

Regular/Public

October 16, 2017

Council President Baker called the meeting to order.

John Grandy, Living Water Church, offered the prayer. The Pledge was recited.

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

Excused: Shupp

Vance moved to approve the minutes of the regular meeting on September 18, 2017; Wilson seconded. Roll call vote; all yeas; motion carried.

Hamsher moved to approve the minutes of the regular meeting on October 2, 2017; Lorson seconded. Roll call vote; all yeas; motion carried.

Standing Committee Reports

Finance – Aspiras – Centralized Income Tax legislation will be coming at a future meeting.

Utilities – Corfman – The stack painting project at the power plant is completed.

Administrative Reports:

Mayor Handwerk: Daylight hours are fading. Please be careful to watch for children before and after school. Orr Park, Tuesday and Thursday's, the Boy's and Girl's Club have flag football using our fields and it's packed. So that's another time to be careful and watch for people there when everyone is leaving.

Safety Service Department: If you need to dispose of your leaves prior to the citywide pickup, the compost center is open thru October 28. Saturdays they are open 8-noon. Wednesday's 7:15 a.m.-11:15 a.m. and then 12:15 p.m. to 3:15 p.m. The citywide leaf pickup then begins on Monday, October 30. The south end, includes Market, will begin October 30-November 10. North end will begin November 13-28. Final pass through for all the city is November 29-December 8. Place your leaves on the tree lawn or behind the sidewalk, not on the street as that will clog the storm sewer system pipes. Dominion gas line work is completed on Sunset Drive with restoration on that project to begin this week.

Utility Director Brediger: The stack painting project, the colors are FAA approved, we did not get to pick those out. Last Monday night the Public Utility Board met and discussed a proposed property owners and transfer policy procedures. We will be holding a public hearing on October 23, next Monday, prior to the utility board meeting. That draft policy is available for review on the Utility website or contact the office for a copy.

Finance Director Janet Strimlan: A coalition of municipalities are organizing to challenge centralized income tax collection, to date more than a hundred cities and villages have joined in that effort to challenge the state for the change in the way business taxes are collected. This is a change that will go into effect with the State's two-year budget that will begin in January. After reviewing the proposal with the Finance Chair, it was determined that we will present an ordinance for the City of Orrville to join in that coalition at a cost of \$2,000. Contact Director Strimlan with questions or concerns prior to the next council meeting to get your questioned answered. Also at the next meeting, a three-year agreement to enter into a contract with the State of Ohio local government services to provide

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assistance for us in the 2017, 2018, and 2019 annual audit. The Fund Investment Report for the last quarter has been distributed. The Fund Balance Report for the period ending September 30 has been distributed and will require a motion to approve, subject to audit. Hamsher so moved; Corfman seconded. Roll call vote; all ayes; motion carried.

Law Director Kirkbride: At the last meeting a question arose about how Administrative Orders are approved. Correction to what was stated: when an Administrative Order is in front of Council, which is provided for in our charter, with respect to recommendations for utility rates from the Public Utility Board,

Council has three options. It can approve that order, in which case it goes into effect immediately pursuant to the administrative order. It can disapprove the order. Or it can take no action, in which case the administrative order goes into effect after 5 readings. That's the status of the Administrative Orders in front of you and that's the procedure that's followed pursuant to our charter.

President of Council Baker: Tuesday, October 31, Halloween, kids will be out on the sidewalks, 6-8 p.m. so if you are out driving around, watch for ghosts and goblins. Don't run any down. Our police department doesn't want to be called for anything like that. So be careful.

Old Business:

Lorson moved that Administrative Order 1-17 be placed on third reading. Corfman seconded. Roll call vote; all ayes; motion carried. **Administrative Order 1-17**, An Administrative Order granting authority to the Public Utilities Board of the City of Orrville, Ohio, to increase Water Utility Rates by eight percent (8%) beginning December 1, 2017, through December 31, 2017. The first day of January beginning 2018 through January 1, 2022 increases as follows: The first two years (2018 and 2019) the increase will be seven percent (7%) per year. The next three years (2020, 2021, and 2022) the increase will be six percent (6%) per year.

Discussion: Why the need for a 46% increase over this period of time? Could you expand on how the climate has changed for us especially to our water utility, with special regard to the EPA settlement? One issue is planning and having the foresight that did we see this thing coming? Yes. One problem we had going into this, was confidential discussions with the agency preventing us from making any type of preemptive moves/decision, in advance of not having the final settlement in our hands. After the dust had settled, thru that negotiation process, we saw how the agency had a tendency to change their mind during the process. We knew that we were going to have some impact as a result of the plant undergoing whatever that final outcome was. We just didn't know exactly what it was until that settlement was in place in September of 2015. It wasn't until that point of time that we could start quantifying the full impact of the loss of revenue from the plant not operating. Up until that point of time, the power plant had been the water utility's largest customer. And now those revenues are going to be in the neighborhood of roughly 10% of what they had been in prior years which ranged anywhere from \$600,000-\$750,000. So we could not plan in advance. We were basically handcuffed to try to be more proactive until we knew what the final terms were. Feel free to contact us with any questions.

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Lorson moved that Administrative Order 2-17 be placed on third reading. Wilson seconded. Roll call vote; all yeas; motion carried. **Administrative Order 2-17**, An Administrative Order granting authority to the Public Utilities Board of the City of Orrville, Ohio, to increase Water Utility Rates by seven percent (7%) beginning December 1, 2017, through December 31, 2017. The first day of January beginning 2018 through January 1, 2022 increases as follows: The first year (2018) the increase will be seven percent (7%). The next four years (2019, 2020, 2021, and 2022) the increase will be six percent (6%) per year.

Discussion: Particularly the water revenue fund, the total revenues aren't changing a whole lot. If you look at 2015, total revenues were nearly \$3.3 million. They remained about the same in 2016; then, 2017 they go to \$2.9. But then you look at the years forward even after these increases go into effect, revenues in 2018 are projected at \$3.1, then it's \$3.3, \$3.5, \$3.7, \$3.9. And so the percentage change in revenue is not climbing dramatically. In 2022, the projected revenue is \$3.9 million when in 2015 it was \$3.3 million. So it's not like there's a lot of revenue left over here. Total expenditures, again, not a large variance from 2015 its \$3.5, then \$3.7, 2017 \$2.7 – a million dollars less this year in expenditures than last. Then it goes to \$3.1, \$3.2, \$3.3 then in 2021 it goes to \$4.1 then back to \$3.6. Expenditures in 2022 is \$3.7 million when in 2015 there was \$3.5 million. So you really can start to see the story of what Mr. Brediger spoke about, the impact of losing the power plant revenue. The revenue just last year was \$3.3 million. Well that's not projected to happen again until 2019. That's after three years of rate increases before revenue rebounds to its 2016 level. A significant portion of that is due to that dependence on the electric utility revenue. Another reason for those fluctuations is the potential OPWC grant and loan. We have included both of those in the revenue so that's also creating some fluctuation. We still are uncertain whether we'll be able to secure either of those so that could be a potential decline further in the revenue if those don't come through.

Vance moved to adjourn the council meeting; Corfman seconded. Roll call vote; all yeas; motion carried. Council adjourned at 7:52PM.

Jeanne Gault, Clerk of Council

_____, 2017
Date

Lyle Baker, President of Council