

**REGULAR COUNCIL MEETING**  
**February 18, 2015**  
**MINUTES**

The Regular Council Meeting of the Village of Moreland Hills was called to order by Mayor Renda at 7:00PM.

**PRESENT AT ROLL CALL:** Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

Also Present: Margaret Cannon, Law Director, Jeff Filarski, Village Engineer, Prashant Shah, Treasurer, Tricia Ingrassia, Assistant to the Treasurer, Kevin Wyant, Police Chief, Ted DeWater, Service Director, Sherri Arrietta, Clerk of Council, Michelle Paris, resident, Terry Capuano, resident

Mr. Buczek made a motion seconded by Ms. Sturgis to approve the minutes of the Regular Council Meeting of January 14, 2015.

**ROLL CALL:**

**AYES:** Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

**NAYS:** NONE

**MOTION CARRIED**

Mayor Renda stated that there are two residents here tonight; Mr. Terry Capuano and Ms. Michelle Paris. She stated that Ms. Paris is running for Judge in the Bedford Municipal Court. Ms. Paris introduced herself and thanked Council for letting her speak to them. She informed Council about her background; she grew up in Cleveland Heights and attended St. Ann's, Regina, and Ohio University. Ms. Paris stated that she graduated with a degree in education and taught elementary school for a number of years, then decided to go back to school at night to become an attorney. She graduated from Cleveland Marshall and had a private practice for a few years and went on to work at the Cleveland Municipal Court as a Referee, promoted to Deputy Chief Referee and then to Chief Magistrate, at which position she served for 10. Ms. Paris stated that she has retired from the Court but still is a "Visiting Magistrate" when they need her. She is also an adjunct Professor at Cleveland Marshall and Case Western, teaching debtor/creditor rights and consumer law. Ms. Paris stated that she is learning a lot and is willing to learn more about this process. She stated that she has been campaigning hard and believes that she is very qualified; she just received an endorsement from Betty Sutton. Ms. Paris thanked everyone for their time.

Mr. Terry Capuano, resident, stated that he is here to address the noise issue. He stated that since the 1960's, the EPA and OSHA got involved with noise issues because they were becoming more common. Mr. Capuano stated that the EPA found, in 1974, that noise can cause fatigue, decision uncertainty, lack of self-confidence, irrational behavior, decreased work capability, disturbed interpersonal relationships, and stress. They felt it lead to accidents and impaired learning, which is why they required hearing protection be worn at certain jobs. HUD will not fund a project if the outside noise is above 65 decibels and above 45 decibels inside. Mr. Capuano stated that when noise disturbs sleep, it causes increased blood pressure, increased heart rate, increased pulse, and changes in respiration. He stated that growing

evidence shows that noise pollution has permanent effects on people's endocrine and autonomic nervous system, which control anxiety, stress, nervousness, cardiac, headache, emotional stability, etc. Mr. Capuano stated that he is requesting that since noise is a true medical condition, he would like the noise ordinance be considered, and would like the start time to be changed to 10:00am on Saturdays; however, the Roads & Safety Committee has recommended 8:00am on Saturdays. He stated that anything they can do to help make Moreland Hills "the" place to live, since houses near noise are valued less than houses in quiet neighborhoods, would be greatly appreciated.

At this time, Mayor Renda stated that we are going to forego the reports from the Staff and Council Committees in the interest of time since the budget is being discussed tonight.

### **ORDINANCES AND RESOLUTIONS:**

#### **ORDINANCE 2015-12-- Introduced by Mr. Sherck**

AN ORDINANCE TO APPROVE AND ADOPT CURRENT REPLACEMENT PAGES TO THE CODIFIED ORDINANCES, AND DECLARING AN EMERGENCY.

Mr. Sherck stated that this is an annual ordinance which takes all the ordinances passed in 2014 relating to the Codified Ordinances, and will incorporate them into the Village Codified Ordinances.

Mr. Sherck made a motion seconded by Mr. Fritz to suspend the rules for Ordinance 2015-12.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Sherck made a motion seconded by Mr. Buczek for passage of Ordinance 2015-12.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

#### **ORDINANCE 2015-13-- Introduced by Mr. Buczek**

AN ORDINANCE AMENDING SECTION 509.11, "NOISE," OF THE CODIFIED ORDINANCES OF THE VILLAGE OR MORELAND HILLS, OHIO, AND DECLARING AN EMERGENCY.

Mr. Buczek stated that this was presented at the Roads & Safety Committee at Mr. Capuano's request. Currently the start time for equipment use on Saturday's is 7:00am; Mr. Capuano requested that it be changed to 10:00am. The Committee compromised and is proposing an 8:00am start time on Saturday's. He stated that they also had to consider the right of the people to do work earlier and get it done at a decent time.

Mr. Richman thanked Mr. Capuano for coming forward with his request, and while they cannot always promise that something will be done about every issue brought to them, they can promise that they will listen and consider what is in the best interest of the Village. He stated that they always have to balance the health/safety/welfare with individual property rights. Mr. Richman stated that in one of Mr. Capuano's letters, he had mentioned not wanting to put the individual's rights ahead of a contractor's, but the individuals that have to get that work done in their own yard also have to be considered. He stated that he appreciated Mr. Capuano's input into this matter. Mr. Capuano stated that he appreciated their consideration and the time that was spent on this issue.

Mr. Buczek made a motion seconded by Mr. Stanard to suspend the rules for Ordinance 2015-13.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Buczek made a motion seconded by Mr. Richman for passage of Ordinance 2015-13.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-14- Introduced by Mr. Stanard**

AN ORDINANCE AMENDING CERTAIN SECTIONS OF THE PLANNING AND ZONING CODE OF THE VILLAGE OF MORELAND HILLS REGARDING PLANNING COMMISSION REVIEW OF ACCESSORY BUILDINGS AND STRUCTURES.

Mr. Stanard stated that this ordinance will obviate some work of the Planning Commission which essentially could be a function of the Building Department. He stated that often times, small projects, i.e. sheds, come before the Planning Commission that are fully compliant with all the rules and regulations, therefore they can be approved by the Building Inspector administratively.

Mr. Stanard made a motion seconded by Mr. Buczek to place Ordinance 2015-14 on first reading and refer it to the Planning Commission. Mr. Fritz pointed out that in the last "Whereas" in the ordinance, the word "rezoning" should read "rezone." Mrs. Cannon stated that she will make note of that.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-15- Introduced by Mr. Stanard**

AN ORDINANCE AMENDING CERTAIN PROVISIONS OF THE CODIFIED ORDINANCES TO CLARIFY THE MANNER IN WHICH THE FRONT YARD SETBACK IS MEASURED ON PUBLIC STREETS.

Mr. Stanard stated that this is similar to the previous ordinance in that it will be placed on first reading and recommended to Planning Commission. This ordinance is a clarification as to where the front setback is actually measured from; this ordinance states that it will be the joint location of the intersection of the right of way and the property. This will help bring consistency in the future. Mrs. Cannon stated that this started out as an effort to clarify the setback on private streets and in doing so, it was realized that we needed to make sure we were consistent on all of the streets. This ultimately led us to realize that there are some inconsistencies with the current ordinance, the proposed ordinance, and the zoning map. If this ordinance is ultimately adopted, the zoning map will be brought before Council as the last step. She stated that since she has been Law Director, the zoning map has never been brought back for any corrections. Mr. Richman asked about the wording “property owner’s property” and whether it should be clarified; is it their property apart from the right-of-way. Mrs. Cannon asked if his concern was that that the property includes the right of way. Mr. Richman stated that was correct. Mr. Fritz asked if the measurement was typically 15 feet from the centerline. Mr. DeWater stated that it is, however on State Routes, its 45 feet and on smaller streets (such as Park Lane and Glen Road) it is only 10 feet. Mrs. Cannon stated that some streets, like Chagrin Blvd., are as wide as 60 feet. Mr. Buczek asked if we would then need to have houses that are setback further on one side because the other houses may have been measured differently. Mr. Stanard stated that it could be distinctly possible, especially on roads where the right of way has moved to one side. Mrs. Cannon stated that Mr. Filarski could not be here tonight, but in talking with him, she stated that it is her understanding that measurement has been taken from the edge of the right of way, for a significant period of time.

Mr. Stanard made a motion seconded by Mr. Buczek to place Ordinance 2015-15 on first reading and refer it to the Planning Commission.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-16 – Introduced by Mr. Stanard**

AN ORDINANCE ENACTING SECTION 1151.19, “STREETS,” OF CHAPTER 1151, “U-1 DWELLING HOUSE DISTRICT REGULATIONS,” OF THE CODIFIED ORDINANCES OF THE VILLAGE OF MORELAND HILLS.

Mr. Stanard stated that again, this will be like the previous two ordinances. Currently the Village has a prohibition of private streets in the Residential Open Space District, but do not have that prohibition for the Dwelling House District even though it was our intent to have that. This ordinance will make that clarification.

Mr. Stanard made a motion seconded by Mr. Buczek to place Ordinance 2015-16 on first reading and refer it to Planning Commission.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

**MOTION CARRIED**

**ORDINANCE 2015-17 – Introduced by Mr. Fritz**

AN ORDINANCE AMENDING SECTION 1173.01, “TOPSOIL REMOVAL,” OF THE CODIFIED ORDINANCES OF THE VILLAGE OF MORELAND HILLS, OHIO.

Mr. Fritz stated that this ordinance will also need to be placed on first reading and referred to the Planning Commission to go through the same process as the last three ordinances. He stated that it refers to any project where land is being contoured and topsoil is being moved, which is not already part of a permit for another project and it is for projects larger than .1 acre. Mr. Filarski will use a set of standards to determine the cost since every project is different.

Mr. Fritz made a motion seconded by Mr. Buczek to place Ordinance 2015-17 on first reading and refer it to the Planning Commission.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

**MOTION CARRIED**

**ORDINANCE 2015-18 – Introduced by Mr. Richman**

AN ORDINANCE AUTHORIZING THE MAYOR TO PURCHASE TWO (2) 2015 FORD POLICE INTERCEPTOR SUV (EXPLORER) VEHICLES FOR THE POLICE AND SERVICE DEPARTMENTS AND ONE (1) 2015 FORD F-550 CAB AND CHASSIS FOR THE SERVICE DEPARTMENT FROM VALLEY FORD TRUCK, INC. PURSUANT TO THE COMPETITIVE BID PROCESS, AND DECLARING AN EMERGENCY.

Mr. Richman stated that this ordinance will allow for the purchase of a total of three (3) vehicles; the Ford 550 truck will replace a 2004 truck for the Service Department, one (1) Ford Explorer will replace a Police vehicle and the other Ford Explorer will be for the Service Department’s use on construction sites, parks, etc. Mr. DeWater clarified that the truck will actually replace a 2004 Ford Crown Vic, and the mechanics will use an existing Ford F-350 Pick-up. It will also allow for use when other trucks are down for repair, in order to keep the Service Department employees working. Chief Wyant clarified that the vehicle that is being replaced in the Police Department is the unmarked Detective’s car which is a 2007; the mechanics recommended replacement because of an all-wheel drive issue. Mr. Buczek informed Council that he realized a mistake that was made in the minutes of the Roads & Safety Committee; he stated that the vehicles had been ordered already but he stated that he did not include the reasoning for that in the minutes, which had to do with the cut-off date from the manufacturer. Mr. Stanard asked if the vehicles need further equipment. Chief Wyant stated that they will be re-using existing equipment for the new vehicles. Mr. DeWater stated that they will re-use any equipment that they can but the F550 will need to be up fitted, however he is still working on getting that cost reduced.

Mr. Richman made a motion seconded by Mr. Stanard to suspend the rules for Ordinance 2015-18.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE  
MOTION CARRIED

Mr. Richman made a motion seconded by Mr. Fritz for passage of Ordinance 2015-18.

ROLL CALL:  
AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis  
NAYS: NONE  
MOTION CARRIED

**ORDINANCE 2015-19 – Introduced by Mr. Fritz**

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH WICHERT INSURANCE SERVICES, INC. FOR THE PROVISION OF GENERAL LIABILITY, POLICE PROFESSIONAL, PUBLIC OFFICIAL, AUTOMOBILE, AND PROPERTY INSURANCE TO THE VILLAGE OF MORELAND HILLS, AT A TOTAL AGGREGATE COST OF \$60,880.00 SUBJECT TO ADDITIONS AND DELETIONS DURING THE TERM OF THE AGREEMENT AS APPROVED BY THE MAYOR; WAIVING COMPETITIVE BIDDING AND DECLARING AN EMERGENCY.

Mr. Fritz stated that there has been a 2.5% increase from the 2014 premiums. He stated that Mrs. Cannon is comfortable with this agreement and he stated that Mr. Shah has been very diligent over the years as it relates to negotiating these prices with insurance companies. Mr. Fritz stated that the phrase “subject to additions and deletions” is in there because it can change if the Village were to acquire or get rid of any land, acquire any property, or acquire or get rid of any significant equipment, we can negotiate the prices as such. Mr. Richman asked if having higher deductibles could reduce the cost of the premium. Mr. Shah stated that there would not be a big difference in our premium if our deductible were to go from 250 to 500. Mr. Stanard asked about the options listed on page 8 included in our policy. Mr. Shah stated that they are all part of this policy. Mr. Stanard asked about “failure to supply” on page 5 under exclusions and what it means. Mr. Shah stated that he will look into that.

Mr. Fritz made a motion seconded by Mr. Buczek to suspend the rules for Ordinance 2015-19.

ROLL CALL:  
AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis  
NAYS: NONE  
MOTION CARRIED

Mr. Fritz made a motion seconded by Mr. Stanard for passage of Ordinance 2015-19.

ROLL CALL:  
AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis  
NAYS: NONE  
MOTION CARRIED

Mr. Fritz stated that he needs to make a motion to pay the invoice for the Chagrin Southeast Hazmat Response Team dues. He stated that they have not raised the price in six years and Euclid will also be joining as a member, therefore, he does not see that our costs should increase in the future. Mr. Shah

explained that any invoice over the amount of \$3,000 needs approval from Council before it can be paid if it is a “now and then” expense.

Mr. Fritz made a motion seconded by Ms. Sturgis to pay the invoice for our dues for the Chagrin Southeast Hazmat Response Team in the amount of \$3,500.00.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Fritz stated that a motion is also required to pay the invoice to RITA for the software program that the Village is required to use for taxes, because like the previous invoice, it is over \$3,000 and is a “now and then” expense like Mr. Shah explained.

Mr. Fritz made a motion seconded by Mr. Buczek to pay the invoice for the RITA software in the amount of \$3,073.06.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-20 – Introduced by Ms. Sturgis**

AN ORDINANCE ACCEPTING A DONATION FROM ROBIN COOPER IN HONOR OF MARY ANN AND CARL RENDA AND LUANNE SCHONFELD TO BE USED FOR THE BENEFIT OF FOREST RIDGE PRESERVE.

Ms. Sturgis stated that Robin Cooper has served on Council as well as the Planning Commission and in honor of Carl and Mary Ann Renda and Luanne Schonfeld, she has made a donation in their memories to be used for Forest Ridge.

Ms. Sturgis made a motion seconded by Mr. Richman to suspend the rules for Ordinance 2015-20.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Ms. Sturgis made a motion seconded by Mr. Buczek for passage of Ordinance 2015-20.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-21 – Introduced by Ms. Sturgis**

AN ORDINANCE ESTABLISHING APPROPRIATIONS FOR THE CURRENT EXPENDITURES OF THE VILLAGE OF MORELAND HILLS, OHIO, FOR THE PERIOD ENDING DECEMBER 31, 2015, AND DECLARING AN EMERGENCY.

Ms. Sturgis stated that this ordinance is to provide for current and other expenditures for the period ending December 31, 2015, appropriations shall be made in the amounts and to the funds set forth in Exhibit “A” which is attached.

Ms. Sturgis made a motion seconded by Mr. Buczek to suspend the rules for Ordinance 2015-21.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

At this time, Mr. Shah gave a presentation on the budget. He stated that he has provided the members with a revised copy of Exhibit “A.” Mr. Shah stated that Council has before them the budget document that shows 3 to 4 years’ worth of history. He stated that the budget for this year is about 9.5 million dollars which is about \$700,000 less than last year due to reduced Capital spending. The major sources of revenue in the General Fund are income tax at 65%, property tax at 17%, local government funds at 1%, and admission tax at 1.5%. He stated that other sources of revenue include interest, building permits, fines, fees, licenses, etc., which equal 15.5%. Mr. Shah stated that the income tax has been in effect since 1971 and our 1% rate has not changed since then; Moreland Hills is one of only five communities with a 1% rate.

Mr. Shah stated that the breakdown for income tax is: individuals 83%, withholding 15% (from companies within Moreland Hills), and net profits 2%.

The General Fund receives the majority of the property taxes at 2.6 mills, Bond Retirement gets .4 mills to pay off any outstanding special assessments or general obligation bonds, which are coming due in 2016, Police & Fire gets 3 mills which is a Charter millage and goes up or down when property values go up or down, and Police & Fire Pension gets a statutory .3 mills that goes toward paying police pensions, but it is certainly not sufficient to pay our entire liability so the balance comes from the Police and Fire Levy Fund. The assessed property tax valuation for 2014 is \$244,448,730 for which we will collect taxes on in 2015. That amount is down \$400,000 from last year, which is a factor of people contesting their property values as well as the County reducing them on their own. Mr. Shah stated that he has estimated collecting about 1.8 million in property tax revenues; of which the General Fund will receive \$880,000, Police and Fire Levy will get \$733,000, Bond Retirement will get \$98,000, and Police Pension will get \$73,000. Mr. Shah stated that the Village’s property tax rate is 2.42% (based on \$100,000 market value). He stated that Moreland Hills is in the lower half of the tax rates compared to other surrounding communities.

Mr. Shah stated that the Village used to collect \$300,000 in estate tax every year on average. Those funds were used for property improvements, acquisition of capital, assets, or property. Now that this fund is dried up, we would have to use another money source if we wanted to purchase any property.

Mr. Shah stated that regarding the local government funds, at one time, the Village was collecting almost \$80,000-\$85,000 but now we are collecting about \$40,000. He stated that is where it is expected to stay for the next bi-ennial State budget. The village's interest income is down which is not just a factor of the interest rates being down, but it is also a factor of how much money we have available to invest. Mr. Shah stated that he will show on his charts where the fund balances were, and where they are today. He stated that he is trying to adjust the investing strategy based on where the fund balances are in order to cope with some of the interest income losses. In 2010 we were down, and as the chart shows, it is actually climbing up. Mr. Shah stated that they are trying to buy more municipal issues because they have a higher interest rate than Federal agencies.

Mr. Shah explained that the operating expenses have two main categories; the general fund and the police levy fund. Personnel expenses include salary, wages, pensions, etc. The Workers Compensation costs have remained steady and Mr. Dewater and Chief Wyant are doing a good job of getting employees back to work on light duty in order to keep the claims cost down which will keep the premiums down as well. The Village's assets are as follows: Land and buildings which includes the contents within the buildings in the amount of 9.7 million, PIO (treatment plants, pumps, electrical equipment) is \$1.2 million, Vehicles do not have a value attached to them, and Equipment is \$100,000. From 2000 to 2014, the Village has spent about 17 million dollars for the upkeep of the infrastructure; 4.3 million of that came from outside funding sources (25%). This was all done without incurring any additional debt. The total outstanding debt is as follows at the end of 2014; special assessment bonds have \$29,000 remaining, which will be paid off in two years, and the general obligation bonds have \$241,000 remaining, which will also be paid off in two years (end of 2016). We just started repaying on the outstanding OPWC loans (Bentleyville, Chagrin, Jackson Valley), which are at 1%.

Mr. Shah stated that the fund balances have gone down; the general fund in 2010 was 4.8 million and at the end of 2014, it was 2.6 million. The Police & Fire Levy generates a portion of the revenue to support the Police Department and the operations of the Dispatch, everything else comes from the general fund. At this point, the general fund is subsidizing the Police & Fire Levy Fund in the amount of 1.2 to 1.3 million per year. Sewer Treatment Maintenance and Waste Water Treatment Plant expansion are the special assessment funds that we have every year and we have been cutting back on the assessment funds that we charge the residents. He stated that he spoke with Mr. Filarski and they may be reducing the amount of the assessment both on capital and maintenance again this year. Although fund balances have gone down, there has been quite a bit accomplished; infrastructure improvements, acquisitions of property, etc., all without incurring any more debt. There have also been reserves being set aside; 5% of the general fund revenues from the previous year. At the end of 2015, the reserve fund should be at about 1.4 million dollars. If that is added to the general fund balance that we are showing at the end of the year, we still will have a substantial reserve. Typically, rating agencies look at having a 25-30% reserve, and in our case, if the reserve (1.4 million) was added to the reserve at the end of 2014; we would be at almost 65% because our annual expense from the general fund is about 5 million dollars. Mr. Shah stated that the Mayor has still asked everyone to watch their spending and he stated that before

bringing anything before Council, he will discuss with Mr. Filarski, Mr. DeWater or Chief Wyant to ensure that there is value in what they want to purchase as well as how it is going to be funded.

Mr. Shah stated that the Village is looking good financially and has good reserves. He stated that the operations have not changed much. While balances have gone down a bit, we have acquired property and capital assets.

Mr. Shah stated that he and the Mayor discussed having a five year future plan where they will discuss the revenue stream, expenses, and based on that, what the fund balances are going to look like in five years' time. He stated that he is very conservative when estimating revenues; this year's budget is showing revenues lower than last year and as far as expenses, he stated that he estimates higher, which is why the balances are what they are. At the end of the year, he is hopeful that those can be flipped and we can have a better balance than what is being projected at this point, barring any unforeseen circumstances.

Mr. Shah stated that he can answer any questions that Council may have based on the budget documentation before them. He stated that the differences between the original document handed out and the one provided tonight, are highlighted; on page 4, for the reserve that was set aside for 2015, based on 2014 revenues, did not have the amount included initially, on page 5, the transfers amount changed because an additional amount of \$17,000 was added for the hydrant repairs at the end of last year, to bring that amount to \$2,019,000. There is also a spreadsheet attached to that back of the document that shows those transfers. On page 11, Fund 165 (\$34,000) includes the amount we pay annually to the City of Cleveland for hydrants plus the \$17,000 to Chagrin Falls for the hydrant repairs. Page 16 now has the actual numbers of the debt service payment for interest and principle for both the general obligation funds and special assessments, because in the original document, the numbers were rounded.

Mr. Fritz asked if the reserve account is part of the equipment replacement fund. Mr. Shah stated that they are different funds. He pointed out on page 5 of the document, under Service Department budget there is a line item called "appreciation" in the amount of \$61,000; this was just started last year.

Mr. Richman asked about contractual services for sewers and why so much more (\$290,000) is budgeted for than in previous years. Mr. Shah stated that there are two items being charged to that fund; \$25,000 to televise and \$150,000 for rehab. He stated that there are also additional items charged for the maintenance of the treatment plant, pump stations, etc. Mr. Shah stated that \$200,000 is the amount that Mr. Filarski gave him and the rest is the annual cost of maintaining the sewers.

Mr. Richman asked Mr. Shah if the concept of a "balanced budget" is not as important when there are healthy reserves and fund balances as well as low debt. Mr. Shah stated that if you look at it at an operating level, if your revenues are enough to support your general operations, he stated that he would consider that a "balanced budget." He stated that you may have some years where you have to buy capital equipment, but we have set aside a fund for that, when it comes to replace a vehicle, we will have the funds. Then we will be moving towards a fully balanced operational budget, but we are not there yet. At this point if you combine capital and operating, it's not balanced because some of the funds (reserves) are being used to balance the budget. This is why we are seeing declining fund balances because we are not only supporting operations but obtaining more capital out of those funds. Mr. Shah

stated that you certainly do not want to hang on to a fund balance forever either. He stated that the Village is fine based on the fact that we have sufficient reserves; however we want to get to a point where the operating budget is a balanced budget, which we are trying to accomplish by setting aside funds.

Mr. Sherck referred to page 17 of the document and stated that he does not like cash; it tells you how much you have in the bank. In looking at the budget, at the beginning of 2015, we have 6.8 million in the bank, we will receive revenue of 8 million, and will spend 9.5 million. Our cash will go down to 5.3 million; is that cash going into some additional expenses like equipment and is it all going out in expenses. Mr. Shah stated that this is an operating and capital budget. He stated that the majority of it is going towards operations but there are also capital expenses in there. It is a very conservative budget so at the end of the year, you may not see a 1.5 million dollar decline. Mr. Sherck stated that in 2014 we started with 7 million and ended up with 7 million. Mr. Shah stated that he has always prepared budgets very conservatively and it is always an un-balanced budget. He stated that he always shows some use of fund balances. The one thing that needs to be remembered is that the Village's revenues all come from income tax, which is all dependent on how people file their taxes or whether we have an economy that is not cooperating, the revenues will go down. Mr. Shah explained that expenses are not that flexible because you have to have operations. A capital item could be put on hold if the economy goes down dramatically but that is why we have 7 months of reserves at this point. He stated that when you look at the budget at the beginning of the year, it is the worst case scenario. By the end of the year, the cash balance is usually better than predicted.

Mr. Fritz asked if the State initiative to take over local income tax goes through, how will it affect Moreland Hills. Mr. Shah stated that for a community like Moreland Hills, it will not have a big impact, other than the cost of collections; currently, we are paying less than 2% for collection. He stated that from what he has heard, it is not going to happen anytime soon.

Mr. Stanard asked about capital expenditures, specifically \$89,000 for (2) police vehicles. Are there plans to purchase another vehicle. Chief Wyant stated that there was a Chevy Tahoe included in that which will replace another vehicle. Mr. Shah stated that the cost includes both vehicles and the up fitting. Mr. Stanard asked if we will be putting aside a reserve fund for police equipment as well so that in the future, the money will be there, but just in a different account. Mr. Shah stated that it will all be the same fund (for both Service and Police equipment). Mr. Stanard asked how the budget for the Service Department compares to last years. Mr. Shah stated that this year's budget is less than last years. Mr. Stanard asked about the five-year plan and whether the other departments will be providing one as well, like the Engineer has. Mr. Shah stated that each department will come up with a five-year plan. Mr. Stanard asked about the miscellaneous income for 2014 on page 2 in the amount of \$800,000; \$72,000.00 in miscellaneous and \$77,000 for the sale of an asset. Mr. Shah stated that the sale was for equipment on Govdeals.com and the others are basically what happens if the General Fund is a source of income for advances to other funds and in the following year that fund will need to pay back the General Fund. Mrs. Cannon stated that there were some major reimbursement grants for Forest Ridge that will probably not be replicable. Mr. Stanard asked if there are any costs/spending that Mr. Shah or Mrs. Ingrassia are worried about. Mr. Shah stated that he is not worried about any department and in fact the Service Department will be spending less this year. Mrs. Ingrassia stated that in their defense, they purchased the rubbish carts last year, but you do not see the money coming back in from the sale of the carts to the residents. Mr. Shah stated that the Village's operations have not changed much and they do

try to keep it consistent with the revenue stream we receive, but in order to provide good service, you need people which is our main source of operations and expenses. He stated that he and the Mayor had a conversation about being careful regarding adding employees because once you add them, it is hard to reduce them. Mrs. Cannon stated that we are going to see continued pressure from the state on our historic revenue sources. She stated that she does not think that Moreland Hills will be adversely affected by the income tax, but the local government fund, for example, took a 50% loss in a short period of time. She stated that we will also see a continued limitation of our possible grant sources as well.

Mr. Stanard asked if we can see any effects because of the lower cost of fuel. Mr. DeWater stated that he would have a better way to gauge the effect in the second quarter of this year, if fuel costs continue to stay down. Mr. Stanard asked Mr. Shah if the reserve fund is included in the "all funds" picture. Mr. Shah stated that it is included in the expense. The 2015 expense is 9.5 million dollars and if you go back to the reserve account it shows the \$250,000 budgeted there as an expense line item. At the end of the year, he stated that he creates an encumbrance in the general fund and essentially takes the \$250,000 and sets it up like you would a purchase order and pay ourselves in the rainy day fund. So it will not show up in the balance of the general fund at the end of the year, but it will show that the reserve account has increased. If you had the 1.1 million dollars of reserves set aside through 2014, that would be the actual cash balance but it does not show up in the line items. Mr. Stanard asked if it was correct that the cash balance that we began 2015 with actually includes another 1.1 million. Mr. Shah stated that was correct but the 1.1 million is unencumbered.

Mr. Richman asked if we have explored other revenue sources such as helping other communities with recycling or use of our repair garage, etc. Mayor Renda stated that because we are nonprofit, we could only charge what it would cost us plus a minimal administrative fee.

Mayor Renda stated that she and Mr. Richman were contacted by the Auditors this week asking how we are sure there is no fraud in the Village. She stated that in addition to the internal controls that are already set up in the Finance Department, she stated that in moments like this, we can step back and say that we have done our jobs and questioned everything in a good give and take way. Mayor Renda stated that she is comfortable that we are doing our jobs and that money is being spent the way we want it to be spent. She congratulated and thanked everyone for coming prepared with good questions.

Ms. Sturgis made a motion seconded by Mr. Fritz for passage of Ordinance 2015-21.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

**ORDINANCE 2015-22 – Introduced by Mr. Sherck**

AN ORDINANCE PROVIDING ADDITIONAL APPROPRIATIONS, TRANSFERRING ITEMS ALREADY APPROPRIATED AND DECLARING AN EMERGENCY.

Mr. Sherck stated that there are two transfers from the general fund this month; \$25,000 to the Police Pension Fund and \$30,000 to the 165 Fund for water maintenance and repairs which includes the \$17,000 invoice from Chagrin Falls for fire hydrant repairs.

Mr. Sherck made a motion seconded by Ms. Sturgis to suspend the rules for Ordinance 2015-22.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Sherck made a motion seconded by Mr. Buczek for passage of Ordinance 2015-22.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Buczek made a motion seconded by Ms. Sturgis to adjourn the Regular Council Meeting.

ROLL CALL:

AYES: Mr. Buczek, Mr. Fritz, Mr. Richman, Mr. Sherck, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

The meeting was adjourned at 8:50p.m.

Attest:

---

Sherri Arrietta, Clerk of Council

---

Steve Richman, Council President