

Regular/Public

November 16, 2015

Council President Baker called the meeting to order. Pastor Gehres from Christ United Church of Christ offered the prayer. The Pledge was recited by all.

Roll call: Shupp, Wilson, Vance, Hamsher, Aspiras, Corfman and Lorson were present.

Vance moved to approve the minutes of the last regular meeting November 2, 2015. Corfman seconded. Roll call vote; all yeas; motion carried.

Standing Committee Reports:

No report for Utilities, Health & Safety, Parks & Recreation, Transportation, Planning, and Ordinance & Personnel.

Finance – Aspiras: Thank you, Mr. President. The Finance Committee along with City Council met last Monday, November 9, to discuss in depth our new municipal income tax ordinance. We did have a couple, we had a little bit of help with the explaining what this means to the City of Orrville, Dave Nussbaum, our Orrville administrator, our tax expert was along and also Gene Hollands was invited from Frost Brown and Todd attorneys out of their Columbus office. So we did have a good opportunity with Ms. Strimlan and the rest of the administration to dig into what this new municipal income tax ordinance means to Orrville. There's really not a lot of choices. This has been mandated from House Bill 5 (HB5) and it was passed in December of 2014. Mr. Kasich signed it into law back then. The really big changes, the net operating loss (NOL) and the occasional entrant's rule. So those are the changes that are coming forth to Orrville effective January 1, 2016. And I believe Ms. Strimlan will have a little more to say about that. It is on the docket tonight under new business legislation Ordinance K-15. The other thing that I'll mention is that the Resolution 47-15 is also up for first reading and that's in regard to our 2016 temporary appropriations. Ms. Strimlan did mail out the booklets so I hope all of council did get your booklets last week and we can have more discussion on that and I'm sure Ms. Strimlan will have a few things to say about that during her report tonight. Other than that, that's all I have. Thank you.

Administrative Reports:

Mayor Handwerk: Thank you, Mr. President. I have several items here. Number one our employee of the month for November is from Power Plant Operations. And that is Bruce Lab. Bruce has held every position in the department since he started working for us in September of '99. So he's been here quite a while. He has advanced himself from within and is currently an operations supervisor and has been in this position since February 2010. Bruce was nominated as the employee of the month by one of his peers. And Dean Kallenborn agrees that he is conscientious and is a hard worker, very deserving of the employee of the month. While on shift, Bruce has a lot of experience to offer and is respected for his common sense and easy going attitude. Bruce also had a significant role in converting the department to twelve hour shifts a while back, just a few years ago, I remember when we did that, which was a vast improvement over the other shift rotation. He has completed the Orrville Leadership Lab and has also taken leadership courses at Wayne College. When Bruce is not working, he likes the outdoors and motors, tearing it up on off road Jeeps and four wheelers, boating and traveling. Bruce is fun to be around and has a great sense of humor. Congratulations to Bruce for being the Operations Employee of the Month. I'm not sure when we'll eat lunch yet. We haven't been able to nail that one down but that will be coming up pretty soon. The decorations downtown and also in City Hall and many of the businesses will go up this week. Especially with the weather cooperating like it has so far. But everybody wants to get ready for Home for the Holidays which, if you'll remember, is a Chamber function event and that is the Friday after Thanksgiving. So everybody please remember that. That's from 5:00-8:00 that Friday downtown. And I hope everyone has an enjoyable Thanksgiving with family and friends. And if you're one of those people that must work on Thanksgiving I hope you're able to still arrange some time with family and or friends that day. And as we all should be very thankful that we live in this country, we also need to give prayer and thought for those in Paris with all the senseless suffering that's going on over there, senseless loss. And also to the other highly inflamed areas in the world right now. We hope things will calm down some day. And that's all I have.

Safety Service Director Wheeler: Thank you, Mr. President. Hostetler Road is back fully opened to traffic. The contractor is doing some work at the Crown Hill/Hostetler intersection but traffic is back to normal. East High Street poles have been put in place. The controls and concrete work still remain. They're doing some new strains for the lights as well but that work is moving forward. The leaf pickup is moving along

Regular/Public

November 16, 2015

as well. They are done with the first turn on the leaf pickup south of Market. So over the next few weeks they will hit the north side and then come back to the south side and do a full swing again. They do expect to be continuing the work through early December. As the Mayor mentioned, we will be putting up Christmas lights this Wednesday in preparation for Home for the Holiday so there won't be any leaf pickup that day. If folks don't see us out, that's why. And also Shop with a Cop tickets are now on sale for \$1 a ticket. They can be purchased at the police department, Mrs. J's or Cabana Sun. The Shop with a Cop event is December 12 so hopefully everyone can go out and contribute and support a great program. And that's my report for tonight.

Utility Director Brediger: Thank you, Mr. President. Just two items. Just wanted to let council know that this Wednesday we will be receiving bids for the boiler 13 natural gas burner project retro-fit. And the second item is just to follow up to some comments I made last meeting concerning the impact of the Federal budget and the sequestration. I did mention that the financing on the bonds that we took out and other members took out for our Prairie State and hydro project was going to cost the total membership about \$70M in additional interest payments on that. Following the meeting somebody asked, well what was Orrville's share during this brief period of time? And between now and 2025, unless the sequestration gets extended or the Federal government refunds those credits, we will lose a little bit over \$1.7M. And that's still with about 20 years left in those bonds and some more, a lot more government budgeting to take place there. So that's our impact as a result of this last Federal budget that got passed. And that's all I have tonight, sir.

Finance Director Strimlan: Thank you, Mr. President. The contract with our ERP vendor was finalized last week. We're now working on finalizing the implementation schedule for the coming months. We're very anxious to move forward with the conversion. It's taken a lot to get to this point and we'll keep you updated on the progress as we begin that implementation. As Mr. Aspiras mentioned, last Monday we did have a workshop to discuss the adoption of the new City of Orrville income tax ordinance. It is necessary to adopt this to comply with HB5 so we can continue to levy and collect the tax. We did discuss several things, some of the administrative challenges that the new ordinance will present. We will have to change all of our forms, our policies, our procedures, all of our filing instructions will need to change and we'll also need to update our software to basically mirror these new provisions and some additional provisions that Mr. Aspiras mentioned like the NOL. We also have to change some of our auditing and assessment processes to comply with HB5. From a financial impact, again as Mr. Aspiras mentioned, NOL is something the City has not permitted in the past and we will be mandated to accept that moving forward. There is a 50% phase-in. But however in 2022 we would be required to accept 100%. The occasional entrant rule is also changing from 12 to 21 days with the construction that goes on in this City we do see some revenue from those contractors. That more than likely will be impacted by this. And there will also be changes in the penalty and interest charges and also uniform penalties will be attached to any unpaid tax. We also discussed what the future holds with regards to the NOL review committee and some other things that other municipalities are working on. I have asked Mr. Nussbaum, the City's Income Tax Administrator, to join us this evening. If any of you have any questions or any issues that we'd like to discuss, he's available. The other item I have this evening is the Fund Balance Report for the period ending October 31. That was distributed prior to tonight's meeting and I just need a motion to approve that report subject to audit. Aspiras: I will make that motion. It's up \$4.8M. Vance seconded; roll call vote; all yeas; motion carried.

Vance: I have a questions maybe for Mr. Nussbaum. I just wanted to know if you could address for us any changes in how senior citizens will be filing their taxes under the new system.

Nussbaum: We're working on a system where they will register one time. Once you're retired, you register once and you will not need to file a return unless you return to work or come up with an earned income that would require you to file. But the one time registration basically meaning file one time indicate that you're retired and then we inactivate your account.

Law Director Kirkbride: Thank you, Mr. President. I have no report this evening.

Council President Baker: Thank you. I have one item this evening. We received a letter from the Department of Commerce, the Division of Liquor Control. This is a reminder for all the businesses in Orrville that they, we have been notified in writing that all permits to sell alcoholic beverages will expire on February 1st, 2016. In order to maintain permit privileges every permit holder must file a renewal application. I think the State government will probably notify those businesses also but if you just happen

Regular/Public

November 16, 2015

to be listening to the TV and you haven't received it and you have a business selling alcoholic beverages, get on the ball or you could lose your right. That's the only thing I have for this evening. We have no old business so we will move to new business, Mr. Lorson.

New Business:

Lorson moved that Ordinance K-15 be placed on first reading. Aspiras seconded. Roll call vote; all yeas; motion carried. **Ordinance No. K-15**, An Ordinance to amend Chapter 181 of the Codified Ordinances of the City of Orrville, Ohio, regarding Municipal Income Tax, and declaring an emergency.

Baker: Any comments for us?

Strimlan: No. Again, we can answer any questions you might have. This doesn't need to be passed this evening. It can go the full three readings as long as we have it adopted by the end of the year.

Baker: Any questions or comments from council? Yes, sir.

Aspiras: Thank you, Mr. President. I just wanted to make one comment that prior to this legislation and the mandate from our State legislators that our Orrville Municipal tax code was 18 pages. And I know there was a lot of information thrown out there that this new mandate would make it simpler for the municipalities. So I don't think that's the case, it is State law. We do honor the law. So we will abide by those laws. But the new tax code that Ms. Strimlan has been handed is 52 pages. So we went from 18 to 52 to comply with this simpler law. So I just wanted to make that comment.

Baker: Thank you. Anyone else have any comments? Yes, sir.

Corfman: Just for anyone listening, we talked about NOL. NOL stands for net operating loss, just a definition to clarify for listeners.

Baker: Okay. Thank you. Yes, sometimes those letters get mixed up and not everyone knows what they mean if you're not familiar it to start with. Mr. Vance?

Vance: I guess I'll make a couple of comments. We have been working with our elected representatives for a number of years. I know the Mayor especially has been involved in the Ohio Municipal League who has been representing municipalities on this issue. Ms. Strimlan has been involved as well working with our State legislators. We had Senator LaRose in and met with him. There was also another special meeting that was at Schmid Hall a year or so ago where a number of us were in attendance. I've met with one of our legislators personally and we gained very little ground in all of that. So it's been a frustrating process because I feel that this is an encroachment on our home rule authority and our ability to tax and to tax according to how we feel best serves the needs of our community. We have a very low tax rate in Orrville. Only 5% of communities in Ohio have a lower tax rate than we do here in Orrville. And the State continues to say we know better than you how you ought to administrate your tax policy. And so this results in a net loss of income for our community and it's solving a problem that we don't have here with remaining competitive in the marketplace across Ohio. We've been a very competitive environment here and the State is taking the steps to increase Ohio's competitiveness but not bothering to ask the communities does this work for you or not. And in this case one of our legislators when we explained the position it's put us in they said well, we felt the juice was worth the squeeze. In other words, we're putting the squeeze on you in order for us as a legislature to get more juice. Anyway, I just thought I would pile my complaint on to our comments tonight. We've worked a long time on this and we hope to still see a remedy coming in future years as the impact of this law will become, made more readily apparent, I think, to the legislature. I just don't think they were aware of what the impact of this was going to be.

Mayor: Oh, I think they were aware. They don't care.

Vance: You know, when I hear them recite the economic impacts from the studies they were given I think they were far short of what they actually will be. And that's why I'm saying I think they're unaware. There was certainly an attitude, I think, of indifference towards, especially in our position, our community when we talked about the financial impact. We're talking about well over \$1M in the past 10 years. And that means something to a community our size especially when you have a very low tax rate. Other communities have higher tax rates so it's not nearly an issue as it is for us. For the State to say no you can't tax as you see fit best in your local context, I don't agree with it. I don't believe our legislature has represented our interest to the extent that it could on this issue and hopefully we'll still see some changes being made down the road.

Baker: Thank you, Mr. Vance. Anyone else? Let's move on, sir.

Lorson moved that Resolution 42-15 be placed on first reading. Corfman seconded. Roll call vote; all yeas; motion carried. **Resolution No. 42-15**, A Resolution authorizing the City of Orrville to sell by internet auction, or otherwise dispose of, unclaimed or forfeited property held by the Police Department in the year 2016.

Regular/Public

November 16, 2015

Baker: Okay. Mr. Wheeler.

Wheeler: Thank you, Mr. President. Both Resolution 42 and 43 are very similar. One is for the police department, 42 is for the police department, 43 is just for the general municipal city property. Both of these resolutions simply allow us to sell our items on eBay or GovDeals. Typically they're bicycles maybe from the police department that no one's claimed, phones that have become outdated and things along that sort. We've actually had really good luck. For the most part on eBay we've always gotten probably equal to or more than what we expected. A lot of times it is more than, particularly with some of these surplus vehicles that are old and don't run and people are still paying more than I would for them and we thank them for that. We are asking for approval but it does not have to be approved tonight.

Baker: Anyone have any questions or comments?

Corfman: Just by the nature of these two resolutions, they've become annual resolutions. They do replace a very labor intensive auction and have been very successful and there's no reason not just to keep moving on.

Lorson moved that the rules, regulations, and statutes requiring the reading of a resolution on three separate days be suspended. Aspiras seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 42-15 be adopted as read. Hamsher seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 43-15 be placed on first reading. Wilson seconded. Roll call vote; all yeas; motion carried. **Resolution No. 43-15**, A Resolution authorizing the City of Orrville to sell by internet auction, or otherwise dispose of, Municipal personal property in the year 2016.

Baker: Okay, Mr. Wheeler's already described what this one is. Anyone have any comments this time?

Lorson moved that the rules, regulations, and statutes requiring the reading of a resolution on three separate days be suspended. Corfman seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 43-15 be adopted as read. Corfman seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 44-15 be placed on first reading. Aspiras seconded. Roll call vote; all yeas; motion carried. **Resolution No. 44-15**, A Resolution authorizing the Safety-Service Director to enter into a contact and/or contracts in 2016 with other political subdivisions or districts to provide Police, Fire and/or EMS dispatch services and mutual aid to said political subdivisions or districts, and declaring an emergency.

Baker: Mr. Wheeler.

Wheeler: Thank you, Mr. President. This is also an annual, what has become an annual resolution. This simply allows me to enter into agreements with other municipalities or townships to provide our fire service. It also allows for us to enter into agreements on dispatch. At this point, there's still some divisions deciding what to do dispatch wise so I suspect that there won't be a lot of time, if they do decide to stay with the City, obviously those that are staying with the City will do so knowing that we will be joining the WARCOG as soon as it's up and ready. I'd be glad to answer any questions.

Baker: Any questions from council?

Lorson moved that the rules, regulations, and statutes requiring the reading of a resolution on three separate days be suspended. Wilson seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 44-15 be adopted as read. Corfman seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 45-15 be placed on first reading. Aspiras seconded. Roll call vote; all yeas; motion carried. **Resolution No. 45-15**, A Resolution authorizing the Board of Control to enter into an agreement and/or agreements with the State of Ohio Purchasing Cooperative, Department of Administrative Services, to purchase one (1) 2016 or 2017 Ford Interceptor Sedan V6 AWD Police Cruiser; or alternatively to purchase said vehicle from another dealer upon equivalent terms, conditions, and specifications, but at a lower price than it can be purchased through the State Contract as allowed by Ohio Revised Code Section 125.04; and declaring an emergency.

Baker: Mr. Wheeler.

Wheeler: Thank you, Mr. President. This vehicle would replace one of our police cruisers that was totaled unfortunately in a chase by the Ohio Highway Patrol. The cruiser was sitting on the side of the road. We had placed some stakes up to try to slow down a vehicle. The individual swerved and ran head on into our vehicle and totaled it. The insurance company has settled and declared it totaled. The dollar amount was very comparable to what we paid for the vehicle so as a result we're now a cruiser short. This one

Regular/Public

November 16, 2015

simply replaces it with the insurance money that was utilized. Unfortunately they didn't have 2015's in stock so we did have to get on the list to order a 2016.

Baker: Does council have any questions or comments?

Lorson: Mr. Wheeler, was that a 2015?

Wheeler: It was a 2015 which we purchased in 2014. Yes.

Aspiras: So the good news is no one got hurt, right?

Wheeler: The good news is no one was in the vehicle. He actually was adjacent to the vehicle behind a tree watching so it actually was all caught on video. But yes, thankfully there was no one injured and everyone survived long enough to go to jail that night.

Baker: Anyone else?

Lorson moved that the rules, regulations, and statutes requiring the reading of a resolution on three separate days be suspended. Corfman seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 45-15 be adopted as read. Hamsher seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Resolution 46-15 be placed on first reading. Corfman seconded. Roll call vote; all yeas; motion carried. **Resolution No. 46-15**, A Resolution authorizing the Safety-Service Director to enter into an amended contract and/or contracts to provide for a Job Creation Income Tax Credit for The J.M. Smucker Company and its subsidiaries, and declaring an emergency.

Baker: Mr. Wheeler.

Wheeler: Thank you, Mr. President. This is the second part of our incentive package to The J. M. Smucker Company. This is part of their efforts to bring the Big Heart jobs to the City. They were here two meetings ago describing that project to us. It is 400 jobs with a commitment of \$40M in new payroll which amounts to, when they are all fully hired, \$400,000 in income tax. The abatement, I'm sorry, the Job Creation Tax Credit is 10% over 14 years and so obviously it's based on the amount of jobs, it's not automatically \$40,000. It's as the jobs come in, it will be 10% of the new payroll created. And that matches term wise, period wise, the State of Ohio's 14 year period.

Baker: Any questions or comments? Yes, sir, Mr. Shupp.

Shupp: I have a questions. Thank you, Mr. President. Mr. Wheeler, then is this, this is the income tax that the employees will be paying to the City that we're going to refund the \$40,000 to J. M. Smucker Company?

Wheeler: Correct.

Shupp: As part of the Job Creation Tax Credit?

Wheeler: Job Creation Tax Credit, yes, sir.

Shupp: Okay. Does this have to be passed tonight?

Wheeler: It does not.

Shupp: I would ask Council that we let this go one more reading please.

Corfman: Steve, if I understand correctly, in the past, this helps, this is part of a package with the State that the State tax which is far bigger money is contingent on us passing this.

Wheeler: This is all part of a package which is all presented together, that is presented as an effort to, as the Big Heart brand is deciding where to locate, in an effort to bring them to the City of Orrville, correct.

Baker: Any other questions or comments? Okay, Mr. Lorson, let's move on.

Lorson moved that Resolution 47-15 be placed on first reading. Wilson seconded. Roll call vote; all yeas; motion carried. **Resolution No. 47-15**, A Resolution to make appropriations for current expenses and other expenditures of the City of Orrville, State of Ohio, during the fiscal year ending December 31, 2016, and declaring an emergency.

Baker: Thank you. Ms. Strimlan.

Strimlan: Thank you, Mr. President. Hopefully all of you received your temporary appropriation books last week. This resolution allows for us to expend funds the first three months of the year and then adopt final appropriations by April 1st for the remainder of the year. The temporary appropriations in the book are the same as the budget that we reviewed in June with the exception of two changes. We did remove the interest on the debt service for the industrial park loan as we are anticipating payoff of that in December of this year; an early payoff. The other item that was added is a \$25,000 debt service payment on the interest free OPWC loan. And those are the only two changes that are in the temporary appropriations compared to the budget.

Baker: Any questions or comments from council? I see none.

Strimlan: We can let that go the full three readings.

Regular/Public

November 16, 2015

Baker: Alright. That completes our business for this evening. Anyone have anything for the good of the order tonight? Mr. Hamsher.

Hamsher: We will not meet before this next event but I want to wish our clerk, in about a week, another 29th birthday.

Feudo: Thank you.

Baker: Mr. Vance.

Vance: I just wanted to remind to the fact that our City's Facebook page has updates on where the leaf crews are. So if you're wondering if they're getting ready to come through your neighborhood, I know you put them out there and there not going to be around for a couple of weeks or you just want to know what they're up to, it's on our Facebook page. So it's a good page to follow if you're not already.

Baker: Thank you. Anyone else? Yes, sir, Mr. Shupp.

Shupp: Question. I don't know who to ask. But where are we at with the Rails to Trails as far as, I thought we were going to start part of that this year on the north end of town.

Mayor: In our in-town here? Steve might be able to explain this better but the grant basically got held up in Columbus. We did get the grant and it was just released, what, just last week?

Wheeler: Week or so ago. Yes.

Mayor: Which is too late for this construction season. And so it's already been decided to wait and bid that out early in the spring so we can hopefully get a more competitive price. If you were going to get somebody to do the work now, they're full and you're going to pay the premium for that. So we're hoping to get a better price in the spring. It got held up in Columbus.

Shupp: I just expected to see some activity going on this summer and I've seen nothing.

Mayor: We did too. As far as on the outside of town towards Marshallville, that is still going well. It just hasn't been, the lawsuit part of it, just hasn't been declared done yet really.

Kirkbride: They have a stay.

Mayor: I think they're just working out final, the judge had said earlier let's just give it to the end of the year so everybody can make their final improvements on what they want instead of coming back with one little item at a time. And so I think that's why we haven't heard anything from that. But I think it's pretty close to being worked out.

Shupp: Thank you.

Baker: Anyone else?

Aspiras moved to adjourn the council meeting and Wilson seconded. Roll call vote; all yeas; motion carried. Council was adjourned 8:09 PM.

Jeanne Feudo, Clerk of Council

Date

Lyle Baker, President of Council