

**MINUTES OF A SPECIAL MEETING OF THE COUNCIL
OF THE VILLAGE OF HUNTING VALLEY, OHIO**

April 4, 2013

Pursuant to notice given, a special meeting of the Hunting Valley Council was convened on Wednesday, April 4, 2013, at 8:32 a.m., at the Village Hall. Mayor Hollington presided.

The following members of Council were present:

Barbara Burkhart	Jerry Medinger
Nancy Heinen	Bruce Mavec

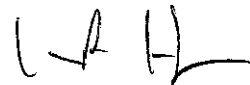
Also present were Tom Flynn, Clerk, David Maine, Chief of Police, Anthony Gentile, Deputy Finance Director, Stephen Byron, Law Director, Don Cunningham, Building Inspector/Service Director, and the individuals named on the attached sign-in sheet.

The purpose of the special meeting was to hear a report from the long range planning sub-committee that has been studying the Village's long-term financial picture. Members John Miller and Rob McCreary were in attendance to present the sub-committee's report. A copy of their presentation is appended hereto.

There being no further business to come before Council, the meeting was adjourned.

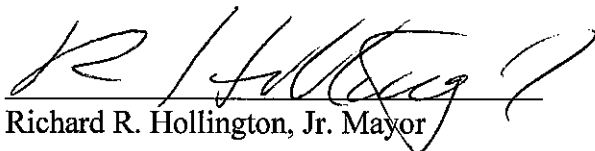
Meeting adjourned at 9:24 a.m.

Respectfully submitted,




Thomas Flynn, Clerk

APPROVED:



Richard R. Hollington, Jr. Mayor

Dated: 04/09, 2013.



The Village of Hunting Valley

*Situational Analysis
and
Alternative Solutions*

Presentation to Village Council

April 4, 2013

Presentation Outline

- ❖ How Can The Village Have a Problem
- ❖ Possible Outcomes
- ❖ Alternative Solutions
- ❖ Rationale for Fund Preservation

Root Causes of the Problem

- ❖ Historic High Reliance on Estate Taxes
- ❖ Elimination of the Income Tax
- ❖ Property Tax Millage Reduction
- ❖ Elimination of Estate taxes
- ❖ Low Interest Rate Environment

Historical Sources of Revenue

Average for 1985 to 1999
(thousands of dollars)

Source	Amount	% of Total
Estate Tax	\$1,363	52%
Real Estate Tax	350	13%
Income Tax	348	13%
Interest Income	429	16%
Other Income	148	6%

Today's Imbalance *(dollars in thousands)*

Operating Revenues	
Real Estate Taxes	\$ 716
Interest Income	223
Other	<u>770</u>
Total Operating Revenues	\$ 1,709
Expenses	
Operating Expenses	\$ 3,584
Capital Expenditures	<u>250</u>
Total Expenses	\$ 3,834
Implied Deficit	<u>\$ 2,125</u>

Possible Outcomes

What happens if the Village deals with the deficits by:

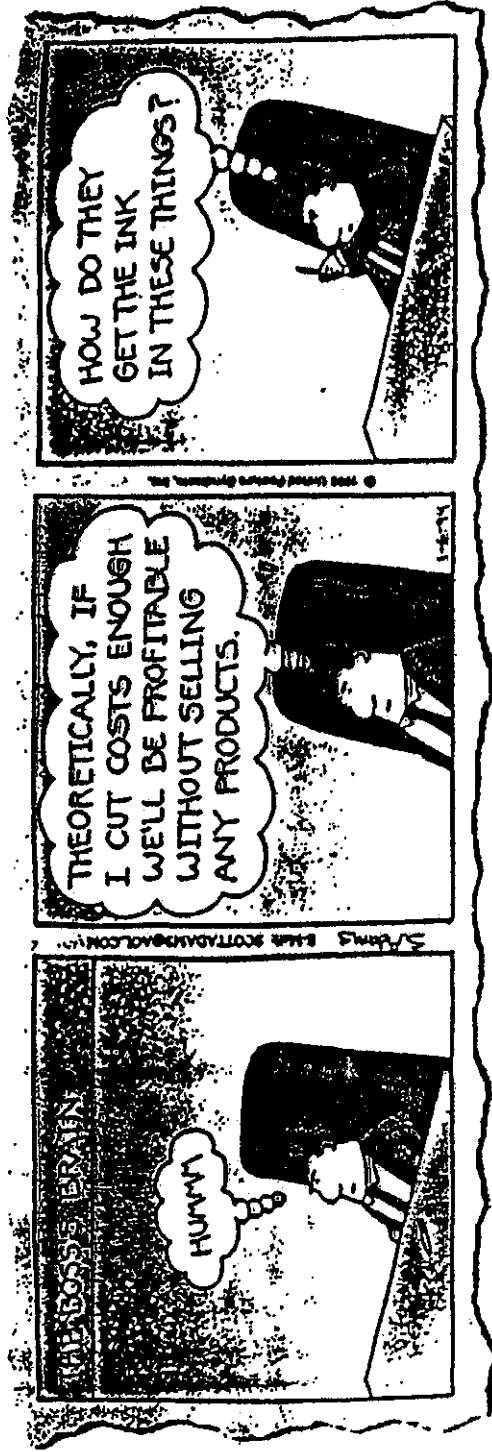
- ❖ Maintaining status quo – using reserves to eliminate the deficit
 - Reserve fund exhausted in about 25 years
 - Six fold tax increase required thereafter

Possible Outcomes

What happens if the Village deals with the deficits by:

- ❖ Maintaining status quo – using fund to eliminate the deficit
 - Reserve fund exhausted in about 25 years
 - Six fold tax increase required thereafter
- ❖ Reducing annual expenditures by \$100,000
 - Life of fund extended a year or two

Cost Cutting Has Its Limitations



Possible Outcomes

What happens if the Village deals with the deficits by:

- ❖ Maintaining status quo – using fund to eliminate the deficit
 - Reserve fund exhausted in about 25 years
 - Six fold tax increase required thereafter
- ❖ Reducing annual expenditures by \$100,000
 - Life of fund extended a year or two
- ❖ Restoring Taxes
 - Significant extension of the fund's life, but eventually exhausted



Millage of Neighboring Communities

Community	Effective Tax Rate (Dollars per Thousand)	% of Market Value
Chagrin Falls	84.56	2.59%
Gates Mills	81.26	2.49%
Pepper Pike	77.45	2.37%
Shaker Heights	123.98	3.80%
Hunting Valley	58.69	1.80%



Income Tax of Neighboring Communities

Community	Income Tax Rate	Tax Credit
Chagrin Falls	1.5%	0.75%
Gates Mills	1.0%	0.50%
Pepper Pike	1.0%	0.50%
Shaker Heights	2.25%	0.50%
Hunting Valley	0.00%	N/M

Possible Outcomes

What happens if the Village deals with the deficits by:

- ❖ **Maintaining status quo – using fund to eliminate the deficit**
 - Reserve fund exhausted in about 25 years
 - Six fold tax increase required thereafter
- ❖ **Reducing annual expenditures by \$100,000**
 - Life of fund extended a year or two
- ❖ **Restoring Taxes**
 - Significant extension of the fund's life, but eventually exhausted
- ❖ **Combination of fees, tax restoration and investment policy**
 - Holds out the promise of preserving the fund to perpetuity



Rationale for Fund Preservation

- ❖ High level of services maintained
- ❖ Distinctive quality of life intact
- ❖ Rural heritage continues
- ❖ Avoidance of a future financial crisis along with all of the problems afflicting communities in financial distress

When will we ever learn ...

" When the situation was manageable it was neglected, and now that it is thoroughly out of hand, we apply too late the remedies which then might have effected a cure. There is nothing new in the story. It is as old as the Sibylline books. It falls into that long dismal catalogue of the fruitlessness of experience and the confirmed unteachability of mankind. Want of foresight, unwillingness to act when action would be simple and effective, lack of clear thinking, confusion of counsel until the emergency comes, until self-preservation strikes its jarring gong – these are the features which constitute the endless repetition of history"

Sir Winston Churchill