

A public hearing regarding the 2016 tax budget, met on the above date at 7:25 p.m., Vice Mayor Stephens presiding.

Vice Mayor Stephens stated, “Good evening and welcome to City Council’s 2016 tax budget. Madam Clerk, could you call the roll, please?”

Council Members present: Coryell, Dunbar, Seren, Stein, Stephens, Wilcox, Yasinow

Staff present: Briley, Freeman, Juliano, Lambdin, Mannarino, Niermann O’Neil, Robertson, Wagner, Wong

Susanna Niermann O’Neil stated, “I have seven ayes, Your Honor.

Vice Mayor stated, “Thank you. This evening, we will have a presentation from the City Manager, Tanisha Briley, on our proposed tax budget which is up for submission to Cuyahoga County for the year 2016. Ms. Briley.”

Tanisha Briley stated, “Thank you, Councilwoman Stephens. Welcome to the start of our 2016 budget process. Just a little bit of background on the budget process, we went through some changes through the process, and we implemented those changes last year so this will be the second year of our new budget process. So, I'll just take a minute to kind of remind you of how it works now. There are two major pieces to the budget process now. The first is that tax budget which we're starting with today and our appropriations process which culminates in an ordinance by the City Council in December of each year. The tax budget is a state-mandated process. It is generally not a city's final budget. It is used to substantiate a city's need to levy the taxes, and therefore we use it as a great opportunity to refine our revenue projections for the year, for that for the next budget year, and we use those revenue projections to build our operating budget. So, that's a little bit different than how we used to do the budget process in the past. There's a lot of steps that happen between then the tax budget and the appropriations ordinance which is done in December, but the appropriations ordinance is essentially the final adoption of the city's budget for the following year, so that happens in December. Council sets the controls for expenditures at the department level and sets our spending limitations within each fund by department in programs such as salaries, benefits, supplies; so that all happens and there's a lot of work that goes into getting ready for that appropriations ordinance.

So, here's just a little calendar of the process. We started in May. Finance Director Raguz and I working through the financial forecast looking at our revenue projections. Last year we did a two-year financial forecast. This year was the first year of our five-year financial forecast trying to project out our revenue for five years. That forecast was presented to Council at the Committee of the Whole, June 8, and that brings us to July where we are with the tax budget. It's another opportunity to present those revenue projections which are continued to be refined as we go throughout the year, so one of the benefits of starting the budget process with the tax budget is we have almost half a year of actuals to project. Before we would do the budget process much earlier in the year and we didn't have very many actuals to use to base our baseline on for the following year so the revenue projections are refined as we go throughout the year, so these are our preliminary estimates. In August, the budget development

begins, and so departments are given their instructions and their parameters based on those revenue projections and they build their budgets within those parameters. They submit those requests to Committee and Tom Raguz and myself meet individually with departments to go through those requests, refine those requests or revise them where necessary to bring them in line with our revenue estimates as well as our goals, and there's also a resident survey that's conducted now. Last year was the first year of it. We will conduct that survey every other year, and so we also use those priorities that come out of the resident survey to help refine what the priorities should be for the budget.

Several months of analysis and refinement leads us to November where ultimately the initial budget is presented to Council as proposed and we held several workshops on both the operating budget as well as the capital budget in the month of November and sometimes we actually have workshops in December as well and finally the appropriations ordinance is adopted by Council in December. This calendar can look very different for cities. Some cities actually adopt a temporary appropriations ordinance because technically you have until March to have an appropriations set for your community. We like to wrap our preparations up in December and so this is this is our calendar.

So, we'll move on to the financial forecast which is one of the reasons we're here this evening. I just want to give you a little bit of general financial history and this is high level showing you our expenses, over-revenues and you can see where the, supposed to be I think blue or red strand, the color changed, the magenta color is expenses and green is revenue. So, we always want the revenue bar to exceed the expense bar and you will see that here in 2011, 12 and 13, that actually did not occur. We had our expenses exceed our revenue for lots of reasons and we're going to talk about some of our revenue challenges in the in the tax budget today. So, that's just a little bit of where we were. Our 2014 actuals came in on budget. In fact, we were able to add a little bit to our reserve which today stands at \$1,600,000. That's a modest reserve for a community our size it's one that we would love to make to grow, but given our financial challenges, that's been very difficult, so 2014 was a successful year for us being able to actually add a little bit to our reserve. To give you some context our reserve is \$1,600,000 and the city's average biweekly payrolls is about \$950,000 to kind of put that into context for you and 2015 we're projecting also to break even and add just a tiny bit to the reserve. So, this chart here is showing the forecast going forward. I have 2014 actual data, 2015 budgeted data and then the projections from 2016 through 2020 and this is has been the topic of discussion among City Council for the last year or so as we as we looked at our forecast and we recognize some of the challenges that we have on the revenue side as we continue to lose revenue due to state cuts and we'll talk about that. You'll see in 2016 our projected revenue less expenses is minus \$2,600,000, so we're looking at \$2,600,000 shortfall for 2016 and that shortfall just continues to grow. You also see here what happens to the reserve as we were expecting to end this year with a 1.6 adding just a little bit, adding about just under 30,000 to that reserve and how it quickly gets depleted. We have had lots of actions to deal with the decline in revenue over the past - particularly three years - and even beyond that. We've made substantial cuts to the budget on the operating side. We've reduced personnel as we'll talk about and we're at the point where, without additional revenue, the cuts that we're going to make are going to have a significant impact on the level of service that we can deliver to our community.

This is the chart again, just a little bit bigger and getting rid of the 2014 actual and budget numbers so that you can see a little more clearly. The 2016 column includes all of the positions we've talked about this for several months, but there are about 19 positions that we're holding vacant as part of the budget process. They were not, those dollars were not included in the budget, so this 2.6 includes all of those positions as well. 2017 has a 27th pay so it jumps up even more and then the deficit drops down a little bit from there and continues to grow. Again, we are running out of options. So, here's a little on our revenue history just to look at our revenue overall. I think it's important to note, you see in 2010, we were at \$42,100,000 in the general fund and 2015 budget where we were budgeting the same revenue as we were in 2010. There are not very many organizations that are spending the same amount of money even if you just include the cost of living or the consumer price index at one percent, but our revenue in 2015 is the same as it was in 2010. The general fund revenue sources - there are several sources of revenue for the general fund. Two major sources; the income tax, the monies that we collect from the income tax is about 55% of our revenue and our property taxes are about 17%, so those are two major sources of revenue for the general fund. Most of our revenue sources have remained flat over the last five years and several are declining, but the major source of decline, of course, is the state-levied shared revenue. That is the estate tax that was eliminated and the local government fund that was significantly cut, and we are feeling the effects of those cuts and we'll talk about that a little bit more as well. There have been slight increases in charges for service and fees, licenses and permits, so we increased our refuse and recycling fee, housing inspections fee and building permits. Those are all recently increased and kept in line and competitive with other communities as we look at those fee increases. Here again, it's just showing you the amounts of our revenue sources. Again you see income tax here at the top in about \$22,400,000 property tax here a 7.2 so while property tax I mentioned was a major source of revenue for us at 17%, it is a small number in comparison to the income tax. So the income tax itself is facing some threats from state cuts. There was the passage of House Bill 5 in December of 2014. At this point, we believe the estimated impact to our overall budget will be about \$95,000 in 2016. There was a lot of work done by both RITA, CCA and Cleveland, a lot of state-wide organizations came together to represent cities at the Statehouse and explain to the legislators what impact they were having with the initial version of House Bill 5. They want to, the majority in legislature really wants to, limit municipality's income to levy in our ability to levy an income tax and, while there was a lot of compromise and the bill ended up in a much better place than where it started, it was a lot of great work done on both sides, I believe, of that issue. We have heard and we have been told by the legislature that this issue is not dead and they plan to revisit it again, so we're not sure what potential future state action may occur on the income tax. And again that \$7,200,000 in property taxes - just to talk about that for a second -just to put it into context - our Police Department budget alone is \$10,400,000, so it's a major revenue source for us, but it obviously, we are very dependent upon the income tax which is always shocking when I'm talking to residents about property taxes because they are all aware of the property taxes that they pay and I like to remind people that for every dollar of property tax paid, the city only receives 11 cents. The majority goes to fund our schools and that's the way that we're set up in our community and most communities across the state. The other impact to our property taxes are total assessed valuation, so as our property values continue to decline, we think

that we've reached a point of stabilization with our property tax values and that is for our assessed values which is really great news, but you can see the precipitous drop here in our assessed valuation. This is just another chart showing you the make-up of the general fund revenue and the sources where we get our funds from. I want to talk about the state levied and shared taxes because that is the major reason that we are facing the revenue decline that we are today. As I mentioned with the property tax values or home values declining, as we start to stabilize there and come out of this terrible foreclosure crisis that impacted the nation, but obviously Northeast Ohio in a very drastic way, just as we were starting to get stable there, these state cuts came along and really did a number on our revenue.

So, this chart is showing our state levy shared taxes. This is the money that we used to receive from the estate tax and the local government fund. You can see here in 2008 about \$5,000,000 is what we would receive and today we're projecting that at 1,500,000 both for this year and for the 2016 budget. Just again, the context, \$5,000,000 was about 12% of our general fund budget that used to come from this source and it is now less than 4%. We've lost a cumulative based on the 2016 projection of \$1,500,000 a cumulative \$8,200,000 since 2011 since those state cuts went into effect. It's about an annual loss of approximately \$2,500,000. And there was actually - there's discussion about the local government fund every budget and in this new state budget, there was actually growth projected to go into the fund. For those who aren't aware, the local government fund, it's taxes that we all pay that go to the state and then they would share a portion of those back to the communities - that those funds were expected to grow, but that growth was redirected in the new state budget to townships, into special training programs for police officers, so the communities will not see any additional local government fund revenue. So, overall when we look at all of our revenue sources for the general fund, there's an overall decline of about \$1,000,000 from the 2015 budget so the 2016 budget.

So, how have we coped with this substantial loss of revenue? I'm just going to focus on a few of the actions that we've taken in the last few years. We all know that there have been cuts being made to this City's budget going back to 2008, including furlough days and wage freezes, services being cut. Those are all still in place, but tonight I'm just going to focus on some of our recent actions. So, let's just review our financial climate that, you know, we're trying to address and make sure that we're budgeting in a prudent way. We have a couple of outside major threats. The water fund that we've been talking about - that continues to be an issue, but we are working on it and the sewer fund. There's lots of discussion happening with the EPA, I think very productive conversation, but ultimately that could have a financial impact. It just remains to be seen. We also have some major volatile expenses that we've been working on managing - the volatile nature of those expenses - and then there are additional adverse state actions planned that we need to brace ourselves for. So, as I mentioned, the water fund has been in progress. We continue to evaluate options for the water fund and we will absolutely solve that issue. The sewer fund is also in progress. We've stabilized the vast majority of those major volatile expenses and I'm going to talk about some of those a little bit later. The healthcare costs, we did join the county regionalized program which helps us to have a more stable, predictable healthcare for our employees as far as the costs are concerned. With gasoline, we've stabilized that through a consortium - were able to buy down the cost of gasoline. Earned benefits payout has been recently stabilized. These are the terminations benefits, and it's the payouts that our employees receive when they retire. All of

our employees have to make sacrifices along both the healthcare and the earned benefits payout. Worker's compensation, we've signed up for a new program. We will not see the effect of that program until 2017, but it is going to save us somewhere between \$200,000 and \$300,000 a year, so we look forward to that, and the liability claims costs are just one of those things that no matter how much we try, you can't necessarily predict them, so we want to try to budget for them more accurately, but there's not a lot of action that we can take there. So, just to give you a sense of obviously the majority of what a city does requires people. We deliver services through people. There are very few robots that I know of that can deliver services. So the majority of our budget, 74%, goes to personnel. 20% goes to other than personnel costs, so these are supplies, contracts, other services that we purchase outside of the city. There's a small percentage, and this is the operating fund, so there's a small percentage of capital in this budget and non-governmental are things like refunds that we make and then transfers out so obviously the majority of what we do requires people. So, given that, as we go to reduce budgets and we look at how we control our costs, we directly impact our workforce when we do that. So, just a quick review of 2014 and some of the actions that we've taken. We, in 2014 all of our non-bargaining employees, so these are employees that are not covered by a collective bargaining agreement. Those agreements were still in place through March 31 of this year, so we were only able to do wage freezes for example with our non-bargaining employees and that was that did occur in 2014. As I mentioned, there were wage well before that as well. So the non-bargaining employees have had numerous wage freezes over the past five or six years. We increased the cost of health care for the employees so the employees started to pay a share of their health care costs in 2014. We reduced the operating costs in 2014 by \$720,000, reallocated costs to the appropriate funds, so for example we have an EMS fund, an ambulance fund, and we have an EMS Coordinator so we make made sure that his salary was being paid for out of the ambulance fund. So, we went through an audit and made sure that where we could reallocate costs to appropriate funds, more appropriate funds, we did to get them out of the general fund. Vacant position management was already in place, but it became very strict in 2014. We actually put a process in place where, for every position that becomes vacant, all department directors must submit an application to my office that's reviewed. We ask questions like can this be done with part-time employees? Can this wait? If you had these funds to redirect to some other core service in your department, what would it be? So, departments are really having to fight to fill positions that become vacant and that continues today which makes, you know, I think they all really wish that no one would leave so that they don't have to fight for those positions, but we really have to be prudent with replacing positions today and then just reducing our workforce through attrition and you'll see a chart that shows that here soon.

In 2015 budget, we continued all of those things from 2014, but we also renegotiated our three major collective bargaining agreement, so the non-bargaining employees in 2015 continue their wage freeze so there were no cost of living increases there for those employees. The Public Works Union agreed to no wage increases for their three-year contract and the Police and Fire Unions both took .5% increase for the first year only of their three-year contract. All employees now pay an increased share of their health care costs and for those non-bargaining employees that were paying in 2014, that share went up so now all employees contribute 10% toward the cost of their health care. It's a savings of

about \$500,000 a year in our general fund. We further reduced our operating costs, just going line by line through the budget, and there are some costs unfortunately that we can't control, particularly if it's a state mandated or some federally mandated function. If the cost of that thing goes up, that we purchase or the service that we provide, we're having to make those cuts up in other places where we can control the costs. Vacant position management and workforce reduction through attrition continued so this is a list of the positions that are currently budgeted vacant in the budget. There are other positions that are vacant as it's so as people leave the organization, again, that may not be on this list. Everyone still has to submit that form to the City Manager's Office for review even if it's not on this list. So, there are four patrol officer positions still being held vacant. There are three, at the moment, there are two vacant firefighter positions, there's another anticipated that will also remain vacant. These are through retirements this year and so they will not be refilled, so they are down three in the Fire Department probably within the next month or so, down two today. There are five vacant Public Works positions. There's a vacant Housing Inspector position, the Assistant to the City Manager position is vacant. The Public Relations Coordinator position was not filled. The Parks and Recreation Commissioner position was budgeted to be vacant for half the year. We'll probably exceed the savings there because we won't have that position; it wasn't till July one and it was budgeted to be vacant for six months probably be closer to eight. We eliminated at the Central Services function which involved two layoffs at the end of last year as well as our relocation services program which involved an additional layoff, so there were three layoffs at the end of December of last year and we've reduced the Community Relations staff hours substantially. Total there are about \$915,000 in personnel reductions made in 2015 alone. Over time, and actually since 2003 which the chart doesn't show all the way back to, but since 2003 we reduced our workforce by over 100 positions. Just since 2007, it's been 73 almost 74 positions.

Other efforts, and this is just a sample, we continue to look for ways to collaborate both with the county and with other communities. What's not listed here is the fact that we've had a Joint Fire Dispatch Operation in our community for 30 years and we look to expand that to both Police and Fire, but you know we like to consider ourselves pioneers along with joint dispatch, but we continue to look for ways to save money by partnering with other communities and other organizations. We joined RITA in 2011. There's been an approximate cost reduction of about \$420,000, that's just if you compare the cost that we spent internally to collect versus what we pay RITA to collect. It doesn't include the additional revenue that we've received in income taxes due to RITA's, I would say, excellent collection activities. So, we have the subpoena program and RITA had access to tools that we did not have internally and that has led to us collecting more of our income tax revenue that's delinquent and so you see a slight bump in our income tax and that's over, that's because of the activities for RITA. As I mentioned, we joined the county, we were the first, the largest city to join their consortium for health care in 2014 and not only did it stabilize our health care costs for employees, but we have a projected savings of about \$400,000 just this year.

Thanks to some great writing from Chief Freeman, we secured a \$1,200,000 SAFER grant to fund six firefighters to help us maintain our excellent fire and EMS service. We have those six firefighters in place. Unfortunately, due to the revenue decline and the shortfall that we're facing in 2016, there is no

way to fund those positions as we move forward. Without additional revenue, we will have to let those six positions go and then I just summarized here, but I think we'll outline it for the website at a later date, the millions of dollars that we've secured from NOACA, the county and the state for road projects. We continue that. Alex has, and his staff, do a wonderful job of where there is money to be applied for, we apply for it. Great example that we like to point out is Mayfield Road was completely done outside of the City's funds including the match. Often times, there's a required match for these grants and if there's a way for us to apply for money to get our match down and, in some cases, to zero, we do that. So, we continue to seek out ways to spread our resources as thin as they can, but we still face this issue; this five-year forecast that we've pulled together and obviously the immediate issue for the tax budget and our budget process this year is this 2016 projected shortfall of 2.6 that just continues to grow into the future. So, where can we cut an additional \$2,600,000? And I would add where can we cut that without really having a significant impact on some of our core services? So, every city has core services and then services that are offered that are necessary. But we wouldn't necessarily describe them of core so they're not the city's bread and butter, not the lifeblood. I believe we've cut as many of those non-core services as we can so now we're talking about our core services, what cities do. This is just our general fund, a snapshot of our fund by function and you can see that the majority 45% is public safety and 20% is Public Works. I would say that this is absolutely in line with our community's priorities as were as was reflected by the residents' survey last year and also definitely in line with Council's priorities. So, we're currently structured in a way where we're delivering our core services, but what this means is in order to make additional cuts, \$2,600,000 in cuts, that we're definitely going to have a significant impact on public safety and Public Works. So, we met last week with all department directors and there will be more rounds of meetings this week and through next as we continue to refine what the potential cuts are without securing additional revenue and these are just a few that I want to highlight with you tonight. So, for public safety, we're looking at an additional four basic patrol officer positions. We're currently holding four. What that would mean is diminished capacity in other parts of the department. So, the police department's core function is patrol, in responding to calls for service. I was responding to calls for service would be the first, followed by patrol, so we want to make sure that we maintain our ability to respond to emergency calls.

Right now our Police Department runs on 12-hour shifts - that has allowed us to put more officers on the street at a time. We think all of these things in our current staffing model has allowed us to have the dramatic decrease on crime that we've seen over the last three years and so having those positions allows us to create special bureaus and special programs so that we can target specific functions and also be very responsive to our community with the community response teams. So, we would need to return to eight-hour shifts to make sure that we have enough coverage to respond to calls. We would need to, we have right now dispatched positions that are civilian and that allows again more officers to be on the street instead of in the station taking calls for service. We've hired and trained civilians to deal with that. There is one position vacant, one dispatch position vacant and that position will be eliminated which means that we have to bring an officer in from the street to cover those shifts, so as we continue to bring officers in, we have to look at some of the other functions that we do. We have an animal control officer that responds to dog bites and concerns for dogs. That

function would go away. We have a business district liaison who works specifically with all of our businesses. He's in those businesses every single day. That function would need to be eliminated. The business district police patrols are a special function and that would need to go away; we just wouldn't have the personnel available to do it. We would need to reduce or possibly eliminate the bike unit. Some of these things are still being analyzed at this point where we can try and save things we absolutely do our best to shift staff around so that we can do that, but we would unfortunately need to drastically reduce or eliminate the bike unit. The community response teams activity would be really constrained. That unit does everything from ALICE training in our schools, to making sure that they're at all the block parties and community meetings, neighborhood meetings, those kinds of functions. We have the meet the police meeting every Thursday, all of the special means that we do that are specifically for community engagement would be reduced drastically. The crossing guards is something that we're looking at as well. It's a function that we have split with the schools and, again, we would not consider it, when you compare it to responding to calls for service, it's one of those items that would be not of core service for us. We have a special federal task forces that we assign officers to which takes time away from them being able to be on the street and responding to calls for services so we would have to reduce our participation in those task forces. I think a great example of our efforts with the task force; that's been very effective for us. Unfortunately, we had a bank robbery or two in this community and the are usually solved within 24 hours with people in custody. That's due to our excellent relationships with those federal task forces, but we have officers that work day in and day out with those task forces. We would not have personnel to be able to assign an order to cover that. We have a crime analysis program which takes significant amount of time that just combs all of the data from our calls for service to what the call was classified as, arrests, suspects. There's a lot of data that comes in that needs to be analyzed. It's a new program for us and it really has been very effective, but it does take a substantial amount of time away and if we don't have officers to cover shifts, we will need to look at that program. The juvenile diversion program was that which is just in its second year, again, we have a dedicated officer assigned to that program. So while she may be able to deal with the program sort of in her spare time, downtime during reports, it would not be a dedicated task going forward and then training department-wide would need to be reduced. We were able to keep our officers well trained due to our ability to send people off to training without incurring a great deal of overtime so a lot of departments have to incur a lot of overtime when they send folks to training. We're able to shift officers around and so we get their shifts covered and their responsibilities covered while others are away so we would need to reduce that because we don't have the funds either to pay increased overtime. So, that's just an example of the discussion we've had with the Police Department and some of the cuts that we would need to make there.

Fire, again, we're still refining these, but we know that there would be no funding available to fund those six positions that we hired through the grants so those six positions will go away and there's already going to be three vacant positions, so there's nine and then there will need to be an additional three positions for them to meet their budget reduction number. So, we would have to reduce the daily staffing minimum from 16 to 12 which really just impacts our ability to respond is what it comes down to. So, we have lots of multiple calls. So, at any given time, you could have two, three, sometimes four

EMS calls at once and then you get a structure fire, so your minimum staffing is so that you can handle, at least some of the time, those peak points of the day. So we're not staffed to a point where we can meet that peak level at all times, but we're there we can get there most of the time which is a requirement recommendation from NFPA. We would reduce our ability to do that dramatically because we wouldn't have the staffing available to do so. So, it's just going to slow our response time for structure fires for EMS calls, particularly when we have multiple events at once. Training will be diminished. There are lots of special units that we have in the Fire Department as well. You've heard about one this evening from Chief Freeman where we have a special task force that's able to save people in flooding situations, those sorts of things. So, you have to really focus on what our core duty and in the Fire Department it's responding to calls for service and making sure that we have staff available to respond to those calls for service. We also will have to look at transport priorities. So currently we don't have transport priority. If you call the ambulance and you would like to be taken to the hospital, we will take you to the hospital. We make it to the point where we have to prioritize those calls. So, if someone has chest pain and wants to transport, they're going to get priority over someone who may call to say that they had a slip and fall and they need a transport, to make sure they were responding to the most severe call first ensuring that we are offering the best level of service that we can for the most severe situations.

I'm still working through a lot of these with all the departments. As I mentioned with Public Works, we're holding five positions vacant as you remember from the previous slide. We'd have to eliminate additional positions we discussed four. There are likely going to be a few more that we need to be reduced and these are the folks that because of how our Public Works Department is structured, we don't have a crew that's only for leaf season, a crew that's only for snow removal, a crew that's only for grass cutting. All of these people do all of that and so, when we cut down their staffing level, their ability to do that either gets eliminated or it takes a lot longer because you have less people doing the work. So, looking at things like the leaf season, right now we do two passes through the city. We would likely need to do one pass because they will take us four weeks to get through the City and by the time we get there the City, we'll likely be in snow season and we want to make sure that we have the staff available for snow plowing. The snow plowing crews would be reduced which means the time it takes us to get through the City again will take longer when we're clearing the roads. We'll have to focus on the major routes first and ensure public safety vehicles can get through. So, really just kind of prioritizing our core services to make sure that at least the basics are being done. Curb and apron repair will be slowed. Right now we are doing a huge cost analysis study in the Public Works Department looking at every single service, how much the service cost to provide, where we might be able to reduce the cost of the service, but then how much money is available to provide that service. Recycling is one of those, unfortunately, where we really do spend a disproportionate amount to offer the recycling service and we have as we look to make cuts we really are going to have to look at programs like recycling and others to make up that difference. So, we've met obviously with all the departments; the list will continue and be refined over time. We want to make sure that Council and the public is aware that what we're talking about right now is preserving our core service. We've eliminated all of the things that we wouldn't consider. For example, our youth services program was eliminated 2008. There are lots of

stories like that and unfortunately, we've done, I think, our staff has done such an amazing job with being responsive that the community isn't necessarily aware of all the cuts that have been made so we want to make sure that that message is clear and that we continue to refine our costs so that we can provide the necessary service, but it will definitely be painful as we move forward with the 2016 budget.

Does Council have any questions for me?"

Vice Mayor Stephens stated, "Thank you. Do any of my colleagues have questions? No, that was pretty comprehensive. Thank you for your time and the commitment of staff to undertaking how we could get through the near future. At this time, as Ms. Briley takes her seat, I'd like to open this up for public comment. If you'll approach the podium once you're recognized by the chair, you need to state your name and your address because this is a public hearing and recorded. Is there anyone who would like to make a comment this evening? Yes sir, in the back row.

Charles Drake stated, "Good evening. My name is Charles Drake, 3020 Euclid Heights Boulevard. I've written some notes and first thing I want to say is I'm glad if I read the agenda correctly, there are no emergency ordinances to be passed. Congratulations. I also am upset that I read the article or the editorial in The Plain Dealer about the secret meeting that was held that was in violation of State Sunshine Law. I don't believe that the City ordinance that allows you to have private meetings supersedes the Ohio Sunshine Law. You're allowed to meet for contract legal and personnel. My other issue that I have is, in this budget, you're looking at trying to survive. You're doing nothing to attract new families to this community. A tax increase makes this community less favorable to young families and when you support a failing school system that may propose another real estate tax levy, you're making this community even less affordable for a young family which you want because senior citizens don't pay city income tax. Young families do and the odds are that their wages are going to increase and you'll get an increase in revenue. The other item that I'm upset about is that Focus, your magazine that you send to the community, highlights great achievements for a failing school system. Unfortunately, you do not notify your residents that have students in Oxford, Noble, Garrity Boulevard or Monticello Junior High that they are eligible for EdChoice. They can get their kids out of a failing school system and still stay in this community. You are doing a great disservice to our residents by not informing them that that's an option because the school board isn't obligated to, but you have the publication to and you don't. The only other thing is, why don't we make all of our city employees a part of the Affordable Care Act? Your party voted for it. Make them survive and thrive for the rest of us. And lastly, but not least, why don't you brown bag your own meals to your Council at the Whole? So we are paying to feed you. You're already eating at the public trough. Thank you."

Vice Mayor Stephens stated, "Does anyone else got comments for us? Yes ma'am, in the first row. I do want to ask you to focus your comments to finances. The general public hearing will be at the Council meeting which we'll have immediately afterwards. No, this is a tax hearing. Yes ma'am, in the second row."

Slajina Krostich stated, “Hi, Slajina Krostich, 3005 Meadowbrook Boulevard. I actually came for the water, but they happened but I'm still going briefly to go through the tax. As a realtor and as a resident, I am very concerned. I already have a really hard time selling and I don't want to bring pen, ink or whatever, but I do have trouble selling Cleveland Heights because of the tax rate. If you go to the auditor's website and you see that the other communities are and you do have the table, you will see that we are extremely high and when you see the majority of other communities that are, have extremely high tax rates, they are usually down communities, communities that have people that have a very low income. So, just please go to the Treasurer Office and make the conclusion. I recently bought another house because I love this city for good or bad in Cleveland Heights and I can tell you that my mortgage completely, like my mortgage is less than my taxes in my shirts and guys, when we were talking about the water, you show me and I send you an e-mail, I told you in that e-mail, if you read it, you know, like when I was selling one of my listing to somebody and they ask me, ‘So what are the taxes on this house?’ and I told them and they said, ‘Wow that's extremely steep and then the next thing that they said like, you see, we cannot afford to have it here and it would not be a wise decision anyway because eventually we are going to get rid the mortgage loans; we are not going to get rid of the tax. So, I would caution you, I will beg you and I will caution you to really make very careful decisions because, another thing, going to the default rating in Cleveland Heights for 2015 default tax rate in Cleveland Heights for 2015 is \$15,952,000. Now, that's a pretty hefty rate. On top of that, if we raise the property taxes and we and get the taxes, the question is how many people that are on the brink or the verge of default are going to default? Another thing that I wanted to see is, I know that the collection is going through all the county for the taxes, but what, can we somehow influence a better collection of the taxes? Major thing, I was I was at the meeting and you were jumping for joy for those, the funds that, like, we got from the county to demolish some properties. That's very good, but what is going on with the simple bond for the banks, foreclosure bond? I mean, we would, if we had the bond and it's not like a unique thing, as you know, there are communities that are adopting that. We would not have to deal with, ‘Oh my God, the roof is caving again. The bank, before the foreclosure, they would have to put the money into the escrow. I mean, there are ways to deal with it. There are really ways to deal with it and another thing if you even more raise the property tax, what the gentleman said here is, young people are going to leave. I mean it's not a wise, it's not of financially wise decision to stay in the City where, I mean, like so the people who are higher earners are going to leave and you are going to have people who are out, who have, who will earn less of the income taxes hence your projections are going to go out of the door. So, I'm just begging you literally to do a very thorough research, and I understand that we are strapped, but think what you are doing because if you if you guys like go over the threshold, I'm afraid that people are going to start leaving in droves. And that's about it. Thank you very much.”

Vice Mayor Stephens stated, “Thank you. Is there anyone else who'd like to comment on the tax budget this evening? Yes, Ma'am.”

Sarah Taylor stated, “Sarah Taylor, 2894 Meadowbrook, lived here fifty years. It's a wonderful community, progressive community and I believe that we should keep all the infrastructure that we've

had in the past and not diminish it any further and if that takes increasing taxes, I would love to say contribute what you can, but obviously you can't do that, or I assume you can't have volunteer taxing. Then keep the taxation where it is. We need to support our community. Thanks. Increase it if necessary."

Vice Mayor Stephens stated, "Yes ma'am."

Christopher Hall stated, "I'm Christopher Hall, 3000 Scarborough. I've just come back from house hunting in Massachusetts and you're laughing because you know what I'm going to, but that's sort of tangential to the tax rate here is horribly high and that's been no secret, but in any case, it's a much higher than Massachusetts, any part of Massachusetts. The real question I wanted to ask was at what percent of the 74% of personnel is devoted to pensions. There is no discussion of pensions and I know that some of us are not so crazy about adherence to pensions because it is in light of the financial data that was just given to us, it looks very much as though we're supporting the City rather than the City supporting us. In any case, I'd very much like to hear about the pensions."

Vice Mayor Stephens stated, "If you'd like to find out more about how we pay our pensions, under the requirements of the Ohio Public Employee Retirement System..."

Christopher Hall stated, "And also the dollars and percentages attached to them."

Vice Mayor Stephens stated, "And that can be provided to you by the City Manager or the Finance Director."

Christopher Hall stated, "There are probably some more people than me that are interested."

Vice Mayor Stephens stated, "Okay, but that's not going to be part of my presentation this evening because that takes a little research to break those two, the components out because there are two components. There's what we're required to pay by law and then what each employee pays themselves, so it's not just one contribution number so we could do a single percentage for you."

Christopher Hall stated, "Thank you."

Vice Mayor Stephens stated, "Is there anyone else you'd like to ask a question? I'm sorry."

Diane Hallum stated, "Diane Hallum, 1059 Oxford Road. First off, I'd like to mention the fact that Bonnie Kaplan's house is still for sale and she left office and it's been for sale since January when she left office. It's gone down \$100,000 and no one is buying it. I'd also like to point out that I did see the proposal for the tax budget for 2016 and the first line item is the one that says inside millage and charter and you have it at nine point something or other and again I'd like to point out that the millage inside

the charter that says eight mills was put in place back when the City was proud the fact that it had loaded no debt and the City had low taxes. The leaders at that time were very proud of that fact and the voters put that into the charter that the inside millage would not be over eight mills and that was to include the pensions for the Fire and Police and contrary to an Email that I received from the City Manager, is not additive to the 10 mill inside level that the state allows which means we do not allow you to charge up to 18 mills at your discretion. I would also like to point out that if anyone were to go through the legislation in the past six months and look at the spending that has been approved, you would be outraged. They have spent close to \$2,000,000 on new, more new vehicles for the Police Department. They've bought some last year. They bought some the year before that. I'm sorry when we have budget problems, when we have income problems, we don't buy cars. We don't buy new cars, we don't read decorate City Hall. We don't make loans of \$489,000 to a successful Motorcars business. Yes, they're a great commercial business, but we don't loan them that kind of money when we are in financial straits. Another issue, I approached City Council three or four years ago about the fact that when I first moved here, the City used a senior volunteer group as part of the charter or part of the ordinances. There were seniors who volunteered here to do work. These were skilled, experienced, knowledgeable residents volunteered their time to fill vacancies, to fill in where the city needed assistance. I was told that wasn't possible by Bonnie Kaplan, current Mayor, whomever and that that never existed. If you look at the ordinances, it exists. There was a time when we worked with City Hall and City Hall worked with its residents and for some reason the people here at City Hall now do not want anybody from out here to be inside these walls who don't have a vested interest and I won't say why because I really don't know why, but there are people out here who would love to help. We are dedicated to this city. We all have experience in a variety of areas. You guys need help and by threatening these cuts in Fire, Police. Public Services, is what they are, they're threats. These people want to help. Let them. Thank you."

Vice Mayor Stephens, "Thank you. Is there anyone else who'd like to make a comment this evening? If there are no further comments from the public, I will close this public hearing and we will move on after a few minutes break to of the regularly scheduled City Council meeting. This hearing is adjourned. Thank you."

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

Cheryl Stephens, Vice Mayor

Susanna Niermann O'Neil, Acting Clerk of Council
/jkw