

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

Sharon A. Ray called the meeting to order at 10:00 a.m. with Patricia G. Geissman and Stephen D. Hambley present.

The purpose of the public hearing was to consider increasing the county sales and use tax rate by 0.50% pursuant to Ohio Revised Code Sections 5739.026 (A)(4) and 5741.023 to fund permanent improvements for Medina County public schools. An attendance sheet is attached as Exhibit A.

Ms. Ray thanked everyone for coming on this snowy and blustery February morning. She requested that those wishing to speak come to the podium and state their name and address for the record.

William Shook (Guilford Township) said the cost for a special election is \$180,000 that would be broken down to about \$24,000 per school district, and he thinks that is unreasonable. Since it is not an emergency, he suggested they put the levy on in a general election.

Mr. Shook said local school funding should not be the County Commissioners' responsibility. That does not mean they cannot support the schools. They all wish Governor Strickland well to try to fix the school "mess". It has been difficult, if not impossible, to fix them in the past 15 years, so they shouldn't look for a miracle in the next four years. He said Mr. Dolan wrote an article that said the sales tax would exclude motor vehicles, outboard motors, and watercraft. He questioned if automobiles would exclude pickup trucks, ATV's, garden tractors, etc. Defining watercraft causes the same problem. Mrs. Geissman said those items would be taxed with the 1/2% sales tax. Ms. Ray said that the cost of the election would be split among everybody that is on the ballot in May so each school district will not be paying \$25,000. It will be considerably less than that with all the other issues on the ballot.

Mr. Shook said he sees no reason for a Community Improvement Board (CIB). The Mayor of Brunswick would be appointing three members and he feels that one community would be dominating it. He suggested that the combined school districts write a proposal to the state legislators (Mr. Batchelder, Mr. Gibbs, and Mr. Amstutz) to get a change in the Ohio Revised Code to permit each county to assess a sales tax with a 2% limit. It would be assessed by a vote of the citizens of that county at a general election; no special elections. All school districts in the county would participate and have a choice between operating funds and building improvements. It would be voted upon after the schools make their choice and it would be in proportion to the school's student population. There should also be a penalty if a school claims the wrong number of students. It should be written so there could be no piggy-back and could not be diluted like the Ohio lottery. The only people that would handle the money would be the State Treasurer and the County Treasurer, therefore eliminating the CIB Board; they wouldn't have to pay additional wages and dilute it. There should be a control on borrowing so a school could not borrow three times what they would receive in one year, for example, because as the economy goes down, the sales taxes will go down. This could possibly be run through the legislature in about six months. He discussed an article in the newspaper that said renters do not pay property tax and he said that was incorrect; they pay real estate taxes with their rent. The article also said there is no tax on pharmaceuticals, food, utilities, and rent. He said that was full of mistakes as well. They do not pay tax on behind-the-counter pharmaceuticals and most foods. They do pay tax on utilities, phone, and gasoline, unless it is a government entity. Mrs. Geissman said they would not pay the 1/2% sales tax on gasoline. Mr. Shook said there were many errors in the article and they needed to make sure people are given correct information. That is what has killed more levies than anything else.

Ms. Ray said that the Community Improvement Board (CIB) proposed to monitor the distribution of the money in volunteer positions; nobody will be paid and there is no cost associated with it.

Mr. Hambley said the "School Sales Tax Fact Sheet" that was distributed to the audience should answer some of his questions. He said he also did a subsequent article in last week's Gazette that talked about the CIB, as well as the sales and use tax applying to automobiles and watercraft. Mr. Shook said they have to go by what they read. Mr. Hambley said that is why

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

they are trying to get the facts presented and all of the documents are on the county's web site. Mr. Shook said many elderly people do not have internet because they cannot afford it.

Donald Mall (3784 Ruth Drive, Brunswick) said he has been retired for two years and he is on a fixed income. He cannot understand why anybody would not want to have a sales tax in place of a property tax. Anything they can do to reduce his property taxes, he is all for it. He is not going to spend as much money as he would wind up paying in property taxes.

Robert McCafferty (3576 Monterey Circle, Brunswick) read from an article he wrote that said the Prosecutor had not seen or approved the unenforceable, ambiguous ballot language for the 1/2% sales tax and the Commissioners never conducted the legally-required public hearings. He also read that Commissioners conducted a pre-emptive strike on voters and taxpayers and advertised for nominees for the Community Improvement Board to oversee the \$1.2 to \$2 billion (in his estimation) that would be generated by the sales tax. He discussed the money generated from the levy and said there is a huge difference between the county's calculations and economic calculations.

Mr. McCafferty said two Commissioners attended the November 30 joint school board meeting. Six school boards voted to request that Commissioners put it on the ballot. Brunswick held off for one more day before they voted yes. Brunswick City Schools voted two of their board members to that committee. There are no minutes of those meetings and he questioned why. He said Brunswick City Schools declared two years ago that they would not ask for new taxes until 2010. They said they are going to roll back \$700,000 per year in property taxes, but they are going to take in \$1.5 million to \$2 million per year in sales taxes.

Mr. Hambley said the Secretary of State approves ballot language. They have submitted it informally to them for review. Last week, the Secretary of State's Office said they are comfortable with the way Medina County is preceding and comfortable with the proposed ballot language. The school boards held a public meeting on November 30. The boards presented the proposal during a Commissioners meeting that was a public meeting. Commissioners have had subsequent meetings to discuss the issue and minutes were taken. There have been three working groups with representatives of the school boards and those minutes are on the web site. The meetings were all advertised and part of the Commissioners' agenda. All discussions and decision making has been done at formalized public meetings. The Commissioners have the authority to make appointments to the CIB without asking for volunteers, but they open it up to the public because they like to have individuals on their boards and committees that represent the broad public. According to law, they have fifteen days to make the appointments once the resolution has passed. In order to meet that timeframe and allow for the general population to participate and volunteer to serve on the CIB, the advertisement had to be posted in advance. He thinks it was a worthy expenditure of funds. If they don't get enough votes to put the sales and use tax on the ballot, then the CIB won't happen. At least they will know of individuals who would be willing to serve on that committee, or they could choose them for other public volunteerism.

Mr. McCafferty asked if the Commissioners oversee school boards. Mr. Hambley told him that if he had any issues regarding school boards public hearing, meetings, or minutes, he needed to deal with the individual school board. Commissioners have no legal oversight of school boards.

Linda Kramer (Wadsworth School Board member) said that schools really need the extra money to run and repair the old school buildings and bring them up to code. The state's funding formula cheats Medina County because they are thought of as a rich county and they don't receive as much as other county school districts. However, they do well with what they get and county schools excel on test scores. If the state comes up with a new formula, it would result in the same outcome. This is a chance for county schools to get some money and she believes strongly in this funding option. The school boards met and worked hard on this issue for over six months. Wadsworth School Board has minutes of their meetings that Mr. McCafferty is welcome to see. Mr. McCafferty said he wanted to see the minutes of the school board meeting at Brunswick. Mrs. Kramer explained that only two school board members from each school attended those meetings, so the Sunshine Law did not apply.

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

Sue Muniak (Brunswick School Board member) said it was not a committee of any board. It was not a committee of the Brunswick School Board, Medina School Board, or any other school district. It was not a public body, did not have to have minutes, and did not have to follow the Sunshine Law. Brunswick Schools passed, in writing, that if the sales tax were to pass, they would not collect the 1.45 mill permanent improvement levy. What she said at the meeting was that they will be looking at other ways to reduce the property tax, but she cannot say what that would be until they get the sales tax. She said she did not say they would hold up the 1.45 mill levy.

Mrs. Geissman said she had a couple of letters from people who attended last week's public hearing that were unable to attend this hearing and she wanted to submit the letters for the record. A gentleman in the audience asked if there was much difference than was said at this hearing. Mrs. Geissman said the letters say they should not have a 30-year tax without accountability. The gentleman said ten years should be enough time to see if it works; it could always be renewed. Mrs. Geissman said she suggested five years to the committee hoping they would come back saying that they can't do five, but maybe ten. Unfortunately, her two colleagues told the committee they would be willing to put it on the ballot so there was no reason for any negotiations with the school boards at that point. She believes a five- or ten-year levy would show accountability and what taxes would be reduced; the levy would have a much better chance of passing. She has repeatedly been hearing from people in the community that they think a sales tax is a good way to fund schools, but they are very concerned about a 30-year commitment.

Mr. Hambley said he does not look at this process as one of political negotiation between the Commissioners and the school boards. The entire process is supposed to be one that is open to hear from the school boards and their proposal of 30 years, and to listen to the reasons why they need 30 years. Likewise, it is to hear Mrs. Geissman's and others' suggestions of 5 and 10 years, or even somewhere in between that period of time. It is not a matter of negotiation in his mind, so he is looking at all the information that is being provided, not only in the public hearings, but also communication from the school boards and other similar proposals. For example, the Summit County proposal was for 30 years, and HB 356 in the last General Assembly session (that went nowhere) was presented and went into state legislative committee. It involved sales tax enabling school boards to go to the voters on their own and it was for a 25-year period. Mr. McCafferty is incorrect if he thinks everything is "said and done". That is why they have this process and it will not be closed until they receive all the information. They get legal opinions from various sources and the public's opinion regarding each of these issues and this proposal. They have done that throughout the process and that is why they had the public meetings and met with the school boards to craft a proposal. As the resolutions were created, it was not a matter of negotiation; it was a matter of trying to identify what made sense in terms of what the school boards were asking for and then holding public hearings and hearing from the public and other stakeholders as to what they think the best proposal should be. It is up to the three Commissioners to make an eventual determination of what to submit to the ballot. It is not a matter of political negotiations. It is a matter of gathering the facts and coming up with an agreement as to what the best proposal ought to be before the public.

Mr. Mall asked how long the current sales tax has been 6%. Mr. Hambley said the state has increased it and decreased it over the last several years. Medina County's 1/2% has been in place since 1971. Mr. Mall said nobody has been concerned that the 1/2% has been in place since 1971 and he asked why everyone is concerned about an additional 1/2% for 30 more years. The 1/2% has been on the books for 36 years and they didn't have specific use for that; it was just general use. Now they have a specific use and everybody is excited about it being 30 years long, and he does not understand it. Mrs. Geissman said the 1/2% that was passed in 1971 was for the operations of the county. The 1/2% that is being proposed to go on the ballot now is for schools. One thing needs to be very clear is that the sales tax is the county's sales tax; it doesn't belong to the schools. If the schools had their own, she would certainly get behind getting that passed because in the last ten years that same sales tax has been on the ballot three times for various things for the county. No one knows what the next ten years might bring. They are already hearing of needs in the senior services area and the mental health area, where they may want to use a sales tax again. It would be gone if they gave it to the schools. That is why she can't vote for a 30-year levy. She could vote for five years or ten years because she would be able to see far

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

enough ahead to let the schools know they need to find alternate funding if the county finds something they need to use it for.

Mr. Shook said part of the reason he suggested the change in the Ohio Revised Code was so it would not take away from the county's use. If the county used 1/2% of the 1% they are permitted, they would only have 1/2% remaining. Only the future will tell if they need it. Mr. Hambley said that Mrs. Geissman made comments at the January 22 Commissioners meeting about schools getting their own authority at the state level. Historically, the County Commissioners Association of Ohio (CCAO) has opposed that and Mrs. Geissman was on that Board of Directors the last time that was proposed. The CCAO still opposes the concept of schools having their own authority for sales tax. He is glad she is having a change of heart, but there is no promise that any time soon they would see that emerge. As Mrs. Geissman indicated and many other Commissioners also feel, this is the County Commissioners' taxing authority. Just as the municipalities fought for years against any concept of income tax for schools, municipalities think that is their income source. There is a bit of territorialism that has to be overcome at the state level before the sales tax for schools would happen any time soon. A majority of the state legislators would have to be convinced that this is a good approach to help and fund local education.

Mr. McCafferty said he was at the board meeting in Brunswick and William Zelei made a motion, and halfway through his motion Susan Muniak interrupted him. He began again and was interrupted again. Ms. Ray said they are talking about the sales tax and he needed to take this up with the school boards. Mr. McCafferty said this is about the sales tax and the proposal, which was never read entirely and somehow it was passed.

Mark Dolan (1177 Portsmouth Circle, Medina) said he is a member of the Medina City School Board and he is also on the panel that made the proposal to the County Commissioners. He gave some background on the proposed sales tax levy. He said a couple of years ago, when Medina was trying to pass a property tax levy, it took them four attempts to make voters realize they really needed the money. Constituents told them repeatedly that property taxes are not fair and they don't want to pay them anymore. He has learned a lot since then and from any type of business standpoint, more than one revenue stream is needed to survive. When he became President of the Medina City School Board, he and Rob Wilder had discussions about the problem. They decided to get all the other county school boards together because they all had the same problem. The boards got together to look at the issue and saw that Summit County had done something for sales tax and some income tax attempts had also failed across the state. Most income taxes that passed were in rural areas where farmland would have been the principal property tax payer and income tax made sense. In urbanized and suburbanized areas, income tax did not seem to do well. The boards decided to look into a sales tax for an entire county. They knew it is not their taxing authority and that is why they approached the County Commissioners. All they could do was ask that the Commissioners put it on the ballot and let the voters decide. As school board members, they don't feel they would be doing their jobs if they didn't put something else on the ballot except property tax every time. Each individual school district has an option of putting an income tax on the ballot; Cloverleaf has, it was passed, and they congratulate them. Over time, Medina will probably try to do it as well and see what happens. Nobody is debating that schools need the money. If they have to ask voters for more money, the question is, if it would be paid through property tax or sales tax. They can debate whether sales tax is a fairer tax or not; he believes it is fairer. He would like the voters to have the decision. It is not a "fix" to the funding issues at the state level; this is a local level issue. Any proposals that he has read from the state at this stage, do not address permanent improvements at the local level; they address operating costs.

Mr. Dolan said there have been questions about the length of the levy. The panel chose 30 years because that was the longest they could choose for a couple of reasons. One was if a school district wanted to borrow against the revenue stream, the farther out they go, the more borrowing capacity they would have. Medina looked at doing that because they have three schools they need to build and this would be one way to alleviate property taxes. Since that time they have found there is some question whether that is something they could legally do so they passed a resolution saying they would not borrow until they had gotten good legal basis to do so. That is off the table, but that might be back on the table with proper legal basis. The other reason they chose 30 years

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

is because they are using this money to build and buy assets that last longer than five or ten years. They would like to be able to put a schedule together for replacement of textbooks, buses and computers. They would like it to be on a “pay as you go basis”. If they know the money is coming in, they can continuously update the things that need updated. Improvements such as a new roof, paving, air conditioning, and heating systems would last more than five years. Normally, schools have PI levies on a five-year basis and it is easier to pass a renewal levy than a new levy. At the end of a ten-year time frame, PI levies would have gone away. They would not have renewed them because the pledge the schools are making is to reduce property taxes. If the sales tax were only for a ten-year period of time, all of the PI renewal levies would have gone away. If the sales tax was not renewed, school boards would have to put on a PI property tax levy as well so they would have enough money to purchase the things they need. They would like to have as much time as possible. They have enough battles to get money from the state from their own voters to operate and pay teachers and administrators. They would like to be able to take one thing “off their plate” (PI) to help them do better planning in the future.

Upon questioning, Ms. Ray said there are at least a dozen different avenues Commissioners have for increasing revenues without a vote of the people in addition to the 1/2% sales tax. She said Mr. Hambley created a list that they would make available. Medina County has been financially well-managed and they have a carryover budget that is almost 20% of the General Fund. In addition to the additional 1/2% and the dozen other revenue streams, plus an additional \$1 of the Real Property Transfer Tax (RPTT), she thinks the county has more than enough avenues if they have some extraordinary expenses arise in the future. She has repeatedly heard that people are very excited that the sales tax money is going to stay in Medina County for Medina County children. What the county sends to the state is not what they get in return. The #1 concern from many senior citizens she talked to is getting relief from property taxes. The increase in the property taxes is what is forcing them out of their homes. She believes that by allowing people to vote on this issue, the Commissioners can say the people voted to determine how they want to spend their money.

Mrs. Geissman said she wanted to clarify one thing. Three times in the last decade they have put this same sales tax on the ballot. She doesn't think any Board of Commissioners would take all of these things such as raising the court fees, RPTT, and combine those at any time to raise the amount of money that 1/2% sales tax would generate. That is why in the past they have always used this sales tax. It would be so confusing to the general public to say they are going to “raise this and increase that”. It would tie the hands of future Commissioners.

Ms. Ray asked if the three prior sales tax attempts were for new programs. Mr. Hambley pointed out that if the sales tax for schools passes, the Commissioners would still have another remaining 1/2%. They had three issues where they put a sales tax before the voters. The first one was for the Transportation Improvement District (TID) for infrastructure for a 20-year period that was a 2-1 Commissioner vote. He and Mrs. Geissman voted in favor of it and it was defeated by 70%. He was persuaded to put it on the ballot by a letter from Mrs. Geissman and Mike Morse, who was Medina City Council President at that time. He originally voted against it because he felt it was not ready and did not have all the elements it needed. He was persuaded by their letter saying that, as a Commissioner, he should not be looking at his personal preference, but looking at what is best for the county and letting the voters should have the opportunity to vote. Back in 1997, he became persuaded that that is the way he needed to approach his office; to work on these issues and to try to provide the best proposal for the people, but, ultimately, let the people make the decision. He, as an individual, could support the issue or not. A Park District issue followed that and it was for a ten-year period. Then there was a Purchase of Development Rights (PDR)/agriculture easements levy that was for ten years. The TID and the PDR also were also a 2-1 Commissioner vote. He said he could provide the list of all the taxing avenues and it can also be placed on the county's web site. He has done a lot of research and fact-gathering to see if the Commissioners would be “tying their hands”. There are sufficient revenues for future Commissioners should conditions change. The list got to the point that it was mind-boggling and he was very convinced the county has sufficient revenue if needed.

Mr. McCafferty asked where the projection was on Mr. Hambley's fact sheet of the \$1.2 billion dollar that would be coming in. Mr. Hambley said he did some projections when he did a higher education proposal and it was projected out on some ten-year averages. Those are

COMMISSIONERS PUBLIC HEARING – MONDAY, FEBRUARY 12, 2007

projections, not facts. What he presented to them was what they know to be truthful. This was developed early-on while they were meeting the school boards and was the main components on how funds would be distributed. They were emailed to everyone and comments and corrections were made over a period of time. It was one of an evolutionary process. He has some additional information he will be providing soon in another update.

Mrs. Geissman asked that the letters of the two people that could not attend this public hearing be attached to the minutes and she said copies would be available if people wanted to see their remarks.

Mr. Hambley moved to adjourn the meeting at 11:02 a.m. and Mrs. Geissman seconded the motion. There was no discussion. Roll call showed all Commissioners voting AYE.

All deliberations concerning official business and formal actions by this Board of Commissioners were conducted in an open public meeting this twelfth day of February, 2007.

Respectfully submitted,

Pam Vereb, Clerk

COMMISSIONERS _____
Sharon A. Ray

OF _____
Patricia G. Geissman

MEDINA COUNTY _____
Stephen D. Hambley