

**Finance Committee Meeting Minutes**  
**Monday, January 4, 2021, 8:00 a.m. via Zoom**

**Members Present:** Chairman Carroll, Berger, Fiscal Officer Romanowski

**Visitor:** Brian Doering, CVT

The Fiscal Officer stated that the meeting agenda included the year end financial results. Since the previous day was the first day of the year, there was much to do, and she did not have any financials prepared. She said they were usually provided at the second meeting of the month. Carroll acknowledged that it was necessary to close out the books and the Fiscal Officer would still be waiting for some items to clear from the end of the year. The Fiscal Officer concurred and explained that it was not a clear stop on December 31. Berger asked if the Fiscal Officer could say that the Village ended the year in the black. The Fiscal Officer reiterated that she did not know and there was a lot of information that still needed to be processed. She added that it was close, and the Village would probably end in the black, but she would not know for certain until everything was entered and closed out. She would forward the information to the committee when it was available.

The next item on the agenda pertained to Chagrin Lakes and community projects. Berger stated he put this on the agenda and explained that Chagrin Lakes had approached the Village with a proposal to repair their dam. They were seeking a financing mechanism to do this. Berger felt the Finance Committee should be prepared to provide the financing funds should Council decide to go ahead with the project. He asked if it would be taken from surplus, borrowed from the state, and said the committee should have some answer as to how the Village would be prepared to go forward. The Fiscal Officer stated she did not know because the Village had never done this. Carroll agreed and said the Village had never bonded anything out and it would be a new process. Carroll had great concerns about being a financial arm. He noted that Paw Paw Lake had come to the Village and there are several other dams in the community that could fall within the mechanism of funding potentially that could have a greater impact. Alternatives that might mitigate the extent of the repairs on the Chagrin Lakes dam were also discussed by Street Committee. Carroll viewed it as a slippery slope when the Village had at least five other dams. From a strategic standpoint of mitigating the stormwater, it would be beneficial to have the Engineer weigh in to see determine the impact of repair of each dam relative to stormwater problems in the Village. He was not sure that helping 11 homes with a private dam issue was something the Village should be doing with taxpayer dollars without strategically looking at it.

Berger said this was fine from a Street Committee standpoint and was not his issue. His issue was that if Council was prepared to go forward with the expense of repair, how would the Finance Committee respond. The Fiscal Officer said she did not know what the Village options would be. Carroll questioned how the Village would approach this and noted that the Village had major projects ongoing for 2021, the eventual Bell Road East project, and the \$200,000 light project at the Chillicothe Rd. Bell Rd. intersection. Carroll asked if the Village had a bond rating, and the Fiscal Officer stated no. Carroll explained their was cost involved in obtaining

this. Carroll suggested the possibility of co-signing on a loan where the residents apply for the loan and the Village becomes a pass-through of sorts. Chagrin Lakes should explore this option and present it to the Village. Carroll wondered about seeking a grant, as well.

Berger asked Carroll how the storm sewer project was financed. Carroll questioned to what storm sewer project Berger was referred, and Berger thought it was Bel Meadow. Carroll explained that this was a sanitary sewer project that was mandated by Geauga County and the county funded it and assessed the residents. Berger explained that Chagrin Lakes wanted to be assessed as part of their tax bill for 20 years. Carroll stated he understood, but the Bel Meadow sanitary sewers project was driven by an Environmental Protection Agency (EPA) mandate. There was a different mechanism and reason for it and it was for not a handful of homes but 118 homes in Bellwood.

Berger stated that in addition to bonding, the Village could borrow money from a State agency and then that money would be repaid directly through the assessment on the tax bill from the 11 Chagrin Lakes homes. Carroll stated that there was the potential for Paw Paw Lake to do the same thing for their road. He stated however that what it comes down to is whether the Village wants to outlay the funds. Berger stated the Village would not be outlaying anything. Carroll replied that the Village would be loaning them money. If the Village were simply a pass through for a loan from the State where there was no outlay of the Village and where the loan was held directly by Chagrin Lakes, he did not see a major issue, but he did not know if this was actually the case. Berger stated there was specific legislation pertaining to dam issues. Berger reiterated that he wanted to determine the Finance Committee's recommendation about how to finance such a project. He thought that the best recommendation would be that the Village borrow the money from the State, put it through as an assessment on their taxes, and the money be paid directly back to the State. He viewed that this was the simplest way to do it and it ensured that it was fully financed and funded by the residents.

Carroll questioned how this would impact the Village's bond rating if the Village needed a loan to do Bell Road East. The Village would still be liable for the loan if the residents defaulted. Carroll stated that from a strategic planning standpoint and a stormwater mitigation standpoint, the Village should look at the other dams in the Village first and not just because Chagrin Lakes approached the Village first. Berger stated that this was fine but was a Street Committee and Engineering issue, and he wanted it addressed from a financial position. Carroll suggested Berger look into the option he has presented to determine the additional layers of the process.

Berger asked for the anticipated expense of Bell Road East, and the Fiscal Officer stated Bell Road West, which would be similar, was a couple of million dollars. She would forward the numbers provided by the Engineer for the project. Carroll viewed this project would be the largest capital cost the Village would see for the next five years, aside from stormwater. Berger asked how it would be financed, and Carroll advised that it would be done like how Bell Rd West was done. It involved grants, an interest free loan, and cash. The Fiscal Officer stated that the Village took out a 20-year interest free loan as part of a program to finance Bell Road West, but to date, there had been no other loans and the Village paid cash for everything. Berger asked

if the Village could apply for the program again, and the Fiscal Officer explained that these programs change yearly.

Berger addressed the Mayor's request for a five-year plan in relation to finance. Carroll explained how a five-year plan allows the Village to address potential projects and expenditures with the input of each department. The plan enables the Village to spread costs out in relation to income. For example, the Village currently has a road levy which is set to expire in the next two years. Should this levy continue since it allows for the Village to continue its road program while allowing funding for stormwater mitigation? He stated that each committee should work with its respective department to determine its five-year plan to present for consideration with the Mayor's strategic plan. Outside of the operational aspects of finance, Berger said he needed the departmental five-year plans to determine the finance issues.

The Fiscal Officer addressed the trend towards putting larger expenditures off instead of abiding by the replacement schedule. Carroll thought it was best to stick to the schedule but acknowledged there are times when large expenditures must be postponed due to more emergent needs. The Street Department, in particular, should look at its needs in terms of a long-term capital forecast. He acknowledged that Village had fallen into postponing purchases and advised that it would not want to have a lot of large expenditures in the event of a downturn in the economy. Berger stated that the Village has not had financial repercussions from the pandemic in the last year. The Fiscal Officer explained that the Village could see the effects the following year. She advised that most of the Village's money comes from property taxes and income taxes. Although perhaps the pandemic did not have a great impact on the Village, there were other economic factors that could according to Carroll. From a planning standpoint, it would be good for the Village to map out a plan for what it needs to do for the present and for future Councils.

Berger stated that based on the budget, there should be surplus funds that can be used to catch up on some of the issues that have been left behind. Carroll stated yes, potentially. In 2021, payments will be due on some of the grants, and there is a \$250,000 streetlight project less the grants, as well as day to day operations to include a stormwater study. The purpose of the road levy was to allow funds to address stormwater. The Village is still struggling with some of the solutions. The Sugar Bush and Manor Brook projects are underway, but there there are issues in Country Estates, Kensington pond potential, Chagrin Lakes dam repair, Paw Paw Lake issues, and stormwater study.

Carroll acknowledged the need to amend the 2021 budget. He hoped the Mayor would have his strategic planning session, the five-year plans would be completed, and a good plan would be determined for the Village. After, funding of the smaller projects could be investigated. Carroll stressed the need to be strategic in its financial approach to some of these things within the community.

The Fiscal Officer stated that the Mayor requested each committee come up with three to five goals for the year. The Finance Committee's would be the five-year plan, strategic plan, and funding opportunities for potential Village projects. Carroll added inclusion of professional

development opportunities for Village employees in terms of recent discussion of how pay increases occur. This matter would involve both Finance Committee and Human Resources (HR). Berger argued it was an HR issue. Carroll stated that HR should be working with each department and Finance Committee as a joint effort and not just a single committee.

Carroll asked Berger his thoughts on the three to five goals for the Finance Committee including the five-year plan. Berger stated that the five-year plan would need to first be examined and it all drives from revenue. It would be necessary to consider whether the revenue stream would be consistent with what it had been and why. Carroll thought it would be prudent for each committee to develop their goals and five-year plan, and then Finance Committee could develop the master five-year plan.

Berger said that in addition to this, the size of the rainy-day fund should be determined. How much of the surplus held by the Village would the Village be willing to release to resolve some of the five-year projects. Carroll agreed and added that major unforeseen projects should be considered. Berger stated that there would be opinions on Council that the Village should not spend anything because times are bad, and the committee should be prepared to say no, it thinks it is fiscally responsible to have a specified amount of dollars in the rainy-day fund and the rest can be released over time to address the projects that have been put off. Berger stated if the committee did not have a plan, Council would sit there and vacillate and say it did not want to spend the money. He thought the Committee needed to drive the issue and communicate a comfort level with the plan in releasing money. Carroll advised that all the committee can do is make a recommendation and it is up to Council. Councils change as do their priorities. He added that it would be necessary to prioritize the projects for such expenditures, keeping in mind those that have high value to the community. Berger stated that this would be a Council issue and not a Finance issue. Carroll did not want to see an income tax increase or Road Levy.

Berger suggested that at the Council meeting, the committee report that it is waiting for the five-year plans of the other committees so that it can collate the information to determine how to generate the funds to meet their needs. Carroll suggested identifying deadlines for the five-year plans. The Fiscal Officer suggested it be at the end of February. Carroll recommended February 19, 2021. This would give the committee time to review the material and present to Council March 22.

Carroll adjourned the meeting at 8:54 a.m.



Michael Carroll

Prepared by Leslie Galicki