

The Finance Committee for the Village of Monroeville met on Tuesday, 2/27/24, at 6:04 PM, in Council Chambers, for the purpose of discussing the 2024 budget.

Present were: Mayor Joseph Galea, Chris Raftery, Sue Rogers, Mark Miller, Tammy Schlachter, Bob Whitacre, Tom Gray, Bonnie Beck, Heather Alicea, Chief Gary Lyons and Lieutenant Troy Kimball.

Absent: Sam Wiley

Bonnie Beck went over the 2024 proposed budget that was previously provided to Council. The budget numbers are derived from the estimated revenue that is set up at the beginning of the year. The information is sent to the County Auditor's Office and they have to approve it. The revenue is called "estimated revenue" because it's unknown the exact amount of revenue that the Village will receive and it's based on a history of prior revenue received. The department heads submit a proposed budget for their departments. Bonnie then sits down with the department heads to go over it. The higher expense items are approved by Council via the requisitions that are presented at Council meetings. At the end of every year, any money that has not been expended goes into a reserve fund. As explained previously, the reserve funds have been dwindling over the years. We still have all of the enterprise funds that we are digging out from the reserves that we budgeted for this year. We are doing the same with some of the special revenue funds. Bonnie can't stress enough how important it is that we be very careful with Village money. Bonnie said she doesn't want us to get in a financial situation where a catastrophic event occurs and we don't have the funds to cover expenses. Bonnie asked the Finance Committee if they have any questions regarding the proposed budget. The Mayor said his first question is in regards to the projected revenues that were submitted to the Auditor, and asked what those funds are. Bonnie asked the Mayor if he is referring to every fund, as that is four pages long. The Mayor asked for a total. The Mayor said he obviously sees the appropriations but, for instance, there are enterprise funds, and asked Bonnie if she submits the enterprise funds with that. Bonnie confirmed, and said general funds, special revenue funds, debt service funds, capital project funds and enterprise funds are all submitted. Bonnie asked the Mayor if he is asking for the numbers or does he want her to pass around the information for everyone to review it. The Mayor said she can pass it around. Mark asked if this is the same information that she already sent to the Finance Committee members. Bonnie said no, what is being passed around right now is what is sent to the County Auditor. The adjoining pages are the breakdowns of each of the funds. The Mayor said in the two years he was on Council; he doesn't remember Bonnie sharing this information previously. The Mayor said for himself, he likes to understand if there is any wiggle room when looking at the proposed budget. The Mayor knows things are tight, but he wants to see where we are with the budget. Bonnie explained that if the Mayor reviews the page that shows the enterprise funds, he will see Bonnie's penciled in numbers on the left-hand side of the page. Those figures are the reserve amounts from last year, because last year we went into the reserves as well. The Mayor confirmed he understands that it shows the difference in last year and this year to reflect that we significantly reduced our reserve amounts in some of the funds, especially electric and water. General revenue also appears to be an issue. Bonnie said things like income tax fluctuate every year. You have to pay attention to what is coming down the pike as well as a history of revenue. The Mayor asked Bonnie if she has seen an increase with in income tax revenue. The Mayor said he saw where the City of Norwalk had record numbers for income tax revenue. Bonnie said that has not occurred in the Village. She believes it was only \$23,000-\$24,000 more this year than last year, for those who have filed so far. The Village is also behind on the income tax court cases, as RITA has been reluctant to release the records of non-filers to us. When we set up the agreement with RITA, we declined to let them represent the Village in court since the cost was so exorbitant. Jim Barney & the Village Administrative Office are already familiar with the income tax court process. The Village has advised RITA to hand the income tax records over to the Village Administrative Office once

court action is needed. We are currently dealing with RITA to give us those records. The longer someone goes without having court action filed, the harder it is to collect taxes. Dealing with things like this has to be factored in when setting up the budget. The Mayor said he has another question regarding security of persons & contractual services, and asked what those are. Bonnie explained that anything that the Village signs a contract or an agreement for goes under contractual services, which includes legal services, professional services, etc., and she sent out a prior email explaining that. The Mayor confirmed he sees that now, but is curious since it's listed under security of persons. Bonnie said every fund has its own contractual services, like the Police Department, the streets, the parks, all of the enterprise funds, etc., every category has its own contractual services. The Mayor said it was under the heading of security of persons, so he wasn't sure. Bonnie explained for security of persons, that would be GATSO and the contractual services would be the fees that we pay to GATSO. Bonnie said next to the North Street debt service, she marked that we are paying that off this year since there is money in that fund. If we happen to get a Hamilton Street OPWC grant, then we will be starting all over. The OPWC loan that we will have left is for the Wastewater Treatment Plant, which will be paid from the sewer fund.

Bonnie pointed out that the Village has been getting significant funds from the GATSO revenue for the last two years. Bonnie said she's made Council aware of her concerns for several years regarding the General Fund. Bonnie ran the numbers from the General Fund for 2023 and then backed out the GATSO revenue & expenses. Without GATSO revenue, we would only have netted \$7000 in the General Fund. This shows that the General Fund is now dependent on GATSO revenue. Bonnie doesn't know how stable GATSO revenue will be in the future, as there is another legislative person that is attempting to do away with traffic cameras. Bonnie wanted to bring this issue to Council's attention as she isn't sure how sustainable the numbers will be over the next few years. The Mayor confirmed he knows GATSO revenue has to be treated as "found money" and can't be considered consistent revenue. Mark asked Chief if unpaid citations can be tied to the person's license plate in regards to showing up when someone is attempting to renew their driver's license. Chief said no, as the camera citations aren't reported to the Bureau of Motor Vehicles or to the person's insurance provider. Bonnie said she participated in a telephone conference with GATSO earlier this week. In the business rules, there's a collection agency listed (MCOA), but collections on non-payments have never been enforced. Chief said we are currently getting about 65% payment compliance on GATSO citations.

Bonnie would like Council to consider a decision regarding municipal taxes. Bonnie asked if Council wants to ask for 1% from everyone who lives in Monroeville. She advised she doesn't know how that will financially impact income tax revenue, as RITA isn't able to provide that kind of a projected revenue report. The Mayor asked if RITA forwards the Administrative Office all of the annual income tax returns. Bonnie said no, all of that is kept with RITA. The Administrative Office gets reports when the funds are sent to us. We have the ability to log into the RITA system to view individual income tax returns. RITA doesn't track returns in such a way that they would be able to provide us with a projected revenue if we have everyone pay 1%. Chris said she thinks putting everyone on equal footing with the 1% is a good starting point. Bonnie said if we wanted that to be effective for fiscal year 2024 for when people file their taxes in 2025, legislation will have to be passed for first reading in September 2024. That legislation can't be passed as an emergency. The legislation will need to have three readings and then 30-days after the 3<sup>rd</sup> reading before it's effective. If the first reading is done in September 2024, then it can be effective by 1/1/2025. Mark asked the Mayor if this is what the Mayor was referring to during a prior Council meeting, since the Mayor himself works in the city of Sandusky and pays income tax to Sandusky. The Mayor confirmed. The Mayor said the current situation is the Village is charging everyone who works or lives in the Village a tax rate. However, if the person lives in the Village, but works outside of the Village, the community they work in might charge them a tax. The Village currently offers a tax credit of up to 1% if

they pay taxes to another community. The Village's tax rate is 1% and some communities have a higher tax rate. For example, the Mayor said he pays 1.5% to the city of Sandusky and he gets up to a 1% credit on his Village of Monroeville income tax return for what he pays to Sandusky. The Mayor said he currently pays nothing to the Village of Monroeville and that is what Council is talking about changing. On the other hand, folks who work in the Village but are living outside of the Village are paying the 1% to the Village and then they may have to pay a residency tax where they live as well. Heather reminded the Mayor that he had previously mentioned wanting to give the Village residents plenty of notice about any changes that occur with income tax. Bob said Council may want to consider doing a half a percent credit to start with instead of a 1% credit. The Mayor said it won't affect anyone who lives and works in the Village of Monroeville. Heather said people will be upset, but the people who live here and work elsewhere still drive on the streets here and aren't paying any taxes to the Village. Discussion. The Mayor said in order to adjust the tax rate, it has to go on the ballot but adjusting the tax credit can be done by legislation. Chris would like to have more conversation about this during a work session in March 2024.

Bonnie said there are several Village employees retiring on the near horizon. The ORC allows municipalities to do set-asides for sick time and/or vacation pay-out. Bonnie did a calculation based on what the employees (who are close to retiring) are paid right now and it's over \$60,000 for a sick time pay-out (up to 30 days max), as some people like to use vacation time before they retire. Bonnie thinks it's a good idea to create a set-aside fund for sick time pay-out. A Village employee has to be employed for at least 10 years to be eligible for a pay-out. If Council isn't opposed to the idea, Bonnie would like to prepare legislation for this and pull everything together this year. Bonnie can present it for first reading in order to allow for amendments to be made and see if it's doable with this year's budget.

Bonnie said she wanted to talk about the \$80,000 dump truck purchase that was discussed at a prior meeting. Tom and Bonnie have put that purchase on the back-burner for now. The Village's current 5-ton dump truck is out for repairs because of its age. The set-aside funds were not set up for an \$80,000 dump truck purchase. The purchase price was way more than what was anticipated for a new dump truck. There's money in each set-aside fund, but not for that specific amount. Bonnie increased it on this year's set-asides. When Bonnie and Tom discussed this, they decided to hold off on the purchase for as long as possible. In 2027, the 1-ton dump truck is due for a change over. Bonnie would like the Finance Committee to consider purchasing used heavy-duty vehicles instead of brand-new heavy-duty vehicles. The Village is going to be spending \$450,000 for a new digger-derrick that will be used maybe a dozen times a year. It will take a long time to see the return on that. Bonnie would like us to be more open to buying something that won't cost as much. Bonnie checked into GovDeals.com. It's a win-win situation for municipalities, as long as they are in a proximity that will work, as the vehicles have to be picked up by the purchaser. There is a 12% fee on top of the sale price. We can buy and sell on the site. Mark said when buying used, there is no warranty. Bonnie said that is true, but she is referring to vehicles that aren't on the road all the time. The dump truck makes maybe a dozen trips a year to the dump site, same with the digger derrick. Our VAC truck is second-hand and we've had it for several years. Bonnie said this is an option in order to save money. Chris mentioned partnering with another community and sharing the costs. Tom said we will be cognizant going forward. Tom said we may be able to lease, but he isn't sure if we would be able to haul sludge in a leased dump truck.

Bonnie said the Village currently has an Ordinance regarding cable franchise fees. Bonnie couldn't remember the amount but guessed that we usually get between \$38,000-\$40,000 a year, which is 5% of the base franchise that the cable company does. We have an agreement with Charter Communications for that, so we get a quarterly payment. Our Ordinance states that 70% goes to the MMC building, 25% goes to Christmas decorations and 5% goes to the Shade Tree Commission. Now that the MMC loan is

being paid from the General Fund, the money stays in the General Fund. The Shade Tree Commission and the Christmas decoration line items really need a boost. Last year, the Village used everything up in the Christmas decoration fund and this year we only have \$3000 to start. The Shade Tree Commission has \$16,000, but we're spending an average of \$5,000 per year for tree trimming and tree removal. Bonnie recommended doing a 50/50 split between the Christmas decorations and the Shade Tree Commission. That way, whatever those two entities are doing are paid by cable franchise fees. Bonnie would like to change the Ordinance to make it 50/50, with anything for the MMC staying in the General Fund. Chris asked if other areas with a deficiency could also be funded. Bonnie said she doesn't track anything besides those two. The Ordinance was established a long time ago and we've amended it before. Bob asked if we get money from Omni Fiber. Bonnie said no, however, she believes we're due for a renewal of our cable franchise fee agreement with Charter Communications. Tom said the agreement is being re-negotiated at the State level by OMEA (Ohio Municipal Electric Association), on behalf of all the municipalities.

Chris asked Chief to speak in regards to a school resource officer (SRO). Chief is interested in having an SRO for Monroeville Public and Parochial Schools. Funding varies. Some are 100% funded by the schools and some are funded by the police departments. This conversation first started several months ago when the Fiscal Officer reported that any GATSO revenue derived from violations that occur in a school zone is required to be put in a school safety fund. Chief reached out to the superintendent at Monroeville Schools at one point and she had advised the school was eligible for a grant somewhere in the neighborhood of \$46,000 to \$92,000. It's since been discovered that the grant funding is no longer available. The school has some money available, which was outlined in the report that Chief provided to Finance Committee prior to tonight's meeting. The question Chief is presenting tonight is to ask for direction on how the Finance Committee would like Chief to proceed. If the Village wants to fund this program, whether it be a full-time or part-time officer, we need to start the recruitment & interview process now. Chief would like the SRO to start by 8/1/24. In regards to the funding, there are several ways to handle it. Chief has been in contact with one of our private benefactors. The benefactor is willing to donate up to \$10,000 per year to help cover the school's side of the funding. The school has \$19,000 per year to put towards a school resource officer, so that is \$29,000 total. The first year, it will cost the Village around \$81,000. The benefactor indicated that they would be willing to fund the school's portion of the funding. The benefactor also asked Chief to check with the local businesses to see if any of them would be willing to help financially, but Chief said that hasn't been successful in the past. It appears the school will have enough money to cover their end. The shortfall lies with the Village. Chief said there is a surplus in the Community Outreach Fund and he proposed taking \$8000 from that fund to help. Chief said the benefactor is good with us doing that. Plus, monies from the school safety fund gets us a little bit closer to where we need to be. The rest would need to be covered by outside funding. Chief recommends using GATSO revenue or some other funding. If the Village decides to go with a part-time SRO, it's more affordable, but we won't get the same field of interested candidates. Right now, Chief has 5-6 officers who are interested in the position and only one of them would be willing to take a part-time position. Chief would like to have a good select group when interviews are done by the MPD and the schools. Chief said having an SRO is a great program and provides many services. The question is, can we afford it, which is why we are here right now. Mark asked Chief what happens if a full-time SRO wants to take a day off work. Chief said that officer is off when the school is off. During the summer, the officer would work on shift, which would save the Village money on a part-time officer. Bob asked if St. Joe school is involved in this as well. Chief confirmed, and said that is one of the reasons that he recommended a 50/50 split. The benefactor is willing to go that much more as well, knowing that the SRO would be spending time at the parochial school. Tammy asked how it works now with the schools, as she has seen officers at sporting events. Chief said that is typically an off-duty assignment and the officer is paid by the school athletic department. The MPD road officer will stop in sometimes and make their presence known. Chief said he has 3 internal officers, both part-time and full-

time, interested in the SRO position. Mark asked Bonnie about putting cable franchise fee revenue towards an SRO with a 30/30/30 split. Bonnie said that wouldn't be very much money. Chris said that is true, however, it can be considered a source of funding. The Mayor said that per a prior discussion between him and the Chief, the Mayor brought up trying to go to the school and to see if they would be willing to come up with a dedicated funding source going forward. Chief agreed and said the school is the primary beneficiary of having an SRO. The SRO would also run the D.A.R.E. program. Chief talked to the superintendent and established work rules for the SRO. The SRO will not enforce school policy, that will be up to the school administration. The SRO will be responsible for interacting with the children, mentoring, counseling, security (including before & after school), sporting events, etc. The school board and superintendent are on board, but can only commit \$19,000 to the position. Chief feels it should be more of a 50/50 split with the Village. Chief would designate the old police cruiser to the SRO and they would report to the Chief. Chris said we need a negotiator to talk to the schools. Chief said Jim Barney will need to be part of the discussion in order for an agreement to be created. Chief also invited the Mayor, Council and the Fiscal Officer to sit in on any discussions with the school. Bonnie said perhaps the Safety Committee should be involved in those discussions as well. Chief would like to give the school an answer by April 1<sup>st</sup>.

Bob asked if there have been any repercussions from ending our paid contract with North Central EMS or does anyone know if the Township still has a contract with them. Tom said there's been a reset with the new director at NCEMS. Tom can't speak as to what the Township is doing and Tom has only spoken briefly with the new director at NCEMS.

Mark asked if anyone has a status in regards to 7-Eleven reopening. Lt. Kimball said they are hoping to open by 3/6/24. Tammy asked if anyone knows when the new meat market will open. Heather said she spoke with the owner and he would like to open as soon as possible, but has been waiting on a response from Safe Built since October 2023.

There being no other finance business to come before them, the meeting adjourned at 7:05 PM.

Respectfully submitted,

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Heather Alicea, Administrative Specialist