

**Rittman City Council Met in a
REGULAR MEETING
Monday, February 22, 2016
7:00pm**

Members Present: Steve Johnson, Rick Hanlon, Brian Smith, Ken Park, Darrell Carey
and Dave Williams
Members Absent: None
Presiding: Mayor William Robertson

The invocation was given by Alex Barnes, Pastor followed by the pledge of allegiance.

Approval of Minutes – February 8, 2016

Williams moved to approve, upon roll call; Carey-Abstain, Hanlon-Yes, Park-Yes, Smith-Yes, Williams-Yes, Johnson-Yes and **motion carried.**

Workshop - None

Citizens Forum - None

Old Business

a. **Ord. No. 7922 An Ordinance of the Council of the City of Rittman, Wayne and Medina Counties and State of Ohio, Amending Chapter 971.01 (a) Water Rates; Service Fees, of the Codified Ordinances.** Third Reading. Ord. No. 7922 was read on third reading. Carey moved to adopt, all Yeas on roll call and **motion carried.**

b. **Ord. No. 7923 An Ordinance of the Council of the City of Rittman, Wayne and Medina Counties and State of Ohio, Amending Chapter 941.05 (B) (1) Sanitary User Charges.** Third Reading. Ord. No. 7923 was read on third reading. Park moved to adopt, all Yeas on roll call and **motion carried.**

c. **Res. No. 7925 A Resolution of the Council of the City of Rittman, Wayne and Medina Counties and State of Ohio, Declaring it Necessary to Improve West Sunset Drive from Main Street to DeCoursey Road by Planing and Milling the Existing Surface and Installing a New Asphalt Surface, All Together with the Necessary Appurtenances Thereto and Declaring an Emergency.** Third Reading. Res. No. 7925 was read on third reading. Carey moved to adopt, upon roll call; Johnson-Yes, Park-Yes, Williams-Yes, Smith-Yes, Hanlon-Abstain, Carey-Yes and **motion carried.**

New Business

a. **Motion to Approve the Placement of Farmland in an Agricultural District for Four Parcels Located within the City of Rittman and Owned by Morton Salt, Inc.**

Williams inquired as to where these (parcels) are (located).

The clerk advised she looked up the parcel beginning 62- and it is located on Sterling Rd. She advised she didn't specifically look up the other three (parcels), but she could if they would like.

Williams advised he was just curious.

Johnson inquired if the land was leased as farmland.

Boggs advised he wasn't sure which (parcels) these are (as designated on the form) as this came in to Barb. He advised Morton Salt has been buying up property and some are inside the city limits and some are not. Boggs advised some are as far down as Blough Rd. and almost to Ste. Rte. 604. He advised they (Morton Salt) own some (parcels) on S. Main St., which is the old Hoover farm and surrounding area. Boggs advised they (Morton Salt) also recently purchased what is known as Milton Lake at the corner of Ste. Rte. 57 and Milton Rd. as well as some swamp land parcels on both sides of Ste. Rte. 57 so, they have been buying up property quite a bit. He advised he felt what they do when they buy farmland is allow the farmer to continue farming it.

Robertson inquired if this is just for tax purposes.

Boggs advised he is assuming so, yes. He advised he felt in the future they should investigate it further to see if the farmer is paying rent to farm the land because if they are he felt it was a commercial use. Boggs advised he supposed they could table it until it is investigated further.

Johnson advised he would like to know what the tax implications are.

Carey advised he believed the lots would cost more (property taxes) if they were designated as commercial.

Johnson advised he was thinking there was some opposition from the 5 year and changes that had been made.

Boggs advised he wasn't aware of that. He advised he felt most of the parcels that are marked 62- and 63- are within city limits. Boggs advised the rest are all outside the city limits.

The clerk advised they (Council) were only approving the four parcels inside the city.

Robertson advised this is not that permanent designation for CAUV.

The clerk advised this is a renewal.

Hanlon advised someone is farming it.

Hanlon so moved, all Yeas on roll call and **motion carried.**

City Manager's Remarks

City Manager Boggs had no remarks.

Finance Director's Remarks

Finance Director Keener advised she wanted to go over what she gave the Council at their desk. She advised annually the city prepares a Comprehensive Annual Financial Report (CAFR) and this one is through December 31, 2014. Keener advised she extracted just the basic financial statements so they could have them at their fingertips and she felt it would be important to print out the debt schedule, which she provided, as there have been questions about that recently. She advised she felt that would be a useful tool for them to have that information readily available. Keener advised they are currently working on the 2015 (CAFR) which usually takes about 6 months to compile. She advised she worked with an accounting firm Rea & Associates and then it goes to the audit firm. Keener advised usually by June 30th it is released and in the future they would receive an electronic copy of it.

Robertson advised and that is filed with the state.

Keener advised correct. She advised we are currently going through the audit process right now and we have a new accounting firm and they have been in for the last two of weeks. Keener advised they do internal control, compliance and cash basis checking. She advised they'll come back in April or May and finish up their testing on the CAFR. Keener advised as of now there are no recommendations or citations, which was good to hear.

Council Member Hanlon advised he had some comments on the homework they were given from the last meeting when she passed out the schedule for potential savings on our sewer debt and how to spread \$100,000 around for additional principle. He advised his suggestion was pay \$200,000 down as additional principle and pay the debt off sooner. Hanlon advised if the sewer fund can withstand (the additional funds going for that purpose).

Keener advised the email had the impact (information) if they didn't do aggressive principle payments. She advised that impact was indicated on the bottom line of the fund balance for the next five years and as she also indicated in the emails. Keener advised the emails indicated what we have now versus what it would be if we paid the additional \$200,000.

Hanlon advised he saw something where she showed paying \$200,000 as an additional principle and the estimated cost savings on interest. He advised he didn't know if our balance in the sewer fund could withstand payments of that nature. Hanlon advised we were paying from 2007-2012 \$348,000 because we had 2 debts and one of them has since fallen off. He advised he would think now that we have paid for the work at the sewer plant, as there are no loans for that (septage receiving station) we should still be able to continue paying on that other note.

Keener advised after 2020 she projected what it would be up to 2025 and it was about \$200,000 give or take every year for the carryover. She advised obviously that is a huge decrease from where we are now with \$1.2 million. Keener advised after talking to Ken (Mann, Utilities Director) his concerns were that if we paid aggressively on our sewer debt and we got into a situation where there was any development with the industrial park we would have to put in \$1 million.

Utilities Director Mann advised he would guess a digester pump would cost \$1 million to \$1.5 million on a project such as that if we increase our load due to businesses (coming in).

Keener advised that would be a concern obviously.

Hanlon advised if we are going to increase our load in the next four years, our debt would be paid. He advised if we have to incur new debt he felt that was a good thing, but at least we would not have the old debt.

Council Member Carey agreed and advised we don't have to pay the (additional) \$200,000 (on the principle) as no one here was going to say we have to pay it every year.

Keener agreed and advised it could be something they look at annually.

Council Member Smith advised we have the tower on Metzger that needs painted.

It was noted the water tower painting would come out of the water fund.

Smith agreed with looking at it annually on a case by case.

Carey agreed and advised since it was over 5% interest.

Hanlon advised he felt they could be looking at paying the debt off in 2020 instead of 2032. He advised that was 12 years we would save over \$200,000 in interest.

Council Member Johnson advised the 5.25% he would assume we could find a better rate with 3% mortgages out there.

Keener advised we are not able to refinance it because it is a USDA loan. She advised we can pay it off early, but we can't refinance it at a lower rate with the USDA.

Johnson advised as long as a bank would loan us the money he felt we could pay it off. He advised it seemed like there was cheaper money out there and we have refinanced some other stuff at a much lower rate and he inquired as to why we didn't borrow money at 3%.

Hanlon advised that would be refinancing and we can't refinance it through the USDA.

Johnson advised we could pay it off and finance it through someone else at a lower rate. He inquired as to why not get a cheaper rate somewhere. Johnson advised it seemed like the interest rate for homeowner's was down in the 3% range and he thought the municipal rate was even lower.

Hanlon advised we could pay it off in four years and be done.

Carey advised if we can get a lower interest rate even if we don't get it paid off it would still save us a lot of money. He advised he didn't know the current interest rate.

Johnson advised he is curious about the current interest rate. He advised part of his thinking is that if something happens on the property and we have to do some infrastructure for our share. Johnson inquired as to where we would get that money. He advised the two big things in his mind are...is there cheaper money out there and what do we need to keep in the bank. Johnson advised when looking at the numbers and going back and forth between water and sewer and he understands the water and sewer are enterprise funds and they operate as businesses, but he inquired as to why they were two businesses and not one.

Keener advised she believed legally they have to be set up separately because there were two different user fees being charged.

Johnson advised he believed in some cities it was one. He advised he was curious about it and he didn't know if one came before the other and that was the reason it happened that way.

Hanlon advised we receive one bill, but they were separate.

Utilities Director Mann advised he wasn't familiar with any cities that were all one (fund-for water and sewer).

Johnson advised he was aware of a private company and maybe that was the reason. He advised he was just curious about it.

Keener advised she felt part of the issue would be co-mingling the purposes.

Johnson advised he understood, but to him it was all the same.

Carey advised because it is fund accounting.

Robertson inquired if there were any more questions on the sewer debt. He clarified they were discussing paying additional principle

Hanlon advised they could pay additional principle, but if they were going to pay additional principle they were better off doing it in January rather than waiting until December because we would be saving 11 months of interest by paying it off sooner rather than later.

Keener inquired if they wanted to pay \$200,000 total or \$200,000 additional. She advised in one of his emails he indicated in total.

Hanlon advised if we pay \$200,000 additional the calculations show paying it off in about 3 ½ years. He inquired as to the sewer balance at the end of those 3 ½ years or at the end of paying that debt off.

Keener advised it would be down to \$201,000.

Hanlon inquired if she would expect it to grow the following year.

Keener advised no. She advised she projected for the next five years out, which was around \$200,000 keeping our current spending trend. Keener advised we haven't done our capital plan up to 2025 so she doesn't know what kind of projects are planned.

Carey advised if the balance is \$200,000 after we pay off the debt he inquired as to how it could not go up by paying off \$220,000 of debt.

Keener advised she kept the spending the same for the capital purchases.

Hanlon advised according to the homework we were given if we put \$100,000 towards the additional principle this year we would potentially save \$81,000 in interest over the life of the loan. He advised if we paid \$200,000 we would double our potential interest savings over the life of the loan. Hanlon suggested we pay an additional \$200,000 in principle this year and look at it again next year. He advised if we can't do it next year then we don't do it, but let's wait and see where we are at next year. Hanlon advised as soon as tomorrow we could save our taxpayers \$160,000.

Mayor Robertson inquired of the Utilities Director if he saw any major red flags.

Utilities Director Mann advised he liked the idea of reevaluating it each year. He advised we are already increasing our volume with the septage receiving station and adding the digester would increase our volume to capacity.

City Manager Boggs advised to clarify one of the potential (businesses) looking at coming to the (proposed) industrial park area, in all likelihood, we would have to add a digester. He advised but, even if they agreed to locate here today it could be 2-3 years...

Hanlon interjected 2-3 years out, if they signed today.

Boggs advised so, paying an additional \$200,000 and revisiting it each time he thought was probably safe. He advised he liked the idea Steve (Johnson) had of paying that (USDA) loan off and getting a loan from another (financial institution) at lower interest. Boggs inquired if we could do that.

Keener advised yes.

Hanlon advised he was okay with that, too.

Carey advised we could pay it off sooner if we had a lower rate.

Johnson advised 5.25% is a pretty hefty rate for right now. He inquired if we did this (paid an additional \$200,000), we are currently at \$684,341 and it would take us to \$484,341 according to the figures provided in the email.

Keener advised correct.

Park inquired if they would see what rates the local banks would give.

Boggs advised they would check into it and see what rates are being offered.

Hanlon advised sometimes there are fees associated so they needed to look into that as well. He advised he was sure the savings would offset the fees.

Boggs inquired if there is a penalty from the USDA if we pay off the loan early.

Keener advised no.

Johnson advised they always thought it did, but we found out it didn't.

Keener advised she would double check.

Hanlon advised he believed you can't refinance like we did with the recreation center, but you can pay it off. He advised if we can go somewhere else cheaper that is great.

Motion to Pay an Additional \$200,000 on the Principle of the Sewer Debt as Soon as Possible in 2016 and Reevaluate Additional Principle Payments Each Year Hanlon so moved, all Yeas on roll call and **motion carried.**

Council Remarks

Council Member Steve Johnson had no remarks.

Council Member Dave Williams had no remarks.

Council Member Brian Smith had no remarks.

Council Member Rick Hanlon had no remarks.

Council Member Ken Park had no remarks.

Council Member Darrell Carey thanked everyone for coming.

Approval of Vouchers #'s 4234 thru 4351 and Memo Expense #'s 0M2161 thru 0M2169 and M21610 thru M21619 Carey moved to approve, all Yeas on roll call and **motion carried.**

Adjourn: 7:26 pm

Carey moved to adjourn, all Yeas on roll call and **motion carried.**

Mayor

Clerk of Council