

**RECORD OF PROCEEDINGS
SPECIAL COUNCIL MEETING
TUESDAY, AUGUST 24, 2021 – 7:00 P.M.
MAYOR WILLIAM G. KOONS PRESIDING**

MEMBERS PRESENT: Berger, Canton, Carroll, Galicki, Nairn, Porter

OFFICIALS PRESENT: Fiscal Officer Romanowski, Fiscal Auditor Lechman,
Police Chief Rizzo, Solicitor Matheney

VISITORS: Geauga County Auditor Chuck Walder, Kate Jacob McClain,
Gauga County Auditor's Office; Nina Lalich, Royal Oak Dr.

The Mayor called the meeting to order. He stated the meeting pertained to the Tax Budget Hearing. The Mayor added that this would be the first meeting to be streamed live on YouTube. The Mayor explained that the Village appeared before the Budget Commission and did not get its tax budget approved because the Village was sitting on approximately \$4.1 million. He invited Geauga County Auditor Chuck Walder to provide comments and suggestions.

Walder first noted that the Village's Tax Budget was not rejected or declined but tabled. The hearing was continued for another session. The reason for this was not the size of the current cash balance. He explained the Budget Commission must perform a test of matching resources and revenues. What they did not see was the need side of the equation. Walder provided a caveat to Council that his comments about ways to go forward were strictly his comments as one member of the Budget Commission and he could not speak for the entire Budget Commission. They would reconvene Friday, August 27, 2021, at 9:00 a.m. He added that South Russell was not alone in having to reconvene and that this was not an unusual practice. Sometimes it was necessary to provide a wakeup call to certain entities which perhaps may have all the right intentions, but the deliverables do not seem to be occurring. He thought this was where the issues lie with South Russell. From his perspective, he did not view the cash balances as the issues. He would want to see a list of specific projects with numbers and dates attached to them. This was what the Budget Commission wanted to see. There was nothing wrong with having a cash balance. They would be having a similar conversation if the cash balance were too low and the Village is fortunate in having a higher cash balance.

Walder had had several conversations with the Fiscal Officer and gave her the primer of how the Budget Commission viewed other entities that had gone through similar experiences as well as the outcomes. From Council's point of view, the takeaway may have been to suppress collection. This was not necessarily what was being asked of the Village. The Budget Commission wanted to know what the Village would be willing to spend next year so it could attach need to the amount. They understand that the Village may have the intention to spend the money but for one reason or another, the projects get delayed. The purpose of the Budget Commission is not to micromanage the projects. It is the responsibility of the Budget Commission, however, to conduct due diligence

to protect the taxpayers. If the taxpayers have given the Village money to do something, at some point in time, there must be pressure applied to either perform or stop getting the money. These are the two choices. He reviewed the draft of what the Fiscal Officer put together and was comfortable that the Village had adequate projects to support the money. The question he had was whether the Village was committed to performing these actions? Or would the Village keep pushing the projects off.

The Mayor asked if a more vigorous presentation should be presented of the projects that have been discussed. Walder stated that the Village's budget submission was exceptional. He uses the Village's budget as the gold standard. He tends to see municipalities that have a lot of capital being spent on significant projects appear before the Budget Commission with two sets of documents. One is the budget and the other is a project list. This is a longer view of the Village's spending pattern on large purchases or projects. South Russell has a lot of stormwater remediation issues with which it is contending. This may mean a couple of projects a year for the next three to five years. It is necessary to know what the magnitude of projects will be in dollars and cents and where the targets are to hit those marks. Walder recognized that the Village must be careful about putting a number and a date on a piece of paper because everyone will say that the Village said it would be done. Things happen and everyone must be understanding within reason. The Budget Commission wants some reasonable expectations.

After reviewing the first draft of the proposed projects provided by the Fiscal Officer, he found it to be very aggressive. He suggested giving the Budget Commission real things the Village could accomplish. The Village did not want to be in front of the Budget Commission in 12 months explaining why it hit a 50% number. If the Village were to say it would spend \$1.2 million but could only spend \$600,000, tell the Budget Commission it would be spending \$600,000 and be a superstar. The Mayor asked if this information should be provided in advance. Walder said that many entities provide long-term project planning in advance. When he receives the budget, he conducts an audit review to look for factual anomalies that could be in the budget, but he also looks at the project list and gives a primer to the Budget Commission to say that this is the budget being proposed so that the commission can understand where the entity is headed. Walder clarified that he would provide this information in advance if available.

Walder noted that the Village was looking at a lot of moving pieces with the projects presented. He thought it was ambitious but thought realistically the Village could accomplish a percentage of the list. Walder thought there would be priority to what it was going to do. He suggested that the best approach would be to identify the high priority projects that can get done in the window of time and do them. Then, continue to address the other ones. It may take two to three years to burn through the cash reserve. This was not a bad thing. Otherwise, it would be necessary to go to the taxpayers to ask for money to do the next project. Walder was not hearing complaints that the taxpayers gave the Village money to do the projects. Rather, he was hearing complaints that they were not seeing the outcome or actual projects being done. This was where the Budget Commission must step in.

The Mayor questioned that Walder had received complaints, and Walder clarified that the County Prosecutor referred to one, and he received one. Walder added that he had received a

disproportionate number of calls from the western corridor as a result of the most recent tax evaluation that had been done. Walder explained that when people see their values go up and see the corresponding change to their taxes, they immediately start analyzing where their taxes are going and what they are getting for that money. This is a natural phenomenon. An explanation is owed to these individuals as to how their money is being spent. The Village is not the only one to fall under this criticism. With school closures due to COVID, the schools also received a lot of criticism. However, the pandemic would be a relatively short-term phenomenon event while the Village's water problems had been around for decades.

The Mayor indicated that the Fiscal Auditor said there was a \$4.1 million balance but also showed a budget of \$530,000 and thought there would be a negative budget. He verified this would have no effect even though it was showing the intent to spend a lot more than originally thought this year. Walder said the two tests the Budget Commission uses are reasonableness and need. Although reasonableness is difficult to define, if someone presented a plan that was impossible to be fulfilled, the commission would be required to test whether that plan was reasonable. Likewise, if an entity presented with a lot of cash, even if it ran a negative expenditure for a given year and was drawing down the cash reserves, how many years could it do that and sustain life? This was when the need issue kicked in. Do they need that much money? Is it the goal to build up a big cash reserve and bleed it down slowly over 25 years? This can be argued. The test of the Budget Commission unfortunately is one year. The Commission is bound by law to look at the next year only. This does not mean that years beyond are not considered.

The Mayor stated that a year ago, the Village had \$3.4 million and was now up \$700,000. Walder said he thought this was what drew the attention. The Budget Commission saw the cash balance go up in a year but did not see projects accomplished and did not see the expenditure of the money in question. The Village was not the only entity asked this question. There were two others that had a similar situation. The Budget Commission is obligated to address this because the entities are not banks. Taxpayers should have the money in their pockets if the Village is not going to spend it. Walder acknowledged this was a tough message to hear in a Budget Hearing and difficult to comprehend with the stress and emotion of the hearing. The Budget Commission hears 32 budgets in eight hours and there is not a lot of time for debate.

The Mayor described the hearing as 46 minutes of "worthwhile." Walder explained that he and the County Prosecutor work in tandem and have a goal of providing education as part of the process. He explained that for a long time, the Budget Commission was not performing to the standard of the Ohio Revised Code (ORC), but rather to generic gut instinct. The ORC provides guidance and the Commission's abilities to take action are fairly limited. The limit, however, includes reducing levy collection should need not be given. The burden is on the entity's side to provide the need, and not for the Commission to create. He stressed the importance of working as partners in the process. Walder did not want to see South Russell go through what Russell went through last year. Last year, Russell provided the Budget Commission with a wish list, but unfortunately did not fulfill many of the items on the wish list. Now the Budget Commission is done talking if the entity does not start moving.

The Fiscal Officer stated that provided the draft list of projects and after speaking with Walder, thought it was aggressive. She explained that the Lake Louise Bridge must be done because the project is currently in its fourth year and going into a fifth on a three-year grant. The culvert on Chillicothe Rd. must also be done next year because the road will be paved. She felt the Village could commit to these two projects because they must be done. The other projects are likely to be done, but they do not have the restrictions. There is the traffic light, retention project next to Village Hall, and paving of Washington Street. While this should be done next year, it will be done in conjunction with the county, so the county is in control, and she is reluctant to commit as a result. She added that there is also the Manor Brook project, the Fire Department money for the capital project, and Bell Road East. There are a lot of projects, but they are not getting done. The Village should commit to completing the Lake Louise Bridge and culverts for the next year as a reasonable goal. It would be better to go into the Budget Commission next year and show that the Village completed 100% and then some rather than going in with a larger list and only getting 50% done.

Regarding the retention/detention pond, Carroll advised that the Village had already started engineering on it and it is a \$480,000 stormwater retention project which had been promised forever. It is also in the most recent Stormwater Study. Carroll wanted this included. He asked what the reluctance was to include it since it was in progress. He added that it showed commitment to the residents and Budget Commission. It was brought up in the hearing several times that the Village had made promises over the last six years and nothing had really been accomplished. The Fiscal Officer explained that this was ultimately Council's decision. She was just saying that whatever Council put in the legislation must be something the Village could accomplish. Carroll pointed out that the culverts presented a timing issue with the repaving, and he felt that nothing was holding the Village back from doing the stormwater retention/detention project south of Village Hall. This was something the Village should absolutely get done because there was nothing outside that could delay it and it would have a positive impact with Chagrin Lakes, Parkland Dam, and all the issues downstream. In his opinion, this should be one of the highest priorities. He understood the Village wished to do the light before Chillicothe Road was repaved and was not sure if there would be a delay. Carroll viewed it as an easy project if there was nothing to stop it and it was just a matter of writing a check and starting the work. The Fiscal Officer advised that the Engineer indicated that the culverts must be done before the road is repaved. Everything with the new traffic light is above ground. While the Village wanted to get it done before the road is repaved, doing it after would not pose a risk of damage to the road. Carroll verified that the Engineer did not express any potential delay in the retention/detention project, and the Fiscal Officer concurred. He reiterated that this was something the Village should consider for the list.

Berger asked Walder for clarification. Berger stated that he sat in the hearing and felt the emotion. Two of the issues that were presented were suspending 1 mill of the inner millage. Walder advised that this was raised by one of the members of the Budget Commission as a suggestion. Berger continued that the other was to remove the levies from the ballot for November. Berger further stated that what he understood from the current meeting was that if the Village committed to the projects that demonstrate need and reasonableness and could be accomplished in the next 12

months, then it would not be necessary to suspend millage. Walder advised he could only speak for himself. He relayed that he received a phone call indicating the Village was giving consideration to loaning money. The question was that the Village should not be collecting money to loan out. This was his issue. To Berger's point, Council can take its own action to right its ship. If the right thing to do is to stop collecting money and not perform to certain projects, this was Council's prerogative. The Budget Commission was not trying to micromanage. It was simply saying the math equation shows that the Village has this pile of money, and it is not telling the Commission what it will spend it on in a reasonable period of time. The time in question that must be analyzed is the one year the Village provided. The Commission did not see a significant bleed down of that balance over the budget year that was submitted. This would represent a significant bleed down of the balance even if the Village were to add other projects but did not fully commit to them. He thought the Fiscal Officer was trying to hedge her back by coming in as close as possible to accomplishing everything Council committed to do. It did not mean the Village could not take on other projects. If the Village were to do more, that would be great. The total would be greater than the sum. Walder explained that it is intent, action, and deliverables and must be tied to the money the Village has at its disposal. Logistically what could the Village really accomplish? Walder added that the goal is not to spend money but spend it wisely and in a manageable fashion. This would be his test for his part on the Budget Commission. Is the Village providing a reasonable burn-down rate and is it committed beyond the year in question? He could not judge this but must consider it. Walder said he was not an advocate of cutting when the Village had pages of requirements. If the Village decided to suspend collections with all the projects, would it then plan to approach the taxpayers? He recommended doing the projects the Village said it would do.

Berger appreciated Walder's comments and clarification. He shared that when he walked out of the hearing, he felt very under the microscope and felt that there was a whole lot more going on than what Walder just explained. He understood that this was the Commission's job. The Village could proceed with the plan to demonstrate need. Walder suggested providing the plan in advance for the Commission to consider. Berger wanted it known that in his first year on Council he attended the Budget Hearing and was signing in as they were walking out, which was how long the process took. He was there a total of 60 seconds, and this was his expectation for the second time around. It was not that way. He appreciated the clarification.

The Mayor acknowledged that the meeting began with the Fiscal Officer being referred to as the gold standard. He offered his congratulations. He added that the Fiscal Officer predicted that this would happen some year. She was on top of Council to say this was coming.

Canton thanked Walder for coming and appreciated the positive tone. Canton stated that some people think that the most deliberate political body is the United States Senate. There was a time Canton believed that South Russell Council was the most deliberate body. It definitely has challenges. The number one challenge as far as he was concerned was the stormwater runoff and he added that he wholeheartedly supported investing in that particular subject. He asked Walder to identify in dollars what percentage of tax dollars go to Chagrin Falls schools. Walder said that typically, schools are somewhere above 50% and under 60%. Chagrin Falls is closer to the 60%

mark. It varies depending on what other levies are on the ballot. Canton asked what the other 42% goes towards. Walder said that about 20% goes to the county and a fraction goes to Geauga County Department of Disabilities, Library, and Parks. The balance goes to South Russell, around 20% for local government. The Mayor clarified that the Chagrin Schools is 69% and the Village gets 9%. Walder said this was not typical in Geauga County. Canton verified that 9% was earmarked for the Village and he added that it had done well with this 9%. The people of South Russell demand good roads, services, and school district. He was proud of being on Council and the work that Council had done for so many years. Canton quoted Churchill who said, 'if you have money, you don't have to think so much. When you are broke, you have to start thinking.' Fortunately, the Village has the money and does not have to go back to the people constantly like some cities do. Canton explained he was from Warren, OH and recalled when it was a great city, although it is not so great anymore because it is always broke and doing without services. This is what happens when industry leaves and people who run the city are not as qualified as previous people were. Canton thanked Walder and encouraged Council to move forward.

Carroll stated that he was at the Budget Hearing and knew that one of the hot button issues was the use of the term, "loan", by some of the elected officials pertaining to a private project. He knew this was very concerning for the Budget Commission. He felt the Village was going in a better direction because of the meeting. Carroll addressed the concept of reserve accounts about which he had heard Walder speak at the hearing. If the Village were to set aside money for stormwater in a reserve, but did not use it for two to four years and it continued to grow while the Village determined an appropriate project, how would the Budget Commission look at this? Walder explained that he put together a paper on reserves in October, 2020. Reserves are permitted under ORC but could be tested if they were randomly generated. If Council were to throw \$1 million into stormwater, this could be challenged because what basis did it come to that \$1 million? If Council were to hire a company to study the water issues and provide an estimate of what should be set aside to resolve the issues, the company serves as the expert and insulates the Village from making the decision. They also support the money that would be put into that fund. Reserves are permitted to be reserved for up to 10 years and must be put under contract or spent within the 10 years. The Budget Commission typically would not touch it unless there was no determination that the study was created by an independent third party. Carroll indicated that the Village had a stormwater study which identified a total of \$1.5 million in projects. The Village had started a project that would be about \$500,000. For the sake of discussion, could the Village put aside \$1 million in reserves for stormwater with the study that supports the projects, and would the Village have a 10-year window to accomplish the projects? Walder stated that in effect the money put into that reserve would come off of the unencumbered cash balance that the Budget Commission would test against for need. Kate Jacob McClain, Geauga County Auditors Office Chief Compliance Officer and Administrator, explained that it would be tested for reasonableness. If the Budget Commission found that it was reasonable to have, it would be treated as though it was encumbered. Carroll offered that the Village would need to address repaving of Bell Road east, and if it found it needed money for the project, could it use this money that had been earmarked for stormwater? Walder stated that the law permits the entity to call back the funds to where they had come, like the General Fund. After clearing the fund, it could be spent for a different purpose and then it could redeposit money into a newly created fund. The clock would then get reset.

There was always a way out. It would have to be explained to the Budget Commission but was a viable escape clause for the Village. Walder encouraged the Village to look at reserves and advised it was possible to have multiple reserves organized by project or in total. It could be created for vehicles and Police Department, for example. These are effective tools when used properly and are untouchable as long as they conform to the requirements of the law. Walder indicated that he had a hard time selling the concept, so he created a template delineating the rules, tests, and accountability. He submitted it to the fellow members of the Budget Commission, and they passed it.

Carroll stated that the Village was supposed to do a 5-year strategic plan for the budget for a capital forecast, which had not been done in the past. Carroll asked if this was something that should be provided to the Budget Commission. Walder advised that he asks that this be submitted when submitting the annual budget to the Auditor's Office. The Budget Commission does not always consider the five-year plan because its statutory requirement is one year. As County Auditor, he has a duty to look beyond this. By providing this with the budget, he could help make sure the Village was not steering into danger in the long term.

Carroll addressed investments with Walder and asked how it would look to the Budget Commission if the Village were to tie money up in investments? Walder stated that it was still considered unencumbered cash. Bainbridge invests its cash balance and Russell uses Meeter and Associates. The County also works with a broker, and Walder added that it was always good to invest the excess cash. All local government investments should have a laddered approach, short range, midrange, and long range. It does not change the Budget Commission's view of the Village's cash. It is all unencumbered cash. Reserves are the exception.

Porter stated that prior budgets had been easily approved. But this year the Village had \$4 million in the bank which was more than last time. He attributed that primarily to the excellent financial responsibility shown by the Fiscal Officer, Fiscal Auditor, Council, and Mayor. According to Porter, the Village is in a good position because it is tight with the money and has surpluses because of that. The Village did not spend money unless it needed to and generally planned to do it well in advance. Having healthy balances is fine. In 2008 and 2009 when things were dark because real estate values dropped dramatically, some people were not able to pay their real estate taxes. Revenues dropped dramatically. When COVID hit, the Village did not know where it would be or whether revenues would recover. The Village was very fiscally prudent about this. He would much rather be in a position of providing a plan for the money rather than having plans and no money. Porter thought the detention pond was in process and \$130,000 had been allocated for engineering. It is a substantial step in stormwater management for all the communities south of Bell Rd. It is a big-ticket item. He agreed that this should be added to the list of projects. He agreed that the Lake Louise Bridge must be done and added that it took forever to get the gas line temporarily relocated. There was substantial pressure to get it done because of the grant. The third thing he would add to the list would be the Village's Ohio Department of Transportation (ODOT) loan. ODOT provided the Village with a 0% loan for \$190,000 for Bell Rd. west. It was \$20,000 that the Village paid per year at 0%. From a cash point of view, Porter said the Village had the money and would add it to the list because it could pay it off. It would be almost the amount the

Budget Commission was discussing with the \$180,000 millage. If there were three projects, the Village could be 33% complete as of January 3. This would be a positive thing in his view. Porter did not think the culverts under Chillicothe Road should be on the list because they depended on ODOT, which changes its plans. Porter was focusing on projects the Village could control like the detention pond, paying off the ODOT loan, and completing the Lake Louise Bridge. There were other projects that could be added, like Manor Brook.

Walder said he would be remiss if he did not say that if the Village had a 0-interest loan from ODOT or Ohio Public Works Commission (OPWC), he did not know that he would pay that back. It is 0% and a benefit to the taxpayer. Porter indicated that it was problematic when municipalities took out loans they could not pay and conveyed that it was always better to pay off a loan. Walder advised that there was nothing stopping the Village from taking whatever the amount of money that was owed on the loan and putting it in a debt fund, which would satisfy that debt and take it off the unencumbered balance. Porter maintained that he wanted it included on the list of projects.

Carroll asked if the Budget Commission was looking for dollar amount or project quantity. The mill that was discussed by one of the Budget Commission members was about \$186,000. Walder said it is more about intent. He considered whether the projects were reasonable and could get done within the timeframe. Walder indicated that the Budget Commission Hearing attendees heard emotion, which occurred when there was no data. No projects were presented which resulted in emotion.

Nairn stated she had attended Tax Budget hearings three years in a row and the hearings went well. However, things went differently with this hearing. She thanked them for helping the Village get back on track. In her time on Council, she had found that there was a tendency to have lots of great ideas and projects. There was excitement in starting things, but there was a tendency to have 13 things going at once. It is difficult to stay focused when the mind is in buckshot mode. Focus is lost and things are not completed. In 2016 when she was first on Council, she heard about the Lake Louise Bridge. She was concerned with the project because it was a matter of safety with school busses, and it must be completed. Council needed to stay focused and finish the projects. She thanked Walder for cleaning things up at the county.

Galicki stated he supported Carroll and Porter with their recommendation to add the retention pond to the list of the coming year's projects. Monies had been allocated and engineering work had begun on it. This project would also be one of those deliverables that was owed to the taxpayers. It seemed like there was some defensiveness about how tough the Budget Commission had been when the Village had been trying to be good husbands of the cash on hand and be fiscally conservative and responsible with taxpayers' monies. However, one of the two take-aways he had from Walder was that Council owed deliverables to the taxpayer. Long before he joined Council, the residents had been taxed for the intent of tackling the stormwater projects. Frankly, the deliverables had not been good on this. The other take-away was Walder's comment that the Village was not a bank. Galicki said that perhaps as Council members if they were more aware of the fact that they owed the taxpayers some deliverables for their tax money, as well as the fact of maybe they misspoke or used the wrong terms, but when there is talk about loaning monies that are public domain to private concerns, Council has to realize that perhaps this is not

what is in its business. Maybe this is where some of the emotion came from at the Budget Hearing. He appreciated this point and felt Council's job was to take a look at providing the taxpayers some deliverables for their tax dollars. Walder did not sense defensiveness but acknowledged that no one enjoyed the experience per se, but it was valuable. He was more concerned with going forward. He added that Galicki's points were right on point. He believed it was not the Village's job to be a bank. He also did not think the County should be a bank and the Commission had put similar pressure on the county in the last two years. It was a matter of deciding to give the money back or use it for the purchases for which it was obtained.

The Fiscal Auditor discussed the Treasury Investment Board and specifically tried to ascertain the percentage of the Village's funds to invest. Walder explained governmental investment philosophy and how it differed from private investments. He advised that there were professional government investment firms that will analyze the Village's monthly cash requirements and tell the Village what it needed and what it could invest. Walder explained that it was not the Village's job to make money on the money but rather to have a secure repository for the money while determining a use for it. The funds should be laddered and accessible for Village use with proper governmental investing. Despite being invested, the funds are still considered unencumbered.

The Fiscal Auditor and Walder discussed the recommended amount for carry-over. He recommended 40% of the previous year's expenses and cautioned that the Village should be cognizant of the timing of receipt of Real Estate Taxes. He further suggested considering 40% of each of the funds that support the Village's basic operations. Walder concluded that he did not think the investment conversation was relevant to the Budget Commission. He added that he did not think that reserves and investments necessarily go hand in hand.

The Mayor said Council knew what roads would be included in the Road Programs for the next few years, and suggested throwing \$1 million in the Road Program and listing the roads and amounts. Walder explained that to set up the process, the Village must definitively have a scope of the project prepared by the Engineer to include the cost of the project. The money set aside for this can be tested and validated. The reserve fund would be created with the maximum amount it would hold for that purpose. It is also necessary to determine a period of time in which the Village wanted to hold the money and it could not exceed 10 years. This process must be done through ordinance. Money could then be moved into the fund, which would start the clock. If there were an upset or change in plans, the Village could claw it back and dissolve the fund. The money would go back to its original location from which it was derived and then it could be spent. If there were money left over, a new fund could be created for the exact same purpose and the clock would restart. The steps may seem cumbersome but are required by law.

The Mayor stated that two projects have been discussed, Lake Louise Bridge and the culverts. He verified that Walder would not suggest a dollar amount for the projects the Village includes in the resolution, but the Village should show intent. Walder said he could not provide the dollar amount of the Village's projects.

The Mayor stated that the Village had two levies that would be on the ballot. He asked if these had any influence on the Village's situation. Walder said it did not for him because the Village

was renewing them early. Because they were still current levies, it was tested revenue. The Village budget contained that revenue regardless of whether it was renewed early or on time. This was the only factor of the levies about which Walder worried. Whether they were renewed early or on time did not affect his judgement call. He tests the levy revenue by whether there was a demonstrated need to consume that revenue.

He reiterated that the issue the Village experienced was a lack of demonstration of need, not necessarily an over-request for revenue.

Berger asked whether the template for the 40% first quarter budget was available. Walder explained it was not a template but could provide the Ohio Revised Code he used. He added that it did not apply to the Village and was a law pertaining to the Geauga County Board of Department of Developmental Disabilities (GCBDD). Berger said the Village could use it as a measuring tool. Walder said he would provide it. Walder explained that the question arises when there are multiple factors influencing the entity's cash. For example, the County Treasurer tends to look at the entity's annual burn rate. If the entity consumed \$1 million per year and had \$6 million in unencumbered cash, he would say that the entity would have six years that it could survive without getting any more revenue. Why would they be taking revenue? If \$5.9 million were earmarked for projects, that would explain why more revenue was being taken. Because the law permits GCBDD to do this, Walder did not know why other entities should be allowed since they have the same fundamental issues with budget. They have a different function but have the same objectives.

Carroll referred to a chart created by Walder concerning the breakdown for several areas including roads, Fire service, General Fund, but did not see anything for the Police Department and asked if Walder would consider doing this. Walder explained that this category was not done because it was only significant for one entity on the eastern part of the county and the western corridor. He further explained that Auburn, Newbury, and everyone except Thompson and the corridor are supported by the Sheriff. How would he roll Sheriff into that? It would involve creating an equation of how much the county contributed to the Sheriff's content derived from the property taxes of everyone, including people who contribute to a local Police Department. Jacob McClain explained that the numbers would be skewed for that reason. For the people in South Russell, the numbers would be very high because of paying for Sheriff and Police. It is not a fair comparison for South Russell. Walder said it was not a statistic that made any sense because it was so biased and would always be skewed. Whereas everyone has fire service, road service, and a General Fund, not everyone has Police. Carroll asked if there were a formula for the data points in the spreadsheet. Walder said it was in the spreadsheet and would provide it to Carroll. Walder explained that he took levies and factored this into how the entity ranked just in levy. The reason they started to do this had to do with millage. Walder explained how millage varied according to when the levies were passed. He saw millage as an irrelevant number. Effective millage was needed which entailed pulling in today's number to get the true comparative analysis. They did this by looking at money instead of millage. They started with money, then by ranking the population and took the combined factors and figured out how much per person because that is how services are used. This was a more relevant statistic. It is flawed, and he added that villages

also cannot be lumped in with townships. It was not meant to be the definitive statistical measure. Cities, villages, and townships are different and are fundamentally driven by different revenue sources. The Village is not dominantly driven by levies because it has income tax. Income tax means nothing for a township. He cautioned using the comparatives with a village versus a township because it was not one to one.

The Mayor asked for the time of the Village's hearing and Walder explained there would be four hearings and that they should go quickly. He suggested providing the information to the Budget Commission as soon as possible to enable them to digest the data. He thought the Village's hearing would be quick.

The Mayor asked if there were a motion coming on the floor and called on Porter. Porter introduced a resolution and acknowledgement of the concerns of Geauga County Budget Commission and declaring an emergency. He clarified the motion was in connection with the Budget Tax hearing that was held on August 16th and in response to that, the Village would be adopting some projects to inform the county of what Council plans to do with some of Village funds and as discussed during the meeting with the Auditor, he would delete on exhibit (A) the culverts on Chillicothe Rd. and insert the detention pond, \$480,000 project, as well as paying off the ODOT loan in the amount of \$150,000. Porter made a motion to waive readings, seconded by Berger. Nairn reminded Council that Walder suggested that the Village not pay off the loan. Carroll concurred. Carroll thought this was an ace in the whole because if the Village got to the following year, it could always be paid off then. He thought this was the easy addition. Berger suggested taking the ODOT Loan of \$150,000 and putting it in a reserve fund. Carroll concurred. Berger explained that this would do two things. Without paying off the loan, it would take the money off the unencumbered list. Nairn and Carroll agreed. Porter argued that the Village did not have a reserve fund presently. Berger stated that one would have to be created. Porter said that Council was addressing a situation that would be coming to a head on August 27th. Berger explained that all Council was currently doing was making the commitment. The money was not being spent on Lake Louise by Friday. Porter agreed that Council was making the commitment. To his mind, if the Village commits to paying off the loan, Council is certainly one for three. No matter what happens, the Village will go into the next Budget Commission hearing next year and be at least one for three. Presumably, the other two will be done and the Village would be batting a thousand. Porter said to take the sure thing so the Village is at 33% and not zero for three. Carroll concurred with Berger in committing to create the reserve fund for the \$150,000, which could be easily done without paying it off. As Walder mentioned, it is a 0% loan, and the Village knows it must get the Lake Louis Bridge done and the retention pond should definitely be done. Creating a reserve fund for \$150,000 and holding on to it would be a better play than just paying it off. Porter said it was not making much interest. Berger said that the other option was that if it went into the reserve fund, it could be paid off on June 30, 2022 before the next Budget Commission meeting. Porter stressed that the Village has the means to do it now.

Berger agreed and then asked how Council felt about the traffic light. Carroll said he would include it. Berger asked if this could be done this year. The Mayor stated no. The Chief had concerns about getting the engineering done. Porter suggested going with the sure things. Carroll

asked the Chief if he thought it could be done by the Budget Hearing of June 30, 2022. The Chief said potentially. He added that the idea was that it might be necessary to remove the underground utilities that are in existence now before the ODOT project. He reiterated that the Engineer must be involved in it and he could not guess at a timeframe. Berger asked the Mayor when the paving of Chillicothe Rd. would occur, and the Mayor stated 2023. Berger said that in theory, the traffic light could be put in the 'want to do' plan and if they got to it by next summer, so much the better. If not, then there would be time before summer of 2023 when the paving was scheduled to begin.

Nairn asked if the culverts were being put on the 'get to it later' list and not the priority list. She added that this would leave the Village still being plagued with flooding across Chillicothe Rd. She understood the culverts helped with some of the stormwater issues and asked why this would be put on hold. The Fiscal Officer stated that it was not necessarily on hold and added that the Engineer received the preliminary notification that the Village would get the grant for this, which would not be awarded until July of 2022. The Village could go out to bid but could not award until July. Then the Village would have to move swiftly to get it done. The Mayor stated that the Village could just go and put the culverts in and forget the grants, but the Village was getting everything at 50%. Nairn thought the Village should get all the help it can. Berger added that it is \$100,000 in grant money. She explained that she gets really concerned about the water that floods across Chillicothe Rd. because it can be deadly. Porter added that this is the purpose of the detention pond. Nairn noted that the Village would be doing this for sure and it is at the top of the list. Porter added that if the culverts were done before the detention pond, the flooding to the west would be much worse because it would be increasing the pipe under the road so the water from the east would go even faster to the west. Carroll added that it could be restricted, but acknowledged it was a problem.

Carroll clarified that the reason Russell was dinged hard was because they did not move at all on tearing down the old fire station. This was the only thing on their list, and they did nothing. As long as the Village had things on the list that were getting done, it would be in a much better position. Berger stated that the list consisted of three items. Carroll said he would remove the repayment of the \$150,000 loan. Porter stated, "pay it off."

Canton reminded Council that Walder said it was not the \$4.1 million that the Village has but the fact that the Village was not making any moves to deliver. The Village must deliver. Porter said that the delivery would be three items, and Berger indicated they would total \$879,000. The Fiscal Officer verified that this was taking the culverts out, putting in the retention pond, and the \$150,000 for the OPWC loan. Carroll asked if everyone was in favor of paying off the \$150,000 and Galicki and Nairn said no. Galicki stated that this was not a deliverable to which the taxpayers would see a benefit or viewed as a wise way to spend tax dollars.

Canton asked how many members of Council had been told by taxpayers in South Russell that they pay too much in taxes and are not seeing any delivery. He had never been told this. Galicki said he had heard not so much about the tax money but had heard questions about where all of the stormwater projects were. Carroll agreed this was what he has heard. When Galicki thinks about a deliverable that is the biggest on the mind of almost every citizen of South Russell, stormwater

issues are paramount. They may say that they are not complaining about taxes but ask that the Village do something with the money. What has the Village done in the past four years?

Concerning the water, Canton said if his property were involved, he would want the Village to fix it and fix it now. He would not think that although his problem is fixed, a neighbor a mile and a half down the road was going to be flooded. There needs to be a holistic program. Galicki explained that the Village got into the position of not caring what happens with the guy down the road when most of its developments were created. They were all developed in a stovepipe and there was no master plan to determine where the water would go and how it would be managed. This nonstrategic approach led to the problems the Village currently has. He agreed that the common man would want his problem addressed first, and whether that is improvement of the dam, helping out someone who bought a house in a wetland, etc., Canton was right. But collectively, the Village government predecessors assisted in putting some of the citizens in their current positions. Canton referred to the 2004 Stormwater study and said there definitely must have been a need. Why did they not move on it, was it because of money? Porter explained that Chelsea Court was done for \$500,000 and was considered a remarkable achievement at the time. Porter said it solved the problem on Chelsea Ct. but now the Village is getting a lot more rain than 30 years ago.

Berger reminded Council that there were two lists; the one that would be presented to the Budget Commission contained the priority items. This did not mean the culvert issue and other stormwater issues could not be addressed. What the Village included on the list for the county must be delivered, even if it was only two items. He suggested including the contingency list as well. Carroll added that if they were to take the two projects, Lake Louis Bridge and the retention/detention pond, these were tangible and one represented stormwater mitigation. However, the \$150,000 loan that Porter wanted to pay off is money that could be used on other projects. The yearly payment is \$10,000, which would leave \$140,000 of realized cash to use towards other stormwater projects. He wanted to focus on the primary two and not do anything with the \$150,000.

Porter stated he advocated for doing the sure things and this was one of them. A time may come when a future Council looked back at them and asked why they did not pay off the loan. Porter reiterated that the Village was not making any money on it. He assured Council they would never regret paying the debt off.

The Mayor stated that 40 years ago when the neighborhood behind Village Hall was built, it was built to standard and that was where the water was coming from now so Council can see how the standard had changed in the last 40 years. The first recorded flooding of Chillicothe Rd. was in March 1988. He summarized that Council was considering the detention pond at \$480,000 and Lake Louise Bridge at \$263,000 which totaled \$743,00. The Mayor indicated that Porter wanted to add the loan to the list. The motion would be \$893,000, which should be enough to get them through the meeting on Friday. The Fiscal Officer stated that she did not think they needed this much to get through the meeting. She reiterated that the Budget Commission was just looking for Council to make a commitment. When she spoke to Walder earlier, the two projects were \$500,000 and the Village needed to keep moving forward. This was what they were considering.

She could understand that they might not want to do the culverts because the timeframe is shorter. However, Lake Louise Bridge must be done, and the Village has total control over the retention pond next to Village Hall and she would recommend committing to that. She reminded Council that the Auditor did not feel paying off the loan would change anything.

Carroll reminded Council that the Budget Commission was only looking at suspending 1 mill, which would be \$186,000. Porter felt the commitment would help Council to get things done.

The Mayor asked if Porter was keeping the loan on the motion. Porter called the question.

Roll call to waive readings – ayes, all. Porter made a motion to adopt, seconded by Nairn. Roll call – Ayes, Porter, Berger, Canton. Nays, Galicki because of the inclusion of the loan, Nairn, and Carroll. The Mayor stated that he did not like the detention pond, but voted yes. Motion carried.

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The Solicitor reviewed the verbiage for the resolution and supporting documents. She asked how the loan pay-off would be addressed, and Porter said it should read, “ODOT loan balance payoff.” The Solicitor explained that the projects would be commenced under contract and/or completed by December 31, 2022, not 12 months from today. After hearing what Walder said, did this change Council’s thoughts about the due date. Porter suggested December 31, 2022, just to give the Village some time. The Solicitor clarified that Walder kept referring to 12 months from today. The Fiscal Officer advised that if the Village could show that it was in the process, that would be acceptable. Porter stated that the Lake Louise Bridge and the detention pond should be done before August of 2022. Nairn agreed.

The Mayor reminded Council that on September 8, 2021 at 6:30 p.m. there would be a long-range planning meeting.

ADJOURNMENT: Being that there was no further business before Council, Nairn made a motion to adjourn at 8:54 p.m., seconded by Carroll. Voice vote – ayes, all. Motion carried.


William G. Koons, Mayor


Danielle Romanowski, Fiscal Officer

Prepared by Leslie Galicki