

Village of Gates Mills

Finance/Budget Committee

Minutes from July 11, 2024 Meeting

The meeting was called to order at 4:30 p.m. in the Council Chambers at 1470 Chagrin River Road by Chairman Steve Siemborski. In attendance were members David Atton, Charlie Baker, Beth DeCapite, Michael Press, Mark Prusinski, Nancy Sogg, Ann Whitney and Finance Administrator Janet Mulh. Members David Burke and Jay AuWerter were absent. Also present was Treasurer Dixon Morgan, Councilmember Sandra Turner and Police Chief Gregg Minichello.

Chairman Siemborski welcomed Mr. Baker to the committee. Meeting topics were the recent Treasury Investment Board meeting, the June 30, 2024 financial report, the financial outlook for 2024, long-range financial schedules and the timing of the budget process.

The Treasury Investment Board consists of members Dixon Morgan, David Atton and Michael Press. The Board met on July 9, 2024, with the Village's Investment Advisor's (Ancora) representative, Kevin Gale. The Board reviewed the portfolio's performance and received a proposed new investment policy that will be discussed further at a meeting to be held on July 23. Mr. Gale noted the portfolio is doing well. The Village currently has \$1.5 million in cash that will be invested to increase the duration of the portfolio to 3.5-4 years with safety remaining the top priority. Benchmarks were discussed and there will be additional benchmark funds on the report going forward. Mr. Dixon noted the Board is reviewing the Village's investment guidelines and may recommend simplifying them.

Chairman Siemborski presented the Financial Statement through June 30, 2024, and the Financial Report on those statements for review. He noted work on the Mayfield Road and County Line Road culverts has been completed. County Line Road paving will begin on July 18. This paving project is being done in partnership with Chester Township. We will consider whether to do Hillcreek and Andrews Roads once the paving is done on County Line and we know our final cost.

The budget implications for 2024 were reviewed. Income taxes are estimated to exceed our budgeted amount of \$2,100,000 by \$200,000 per a revised estimate provided by RITA.

Traffic camera revenue is reflected as a gross amount collected, while the court and Gatso fees are found in the Police Department's budget. The Administration is considering changing the threshold on the cameras by 2 mph for a citation. Village officials will be meeting to discuss the traffic camera program with Judge Coletta on August 16. Mr. Press asked why not move the threshold down to 55 mph. Chief Minichello noted the department could not handle the workload that would result from that much of a change. With the hills and the industry standard of 11 mph over the speed limit, he believes a target at 13 mph over the speed limit is appropriate. He spoke with many other communities. Mrs. Sogg agreed that it is better to lower the threshold in steps. The 2-mph change would generate approximately 1,300 more citations per month. Chief Minichello stated there is some seasonality to the program and it takes time to review the citations for accuracy along with answering phone calls and court time. Chairman Siemborski noted going from 1,600 to 2,900 total citations is a lot. Mr. Press stated he still believes that over time, drivers will get smart, and the program will decrease. The program is meant to improve safety and Mayfield Road and it is working. Mr. Baker asked if the Safety Committee should review the issue. Chief Minichello will advise the committee of the program change at its next meeting. Mr. Atton

commented that he thinks people will be angry at the 2 mph change and would expect a drop in collection percentage.

Other implications for the 2024 budget are the increases derived from the additional station duty coverage for the Fire Department, the new fence at the Community House, and the emergency replacement of 3 air conditioning/furnace units at the Mills building. Accordingly, at the halfway point of the year, the Village is on track to achieve or slightly (\$285,000) exceed its breakeven budget. Other Funds of mention are the Purcell Fund being used for some of the tennis court upgrades and the Local Fiscal Recovery Fund being used to renovate the women's public restrooms near the tennis courts. Mr. Prusinski noted that the Village Hall expenses are below budget as of June 30. Mrs. Mulh will investigate the item, but noted there is an outstanding project to re-roof and gutter a rear service garage.

Chairman Siemborski summarized the long-range schedules (2025-2027).

- Municipal income taxes were increased based upon RITA's estimate
- Traffic Fines were reduced by removing the traffic camera program to its own line item
- Gross Traffic Camera number includes the change in mph for three months in 2024
- Interest Income was calculated at \$8M at 4%
- Mr. Press noted that the income tax expense line does not reflect the 3% inflation, Mrs. Mulh will evaluate the formula
- Transfers from the General Fund were changed to reflect changes in the Capital Improvement Expenses and increased staff in the Police Department
- Police Department in 2025-2027 includes the addition of one full-time officer and reduced Chagrin Valley Dispatch fees (based on the COG meeting and projected changes in how they calculate each entities portion)
- Fire Department includes added Saturday station duty but will need to be increased in 2025-2027 further as it was only increased using a six-month amount versus a full year. The fire truck replacement has been spread over a 3-year period. Mr. Baker asked about the option of refurbishing the old engine.

The Summary page shows the estimated year-end balances for each fund. In reviewing the years 2025-2027, Chairman Siemborski noted a little better than breakeven results. This includes some increased revenue, road programs of \$1 million and a fire truck, which was excluded from the prior schedules in 2023. Potential broadband expenses are not in the plan currently. There has not been any further movement or discussion regarding a cell tower in the north of the Village. After income tax expenses and updating the fire personnel costs, the schedules will be presented a new narrative written.

Mr. Atton stated that property values are going up 24% in the Village, which should increase the Village's tax revenues by 10%. Mr. Press stated we will be relying more on traffic camera revenue. Mrs. Whitney voiced concern over the proposed interest income amount.

As far as the budget process timing, Chairman Siemborski stated after the September numbers are in, Department Heads will start to prepare their information for the coming year. Schedules will be prepared at the end of October. Mr. Baker would like to see harder questions asked of the Department Heads. Mrs. Sogg responded that we do not beat up our people and that we are a service

provider. Mrs. Whitney agreed with Mrs. Sogg. Chairman Siemborski stated the budget process will be data and fact driven.

Chairman Siemborski asked for any other business the Committee wished to discuss. Mr. Atton questioned what amount of cash the Village should keep in reserves. Mr. Press, Mrs. Whitney, Mr. Siemborski and others commented in a general conversation expressing points of view on cash and investments. No action was taken.

The meeting adjourned at 5:52 p.m.

Submitted by: Janet M. Mulh, Finance Administrator

Approved By: 