

**Finance Committee Meeting**  
**Friday, August 7, 2020 8:00 a.m.**

**Present:** Chairman Carroll, Councilmember Berger, Fiscal Officer (FO) Romanowski

Carroll called the meeting to order at 8:00 a.m. The two items on the agenda were discussion of the salary/compensation for the proposed full-time Building Department Administrative Assistant and an update on the copy machine. The Fiscal Officer added that the agenda included handling the department expenses for the Building Department.

Regarding the copy machines, the Fiscal Officer advised she obtained four quotes that ranged around \$8,000. She had only obtained prices and still needed to look at the machines. The Fiscal Officer stated it was necessary to purchase one soon because she and her Administrative Assistant were working with desktop laser jet printers, which did not connect to the copy machine. Furthermore, the copier was old and cumbersome and not suited to the tasks of the department. She hoped to be able to have comparisons of the machines by September. Carroll asked what the high quote was. The Fiscal Officer advised that the Village had always purchased the copier because it was less expensive than leasing. The copiers purchased by the Village had also lasted longer. Carroll asked how old the Fiscal Officer's copier was, and she explained that it was purchased in 2014. However, it was moved to the Building Department when consolidation was being considered and was not moved back to Village Hall when COVID hit. The Fiscal Officer currently had the old Building Department copier and could not recall its age but stated it did not have Bluetooth and could not be connected to the computers. Berger asked if a service contract would be purchased, and the Fiscal Officer explained that with the purchase comes a contract for a specified period. The contract includes copy costs, toner, and maintenance. She further explained the costs involved with the different printers she was considering. Carroll asked when the Fiscal Officer might have enough information to present to Council, and she had hoped to have it by Monday, August 10<sup>th</sup>. Carroll advised that perhaps it could be considered at the September Council meeting. The Fiscal Officer advised that she wanted to try the machines before deciding. She explained that it would come out of the Department budget and said that she had not budgeted for anything that year. The Fiscal Officer added that it would be possible to move line items around so that the budget would not have to be amended.

Berger asked when she would want it, and the Fiscal Officer stated as soon as possible. Carroll suggested utilizing the highest estimate and presenting the purchase as a not to exceed \$8553, which would give the Fiscal Officer approval to make the purchase. This would be presented at the August 10<sup>th</sup> Regular Council meeting. Carroll advised that it would be good to consider copy machine replacement in the five-year forecast capital plan. The Fiscal Officer stated that this was done several years ago with respect to equipment. Berger asked what the useful life of a copier was, and the Fiscal Officer stated most leases are for 60 months, but she thought the Village could get seven or eight years out of them. Carroll stated that the copy machine in the Building Department currently should then last several more years. Berger stated this would make sense. Carroll stated that the Village could plan on purchasing a new copy machine in four years as a known expense.

Regarding the agenda item of handling Department expenses, the Fiscal Officer explained that each department has a credit card that is assigned to a specific individual. Since there is no Department Head in the Building Department, there is no credit card. Although she was no longer in charge of this department, the Fiscal Officer continued to go to the post office and do the running around for the Building Department Administrative Assistant/Board Clerk. Before the credit cards, Village employees made purchases with cash and then were reimbursed. The arrangement was not necessarily working with the Building Department. For example, the Fiscal Officer was on vacation that week and postage was needed by the Building Department. The Fiscal Officer advised that the Village should not be asking a contractor to run errands and be reimbursed for postage, etc. The responsibility would then fall to the employee to purchase it or it would be necessary to get a Village credit card. The matter had to be addressed. She added that the Village did not have petty cash. Berger asked her recommendation. The Fiscal Officer stated the postage was not so much that an employee could not have purchased it and gotten reimbursed. Berger asked what the risk was with providing a credit card. The Fiscal Officer explained that the credit cards are in Village Hall and must be locked up and signed out. Berger stated that this would mean if the Fiscal Officer were not there, the employee would not have access to the credit card. Carroll stated if the cost were less than \$10.00, the simplest answer would be reimbursement. Berger asked what the limit was on the credit card, and the Fiscal Officer stated \$2,000 per card. If there were a \$100 petty cash fund, and the employee submitted receipts for reimbursement to it, the maximum risk was \$100. Carroll asked if postage was the main reason for reimbursement. The Fiscal Officer stated yes. Berger explained that it was postage for letters requiring a proof of mailing. The letters were for zoning violations. Berger stated he knew of a lot of employees who were uncomfortable working out of their own pockets. Berger added that the simplest solution would be to have petty cash. Carroll stated that it would need to be audited regularly because petty cash could be problematic. The Fiscal Officer proposed that the report could be included with the monthly credit card report. Berger addressed access issues to the petty cash, and the Fiscal Officer asked him to clarify. Berger stated he thought a petty cash box would be put in the Building Department from which they could submit receipts. The Fiscal Officer could go monthly to the Building Department to audit it. Berger stated that part of the problem with the process was that there was an employee who was dependent on someone else being accessible to do their job. Petty cash could be put in the Building Department and the employee would sign a document stating she was responsible for the \$100. The funds could go in the safe. If there were a shortage, it would be on the employee. Carroll agreed that it should be strictly maintained, and the receipts must equal the balance and should be audited regularly. If it did not balance, the agreement should state that there would be appropriate discipline up to and including termination. Berger agreed. Carroll clarified that the Building Department Administrative Assistant/Board Clerk would sign the agreement and be responsible and not Dave Hocevar using the petty cash. Berger stated that Hocevar should not be running to the post office for the Village. For expenses exceeding \$100, the Building Department Administrative Assistant/Board Clerk should be consulting with the Mayor, the committee, or the Fiscal Officer for guidance.

Carroll stated this would be addressed at the August 10<sup>th</sup> Council meeting, and that a form would have to be created that the Building Department Administrative Assistant/Board Clerk would sign with strict guidance as to its use. Berger stated that the Building Committee would be meeting Monday morning and he would draft the responsibility agreement. Berger asked about

how the Building Department Administrative Assistant/Board Clerk would claim mileage if she were to use her vehicle to run errands. Carroll stated if the Village car were available, the Building Department Administrative Assistant/Board Clerk should use it. If she did it on her way home, she would not receive mileage. Berger wanted to know the rules so that he could discuss it with Building Department Administrative Assistant/Board Clerk on Monday. He clarified that she did not have to use the Chagrin Falls Post Office, and the Fiscal Officer stated that with cash, other post offices could be used.

Regarding the agenda item relating to salary for the new Building Department position, Carroll asked Berger how the Building Committee determined the salary suggestion. Berger explained that the Mayor and Canton spoke with surrounding communities, to include Moreland Hills, Chagrin Falls, and Bainbridge. Consideration was also given regarding consolidation of different jobs under one job title. Carroll advised he had asked the Fiscal Officer to obtain information as well. Carroll noted that the Building Department Administrative Assistant/Board Clerk was currently making \$23.59 and the committee was recommending \$25.00. Carroll asked if this was with or without healthcare, which the employee did not need. Berger stated yes. Carroll clarified that the Village would provide a payment of \$1,000 per year for not taking healthcare. Carroll clarified that his question was whether the \$25.00 was the pay based on what the position should be regardless of whether the employee took health care. If she accepted health care, would the rate be lower? Berger stated in his opinion, yes. Carroll clarified that if she had accepted health care, she would have received a lower rate and Berger agreed. Carroll reiterated that there was a provision for reimbursing an employee for not taking health care, so the position should be worth "x" whether the employee took health care or not. Berger asked if this should be addressed by HR, and Carroll advised it was also a Finance issue. Carroll explained that previously Council voted to eliminate personal opinions and have a third party examine many comparables without cherry picking. Carroll stated that in looking at comparables, it was beneficial to look at similar communities with like make-up, dynamics, and workload, etc. With that, it was a Finance question because it involved budget. He reiterated that if Berger was saying that the rate was based on not taking health care, and it should be less if the employee were to take health care, the less amount was what they should be considering because there was already a built in reimbursement for not taking health care. Berger stated that the employee would be giving up a \$14,000 benefit for \$1,000. Carroll asked the Fiscal Officer how many employees of the Village did not accept health care. She stated all full-time employees took it. Carroll then asked if one of the employees decided not to take it, would they automatically get a raise? Berger stated they would receive a quarterly payment of \$250. Carroll stated that his point based on Berger's rationale, was that an employee would decline health care and the Village would increase the employee's hourly rate and pay him/her \$1,000. Berger asked why her hourly rate would be increased. Carroll explained that this was what Berger was suggesting for the Building Department Administrative Assistant/Board Clerk. He stated his position was that the hourly rate was the hourly rate regardless of whether the employee accepted health care.

Carroll stated that Laura Heilman previously held the full-time Building Department Secretary position and did many of the job functions the current Building Department Administrative Assistant/Board Clerk does, less the Board Secretary duties. However, she was paid a little more for being the Assistant Building Inspector. Looking at this hourly rate and compounded raises, it

might align at \$25 per hour. Berger figured with an average of 2% raises, the position would currently pay \$25 per hour. He stated compensation would need to be added for the Board Secretary job. Carroll suggested looking at other comparables but emphasized that his point was that there were no reference points other than saying that two or three communities had been called without looking at historical perspective and other communities. Berger stated it could be reviewed with HR and a range could be established.

Berger stated from an expense standpoint, the overall budget went up for the Building Department. He asked if Carroll were willing to accept more cost to the Village or was there something that could be done to offset the increased costs. Carroll asked for specifics. Berger stated revenue generation. In the budget provided by the Building Committee, they looked at the permits and fees. He said there was a current permitting process whereby permits were a flat fee of \$100 regardless of the project cost. Based on information obtained from surrounding communities, he stated that this did not make sense. Carroll asked to which communities Berger referred, and Berger stated Pepper Pike, Moreland Hills, Chagrin Falls, and Russell Township. Carroll asked about the Geauga County Building Department. Berger stated they use a percentage as well. Carroll thought it was more appropriate to look at the Geauga County Building Department and stated that this should be considered in terms of value added to the community since it was the residents paying the fees. Carroll acknowledged it would be a way to offset some of the revenue potentially, but he suggested if it were being done just because they wanted someone in the Building Department, he would be reluctant. He did not want to be the highest charging community. Carroll agreed that the fee should be based on the project cost. Berger stated the 1% structure would generate between \$20,000 and \$25,000 per year in additional revenue. If this were done, it would mean cost control for the new position. Because it would take time to pass the ordinance for the permits, the Village would incur the cost of the position until then.

By 2021, Berger stated it would be revenue neutral. Carroll advised that the position might be, but the department would not. Berger stated it should not be because and likened it to a service like the Police Department. Carroll stated that the Building Department was not a public safety issue, but a service. Berger stated from a zoning perspective, it promoted public safety. Carroll disagreed, and pointed out all the zoning issue failures in the community. He agreed with Carroll on the zoning failures but was not on Council when it occurred. Carroll reiterated that he agreed with the permit change and felt it was important to balance it with what the county did. He reiterated that he would compare the salary information provided by the Fiscal Officer and speak to the HR Committee about it. Carroll felt strongly that the salary should just be reflective of the position and not benefits the employee elected to decline or accept. The Fiscal Officer agreed.

Carroll asked why the pay would be made retroactive. Berger stated he did not know and did not recall the effective date. Berger stated he had no problem saying that the effective date would be the date legislation was passed. Carroll concurred and stated it seemed illogical for it to be retroactive especially since the employee was not currently working full-time. The Fiscal Officer questioned how someone would be paid for a position when the position did not exist. Berger stated he had no problem using the effective date, even if it were January 1. Carroll advised that the Mayor was suggesting overtime for the employee for attending meetings. Instead, Carroll supported the idea of having Fridays serve as a flexible hours day. Carroll stated

that he did not think the committee was considering overtime situations. Berger stated that this was the Mayor's opinion, and not his. His opinion was a flat 40 hours. Justification would be needed for more than this, and no one had made this argument to him.

Berger stated that from a larger budgetary standpoint, when SafeBuilt asked about the revenue, the number he gave them for permits and registrations was \$84,000 per year, which he thought was high. Berger stated he did not know how he determined this number. They responded that the cost would include the \$84,000 plus an additional \$50,000. This would equal \$134,000. Additionally, there was a building cost in the budget which would be roughly \$15,000. Berger stated the realistic Building Department budget should be \$150,000. Looking at salaries and costs, his concept was \$150,000. SafeBuilt did not talk about a Fire Marshall. Berger included this in his proposed budget. He did not want anyone saying the budget should be \$112,000 because he said this was not realistic. Carroll advised that the discussion of right sizing the department had preceded his time in Council. He stated that his concern was the value added to the residents. Was it worth paying \$150,000 to have someone sit there and do three inspections a week? Should the Village spend \$30,000 to \$40,000 on a Zoning Inspector, which was required, and then go with the county for inspection services for everything other than roof and siding? Zoning codes would still be enforced by the Zoning Inspector. Berger stated this would mean someone else must be hired as Zoning Inspector and added that this person would need a place to work. Carroll viewed Zoning as the most important service to provide to the community. The Building Department services could be obtained for free through the county because resident taxes pay for these. Carroll asked if there was a value added to have someone sitting in the Building Department doing it versus the county? When it was said, 'we're getting \$150,000 value for \$120,000' actually the Village could be getting it for free and the outcome was really only \$60,000 or \$80,000. Carroll cited the saying, "liars figure, figures lie" and explained that it all depended how one looks and measures it. Carroll agreed that the SafeBuilt option was not practical but advised that the inverse was the county option. Berger and Carroll agreed the committee was landing somewhere in the middle.

Carroll stated that he would be interested in seeing Hocevar's other contracts and whether he charged different inspection rates. He questioned whether the Village was at the point of looking at hiring a part-time Building Inspector, but not a contractor. The Fiscal Officer stated that with Hocevar's current contract, he would receive \$75 an hour. This would include zoning, which did not require certifications. Something to keep in mind would be that if Hocevar retired, he would have to be replaced with a Building Inspector and a Zoning Inspector. She further advised that through interviews the previous year, it was evident that most Building Inspectors did not want to do zoning. The Fiscal Officer asked if it would not be more beneficial to make the current Building Department Administrative Assistant/Board Clerk the Zoning Inspector? Carroll stated this was what he thought was being done initially. Berger stated that from discussions he had had, that eventually she would, but they were not at that point yet. Carroll added that what would then follow would be a request for more money. Berger stated that perhaps something different would be done like splitting it up. He said this was down the road and he was trying to fix the current issue. Carroll advised that he was considering a history of events occurring over the past seven years. Berger stated that finding a part-time or full-time Building Inspector was nearly impossible. Most were contractors. Carroll stated that the contractor should not be sitting in interviews picking his replacement, which was essentially what occurred. What better way

not to fill your position if you say no one else is qualified? Carroll suggested the option of sharing a Building Inspector with Chagrin Falls, or potentially hiring a full-time Inspector that the Village could offer to another Geauga County municipality. He felt that Hocevar's costs were getting to the point that reevaluation of the Village's options should be done. Carroll added that there was no succession plan, and Berger agreed. Carroll added that if Hocevar were to leave, he felt certain the county would help at least while the Village found someone else.

Carroll concluded that he thought the committees had arrived at a point where the Building Department was right sized with the appropriate pay and salary benefits.

Berger asked the Fiscal Officer about a bank deposit issue, and the Fiscal Officer explained that the policy was that the deposit must be made within 24 hours. The Building Department Administrative Assistant/Board Clerk could have kept the deposit in question in her safe and it could have been deposited in the morning. Berger asked if he needed to take action, and the Fiscal Officer felt the issue had been resolved. She added that she did not like that blame was pushed off on other people when it was a matter of taking responsibility. The Fiscal Officer added that her response was direct and to the point and provided options. Berger stated he would address the matter and stressed the importance of complying with the law. The Fiscal Officer added that she explained that with the policy, it did not matter if there were 10 \$100 checks, once \$1,000 was reached in total, it must be deposited in the bank within 24 hours. Berger stated he would make sure the problem was resolved and that there would be no problems going forward.

Carroll clarified that the next Finance Committee meeting would be September 1, 2020.

The Fiscal Officer stated that the bank reconciliation would be done and sent to Council by email. Typically, during the month of April, the Village would receive, and estimate based on the previous year. With COVID, CCA had reduced hours and the Village was receiving advances. However, the CCA office reopened and currently May is being reconciled. By October, the Fiscal Officer felt everything would have been reconciled and caught up. The Fiscal Officer stated there is an effort to estimate revenues low, and she hoped that the Village would come in at that point. She added that a number of the big projects were hitting this year like the Village Hall project and the Lake Louise Bridge project. The Manor Brook project would also be starting, and the Village would be incurring engineering costs on that. Berger clarified that none of these were unexpected. The Fiscal Officer concurred and said they were budgeted, but Council should not be surprised when the Village ends in the red. Carroll stated it was understandable and budgeted and had no issues with any of it. Berger wanted to make sure there were no surprises.

Carroll adjourned the meeting at 9:10 a.m.



Michael Carroll, Chairman of Finance Committee