

**NORTH RIDGEVILLE MUNICIPAL COUNCIL
MINUTES OF
SPECIAL MEETING AUGUST 2, 2010**

CALL TO ORDER: 6:30 P.M.

President Pro-Tem Roseanne Johnson: I call to order the North Ridgeville City Council Special Meeting of Monday, August 2, 2010. Clerk, please call the roll.

ROLL CALL:

Present were Council Members Nancy Buescher, Dennis Boose, Richard Jaenke, Bob Olesen, Bernadine Butkowski, and President Pro-Tem Roseanne Johnson

Absent was President Kevin Corcoran

Also, present were Mayor David Gillock, Safety-Service Director Jeffry Armbruster, Law Director Andrew Crites, Engineer Larry Griffith, Auditor Chris Costin and Clerk of Council George Smith.

President Pro-Tem Johnson: Clerk, please read the notice.

READING OF NOTICE:

Clerk of Council Smith read the notice regarding the Special Council meeting to be held August 2, 2010 to discuss and take any and all action relating to the proposed 25 percent sanitary sewer rate increase.

COMMITTEE REPORTS:

UTILITIES COMMITTEE REPORT #6293 dated July 26, 2010. Members of Council: We have considered the matter of a 25 percent increase in the residential and commercial sewer rate effective with the August billing or soon thereafter as law allows for Council's consideration and recommend that this request be approved and proper legislation be drawn authorizing same.

Signed: Members Bernadine Butkowski and Nancy J. Buescher and Chairperson Dennis Boose.

moved by Butkowski, seconded by Boose to accept Committee Report #6293

Council Member Boose: (Tape 1, Side 1 begins) . . . percent increase in 2012 and 13. That's anticipated because, again, as we have heard and know that the numbers are always fluid, they changed. We had some good news at the meeting last week that our collections have increased, annualized, about two percent from what we originally had thought. So, perhaps, next year won't be that 25 percent. Again, that's 25 percent, for example, this year based on only five months of collection and with the August billing to the end of the year is only five months. If you annualize that, that is actually a ten and a half percent increase; not 25. The same amount of money is collected in five months. So, it feels like 25 percent. In fact, the average; depending on whether CH2M Hill used an average home of 600 cubic feet per month and with water, probably

uses 1,000. So, the average between those two calculations is about five dollars and ninety-two cents increase per month for an average home. That is because we are taking a whole year's worth of an increase out in only five months. If you annualize it, again, it is only a ten and a half percent increase. Next year that 25 percent increase, anticipated, is based upon nine months. So actually, that is greater than what we are looking at this year. The issue is that even after we bring this increase in this year, we will only have a carryover or a fund in the sewer fund of just over 500,000. So, we will still be well short of that million dollars. The idea is that we shouldn't; I don't want to say, penalize our residents, but we shouldn't dig so deep in their pockets and take the whole thing at once. That's why we chose, at least, the Committee's recommendation rather than have a big chunk this year and a sizeable chunk this next year, probably next year to keep it sort of the same the next two years.

Council Member Olesen: Madam President, we were involved in negotiations with Avon on tap in fees, things that we believe were owed to us. Are those incorporated in any of these amounts? Is something going to happen there that we don't know about this time?

Mayor Gillock: I want to expand on a little bit about what Mr. Boose asked and might answer your questions, Bob. I really like the way Dennis has annualized it to the ten and a half and he is exactly right. If you remember, French Creek Waste Water Treatment Plant has raised their rate the last two years by seven percent each year. That goes to the three cities. That is incorporated as part of this ten and a half. So, that's a big part of it and is exactly what he said, indirectly or directly relates to increased costs at French Creek. That's a big part of this. We started looking at this almost three years ago. If you recall, from last year's study, when we raised it 18 percent they did recommend a 25 percent increase this year. That was a part of the long range plan with further adjustments possible. When we went back and looked at it this year; due to some changes, they recommended originally, 45 percent and we had some concerns about that. There were also some numbers we didn't like, as Mr. Boose said. They gave us a couple of alternatives, which gets us back to this ten and a half percent annualized, which relates to French Creek. To me, the increase is necessary and that's a big part of it. Some of the other things that go into it, in my opinion, one of the big factors is, we're spending more money each year on maintaining the system. If you remember back in 2005, we had massive sewage back ups and flooding because of I and I. So, at that time, we engaged URS, who did a study, who divided the City into fourteen sub basins; we prioritized and started fixing manholes and redirecting lines to make them flow better. We hooked the Schneider Lift Station into a new gravity sewer. I think there's also more people using the deduct meters, which is right, but it's an outdoor meter where water doesn't go into the sewer system and they're no longer paying for it and they shouldn't but, they were before so, that's a reduction in revenues. We've also got more, I think, delinquencies. If you look at our number of accounts and the things that are going on today with foreclosures and sheriff sales, some people just aren't paying their bills. They can't pay their bills. So, all of these add up to make the increase necessary. I think we are not that far off the seven percent when you look on an annualized basis. This study, when they gave us the alternatives, as Mr. Boose said it was 25 percent this year; potentially the same next year. We are watching that very

close. Our need has gone down a little bit and we will continue to watch it, but it is made up of all those factors and we have been watching this for almost three years now. The rates haven't been raised, to my knowledge. I don't remember when rates were raised. Jim might remember when they were raised.

Utilities Supervisor Jim Whitlock: It was probably about thirteen years prior to the rates being raised two years ago.

Mayor Gillock: Thank you.

Council Member Boose: Mayor, you didn't answer his question about Avon.

Mayor Gillock: You mean the other issue? That also relates to it. I thought you were talking about the seven percent. Avon has also installed a sewer line that goes up Jaycox which is in our facility planning area and then goes to Avon Lake. By the Clean Water Act, the Federal Regulation which is monitored and overseen by NOACA, they can't go outside of that facility planning area without our approval and they've done so. We had CH2M Hill do a study on what we saw as, what the damages were to this point and what the potential damages were. To this point, it indicates that we have lost about 635,000 dollars in sewer revenues and long range, there's a potential for five million dollars in lost revenues. That revenue goes to French Creek Waste Water Treatment Plant, but then again, it is directly related to their annual seven percent increase which is a huge part of what we are looking at and what the other cities are looking at. It is certainly an issue. We are taking steps to address that. I'm not sure if we're on the next Water Quality Control Advisory Subcommittee meeting at NOACA. I think we are; we'll be attending it and they're aware of it. We made the State aware of it and we'll see what we can do about that. That's a significant part of what is happening at French Creek. It certainly relates to that.

Council Member Buescher: Madam President, it is also important to note that if Council would do nothing this evening, the increase would be 67 percent next year and this is a very difficult decision for Council to make. No one wants to raise these rates by any stretch of the imagination, but we have looked at this and we have had many meetings and studied this as best we could and we are trying to do this the most fair and even way that we can to spread this out and perhaps next year, we may be able to charge less. We will see what happens, but it is our responsibility to do what we can to keep the City functioning. Thank you.

President Pro-Tem Johnson: Any other discussion?

Mayor Gillock: One other comment with what Mr. Whitlock was tasked specifically to talk about is the 25 percent, to look at it on a percentage basis rather than dollars. Twenty-five is a significant increase. I remember last year, when we went up 18, there were other cities going through the same thing that was at the 25 percent level last year. Jim watches this real closely and he has told me that our rates are still competitive with all those around us. I mean, we are not out of line with the other cities. They are reasonable, which still doesn't make it a fun thing to do and it's not something we want to do, but they are reasonable. Thank you.

President Pro-Tem Johnson: Any other discussion?

Council Member Butkowski: Madam President, I certainly don't want to raise any rates 25

percent and I also don't want to explain it to my husband why we did it. It is nothing that the City has done wrong. We never know when the EPA is going to give us another set of rules to operate the sewer plant by. It is really nobody's fault that this is happening. It is just a combination of a lot of things and everything is going up in price. We have to have some money to fall back on just like you have to have at your house. When something breaks at the sewer plant, we have to have it repaired. We don't have any choice but to have this money available to us to repair it. As much as I've asked everybody and asked to reduce this 25 percent, it just really isn't possible to be done at this point. Hopefully, next year, we can certainly not have to raise it this much.

Mayor Gillock: Madam President, I think there is one more significant issue that needs to be addressed. The base rate has not been increased; only the volume charge is being increased by 25 percent. The base rate is a dollar, eighty-two, it stays at a dollar, eighty-two and for senior citizens that are below the minimum, that is all they pay right?

Utilities Supervisor Jim Whitlock: They pay only what they use. The increase could be significantly lower for them than the average.

Mayor Gillock: So, by not increasing that base rate, it probably won't affect the senior citizens that are on a fixed income as bad as the average.

President Pro-Tem Johnson: Good point. Anybody else?

Council Member Boose: Madam President, as it has been stated earlier, no one wants to increase rates. We've talked about this for several years and in earlier Committee meetings we've discussed; in hindsight, when we didn't see the need for increased expenses, that we could have had smaller increases. At that time we were having twice as many homes, if not more, being built in our community and so, we were living off of tap in fees and so, we didn't do anything then and probably that was appropriate because you can't count on that sort of thing. Well, we are doing all we can to cut everything; to have the initial recommendation come in at 45 percent and for us to get that as low as 25 percent and I tried very hard last week during the Committee meeting to get that to 20, in trying to get some money from some other fund, which we couldn't get. Getting it to an annualized ten and a half percent is very reasonable. It will feel like 25 and some people are going to be hurt by it; those that are on fixed incomes, social security, unemployment; those that are on pensions and those that have not had increases in their income at their jobs. It is going to be an additional, on average, five dollars and ninety-two cents per month, but in the same regard, we have a responsibility to make sure that the City services are maintained and to do nothing, as Mrs. Buescher suggested, isn't an option. In fact, in my opinion, to do nothing would be bordering on financial malpractice. It's not going to get better. We need to make sure that we do something now; consistently, so that in the future, we don't have to deal with this again. Again, I'm not happy about having an increase. I'm not wanting to recommend it, as it is a very difficult situation, but at the end of the day, it is our responsibility as Council and the Administration of the City to make sure that when you flush the toilet, it works and it goes to the right place. To do nothing would just make matters worse. Thanks.

Council Member Olesen: My earlier questions were just merely to get all these things on the

table. I think they've been on the table. Mr. Boose chimed in, the Mayor and the Administration chimed in and I am in total agreement. We have to do this now. We have no choice.

President Pro-Tem Johnson: Anybody else? We have a motion by Butkowski, seconded by Boose to accept the Committee Report. Clerk, please call the roll.

Yes, 6 No, 0

Clerk of Council Smith: Measure passed unanimously.

President Pro-Tem Johnson: Committee report passes six, zero. There is legislation that is before you on the same topic.

 moved by Boose, seconded by Butkowski to suspend the By-Laws to consider the legislation before Council to have its' first reading and to have a temporary number assigned

Clerk of Council Smith: We do not have a temporary number at this time. I was not given one to assign to it. I do have an ordinance number should it pass.

Mayor Gillock: You can give it SM1 for Special Meeting 1.

Clerk of Council Smith: Let's assign temporary number 500.

President Pro-Tem Johnson: Clerk, please call the roll on the suspension of the By-Laws.

Yes, 6 No, 0

Clerk of Council Smith: Motion passed six, zero.

President Pro-Tem Johnson: By-Laws are suspended. Clerk, please give T 500 its first reading.

FIRST READINGS:

Clerk of Council Smith:

T 500-2010 AN ORDINANCE AMENDING NRCO SECTION 1044.01, USER CHARGES
4770-2010 BY INCREASING A COMPONENT OF SANITARY SEWER RATES

First Reading

 moved by Boose, seconded by Olesen to dispense with the second and third readings

President Pro-Tem Johnson: Clerk, please call the roll on dispensing with the second and third readings.

Yes, 6 No, 0

Clerk of Council Smith: Passes six to zero.

 moved by Boose, seconded by Butkowski to adopt

 moved by Boose, seconded by to add the emergency so that we can meet the deadline for the August billing

Council Member Boose: To delay any further would either have the consequence of potentially increasing the amount of the increase or decreasing the amount collected which would make next year's balance even shorter.

President Pro-Tem Johnson: It was moved by Boose, seconded by Olesen to add the emergency.

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Clerk, please call the roll.

Yes, 6 No, 0

Clerk of Council Smith: Measure passed six to zero.

President Pro-Tem Johnson: We have a motion to adopt. Is there any further discussion?

Council Member Boose: Just one final comment. The Committee has looked long and hard and held three different Committee meetings this year, one in April, one in June and one last week in regards to this situation. We have looked at it every way to try to come up with the proper mechanism to fund the shortfall in this fund. If anyone on Council feels hesitant to vote in favor of this, I would ask them to speak now and tell me how to do it some other way than what we have come up with. Again, I think that to do nothing solves no purpose. Again, continuing to be open for any suggestions. Thank you.

President Pro-Tem Johnson: Anybody else? Clerk, please call the roll on the adoption with the emergency.

Yes, 6 No, 0

Clerk of Council Smith: Measure to adopt passed six, zero and becomes ordinance number 4770-2010.

Permanent Ordinance Number 4770-2010

President Pro-Tem Johnson: Is there a motion to adjourn?

ADJOURNMENT:

 moved by Butkowski, seconded by Buescher to adjourn

President Pro-Tem Johnson: Meeting is adjourned.

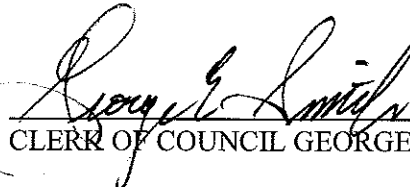
Meeting adjourned at 6:54 P.M.

Approval of Minutes:

These Minutes were approved at a regular meeting of the North Ridgeville Municipal Council on September 7, 2010:



PRESIDENT OF COUNCIL KEVIN CORCORAN



CLERK OF COUNCIL GEORGE E. SMITH