



## FINANCE COMMITTEE MEETING JUNE 22, 2015

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

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

The Committee Work Session convened on Monday, June 22, 2015 at 6:00 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. Mr. Rodgers asked everyone to remember the people in Charleston, South Carolina with the recent church shooting.

### **General Topics of Discussion:**

#### **Advancement of Funds**

Mr. Rodgers asked Mr. Messner to please explain why the advancement is needed now. Mr. Messner explained that we ran short in the State Highway Fund due to late in the season salt purchases. This action would authorize him to move money from the General Fund into the State Highway Fund to cover those expenses. Mr. Tousley asked about Norton being a part of a class action lawsuit relating to our salt purchase. Mrs. Carr stated that we are involved with our supplier Cargill Salt and their price fixing. We buy our salt through CUE purchasing and once they are reimbursed we should receive our portion. Mrs. Carr indicated we should end up with something; she was just not sure how much. Mr. Tousley expressed concerns with moving forward on this tonight. Mr. Messner stated that this is basically due to the auditors and the need to move these funds now, rather than later on in the year. This \$36,000.00 is a temporary thing and currently showing a negative \$21,000.00 and has been in the negative for a couple of months now. The auditors prefer we do this as soon as shortage occurs. Mr. Tousley stated his issue is that the public is not aware of this until tonight. Mr. Messner stated this is an accounting issue and he does not want to continue showing a negative past June. Mr. Tousley stated he does not like emergency language and wanted to follow protocol.

Mr. Rodgers moved to add this item to the Council agenda this evening for a first reading only, seconded by Ms. Whipkey.

Roll Call: Yeas: Rodgers, Whipkey, Pierson, Tousley

Motion passed 4-0.

#### Nash Heights Sanitary Sewers

Mr. Rodgers asked who prepared the calculations that were just distributed (see attached), and Mr. Markey replied it was a group effort of Mrs. Carr, Mr. Messner, Mr. Demboski and himself. Mr. Markey explained the information supplied contains a sheet on vacuum and gravity that is based on revenues and current assumptions; the City will need to designate revenues to cover the loans if there is no agreement with Barberton. Mr. Messner cannot certify those loans unless he has the funds to repay them. These numbers are to help you to decide what the assessment is going to be, what revenue source will be used, and what the impact will be. Mr. Markey stated that Council will need to decide on what level of assessment will be used for either vacuum or gravity systems. Mr. Markey stated we would look at the vacuum information first. Although the number will likely be less, we used the 304 benefits in the model using the same concept of \$6.5 million dollars that we have been using. At the top of the list is the assessment level with the current \$5,000 proposed assessment and the bottom assessment of \$15,675.00 is the maximum that could be charged. Mr. Markey went on to break down the property owner vs. the City share the annual payment required for the City loan amounts. The first row shows with a \$5,000.00 assessment and a loan amount of approximately \$4,995,000.00 results in a City yearly payment of \$305,000.00. The next column is the surcharge revenues of 27.5% on Nash Heights plus the tap in fees. The next column is the loan payment minus the coming in revenues results in \$211,000.00 out of some revenue source every year just to support those amounts. The second to last column is for the pump station payment on an estimated cost of \$500,000.00; it is assumed that will be coming out of the roll back money and is a \$30,000.00 payment for 20 years. The final column is the loan amount for the Nash Heights sewer project plus the payment for the pump station at the various assessment levels. The same form is used for gravity. Ms. Whipkey clarified that the loan payments are over a twenty (20) year period and Mr. Markey concurred adding that loan rate would be 2%. Mr. Rodgers stated that what is missing here is the 23% for surcharges and Mr. Markey concurred. There is also a different tap in number at \$2,740.00, noted at the bottom of the sheets, which is the City's current charge and that could be changed or waived. Mr. Markey stated the concept of the system wide revenues being used is what is missing; now we have to look at how to pay for it if it's just the City on its own. Mr. Markey stated that the City's sewer fund cannot be used to pay for any portion of the Nash Heights Sewer project. The money on deposit cannot be used because first of all that money is tied up in the lawsuit and secondly we cannot use that fund for that purpose. That designated sewer fund can only be used for specific purposes and cannot be used for expansions like laterals; it can be used for expansion, but not laterals. Mr. Rodgers asked are we not expanding the existing line on Greenwich Road that the residents are currently paying the surcharges for?

Mr. Markey stated he would explain all of that in a memo to Council due to the legal issues it's not something to discuss on the floor. Mr. Markey stated the sewer fund revenue is established by State Law in Chapter 729.52 to be used for specific, designated purposes. Mr. Markey stated Council could probably do by an ordinance the movement of those funds into another fund for other projects. Mr. Rodgers asked if we were to go with Barberton, those were all surcharges and sewer fees that we were going to be used. Mr. Markey stated the distinction is what is currently on deposit now must be factual and used. What is generated in the future should not be an issue in the future. Mr. Messner stated that in the City wide surcharge fund we have approximately \$700,000.00 and in the Tax Credit Roll Back Fund (#128) has approximately \$1,400,000.00. Mr. Rodgers clarified that what Mr. Markey is saying is that we cannot use what is currently in the bank now, and that future revenues can be used. We need to know what are the total revenues of the surcharges at 27.5% are and with a projected customer base of 304 for the Nash Heights projects. Mr. Messner stated he would work on that and he could calculate that over the twenty (20) years. Mr. Markey pointed out it would not be a very large number because it was collected since 2004 and is only \$700,000.00 to \$800,000.00 on deposit now. Mr. Messner added that the revenue runs between \$70-\$80,000.00 per year. Mr. Rodgers indicated that future revenues in the surcharge account of that 27.5% and with a projected customer base of the Nash Heights to come up with the total. Mrs. Carr stated they want to see an alternate based on the fact that we may or may not have an agreement. Mr. Markey stated they will want on the loan documents to show that you have a designated repayment source. Mr. Pierson stated there is no cost to change the agreement, as long as the monies are in place, and Mr. Markey stated that you would not need to change the agreement, just keep paying them and they will be happy. Mr. Rodgers asked when do we need to have these loan documents completed and Mrs. Carr replied not until August, but she would verify that. Mr. Rodgers asked to have all of these figures prepared for the next work session, noting that we will not be having a meeting on June 29, 2015. Mrs. Carr indicated that would be sufficient time to for the documents. Mr. Tousley asked Mr. Markey to explain again the documents in the last column. Mr. Markey explained that is the sum of the City sewer loan and pump station payments, and that is not part of the assessment. We want to account for budgetary purposes that the pump stations are not part of the assessments but part of the total debt. Mrs. Carr asked Mr. Rodgers when could we expect to have an answer back from Mr. Docherty on the different pump stations and Mr. Rodgers stated he thought Mr. Demboski was to design gravity and Mr. Docherty was to provide his on the vacuum station. Mr. Rodgers stated that he would contact Mr. Docherty and find out where this stands. Mrs. Carr stated she was not completely sure what the Administration is to be doing on this. Ms. Whipkey asked what town in West Virginia that had the buried tank and Mr. Tousley stated that was in Waverly, West Virginia. Mr. Rodgers stated he suspected it is going to be the buried tank in the pre-fabricated building.

Mrs. Carr discussed the IT contract which is up for a second reading and that she had hoped Council intends to waive the third reading and vote on this tonight. Mr. Tousley asked for the Administration's view of any and all of the benefits for going this route.

Mrs. Carr stated overall she felt we would see better services and lower costs, particularly on purchases due to buying power; our pilot program has been extremely responsive in the time to respond to issues. Mrs. Carr stated this pilot program is going very well and that is why she would like to continue this. Mr. Messner concurred with Mrs. Carr and the cost savings would be another benefit. Mr. Messner stated we currently have one (1) IT person and discussed all of the security breaches across the country; we would have the potential for increasing this staff up to possibly three (3) eventually. Since Norton is in the middle of these three (3) communities, the IT staff would like to be housed here although Mr. Stohl from Barberton has been very quick in responses. With the present IT person it could be 3-4 hours before he could respond. Mr. Tousley asked for confirmation on the numbers given him showing the difference being a couple thousand dollars difference on what we are paying now and Mrs. Carr concurred. Mr. Rodgers clarified that the previous IT person really had nothing to do with our dispatch and Mrs. Carr concurred that most of that had been turned over. Mr. Rodgers stated that the cost for next year would be close to \$73,000.00 and asked if the current IT person came near that and Mr. Messner replied no not personally, but with equipment and wiring, plus WiFi throughout the building . Mrs. Carr stated that what we found during this process is the City did not keep up to date with software issues, etc. Mr. Messner stated we are currently operating Microsoft 2003 and the latest version is 2013. You cannot buy 2010 anymore and now you are required to buy the latest 2013 version which is expensive. Mr. Rodgers stated the point is we are going to be spending more money for better services with Mr. Messner agreeing that Eric worked with the City and what the City could afford at the time. Ms. Whipkey asked if any of the \$73,000.00 spent for next year would be divided between dispatch and our portion? Mrs. Carr stated that \$73,000.00 is just for our IT; dispatch has their own budget for such items. Mr. Messner stated hypothetically, if IT cost \$300,000.00 for all of us our share would be one-third or \$100,000.00. Mr. Messner stated that he believed everyone is fairly up to date with the latest computers, other than the Administrative accounting software which may need to be addressed in the budgets in the future and costs are estimated to be about \$38,000.00 from Software Solutions (SSI) located out of Dayton Ohio. This will save us a lot of money because we will not have to buy forms, the templates are all included when we can fit it in. Ms. Whipkey pointed out that as she understood it, we would not be paying hourly rates on the IT staff and Mr. Messner concurred it was covered by the overall agreement. Mr. Tousley stated his issue was what we are currently paying for personnel now and what the personnel costs are projected to be. Mrs. Carr stated that the previous IT person was paid under an oral/verbal contract at a rate of about \$3,600.00 a month and that it is hard to really compare apples to apples here. Mrs. Carr added that did not include purchases or materials so the \$3,600.00 was a minimum and was much like a retainer. Mr. Tousley stated we could be doubling that and Mrs. Carr pointed out that included potentially two other personnel. Ms. Whipkey noted these costs are listed in our monthly budget reports under the company name. Mr. Rodgers did state that we are just getting by with our broadcasting and we need to continue to make improvements in the future on this. Ms. Whipkey stated that we are all aware that we need to make improvements in this. Mrs. Carr stated we need to get a listing of what all of the complaints or issues are and work on that. Mrs. Carr stated she did not feel that we are not in violation of the Charter and we continue to keep doing what we are doing and improve upon that.

Mr. Rodgers stated we had to stop meetings in the past and Mrs. Carr agreed, but not under this newer system. Mrs. Carr stated we need to find the residents that are not getting signal and we can send a police cruiser to sit in their driveways and if the signal comes in on our MDT equipment, then the issue is with the resident's equipment and not our system. Mr. Messner noted that we have the latest and greatest version with Live Stream products.

**Unfinished Business:**

None

**New Business:**

None

**Adjourn**

There being no other business to come before the Committee Work Session, the meeting was adjourned at 6:52 PM.

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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.**