

Regular/Public

April 16, 2012

President Baker called the regular meeting to order.

Pastor Randy Gehres from Christ United Church of Christ offered the prayer. The Pledge was recited by all.

Roll call: Shupp, Miller, Vance, Hamsher, Aspiras, Corfman, and Leathers were present.

Hamsher moved and Corfman seconded that the minutes of the April 2, 2012, regular meeting be approved as submitted. Roll call vote. All ayes. Motion carried.

Public Comment: None.

Standing Committee Reports:

A. Finance – Mr. Miller announced tonight is the 3rd reading of the ordinance to move the percentage of the income tax going into the Capital Improvement account from 20% to 25% to expedite some projects specifically some streets. We did have a Finance Committee meeting last Monday concerning this and it sparked a lot of good discussion and conversation. And that is also the only business item on the agenda tonight.

B. Utilities – Mr. Vance had no report.

C. Health & Safety – Mr. Corfman had no report

D. Parks and Recreation – Mr. Aspiras had no report.

E. Transportation – Mr. Shupp had no report but wanted to mention one thing. There will be a public meeting at Schmid Hall, Wednesday, April 18th at 6PM. This is in reference to NEFCO. They are going to do a presentation on the stream restoration study that we started about 3 years ago, I think, on the Little Chippewa creek tributary that runs through the Buehler's parking lot and on down through the lower Orr Park. If anybody is interested in going, that's at 6:00, April the 18th on Wednesday at Schmid Hall.

F. Planning – Mr. Hamsher had no report.

G. Ordinance & Personnel – Ms. Leathers had no report.

Special Committee Reports: None.

Administrative Reports:

A. Mayor - Mayor Handwerk announced the employee of the month for April is Bryan Weikert. Bryan is a Wastewater Plant Operator and has been with our Wastewater Division since 2008. Bryan was initially hired as a Utility Worker but quickly completed all the necessary training and passed the State testing required to become a Wastewater Operator. He has a very positive attitude and is always willing to do his part and assist others as needed and he is currently enrolled in advanced training course to help him

Regular/Public

April 16, 2012

acquire higher level certification in the wastewater field. Bryan resides in Dalton with his wife and two daughters and we will be eating lunch at Buehler's on Thursday.

B. Safety Service Director- Director Wheeler announced that Orr Pool will open Saturday, June 2nd this year. Work is scheduled to start on curb replacement on Main Street from Market to Water. The actual curb removal begins tomorrow and the new curb pouring will start on Thursday. And the project is expected to take about a week or so. Also, those of you that have traveled down Orr Street or Burton City Road you've noticed there is construction down that way and the road is closed, that is actually part of a project that the Wayne County Engineers office is completing on a culvert replacement. They do hope to have that project completed by the end of this week. And that's my report for this evening.

Mayor: I would just like to add to Mr. Wheeler's report, if anybody is unsure or that you know of anybody asking why in the world are they tearing those curbs up, they should go down and take a look. The curb is actually broken free of the street. It's just sitting on the street so actually if a snow plow hit that it would probably push it right along down the street. That's the reason. We did a section of that earlier this year and they are just moving further down this way. We don't really have any good reason what caused that all to break off. But quite a bit of it has over the years.

C. Utilities Director – Director Brediger share a couple of updates at the electric plant we started a two week outage on our boiler number 12. The market prices are down and have been down for the past several month and this will be working in our favor, as we purchase power during this period. Utility Board is evaluating a purchased power opportunity with a wind project located in Northwestern Ohio. The Board has had some discussions on that the past couple board meetings and we continue our look into that purchase opportunity. Our interest is pretty small size-wise we're looking at something in the 1- or 2-megawatt range. A couple dates that you may want to keep on your calendar the OMEA Legislative Briefing Mayor's reception is May 15th in Columbus. There will be some more information coming up from AMP on that. That's an opportunity for some annual briefings at the State level and an opportunity to meet with our lawmakers. The AMP OMEA Annual Conference is scheduled for October 23rd thru 25th that's in Cleveland this year. So there may be some nice day trip opportunities that Council may want to take advantage of and again there will be some more information on that later on this fall. We are, at the State level, following a draft bill that was introduced in the Ohio House concerning some pole attachments. This potential legislation is being pushed by the cable companies. This could be problematic for municipalities like ourselves that have their own poles and set those fees locally. This legislation could possibly threaten some of our Home Rule authority, would possibly make the rates that we establish, the board establishes, subject to Public Utility's Commissions and would right now force some more stringent standards on those pole attachments than what currently exists. So, we're working with our lawmakers and cable companies on that to try to come to some amicable solution on that. Last piece of information last Friday our National Association APPA filed a lawsuit against the Federal Government, more specifically, the Federal Environmental Protection Agency. This is in result to some of the recent EPA rule makings that have some horrific time tables thrust upon electric utilities, some pretty horrendous costs that go along with those and we were, our association along with other, have taken some action on this recently. But it's the first time our national agency has actually sued the EPA since it was created in 1970. So this is this, this is a pretty big, a pretty big deal for our association to step out and raise some more legal concerns with this barrage of regulations flying out of Washington over the past two or three years.

Regular/Public

April 16, 2012

D. Finance Director – Director Strimlan prior to tonight’s meeting had distributed the Fund Balance report for the period ending May 31st, or March 31st, I am ahead of myself two months, I apologize for that, I would ask for a motion to approve that report subject to audit.

Miller moved. Aspiras seconded. Roll call vote. All ayes. Motion so carried.

Strimlan: Also I distributed the Quarterly Investment Report for the first quarter of 2012. That does not require any action by Council however I do need the minutes to reflect that it was distributed per our investment policy.

E. Law Director - Director VanSickle had no report.

F. President of Council – President Baker had one item a license transfer that Ms. Gault has for us. Gault: It is for transfer from Sahij Fuel LLC DBA Main Street BP to RKDJ Petroleum DBA Clark.

Old Business:

Leathers moved that Ordinance J-12 be placed on third reading. Aspiras seconded. Roll call vote. All ayes. Motion carried.

ORDINANCE J-12, AN ORDINANCE AMENDING SECTION 181.14 OF THE CODIFIED ORDINANCES OF THE CITY OF ORRVILLE, OHIO, AND DECLARING AN EMERGENCY.

Baker: We have had a lot of discussion on this over the past few weeks. Anyone have anything this evening they would like to present?

Vance: I’ll say something. I wish I could support this, Mr. President. But our rate of spending right now is such, I don’t think that we can afford to further reduce our General Fund balances. Those who think that having \$1.7 million excess reserve in our General Fund Balance is too much need not worry. It’s not going to be there for long. Our General Fund Balance is going to be spent down by \$200,000 this year. It is projected to be spent down another \$500,000 next year. And moving this split is going to add an additional \$235,000 to that decrease this year and next year. So when you combine all that up, the reserve is going to be spent down from \$1.7 million to just \$500,000 by the end of next year. So I think at that rate of spending, that the only way to afford this is to either find some significant cuts somewhere in the range of 11% in spending or to pass a one-quarter percent income tax in 2013 because that rate of spending will take us about \$500,000 below our required reserve in 2014. So I don’t think we’re prepared to do either of those. So for that reason I don’t support this measure and I just wanted to say as well that we had a lot of debate about this and I think if it’s in the corporate board room, if it’s at the kitchen table, in City Council Chambers the most spirited debates are about whether or not to spend money or to save money. I hope no one is surprised that we might have disagreement here. I think another thing that has become very evident to me is just how caring and how committed the members of council are for our community and wanting to do everything they absolutely can to improve our community and especially to address these long overdue paving projects. That is evident. And I certainly respect those that I might disagree with on whether or not we can afford to further spend down our General Fund Balance right now. So, I just wanted to say that. Thank you.

Hamsher: Thank you, Mr. President. Mr. Vance and I, well I can’t support this as well. We’re looking at the projections for 2014 with this change in split and we’re going to be running at bare bones. With the

Regular/Public

April 16, 2012

next year being almost nothing. Currently we have about \$3.2 million in the general fund. About \$1.6 million in the Capital Improvements the one we do streets with. We have the opportunity right now to take money from a surplus in the general fund and do three streets, three badly needed streets, we have a list Mr. Wheeler created a list of about 10 streets and we've got three badly needed ones. We can do that right now. I've told council, I'm pretty simple. I have to have charts. So, (holding up a chart), this is what we have, \$1.6 million. We do all the projects without the streets that we have on tap for this year. We have \$849,000. We take that \$500,000 that we have left to do a small transfer, or withdrawal from our savings account is our general fund and we have enough to still stay above our comfort level as far as capital improvements. I don't know how we can vote for a measure that puts us in the negative and with all the uncertainty that the power plant's coming at us, as Mr. Vance mentioned, we've got expenses that may be, for lack of better word, horrible for our balance. I wish that we had all the money in the world we could do all this stuff, but we don't. We have to allocate and I can't get behind a difference in withdrawing our general fund or drawing down our general fund balance to do one street as opposed to we could do three right now. Thank you, Mr. President.

Aspiras: I do respect Mr. Hamsher and Mr. Vance's concerns and I would like to share a few comments. I support this legislation. I'll read a few comments that I've jotted down. This is a sensitive topic so I want to get this accurate. Within the past month we have held two separate Finance Committee meetings in regards to our 2012 Final Appropriations. And specifically to discuss the allocation of the funds regarding the current 80/20 split. Furthermore, the Finance Committee has been in continual communications with the City administrators over the past year concerning this split change. This is a topic that has come up every year at least once for discussion since I have been on City Council during our multiple financial budget appropriations meetings. Although we have discussed this many times during my five year council tenure, we have not introduced legislation to change the current 80/20 split until this year. During these years Orrville has been maintaining a conservative budget. Additionally for the past two years Orrville has been very fortunate with income tax receipts at an all time high and this year looks to be just as strong, hence the surplus General Fund balance. Our current cash reserve revenues in the General Fund now well exceed Orrville's traditional comfort level of 3 months to nearly 6 months of reserve funds. 75/25 split analysis the finance administration ran also shows 2013 would also exceed this same 3 month comfort level in the General Fund. Just 10 years ago this split was at 60/40. 60% General Fund and 40% Capital Fund. And up until 2004 it was split 70/30. So we're certainly not in unfamiliar territory with this proposal legislation of a modest 75/25 split. During last Monday's Finance Committee meeting, the administration presented General and Capital Fund projections as Mr. Hamsher said out to the year 2016 of the proposed 75/25 split along with the current 80/20 split. The projections so, if we do nothing and leave the current 80/20 split as is, then the General Fund reserves will fall below the 3 month comfort level in 2015 with a Capital Fund reserves falling below its comfort level in 2014. So again, if we nothing we are facing what Mr. Hamsher and Mr. Vance say. If we go to a 75/25 split, this same dilemma occurs within the General Fund reserves but one year sooner. While the Capital Fund reserves remain above the comfort level. So we are projected to eventually be below the General Fund reserve comfort level no matter which way we decide. Hence, we as a City have some work to do over the next couple of years of matching our expenses to projected revenues while maintaining Capital projects and improvements. The City of Orrville has plenty of Capital projects long overdue so there is certainly not a shortage of where to spend the money. We are currently looking at a few streets to pave with this shift of funding. You cannot keep putting some of these projects off so it becomes a pay now while we have the excess funds or pay more later when we may not be fully funded. I believe the majority of Orrville citizens sees it wise to get these streets done now rather than let these funds sit idle as additional reserve revenue in the General Fund. Let's not forget, should the situation

Regular/Public

April 16, 2012

change and we have strong reason hereafter to change this split in either direction, this can be done with another ordinance at any point in time. This legislation will allow the City of Orrville to work on a few more Capital projects specifically fixing streets for our citizens. I encourage Council to support this legislation while committing to rolling up our sleeves and working hard over the next three year with City administrators to watch our finances closely and match expenses, not raising taxes as some have implied, to these current and projected revenues. Thank you

Vance: Mr. President, the amount of work that we have to do is significantly increased by decreasing our General Funds faster. If you want to take the amount of savings that we need if we do nothing to avoid this \$1.4 million shortfall in 2016, it would be about 6% a year which is not easy, but achievable. With this change in the split, that 6% per year savings now becomes a required 11% savings. That's \$400,000. That's a lot of work to do. A lot more work to do in order to make this pay for itself. I think that we're not prepared to do that. I don't think we have a plan to see what does our government look like if we have to save that much more. We haven't heard what that looks like. If we're not willing to make that additional 5% cut in General Fund spending, then we have to raise taxes. So, to say that we can do this without raising taxes, yea, we can, but we have to have 11% savings starting next year. If it's not 11% next year, then it's even more for the year after. If we do nothing we can at least have a manageable amount of savings in order to stay with a comfortable reserve. So we're going to have to roll up our sleeves either way but we're creating that much more work for ourselves by further increasing the speed with which the General Fund balances declines. Thank you.

Mayor: Other than, we would love, just like everyone, to do as many streets as possible. You have heard what the Finance Director gave to you last week. She's the expert at that job. I would like to be conservative. I'd love to do all those streets if we could. They need it. The ones we talked about desperately need it. And they are on a list to do within the next few years. But we are in uncertain times and we've said this before and you get tired of hearing it but we are. We don't know about a lot of things over the next few years. We don't know how far the State cuts are going to continue to go. There have been things cut the last few years that a few years ago if you'd said that was going to go away, I think anybody would have thought you were crazy. And now that stuff is gone. And as was mentioned the power plant uncertainty, that's going to be a huge issue for us if that continues to go that way. So our feeling is yes, the General Fund is probably larger than you'd like to see it right now, but as has been mentioned, that can change very quickly. We probably wouldn't have suggested any of these changes but the one we brought up last week was simply just one that we thought we could do with the least amount of concern. That's what you have to decide, what you want to do.

Strimlan: I think I'm not going to say anything that all three of you Councilmen haven't already said, as well as the Mayor, we've spent many, many hours discussing this. We've spent twice that, if not three times that preparing for those meetings. The key is finding the proper balance between spending and saving in the coming years. And that's difficult in these uncertain times. That being said, though, regardless of the decision tonight, we'll continue to monitor the revenues and expenses as they occur and we'll make changes if necessary as quickly as possible to do what we can to maintain a viable General Fund balance for the citizens. Thank you.

Shupp: I think this Council has the wherewithal to keep this budget sound and if we have to make the moves quickly, we can do that. We've done a good job for the last four years and I think we'll do a good job keeping an eye on the balance on the budgets. I think we can continue to do what we've done. Thank you

Regular/Public

April 16, 2012

Baker: Ms. Leathers, I think we are ready for our final reading.

Leathers moved Ordinance J-12 be adopted as read. Miller seconded. Roll call vote. Nays: Vance and Hamsher. Ayes: Shupp, Miller, Aspiras, Corfman, Leathers. Motion carried.

Baker: That ordinance does pass. We have no new business scheduled for this evening. Does anyone have anything for the Good of the Order tonight?

Good of the Order:

None

Leathers moved to adjourn the council meeting and Corfman seconded. Roll call vote. Ayes all. Motion carried. Council was adjourned at 7:57 PM.

Jeanne Gault, Clerk of Council

Date

Lyle Baker, President of Council