

Finance Committee Meeting Minutes
Tuesday, May 18, 2021 Village Hall and via Zoom

Members Present: Chairman Berger, Councilman Carroll, Fiscal Officer Romanowski, Fiscal Auditor Lechman, Mayor

Berger called the meeting to order at 8:01 a.m. and called the roll.

Regarding the American Rescue Plan Act (ARPA), the Fiscal Officer distributed sections of the plan the Solicitor thought were applicable to the Village. It was permissible for the funds to be used for stormwater projects. Carroll was pleased to hear this and hoped the Village could make some headway this year. Berger asked when the first installment would be received, and the Fiscal Officer said she believed it would be within the next month; half would be received this year and half next year. The Village had until the end of 2024 to spend the funds or at least have the funds allocated. She advised that a new Village fund was created for the monies, and when decisions were made as to how it would be spent, line items would be created within the fund.

Berger wanted to look at it as a revenue discussion and asked the Fiscal Auditor about the current revenue stream. The Fiscal Auditor verified revenue was as anticipated. Berger addressed the issue of upcoming levies in terms of revenue. Berger noted the third component of the Village's significant revenue would be the ARPA funds. He suggested the ARPA funds could be used to replace the levies and not pass a levy for the next two years. The Fiscal Officer explained that the funds are a one-time, spread over two years, event and it was easier to renew a levy. The Fiscal Auditor explained that the Village does have money in the bank. However, when a point comes where operating expenses exceed operating income, the Village would then be faced with a replacement levy, which would be an increase for the voters who tend to struggle with the amount of the increase. He recommended doing a renewal because it was not a change in taxes for the residents. The Fiscal Officer added that the Bell Road project would be coming up and was estimated at \$860,000 without any changes to it. The ARPA was a one-time event. Council had discussed addressing stormwater issues for years and how the Village would pay for it. One pond, for example, could cost \$750,000 which would be the entire ARPA amount. She saw this as the perfect opportunity to address the stormwater issues but still have the money for the roads. Carroll agreed and said the Village had been discussing stormwater since the early 2000's. He would look at this as an opportunity to address big projects to address stormwater. The Fiscal Officer stated this could allow the Village to address stormwater projects from an engineering perspective identifying the project with the greatest benefit. The Fiscal Auditor suggested renewing the operating levies to continue to cover operating expenses and then when the county asked what was being done with the money in the bank, the Village could respond that it was addressing stormwater projects that may not be offset by grants. The Mayor asked if the Village should renew now or wait until next spring. The Fiscal Auditor said that typically the Village tried to renew at least one cycle in advance in case it did not pass the first time. Carroll concurred. The Mayor expressed his concern about putting the levies on the ballot in fall with the residents knowing the Village would be getting the ARPA money. He felt there would be some push back and wanted it to be done next spring. The Fiscal Officer advised that it should occur this fall. If the levies do not pass, then the Village would need to get out there and explain the need more thoroughly. The Fiscal Auditor explained that if the levy did not pass after all attempts, the Village would have a deficit and find itself having to make big changes down the road.

This was a more difficult scenario to sell to the voters. It would be better to say that the Village would be keeping residents' taxes the same. Carroll agreed and said to the Fiscal Auditor's point, this could even offset a levy increase down the road.

Berger stated if there were grant monies available from the State, they should always be a top priority. The committee discussed the benefits and constraints/limitations of grant funds.

The Fiscal Officer advised that she had received the certifications from the county and if the Road and Bridge renewal passed, it would bring in \$242,458 and the operating renewal would bring in \$184,149. She said she would prepare legislation to introduce the legislation at the May 24th Council meeting.

Berger said it sounded from a revenue perspective, the Village had a plan moving forward. He said the fun part was how to spend the money. Carroll offered that stormwater in general had been discussed. Specifically, he provided a list that included detention/retention on Village property, consideration of the red ranch for stormwater detention/retention, limb and brush chipping for the community, a possible single event to dredge all settling ponds which could help stormwater issues, allocation of funds to widen Bell Road East to the Newbury line or at least to Snyder Road reestablishing all ditch and swales across the Village for stormwater mitigation purposes since ditching had been neglected for at least 20 years, a hazardous waste disposal day for Village residents, enclosing the pavilion similar to Frohring Meadows so it could be used year round. He explained that these were just his initial thoughts for use of the money, but stormwater mitigation would be his priority. Berger asked who would come up with the priority list of stormwater projects and Carroll advised that the Engineer would. However, Council had been waiting for an updated stormwater study for quite some time. He hoped to have this soon.

The Fiscal Auditor suggested financing the purchase of property to serve as detention/retention by selling other Village property.

Berger asked Carroll to have the Engineer put a priority list together and then the committee could discuss how to finance each priority.

Berger asked if there were any other issues that would be considered for the ARPA funds outside stormwater issues, roads, or the five-year plan. The Mayor suggested a restroom in the park. Berger said this should be at the top of the list. Berger addressed the Village departments' priority lists. The Street Commissioner's top priority was a loader. Carroll advised that the Streets Committee did not support this. Berger asked if the issue should be revisited, and Carroll said no. The loader was not that old, and he and Porter had discussed the matter in depth. They agreed that the loader was not needed at this time.

The Mayor stated there was an issue with broadband in Rolling Ridge. He clarified that it was a Spectrum, Cablevision, AT&T, Windstream issue. It was only one person in one neighborhood who complained. Carroll suggested leveraging the Public Utilities Committee to identify the issues within that area. The Mayor stated that the only two communities that had consistently complained about service were Lake Louise and Daisy Lane. The Fiscal Auditor noted that the Village received revenue from the cable companies. The committee discussed cell phone reception, towers, and the potential to provide free wi-fi.

Regarding the Treasury Investment Board, the Fiscal Auditor explained that the Village has a codified ordinance, 235.02, which established a Treasury Investment Board consisting of the Mayor, Fiscal Auditor, and the Solicitor. The Fiscal Auditor was unaware that this existed. The board is responsible for making key decisions as to how the Village invests monies not needed for six months. He liked the idea of a group decision. The Auditor suggested possibly expanding the committee to include the Chair of Finance. This way, there would be a member of Council who would be aware of project expenses and issues with tying up funds for a period of time. The Mayor asked why the Solicitor was on the Board. The Fiscal Auditor surmised it was to ensure the Board was staying within the rules of permissible methods and appreciated her involvement. Carroll proposed there be five members for voting purposes and suggested having a resident with investment experience on the Board as well. The Fiscal Auditor thought it would be beneficial to have this Board particularly when interest rates begin to improve.

Berger suggested to the Fiscal Auditor having a ladder of some sort in terms of the Village investment structure. The Fiscal Auditor proposed identifying how much in the form of a percentage of the Village's annual budget should be set aside as liquid funds and not invested. The Fiscal Officer added that there are advisors that specialize in government investments who could assist in advising and investing. The Mayor suggested they meet with the Solicitor before the next Council meeting to discuss changes. He did not think the Solicitor should have a vote. He directed the Fiscal Officer to begin amending the legislation. The committee discussed the makeup of the Board, and whether the Solicitor should or should not have a vote. The Mayor asked if the resident should have a vote, and the committee stated yes.

Regarding the Chagrin Valley Fire Department request, the Mayor explained he met with Dan Fritz, the Mayor of Moreland Hills, and Erinn Grube, the Chair of the Chagrin Falls Village Council. The Fire Department is trying to raise \$1,000,000 and has raised \$600,000. It wants the six communities that use the Chagrin Falls Fire Department to kick in to help their capital improvement. The committee questioned the request given that Chagrin Falls Fire Department was a contracted service provider for the Village that is approaching the Village for a donation to enable them to continue to provide its service. The timing of the request was also questioned given the ARPA funds. The committee discussed that the Fire Department building improvements should have been considered in the business plan and potentially built into future contracts. It was noted that there is a board for Chagrin Falls Fire Department which consists of representatives from participating communities, but the board never meets. The Mayor would see if he could arrange a meeting to discuss the \$70,000 request. The Village, however, has no vote with this board. The Mayor relayed that the document containing the request stated that there were additional significant donations that were anticipated once the local communities commit to a share of the capital that is required to complete renovations.

Regarding blanket purchase order legislation, the Fiscal Officer would obtain samples from the Auditor for the committee. She also provided the committee with a copy of the Village Credit Card Policy as well as four bullet points that should be added to this policy even though they are already in practice. The Fiscal Officer advised that this was a policy, not legislation, and amendments could be done by motion.

The 2019-2020 audit will begin in the beginning of June, but no date has yet been set.

The Fiscal Officer provided legislation regarding food expenditures and what qualifies to be paid for by the Village. In the employee handbook, there is also guidance about dollar amounts and limitations with food purchases for employees. There are seven identified items on which money can be spent. Outside of this, permission would be required from Council. This topic was addressed in the audit meeting. The Mayor asked if he could buy breakfast if he were to meet with David Maistros of the Board of Zoning Appeals. The Fiscal Officer stated this was not on the list of approved food expenses. The Fiscal Auditor suggested Council authorized each committee to spend up to a certain amount each year at business meetings that involve food. The Fiscal Officer said it would be necessary to amend the legislation to make this permanent. The Auditor questioned how the Mayor's discretionary fund applied to the food purchases. The Fiscal Officer reiterated the legislation would have to be amended. Carroll offered that this would be normal for private sector but was not in the public sector. Berger said this was draconian. The Mayor needed to meet with people to move forward with the business of the Village. The fact that he cannot meet with someone who is doing work for the Village like the Chair of BZA and buy that person breakfast is absurd. Carroll stated that there are entities like the Ohio Ethics Commission to make sure everything is in line. The Fiscal Auditor did not have a problem with the Mayor covering his own meal during a meeting, and Carroll said he just did not want it to be a personal spending account. He added that the Mayor received pay for being the mayor as do council members. The Fiscal Auditor said it could be specified. The Mayor stated he used to take Craig Cawrse out to lunch to get free advice for a \$14 lunch for hundreds of dollars of free landscaping advice. He verified this was not legal, and Carroll stated not according to the way the legislation is written. The Fiscal Officer explained that it was taxpayer's money, and meetings do not have to occur at lunch time. She said Council could amend the current legislation and add what they want to allow.

Berger noted that according to the legislation, attendance at seminars, conferences, and meetings is authorized by Council. If Council blanketly authorizes the Mayor to meet with such individuals of the Village and/or employees or representatives of the Village, then it is all covered. Carroll offered that Council does not know about all of those. Berger asked if Council needed to know. Carroll explained that the Mayor would have to get approval of Council. Berger suggested making a motion at the Council meeting to authorize the Mayor's meetings. Carroll stated he would not agree to a blanket statement. He would set limits. Carroll asked the Fiscal Officer how often Mayor Brett submitted receipts for meeting meals. The Fiscal Officer stated that in 12 - 13 years, Mayor Brett never submitted such receipts. Carroll said he would consider limits but did not want this to be a personal spending account. Carroll would need to think about what the balance should be. Berger suggested coming up with a meeting amount and a dollar amount for the next meeting.

With regard to the permissible events to purchase food, the Mayor stated that item 7 was for annual employee and public officials' appreciation. On June 3rd, the Mayor wanted to have an end of COVID luncheon for everybody. If he cannot do that, he will call it an appreciation luncheon.

The Mayor addressed the Parkland dam. He advised that C.W. Courtney, the engineer for the Parkland dam community, assessed the dam and said it would cost \$425,000 to repair. There are things that can be done including lowering the water level. The Mayor met with two of the homeowners and the Engineer to figure out how to go forward. The Mayor stated that the Village could take on the project. Solon had done this as had Medina, so it could be done. Carroll advised that this situation was different.

The Mayor stated that if the Village took it on, there would be a contract with the 11 homeowners that would raise their taxes for 20 years or so. This proposal came to the Village last November. The Mayor thought it was valid. The residents will be attending the May 24th Council meeting. By June 10th, the Village would want to see an escrow account with \$11,000 in it to show their commitment. The Fiscal Auditor likened it to the financing of sewers. Once the resident moved, they are no longer were responsible. Carroll said it was and it was not similar. The sewers involved a bond to take on the project, a tie-in fee of \$10,000 - \$15,000, and the assessment. It was a big hit, not \$1,000. Furthermore, Solon was a rated type 1 dam, and he assumed the dam in Medina was also rated. The Mayor did not know. Carroll asked the Mayor for the name of the dam, and the Mayor did not know and had gotten this information from one of the Parkland residents. Carroll explained that the Parkland dam was not a rated dam. They also had not yet lowered the dam, so they had not done anything to demonstrate their commitment. Additionally, Carroll questioned whether, by raising the level of the water as the Parkland community did, if they were responsible for damage to the Village's infrastructure. He also questioned whether the Village had the right to just lower the lake level given this issue. Berger explained that Aqua Doc put in a new slow-release pipe at a higher level, which raised the water level. Carroll explained that if the water level had been kept where it was previously, the residents would not have the current problems. Carroll acknowledged that the Village had the ability to do the project but questioned whether Council should. The Fiscal Auditor noted that it was a creative financing solution like the sewers, but the Fiscal Officer stated that the sewers were done through the county. The Fiscal Officer further explained that the quote of \$425,000 would likely increase if the Village were to take the project on because of requirements to include prevailing wage. Additionally, if the Village required a loan for the project, it was not bond rated. Carroll said that theoretically, the money was available to pay for the project upfront. The Fiscal Auditor suggested charging an interest rate, and Berger said the Village could not do this. Carroll explained that the Engineer's opinion was that if the community lowered the water level, the project would not be as costly as Parkland's engineer indicated.

The Mayor said that at the Council meeting, the residents would be told that the 11 residents must contribute \$1,000 each to the escrow account. If only nine of the 11 do this, there would be a whole political thing with which to deal. The Mayor wanted to see some commitment from them in the form of money. The Fiscal Auditor added that the Village should see action as well by lowering the water. Carroll thought \$1,000 was a little soft. A sewer tie-in was \$10,000. The Fiscal Auditor explained that the tie-in is paid by the resident and the assessment is put on the tax assessments. The Fiscal Auditor noted that the project would be a loss for the Village financially. Carroll asked if the Fiscal Auditor could determine the true cost of the project. The Mayor did not want a lot of work done if the residents were going to pull out. After they provide the \$11,000, the Village would have the Engineer do a study. The committee discussed determining the actual project cost. Berger explained that he was told the Village could not charge interest by one of the Parkland dam residents who is an attorney and has done government work. He said it was not allowed under state code.

Carroll stated that it would be taxpayer dollars being used and to lose it on a private project is problematic unless the money could be recouped through the initial fees. Berger suggested applying an administrative fee to ultimately get to net zero. He did not think there would be any problem getting the residents to kick in money to get the project started. Carroll added that it was first necessary for them to

lower the lake. Berger argued that this was an engineering decision. Once the Engineer had control of the project, he could lower the lake if he wanted. This was not a finance issue.

The Fiscal Auditor asked the Fiscal Officer whether the county would allow the proposed financing and assessments over 20 years. The Fiscal Officer spoke to the County Auditor about it a few months ago, and she would reach back out to him to clarify the issue of charging interest.

The Mayor stated that the Village was going to lose money but should find a way to break even. Carroll stated that the Village did not want to do this. The Mayor addressed the Engineer and Solicitor's hourly fees, and the Fiscal Auditor stated that it was one thing to lose money if the Engineer looked at a situation, but another to have a whole Village make a big investment. Carroll agreed and added that it is for 11 homes. Carroll stated it was not a done deal as it is. The Fiscal Auditor agreed and said that contributing \$1,000 did not make it a done deal. That would get the Village good research. The Mayor said he was at the point that he wanted to cut the Village's loss. Every time the Engineer talks to them, it is \$136.

The Mayor stated that the bids for the Road Program were fantastic. The bids were \$436,000, \$420,000 and \$371,000. \$371,000 was Specialized Construction. The Engineer had to review the bids to ensure they were apples to apples. To do everything would be \$371,000 and \$350,000 was budgeted. Carroll clarified that that was with the alternates, and the Mayor concurred. The Fiscal Officer stated it could not be awarded until July because of the grant for Bel Meadow. The Mayor stated that CT quoted \$304,000 just for Bel Meadow and Specialized came in at \$191,000. The others came in around \$200,000. The committee noted the disparity between CT's quote and the contractors' bids and Carroll offered that Streets Committee would investigate this and report back. Carroll advised it would be discussed and a recommendation would be made to Council.

Berger asked whether there was more that the Village should do with the Road Program since the numbers were so good. Carroll stated that \$350,000 was budgeted and with grants the alternates could be considered. The Street Committee would discuss this.

Berger adjourned the meeting at 9:38 a.m.

Christopher Berger, Chairman