

EXECUTIVE & FINANCE COMMITTEE MEETING  
JUNE 13, 2011

Chairwoman Holzheimer Gail called an Executive & Finance Committee Meeting for **MONDAY, JUNE 13, 2011 AT 6:30 PM** in the Euclid Municipal Center Council Chamber.

AGENDA

MONTHLY BUDGET UPDATE

**Ord. (284-11)** An ordinance enacting a special assessment upon all property within the City of Euclid to be used for the payment of street lighting within the City. (Sponsored by Mayor Cervenik)

**Ord. (285-11)** An ordinance authorizing the continuation of the solid waste collection fee for residential accounts for the years 2012 through 2016. (Sponsored by Mayor Cervenik)

Members Present: Jones, Langman, Wojtila, Van Ho, Holzheimer Gail

Excused: Gilliam, Scarniench, Minarik, O'Neill

Councilwoman Jones moved to excuse councilpersons Gilliam, Scarniench, Minarik, O'Neill. Councilman Wojtila seconded. Yeas: Unanimous.

Others present: Mayor Cervenik, Director Frey, Director Brett, Clerk of Council Cahill.

President Holzheimer Gail – While we are waiting for Director Brett to come back, he had some printing issues with our monthly budget report, we do have an update on the question of ballot language and the joint income tax. Director Frey, would you like to start while waiting for Director Brett?

Director Frey – Councilman Gilliam specifically asked at the last council meeting that we have on the June 20<sup>th</sup> Council Agenda the proposed ballot issue that would reduce the municipal income tax in total from 2.85% to 2.6%. The intention there is that the shared income tax with the schools would be the area where the .25% reduction would occur.

You've been provided tonight an opinion from Calfee Halter dated June 3<sup>rd</sup> to me in which Ms. Benjamin and Ms. Roth opine that could not happen in the fashion that was contemplated under the Ohio Revised Code that provides for shared income taxes. Specifically that is Revised Code Section 718.09.

First of all there has to be an agreement prior to the ballot issue, the agreement between the schools and the city for a shared tax. That tax has to distribute at least one-quarter of its proceeds to the schools, to comply with that provision of the Revised Code. While that would theoretically be possible, I'm not sure the schools would necessarily agree, but let's assume that is possible that the schools would agree to a .25% share of the whole, one that wouldn't get us from 2.85 to 2.6 in total. But more significantly and very significantly it would also make both the city's income tax in just the shared portion. The city's income tax on the shared portion and the school's tax on the share portion subject only to those resident income tax payers. Somewhere between 70-75% of the income tax base received by the City of Euclid is paid by non-resident taxpayers.

Under the version of the code that existed at the time, our shared tax was paid. That share tax is paid by all taxpayers within the community, resident and non-resident. Any amendment to that shared tax puts us under the current version of the code and that current version applies solely to resident taxpayers. We would both the city and the schools, any amendment to that shared agreement, both the city and the schools would suffer a dramatic decrease in income tax revenues. Director Brett's calculations would have the city be losing approximately \$1.75 million if there was a .25% reduction in the shared tax. The schools would lose \$2.17 million in revenue. Logically one would assume the schools would be back on the ballot if they lost \$2.17 million of income tax, they would be on the ballot with a property tax issue which of course would be paid if it was successful, only by property owners, the residents of the city and the business/commercial property owners in the city. I'm not sure that works the results that we wanted.

To achieve the request to have a total income tax of 2.6%, I drafted legislation that would create a ballot issue that would reduce the voted city share of income which is right now we have a voted 1%, exclusive to the city a 1% voted income tax; we have a 1% unvoted income tax; then we have the .85% shared income tax. I address the voted 1% income tax and the ballot language would reduce, if success, would reduce that 1% to .75%. Again I don't believe this is the result that was intended. Whether it was the voted or the unvoted share that was reduced by .25%, the reduction, the cost to the city would be according to Director Brett's calculations, \$2.387 million.

Don't see that there is any option short of repealing in one issue the shared income tax and enacting a .6% city increase in the tax and that would be two separate ballot issues that we would achieve the result that was desired of having a net income tax of 2.6% with all of the proceeds coming to the city. While that piece of legislation, unless Councilman Gilliam asks for it to be removed from the Agenda, it will be on there. I certainly don't think it achieves the result that the sponsor wanted. I'm sorry that he isn't here this evening to have that discussion. He does have a copy of the memo from Calfee as well as the legislation that put the ballot issue forward on the shared income tax and a copy of that shared income tax agreement that was authored in mid-1994.

The net result of this is if we make any change to the shared income tax, one, we have to have an agreement with the schools. That agreement has to provide for at least a quarter of the shared income tax being paid to the schools. Third and most significant it puts us under the new law and instead of collecting against resident and non-resident taxpayers, we would be subject to collecting only against resident taxpayers and I don't see a scenario that works in our interest there.

Councilman Van Ho – Is it fair to say that if this was done if we were to repeal the total .85 and then try to vote the .6 back in, we could lose the .6%, so both the schools and us would be hurt?

Director Frey – The answer is yes, twice. One, if that was the intention was to repeal the .85 and add a .6 city share that would have to be done in two steps and it is quite possible that any amendment to that .85 changes it's tax base. Yes it is possible that we would get an affirmative vote to repeal the .85 and a negative vote to add the .6. That is a possibility and I suggest in this climate it is a probable outcome.

Councilman Van Ho – I would like to ask either the Mayor or the Finance Director also, could you put to me in cops or employees what we would have to lay off to make this \$1.75 million cut if we were to do this and knock out the city employees that we're paying?

Mayor Cervenik – That is sort of a tough question to answer right at this moment. If you were just talking about police and fire which I certainly would not restrict cuts that need to be made strictly to police and fire. With all said and done a police officer, a firefighter is probably with benefits in the neighborhood of \$90,000-\$100,000 after their first five years of being here. So you're looking at 22-23. Obviously that does not take into account some, it is hard to say this when knowing we could lose \$2 million in income tax. There has been this year some growth in our payroll. We're giving the number of 2.387, we're giving that in today's employment figures. We're working very hard with all of our businesses to increase their payroll and have them expand and bring in new businesses. That would be mitigated a little bit. Between that amount, although we're still not certain because it is in committee, you pop another \$1.5 million from the State budget cuts.

Councilman Van Ho – The \$2 million doesn't include the cuts from the State yet?

Mayor Cervenik – No, no, no, no. We'd be close to \$3.7 million, that's 10% of our budget. It will be very difficult job for our residents to continue to enjoy the services that they do have. I know some people will say they're not enough. It is a little different than running a business. If people want certain services, we do need the revenues to provide them. If this scenario were to happen, I see no reason why the State budget cuts aren't going to happen, we've got a tough job ahead of us. I'll need your help to determine what the priorities are. I will not make that decision by myself.

Councilman Van Ho – I guess having heard that, I would like to encourage everybody in this room and on television to contact their council person and give them their opinion of whether they want services to continue as they are or whether they want us to chop 10-15% out.

The other thing that I will say and it is a social thing and I know people will disagree, but you've got the school system and you've got this city. It follows right down, time and time. I read an article where it is good families provide good schools. Well it doesn't work that way. Good families look at a bad school system and walk on by. Time and time again. That's what we're faced with if this repeal of the joint income tax comes through. I can't speak for anybody else on Council, but if this makes it to the ballot, I will fight it every way that I can. Not because my wife's on the school board or anything like that, but because of what it will do to this city. We can ride this on through this recession, that's what is hurting us is the recession and come back out. If we mess around with this thing now, we'll permanently screw this city up.

Councilman Langman – Law Director Frey is there any way to combine a repeal and increase all in the same issue, or is that against the law?

Director Frey – It would seem to me that we could amend the shared tax to a lesser number or to a greater number for that matter in a single issue. We could replace the .85% either up or down within that same issue. The problem is any adjustment in that .85 then subjects it to the new resident only tax base.

Councilman Langman – Right, I understand that, but just out of curiosity, if we were to repeal the full .85 and then add .06 back, could that be packaged in a single issue?

Director Frey – Not according to Calfee, that would have to be two issues.

Councilman Langman – So it has to be two separate issues. I understand from reading Councilman Gilliam's emails that I think his idea was to capture more revenue for the city and not have us have less. While I did learn something through this memo, the unvoted portion of the tax we can amend on the floor of the council.

Director Frey – That's correct.

Councilman Langman – But again, that doesn't make a lot of sense when the idea was to capture more revenue for the city.

Director Frey – Just to clarify, if I could interrupt, that unvoted is maxed at 1% and we're there. We could only reduce it, not increase it.

President Holzheimer Gail – Let's start with the budget update and go to the two pieces of legislation so that we're on the same page. Review where we have been, this is our at least third meeting to discuss the garbage and lighting fee and in several others we have had presentations on what the state maybe, although we're not sure yet. If we could just summarize those as well after the monthly budget.

Director Brett – I tried to get a cash summary just a few minutes ago and I have a problem with the New World system printing at this point. Until Carol gets back in tomorrow, I'm not going to be able to print the most recent numbers.

We reviewed the end of May numbers and everything was almost directly on target at 42%, so we had 42% of our revenues with 42% of the year gone and 42% of our expenditures, actually a little more of our expenditures because we had transferred funds as soon as the budget became effective. We had to transfer funds out so expenditures are actually a little higher than the 42% of the year passing.

Specifically with garbage presented to you with a report. Reviewing 2010, we billed \$1.85; we received payments of ....

Mayor Cervenik – We collected a total of \$1,337,453.73. In addition, in 2011, we have collected \$81,900 of the unpaid amount that we billed in-house in 2010. We still have an unpaid balance in-house of \$460,000 that will be put on the various properties as an assessment this September. We do expect to collect that.

Director Brett – We have a collection rate of about 75.5%. On the following page, moving the bills to the property taxes, I've got the street lighting underlined and the garbage underlined. We had submitted \$891,000 for the first half of this year and so far we have collected \$849,000. We still have some collections to go but we'll get another collection to come in for the second half of the year. What we're looking at is actually surpassing the budgeted amount of revenues and we're at about 95.6% of our collections so far this year, 95.3% of collections thus far this year. The difference between 75% and 95% is the difference between having it on the real estate tax, property tax, or trying to collect it yourself. When we certify the delinquencies for 2010 this September, the collection rate will be higher than the 75% that we're experiencing. We're set up to exceed the revenues for the garbage collections. There is no real way to trace back uncollected charges to whether or not the house is delinquent or even vacant from our standpoint. If we ask the County to do that, they'd have to write a program and that would be cost prohibitive for us, they'd charge us back on that.

For streetlights, we had expected \$885,000. Halfway through we're at \$466,000. We'd expect about \$932,000 on street lighting which again gives us about a \$40,000 cushion for what we expected as far as revenues and will make it easier to retire that note. However neither of these assessments fully reimburse or offset, neither of them offset the actual cost of either street lighting or refuse collection. With refuse collection, we budgeted \$2.1 million and street lighting is just over \$1 million.

President Holzheimer Gail – Director Brett, now that the garbage and lights are on property tax bills, and we're getting paid a rate of 95% for the garbage and it seems over for the lights, the County pays us no matter what is collected? If there is a delinquency, will that come back later at some point? Eventually it would get paid through a lien I would assume.

Director Brett – There are going to be some houses, if the house transfer, they're not going to allow a house to transfer unless the taxes are paid in full. We would be able to get the delinquencies and the penalties and interest on that. That is distributed to us, we pay the County a percentage for collecting all of the taxes. We would eventually recover that except in house where people are walking away and nobody is picking them up at all.

Director Frey – On those properties that have come to us into the land bank through the tax foreclosure process, we are not collecting the special assessments, not yet been garbage collection and street lighting, but it is the same process, it is the special assessments first, nuisance abatement or grass cutting. If that house ends up coming to us in the tax foreclosure process, we are not recouping that. Those are pretty small numbers in the total.

President Holzheimer Gail – Just to summarize for those that don't have these sheets in front of you. The income tax collection through the end of May, we are ahead of projections for the first five months, \$341,000, am I reading that correct?

Mayor Cervenik – Actually it is \$568,000, if you go to the 2<sup>nd</sup> last column, the 2010-2011 comparison.

President Holzheimer Gail – That's over last year, but in terms of what we budgeted.

Mayor Cervenik – What we budgeted, we're \$341,777 ahead. However much more than that behind at the moment on collections for estate taxes. This is good news because this means our businesses are growing, expanding and hiring. But, it is a good thing they are because we're having a shortfall in other areas of revenue.

President Holzheimer Gail – Which brings us to a good time to summarize where we are overall with the budget and expectations for next year of just a quick summary. I know the State budget has not been finalized, it has been approved through both the House and the Senate and they will be going to conference committee. Do we have a since yet of what that will mean?

Director Brett – I talked with Senator Nina Turner specifically on the CAT tax and she did introduce an amendment to the Senate Bill for change in the formulas for personal property tax reimbursement, which we call CAT. I have to contact her office to see if it was included, whether it passed out of the Senate. Even if it passed out of the Senate, it is now in the Conference committee so there's no assurances. That could make the difference of approximately \$800,000 just in CAT. We're not sure there.

The Senate also put back a total of a hundred million into the local government funds. However, cities and counties and agencies that receive less than \$750,000 are going to be given priority on receiving this excess amount of cash. We make in excess of that obviously, so the first crack at that is going to be for those municipalities that make that amount.

The next tier goes to people who are at around \$750,000 preserve them at that rate rather than cutting their local government fund. With us, unfortunately there's no provisions for that and I don't know how much would remain at that point. We're looking at approximately 26% this year and 26% next year with the overlap of the fiscal year for the State and our calendar year fiscal year. We receive \$2.5 million, we're looking at reducing that by a quarter, so we would look at losing \$800,000 right there, maybe \$850,000 or a total of \$2.9 million. If we lose a quarter of that, that's more than \$700,000 that we would lose from that and we would expect to lose over the next two years. The inheritance tax cuts won't go into effect until 2013, so their ramifications will not hit until 2014.

The last I checked, the 2% shift in PERS, police and firemen's disability pension, for all five pension programs in general, was not in the Senate bill and it is expected to be stripped out of the House Bill. As of the last, these updates change day to day, that 2% will not be available to us as far as an offset. I think that's about what we've gone through so far. The CAT is up in the air. We're still looking at losing \$750,000 each year for the next two years in local governments. We're going to lose the inheritance tax in 2013, essentially 2014.

Councilman Wojtila – Back on the rubbish report you passed out. Are we still billing for condos?

Mayor Cervenik – Yes we are billing for condos.

President Holzheimer Gail – Is there anything else that you wanted to present, should we go to the legislation.

ORD. (284-11) & ORD. (285-11)

Mayor Cervenik – Before we move to legislation, I've been a party to a number of email exchanges. At this point, although I would like it to be longer, if Council feels the best they can do right now is extend the fees for one year, we can talk about them again next year after hearing what Director Brett said and what we read in the paper, it is probably not the best thing to do, but I have no problem with that if that's what city council feels is proper. I am confident that we will be able to make budget changes this year as well as in 2012, 2013, to not gut our safety forces. I'm depending somewhat on continued growth of our income taxes. If we lose the \$2.6-\$2.7 from these fees and/or the income tax that we're collecting now if that revenue is reduced through ballot issues, it is going to be very, very difficult, it is going to be a different city. I don't think we want to see that happen. I'm more than willing and would be very thankful if it is easy on Council to send both of these pieces back to Council with a recommendation for a one year extension, until we really see how the State budget is going to affect us. With these fees in place, I'm confident we won't have to gut our community and that's the last thing we want to do. Obviously I'd like two years, but you have to remember Council can go 5 years, 10 years, and council can also cut it off one year. They can cut it off anytime they want. We always have to have the assessment down to the county around the 14-20<sup>th</sup> of September or we can't assess for that year. Even if Council were to do it for two years, anytime before September of next year you could eliminate it. At this stage one year is fine. At least I know where I am. If I had no years, in order to lessen the effect in 2012, there will be some significant reductions in 2011 to balance out the two years and then we'd have to wait for November results, if in fact the ballot issue is put on for the voters to act. I'll be happy with one year on both of them.

Councilman Van Ho – I would like to make a motion that we change both (285-11) and (284-11) to one year. Like the Mayor, I don't think this is the smartest move but it is what we can get through the Council. The other thing, it will give us time to look at the pay as you throw that was brought to the Sustainability Committee of what I thought we had pretty much made an agreement that we would do that for one year, take a look at that. If that works out, we could substitute and if it doesn't, then we have to face facts and go for multi years in upcoming years.

Director Frey – It would be best to do one at a time.

Councilman Van Ho moved to amend Ord. (285-11) to read one year in length. Councilman Langman seconded.

Councilman Langman – I'm okay with a year, I think it is better management if we had two years to do a little better planning. We have lots of things up in the air, we have the Ad Hoc committee that is going to look at how we're going to raise revenue. Again, the easy thing to do would be for one year, but it is fair to the administration to have some certainty, at least a little bit when planning out, they can develop certain scenarios, doesn't matter if it is this administration, new administration, new council, it doesn't matter. I think two years is probably a more prudent course to follow rather than just one. I'm not going to go to ramparts to fight that, but I think it is important to understand that given the extraordinary changes that are going on at the State level, it is not like in past years where we are depending on solely what we do to balance our budget. We are being buffeted by factors far beyond our control. We really don't want to be caught short. I think it is a good point that if the following year if it were deemed that those fees needed to go, the next council can make that decision. For prudence sake, two years is the better number.

Mayor Cervenik – I would definitely agree.

Councilwoman Jones – I do agree with the one year and we had the presentation the other day from Waste Zero we talked about pay as you throw. We definitely need to investigate that, whether that turns out to be cost justifiable or not, we need to look into that. Would that be able to reduce these fees come next year? I don't know. I'm comfortable with one year and then we'll go from that. After the meeting we talked at the presentation that we would make the commitment whether it is a group to get together to investigate a little more on the pay as you throw and all the things that go along with that and I think we need to move forward. At least this year it will give the administration what they need to go forward for a little bit of time.

President Holzheimer Gail – For those who maybe watching who were not at the Sustainability Committee, we had a presentation by a company called Waste Zero that helps operate under a pay as you throw system. Where in this particular case you would purchase a bag for garbage and only be able to use that bag. If you have one garbage bag per week you would buy one bag. You could buy them in larger quantities but you would pay for that amount. Larger items you would have to buy a tag. It would be a different way to help fund our garbage service that is based more on how much you're throwing away. In the results that this company has seen, it does reduce the amount that goes to landfills, does increase the amount that is recycled and the committee wanted to continue working towards that as another option to the garbage fee. There was not enough time to make a decision quickly that would impact the budget cycle for next year. The committee did, Director Smith will be having a conversation with Waste Zero. The plan is to create an ad hoc citizens committee to explore a lot of the issues and help work through the process a little bit. At the same time we had talked about in previous meetings and we will have legislation on for Monday's agenda, a Resolution to create the ad hoc committee to look at the long term budget stabilization and growth. The feeling that I heard from a couple of council members who were not here this evening is they would like to allow both of those processes to continue and that was their reason for looking at one year extension rather than longer. I just wanted to follow up as Councilwoman Jones said.

There is a motion and a second to amend. Is there any other discussion on amending it to one year?

Roll Call on amendment for one year:

Yeas: Jones, Wojtila, Langman, Van Ho, Holzheimer Gail.

Ord. (281-11) is amended.

Councilman Van Ho moved to amend Ord. (284-11) to one year. Councilman Langman seconded.

Roll Call on amendment:

Yeas: Jones, Wojtila, Langman, Van Ho, Holzheimer Gail.

Ord. (284-11) is amended.

Councilman Wojtila – I think it is important that we recognize that by approving these ordinances either Monday or whenever we approve it, at least I recognize that it is a decision that is made and I'm still making this decision, but it is a decision that is made with a lot of difficulty. People aren't making more money than they made three years ago, I know I'm not. Many people are making less, many are making considerably less than they made three years ago. Yet we're requiring that they pay an assessment or a fee on a service that heretofore or a year ago was part of their regular tax bill. People always ask why garbage and why street lighting? It is garbage and street lighting because that's what we can do. There's a rational basis for the fee that's being assessed. It really is a difficult decision. It is not one that I take lightly. When you look at cutting, to the credit of council we have looked at ways and administration of cutting many changing things, but it always comes down to payroll and human resources being such a high amount of our expenses, if you are going to make a meaningful cut in any expenses, it is going to have to be in that area which would be the human resource area meaning the loss of critical jobs, particularly the safety forces because they represent the greatest part of the human resources. It is a very tough decision. I think it is important that I recognize that and I'm sure you all share that feeling. Thank you.

Councilman Van Ho – I agree with the councilman that it is a difficult decision. As probably the only councilman that ever lived in the projects for a long period of time, I understand the concept of being poor but that was the best we could do at the time. We moved to Euclid so we could have better services and better schools for our kids. I think we have to look that we have to maintain those services. This is not like raising taxes or whatever in Mentor where if they get an upset they can vote with their feet and walk. Many of the people are living in houses that are the best that they can afford. We need to give those people adequate services. We need to give them adequate police. We need to give them recreation for their kids. That's what these taxes are doing. They're replacing money in the general fund that if we didn't have it, we would have to cut police, fire, recreation, some of our service dept. I don't take it lightly but I think it is something that is necessary to be done to maintain the quality of life of this city.

President Holzheimer Gail – Are there questions and comments from the public at this point residents?

Mr. Jeffrey Beck – 25540 Chatworth. My views on the garbage and lighting are well known so I won't get into that. But I do have some questions on the tax issue. Director Frey you and the Mayor were talking and you kept using the term, this scenario. I'm assuming the scenario you're speaking of is the legislation requested by Councilman Gilliam last Monday?

Director Frey – Yes, that is what I was referring to yes.

Mr. Beck – Did Calfee & Halter offer an opinion on voter initiative? If a voter initiative can in effect do the same thing that I proposed at the May 16<sup>th</sup> Council Meeting?

Director Frey – I'm sorry I'm not sure I followed that question?

Mr. Beck – Ending the school the funding, lowering the income tax to 2.6%, can the voters do that through initiative?

Director Frey – Yes, except the only place, either it is going to be a new agreement with the schools, which I think is unlikely, or it is going to be a change in the voted share of the city tax. I'm not sure the voter initiative could change the Ohio Code that requires the shared tax to have an agreement that it provide at least 25% of that shared tax to the schools. That I don't think an initiative could accomplish. In other words, I don't think it could override the State code.

Mr. Beck – If you could point me in the direction of that particular State code. My question is, you're saying the voters cannot end the school funding?

Director Frey – Yes, the voters could end the school funding by repealing the .85%.

Mr. Beck – But they can't lower it to 2.6 and at the same time end the school funding, as they did when they approved it by raising it to 2.85 and at the same ballot issue split the funding with the schools. You're saying they cannot do the reverse of that, lower the income tax to 2.6 and then the school funding at the same time.

Director Frey – I don't believe that's possible, correct.

Mr. Beck – Calfee Halter developed an opinion on that too?

Director Frey – I would have to ask them that specifically if an initiative petition to accomplish that. The reason I say I don't think so is because it wouldn't comport with Ohio code. That's why I would think it is highly unlikely. I think that would be ruled as an invalid exercise in trying to reduce that shared tax.

Mr. Beck – I look forward to seeing that specific code. I know it is not a matter of public record, but is it possible to get a copy of the opinions that you have received from Calfee Halter?

Director Frey – I will chat with the Mayor and see about releasing it, it is probably a public document at this point.

President Holzheimer Gail – No further comments or questions? Council, other questions? Action?

Director Brett – To Director Frey, regardless of whether or not it is an initiative petition of it is passed by Council, the law would still be in effect that would no longer affect non-residents. It could no longer be levied on non-residents who work in the city. So again that situation and for the record I think the way I did my calculations, the loss of the non-residential tax base just in the area of payroll withholding which is the clearest amount, that area alone is \$3.9 million of a loss; with a total loss of \$4.7 million.

President Holzheimer Gail – May I ask for a clarification? If that's only if it remains a shared income tax that the changes would happen with the resident versus non-resident?

Director Brett – My understanding and I defer to the Law Director is that regardless of whether you change one or the other, any amendment to that existing tax levy will kick in an amendment that has since been made to the Ohio Revised Code that says you can no longer levy the tax on non-residents who are working in the city.

President Holzheimer Gail – As a shared or if it was just straight city income tax?

Director Frey – Just the shared. Any change up or down to the .85%, in theory any redistribution of the .85%, would be a new ballot issue but assuming it maintains some shared tax, that shared tax base would just be the resident taxpayers.

Councilman Van Ho – Director Brett, could you break all that out on a spreadsheet for us as to the hit that we would take and send it to us by email?

Director Brett – Yes I will.

President Holzheimer Gail – I guess the question I want to make sure is clear, whether it was by council action or whether it was by referendum initiative, the proposal that was made to go from 2.85 to 2.6 would require elimination of, a two step process, one to eliminate the .85 and one to add .6; whether it was initiative petition or council action? I'm not advocating for that, I just want to make sure we have that the steps are clear.

Director Frey – I'm trying to be careful with that answer. If the point is to repeal the shared tax in its entirety and replace it with a .6% city income tax, that's a two step process. If the effort is to amend the .85% either up or down, that could be a single issue but it requires an agreement with the schools and it has the consequence of reducing the tax base.

Mayor Cervenik – By approximately 75%; close to 75% of the people that work in the community don't live here.

Councilman Van Ho – I'm assuming that when you say a negotiation with the schools, that doesn't mean that we walk in and say in effect, you get 25% thank you goodbye. It is what they come to a mutual agreement, is that correct?

Director Frey – Yes, it would be a negotiated process, as it was in 1994 when that agreement was first proposed.

Councilwoman Jones – Are we looking to send these, the garbage fee and the street light assessment back to Council, is that what we're going to do?

Councilwoman Jones moved to send Ord. (285-11) as amended to Council with a recommendation for passage. Councilman Van Ho seconded.

Roll Call: Yeas: Jones, Wojtila, Langman, Van Ho, Holzheimer Gail.  
Passed.

Councilwoman Jones moved to send Ord. (284-11) as amended to Council with a recommendation for passage. Councilman Van Ho seconded.

Roll Call: Yeas: Jones, Wojtila, Langman, Van Ho, Holzheimer Gail.  
Passed.

Mayor Cervenik – I will not be here Wednesday, Director Brett has assured me that they will be able to get the system up and running so that on Wednesday you will have your May's financial report. I think all the postings, journal entries are done for the month so you will have that on Wednesday.

Councilman Langman moved to adjourn. Councilman Van Ho seconded. Yeas: Unanimous.

Meeting adjourned.