

Regular/Public

February 20, 2018

Council President Baker called the meeting to order. Pastor Randy Gehres offered the prayer. The pledge was recited.

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

Corfman moved to approve the minutes as posted of the last regular meeting on February 5, 2018. Wilson seconded. Roll call vote; all yeas; motion carried.

Standing Committee Reports: none

Administrative Reports:

Mayor Handwerk: Council approval was requested for Dale Goff to the Board of Zoning Appeals. Lorson motioned to approve; Corfman seconded. Roll call vote; all yeas; motion carried. Also, Mr. Brediger and the Mayor will be leaving early Monday morning for D.C. for an annual APPA conference.

Safety Service Department Steve Wheeler: Met with Zollinger Excavating on the demolition of the Bowman Building (240 W. Market), with demolition beginning the 1st week of March if not sooner. Service Department continues to work on potholes, getting signs prepared for the park, benches for the pool and finishing some plans for the considerable amount of storm basin work that is needed for streets that will be resurfaced. Trash pickup on normal schedule. An application for placement of farmland at Schrock Road in an agricultural district. Sold by Bill and Dorothy Shoup to Dean and Susan Shoup and they would like to receive the agricultural designation. We have done these previously. ORC 929.09 lays out the requirements. Council has the ability to schedule a public hearing if they would like to consider it further. Or by not scheduling a public hearing, it actually then goes into effect automatically. Historically we have not held public hearings. It has been farmland and will remain farmland. It protects farmers from nuisance suits, defers assessments if there's potential assessments on the property and gives them eminent domain protection. A motion is needed if a public hearing is requested. No complaints have been registered with our office. No action taken.

Utility Director Brediger: The Utility Board ended the year with the Power Cost Adjustment Factor stable for all of 2017, rates were frozen all of last year. They passed a resolution that stabilized, subsidized the expected or anticipated rate increase that we would have normally been looking at making through the PCAF by resolution authorizing up to a little bit over \$800,000 to be spent last year as part of that effort. It turned out, based on some good wholesale sales we made at the end of December that we only needed to subsidize a little bit over \$730,000 for that. We were expecting a good transfer at the end of the year and the board was trying to take a little proactive role in the anticipation of the water and wastewater rates that we were planning on implementing later on that year. We are budgeting, in our final appropriations for this year, for the possibility of a small electric rate increase but not expecting that to happen if our projections come in where expected despite the pretty healthy increases in our transmission cost for next year. Boards and committees met and reviewed the final appropriations. Flickers and outage last week on one of our circuits last week due to a connection that failed in an out of the way area. It started the weekend prior that was hard to locate, could not see, and not visible until the large amount of rain arrived. It would have been easier to locate had it just gone out and stayed out. But it was quickly isolated and repaired. Outage was about 2 minutes. We have a new federal EPA director that oversees the air agencies and all the environmental activities in the state of Ohio and region located in Chicago. This new director, according to press releases, she has a good reputation for customer service and common sense. Qualities that we've been looking for coming out of that agency for a while now. A proclamation was received from the Mayor of Bartow, Florida, for our lineman who arrived to help with hurricane Irma restoration efforts. The APPA legislative rally is next week with appointments scheduled with Senators Brown and Portman and Congressman Renacci while we are there. Discussions will be focused on the increased transmission costs we have been experiencing over the past handful of year and our continued disappointment in the way congress continues on with the sequestration efforts and mainly the impacts it has on our financing and our Build America Bonds (BAB) that we took out for the hydro projects and the Prairie State facility. It is costing us tens of millions of dollars that they are taking back. We had other financing options but the government promoted these bonds with those incentives and they have taken those incentives back. Fremont energy is an investment and an asset. We own that asset as long as there is debt on the asset. It was about a 30 year investment. Once paid off, all the owners, about 35 communities, we decide if we are going to continue investing in it or sell it off. Excess energy generated is sold back into the wholesale market. That project continues to be one of our better investments. It is our 4th cheapest energy resource we have with about 40% of our energy from that project. The local newspaper, The Daily Record, had a water and wastewater rates comparison article, we ended up with only two communities with lower rates than we were, Creston and Shreve. Our facilities do way much more and provide a lot greater value. Our solar fields are in service but have not officially been commissioned yet, but sometime in the next few months. We are getting

Regular/Public

February 20, 2018

energy out of both of those sites. They are probably producing pretty close to what their expected output levels were at. We had some training this morning for the distribution crew and the fire department on the safe operation and emergency trouble shooting needs. Even if the sun isn't shining they still operate under cloudy conditions and sometimes under full moon conditions. There will be a public open house in the future.

Finance Director Strimlan: Fund Balance report ending January 31, 2018. Aspiras Sr. motioned to approve the fund balance report; Corfman seconded. Roll call vote; all yeas; motion carried. A second public hearing will be held by the Utility Board on the landlord/tenant delinquent utility policies and procedures. It will be held on March 26 at 6:30 pm.

New Business

Lorson moved that Ordinance B-18 be placed on first reading. Aspiras, Sr. seconded. Roll call vote; all yeas; motion carried. **ORDINANCE NO. B-18**, An Ordinance approving the editing and inclusion of certain Ordinances as parts of the various Component Codes of the Codified Ordinances of Orrville, Ohio, and declaring an emergency.

Discussion: This is an annual housekeeping ordinance codifying all the prior legislation in 2017 and officially codifying within our ordinances. Is there a revision history anywhere? Some of those are tweaks on wording required by the state. It is not always issues we have done ourselves. Some are state statutes that have changed that we have comparable ordinances that will usually list the reference to the ORC. And if you look at the ORC, there is a revision there.

Lorson moved that the rules, regulations, and statutes requiring the reading of an ordinance on three separate days be suspended. Aspiras, Sr. seconded. Roll call vote; all yeas; motion carried. Lorson moved that Ordinance B-18 be adopted as read. Corfman seconded. Roll call vote; all yeas; motion carried.

Lorson moved that Ordinance C-18 be placed on first reading. Wilson seconded. Roll call vote; all yeas; motion carried. **ORDINANCE NO. C-18**, An Ordinance to amend the City of Orrville, Ohio Income Tax Code to Adopt Sections 718.80 through 718.95 of the Ohio Revised Code and declaring an emergency.

Discussion: This is legislation we are required to pass by the State of Ohio. We are part of a lawsuit with over 100 municipalities in total, with Frost Brown Todd firm in Franklin County to challenge the mandates of HB 49 which further seek to make changes to the way we administer our local municipal income tax. In 2016 we were required to adopt legislation that made more uniform and changes several provisions of the tax code that we then had in place through HB 5 and HB 49. With this progression of state mandates changes to our municipal income tax code we joined with other municipalities to push back. We didn't feel it was appropriate or that it was constitutional, the manner in which the state had gone about dictating and directing that we would go about to make these changes. Specifically they are requiring us to change our own code because they don't have the authority to make us change the code so they are telling us we have to do it via this legislative process. It is set to go into effect February 24, which was previously extended from January 31st. A stay has been filed but we do not yet have a ruling from the judge in Franklin County. This pervasive tone of this is that we don't like this, we don't agree with it and in the event that the court overrules the state's authority then basically we have the right to redact this or to take it off. The primary challenge to this is the centralized collection as well as the provisions in original HB 5 which include net operating loss carryover and some other items. We struggle with the constitutionality and the encroachment on home rule. They told us the centralized collection would not go forward. This could change any day now. Local business has the option to stay filing with the City or use the State's centralized collection site. The potential impact is in the net operating loss carry forward. Between 23-30% of our income tax revenue is generated thru business net profit. If they are not profitable they can carry forward that loss to future years (up to 5 years) and be exempt from paying taxes. So it could have big effect on our finances if there were a downturn in business for some of our larger companies. Depreciation can affect that. Some municipalities has gone as far to notify some of their tax payers that if they have economic incentives and they opt in to participation with the Ohio Business Gateway that they will forfeit those economic incentives. The challenge also is that the State is not offering to go after unpaid taxes, they are offering to take it be not offering to affirmatively or assertively go after unpaid tax. That is still our responsibility. We are very limited in the documentation we can request from the State. We audit almost every business return that comes into the City. It takes a considerable amount of time but it's worth it. Many times we find errors. If the State takes over, we will not have access to a lot of the documents that would allow us to do that. And they will not be auditing them. They will just collect and distribute back the money less their fee. Less money coming into the City means your 1% tax isn't going to do near as much. Either we're going to pay more taxes, all of us individually, or we're not going to get near as much done in this community as what we're used to getting done.

Regular/Public

February 20, 2018

We were told right up until the last conversation I had with Senator LaRose, we'll never pass anything that's financially impact municipalities. Well, here we are.

Lorson moved that the rules, regulations, and statutes requiring the reading of an ordinance on three separate days be suspended. Hamsher seconded. Roll call vote; all yeas; motion carried. Lorson moved that Ordinance C-18 be adopted as read. Corfman seconded. Roll call vote; all yeas; motion carried.

Chief Matt Birkbeck presented the Orrville Police Department Annual Report.

Question/Answers: K9 Freddie's anticipated service span, his handler is hoping to get 10 years. Many retire around the 7-8 year mark. We will start to plan around that time.

Wilson moved to adjourn the council meeting; Aspiras Sr. seconded. Roll call vote; all yeas; motion carried. Council adjourned at 8:50 p.m.

Jeanne Gault, Clerk of Council

_____, 2018
Date

Lyle Baker, President of Council