Ms. Hanneken added should be Macedonia first priority followed by a proper residential road program. Ms. Hanneken created Ordinance No. 61-2016 to provide for what is essential i.e., improving residential streets within a 2% tax structure but also recognizing the needs of parks and recreational by allocating portion of the ¼% tax for those purposes. Ms. Hanneken reiterated that funding for the recreation department should be appropriated by Council as it does for all other departments. Ms. Hanneken added that this year more dollars were appropriated to operational expenses than in years 2014 and 2015. More consideration has to be given in Ms. Hanneken opinion to how revenue is utilized. Using tax dollars more reasonably for the benefit of all residents Ms Hanneken added. Recreational amenities like a pool or splash pad are secondary to the basic services a city should provide Ms. Hanneken said. Ms. Hanneken said the \$36 million 5-Year Capital Plan is an

Record of Proceedings

Special Council Meeting

August 9, 2016

expensive wish list. The plan has many unnecessary proposals like two roundabouts and purchase of Park Avenue properties. Ms. Hanneken said Council should respect the residents who wish the tax rate to remain at a reasonable level. Council should be mindful of the businesses considering locating to Macedonia because of its competitive tax rate and Council should be responsive to functioning within the 2% rate.

During roll call, Council President Molnar** stated there is no secret there is dissention among members of Council. Mr. Molnar explained that he and Councilors Bilkie and Tulley have made a conscientious effort to work with Councilors Hanneken and Engle over this issue. Mr. Bilkie made several suggestions and then shortened the term of the road tax. Each member of Council is entitled to their own opinion, which Mr. Molnar added makes for healthy dialogue. But there has been no compromise with Ms. Hanneken. Ordinance No. 61-2016 is totally of Ms. Hanneken's own thinking. With Ms. Hanneken Mr. Molnar continued, it is my way or the highway. This scenario is unfortunate. It is severely disappointing Mr. Molnar said that a member of Council feels that the Recreation Center is so unimportant, that it should not even be priority in the City's plan. Council should remain mindful Mr. Molnar added that many Macedonia families, families with young children utilize the Recreation Center and therefore it should always remain a priority.

Ms. Tulley*** said she cannot support Ord. No. 61-2016 because it is death sentence to the Recreation Center. And because Macedonia cannot nor should not rely on NEORS to approve and provide all the revenue that is needed for many of Macedonia's serious water issues.

There being no further business, the special meeting adjourned at 8:11pm by majority voice vote.