

**Personnel, Budget and Finance Committee Agenda
June 6, 2022**

City Hall Conference Room
20 S. Walnut Street
London, Ohio

Call to Order

Approval of Minutes – May 9, 2022

Auditor's Update

- May books are closed
- Overall – Revenue \$ 1,224,945.95
Expenses \$ 2,753,211.78

Old Business

- Graceland/Mariemont Sewer Project
- Recreation Department
- Levy

New Business

- Water Rates
- Security System

Department Head Updates

Schedule July Meeting

London City Council Finance Meeting June 6, 2022

Attending: Josh Peters, Chair, John Stahl, Greg Eades

The minutes of the June 19th meeting were reviewed. Stahl move to accept, Eades second. Motion passed by a voice vote.

Auditors Update: City Auditor Kenna Combs advised the expenses for May were \$2,753,211.78, and the income was \$1,224,945.95. She noted that for the year the City has not spent more than the income, and a large part of the expenses was payment of the OWDA loan. She has no immediate concerns, and there could be possible increases needed for employee payouts, and keeping an eye on fuel budgets. Since Landon McKenzie was just hired, along with Adam Smith, he will be reviewing the Recreation budget. She will review any needed increases and will present them in the July Finance meeting.

Department Heads: **Tax Director Amy Lynch:** The General Fund brought in \$345,523.72 for the month of May. This is down 22% compared to last year, but it is up 14% for the year. The Fire Fund brought in \$155,004.37 for the month. This is down 11% for the month compared to last year, but the Fire fund is up 24% for the year. Lynch explained that last year the COVID rules were in place, and the filing deadline was in May. This year it is back to normal, which explains the differences.

City Treasurer Sue Mosier: She does not have anything.

Safety Service Director Rex Castle: As Kenna advised we hired Landon McKenzie as the Director, and Adam Smith as his assistant. They are working hard to get the pool open. He will have additional information in the Old Business portion of the meeting.

Old Business:

Graceland/Mariemont storm sewer project:

Rex Castle advises that they have met with the citizens of the area twice, and consulted with County Engineer Bryan Dhume. The project is expected to cost \$177,480, and the residents share of this will be \$125,000. This will be down as an assessment and the residents can either pay \$6250 or it can be added to their property tax for 15 years which will then be \$416.67. Rex advised the residents that the assessment would have to be presented to City Council and have three readings and a Public Hearing. Once passed the work can start in the fall, so that crops are not disturbed. Rex also noted that the \$125,000 should be a fixed number, and the City would be responsible for any differences due to rising costs for the materials.

Josh Peters: If this is not supported by the residents, are there any other options? *Rex Castle:* Not really, unless we want to take on the entire costs.

Andy Hitt: Will this take care of all of the problems? *Rex Castle:* Nothing is guaranteed, but this should help the residents greatly.

Josh Peters: And if the property is sold, does this go with the property? *Rex Castle:* Yes it will.

Elizabeth Branson, Graceland Avenue: She is here to support the legislation. She is aware of the history, but this was approved by Zoning years ago. "This beautiful neighborhood deserves to live without fear of heavy rains, and not have the stress and loss of sleep".

Motion by Josh Peters to take this to City Council. Second by John Stahl. Motion passed 3-0 by voice vote.

Recreation Department: *Rex Castle:* There was scheduled concrete work at the pool. While they were tearing it out, they found a 2nd layer, which increased the costs. They also put concrete in around the concession stand, and put gutters and downspouts on the concession stand so the runoff would not damage the new concrete. The main pump on the splash pad needs replaced, and a replacement has been found. I don't have the final bills yet, but we should be ok for a few months.

Josh Peters: Was there a warranty on the pump? *Rex Castle:* No.

Greg Eades: At a previous meeting you stated the pipes were not properly winterized. Who was the company? *Rex Castle:* Patterson pools. I don't think they have billed us for the repairs, since they are the company that did the winterization.

Levy: *Mayor Closser:* We have met internally and with the Chief's, and we felt that we should move forward with 0.25% for Fire and EMS only.

Greg Eades: Discussed the current fund balances of the Fire Dept. Presented three ideas for discussion, a Property Tax of at least 3 mills, a Safety Forces Income Tax of 0.35% which would pay for a New Police Station and further fund the Fire department, or a 0.40% Income tax that is issued under a General obligation bond which would allow flexibility in the spending. (see attached)

Rob Newman: You could go to the ballot for a General Income tax increase, and then determine how to use the money, at the discretion of City Council based on recommendations of the Administration on an annual basis. You will have to have the trust of the citizens in order to pass this.

Henry Comer: Since a levy has already failed twice, he felt it was important to have a back up plan. He spoke with Madison Co EMD. They had a levy pass recently, and it would be like changing the rules now. They would not just want to be a back up plan, but would want a long term commitment. We have been invited to their meetings if we would like to discuss this further. This does not reflect upon the London Fire Department and the quality of their work.

Chief Eades: Recently sent an email to council members (see attached email). He is advocating for the 0.25% Income tax as the Fire Department has the most immediate need. A General Services failed was tried and failed miserably. A Police & Fire levy was attempted and failed miserably. The fire only levy passed. The Madison County EMD recently passed a 4.75 mill levy. Based on the average income in London, and the average Home value in London, a 4.75 mill levy would cost a homeowner an additional \$108 a year, as compared to an income tax increase of 0.25%.

Rex Castle: The fund should have a fund balance of at least 3 months of expenses in reserve. We are nowhere near that. The fund should have \$900,000 in it. The deadline to file is in August.

Michael Norman: How often does the Fire Department have to have 3 months of funds set back? *Kenna Combs:* This is audited annually.

Mayor Closser: You could have a special meeting in June, as a work session and meeting to discuss just this item.

Josh Peters: We will have a Special Meeting on June 21 at 6PM in Council Chambers, and will invite all council members.

New Business: Historic Downtown revitalization Committee. Shannon Treynor: Proposed change to the existing legislation to align the funding and the powers of the HDRC to allow the \$17,000 to be used by the HDRC with approval of City Council.

Greg Eades: Have you discussed this with the Law Director and she has checked off on this as an allowable use of the funds? *Shannon Treynor:* I have not have a discussion with Jennifer yet. This is consistent with the assessment by Heritage Ohio that was sponsored by the City a year and a half ago.

Rex Castle: The underlying ordinance will have to be changed, and then you can come back to make these changes.

Mayor Closser: Are you trying to use this money for the Old Fashioned Christmas and other events?

Shannon Treynor: Our goal is to use this for snow removal and other things. We are looking at making a proposal down the road that would be very similar to the Tree commission that would allow for a special assessment against the owners of the vacant buildings.

Josh Peters: What kind of fund raising are you doing? *Shannon Treynor:* The recommendation from Heritage Ohio was a trifecta, with continuing funding by the City, a continuing source of corporate sponsors, and a third from self generated fund raising.

Henry Comer: The HDRC was initially put together to gather information, find properties that needed work, and bring the information to the Mayor or council, which is why there was no way for the HDRC to spend money. We already have legislation on the books, but we do not have enforcement. We need a full time code enforcement officer.

Greg Eades: Since the City paid for the assessment, it seems that there would be an expectation to move forward with something. As it stands, this commission has no powers, no funds, and no teeth.

Mayor Closser: City Council will need to be very careful on how this is written.

Shannon Treynor advises she will speak with the Law Director and will come back to the finance committee.

Water Rates

Steve Lelonek, Board of Public Utilities:

The BOPU has identified the need to add water rates for large meters. We currently have rates for up to 4 inch meters, and we would like to add 5, 6, 7 and 8 inch meter rates. TJ Rice was asked to speak by Lelonek. The 2 inch meters would be used by Apartment complexes, and the 4 inch by large users such as Stanley. The larger meters can be used by larger users.

Steve Lelonek: We are also adjusting the base gallons before the rates increase by decreasing the base amounts. We are also proposing changing the sewer rates. The base rate is currently \$1.50 a month, and with the proposed increase the rate would go up by \$4.99 a month in 2023, another \$4.99 a month

in 2024, and another \$4.99 a month in 2025. City Council gave the BOPU permission to apply for grants from the OWDA, and the grants were approved. Council approved 13 million for the east side sewer project, but we have not pulled the trigger on this yet. Now the cost is 15 million for the same project.

We have a 12 million water plant that has not been turned on yet. The old plant is producing maximum capacity of 1 million gallons a day, and where will we be if something happens. We need to get the new plant producing water. We project this as a 2 million dollar fix to locate water outside of the city, and to pipe it to the new plant. We are digging outside of the City, based on geological maps that show a large water source outside of the City. We have entered into a contract with the County to purchase water for about the same cost that we produce water. I am asking for 20 million dollars, and the debt service will be \$75,000 a month. The increase of the sewer rates will pay for the debt service when we have to start paying it back in 3 years. We last increased the water rates in 2015, and the sewer rates in 2013. If we increase the rates we will be more in line with our peers. We need a total of 27 million to be able to repair the identified areas that we have found.

The 20 million dollars would include 2 million to find and pump water to the plant, 3 million for infrastructure repairs, and 15 million to put in trunk lines for future use. The increase of the sewer rates will only go to pay for the debt service on the 20 million dollars, which will be paid back over 40 years.

Rob Newman: Why is there a 7 million dollar difference in the asked amount and the needed amount? And will existing lines be repaired? *Steve Lelonek:* We expect tap fees of new builds to help us fund the other 7 million dollars that is needed. The 3 million dollars is to repair identified areas that need to be replaced.

Henry Comer: I commend you for the work you have been doing. After contacting Steve Stivers the EPA started working with the City, and TJ worked with them in testing to try to find a solution. *Steve Lelonek:* There was a Federal study of 2 locations in Iowa to remove ammonia from the water. It would cost more to convert the current plant than it will be to locate and pipe water to the plant.

Greg Eades: These are huge increases. We are so much lower than everyone else, and the question is why does it matter that we want to increase the rates just to charge what other communities charge? *Steve Lelonek:* At the end of the day we have to do what we have to do, or we don't grow or die, and leave a 13 million dollar plant to rust.

Josh Peters: Is the increase just for sewer rates? *Steve Lelonek:* Most of the construction that will take place will be for sewer lines. The residential water rates will not increase, but we need to consider raising the rates 2-3% to keep up with costs.

Josh Peters: Why isn't this being spread out over 5 years? *Steve Lelonek:* The loan payments will start in 3 years. After the design and construction is completed.

Rich Hays: In the last levy attempt we kept hearing about water and sewer. We need four things: Fire, Police, water and sewer. God help us if something happens to the water. The handout you gave us mentioned 1500 homes east of Spring Valley. *Steve Lelonek:* If we locate the water outside the City, the City will want to own the land where we are getting the water. The Land owner would like to annex into the City along with another landowner as they both would like to develop the land. We may be able to annex 1000 acres into the City. This is a good deal for the City!

Henry Comer: We as a City Council have been tasked with helping to move forward, we cannot continue to kick the can down the road. We have been told of basements flooding, and this might be part of the solution. *Steve Lelonek:* We owe it to the current and future citizens of London to create a safe system for water and sewer. If we look 10-15 years down the road, and if you realize the studies the County has done about the future of the area we need to prepare now.

Steve Lelonek: If this goes to full council, I'll go over the plan and give you're the full deal.

Greg Eades: I think we should take our time to look this over, and come back to the next Finance meeting and ask further questions.

John Stahl: Why don't we just take it to council now, and go through the three reading process and work through it that way.

John Stahl: I move that we take this to council. Second by Josh Peters. Motion passed 2-1.

Pedestrian Crossing Signs: Michael Norman presented a proposal to purchase Solar powered pedestrian crossing signs to be placed at intersections where the lights were removed. He found signs, and thought Council could use the funds left over funds from the Traffic Light project. He hopes a Council member will sponsor this. *Rex Castle:* We have plans to put signage up. *Greg Eades:* He has been a proponent of being able to get people across the roads safely since before the project was approved, but this will need to be discussed at the Service committee with Bill Long.

Josh Peters: We will refer this to the Service Committee.

Josh Peters announced there will be a Special Meeting of the Finance committee on June 21st at 6PM in Council Chambers to discuss funding options for the Fire Department. The next regular meeting will be held on July 11th at 6PM.

Meeting adjourned at 835PM.

Respectfully submitted by Greg Eades.