

Village of Gates Mills
MINUTES OF A SPECIAL WORKSHOP MEETING OF COUNCIL
September 25, 2020

A special workshop meeting of the Council of the Village of Gates Mills, Ohio was held on Friday, September 25, 2020 at 1:00 p.m. with Mayor Schneider presiding in the Community House located at 1460 Chagrin River Road, Gates Mills, Ohio.

Councilmembers present: AuWerter, Frankel, Reynolds, Sogg, Turner (via phone), Welsh (via phone), Whitney.

Also present were Finance Administrator Mulh, Treasurer Reynolds, and resident David Atton.

Treasurer Reynolds stated the purpose of the meeting is to review the various opportunities and action items from the Long Range Planning Committee. Many items do not require Council action or legislation, but management action. Councilmember AuWerter noted how much we spend on building maintenance and stated a breakdown of the expenses might be good to have. Treasurer Reynolds responded that it is not a complete black box as special projects are noted at budget time. Councilmember Sogg stated it is okay to get more detail but is it being suggested there is something wrong or are people being deployed properly? Councilmember AuWerter stated maintenance expenses should be managed. Councilmember Sogg noted it can be difficult to write down everything when on the go all day.

Treasurer Reynolds stated he would like to finish Councilmember AuWerter's Shared Services Subcommittee report first. Budgetary control of roads, culverts and other capital expenditures was discussed. Councilmember AuWerter said it is a judgement and mystery as to when to mill and fill certain portions of a street. It is a major effort to maintain the roads. The budget will look at culverts as \$100-200k per year plus routine work. Councilmember Sogg noted our roads are 20 years old now.

Treasurer Reynolds moved on to contracted professional services. It is suggested to go out to bid for products and services. A broker may use favorite vendors, so it may be good to use other brokers. Engineering and legal services should have a request for quotes process every few years. Councilmember Whitney stated that as Chair of the Insurance Committee she would not be comfortable with price quotes this year with the economy being what it is. Mayor Schneider agreed to wait until next year. Councilmember Sogg stated we have a format for the law director RFQ already. She added that it is important to have history with the person as well. Using an associate versus a partner could be less expensive. Mayor Schneider stated she mentioned going out for bids to the Law Director and Village Engineer and they are fine with bidding. Councilmember AuWerter said it could be a second benefit to get other ideas from those bidding. Mayor Schneider stated she feels fortunate to have Todd Hunt and Chris Courtney representing the Village as they are well respected in their areas. Councilmember AuWerter will take up the engineering services, while Councilmember Sogg does the legal services. Treasurer Reynolds moved on to discuss leases on Village properties. Councilmember AuWerter noted that the current leases are not consistent. Mayor Schneider stated Warren Morris is coordinating the leases and a Real Estate Committee meeting will be coming. No leases are coming due until

later in 2021. Councilmember Sogg suggested we collect an hourly rate for our employees as well as being reimbursed for materials.

Treasurer Reynolds' next topic was benchmarking. In order for benchmarking to be effective, we have to work toward getting other municipalities to join us and get metrics to share. Councilmember AuWerter stated he had set an unrealistic bar for this task. Meeting with other Service Departments was helpful in understanding how things come about and it is worth an effort. Mayor Schneider stated using comparable villages along with having clear questions and concise ideas would be necessary. Councilmember Sogg asked if there is an association that handles these types of things. Treasurer Reynolds stated the Ohio Municipal League does legislative work. Mrs. Mulh noted the Department Heads go to meetings and conferences and get a lot of information from peers while attending. Treasurer Reynolds noted we would want to be focused in the effort when moving forward with benchmarking. Mayor Schneider stated there used to be a local intergovernmental group that would meet, but it has fallen apart. She added you really have to focus on what you want to get from the effort.

Treasurer Reynolds moved on to the Fees, Fines, and Other Revenue Subcommittee report submitted by Councilmember Frankel. Councilmember Frankel began with the Mayor's Court Violations Bureau. Chief Minichello has already revised what is given to a person receiving a citation. An increase in fees/fines will have to go to Council once Chief Minichello revises the schedule. This can be done relatively quickly. Mayor Schneider stated she is participating in a zoom meeting with Lyndhurst Municipal Court on October 2. The courts are struggling and have had to invoice the municipalities.

Councilmember Frankel stated the Subcommittee did not have any suggested changes to make to the handling of the investments by Ancora Advisors. Councilmember AuWerter recalled another firm being selected that backed out that could have been a 100 basis point difference. Ancora is exceeding what was expected, but it could be looked at again. Treasurer Reynolds stated he recalled there being a political conflict, but we may have been too small of an account for them. It can be reviewed every 3-5 years.

Cell towers were discussed next. Mayor Schneider noted there is a location for one tower. Councilmember AuWerter explained the process. He said you have to go to the carriers and see if there is interest. We have a site and have to "register" the site so the carriers know we are serious. We would need at least two carriers on the tower. They are still trying to find a location for a second tower. It is not public as to where the locations are at this time. Councilmember Sogg suggested the old inner urban railway line. Councilmember Frankel asked who will own the tower, the carrier or the Village. Councilmember AuWerter said when you put a cell tower in, it is there for at least 20 years and with two carriers you could get \$60-70k per year and it would cost \$200,000 to build. A ten-year bond could be \$25,000 per year to pay back. Expenses go along with the return. It would be \$500,000 debt for two towers. Councilmember Whitney noted that satellites are taking over for cell towers. Councilmember AuWerter will continue working on the project and investigating financing.

Councilmember Frankel noted that gas wells are not a significant source of income any longer and he moved on to discuss cable service in the Village. We currently receive fees from

Ohio Bell and Charter Communications. It was suggested to look into others like WOW. Councilmember Whitney had provided Councilmember Frankel with information on increasing bandwidth for fiber communications. Fiber optics are in the Village but population density wasn't great enough to have it throughout the Village. CARES money might be used to run it throughout the Village. Councilmember Whitney stated Silverstar received a grant for \$680 million and chipped in \$22 million. CARES money can be used as it helps students as they attend school virtually.

Water tap-in fees are \$16,500 per new tap-in for residents. It was suggested to reach out to Chesterland residents on County Line that might wish to tap-in. Councilmember AuWerter asked if we can get a list of who does not have water. This would have to be done through Cleveland Water. Councilmember Reynolds noted some well customers won't ever tap-in. Councilmember Sogg added it is a one-time revenue. Councilmember AuWerter asked if at some point down the road we will turn over the lines to Cleveland. Councilmember Frankel said the pipes are aging and eventually will need repair or replacement. Treasurer Reynolds said it should be communicated to the community the availability of tapping into the water system.

Alarm monitoring was discussed next. Councilmember Frankel stated the program should have a sunset date and the Village could negotiate a rate with American Security for the residents. Councilmember Reynolds stated landline security systems are easily compromised and residents should be informed about updating their systems. Mayor Schneider agreed that a date should be set. Councilmember Whitney noted some residents have to have a landline. Treasurer Reynolds stated Council should approve the sunset date and communicate with residents about updating their systems with their security provider. Mayor Schneider suggested sometime in the first six months of the year. Councilmember AuWerter stated implicitly we are supporting a technologically obsolete system and will no longer support it. Councilmember Sogg stated we need to give people a direction. Councilmember Frankel noted it will be discussed at the Safety Committee meeting in October.

Councilmember Frankel stated that housechecks will continue to be done by the Police Department at no charge. This is a safety program that is very beneficial to everyone.

Councilmember Frankel noted there are Village-owned parcels of land that are adjacent to other property owners. Some may want to purchase the land from the Village to have as their own. We should also have leases reviewed for fair market terms. Councilmember AuWerter asked if we have a map with Village-owned parcels. Mayor Schneider stated we do. Councilmember Sogg said she doesn't see this happening as it would increase a person's taxes. Councilmember Whitney reminded everyone that previous administrations purchased devil's strips to keep entities like the parks from being able to use eminent domain. Eminent domain cannot be invoked upon another governmental entity. Mayor Schneider noted that parcels not purchased with that intent could be considered.

The Post Office was mentioned. We currently receive \$5,000 per month from the lease. Everyone has been encouraged to use the Post Office to help keep it open.

The wastewater treatment plant was discussed in depth earlier and will be moved along. Councilmember AuWerter asked the Mayor to make sure it continues along.

Councilmember Frankel discussed cemetery plots and burials. Prices were recently increased by Council for plots and interments. Councilmember AuWerter inquired about the ability to reclaim plots. Councilmember Reynolds stated she had reviewed all of the plots with Mrs. Mulh and Law Director Hunt had stated we could reclaim plots after diligent efforts to contact the current owners. Councilmember Reynolds will follow-up with the Law Director.

The idea of a Village Foundation was also mentioned. Hunting Valley has one for tax deductible donations for special projects. The Gates Mills Improvement Society could incorporate this into their existence. Councilmember AuWerter mentioned that 100 years ago the Village was incorporated. The Marston Park endowment is held by the Improvement Society. Councilmember Reynolds said there may be an opportunity for a family to remember someone via a legacy fund. Councilmember AuWerter will explore the idea.

The final thought presented from the Fees, Fines and Other Revenue Subcommittee was for more police enforcement, possibly through the use of traffic cameras on Mayfield Road for speed and red lights. Other areas to consider are on Old Mill or Brigham. Councilmember AuWerter said this is such a grey area when discussing more enforcement for revenue but it is for safety.

Treasurer Reynolds moved on to the Taxation Subcommittee Report. He asked that the Subcommittee develop a sense of potential pros and cons for each alternative. Councilmember Whitney headed up the effort. She noted the Subcommittee met four times. Some background information was shared with Council prior to meeting. The County's tax percentage report and the County's comparable tax rate sheet were discussed. RITA's Brian Thunberg provided a chart that boiled things down to Cuyahoga County for us. Councilmember Whitney noted the Subcommittee members mostly felt that a levy is more equitable. However, those on fixed incomes may feel more of a squeeze. A flat tax was discussed but was not seen as equitable. It would be like a special assessment. The timing of everything is difficult with the pandemic and changing the Village's tax administrator. Councilmember Reynolds asked when the last time was that the Village asked for a new tax. Mrs. Mulh responded 2005. Councilmember Whitney noted that a 1-mill levy produces approximately \$221,000. By charter, the Village can only have 5-year levies. A property tax levy can have a designated purpose, is voted on by the electorate, and needs to be renewed every five years. Charter millage is millage that changes with the values of the properties. Non-charter millage is renewed at the amount upon which it was first voted upon.

Income taxes were discussed next. The Village could eliminate the 50% tax credit on .50% of the taxes due (effectively 25%). Councilmember Sogg asked about the rationale that was used for 50% on .5. Treasurer Reynolds noted it gives a break to those who are already paying to the workplace community. The Village's 1% income tax is low compared to other communities and with the credit it is even lower. Councilmember Whitney will follow-up with Brian Thunberg to get net credit percentages for other communities. Councilmember AuWerter asked about eliminating the credit or eliminating the .5. Councilmember Whitney noted the chart

shows the incremental changes of eliminating the credit or increasing the tax. An increase in the tax amount would have to be approved by the electorate. The increase can be designated for a specific purpose or use. It would be a one-time ballot initiative for an increase. The onus falls on the working residents. It does take time to collect the increased revenue as well. The Mayfield School District issue is listed on the report, but would be an unknown legal cost, legislative and community relations issue with no guarantee of the wanted outcome. It was also pointed out that a new property tax levy would cost 12.5% more as the rollback from the State has been discontinued on new levies. Also, RITA uses certain assumptions in forecasting, but Gates Mills is different than many of the communities they represent.

Treasurer Reynolds stated he will update the Long Range Forecast with updated projections. Councilman AuWerter noted he is not okay with this year's deficit. Our property taxes were delayed as were the income taxes, which may be hit harder than the real estate. He thinks the deficit this year will be \$300,000; however, next year with moving the truck forward would be \$500,000 with the wastewater expense reduced and then a deficit of \$450-470,000 the following year. Discussion about reducing or eliminating the tax credit and the timing should be discussed. Education and discussion about the options are important. Councilmember AuWerter continued by saying millage hits you two ways. It increases property tax and lowers the value of your property. There is a direct correlation. If we want to attract younger people, push that 1-mill charter levy for land conservation into one for the roads instead. Councilmember Whitney stated we could get rid of the land conservancy levy, but it's a market strategy and doesn't improve our balance sheet. Councilmember Reynolds said we could not do the conservancy levy and do a 1-mill, to a degree that the tax bill doesn't change, for the roads. With no new taxes since 2005, we could go 1.5 mills and change the credit. We have to educate the populace. Treasurer Reynolds stated there have been no tax increases from the Village in 15 years and we lost the inheritance tax. While there is a distinction between income earners and retired/fixed income residents, at the end of the day almost everyone owns a home in Gates Mills, and more than 50% are income earners. The equity issue is unresolved in his opinion. There will be a political impact and pushback, but what is a stable, sustainable way to set up Village finances in order to continue providing services. Councilmember AuWerter asked Councilmember Whitney if reducing the credit to 25% of .5% could be added to the chart. The legislation to eliminate the credit will be back on the table at the November Council meeting. Councilmember Welsh, through Mayor Schneider, asked if the Gates Mills Land Conservancy could provide land for a third cemetery. Councilmember Sogg noted expenses have been reduced and controlled over the last eight years and we have managed very well with the loss of the inheritance tax. Treasurer Reynolds concluded by saying that no matter what you do, some will be unhappy.

There being no further business, the council meeting adjourned.

Respectfully submitted,



Janet M. Mulh, Finance Administrator

Approved:

A handwritten signature in blue ink that reads "Karen E. Schneider". The signature is written in a cursive style with a large initial 'K' and 'S'.

Karen E. Schneider, Mayor