

**RECORD OF PROCEEDINGS
SPECIAL COUNCIL MEETING
FRIDAY, MARCH 27, 2023 – 6:00 P.M.
PRESIDENT PRO TEM MARK PORTER PRESIDING**

MEMBERS PRESENT: Bell, Berger, Canton, Cavanagh, Galicki, Porter

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

In the absence of Mayor Koons, President Pro Tem Porter called the Special Council meeting to order, and the Fiscal Officer read the roll.

The Fiscal Officer provided an overview of Government financing and procedures and a review of the necessary 2023 budget amendments. Through a Power Point presentation, she explained the aspects of the General Fund and the Special Funds. In particular, the Safety, Operating, Road and Bridge, and General funds collect levy money, which is specific as to how it can be spent. The Special and Capital Improvement Funds have associated legislation identifying the specific need on which the money may be spent. Money may be transferred from the General Fund into the Special and Capital Funds in order to pay the bills. Money may never be moved back, so it is important only to transfer what is needed at the time. While it is one thing to say, “we have the money,” it is necessary to look at all the funds listed and picture each as its own separate checking account. If the money is not in that fund, the Village does not have the money. It is necessary to have the money in the fund before incurring expenses.

When amendments to the appropriations and transfers are made throughout the year, Council may approve them, but they are not the final authority. It requires County Budget Commission approval before the Village can transfer from the amendments. It is critical that the Fiscal Officer know ahead of time and not at a Council meeting when there will be large purchases. Just because there is money in the budget does not mean the money is in the correct fund to pay the expense. There is also legislation that must be prepared. For this reason, plans for large purchases should be communicated to her beforehand so that she can ensure the money is in the fund and the legislation is ready. The County Auditor oversees all the Village’s revenues and makes sure the Village has the revenues available for the planned expenses. The State Auditor audits the Village’s annual financial statements and makes sure the Village is spending the money appropriately from each fund as well as verifying it has been transferred from the General Fund to the other funds and not back. All of this is set by the Ohio Revised Code (ORC).

The Fiscal Officer referred to a slide of the Village’s month-end cash balance history for the past five years. The lowest balance was in January of 2018, and the highest was in September of 2021. This was the point at which the Village had an issue with the Tax Budget Commission relative to how it was spending its money. The balances have since gone down with the 2023 balances below 2021 and 2022. She called Council’s attention to a slide showing the monthly financial reports which showed all the different funds and their balances. She reiterated while it may appear the Village ‘has the money,’ it may not all be in the appropriate fund for the expenses. Berger clarified; the fund balances listed on the financial report are the same balances which were formerly listed on the Fiscal Auditor’s report. The Fiscal Officer concurred and explained that the Fiscal Auditor reported everything as net. Her reports are gross because that is what is required by the State. Her reports also provide more detail than the former Fiscal Auditor’s report. Berger concluded that Council is currently getting the same information previously provided by the Fiscal Auditor but in a different format and reported as gross versus net.

The Fiscal Officer explained the revenue and expense reports. The reports reflect the original budget, amendments, year-to-date, and month-to-date per line item. The report enables Council to see what the budget is and what has been spent year-to-date and month-to-date. It will be provided in the Council packets on a regular basis along with a financial summary report which lists noteworthy events like Emergency Medical Service (EMS) billings or Advance of Real Estate Taxes, for example. Council will also receive a monthly Finance Committee Review sheet from the committee's review of the Bank Reconciliation, Check Register, and Credit Card report. This provides checks and balances.

The Fiscal Officer explained a yearly list of financial deadlines.

Regarding the 2023 budget, the Fiscal Officer stated the Village has a lot of projects in progress. There were projects Council wanted to budget for when doing the budget in November 2022 that could not be included due to the restrictions of the Tax Budget. It is now time to amend the budget for the year. She reviewed the mandatory items that must be budgeted this year. They include projects in progress or projects for which there will be grant funding coming. Referring to the presentation, the Fiscal Officer explained the appropriations must be amended for the items in red. The Certificate of Balances must be amended with the county for the items in green. Previously, Council passed legislation to put \$100,000 into the Large Equipment Fund every year. Because of this, it will be necessary to budget another \$100,000 for transfer into the Large Equipment Fund. For the salt dome, the budget is \$625,000, but the expense involved to clear the land has not been determined. Porter said that so far, they did not think there would be any rented equipment and the clearing would be done in-house. The Fiscal Officer continued and said there was an additional \$50,000 in engineering fees, which included costs for engineering, design, and surveying. Similar costs occur with other projects as well. In the past, like with the Road Program, some of these were absorbed by the Engineer under the engineering line item, but with the larger projects, the Village is incurring more costs. With the salt dome, these costs are estimated to be \$50,000 which brings the estimate cost for the salt dome to \$675,000. She also advised that with large projects, the Village must hold a certain percentage of the project cost for a year after project completion. After the project is approved, the money can be released (paid) to the contractor.

Regarding the Washington Street paving, the county will rebid the project with the bid opening on April 19th. The Village is included, and the county estimates the Village's share will be \$170,000. The Village has \$121,000 in Municipal Road Fund (MRF) funds to apply to this, which would leave \$49,000 in Village funds to pay for the project. This would mean budgeting \$170,000 and amending the Certificate of Resources for the \$121,000 for the MRF funds.

As previously explained, money is held back (retained) until the project is approved. For the 2022 Road Program, the Village is holding \$146,000 for the contractor. Additionally, it was discovered that the Reclamite used in the project was not part of the Road Program. The Village still owes this to the vendor, and it will be paid March 30th. In total for the 2022 Road Program, the Village owes \$166,000, which must be an amendment to the budget as well.

The original contract for the Traffic Light was \$238,000 but was amended and is now \$242,000. There was engineering in the amount of \$37,000, but there was also a grant. The Fiscal Officer explained pass-through grants. With these grants, the Village must record the funds as having been received and then paid, and it must be budgeted even though it is never seen or touched by the Village. The grant associated with the traffic signal pays for half of the construction and half of the design only. It does

not pay for engineering or surveying. This will require an Appropriation amendment of \$242,000 and a Certificate of Resources amendment of \$134,000.

The Fiscal Officer next addressed the potential property purchase for an estimated \$450,000. With other closing costs, she estimated it would be \$457,000.

The original contract for the Culvert Replacement Project was \$147,000, and had about \$71,000 in engineering, surveying, and design work. Almost \$43,000 has been paid and another \$28,000 was owed. This is another pass-through grant which pays half of the contract but only up to \$96,700. Ohio Public Works Commission (OPWC) will pay half the construction for the Manor Brook culvert and the culvert by the Central Retention Basin. The intersection culvert and culvert near the Lantern are the Village's responsibility and there is no available grant funding.

The Fiscal Officer explained the expenses associated with the repair of the Headwater Project next to Village Hall which was damaged during the construction of the Central Retention Basin. \$12,000 is being held from Mr. Excavator from that project. She encumbered a purchase order into this year and will need an additional \$6,000 in Village funds to pay the remaining costs. All the American Rescue Plan Act (ARPA) will have been spent.

Regarding the Manor Brook Project, the Village is holding approximately \$12,000 and the Engineer advises there is an additional \$5,000 in engineering costs. The trees which are to be installed, will be \$19,000 from Village funds. The Solicitor asked if this included the six or seven trees requested by Planning Commission. The Fiscal Officer verified this was included.

The Fiscal Officer continued her presentation with 2023 amendment considerations. Council had been discussing a park bathroom, for which the current estimate is almost \$83,000. She did not have the cost estimate for the foundation. Additionally, she was aware of a potential grant for \$16,000.

The base bid for the proposed 2023 Road Program included Woodside Rd., Maple Springs Dr., and base repairs. In bidding it this way, it becomes a package deal, and the Village must do all of it. She explained multiple options on how to bid the project to give more flexibility. The currently proposed Road Program would cost \$735,143 in 2023 with \$114,857 held back and paid in 2024.

Council also discussed doing two crosswalks totaling \$50,000 and a flagpole with a cost to the Village of \$1,200 in electricity per year. To address the issue of meter expense for the flagpoles, the Street Commissioner proposed boring under the road and running wire, which was about \$14,000 but did not include the wire cost. Additionally, the Village has Northeast Ohio Public Energy Council (NOPEC) grant funds available in the amount of \$16,700 for energy efficiency projects. The Fiscal Officer listed other potential projects Council had discussed for which she had no estimated costs.

The Fiscal Officer provided Council with the budget spreadsheets. She highlighted those changes which would have to be amended. Council will need to discuss and have a decision by the next Council meeting. For example, the 2023 Road Program is not in the budget at all. Only what is owed from 2022 and Washington Street are currently in the budget. She did not think the Village would be able to do a big Road Program. Council was now aware of the mandatory expenses which could be utilized in making this decision.

The Fiscal Officer explained a form she developed for committees and Department Heads for capital projects. This specifically would address the past issue of not knowing the engineering costs on

projects and not budgeting for them as a result. The form also addresses capital purchases and includes a question of trade-in or sale value. Most recently with the loader, it was discovered too far into the process that the Village potentially could have made more from selling the loader rather than trading it in. The Finance Committee discussed having Department Heads and committees utilize the sheet to develop ideas to present to Council. If Council then wishes to go forward, actual costs can be obtained. This would preclude being caught off guard in a Council meeting.

Galicki asked the Fiscal Officer if her recommendation was that Council only address the required items, and asked what the danger would be if Council were to go beyond this. The Fiscal Officer explained it would mean the cash balance would be low, and she reminded Council the repaving of Bell Road east is coming in the next couple of years. She will put legislation together for the next meeting to amend the appropriations for the mandatory items. Additionally, she will obtain better numbers from the County Auditor of what the Village's certificate is. She could then determine the ending cash balance after the mandatory items were paid and based on the budget.

Porter reviewed the historic month-end cash balances and Council's comfort level. Berger explained this information did not reflect projected income, nor did it show what has been spent and what is anticipated to be spent. The Village is at \$3.5 million, but it is anticipated the Village will spend \$5 million in the next 8 months. That puts the Village in the negative provided there is no additional income. It would be important to determine the anticipated revenues and underbudgeted revenues. The Village also needs to know the expenses. Regarding the budgeting of money held back with big projects, he suggested budgeting the whole amount in the year the project is paid instead. Porter concurred that every effort should be made to pay a project in full the year it is completed. Berger suggested determining the cash balance after paying all the mandatory costs, doing the proposed projects, and including the projected income. What ending cash balance or percentage would Council be comfortable having? Meeder Investments suggested the Village's reserve should be the operating budget and three months' worth of expenses. The Fiscal Officer explained she started in 2007 right after the Village bought the Muggleton Farm and the balance was just under \$1 million. It has never been this low since. Berger noted; if all the mandatory costs are addressed and the income projection is accurate, the Village would end the year at \$1.3 million. This does not include the 2023 Road Program, which could bring the balance below \$1 million.

Porter said, one year the Road Program was zero. With \$3.5 million in the bank presently, Porter said he could not imagine the Village would not do a fairly significant Road Program because the streets need it. In the Village, the residents value the services the Village provides like great streets, snow plowing, etc. Porter suggested the Finance Committee make a recommendation as to what the comfort level should be with the ending cash balance. Bell thought the anomaly this year was the replacement of the salt dome, which was a safety concern. Berger described the traffic signal, culvert replacement, salt dome, and property acquisition as non-repeating issues. Canton thought the number one challenge was stormwater runoff. Perhaps the recent stormwater projects would solve this challenge and the Village may go five to six years with calm waters. Porter added the central retention basin and Manor Brook could be considered one-time events as well and would not want to see the habit of having such 'one-offs' each year. Regarding stormwater projects, Porter said Manor Brook II and a detention pond at Fox Run, would complete the goals of the 2004 Stormwater Study. These are big ticket items and once they are done, the Village can do more roads, bridge repairs, etc.

Berger noted, with the mandatory amendments, and the major one-off projects that have been done, his rough calculation was, this was about \$2.5 million in capital improvement projects over the past three years. With these out of the way, how comfortable would Council be with a minimum cash balance of

\$800,000 or \$700,000? In theory this should build up again with expected revenue streams over the next several years. Porter offered the income tax revenue is much higher than expected. There was discussion of court rulings relative to working from home and the potential of the State getting rid of local tax. Galicki added, with the instability of the world and markets and the potential of recession, he suggested Council not be “pollyannaish” in deciding to run down the cash reserves. Things could quickly go south if there were reduced or no income from Income Tax based on changes in State law. Galicki cautioned Council to be careful because it may not be all rainbows and unicorns. Canton said he completely agreed with Galicki and preferred to have money in the bank. The Fiscal Officer further explained changes by the State in the past that impacted the Village such as decreasing the Local Government tax distribution to municipalities, and the elimination of the inheritance tax. Galicki recognized Porter’s point about the residents’ expectation of good roads, but referenced the Engineer’s words that the Village’s worst road is significantly better than many municipalities’ best roads. Economizing on the Road Program for a year may be transparent to the taxpayer. Porter said it might be but if the Village were to stop getting income tax or never got inheritance tax again, compounded with a drop in property taxes due to some new formula the legislature came up with, could Council imagine going three to four years without paving a single road? If the Village does not have the funds, this may be the choice they must face. They will have to rely on the saved money and dole it out sparingly on the worst roads. Galicki thought Council had the flexibility to be temperate in the program so as not to empty the bank account. Porter did not see this happening and added, when the Village paves a road, it stays good for 20 or more years. Galicki noted, in the initial budgeting, the committee took every road which needed to be done in the next five years and the initial plan was to do them all. He acknowledged it had been reduced somewhat but suggested the committee perhaps consider doing one road. Galicki concluded that there needed to be an awareness of where the Village will end up.

Regarding the restroom in the park, Berger stated that the grant does not come through until November, so the project would not occur until 2024. The only project of significance that is in question is the Road Program. The Finance Committee wants the Streets Committee to understand the implication of the base bid and to decide whether it will be \$585,000, one street and the repairs at \$275,000, etc. If the numbers are right, the Village may end up at about \$1.3 million at the end of the year and then less whatever the Road Program is. If they spend \$600,000 on a Road Program, it takes the balance down to \$700,000 as the cash balance. Is this too low? Porter said that going that low scares him. Bell added that it makes him extremely uncomfortable. Porter stated that the salt dome is a priority since it is a safety issue. The Village has only done one street in the past. The Fiscal Officer suggested that the base bid could be the base repairs with alternates being the two streets. This would provide flexibility. Berger suggested the committee discuss this and then present their decision to Council.

ADJOURNMENT: Being that there was no further business before Council, **Cavanagh made a motion to adjourn at 6:53 p.m. seconded by Bell. Voice vote – ayes, all. Motion carried.**



William G. Koons, Mayor



Danielle Romanowski, Fiscal Officer

Prepared by Leslie Galicki