

MEETING MINUTES June 19, 2018

CALL TO ORDER/ROLL CALL

A regular meeting of Powell City Council was called to order by Mayor Jon C. Bennehoof on Tuesday, June 19, 2018 at 7:30 p.m. City Council members present included Jon C. Bennehoof, Frank Bertone, Tom Counts, Brian Lorenz, Brendan Newcomb, Melissa Riggins and Daniel Swartwout. Also present were Steve Lutz, City Manager; Eugene Hollins, Law Director; Debra Miller, Finance Director; Jessica Marquez, Assistant Finance Director; Rocky Kambo, Assistant Director of Development; Chris Huber, City Engineer; John Moorehead, Assistant City Engineer; Jeff Snyder, Director of Parks & Rec and Public Service; Gary Vest, Chief of Police; Megan Canavan, Communications Director; Karen J. Mitchell, City Clerk; and interested parties.

OPEN SESSION

PLEDGE OF ALLEGIANCE

CITIZEN PARTICIPATION

Mayor Bennehoof opened the citizen participation session for items not included on the agenda. Hearing none, he closed the public comment session.

PRESENTATION - Findings and Recommendations of the Citizen Financial Review Task Force, by Rich Cline, Chair

<u>Rich Cline, 290 Weatherburn</u>: Mr. Mayor and members of Council, on behalf of the Citizen Financial Review Task Force, I am pleased to present to you tonight our final report.

Powell is at a critical point in history regarding infrastructure maintenance. For nearly thirty years, the City has relied on newly constructed, developer-built, infrastructure to serve our community. New construction meant that Powell did not have to spend much money to maintain that infrastructure. The truth is the City has never budgeted the full amount necessary to pay for the infrastructure maintenance. Instead, the City's deferred most infrastructure maintenance costs. This has enabled Powell to keep our income tax rate at a fraction of the prevailing rate in Central Ohio. When Powell did spend money on infrastructure maintenance, it relied primarily on three revenue sources: gasoline tax, estate taxes, and local government fund distributions from the state. As the Task Force discovered, Powell can no longer rely on this funding to pay for the required infrastructure maintenance. Tonight's report walks you through the Task Force findings and its journey to investigate those facts, explore the options, and to recommend to Council a course of action that we believe will address Powell's critical shortfall in funding for infrastructure maintenance, and will do so in a way that treats all of Powell's residents fairly.

I'd like to start by reviewing the factors that led Council to create this Citizen Financial Review Task Force:

- Rapid growth in the last 30 years;
- Decrease or elimination of infrastructure funding (i.e. Local Government Fund, Estate Tax);
- Sought grants, did only critical maintenance;
- Levy failed 2010;
- City can't continue to provide safe, secure streets; and
- City Council created the Task Force in 2018 to investigate facts, problems, and recommend solutions.

(Exhibit 1 - Power Point Presentation)

Council did a fantastic job of selecting a wide cross section of the Powell community when you set up this Task Force. We had a few people like me with snow on the roof or senior citizens. We had some young people. We had lawyers, bankers, engineers, people with kids, and people with grandkids. We had business owners and a wide array of people with a wide array of experiences and thought processes which proved to be invaluable in the work that we did. There were 18 of us. We volunteered our time over a six month period. We spent more than 300 hours completing an in-depth analysis of the City's revenue sources, capital improvement needs, and expenditures.

The Task Force first met in plenary session and we received a lot of information. Some of you were able to attend our first meeting and that was very helpful. We got information from City Staff, particularly the Finance Department and the Engineering Department, to help us understand the basic background information necessary to come to grips with the issues that you asked us to address. It pretty quickly became apparent that we ought to divide into working groups and that those working groups should take an in-depth dive into three specific areas to be able to answer some very fundamental questions. Regarding capital needs: what are the critical capital needs of the City? How does this City address those needs today? And what can we recommend to improve that process? As to expenditures we wanted to know: where does the City spend its money now? Is it spending that money wisely? Are there ways to reallocate spending within the current budget to address capital improvement concerns? Lastly, as to revenue, we wanted to know: where does the City get its revenue today? Is the City able to address its infrastructure maintenance needs using existing revenue, and if the answer to that question is no, what is the right way to generate new revenue to fund infrastructure maintenance?

The subcommittees operated independently of each other, elected their own chairperson, and set their own agenda. I thought it was very important that the subcommittees feel completely free to explore any question, discover any fact, look at any source of information that they felt would help them address the questions that they wanted to address. You should be very proud of the work that those subcommittee members did. They all worked very, very hard and they made periodic reports to the entire Task Force in plenary session. That feedback was actually very valuable because it allowed us to see the progress each subcommittee was making and ask additional questions that came up. It also allowed us to stay on track.

<u>Capital Needs Subcommittee</u>: Heather Lindsay chaired this subcommittee. The subcommittee met 5 times and participated in a Task Force-wide tour of the City's infrastructure. We worked closely with the Finance and Engineering Departments to learn how the City has developed over time, what that meant for infrastructure spending, what we needed to know and do know about infrastructure spending going forward.

Some of the key points we learned from our investigation are:

- Powell no longer collects sufficient revenue to maintain its existing infrastructure;
- The City needs an additional \$2 million dollars a year in new revenue to adequately fund the
 maintenance that is required for existing infrastructure for roads, sewers, and catch basins that exist
 today. This \$2 million new dollars does nothing to address any new infrastructure that Council may
 decide the City should consider; and
- Grants are not a sustainable way to pay because it can't be relied upon from year-to-year. Most of the
 time, grant funding requires the City to provide matching funds and the City doesn't have matching
 funds to apply in most of those instances. Grant funding directs resources to those projects that are
 favored by the people that provide the grant, not always where the greatest need is.

The Engineering Department prepared a projection to help us predict what the future would look like. Scenario 1 is based on current funding levels. As you can see, the green represents roads in very good condition with red being very poor condition. The subcommittee felt the very good roads are shrinking dramatically and the roads in the poor/very poor category are growing dramatically. That tells us that the existing path is unsustainable and not an option the City should consider.

We then took what we considered to be the need and asked the Engineers to project how that funding, if provided, would affect the PCR (Pavement Condition Rating) over the next ten years. As you can see, it

completely eliminates the red and greatly improves the excellent and good ratings so that the majority of our roads are in good shape.

For those that are not familiar with the term "PCR", it is a Pavement Condition Rating. A 100 PCR is a brand new road and anything below 50 is a failing or failed road. [Mr. Cline showed some examples of different PCR rated roads in the City]. The City strives to keep the roads at a composite 80 PCR. As I indicated already, infrastructure is more than roads. It is storm sewers, catch basins, and it is this pedestrian tunnel in Adventure Park. As most of you probably know, the walls of that underpass below the CSX railroad are literally falling down to the point where the City built a scaffolding to prevent those chucks of stone from falling on people and hurting them in an effort to keep the pathway open. From an engineering perspective, the structure is sound for its intended purpose, which is to support the railroad tracks above it. CSX is not going to spend a penny to make that pathway available for pedestrian traffic. If the City is going to continue to use that tunnel for pedestrian purposes, it's the City's responsibility to fix that.

So we asked the Engineering Department to give us some information. We investigated that information to try to determine what a realistic estimate of the need was over the next 10 years. We divided that into two categories: the yearly cost and periodic cost. A yearly cost is something the City would spend every year if funding was available. Periodic costs are things that will occur sometime in the next 10 year period but we don't know exactly when. These were added together and added up to \$20 million dollars, then divided by 10 years, and that is how we came up with a \$2 million dollars per year need for the City to address its infrastructure problems.

The Capital Needs Subcommittee recommends finding a way to generate the \$2 million dollars needed because it allows the City to act on need, not funding; provides a stable funding source for multi-year planning; and its bidding could be done when labor is cheapest. This recommendation was felt to be the most costeffective. I think it is important to point out that this recommendation also includes a recommendation that the City implement a Capital Improvements Plan. The Capital Improvements Plan would identify projects over the next 10 years, prioritize them by the greatest aid, and then in conjunction with a sound funding source, allow the City Engineer to plan those projects in a systematic way so that it is most cost effective. One of the big advantages the subcommittee noted about the Capital Improvements Plan is it allows the City to allocate its resources based on need and not on the availability of funding or the grant funder.

<u>Expenditure Subcommittee</u>: – This subcommittee was chaired by Mike Barker. This subcommittee met 3 times, gathered information from the Finance Department, Chief of Police, and City Manager. This subcommittee had three major goals: learn how Powell's tax dollars are currently accounted for and spent; understand the state law as it related to funding of municipal government; and review the City's spending across all departments. The subcommittee took that final charge very, very seriously.

The first question was, could we simply cut our City budget and solve the City's infrastructure maintenance funding problems through that process? The subcommittee posited a hypothetical 4% across-the-board cut. Every department was cut 4% to see what that would do to City government and what that would provide for funding for infrastructure maintenance. The first thing we found was that it would severely degrade City services, especially in the Police Department because the Police Department is a major part of the budget. Secondly, it would only generate about \$300,000 a year. So once the Capital Needs subcommittee recognized the need was \$2 million, it was pretty clear that a 4% across-the-board cut would not get the job done. And an even higher cut was just unworkable.

So then we looked how the City was doing. Are we spending our money wisely? We compared our per capita spending to surrounding communities. This is spending for all forms of government, not just infrastructure. Powell spends \$878.28 per capita. We are the second lowest out of surrounding 12 communities. That was a pretty good way for the subcommittee to be confident that Powell is currently spending its money wisely.

Then we looked at salaries to see how we compared to the surrounding communities. In almost all categories, we are below average. Then we asked if we were over staffed in the Police Department. The answer is no

when we looked at the number of police officers we have compared the number of police officers we have per 1,000 residents to other area communities.

The Expenditures subcommittee recommends that the City keep doing what it's doing because the subcommittee felt confident that the City is spending its money wisely. It further recommends strongly supporting the Police Department. We did look at and talk about the concept of alternative policing due to the Police Department being such a large part of the budget, but felt it was not palatable to residents. The only real alternative is to disband the Police Department and rely on the Sheriff's Department for services and it was concluded that this was not a viable course of action.

<u>Revenue Committee</u> – Jeff Gardiner chaired this subcommittee and he was also instrumental in bringing together this final report that you have in front of you tonight. A lot of that would not have happened if Jeff had not volunteered additional time to do this.

The major revenue sources for the City of Powell are municipal income tax, development fees, and property taxes. The Revenue subcommittee looked at those as potential sources of revenue to address this shortfall.

We first looked at income tax to see where we stood in comparison to our neighbors. The majority of the communities in Central Ohio have at least a 2% or higher income tax rate. The rate of income tax a person pays depends on where they work and where they live. You pay taxes first to your work place taxing authority and then to your residential authority. I, for example, work in Columbus and pay Columbus 2.5%. Powell does not get a single penny of that tax revenue. I also pay an effective rate of 1/2% to Powell because Powell currently gives a quarter percent tax credit. So my effective municipal tax rate is 3%. People who live and work in Powell pay 3/% in municipal taxes. The subcommittee felt that it was important to note that about Powell because Powell is a bedroom community and approximately 60% of our residents work outside of Powell. Most of them work in communities that have a 2% or higher income tax rate. I think some on the subcommittee were surprised to learn that Powell doesn't receive any income taxes that our residents pay to those other communities.

We then turned to property taxes to see how they were distributed in Powell. Out of every dollar of property taxes that is recovered, the City gets four cents, or 4%. The lion's share goes to the school district, some goes to Liberty Township, some goes to Delaware County and the rest is split out among a variety of agencies. It is important because it shows that the property tax option is not likely to be a viable way to increase spending for infrastructure maintenance.

The Revenue Committee found there have been some recent trends in state legislation that have caused problems for most municipalities, including reduction in the Local Government Fund. This fund was started in the 1930s as a way to return revenue from the state income tax collections back to local governments to help pay for needs local governments were being asked to address. It was really a state version of federal revenue sharing. Over the years, as the state budget has become more and more problematic and tighter, the General Assembly has taken two steps to address their concerns at the state budget level. The first step is that they pushed a lot of costs down to local governments with unfunded mandates. At the same time that the General Assembly was increasing the burden on local government to address these concerns, it was cutting the revenue share for individual municipalities by cutting the Local Government Fund.

The second thing the state did was eliminate the estate tax. The estate tax was a source of revenue for the City of Powell in a unique way. The amount the City collected varied from year-to-year, but it was a significant funding source over time. We estimated that the City lost an average of \$567,000 annually by this elimination. So when you already have a lean budget and have an administration and Council that has adopted a philosophy of avoiding incurring costs in the first place, rather than trying to cut them later, it made it impossible to cut your way out of the concern that this process created.

The Revenue subcommittee made a couple of important recommendations:

The first is to propose a modest increase in the income tax rate from .75% to 1.15%. That number was chosen carefully because that rate is what would raise the \$2 million dollars needed and not one penny more. The subcommittee felt it was important to ask only for what the actual need was. So the 1.15% is an intentional number. The subcommittee also recommends increasing the credit from .25% to .50%. We felt that was important for another reason. Most of you were involved in City government the last time there was a proposal before the voters to change the income tax. That was motivated in part by these same concerns and it was rejected pretty soundly by the voters. One of the criticisms of the proposal was that it wasn't a shared sacrifice. The feeling was that the burden previously proposed was falling unfairly on those that lived and worked in the City. This burden falls on everyone. We felt that this was very important.

There was considerable discussions in the plenary sessions about whether we were doing a dis-service to Council by not recommending a higher percentage increase in taxes and that we ought to be proposing a larger percentage. In the end, the Task Force came to a consensus that our mission was to address a critical shortage in funding for infrastructure maintenance and this proposal addresses that.

The second part of this proposal that is really important is the proposal to make 25% of all income tax revenue allocated toward infrastructure maintenance. We call this the 75/25 Policy. More and more communities are dedicating a certain stream of their revenue to infrastructure maintenance because, let's face it, residents are happy to pay for a park, a splash pad, amenities, but are less excited about storm sewers and catch basins. By ensuring a dedicated revenue stream, Council would be taking important steps to keep faith with the voters to say if you give the City this money, you can rest assured that this money will be used for infrastructure maintenance.

Powell maintains one of the lowest income tax rates in Ohio and, despite significant state reductions, the City continues to manage its existing revenue prudently. Continuing to defer infrastructure maintenance is not a viable option. In the face of these realities, the Task Force unanimously recommends Council go to the voters to modestly amend our income tax to guarantee that a portion of the Powell tax revenue is devoted to infrastructure maintenance. It is our considered judgment that this recommendation applies the best solution to Powell's urgent need to fund infrastructure improvements, it does so fairly, and it requires all who live or work in Powell to contribute to the solution.

I want to thank all the Task Force members for their dedication and hard work over the past six months. Every one of them sacrificed their time and talent to make this process a success and I wanted to publically acknowledge those efforts.

There will be a public forum scheduled for July 10th at 6-8 p.m. in Council Chambers. Many of the Task Force members will be in attendance to answer questions.

Councilwoman Riggins: Thank you to everyone that contributed. When I read through this, it was obvious that a lot of work was put into this. There was a lot of thought and digging, beyond surface things, and it shows. This report was amazing.

Councilman Newcomb: Mr. Cline, thank you for your report. I do have a few questions. Maybe just a couple right now. When you guys were meeting at the very beginning, it seemed to be a 'we should share the pain between residents and business' and I can see this really as falling on the residents. What happened with the business end of that? And I was thinking, you know, increase the commercial property tax rate. Did you look at that? So what happened with the business end of it?

Mr. Cline: There are two responses that I would add to that question. First, businesses do pay income tax and so the change in income tax burden effects business owners just as much as it effects Powell residents. And for most of them it is actually a greater increase because, as I stated before, 60% of our residents pay taxes to another community, so they wouldn't pay the full .4% increase that a business owner in Powell would be paying.

Secondly, it's in the report, although I didn't put it in the presentation, but the Revenue subcommittee recommends the City prepare a listing of those businesses that are in Powell, pay Powell taxes, and make it available on the City's website so that Powell residents who care about this issue can patronize those businesses that are paying taxes to help support Powell.

The third part of your question concerning whether or not we could change the commercial property tax rate, which I will defer to Gene, but my understanding is that we can't have a separate rate for commercial property taxes that's separate from residential property.

<u>Gene Hollins, Law Director</u>: That is correct. We vote on a full rate and then it breaks down into a residential effective rate and a commercial effective rate but that is because there is two reduction factors. We would have to consider amending the full rate and it would apply to both residential and commercial properties. Over time, there might be a slight deviation.

Councilman Newcomb: I guess I'm thinking of those businesses like Target. You know, a lot of this money is going towards roads and I think Target and Giant Eagle use the roads more than I do and I think we, in property taxes, we get \$13,000 from Target a year, which I would like to get more money from entities like that where I think they're using the roads probably more than anyone else in our community.

Councilman Swartwout: I have no questions at this time. I'm excited to attend the public forum on July 10th to hear feedback from the community. Like Melissa, I'd like to echo her by thanking everyone in the Task Force. That was a lot of hours, time away from family, or the time away from other activities. So to everyone that put in that effort to volunteer and serve the community, while it might have been a thankless job, there are many thanks for all of you. Thank you so much.

Councilman Bertone: Mr. Cline, thank you once again. It is an exemplary effort, not only your leadership, but by the Task Force. Obviously thank you all for your time and effort on this task. I commend you. From my view, just watching how this group initially organized – I only attended the first couple of meetings and that was by design – but I think you hit it on the head in how the Task Force was formed. This whole Task Force, per se, was a broad representation of this community and that was done by design to gather different points of view. But what you could hear in the first meeting was maybe some sense of distrust. Folks came in with their own questions or concerns. And the fact you have all walked away unanimously with this recommendation speaks volumes to me personally, but more importantly, as we continue to discuss this item in Finance Committee and various upcoming conversations, I'm intrigued to talk to each and every one of you independently to find out what the thread was that pulled this group together. I'm a big believer in pay me some now or pay me a lot more later. We've been watching this train for a couple of years now but I think what you folks have come back with is equitable and fair in a fashion that makes sense for this community. Thank you.

Councilman Counts: Likewise, I thank you for your efforts. Everything has already been said in terms of what you have done and it has been a huge success in my book. Unfortunately, as I have described to others, it's only first base. We have to get a lot of other people on board with your recommendations if we are to actually implement them.

I do have two questions, one for the Task Force and the other for Staff. To the Task Force: as I read the report and Executive Summary, there was this demarcation between capital infrastructure maintenance and repair and new things, but you set that aside and said that's for another day. But in terms of those capital repairs and maintenance, it seemed to focus on roads, sewers and bike paths in terms of the list that describe the \$2 million dollars. But I can think of a whole host of things, this building, our service center, the Lechler building which are existing structures that will need repaired and maintained and wasn't included in that \$2 million dollars. Were you saying that this was not necessary? Were you saying that \$2 million was only the amount that was going to cover those things and those items that I was describing we really don't have any funding for, we might [have money for]?

Mr. Cline: The best answer is that the \$2 million dollars is intended to cover the categories listed on the slide. Will it be exactly \$2 million dollars a year, every year? Obviously not. More likely than not, there may be some money, some years, that may be available for other things. But by in large, the Task Force felt that the critical needs were the ones we identified for storm sewers, bike paths, catch basins and roads, as broad categories, and that our task was to provide you recommendations that would clearly address those concerns. As far as any new construction or any construction outside of that, our recommendation would be that Council look at other revenue streams to address those concerns.

Councilman Counts: As a comment to Council, as we have dealt with all sorts of needs that come on unexpectedly, I fully expect for those areas that are described in the report, we will probably be close to the \$2 million, but there is a whole set of items that we really haven't quantified that we are going to have to maintain and repair that are part of our City's infrastructure. While this is a very, very good start, don't expect that this is going to be a cure-all for all of our capital infrastructure maintenance and repair needs. I would just throw that out for discussion.

My second question is really for Staff that I would like you to do some work on and that goes to this concept of the 75/25 split between our income tax revenue – 75% would go for existing operations, 25% would be dedicated for capital maintenance and repair. I ran the numbers and said, let's assume that next year the economy falls off and we don't generate the \$2 million dollars and we now have approved this increase, this split, and suddenly we are now dividing those revenues between operations and capital maintenance and repair. Likewise, it could be a really good year next year and the opposite could be true. But I focused on the bad news scenario that we do not generate the revenues that we think we're going to generate and we're subject to this split. When I did that, I came to the conclusion that there is a possibility, on the operations side, we could have less dollars available for operations than what we currently need right now. I would ask Staff to run those scenarios. I believe that there is a component of our current operations budget which includes some capital maintenance and repair, but I don't know that. So run some scenarios and see what happens because I think there is a possibility of a situation where we don't generate the dollars that we think and we need to be prepared for that. That's all I'm really asking.

Mr. Cline: The Task Force did talk about that risk. One of the things that we considered was that if the problem is a shortfall in how much money is generated for infrastructure improvement and that shortfall does not impact operations, Council always has the authority to appropriate additional monies from unappropriated reserve, the Rainy Day Fund, or however Council chooses to do that. Our feeling was that for the majority of the time the underproduction would not be a concern.

The other question that was raised on the opposite end of that scale, is what happens if revenue takes off and we're now generating \$3 million dollars a year and we only need \$2 million dollars, what do we do with that? By law, we would be bound to put that \$3 million dollars aside for infrastructure maintenance. And the thought process was that in the happy event that this ever occurred, Council would always have the authority to go back to the voters and ask the voters what do you want us to do with this money – turn it back to you, use it for other needs? What we felt was the important thing was that you keep faith with the voters in this proposal and that you make a binding commitment to the voter that if they approved this proposal, the money that they are approving would go to infrastructure maintenance unless and until the voters tell you differently.

Councilman Lorenz: I want to thank each and every one of you for your service. I know how difficult it is to come together as a group and come up with a decision that not everyone may be in favor of. There are some great leaders in the room, including your Chairperson. I have had the privilege of sitting and working with him for so many years, I wouldn't expect anything less than professionalism.

Unfortunately, I will be in a minority. I'm just going to come out and tell you that I am not in favor of raising any income taxes. I only have one question for the group: what would be the backup plan if the proposed levy fails? We've been down this road twice. Once very unsuccessfully as you mentioned, the 30/70 split [in 2010]. Another time, with extending the park levy to pay for needed capital improvements. Did the Task Force ever consider utilizing that park levy extension, which we have as a method of paying for capital improvements

going forward for another period of 10 years once it expires? It seemed that when we took that on as a Council the last time, it was a more palatable approach for the residents. It wasn't increasing their taxes and it was very targeted and succinct and we laid everything out that we were going to pay for. Can you comment on that at all?

Mr. Cline: The Task Force did look at whether a purely property tax option would have been viable. I think there were some concerns about that. First, a property tax falls completely on those people that own property in the City of Powell. All of those nonresidents that come into the City of Powell to work, use our roads and infrastructure, don't pay anything under a property tax. Additionally, it is not a permanent solution, it is a temporary solution because those property tax levies always expire. Further, the revenue stream created by a dedicated portion of the income tax appears to be the best practices that other communities are adopting. I think those were the three factors that were most important, at least from my read. Others on the Task Force members may have a different read, but those are the things that I took away from our discussions.

Mayor Bennehoof: I have a few comments and one of them is to thank the entire Task Force and the subcommittee chairs. You've done a yeoman's work here. There is a group of people you did not mention that were on your Task Force that were, I think, skeptics, and that was by design. So the fact that you came to a unanimous decision is telling and I don't know if that was a part of the executive leadership and committee leadership, or whether it is a function of the facts, materials, and amount of discovery and resolute effort that the Task Force made. But it is certainly worth noting that this was a Herculean effort to do in a fairly compressed timeframe. We do this with a lot of different initiatives, all of the significant things we've done. You may be aware that we've involved the community for a number of different initiatives such as the Comprehensive Plan, Zoning Re-management, Charter Amendments, and Keep Powell Moving [initiatives], etc. So thank you all.

This is a very complex issue. I've had a heck of a civics lesson in the past decade or so. This is an amazing organization we have here. This City continues to receive financial management awards year after year for their prudence and efficiencies and that's to be commended. I think it needs to be underscored that there's a lot of good financial management and recognition of that financial management. We have a discreet amount of revenue and we always seem to be able to manage under that. Just a phenomenal effort. Additionally compounding this very complex issue, which wasn't touched on, is there are 13 communities in Ohio, out of 800+ taxing authorities, which have a lower income tax than Powell. [Those 13 communities'] income tax is zero because they have other funding mechanisms. The biggest problem the county of Delaware and many entities as well as this community, Powell and Liberty Township have, is the number of rooftops that are residential. Residential rooftops are not your moneymakers. You need good economic generators and that's something that you didn't approach, but you can't do that and I understand that. You don't have the power. There are other entities that can, and should be, driving good, strong economic development and they are. Of those that are at the first tier of income tax, the .75%, there are only 14 out of the 800+ communities that are at .75%. Often, people say to me, why aren't we doing something like this, like Dublin or Westerville does? I always want them to look at their income tax rate, look at their commercial tax base, look at their population, and you might come to some of those answers. So I think that is another factor that I'm not sure the public always gets.

Mayor Bennehoof opened this item to public comment.

Terry Hoppman, 37 S. Liberty: I want to speak on this because in 2010, I was one of the loudest "No" votes on the levy. I was a no vote because I didn't feel we had a shared sacrifice, and I was a no vote because I was concerned that we didn't have a commitment to the money going to capital improvements. There's no question that we have a need for our infrastructure. Right now when I look at our country and I see that our country has infrastructure needs and issues that are getting kicked down the road – Social Security has problems, Medicare has problems. We can't fix those, but the leaders in this room and the citizens in our City can address our issues. This is our community. We can't pretend this is magically going to fix itself. Part of the problem was handed to us by our state, who reduced our revenue, and the other part is just very simply, this development happened without any ability to maintain it. So however we need to go about this, we can fix

this. This is our community and it is a reasonable solution. Lastly, on the businesses paying a little bit more, if you will take a look at that slide, you will see that for every \$100,000 in income for myself [as a local business, I] will see a \$400 dollar increase in taxes where it will be a \$150 dollars tax [increase] for a resident. So I think you will see that the businesses and people who make their living Powell are paying more. Also, I don't know what Target's payroll is, but we will get a little bit more from Target as well.

Hearing nothing further, the Mayor closed the public comment session.

Mayor Bennehoof: Again, I thank the Task Force and its leadership. It is much appreciated.

Councilman Counts: Mr. Mayor, is there a plan of how we address the report?

Mayor Bennehoof: I'd like Staff to make a recommendation to us, but there is the public forum on July 10th. We have meetings on the 5th and the 17th. We could have a first reading on the 5th, the public forum on the 10th, and a second reading on the 17th; or we could go with an ordinance after the forum. What is Council's pleasure? Is there a timing issue if we were to have a resolution and the timing to get it on the ballot [if it is adopted]?

Mr. Hollins: It is a 90 day deadline prior to the November election if we would be looking toward the next election as the potential ballot [on this issue]. There is not a 30 day waiting period for effect, so you just have to have second reading and vote prior to early to mid-August, so we can calculate the 90 days.

Mayor Bennehoof: Is there a recommendation from Council to... [Councilman Lorenz: Let me ask a point of clarification, Mr. Mayor. What are you suggesting? Are you suggesting an adoption of this plan or are you suggesting that you're going to put an income tax or ballot measure on for November? Because if you're suggesting that, however you feel about it, I don't know that you're going to have enough time to vet that out with the public. I think you're going need to have some more time. If you want to adopt their plan or recognize this through a resolution, I think that's perfectly acceptable. But as far as putting something on a levy, we need sufficient time to gather more public information and I wouldn't do anything until after you at least have the public hearing on the 10th of July. That's just my two cents. I'm not really sure what you are asking for.] If we got to the point where we were going to put something on the ballot, I think we need to be understanding of what that timeline is. We have an idea of that now. We evidently have time if the result of that activity is that we do drive to put something on the ballot. So I would recommend to Staff that they put the roadmap together so we know exactly what the timelines are, that we would need to meet should we go for Finance Committee making a recommendation for any ballot issue. It seems like we have time to wait and see what the public forum says. Is there any objection to that?

Councilman Counts: This is my thought on the issue. I view that the Task Force has made the recommendations and a resolution is simply a vehicle for Council to discuss that. It doesn't necessarily mean that this is the route that we are going, but it allows us, in the form of what the Task Force has recommended, to have a discussion on that. Once that is before Council, we can do multiple things: we can table it, we can say we think there is more discussion that's necessary, we can vote it up or down, but that resolution allows us to have the discussion that stems from this recommendation. And we know that we have a time deadline looming on us, so we have a few meetings to deal with it, but not a whole lot. So I think that is all Jon's suggesting. It's a vehicle for us to have a discussion about it.

With respect to taking it to Finance Committee, I don't believe that it is necessary because frankly we've had a Task Force authorized by Council to make a recommendation and there's nothing that the Finance Committee could add to that which all of Council couldn't weigh in on.

Mayor Bennehoof: If we were going to go for a ballot initiative, we would have to have something ready to go by early August, so I'd say we can wait for the forum, and have Staff prepare a resolution to give us the opportunity to have a public discussion, perhaps have three readings, and see where we go from there.

Councilman Lorenz: But you're talking apples and oranges again, Jon. If you want to adopt a resolution as Tom says, that's fine. If you want to go ahead and do an ordinance to put this on the ballot, that's a totally separate vehicle. I don't think we are ready for that. [Mayor Bennehoof: I understand that] I just want that to be clear and I completely understand what Tom's saying and it's probably perfectly appropriate to adopt this whether you agree with all of the findings in it or not. The way you were conveying it, it made me feel like you were putting a levy on the ballot.

Mayor Bennehoof: I don't have that power, and I think you...[Councilman Lorenz: I understand that, but I just want to make sure everyone here is aware that this is not what we are doing tonight.]. Okay, if Staff would put roadmap together and the resolution to adopt the recommendation of the Task Force, we can move on from that.

Councilman Swartwout: Would we do a recommendation to adopt or a recommendation to recognize? I think if we are doing a recommendation to adopt, that would go hand-in-hand with whatever ordinance may come later, but a recommendation to recognize the work of the Task Force would then allow us to have these discussions without having the simultaneous discussion of putting something on the ballot.

APPROVAL OF MINUTES - June 4, 2018

MOTION: Councilman Counts moved to adopt the minutes of June 4, 2018. Councilman Newcomb seconded the motion.

VOTE:

Y: __5__

N: __0__

AB: 2 (Bertone, Lorenz)

CONSENT AGENDA

ltem

Action Requested

Departmental Reports – May 2018

Receipt of Electronic Reports

- <u>RESOLUTION 2018-09</u>: A RESOLUTION TO CONDITIONALLY ACCEPT AND BEGIN THE REQUIRED, MINIMUM TWO-YEAR MAINTENANCE PERIOD FOR THE PUBLIC IMPROVEMENT OF A BIKE PATH AND STORM SEWERS, A PART OF THE IMPROVEMENTS PLAN OF 55 S. LIBERTY STREET CONSTRUCTED BY REBECCA STURM AND APPROVED ON APRIL 15, 2016.
- ORDINANCE 2018-26: AN ORDINANCE APPROVING THE SUBDIVISION PLAT FOR VERONA, PHASE 3, BY VERONA, LLC FOR THE PROPERTY NORTH OF POWELL ROAD (S.R. 750) AT 4436 W. POWELL ROAD. (EX. A)

MOTION: Councilman Lorenz moved to adopt the Consent Agenda. Councilman Bertone seconded the motion.

VOTE:

Y: __7__

N: _ 0__

SECOND READING: ORDINANCE 2018-22: AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOTES IN THE AMOUNT OF NOT TO EXCEED \$2,330,000 IN ANTICIPATION OF THE ISSUANCE OF BONDS FOR THE PURPOSE OF (I) DESIGNING, ENGINEERING, CONSTRUCTING AND RECONSTRUCTING VARIOUS ROAD IMPROVEMENTS, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO; (II) DESIGNING, ENGINEERING, CONSTRUCTING AND RECONSTRUCTING VARIOUS WATER IMPROVEMENTS, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO; (III) DESIGNING, ENGINEERING, CONSTRUCTING AND RECONSTRUCTING VARIOUS SEWER IMPROVEMENTS, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO; AND (IV) CONSTRUCTING, IMPROVING AND RECONSTRUCTING VARIOUS IMPROVEMENTS TO PARKS AND RECREATION FACILITIES AND LANDS, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO; AND RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE, AND APPROVING RELATED MATTERS IN CONNECTION WITH THE ISSUANCE OF THE NOTES.

Steve Lutz, City Manager: Finance Director, Debra Miller, will review this with Council. We have some outstanding debt right now of \$2.3 million dollars. What the Finance Committee has looked at over the last couple meetings, and City Council heard a presentation at the last meeting, is to discuss what the best way to pay this debt is: do we issue long-term bonds or short term notes? What we have learned is that because of

rising interest rates these days, long term bonds would be most cost-effective; however, in this situation, we don't have a dedicated revenue stream and that is one reason notes are utilized. So if we roll these current notes for one more year, next year we will have TIF financing coming out where we can market bonds.

<u>Debra Miller, Finance Director</u>: I think Steve did an excellent job summarizing, so I'd be happy to answer any questions for anyone.

Mayor Bennehoof: The state took its time in authorizing the TIF and then the county took its time in certifying the TIF, am I accurate Debra? [Ms. Miller: Correct, we still haven't gotten any of the funds yet.] So we don't have the dedicated revenue stream to understand exactly what that is. So there would be a general obligation of the City if we were to do bonds now.

Councilman Lorenz: What's the hold up? Why haven't they acted on it? Don't they have to act on it by statute?

Mr. Hollins: There's no deadline for the Department of Taxation. In a TIF, unlike an abatement, we have to submit an exemption application to the Department of Taxation. There's really no deadline for them to process that. And when they do process it, they then forward it to the County. We probably will get some revenue at the second half distribution.

Ms. Miller: We expect to probably get something next month, but not much money at all. We would anticipate the bulk of the money coming in March 2019.

Mr. Lutz: In this situation, it took the state about 13 months. If you look back at around the 2005 time period when we had our downtown TIF, it was almost 3 years that it took the state to process it, so it does vary. Now we do receive our money, our revenue payments, so we are not out of the money, but it is just delayed. One thing it does hurt is some of the groups where their taxes are frozen, it can go back a longer period of time too, so it really impacts all of us. As the Law Director commented it is out of our control with respect to the processing time of the Department of Taxation. It would be very unusual if it didn't take a year or longer for them to render this.

Mayor Bennehoof opened this item to public comment. Hearing none, he closed the public comment session.

MOTION: Coun	cilman Counts moved t	o adopt Ordinan	nce 2018-22. Co	uncilman Newcor	nb seconded the
motion.					
VOTE:	Y: _7	N:0			

SECOND READING: ORDINANCE 2018-23: AN ORDINANCE MODIFYING APPROPRIATIONS FOR THE CALENDAR YEAR 2018. (EX. A)

Ms. Miller: We are asking for an additional appropriation of \$75,000 for legal services for the year 2018. This is to pay for the cost of the legal cases that we have ongoing. Some of this cost will be reimbursed to the City through insurance, but we have to spend the money first before we can get reimbursed. The \$75,000 is just a guess, so it is possible that later this year I may come forward again.

Mayor Bennehoof opened this item to public comment. Hearing none, he closed the public comment session.

MOTION: Councilman Counts moved to adopt Ordinance 2018-23. Councilman Bertone seconded the motion. VOTE: Y: 7 N: 0_

SECOND READING: ORDINANCE 2018-24: AN ORDINANCE AMENDING SECTION 1315.01 OF THE CODIFIED ORDINANCES REGARDING THE RESIDENTIAL CODE OF THE CITY OF POWELL.

Mr. Lutz: This proposed Ordinance would require radon detection systems to be installed in all new single family

homes. This was an issue which has been studied for several months by the City's Operations Committee and was recommended unanimously to Council. A radon detection system penetrates a basement slab with a pipe to allow radon to escape. Currently, the cities of Dublin and Pickerington, and Union County have this legislation in place. Mr. Mayor, at the last Council meeting you asked how much such a system would cost a new owner. We talked to two home builders, Bob Webb and Romanelli & Hughes, and we were informed by them that the cost would be somewhere around \$650-\$750 for this sort of improvement.

Councilman Lorenz: Operations did review this earlier this year with the approval to send it to Council. In our conversations, we were only going to require a passive system. Gene, do we need to modify this ordinance to make it specific?

Mr. Lutz: How I understand the wording in the Code, which this refers to, is that it requires the height and an electrical outlet. It does not require the fan. [Councilman Lorenz: Which is a passive system.] Correct. So it would be passive where residents who want it to become active could do so fairly easily. Our Chief Building Official has commented that oftentimes that's dictated by what the radon levels are in the house.

Councilman Swartwout: Would this Ordinance apply to developments that have been approved but have not starting building yet or is it going to be for developments that are going to be approved going forward? For example, like the Steitz Road development?

Mr. Lutz: Once the ordinance takes effect in 30 days, it would be when a unit is going through the building permit [process] and a permit is issued.

Councilman Lorenz: We may want to have the Building Department issue some sort of a letter to contractors putting them on notice because I can see a lot of plans get rejected because they would not be aware of this.

Mr. Lutz: Actually that's already been discussed at the Staff level.

Mayor Bennehoof opened this item to public comment. Hearing none, he closed the public comment session.

MOTION: Councilman Bertone moved to adopt Ordinance 2018-24. Councilman Newcomb seconded the motion.

VOTE: Y: <u>7</u> N: <u>0</u>

FIRST READING: <u>ORDINANCE 2018-27</u>: AN ORDINANCE TO AUTHORIZE THE CITY MANAGER TO CONVEY A .034 +/- ACRE TRACT OF LAND AND A .151 +/- ACRE TRACT OF LAND ON DEPOT STREET TO THE POWELL COMMUNITY IMPROVEMENT CORPORATION TO PROVIDE FOR THEIR SUBSEQUENT CONVEYANCE TO McClurg Properties LLC Pursuant to the approved amended development plan by the planning & Zoning Commission, and declaring an emergency. (EX. A)

Rocky Kambo, Assistant Director of Development: Just to provide context on what we're doing and what is currently public right-of-way, the .151 [acres] (indicating) is this northern portion here. And the other .034 acres is down here to the south (indicating). This is the site of the new Nocterra Brewing Company that's going to be coming into the City of Powell. As part of the review process, we realized that we had this northern and southern portions of right-of-way which, at some point in the past, was to be used to cross the railroad tracks. But that is not something that we see in the foreseeable future. It is unlikely to happen. So instead, what we recommend to do here is to convey this property to Nocterra Brewing Company. The northern portion, which is currently being used for parking, will be formalized as parking. At Development Committee it was asked if this shared parking would just be between these two properties. I went back and looked at the P&Z certificate of appropriateness requirements as proposed by P&Z, and that's between 47, 41 and also another property, 94 W. Olentangy. All three of those properties would enter into a parking agreement in order to use this shared parking. To the south, we want to convey this to him so that they can expand out their outdoor seating area as part of this development and potentially, according to the developer, there may be some future purchase of public parking owned by CSX to open this up to public parking as well. The question that was asked at

Development Committee was would that be a shared public parking or would that only be for this development. That question, I'm unable to answer at this moment, but I can come to the second reading with an answer.

Councilman Lorenz: So CIC, which I'm a member of, examined this last night. To Rocky's point, it's being conveyed back to the CIC and which we will convey it back to the developer. And yes, that spot that is utilized for parking that Council considered purchasing a couple of years ago, it's my understanding that this developer is looking to acquire that. You can see how the parcel lines lay out. That was laid out when the village was laid out a 100 years ago with the understanding that we would have crossings there and connect those streets. I think Dave Betz [Development Director] said that he thinks there used to be crossings and the depot was on the other side. We will in turn take that [land] and convey it back to the developer. So CIC has signed off on this as well.

Mr. Kambo: The benefit, ultimately, is that it is right-of-way that is currently not taxable, it's not being used. If we convey it to this property, it becomes taxable land and we can draw some benefit from it that way and also a business is able to utilize it.

Councilwoman Riggins: Seeing it in the big picture up there, I have a different perspective than when I was looking at the printouts that were given to us in our packet. I think you touched on it, but are we sure there would never be a desire to continue the road and establish the crossing that may have been over the railroad tracks? I feel that by transferring this, we are blocking that off from ever being able to go through.

Mr. Kambo: Typically, what is now conventional when dealing with the railroad tracks is that they do not provide railroad crossings. If they do provide railroad crossings, they want another crossing closed. That is typically how it is working with the railroad in today's environment. So it is very unlikely that we would make those connections going across.

Councilwoman Riggins: And that would be because the railroad wouldn't let us make the connection across?

Mr. Kambo: For the southern one, we are not likely going to make this connection because of this development. This northern one, at one point, could have been connected potentially. At this point, yes, because the railroad wouldn't allow that connection unless we closed something within Powell.

Mr. Lutz: Like the Seldom Seen crossing.

Councilman Bertone: We wanted a pedestrian crossing tied to Murphy Parkway and they wouldn't permit that either. It's pretty restrictive in terms of what type of crossing you are permitted to have going forward. So if you get one, something else is coming off the table.

Mr. Lutz: I think when you look at how Powell has developed over the years, because of the proximity of that area to the Olentangy Street crossing, typically you would separate at-grade crossings farther apart then that is. With a fair amount of confidence, we can say it would likely never occur.

Councilman Lorenz: Conversely there's an issue in Orange Township where the CSX line crosses Lewis Center Road and Franklin Street, and they are trying to get them to close that as well, and they might be closer. I think it's a good thought to have that connection, but I don't think it would happen.

Mr. Kambo: The Keep Powell Moving Plan, which is our downtown circulation plan, specifically looked at whether or not we could add crossings. Ultimately, it was very well thought out. We had transportation engineers looking at this, transportation planners looking at this every which way possible to see if we could get crossings with the railroad, and it was highly unlikely, almost infeasible.

Councilman Newcomb: Are we going to be compensated for this land?

Mr. Hollins: Not to my knowledge. It's nominal consideration. The idea/concept is conveying it to the CIC. The CIC's mission is to encourage increasing the tax base, potential job creation, that sort of thing. It will be up to Council to utilize the statute needed to authorize its conveyance to the CIC and then if there's any direction along those lines, Council would need to convey that idea...[Councilman Newcomb: I would like to receive compensation for land. I mean I don't think we should be giving land in the City of Powell away for free to anybody.]

Councilman Lorenz: From sitting on CIC, I think there's indirect benefits to the community as a whole. By opening these up, we are getting additional parking and an increased tax base on parcels that don't receive anything right now. So we are getting something that is better than nothing, but I can certainly convey that back to the CIC.

Mr. Kambo: In addition to the indirect compensation, which makes sense, is the taxability of said land. Right now, we are maintaining the rights-of-way so that's an expense of holding land, which isn't free for us either. There is that side of it as well.

Councilman Newcomb: So we are going to continue to own the land, McClurg would own the land, but we would have a right-of-way on all the land we are conveying?

Mr. Hollins: The best way to explain it. We have the unimproved right-of-way that we don't intend to use. We could vacate it and then it is given free to both of the adjoining landowners. If we find there's a better use for it than just splitting between those two, for instance, one of the sides is a business and it could help them, there's this other statute. Instead of vacating it, we basically take the full width of it, convey it to our CIC and then the CIC has the ability to convey it to one of the landowners instead of splitting between the two. That's sort of the mode we are in here. But to answer your question, we will convey fee simple title to that landowner through the CIC.

Mr. Lutz: Is this the same process that the City utilized last fall for the III-Mannered Brewery on Grace Drive?

Mr. Hollins: Yes. We had an old, hard angle that was later softened with the road, and then we had a right-of-way we didn't intend to use in the future.

Mayor Bennehoof: The amount of land is nominal. There's the piece of land that was conveyed to III Mannered. It's laying fallow at the moment. There's an opportunity cost in that we don't have to maintain the land anymore. There's a very nominal, but slight income to the City from conveying it to a business, and there's the economic generation of conveying it to the business for their more complete utilization of land that we are never going to use.

Councilman Lorenz: I think we would like to pass it as an emergency because I believe we will meet before we meet in Council again.

Councilwoman Riggins: Why is this an emergency?

Councilman Lorenz: It's the timing of it. I believe that the CIC will meet again prior to our next Council meeting and so that would allow us to do the conveyance at our next CIC meeting.

Mr. Hollins: The stated reason, they probably want to get this under construction this construction season, so we are trying to get through all the permitting and approval processes to get started yet this construction season.

Mr. Kambo: Part of their approval was ensuring that they had the adequate parking for the development.

Councilman Swartwout: Rocky was going to come back with the second reading about the potential CSX purchase – whether it would be shared parking. I know you addressed that, but I don't know if you addressed that particular point, Brian, in your comments.

Mr. Kambo: To be clear, that southern portion of CSX rail, is not part of their development plan. That's something above and beyond.

Mr. Hollins: We can still provide the information.

Mayor Bennehoof opened this item to public comment. Hearing none, he closed the public comment session.

MOTION: Councilman Lorenz moved to suspend the rules regarding Ordinance 2018-27. Councilman Swartwout seconded the motion.

VOTE:

Y: 4

N: 3 (Counts, Newcomb, Riggins)

Ordinance 2018-27 was taken to a second reading.

COMMITTEE REPORTS

<u>Development Committee</u>: Next Meeting: June 19, 2018, 6:30 p.m. We met this evening and discussed a variety of topics. We talked about not only this parcel here, but spent time talking to Chief Vest and Rocky about creating a zone for community events in which alcohol can be consumed in various areas in somewhat of an open container policy, per se. There is still work to be done on that opportunity. Due to the holiday in July, we will not meet again until the first Tuesday in August.

Finance Committee: Next Meeting: August 14, 2018, 7:00 p.m. We met last week and we heard the report from our auditors. We got a clean bill of health which resulted in the production of the CAFR. That's all good news for the financial health and trustworthiness of the City's financial status.

Operations Committee: Next Meeting: June 19, 2018, 6:30 p.m. We met tonight as well and I appreciate so many people coming to our meeting. We had another update on our fiber initiative. Rocky's been doing a great job putting information together for the group. He has looked at a three tiered approach. The first step would be for us to connect our City's systems to the county for EMS purposes. Secondly, we would look at connecting businesses; and third, we'd look at connecting homes. He's participating in the Smart Region Task Force to help get some more information on cost. What we are trying to decide now is where we want to go with this. We are getting proposals for our first tier so that will help paint a picture on our next steps. We also had a presentation from Jade Track. MORPC is offering a free tracking system which encompasses some work on us providing billing information. They compare and benchmark us to other communities, but it wouldn't provide us with any monitoring or controlling. It's somewhat similar to what we had talked to them [about] in the past, but anything above and beyond giving us monitoring and controlling information would cost us.

Planning & Zoning Commission: Next Meeting: July 11, 2018, 7:00 p.m. They may be reviewing a proposed monument sign in front of Recreation Outlet and possibly a proposed development off of N. Liberty & Carriage Streets.

Powell CIC: Next Meeting: Next Meeting, TBD

CITY MANAGER'S REPORT

This week is Powell Festival week. The annual festival will be held Friday evening and Saturday. It will conclude with fireworks. In the event we have inclement weather, the fireworks would be launched on Sunday night.

We have received notice from the Government Finance Office Association that the City's 2018 Budget did receive the distinguished budget presentation award, so congratulations to the Finance Department and Finance Committee on that. The budget must meet or exceed nationally recognized guidelines to receive that award.

Because of the holiday, our next Council meeting will be on Thursday, July 5th.

We are investigating what caused five of our rooftop HVAC units, which service the Police Department, to get fried. We are working with the Fire Department, Building Department, an electrician, and our insurance carrier. In the meantime, Chief Vest and his troops have been a little warm.

OTHER COUNCIL MATTERS

There was none.

EXECUTIVE SESSION: O.R.C. SECTION 121.22(G)(1) PERSONNEL MATTERS and (8) ECONOMIC DEVELOPMENT.

MOTION: Councilman Counts moved at 9:25 p.m. to adjourn into Executive Session pursuant to O.R.C. Section 121.22(G)(1) Personnel Matters and Section 121.22(G)(8) Economic Development. Councilman Bertone seconded the motion.

VOTE:

Y 7

N 0

MOTION: Councilman Counts moved at 10:05 p.m. to adjourn from Executive Session into Open Session. Councilman Bertone seconded the motion.

VOTE:

Y 7

N 0

ADJOURNMENT

MOTION: Councilman Counts moved to adjourn the meeting at 10:05 p.m. Councilman Bertone seconded the motion. By unanimous consent of the remaining members, the meeting was adjourned.

MINUTES APPROVED: July 5, 2018

Jon C. Bennehoof

Mayor

Karen J. Mitchell

City Clerk

Date