

## MINUTES

### COUNCIL-MANAGER BRIEFING

April 11, 2011

The Council-Manager Briefing was called to order by Mayor Ron D'Epifanio at 5:35 p.m. at the Fairfield Municipal Building, 5350 Pleasant Avenue. The following Councilmembers were present: Mike Snyder, Terry Senger, Mike Oler, Marty Judd, Tim Meyers, and Tim Abbott. Staff present: Angie Johns, Mary Hopton, Art Pizzano, Jim Bell, John Clemmons, Andy Eddy, Dave Crouch, Drew Young, and Dave Butsch.

#### **CIP REVIEW 2011- 2015**

City Manager introduced and welcomed Assistant City Manager appointee Mark Wendling who will start on May 2<sup>nd</sup>. He noted Dennis Stuckey will leave on April 29<sup>th</sup>. Finance Director Mary Hopton briefly discussed the project listing by priority, in which the majority of the critical projects are one project, the Winton Road Interchange. She explained the \$14.8 million of projects are listed as critical, major projects are \$6.2 million and comprise 27% of our budget and the minor are 8% or just under \$1.9 million. Ms. Hopton stated this is only 2011; she did not go out further as far as analyzing the priority levels because that is just a plan. She stated 51% will be outside funding, \$3.4 million is debt, and \$7.9 million or 34% comes from our cash flows. Ms. Hopton discussed the water and sewer rate study, which shows us as a combined water and sewer rate we are second. She stated we are in the middle of a rate study for our water and sewer rates that is ongoing. Ms. Hopton explained traditionally a large portion of our capital projects are from our sewer revenue and other entities do not all do it that way, so this can be misleading because they may have different levies or different fees they impose to get their capital. She further explained we actually use what we have, we do have some other funds within water and sewer, but the primary is from our water and sewer surplus funds, which are any monies that we allocate out of our revenue funds and that, may skew these and it is not part of the questionnaire that they ask. Ms. Hopton discussed the good fund balance for water is carried into 2012, but there are some major projects out there on the horizon that will impact the fund balance and depending on how we fund them or structure them as far as phasing them in will dictate how we go for the rest of the time. She explained the revenues are not showing any increase in the base, which the rate study may change. She stated overall the operational expenditures are remaining flat. Ms. Hopton explained the rate study basically is five year rate study to accommodate what we know is coming, any mandates or major projects that we can build into structure. City Manager Pizzano stated it allows us to plan our financing so we can meet the state and federal mandates and so we can do that incrementally and not hit people with large increases. Ms. Hopton explained the study will be complete in a couple months. Ms. Hopton explained we have been doing rate studies for 15 years and it has proved very favorable to meet our needs as we go through with our capital needs specifically. She discussed for the sewer revenue fund, this particular year the expenditures are more than the revenue, which has to do with a large project that will be taken on this year. She stated one thing to keep in mind for this particular fund, is the debt on this fund is in excess of \$1.5 million a year. She further discussed the debt issuance, noting we have five out there and the first one will start phasing out in the year 2017. Ms. Hopton stated one of the things that impact the sewer fund is if it's a dry year or a wet year depending on irrigation credits, which Council did change last year slightly which will assist the revenue in this fund to meet our needs. Ms. Hopton explained the debt level is \$36 million, which includes short term debt for the interchange project of \$2.3 million and an additional \$1.1 million for a motor control system for the Wastewater Plant. She further explained we may need to go out for a bond rating depending on how things go in finances and hopefully we will maintain that Aa1 bond rating. Councilmember Meyers asked if we will go out for any type of debt if we will jeopardize that bond rating. He asked if Moody's comes back and say our debt rating will fall do we stop. Ms. Hopton explained for either large project, the motor control system is a critical need for Wastewater and we are far into the Exit 39 project and would have to proceed at that point. Councilmember Meyers asked if the non-critical, minor project would start fall off to help the overall picture at that point. Ms. Hopton stated they can. Councilmember Meyers stated Council said at the beginning that they want to ensure that that bond rating is stable, it doesn't move, it doesn't go down, so we start to strip projects away that allow our critical projects to execute as well as maintaining the bond rating. City Manager Pizzano explained it has to come from out of that fund. Ms. Hopton stated the bond rating primarily is rated on our general fund. She further stated for the sewer fund and street are two separate funds, but they are looking at the General Fund to see if those funds get into a pinch can the General Fund come in to help. Councilmember Meyers stated from his perspective he would not want that bond rating to fall at all; he would rather strip projects away based on the prioritization to secure that bond rating. Ms. Hopton discussed the bond rating process. She stated at this point with tax revenues above projections and at this point slightly above 2010 levels, as far as income tax base she thinks we will be fine. She explained her concern would be the impact of the state budget. Councilmember Abbott stated Council's two goals were bond rating and reserves. He asked how long a period of time until we can be upgraded if the bond rating falls. Ms. Hopton explained what is looked at for the bond rating review and noted if we did fall back it would probably be a couple of years for the bond rating to go back up. Councilmember Judd commented that bond rating saves the city a ton of money. Ms. Hopton stated she is not overly concerned going into this thinking we are going to go backwards.

#### **Development Services**

Ms. Hopton explained the budget is \$300,000 and the funding source is from the General Fund and outside funding. Development Services Director Tim Bachman discussed the First Highland demolition project for the former structure to the north of the plant

which will use Community Development Block Grant Funds. He discussed a partnership with First Highland to use their private sector funds as well as the community development funds to remove the environmental issues that are there and get that property ready for a new industrial subdivision. He explained \$200,000 was budgeted, but they have \$30,000 in unused funds from the county that would be reimbursed. He explained the city wide redevelopment of about \$100,000 a year and that money if need be could be used for retention projects, infrastructure, or partnering with a project. He further explained that money sits in the fund and is there if needed to partner with projects.

## **Finance**

Ms. Hopton stated the finance budget totals \$153,000 and the sources are the General Fund and .2% Capital Improvement Fund. She explained the main projects including network infrastructure, hardware maintenance, software maintenance and the document imaging project.

## **Recreation Facilities Fund**

Ms. Hopton stated the Recreation Facilities Fund is \$55,000 from the Recreation Facilities Fund and the .2% Capital Improvement Fund. Parks & Recreation Director Jim Bell discussed the blacktop/concrete overlay project and the Aquatic Center improvements are contingency funds. He discussed that Public Utilities maintain the pumps and systems and if something comes up the money is there. He explained the blacktop/overlay is any blacktop, golf cart paths, concrete work that may be needed. He explained the top project is replacement of equipment at the golf course. He discussed the golf course renovation, which is a multi-year project to put in shade shelters at South Trace. He also discussed the project to aerate the lakes. Ms. Hopton stated the reoccurring projects come from the Recreation Facilities Fund, which are generated from user fees.

## **Parks**

Finance Director Hopton has a budget of \$192,000 and the funding sources are .2% Capital Improvement, Downtown Development Fund as well as Tax Recreation. Mr. Bell discussed there are quite a few projects that are somewhat reoccurring including replacement of equipment, neighborhood improvements/reinvestments; and park site amenities. He briefly discussed the possibility of partnering with the County recycling initiative to place solar trash compactors in high visibility areas to help out with recycling and staffing. He discussed the Village Green Town Center Project including lighting and items to curtail the mischief in that area. Mr. Bell explained the Public Safety Tribute is completely donor driven and includes all the money collected through the brick sales and though the large contributions for the benches and will pay for a small parking area off the Police Department driveway. He explained the Community Arts Center project is looking for A/E into the lower level, need to add walls. Mr. Bell commented this will be necessary to submit the grant for watercraft and another ODNR grant and possibly MetroParks. He briefly discussed the Harbin Park projects including restroom renovations, air turbine aerator in the pond, and shelter house renovation. Mr. Bell explained the Huffman Farm Development is also donor driven project, funds are in the CIP to show this project is moving forward, but the project is being funded by the heirs. Mr. Bell noted the deadline for purchasing the bricks is May 6<sup>th</sup>.

## **Public Utilities – Water**

Finance Director Mary Hopton stated the budget is just under \$1.5 million and the funding sources are the Water Surplus Fund, Expansion Fund and Improvements Fund, which are generated from separate fees. Public Utilities Director Dave Crouch stated small waterline improvements is the fund used to keep up with overlay projects and unexpected emergencies. He explained with the overlay project on Resor Road where they correcting the grade issues, we will probably be replacing the entire waterline as well. He discussed the raw water production wells, which is an annual maintenance item for all of our wells. He explained that wells are now tested and verified that they actually do need cleaned. Mr. Crouch discussed for telemetry and GIS and instrumentation system they are trying to bring as many things as they can under one umbrella as far as software and equipment they are buying. He discussed the funding for the booster station improvements, which allows for electric upgrades and pumps. Mr. Crouch discussed the waterline improvements on Route 4. He explained this project is going well and is on budget. He commented they are documenting what is in the ground as far as infrastructure. He discussed the replacement of the lime slaker, which separates the gravel and rock and is a difficult machine to maintain and if it goes down it will be a real problem with the plant. He explained the one being replaced this year is 14-15 years old and they will be on a ten year cycle, so they will be kept upgraded and not as much labor or expense will need to be expended. Mr. Crouch discussed the renovation last year for the Hunter tank at Harbin Park, the engineer's estimate ranged from \$700,000 to 1.2 million to paint the inside and outside of the tank. He explained coating systems they are buying now, for instance the coating system on Hunter tank is able to be re-coated for 20-30 years before it would fail again. He explained some of these items were carried over from last year taking advantage of the bidding climate they had. He stated Well House #8 is almost complete and that station will be retrofitted to be powered by an emergency generator as well. He explained that is a good project where that station and the actual well house and the well itself should last the city 20-30 years longer. Mr. Crouch explained the clarifier drive is a very large piece of

equipment and they have only rebuilt one since 1994. He discussed due to the downtime, which is months and for just several thousand dollars more a new unit can be purchased with a full warranty and the old one can be returned with downtime of about a week. He discussed the laboratory HVAC replacement is under the Public Utilities office at the Water Treatment Plant and this came up as a result of trying to improve some efficiencies as far as energy use. He explained a chiller system was removed and small unit heater systems were put in with HVAC and they are undersized and cannot handle the load, which has caused humidity problems at the plant. He explained a stand alone HVAC system for the laboratory at the water plant needs to be installed. Mr. Crouch explained the concrete is deteriorating at the Water Treatment Plant and they will start addressing this over a long time. He explained staff's makeshift repairs are not holding up and they need to seek outside assistance. He discussed the Route 4 Pump Station generator is a carry over from last year. Mr. Crouch explained that none of the residents on Magie are on Hamilton water. Councilmember Abbott commented there are incentives and rebates available for the HVAC pump drive upgrades. Mr. Crouch stated he is aware of that and they are looking at taking advantage of the fluorescent light program offered by Duke Energy. Mr. Crouch stated for the third year we are the lowest water rate of anybody in the region.

### **Public Utilities - Wastewater**

Finance Director Mary Hopton explained the Wastewater Division budget is just over \$1.7 million and is funded from the Sewer Surplus Fund, Sewer Replacement & Improvement Fund, and includes 1.1 million in debt for the motor control center. Mr. Crouch briefly discussed graphs that show reduction and flow. He stated for the past twenty years Drew Young and his staff have done an excellent job in buying back capacity to the point that they just made a national magazine cover for the work done. He explained the sanitary sewer rehabilitation using trenchless technology, which is the relining the sewer line that has been done for years and is becoming more effective. Mr. Crouch stated they hope to continue moving on those types of things. He discussed the root control program, which is done in-house or contracted. He stated this is an ongoing effort, but they continue to work with residents for root control. Mr. Crouch explained the manhole rehabilitation program is what the Wastewater staff was recognized in the magazine. He explained their efforts in rehabbing these manholes the inflow and infiltration efforts is reaping rewards because they have bought back capacity in the sanitary sewer system, in other words they are able to accommodate more flow without building larger pipes. He explained the pumps and equipment replacement at Wastewater due to the caustic environment; it is almost an ongoing effort to try to replace things when you can. Mr. Crouch discussed the replacement of the channel grinder, which grinds up anything sent to the Wastewater plant and it will be rebuilt in lieu of buying a new one. Mr. Crouch explained the Plant SCADA (Systems Control And Data Acquisition) is probably more important than the control system; however the motor control center is 1967 in one area and 1984 in the other. He stated they can't get parts for the 1984 section, so if they had a catastrophic failure they would be down for a while trying to get it fixed. He explained this is a huge project, which will require debt financing. Mr. Crouch asked that the 2011 projects be approved as they stand. He discussed they are looking at middle of the road because they do not want to buy into technology that could change in the next couple of years. He discussed the aeration system diffusers, which is a state-of-the-art aeration panel system that supports our bacterial processes at the plant and diffuses oxygen very efficiently and it uses less energy to do the job than the old diffusers years ago. He discussed concrete failures around the digesters and the need to repair/replace them. Mr. Crouch discussed the need for a boiler replacement for plant maintenance, which will be a more efficient boiler.

Ms. Hopton stated the overall budget is just under \$23 million for 2011 and will be presented at the next Council meeting on April 25<sup>th</sup>. Councilmember Rhodus questioned how we are in negatives for the .2% Street Improvement Fund. Ms. Hopton stated right now as we are planning out more projects in 2013 than we can fund. She further stated it is planning, so as we go through depending on cash flow they will be phased. Ms. Hopton briefly mentioned the large projects in 2013-2015.

Council/Manager Briefing adjourned at 6:35 p.m.

Respectfully Submitted,

Angela Johns  
Clerk of Council