



CITY OF CLEVELAND HEIGHTS, OHIO

MINUTES OF THE CITY COUNCIL MEETING OF MONDAY EVENING, DECEMBER 17, 2007

Council Committee of the Whole of the City of Cleveland Heights, Ohio, met on the above date at 6:18 p.m.

Edward Kelley, presiding

Council Members present: Caplan, Evans, Kelley, Montlack, Tumeo, Wilcox

Council Members absent: Dietrich

Mayor Kelley excused the absence of Council Member Dietrich.

Staff present: Carter, Czaga, Downey, Gibbon, Malone, Mannarino, Niermann
O'Neil, Ruane, Wagner, Wong

Topic of discussion included general information pertaining to the City Manager's weekly memo.

Council Member Caplan moved to adjourn into Executive Session at 7:03 p.m. Second by Council Member Tumeo.

Edward Kelley, presiding

Council Members present: Caplan, Evans, Kelley, Montlack, Tumeo, Wilcox

Council Members absent: Dietrich

Mayor Kelley excused the absence of Council Member Dietrich.

Staff present: Carter, Czaga, Downey, Gibbon, Malone, Mannarino, Niermann
O'Neil, Ruane, Wagner, Wong

Topic of discussion included litigation.

Executive Session concluded at 7:12 p.m. reconvening into Committee of the Whole and adjourning at 7:50 p.m.

The Council of the City of Cleveland Heights, Ohio, met on the above date at 8:02 p.m.

Edward Kelley, presiding

Council Members present: Caplan, Evans, Kelley, Montlack, Tumeo, Wilcox

Council Members absent: Dietrich

Mayor Kelley excused the absence of Council Member Dietrich.

Staff present: Carter, Czaga, Downey, Gibbon, Malone, Mannarino, Niermann
O'Neil, Ruane, Wagner, Wong

The minutes of the Regular Council Meeting held Monday, December 3, 2007 were signed by Mayor Kelley along with the ordinances and resolutions passed at that meeting.

REPORT OF THE CITY MANAGER

Mr. Downey stated, "Thank you very much, your Honor. I have just two items this evening. In your packets you received a copy of Bid Document No. 2007-14, the purchase of a Knuckleboom refuse loader truck body package. The lowest and best bidder was Bell Equipment, in the amount of \$46,750.00; also, Bid Document No. 2007-16, renovations to 3150-52 East Derbyshire Road. The lowest and best bidder is Mullins Construction, in the amount of \$90,101.00. Your Honor, I would request that the bid documents and tabulations be made a matter of record."

Mayor Kelley made them a matter of record.

REPORT OF THE DIRECTOR OF FINANCE/CLERK OF COUNCIL

Mr. Malone stated, "Thank you, your Honor. I need to notify Council that two notices have been received from the Ohio Department of Liquor Control advising that applications have been made by the following: Hogan LLC, d.b.a. Noble Tavern, transfer D5 permit from Abdo Daher Inc., d.b.a. Noble Tavern, premises 2221 Noble Road, 1st Floor and Basement, 44112; and, Mariko Real Estate LLC, transfer D5 and D6 permits from Table 12 Inc., Alan J. Treinish Trustee in Bankruptcy, premises 2189-91 Lee Road, 44118. Your Honor, I would like to make these a matter of record."

Mayor Kelley made them a matter of record and referred them to the Public Safety and Health Committee of Council, the City Manager, and the Director of Law.

REPORT OF THE ADMINISTRATIVE SERVICES COMMITTEE

Council Member Tumeo stated, "Thank you, your Honor. I have no legislation, but I do have some end of year appointments for boards and commissions. First, I would like to nominate for reappointment to the Architectural Board of Review, Mr. Mark Fremont. His term is ending this month. He has been on for two terms and he has done an excellent job for us. Therefore, I would like to move his reappointment for a three-year term, effective on January 1, 2008 and going until December 31, 2010."

Second by Council Member Caplan.

Roll Call: Ayes: Caplan, Evans, Kelley, Montlack, Tumeo, Wilcox

Nays: None

Reappointment passed

Council Member Tumeo continued, "Next, I would like to move the reappointment of Mr. Terry Saylor as an alternate, also to the Architectural Board of Review. He served for one term. I have contacted him and he is excited about serving again. Therefore, I would like to nominate him for another three-year term as the alternate on the Architectural Board of Review effective on January 1, 2008 and going until December 31, 2010."

Second by Council Member Evans.

Roll Call: Ayes: Evans, Kelley, Montlack, Tumeo, Wilcox, Caplan

Nays: None

Reappointment passed

Council Member Tumeo continued, "Next, I would like to do the appointments to the Community Development Block Grant Advisory Committee, which we call the Citizens Advisory Committee. Every year this committee is up for reappointment. They are surveyed and asked if they would be interested in serving again. As you know, it is one of our most active and I think most productive committees. It is also one that is near and dear to my heart since it is the one that I first cut my teeth on in the city. There are several reappointments. I would like to move the slate be reappointed for another one-year term and I will apologize in advance if I completely mess up these names. The individuals for reappointment are Mazie A. Adams, Joanne Anderson, Jeffrey Bendix, Donald Boehm, Althea Cheatham, James Cull, Robert Fischer, Ian Hoffman, Keith McCabe, Allison McCallum, Michael P. McGraw, Shirley Moore, Marian Morton, Thomas Naypauer, Jr., Donalene Poduska, David Shriver, Carol A. Staiger, Don Stimpert, KÈba Sylla, and Gordon Wean. I would like to move the appointment of that slate for a one-year term on the CAC."

Second by Council Member Evans.

Roll Call: Ayes: Kelley, Montlack, Tumeo, Wilcox, Caplan, Evans

Nays: None

Reappointments passed

Council Member Tumeo continued, "As you know we had two individuals who stepped down, Tobi Mattes, who we actually honored here in Council for her long service who has left the city unfortunately and Stephan J. Schlegelmilch who has stepped down because of time commitment. Therefore, I would like to move the appointment of two new individuals to fill those seats. The first is Mr. Douglas Dykes, he lives on Grosvenor Road, actually only a few doors down from where Tobi Mattes used to live, still representing the same area. He is currently the Director of Human Resources for the Holden Arboretum. He lived here for twenty years, moved away for education and work and has now returned and bought a home and moved in with his family and is anxious to serve on this commission. I've had the honor of working with him personally. He is a very, very strong strategic thinker. The second individual I would like to move the appointment of is Mr. Jason Stein. He lives on Severn. It's been quite a while since we've had a real Millikin resident on the committee. Jason has been very active in his community and is a great asset for us here. I think it would be a great addition to this Citizens Advisory Committee. I would like to move the appointment of Douglas Dykes and Jason Stein for a one-year appointment to the CAC."

Second by Council Member Caplan.

Roll Call: Ayes: Montlack, Tumeo, Wilcox, Caplan, Evans, Kelley

Nays: None

Appointments passed

Mayor Kelley added, "Douglas Dykes and Jason Stein are appointed to the Citizens Advisory Committee for a one-year term effective January 1, 2008 through December 31, 2008. Mr. Stein is in the crowd tonight and he has been here a number of times in a different role than he is here for tonight. We thank you for getting involved in our community and also getting involved in the salt dome issue that has been spiraling around for about six months now."

Council Member Tumeo concluded, "With that I have no more appointments, but I would like to point out that we have an opening on the Fair Housing Board, an opening on the Administrative Services Commission and an opening on the Recreation Advisory Board that we would like to fill within the next month. So, if you are very interested in that, I would urge you to call the city, get an application, you can download it online and send it in so we can consider your appointment. Thank you, your Honor."

REPORT OF THE COMMUNITY RELATIONS AND RECREATION COMMITTEE

Council Member Tumeo stated, "I have two ordinances, both on first reading for tonight. The first is Ordinance No. 157-2007(CRR), authorizing and approving the presentation of entertainment and recreation programs in Cain Park and other locations for the year 2008, providing for use regulations, and establishing rates for the described activities; and repealing Ordinance No. 137-2006.

We do this every year about this time. It sets up the various programs for the summer. In this instance we only have one increase in cost from the last year. That would be shown - it's a relatively large bill with several pages. They are pages 6, 7, and 8 in the bill and that deals with an increase of 20% for summer camps and child care. We are the only city that actually runs an August summer child care and these fees were last raised in 2005. We've benchmarked these fees to a lot of the programs around, so we are right in key with that. I would highlight to anyone in the program who needs financial assistance, if these rates are difficult for you, you may apply to the Youth Scholarship Fund. We are anxious to make sure that we keep this successful for everyone, but as you'll hear later tonight, we are working hard to both cut costs and make sure that we keep our budget in balance, and so we have to make sure that we are competitive. I would like to introduce Ordinance No. 157-2007(CRR), first reading only."

Mayor Kelley accepted Ordinance No. 157-2007(CRR) on first reading only and added, "I just want to make a short comment that our child care and our summer camps are very well-attended, first off, and second off, our child care has the full use of our community center at all times. Our summer camps are not in just one place. Many times they go to our pools. They have been to baseball games; the Lake County Captains' games, they go to the zoo, they go to different places. It is not like when you are involved in our summer camps or our child cares that you are in one place or in one room, you certainly get a big bang for your buck, not that we need to advertise. Most times or not our child care are sold out and our summer camps go as soon as we open the doors for people. You get a lot more than just the bang for your bucks, you get a full throttle of opportunities for your children. Thank you."

Council Member Tumeo stated, "Next, I would like to introduce Ordinance No. 158-2007(CRR), first reading, establishing use regulations and rates for admission and other services for Cumberland Swimming Pool, Denison Swimming Pool and the Cain Park Wading Pool for the year 2008; and repealing Ordinance No. 138-2006.

This one is a good news/bad news story, as budgets, and these things certainly are first. It is hard in the middle of winter to think about the pools, but we do this every year at this time to make sure we are set. There are no increases for fees for the pools. All the fees are comparable to the surrounding cities and we just changed them last year. So there are no changes for the fees for the pools, but there are some changes in the dates of programming. Some start on a different date, those sorts of things. However, there is one thing I would like to point out. As you know, we've talked about it at a couple of meetings in a potential budget shortfall in the not too distant future, so it's responsible management to take a look at all those costs and see where we can cut. What we have found is that the Denison Swimming Pool is a relatively underutilized facility. Its costs us a lot to keep it going, actually upwards of a

hundred thousand dollars a year. So, what we are doing and you will hear about this later as the budget bills are discussed. We are actually going to mothball the Denison Swimming Pool for next year. It will not be opened and we are realizing a savings of about a hundred thousand dollars in our budget. So, while this is included in this Ordinance, it will not be operated in 2008. So, I would like to introduce Ordinance No. 158-2007(CRR) on first reading only tonight."

Mayor Kelley accepted Ordinance No. 158-2007(CRR) on first reading.

REPORT OF THE FINANCE COMMITTEE

Vice Mayor Montlack stated, "Thank you, your Honor. There are four pieces of legislation for reading or passage tonight. The first two deal with the end of the year 2007 budget as well as the next one dealing with the proposed 2008 budget. The last two pieces of legislation relate to placing on the ballot a hike in the income tax rate for the city from two percent (2%) to two and four-tenths percent (2.4%).

The first piece of legislation is Ordinance No. 153-2007(F), Second Reading, to amend certain subparagraphs of Ordinance No. 140-2006(F), as amended, relating to appropriations and other expenditures of the City of Cleveland Heights, Ohio, for the fiscal year ending December 31, 2007; and declaring an emergency.

While this is not the final word on all expenditures and our budget for 2007 as we get very near to the end of 2007, the figures indicated are pretty close to where we will end up. As I said, this modifies the projected expenses that are referenced in the caption that we passed in December of 2006 as we looked forward to 2007. And as with the next legislation, each deals first with the General Fund and then with our Special Revenue Funds. In this first piece of legislation, there will be for various departments and various line items in the department, certain decreases that were experienced and certain increases. Of course, when a department experiences decreases nobody gets any credit, only the questions are reserved for the increases as anybody who ever ran a business can appreciate when he or she looks at those monthly and yearly statements. I will only make a few comments with regard to some of the more notable increases. In the fire department there is an increase of 192,000 dollars because we incurred substantial overtime due to extended leaves resulting from four injuries sustained in that department. In the area of transportation, a line item indicating other than personal services under vehicle maintenance experienced an increase of 141,906 dollars mainly due to the unprecedented increase in gasoline costs. That kind of increase was reflected in the increases that were shown in various departments because obviously transportation impacts so many areas. In Revenue Recovery, although this ordinance shows an increase of 426,500 dollars in the other than personal services line, in fact, that only signifies that the recovery of delinquent or unfiled income tax forms was contracted out to an attorney firm that specializes in such activities and, in fact, has been successful in collecting about a million dollars annually in that area. So that, although the revenue generated is not shown here, we on Council, have been well-appraised of the reasons for that increase.

Again, in public properties and parks maintenance there is an increase of 118,000 dollars reflecting natural gas costs and certain kinds of nuisance abatement activity that does not require city council legislation each time. Mainly lawn mowing, etc., keeping in mind that we in Cleveland Heights in Northeast Ohio have vacant houses, vacant properties and lawns that don't know the difference between occupied and vacant properties, they just keep growing at that other time of the year.

In the end, the bottom line literally for the General Fund comes in at 42,793,287 dollars, reflecting after increases and decreases are netted out, a net increase of 664,070 dollars. In the Special Revenue

Funds as happens at the end of virtually every year, there are various funds that need to be transferred either from the General Fund into Special Revenue Funds or from one special fund to another and I will not go through each of those, but again, they have been explained to and reviewed by the City Council. Ordinance No. 153-2007(F) is presented on Second Reading for passage tonight.”

Mayor Kelley accepted Ordinance No. 153-2007(F), Second Reading.

Roll Call: Ayes: Tumeo, Wilcox, Caplan, Evans, Kelley, Montlack

Nays: None

Ordinance passed

Vice Mayor Montlack stated, “Thank you. Ordinance No. 154-2007(F), Second Reading, to make appropriations for the current expenses and other expenditures of the City of Cleveland Heights, Ohio, for the period of January 1, 2008 through December 31, 2008; and declaring an emergency. This is, in effect, our beginning estimate of what our expenses in 2008 will look like in the General Fund and in our Special Revenue Funds. Again, I will not go through each of the many, many items but just highlight a few. As has been already referenced by Councilman Tumeo, we will have a decrease over 2007 under the Culture and Recreation general category in swimming pools, a decrease will be a little more than 53,000 dollars as we do anticipate one of several ongoing continuing cost-cutting measures, the closing of Denison Pool and the reasons have already been explained. The total budget of a little more than 2.7 million dollars for Culture and Recreation programs, a variety of programs is almost flat. That is no growth from the prior year. Obviously, great sacrifices are being made there by our staff, that needs to be noted. So, the bottom line here in our opening estimate for the General Fund is a total of 44,155,255 dollars. This is an increase over 2007 as it now appears of just under 3.2% which is a pretty good attempt to hold the line and it looks a lot better, in my opinion, when you consider that we had a substantial increase of over a half a million dollars due to an increase which is required in workers’ compensation contributions, a transfer to the Zagara’s TIF fund that we could see coming and almost half that amount or a bit more - half of that more than 500,000 dollars as a transfer to the earned benefits fund which the city is required to keep up with each year. If you take out those expenses the increases actually are less than 2%. I understand that is an academic distinction, because virtually every year there are some surprises along the way and we know that will happen each year. The budget also reflects various personnel reductions, in addition to those that I have described to you week after week that are happening now or will happen shortly by attrition in the Planning Department, the refuse transfer station, street maintenance, and public properties and parks maintenance. That relates to the General Fund as well as the same kinds of transfers from the General Fund to some of the Special Revenue funds and from one fund to another that has been anticipated. With that, our opening estimate for 2008, Ordinance No. 154-2007(F) is presented on second reading for passage tonight.”

Mayor Kelley accepted Ordinance No. 154-2007(F), Second Reading.

Council Member Tumeo stated, “I think it is important as we are doing the finances here tonight, and as you know the next couple of ordinances are going to be even more painful to all of us. We have been struggling with this - and as I’ve said before here and I’ll probably say again, even tonight, this is a crisis situation. We’re all on the edge of our financial *where with all* both personally and now within the city. So, I think it’s important to reiterate what Vice Mayor Montlack has pointed out and that we have gone through this budget, painfully, in great detail and we have taken out every available penny. We’re to the point now where if we continue these kinds of cuts - we took out almost 300,000 dollars from the budget as this was first read just a month ago recognizing that we just have problems here. If we start to take more than we have, it means that we’ll do things like take policemen off the street, stop picking up the garbage, stop plowing the snow, stop picking up leaves, stop insuring that vacant houses are not

falling down. These are the basic services that make our city worth living in and we have done everything we can to balance those important services with the amount of money we have. So, I just want to point out that when we go forward with what we're doing tonight, it's not because we're just spending money willy nilly here, we have cut everything we can and we've been doing that for years. This year we've done it even more. So, I just wanted to point that out, and proud that we've done that, but it's not been fun."

Roll Call: Ayes: Wilcox, Caplan, Evans, Kelley, Montlack, Tumeo

Nays: None

Ordinance passed

Vice Mayor Montlack continued, "Thank you. Ordinance No. 159-2007(F), First Reading, to amend Sections 157.0501 and 157.0502 of Chapter 157, "Income Tax", of Part One (Administrative Code) of the Codified Ordinances of the City of Cleveland Heights, Ohio, to increase the municipal income tax rate from two percent (2%) to two and four-tenths percent (2.4%); and declaring an emergency.

Now, keep in mind, together with the next resolution, the proposal in this ordinance will be submitted to the voters in the regularly scheduled March 4, 2008 election. It will not go into effect simply by reading tonight, and in fact it is on for first reading only. It accompanies both other kinds of increases in certain fees as well as continuing expense deductions about which you will hear other legislation both tonight and in the ensuing weeks and months. It is important to stress our budget reviews, which have been going on for sometime now, as well as these changes to some fees and expense reductions are happening and will be happening without regard to how the voters decide in the March election. In other words, this is something that is going to be continuing. Obviously, if the election does not produce an outcome, that is supported by everyone on this city council enacting this tax increase, there will be more severe increases in certain revenue provisions and certainly more severe expense deductions.

Under this Ordinance No. 159-2007(F), as I said again, to be placed on the ballot, it would take effect on and after April 1, 2008. There is no change on the items which are subject to the city income tax. I would simply briefly review what those items are. They are all salaries, wages, commissions, other compensation earned on and after April 1, 2008 by residents of Cleveland Heights. The income tax applies to all of the same kinds of income earned by nonresidents for work done or services performed or rendered in the City of Cleveland Heights. It applies to a variety of what are called net-profits by unincorporated businesses, by various incorporated businesses, be it residents or nonresidents divided up the same way as I explained with regard to the earned income. It also applies to the distributive share of net profits that are earned by a resident partner or owner of a nonresident business. In other words, if you were required to pay taxes before, you are so required in relation to this legislation and the opposite holds true, if you weren't required then it would not apply here. Now, again, we talked about when it takes effect subject to the vote of the people - vote of the residents on and after April 1, 2008. There are various other provisions which are included in this Ordinance as required pursuant to law.

Here is our projection as to what would result on an annualized basis - taking this out for a full year - if the issue passes. Using the 2006 data, the most complete data we have as a guide we anticipate that about 4,226,000 dollars in additional revenue would be realized. That means, again, using those projections that the unencumbered general fund balance which we now anticipate as of December 31, 2007 will be, at present, a little than 1,372,000. At one time some years ago, not so many years ago, we had balances up to 6 - 7 - 8 million dollars and without any changes and I referenced this in other meetings, by or before the end of 2008 that balance would disappear. So, with the additional revenue

that would come about by a vote of the people, if positive, and various other fee increases and expense reductions, the balance should slowly and steadily increase to more than 4 million dollars after approximately three years. And, again, as with any of these kinds of comments, I always have to add the qualifier that barring unforeseen state, federal, world or other worldly events, that's how it looks to us given our best estimates. It seems to me, again, a very responsible way of going about dealing with a situation that at present is not in the deficit mode but is heading in that direction.

Finally, understanding that this heavy news during the holiday season when most of our attention is on other hopefully more enjoyable matters, might be diverted. We're going to have January and February of 2008, giving us plenty of time to digest and consider information that we've already provided and will continue to provide leading up to the March election. There is lots of discussion and information that we have provided and are going to be discussed. The council members, City Manager and his staff are certainly going to be available for that information and to try and answer the questions and respond to comments.

The last income tax rate increase that we had was almost 29 years ago and our community certainly needs and deserves resources sufficient to remain the kind of place where we, our children, and their children will want to live. With that, Ordinance No. 159-2007(F) is presented on first reading only."

Mayor Kelley accepted Ordinance No. 159-2007(F), on first reading.

Vice Mayor Montlack continued, "I'll assume that council comments will probably want to follow the next piece of legislation which is on for first reading and passage. This is Resolution No. 160-2007(F), declaring the necessity of an election on the question of approving the enactment of an Ordinance to amend Sections 157.0501 and 157.0502 of Chapter 157, "Income Tax", of Part One (Administrative Code) of the Codified Ordinances of the City of Cleveland Heights, Ohio, to increase the municipal income tax rate from two percent (2%) to two and four-tenths percent (2.4%); and declaring an emergency. This provides that the City authorizes and directs the submission to the voters of Cleveland Heights, at the primary election to be held on Tuesday, March 4, 2008, between the hours of 6:30 a.m. and 7:30 p.m. of said day, of the chapters and portions that I've just referenced. At that time we will submit to the voters the Ordinance that I previously read or summarized, being Ordinance No. 159-2007(F). Hopefully, that entire Ordinance will not appear on your ballot, but a very good summary description and that's something that will be addressed later on. I've said about all, I think, I'm going to say on this tonight. Resolution No. 160-2007(F) is presented on first reading for passage tonight."

Mayor Kelley accepted Resolution No. 160-2007(F).

Council Member Caplan stated, "When we first began discussing this whole issue of raising the income tax, I came to the meetings firmly believing that we could not do this. This is a hard economic time and we don't know where the future is going economically for Northeast Ohio and particularly for our area. However, the more we studied all the numbers. The more we looked at the services that we provide, the more we looked at how we view our city and how we think you view our city and want our city to continue, the more it became clear that there was no alternative. We value having our streets plowed, having our garbage picked up once a week, doing recycling, having Cain Park, having our city look beautiful and it's part of why we live here. And so, if we want to continue living in a city that provides services and that makes us feel good about being here, there is an alternative, to raising the income tax.

I do want to stress that this is only on wages, earned income. This is not on interest on your investments, this is not on social security, this is on wages and it comes out to be about and we certainly

will have the exact numbers as we go along, it is about somewhat less than \$250.00 increase per year on someone who is earning \$50,000 a year. That number becomes decreased because of our earned tax credit if you work outside of the city, so that if you work in Cleveland, you get, I think it's a 1% tax credit¹ so that decreases the amount of money that you would pay. Nonetheless, it is a hit even if it is less than - I don't know - maybe it's around \$.75 a day. Even though, it's not a large number, it is a hit and I - really it pains me to say that we have to do this, but I think it is the only way/ the only responsible way that we can be an attractive, viable, functioning, terrific place to live. With no other alternative, I know that I have to support this. Thank you."

Council Member Wilcox stated, "Thank you. Some of what I was going to say has probably been said before, but I think that this is important enough, that sometimes repetition is probably a good thing. Council always spends a great deal of time each year reviewing the budget. In recent years the attention to the budget has required more time than normal. In the last month, council has spent many hours re-reviewing this year's and next year's budget and after hours of review and discussion, we all agree on this council that there is a need for new city revenues in 2008. Nobody wants to raise taxes, but we are asking the voters at the March 4th primary election to consider approving an increase in the municipal income tax of four-tenths of one percent. It is important to note that we are asking the voters to support this. We are not imposing this tax by an act of council as Vice Mayor Montlack indicated. But we believe a tax increase is preferable to reducing the budget to the point where it will impact the quality of city services to our residents. We hope to convince you, the voters and our residents, that our city services at current levels are worth their cost and that this is the smallest income tax increase that could possibly be put on the ballot. The city's budget is driven on the revenue side by municipal income tax since municipal income tax accounts for roughly 50% of all revenue the city collects. The income tax rate has not been raised since the voters approved an increase in 1979. Although, there are certainly other causes for our current budget situation including state cuts in local government funding, the most significant cause is our stagnant regional economy and the unusually high rate of foreclosures and resulting vacant homes. This has two results, one, it decreases the revenues we receive. In recent years we have seen little or no growth in our income tax revenue and this year we will actually receive less income tax than we did last year. The second result of the high number of foreclosed homes is the increased city services required to deal with them. The city has in the past years reviewed its expenses very carefully, which resulted in elimination of certain positions, job-sharing, and delivery of services more efficiently. We will continue our efforts in this regard, but there is a limit to how much we can cut and still deliver excellent city services. Once you look at the components of the budget, you will understand our dilemma. The single largest segment of our budget goes to public safety. That is police, fire, EMS, which is roughly 43% of the budget. Public Works, which includes garbage pickup and recycling, leaf removal, street maintenance, including snow removal (which I am sure we all appreciated in the last twenty-four hours), park maintenance and maintenance of all our other properties accounts for approximately 23% of the budget. Community Services which includes our parks and recreational programs is roughly 10% of the budget. These percentages do not include our hospitalization costs. This does not leave much else to cut in order to balance the budget. The programs in the areas that I just outlined are essential to the kind of city we all want. In order to continue to deliver excellent city services, we now need more revenue. This is particularly true when our largest revenue source recently has grown at rates lower than inflation and many of our expenses: utilities, gasoline and healthcare rise at rates that are higher than the rate of inflation.

I believe that the income tax is the fairest way to do this. Our property taxes are already high. Even though the municipal share of those property taxes is only a relatively small portion of that tax. A municipal income tax only taxes such things as wages, salaries, bonuses, and other items that have been mentioned before. I think it bears repeating that the tax does not cover interest or dividends, pensions and social security, welfare or unemployment benefits or workers comp benefits. Moreover, all who

earn income, subject to the municipal income tax, will pay the same increase whether they live in the city and work outside the city or work and live in the city. The credit will not change.

Finally, I think we on council believe that the rate of increase is the lowest we can put on the ballot and maintain our healthy city finances, including a reasonable reserve for the foreseeable future. It is a rate lower than many cities, who recently raised their municipal income tax. We know that our city residents are educated voters. In the next several months we will continue here and elsewhere to explain why we believe the voters should approve this income tax increase now to keep ours a great city."

Council Member Evans stated, "Thank you, your Honor. I just would like to reiterate, that we have put in many, many hours talking about the financial situation and that we are certainly willing to speak to our residents and we expect that it will take many more hours of our time, but it is important for a good number of people to understand and buy into this need. As chair of the Public Safety and Health Committee, it has been quite apparent that the excellent services provided by our police and fire departments are appreciated by everyone. Our police department consistently ranks for a city of our size as one of the safest cities in Ohio with superior response time. Our fire department provides excellent services and our paramedics and EMS squads are well-known for their professional and medical knowledge. It is never easy to make a decision to seek more taxes from our residents. However, I feel that our city is on the right track and that health and safety of our residents is of the utmost importance. This increase of .4% will enable our city to be able to continue to provide the highest level of service to our residents."

Council Member Tumeo stated, "Thank you. As I've said, and as we are all painfully aware, our region is in a crisis. I know, and I've said before, that any proposed increase in tax will hurt all of us and for many of us, may be the tipping point that will result in leaving the community. I've struggled with this and I'm sure my colleagues on council will attest to my stiff resistance to even putting a tax increase on the ballot. I, along with Councilwoman Caplan, initially were sure of our opposition to this. But, I've always said, that if shown facts, a reasonable person should be willing to step up, admit they were wrong and change their mind. I've struggled with this budget, looking line by line, hoping to find the approximately one million dollars we would need to cut every year if we were to avoid a deficit spending situation in the future. For example, Councilman Wilcox pointed out that only about 10% of our budget goes to Community Services and that includes a whole host of things, the community center, our programs, our pools, Cain Park. We could cut that entire area, all of it and we would still be in a deficit spending mode in five to ten years. This is not the kind of city I want and I am firmly convinced it's not the kind of city that I was elected here to create. So, I'm going to step up and ask our citizens to share this burden with me. Over the next two months, I commit myself to working with everyone on this council, to talk to anyone who wants to know the facts, and I believe once you see those facts, you will reach your own conclusion and I believe it will be the same one I have come to.

The road ahead is not going to be easy. This is not a pleasant time, but I remain convinced that what we have here in Cleveland Heights is worth the struggle and so I will support this."

Mayor Kelley added, "Thank you, Councilman Tumeo. Just about everything has been said, but this has not been an easy decision for anyone. But in 1979 - I've had the pleasure of living in this community all my life. I was in college getting ready to graduate, so it's been a long time since we last came to the voters and asked for some help with our budget. I think that is an excellent record. So, here we are almost 30 years later coming to you again. But in 1979 we asked to increase the budget from 1.5% to 2.00%, basically a 33% increase. Today, we come to you only asking to go from 2.00% to 2.4%, which

is a 20% increase, which is far less than many other cities have come and asked. But, we're not about any other city, we are Cleveland Heights. We are the most special city in the area, if not in the United States. You've heard me say that before, the most diverse city, no where else to live. We've been in a situation for about the last four/five years looking to cut things and change things and shake employees up, shake employees out and do things a little differently. We've cut everything there is to be cut and it's been painful. But, we've never changed what has happened in Cleveland Heights. The police are there when you call them, usually within a minute or two. Our award winning fire and EMS are there. You walk into our award-winning community center, you see people of all ages, all races, all colors, all creeds - they are doing things differently - doing things together - doing things apart - coming together, seniors - whatever, all hours of the day, six in the morning till ten o'clock at night and sometimes a little bit longer, a little bit earlier, depending upon what the event is. We've drawn people from all over the country to come there for different events. Our award-winning Cain Park - one of the only - I think five in the country - municipally owned and operated municipal centers. We've had great concerts there, excellent plays. We need to keep things going the way it is. We need to come to the voters. I have a family of five children and my wife, this will be one of the many things that will be raising - going after my disposable income, in addition to gas prices, electrical, cable, water, the whole gamut. We are coming to you at this time to ask for an increase, but we also will continue to look at ways to cut our budget, to look at healthcare - the way we deliver healthcare, the way we deliver our water to you, we will continue to study these things in concert with this tax increase. I think when this is over and done with in March, we ask you to come out and vote, if you can't vote for it, that's fine, but I think in the end we will make our case to you strongly, persistently in the tough winter months ahead and show you our case for support. Thirty years and thirty years ago when they raised it from 1.5 to 2% they said it would only last for five or six years. We stretched that increase almost thirty years and here we are asking you for it - some help this time. We don't want to change this city. We don't want police time to go up to five to ten minutes, we don't want someone waiting that has a heart attack waiting ten or twelve minutes for the EMS person to come there, we don't want your streets to be unsafe when the snow falls, we don't want garbage pickup to be every ten days, we don't want leaves to sit in your driveways and in your streets for days and weeks and months until someone comes to pick it up, we want our children to be safe when they are playing sports in our parks. 135 acres of parkland, beautiful parkland - our diverse parks. We want our schools to be safe, we want everything. We support school levies every three years. We're coming to you once in 29 years. We need your support now more than ever. We will make our case to you over the next 7/8 days. We ask that you open your minds, you listen to us, in the end you rise up like Cleveland Heights people do, support this levy, because we won't be back to you for a long time. We took the right way. We're coming to the voters. There were many ways we could have just changed the credit, taxed you without your vote, we decided not to do that in the true tradition of strong Cleveland Heights municipal government. We ask for your vote. We will be knocking on your doors, mailings to you, phone calls to you, [reminders on your] water bills - all kinds of things. Our case for your support is just beginning tonight, but we've been working on this for months, just trying to consider how to do things. We will not just ask for your tax dollars, we will continue to shake our budget out and try to find better ways to offer these services and what other types [of things] we can do to make things happen.

This has been a very painful time for all of us, but we all know what we're all faced with. We all have our own budgets, we all have our family issues and it is a tough time, but we will make our case for you over the next seven to eight weeks. Hopefully, we can keep this city going in the direction that we need to be going. There are a lot of things happening and many, many times people come to us and says the city needs to do this, the city needs to do that. And we are going to continue doing what we need to do to continue keeping this city on the cutting edge."

Roll Call: Ayes: Caplan, Evans, Kelley, Montlack, Tumeo, Wilcox

Nays: None

Resolution passed

Vice Mayor Montlack stated, "Also from the computations of our Finance Department, just to add this, if you earn \$50,000 a year, whether you are a resident working in another city with an income tax and that means just about any city in Cuyahoga County and around here or a resident working or any individual working in Cleveland Heights, this when passed, will amount to an increase of \$200.00 a year. Basically, that's what it comes down to.

Once again, as happens so often, the state auditor in reviewing the Comprehensive Annual Financial Report of the City of Cleveland Heights, in this case the last one subject to such a full review for 2005 has awarded the city a Certificate of Recognition indicating that it is an accurate, careful review and as the auditor indicates this reflects, speaking to the City of Cleveland Heights, your commitment to accurate and efficient financial reporting.

I would certainly like to wish all the residents happy holidays and the best of new years in 2008 and I have a feeling it is going to be a good year in our city. That concludes this report."

REPORT OF THE MUNICIPAL SERVICES COMMITTEE

Council Member Caplan stated, "Thank you. I have no legislation this evening. I just want to remind you that although the snow has fallen this still leaves some pile of leaves and our public works department is working diligently to get those leaves off of the tree lawns. You know we make mulch with your leaves, we are very good at that. We even sell some of it. It's one of the ways that we're trying to provide some income for the city and now for our residents we give it to you for free in the spring. We are going to try and get those leaves off of the tree lawns in the next week and after that we encourage you, if you can, clean some of those leaves off of your lawn if you have not had them picked up, to put them into Kraft bags and those will always be picked up.

Don't forget about recycling. As I remind you, this is the season of gifts and gifts come in boxes and wrappings and you can recycle all of that and if you have a Christmas tree and when the season is over, put the tree out on your tree lawn - not in a plastic bag. The tree is recyclable but the plastic bag doesn't allow that to happen, so be sure to separate the two of those.

The only other thing that I'd like to say is have a good holiday and I hope for all of us it's a healthy, happy successful new year that brings some peace to the world. Thank you."

REPORT OF THE PLANNING AND DEVELOPMENT COMMITTEE

Council Member Wilcox stated, "Thank you, your Honor. There is one piece of legislation tonight, but there is also three BZA Calendars that were continued at our last meeting and I just want to note for the record that we received a letter from the applicant requesting a continuance of council's review of these BZA calendar resolutions and that is Calendar Nos. 3140(a) (c) and (d). So I guess I would request a continuance until our January 22nd meeting. I don't know if we need to vote on it."

Mayor Kelley asked, "Do we need to take formal action on that, Mr. Law Director?"

Mr. Gibbon answered, "No. I think it was read into the record that there is a request for a continuance."

Council Member Wilcox continued, "So, we'll continue that to our January 22, 2008 meeting. Next, I have Ordinance No. 161-2007(PD), authorizing the City Manager to enter into an agreement for the acquisition of real property located at 3144 East Derbyshire Road, Cleveland Heights; providing compensation therefor; and declaring an emergency. The City is interested in the acquisition of a two-family residence located at 3144 East Derbyshire Road, Cleveland Heights, for the purpose of renovation and conversion into condominiums pursuant to the East Derbyshire Neighborhood Improvement Program authorized by Resolution No. 107-2007. I should emphasize here that there are Community Development Block Grant funds available for this purpose. This does not come out of our general fund or affect the budgets we were just talking about or the income tax that we were talking about, this comes out of a separate fund that we are entitled to from the federal government because we are an entitlement community. This Ordinance provides that the City Manager is authorized to enter into an agreement for the acquisition of a two-family property located at 3144 East Derbyshire Road, Cleveland Heights, Permanent Parcel No. 684-22-072. The agreement shall provide for a purchase price of Ninety Thousand Dollars (\$90,000.00), with the City paying all closing costs.

Again, this is one of our efforts to try to redevelop this into a more vibrant and owner-occupied area of the city. I offer Ordinance No. 161-2007(PD) for passage tonight."

Mayor Kelley accepted Ordinance No. 161-2007(PD).

Roll Call: Ayes: Evans, Kelley, Montlack, Tumeo, Wilcox, Caplan

Nays: None

Ordinance passed

Council Member Wilcox continued, "Thank you. Just had a couple of other quick comments. One, I wanted to congratulate the Mayor on being reelected to the RTA Board for another three-year term."

Mayor Kelley thanked Council Member Wilcox.

Council Member Wilcox continued, "Certainly, appreciate all you do for our city to deliver better services to our residents, including the new station at the bottom of Cedar Hill, University Circle, which will hopefully be on its way by the end of the term. But, we know your efforts were very much a part in getting that to the front of the agenda, so we appreciate that.

Finally, I just want to wish everybody a happy holiday and a healthy and prosperous new year. That concludes my report."

REPORT OF THE PUBLIC SAFETY AND HEALTH COMMITTEE

Council Member Evans stated, "Thank you, your Honor. I would like to present Ordinance No. 162-2007(PSH), amending Subsection (a)(1) of Section 1311.06, "Permit Fees Generally," to raise the basic fee for building permits for new commercial construction as defined in Chapter 101.1 and 101.2 of the Ohio Building Code from one percent (1%) of the cost of construction of the structure to one and one-half percent (1½%) of the cost of construction of the structure; and declaring an emergency. Whereas, the basic fee charged by the City for building permits for new commercial construction, as defined by the Ohio Building Code, (which includes three or more townhomes), is lower than the fees charged by neighboring communities and is not adequate to cover the City's costs. It would be in the best interests of the City and its residents to raise such fee from one percent (1%) of the cost of construction of the structure to one and one-half percent (1½%) of the cost of construction of the structure. The amendment fee set forth in this Ordinance shall be in effect for permits applied for on or after January 2, 2008. I

would like to present Ordinance No. 162-2007(PSH) for passage this evening.”

Mayor Kelley accepted Ordinance No. 162-2007(PSH).

Roll Call: Ayes: Kelley, Montlack, Tumeo, Wilcox, Caplan, Evans

Nays: None

Ordinance passed

Council Member Evans continued, “For those of us who celebrate Christmas, I would like to wish everyone a Merry Christmas and also I’d like to wish everyone a happy, prosperous new year. We will not see you again until 2008 in meeting one, I should say.”

REPORT OF THE MAYOR

Mayor Kelley stated, “Just a couple things real quick. We will have an interesting meeting change in January due to a lot of different things going on including the Ohio State buckeye fever which will hit most of us, excuse me, Vice Mayor - Michigan graduate there. Our meeting schedule will change just a little bit in January due to a lot of great things happening, national championship coming by way of the Buckeyes, a school board swearing in on the 14th and Martin Luther King Day, so our meeting schedule will change a little bit. We will have our organizational meeting, our first meeting will be on Tuesday, January 8, 2008 at 7:00 instead of 7:30, but the big change is it is Tuesday instead of Monday, giving ample time for people to get set in their Lazy Boy chairs for the Ohio State victory over the LSU Tigers in New Orleans on Monday. Then we will meet again on Tuesday, January 15, 2008, that will be our work session, due to the fact that many members of this council want to go to the school board meeting to see the swearing in of the two new school board members and wish them the best of luck and to start bridging the gap that may have existed in the past in some peoples’ minds. We will have our Martin Luther King Day celebration at the community center on Monday, January 21st at 7:00 as tradition in years past. We will continue that, which will make our meeting on Tuesday, January 22, 2008 at 7:30 p.m. and then we will be back to our normal Monday schedule on January 28, 2008.

The other thing I want to say, as winter approaches and things are happening here, please be patient with our men that are out there in these trucks 10 - 12- 14 hours a day. I know they do a great job as witnessed of the storm on Saturday and Sunday. They really came in a lot of hours on Sunday and a few hours on Saturday. They will get to you as soon as possible. When there are storm warnings on your tv and they tell you not to go out, that really means don’t go out. If you are on a side street and you feel that you haven’t been hit by our guys, that’s because they are doing the main roads and they are making sure that traffic flows in certain areas and we will get to you and I know we didn’t get any calls over the weekend so they did a fantastic job. They normally do, but sometimes when you get 5 or 6 inches of snow during rush hour traffic and it takes hours to get home, we’re doing the mains and we’re working on the mains and they will get to you. The worst thing to do is to try to get out and panic and whatever. School still is in session this week so kids are still out [there], buses are around, and behind the snow storms there may be a little kid in a pile of snow crossing the street, so be careful when you are out there, slow down, take it easy, make sure your car has the proper antifreeze, the tires, the things of that nature and if you are sliding or things like that, give your service station a call and get your car in and get it checked out.

The other thing is, make sure your furnaces are working properly. I feel like I am advertising here for some of the people, but it is no joke with carbon monoxide. We hear every year around this time there is an unfortunate circumstance, somewhere or something, because they haven’t had their furnace serviced in a while. Let it not be here in Cleveland Heights, but more importantly let’s have a

happy and safe holiday season and a healthy and happy and blessed new year for everyone who is here tonight. Thank you for coming. Sorry about the late start.

Our next meeting, as I said, will be Tuesday, January 8, 2008 after the Ohio State national championship. We are adjourned at 9:14 p.m.”

Respectfully submitted,

Edward J. Kelley, Mayor
President of Council

Thomas K. Malone
Clerk of Council

/mwc

¹ actually 1/2 of 1% tax credit