



FINANCE COMMITTEE MEETING FEBRUARY 9, 2015

Committee Members Present: Scott Pelot
 Dennis McGlone-Excused
 Danny Grether
 Dennis Pierson
 Paul Tousley
 Charlotte Whipkey
 Rich Rodgers

Also Present: Mayor Mike Zita
 Valerie Wax Carr
 Ron Messner
 Justin Markey
 Karla Richards
 Ann Campbell

The Finance Committee convened on Monday, February 9, 2015 at 6:30 PM, in the Council Chambers of the Safety Administration Building. The meeting was called to order by Rick Rodgers, President of Council. Following a salute to the flag and the Pledge of Allegiance, there was a moment of silent prayer.

General Topics of Discussion:

Nash Heights Assessments

Mr. Rodgers stated that Council had several questions as to the costs involved and were turned over to Mr. Markey to respond to. Mr. Rodgers turned this discussion over to Mr. Markey for the details of the information he had sent out earlier this weekend. Mr. Markey explained the details of his information (see attached) Mr. Rodgers asked where the \$4,000.00 figure came from and Mr. Markey replied it was asked last week if the assessment was cut in half would that still work. Mr. Markey stated the question was raised last week if revenue from the Nash Heights project would be flowing back out to pay for other projects within the community. The pages reflect the estimated revenue for Nash Heights over the twenty (20) years and the costs. Mr. Rodgers had asked for some numbers on the package plant conversions, and what is presented shows with grants and without grants. Mr. Markey stated that the grants benefit the entire city with a positive cash flow. Mr. Rodgers stated from what he is seeing the surcharges will generate one big cash flow in one pot. Mr. Rodgers stated he does not want to pit one side or neighborhood against another. The whole idea with the MOU is to generate enough money city wide to accomplish the projects spelled out in the model presented.

Mr. Pierson asked if the numbers are all based on spreadsheet provided by EDG? Mr. Mr. Markey noted this is a group effort of numerous departments; himself, Mr. Messner, Mrs. Carr, EDG, City of Barberton Finance Director, etc. Mr. Markey noted the estimates for these numbers are from the Engineers numbers that were signed off by the Engineer and submitted to the Clerk of Council as part of the official record. Mr. Rodgers asked about the Newpark Project referenced here? Mr. Rodgers stated that is referenced in the 2015 Budget-page #82 Capital Projects. Mrs. Carr noted that this is for storm water project. Mr. Rodgers discussed the fact that we had budgeted for 2014 and for construction costs of this project at 2.5 million dollars, and Mr. Messner asked for a moment to pull that information to share with all of Council. Mr. Tousley stated the term subsidizing may not be the correct term and with that \$8,000.00 we would have to subsidize Nash Heights less and if there is a savings then we would be subsidizing everyone else. Mr. Tousley discussed the debt services differences and they are about the same either way and would rather project those savings into the project and not into the model or elsewhere. Mr. Rodgers noted that that \$8,000.00 for either vacuum or gravity may need to be changed. Mrs. Carr stated the estimated assessment was used for the model and for the MOU agreement which also lowered the tap in costs and over all lowered the costs. Mrs. Carr stated that the goal was to get a lower assessment for the residents. Mrs. Carr noted that the model could work with other numbers and that is something up to Council. We need to be able to have the funds to assist the neighbors in other areas when the time comes. Mr. Rodgers argued the \$3,000.00 difference that he feels should be reflected in the assessments as a savings. Mr. Rodgers noted the \$8,250.00.00 back in 2013 was for the gravity system and he cannot think that the could be the same for either gravity or vacuum. Mrs. Carr stated we need to sort though and determine how much of a subsidy is appropriate, we need to weigh in if that approximate \$2,000.00 would be enough, needs increased, or reduced. Mr. Grether noted the information with grant funds and without grant funds and asked at what point will we know that? Mrs. Carr replied she felt this would be sometime this April and strongly felt the City would get the grants or she would have never included that. Mr. Pierson asked about the survey that some of the residents in Nash Heights failed to complete and Mrs. Carr stated that was part of the forgiveness portion. Mrs. Carr stated that the residents failed to complete that information for a third party to compile the information and now that door is closed. Mr. Pierson stated that with all of the mistrust the residents toward the Administration and their local government, that could be the reason these were not completed. Mr. Pierson suggested having a Town Hall meeting do address this and get a second shot at the 50% funding. Mrs. Carr stated she could look into that, however she believed we have already missed that window of opportunity.

Adjourn

There being no other business to come before the Committee Work Session, the meeting was adjourned at 7:00 PM.

Rick Rodgers, President of Council

NOTE: THESE MINUTES ARE NOT VERBATIM

****ORIGINAL SIGNED AND APPROVED MINUTES ARE ON FILE WITH THE
CLERK OF COUNCIL.****

**All Committee Meetings will be held at the Norton Safety Administration Building,
unless otherwise noted.**

Estimate of Nash Heights Revenues - Vacuum Sewer with \$4,000 Assessment

Rate Increase of 5.0% per year for 2015
 Rate Increase of 2.5% per year for 2016-2030

MONTHLY RATES:

Rate per Mgal - Barberton's Norton Rate - \$6.52/Mgal
 (Barberton Rate = 4.35 + 50% Capital Surcharge = 4.35 + 2.17 = \$6.52/Mgal)

Average Flat Rate per Household - \$46.94 (7.2 Mgal x \$6.52/Mgal = \$46.94)
 (Based on 3 people/household @ 80 gpd/person = 7.2 Mgal/month)

DOES Customers Rate Decreases by \$5.00 in 2015 and then increases at 2.5%/year for 20 years (\$57.22)

DESCRIPTION

42		
43	DEBT SERVICE REVENUE from NASH HEIGHTS CUSTOMERS ONLY	
44	Capital Surcharge (22.5% + 27.5% = 50%) (+2.5%/year)	\$ 1,904,764
45	Additional User Fee Revenue from New Norton Customers (50% of User Fees for 10 years)	\$ 412,263
46	Additional Tap-in Fee Revenue from New Nash Heights Customers (\$1,400 for Capital Projects)	\$ 425,600
47		
48	TOTAL DEBT SERVICE REVENUE from NEW NORTON CUSTOMERS	\$ 2,742,627
49		
50	DEBT SERVICE for NASH HEIGHTS	
51	Nash Heights Project (\$5,300,000 Loan @ 2.00%) (\$1,216,000 Assessments) @ \$4,000 assessment	\$ 6,500,000
52	ANNUAL DEBT SERVICE for NEW NORTON CUSTOMERS	\$ 6,500,000
53		
54	NET DEBT SERVICE REVENUE for NASH HEIGHTS CUSTOMERS	\$ (3,757,373)
55		
56	NET TOTAL DEBT SERVICE REVENUE	\$ 3,028,986

Estimate of Nash Heights Revenues - Vacuum Sewer with \$8,000 Assessment

Rate Increase of 5.0% per year for 2015

Rate Increase of 2.5% per year for 2016-2030

MONTHLY RATES:

Rate per Mgal - Barberton's Norton Rate - \$6.52/Mgal

(Barberton Rate = 4.35 + 50% Capital Surcharge = 4.35 + 2.17 = \$6.52/Mgal)

Average Fiat Rate per Household - \$46.94 (7.2 Mgal x \$6.52/Mgal = \$46.94)

(Based on 3 people/household @ 80 gpd/person = 7.2 Mgal/month)

DOES Customers Rate Decreases by \$5.00 in 2015 and then increases at 2.5%/year for 20 years (\$57.22)

DESCRIPTION

	DESCRIPTION	TOTALS
1	BEGINNING BALANCE	
2		(Totals are for 20 year period)
3	DOES CUSTOMERS TRANSFERRED TO BARBERTON	647
4	ESTIMATED NEW CONNECTIONS OVER 20 YEAR PERIOD	304
42		
43	DEBT SERVICE REVENUE from NASH HEIGHTS CUSTOMERS ONLY	
44	Capital Surcharge (22.5% + 27.5% = 50%) (+2.5%/year)	\$ 1,904,764
45	Additional User Fee Revenue from New Norton Customers (50% of User Fees for 10 years)	\$ 412,263
	Additional Tap-in Fee Revenue from New Nash Heights Customers (\$1,400 for Capital Projects)	\$ 425,600
48	TOTAL DEBT SERVICE REVENUE from NEW NORTON CUSTOMERS	\$ 2,742,627
49		
50	DEBT SERVICE for NASH HEIGHTS	
51	Nash Heights Project (\$4,080,000 Loan @ 2.00%) (\$2,432,000 Assessments) @ \$8,000 assessment	\$ 5,000,000
52	ANNUAL DEBT SERVICE for NEW NORTON CUSTOMERS	\$ 5,000,000
53		
54	NET DEBT SERVICE REVENUE for NASH HEIGHTS CUSTOMERS	\$ (2,257,373)
55		