

FINANCE COMMITTEE MEETING

February 4, 2020

The Finance Committee of Chardon City Council met on Tuesday, February 4, 2020, at 4:45 PM in the Conference Room on the second floor of the Chardon Municipal Center.

Nancy McArthur, Chairman of Finance Committee presiding.

Members of Finance Committee present: Nancy McArthur, Chris Grau.

Others present: City Manager Randy Sharpe, Finance Director Mate Rogonjic, Clerk of Council Amy Day, Jeffrey Smock, Joe Koziol.

Mrs. McArthur called the meeting to order at 4:46 PM.

ACCEPTANCE OF MINUTES

Mr. Grau moved and Mrs. McArthur seconded to accept the minutes of the Finance Committee from April 3, 2019.

Upon voice vote the motion passed unanimously.

Regarding revisions to the financial management and debt policy, Finance Director Mate Rogonjic explained that the suggested changes to the policy along with the draft ordinance were made to address items in the Comprehensive Plan related to Chardon Square.

The main changes to the policy include establishing a Chardon Square Capital Improvement Fund in which up to 1 1/2% of what is collected in income tax would be allocated for the purchase of land or property acquisition on the Square. He added that he came up with the percentage based on the City's current 3% allocation of income tax into the General Capital Fund. He stated that he estimated that \$100,000 per year would be generated, which he thought was a reasonable amount for this purpose. He also recommended a \$500,000 cap be set on how much would be able to accumulate in the fund. He noted that the cap and the allocated percentage is up for discussion.

Mr. Grau asked if another fund is going to be reduced to support the 1 1/2%.

Mr. Rogonjic stated that the City's payroll stabilization fund is fully funded and the City was setting aside 1% for that, so basically it is an additional 1/2% that is needed.

Mr. Grau questioned if \$500,000 will be enough to purchase land and develop property.

Randy Sharpe stated that the intent is to purchase property that can be assembled for a developer to then develop; however, to purchase a building, more would be necessary.

Mr. Grau stated that he would like to be more aggressive and suggested a higher cap.

Mr. Smock concurred that he would like to see a higher cap and noted that he would support a higher percentage of allocated funds.

Mr. Rogonjic stated that he based the cap on the land values but it is up to Council how aggressive they would like to be and what a reasonable amount would be to allow to accumulate. He noted that there is a 10-year limitation in the O.R.C. that the money must be spent within 10 years or the money would go back to the General Fund.

Mr. Grau asked if there is debt that could be paid instead of using the money to invest in the future of the Square.

Mrs. McArthur stated that she views the fund as money that is available if an opportunity presents itself. She stated that she is comfortable with increasing the percentage to 2 or 2 ½ %

Mr. Grau stated that he is more comfortable with increasing it if the cap is raised.

Mr. Smock expressed concern with the language that is being removed from the policy in that it removes any type of benchmark or target to reach. He would like to see language that satisfies the amount to be accumulated that satisfies what the O.R.C. requires. Something to determine what should be put in the fund and for how long.

Mr. Rogonjic stated that he has proposed new language that explains that the fund shall continue as long as necessary to meet the fixed asset and infrastructure needs as evidenced by the five- year capital improvement plan that is updated annually.

Mr. Grau moved and Mrs. McArthur seconded to recommend to City Council, the establishment of a Chardon Square Capital Improvement Fund that shall be funded with up to 2% of the gross income tax revenue received each month and other revenues that are earmarked for improving Chardon Square as identified in the Comprehensive Plan. Upon voice vote the motion passed

unanimously.

Mr. Grau moved and Mrs. McArthur seconded to recommend to City Council, the revisions to the Financial Management and Debt Policy as referenced in H 1,2 and 3. Upon voice vote the motion passed unanimously.

EXECUTIVE SESSION - none.

ANY OTHER BUSINESS

Mrs. McArthur recommended that the Finance Committee members at some point in time, conduct the monthly review of expenditure process together so that both members are aware of the process.

ADJOURN

Mr. Grau moved and Mrs. McArthur seconded to adjourn. Upon voice vote the motion passed unanimously.

The meeting adjourned at 5:17 p.m.

Attest:

AMY DAY
Clerk of Council