MINUTES SERVICE COMMITTEE MEETING
REYNOLDSBURG CITY COUNCIL
October 1, 2012

Members of Service Committee present: Barth R. Cotner, Scott A. Barrett, Leslie Kelly, Cornelius McGrady III.

Other members of Council present: Mel Clemens, Chris Long, Nathan Burd, Council President Doug Joseph.

Mr. Cotner called the meeting to order at 7:30 p.m.

The agenda was approved.

Minutes of the Service Committee meeting held September 17, 2012 were approved without objection.

Discussion: Transfer of funds within the Storm Water Division to purchase supplies for repair and replacement of storm water outlets- - -Street Superintendent Dave Metzger said there was a higher than normal amount of catch basins that needed to be repaired, and the request was for a transfer of funds in order to have sufficient monies for the repairs. Mr. Cotner asked if there were any questions. (No response) Mr. McGrady moved to send an ordinance to Council for the first reading, and also to forward the item to Finance for funding. Mrs. Kelly seconded; all voted “Aye”.

Discussion: Authorization of purchase of truck for Wastewater Department- - -Water/Wastewater Superintendent Mike Root said the purchase would replace a service truck in the department, and that the new truck would be a more efficient one. Mr. Cotner moved to send an ordinance to Council for the first reading, noting the item could be passed as an emergency on the third reading. Mrs. Kelly seconded; all voted “Aye”.

Meeting adjourned at 7:33 p.m.

Service Committee
- - -Nancy C. Frazier, Clerk of Council
October 1, 2012

MINUTES FINANCE COMMITTEE MEETING
REYNOLDSBURG CITY COUNCIL
October 1, 2012

Members of Finance Committee present: Chris Long, Nathan Burd, Barth R. Cotner, Mel Clemens, Leslie Kelly.

Other members of Council present: Cornelius McGrady III, Scott A. Barrett, Council President Doug Joseph.

Mr. Long called the meeting to order at 7:33 p.m.

Mr. Long moved to amend the agenda by adding the item referred from the Service Committee - Transfer of funds within the Storm Water Division to purchase supplies for repair and replacement of storm water outlets - as Item 10. The amended agenda was approved without objection.

Minutes of the Finance Committee meeting held September 4, 2012 were approved without objection. Minutes of the Finance Committee meeting held September 17, 2012 were approved without objection.

Discussion: Amend Section 160.03 Salary Schedule - Subsection (b) Senior Police Management - changes in amounts in pay grade 22A- - -Mayor McCloud said that in reviewing Chapter 160 regarding Lieutenants' pay, there is a provision that says a Lieutenant, upon promotion, shall be paid at that rate which affords him or her an increase in pay of not less than 5% within Pay Grade 22A; however, inasmuch as the salary schedules have not been amended any time recently, the city cannot follow that 5% mandatory provision within the current confines of the pay schedule. The Mayor said he was asking for that pay range of 22A to be amended as presented. Mr. Long said he understood that the salary schedule had not been updated since 2005? Mayor McCloud said that was his understanding. Mr. Long asked if there were any questions. (No response) Mr. Long moved to send an ordinance to Council with a recommendation for adoption as an emergency; Mr. Clemens seconded; all voted "Aye".

Discussion: Waive timetable in Section 174.04 for 2012 and authorize City Engineer to seek extensions of Design Professional Agreements for one year- - -City Engineer Matt Lambert said, "This legislation would allow the city to set up one-year extensions of our current agreements with our pre-qualified engineering and architectural firms. There are currently sixteen firms that are pre-qualified with the city and they were selected back in 2010, which the city then entered into two-year agreements with, which are to expire at the end of calendar year 2012. Now, normally, what we would do, before the contracts are about to expire, is follow a time line in Chapter 174 of the

Codified Ordinances. To describe that time line in short, by February 1st of the second year, engineering firms start submitting their pre-qualifications to us from a period between March and April there's a committee that evaluates those pre-qualifications, those statements of qualifications; then over the course of the year by October, contracts and negotiations are conducted with those firms. Due to staff turnover this year, both in the Service Director's Department and the Engineering Department, this time line could not be met. So that we can have the ability to hire consultants in calendar year 2013, I am requesting that the time line under 174 be waived for one year and also to have Council to authorize me to seek extensions with the current firms for one year. If any of the firms are not interested in renewing those agreements, they may simply choose not to do so. The rates that we had agreed to for the last two years will be sought, just the same as they have been for the last two years. I do plan to use the time line under Chapter 174 next year, so that for calendar years 2014 and 2015 we will follow the time line as normal. I'll be happy to answer any questions."

Mr. Long: When Jim Miller first designed this system, the list of approved vendors was established so that we would not go through a rather lengthy process with every vendor and we were taking the very basics the city would accept and that's what we went ahead and rated these vendors upon, correct?

Mr. Lambert: That is the understanding, yes.

Mrs. Kelly: Have you been able to review the sixteen firms, or look, at least do a kind of brief overview of them? And maybe look at some of the past stuff that we've done with them to see, are these still the sixteen firms that we are still interested in. I know you talked about if there's firms that aren't interested in holding those contracts with Reynoldsburg any more - are there any firms that we really should no longer be interested in holding contracts with?

Mr. Lambert: We have utilized probably half to two-thirds of the firms over the course of the last couple years, for various projects, and it's my analogy we've not had any major problems with any of them. And what this does, this simply allows us to hire them, this does not necessarily require us to hire them, if you have no projects then it would be a non-issue. If you have a couple projects, you can choose from the list of consultants.

Mrs. Kelly: But we are anticipating that with you being here that we will go back to following the process in case there's another, a new firm that were to come into play, that might be a stronger or better firm that we could add to our list, our plan, I'm just clarifying to myself, our plan is to, in the future, do that, once we have, since we now have you established here.

Mr. Lambert: Yeah, for calendar year 2013 we would stick with the sixteen that we already have, but with 2013 fast approaching to pre-qualify new firms potentially for the next two years following that, certainly new firms could be added to the list.

Mrs. Kelly: Okay. Thank you.

Mr. Clemens: I have no problem with waiving it for this year. I think it's something should be looked into; I think the system that was set up is a complete waste of time, to be honest with you. We don't have that many big jobs going; it's funny that we lasted all those years up to a couple years ago when Jim came here and changed the whole process. It's not like you're bidding out to save money; you know, if we were bidding out, which is unethical as far as the engineers are concerned, you don't do that, so we're not able to bid out and get the best price or anything like that. It's just that, it's just a pain, let's put it that way. I don't think it's improved the city a bit. I think how it'd been for the last forty years, being able to work with an engineering firm, our engineer, now that we have a full time engineer, to be able to work with an engineering firm that's on call immediately and such things as that is a great help to the city, so I think it's something we ought to look into. I mean, I'll go along with it on this one, I have no problem, but I'd like to see the Engineer, I'd like to see the Mayor, I'd like to see the Administration think about it.

Mr. Lambert: And this will allow us to buy some time to evaluate the process.

Mr. Clemens: I have no problem with waiving it as of the present time.

Mr. Lambert: Thank you.

Mr. Long moved to send a Motion to Council with recommendation for adoption; Mr. Burd seconded; all voted "Aye".

Discussion Only: Possibility of refinancing two outstanding bonds (Streetscape 1 and 2)- - -City Auditor Harris said, "As part of my job, I keep monitoring on the city's, the amount of debt the city has, and possible refinances, especially with interest rates being so low. We've had a couple of things we've had our eye on for a while, one of which I would like to go ahead, get permission to go ahead and start to refinancing; the other one I think will, I would like to wait a little bit, and I'll explain the reasons why.

When we issue debt through the bonding process, the first, if a twenty-year bond is issued, the first ten years are what is known as non-callable, which means we do not have the right to go back and bring those bonds back and refinance them. Upon getting to ten years, the bonds become what's called a continuous call, which means we can call them at any time, and either pay them off or replace them with debt from somewhere else. Obviously, a couple things that have made this possible even though these were done when interest rates were relatively low, is the fact that interest rates are even lower now. The second reason is, and I gave you a little handout right here, from the Government Finance Officers Association, telling the commercial banks are buying more municipal bonds for a couple reasons: number one, they are tax exempt and the federal regulations on them buying munis have been relaxed to bring the cost down to cities to be able to go ahead and do refinances and projects. The other reason is banks are not, are having trouble lending money, and a tax-free 2 or 2-1/2% municipal bond is better than a 4% loan because of the tax implications, so between those two if you look at the first one, which is the '03 bonds - these are now callable; if we refinance, over the next ten years the estimated savings would be around $305,000. Present value on this would be around 11-1/2%; normally what the GFOA, the Government Finance Officers recommends that they be 3% in order to make it worth your while to refinance it; we've always taken a little more conservative view and made it 5%, but this at 11-1/2% is obviously well-beyond that and I think we should go ahead and refinance these before the end of the year, if we can, and to go to a bank and try to go through a bank rather than going through the long, involved, and expensive process of doing a refund through the market. When you go to a bank, you do not have to do an official statement; you do not have to have a bond rating service rate the bonds; it's basically run through their loan department and they look at the bond rating you have and make a decision on a rate, based on that. There are a number of local banks that we would be offering this to, doing an RFP and offering this to, and we think that the $300,000 savings is a reachable number.

The second one is the Streetscape Phase II. This is also a ten-year bond; however, this has about two years to go before it can be refunded, or refinanced. However, there is a process that you can go through called an advanced refunding, which basically you issue these bonds, you set up an account to pay the next two years on these bonds, and then you recall them. The problem with doing that right now is interest rates, as everybody knows, are horrible. It would cost us by doing it this way, we would have negative arbitrage of about $247,000 and what arbitrage is, is the difference between what you are paying in interest on the bonds that you have and what you would be making on interest on the money that you put in to a special account to pay those. It would cost us about $250,000, but even with that, the present value savings on this is around $225,000 which would be 4.7, 4.8% which is more than what GFOA asked for, but less than what I traditionally look for. The good news is, interest rates are not expected to go up dramatically over the next twelve months; no one certainly thinks they are; we could come back next year, and half of that 247 could become ours, as far as savings, which would take this up to around three hundred and fifty, three hundred and seventy-five thousand dollars. At that time, I think it would be more beneficial to look at this maybe in six to twelve months rather than doing it now. So, I'm basically looking for some input from Council to see if they're interested in going ahead and doing this; if they are, I will go ahead and get the people working to start the process; so if there's any questions on this, I'll be glad to answer them."

Mr. Long: I think the first one, Dick, makes absolute sense; and considering the arbitrage on the second aspect of it, you know, I agree that it may be also possible for us to go ahead and wait twelve months, and actually, like you said, put half that back into the city's treasury. Are there any questions from anybody on Council? Or the committee? (No response) I'd have no problem if you want to go ahead and draw something up and present it to Council, Dick.

Mr. Harris: Okay, I'll get them started; it'll be a while before we'll have a bond ordinance ready, but I did want to let Council know that this was coming, and I think it's the right move for the city at this point and we'll certainly get to work on it.

Discussion: Appointment to West Licking Joint Fire District Board- - -
Mr. Long: Back in late August, we had received a letter from Assistant Fire Chief Kenneth Mathews in regards to replacing an individual on the Fire Board. I have received a letter of interest from Councilman McGrady in the fact that he would like to serve on the board for the remainder of the year. I thought we'd go ahead and discuss it, see how everybody feels about us putting somebody out there considering the issues that the Fire Board is currently facing. We have discussed and talked with our legal counsel; we've already discussed it also with the Mayor - he is in favor of ensuring that we have somebody there. I feel that we should have somebody there as eyes and ears in order to be able to report back to us in our responsibility to the taxpayers in being able to let them know what's going on, so, are there any comments or anything from anybody?

Mr. Clemens: I agree with your statement, Councilman Long.

Mr. Long: Thank you sir. Councilwoman Kelly.

Mrs. Kelly: I also think it would be a great idea, and I think Cornelius would make a great representative.

Mr. Long: Um-hmm. Anybody else? (No response) Okay, I will then go ahead and ask the Clerk of Council to go ahead and draw up the appointment paperwork and have it ready for us next week to go ahead and appoint Councilman McGrady to the Fire Board.

ORDINANCE MAKING APPROPRIATION FOR DEBT SERVICE PAYMENT (2012 Sanitary Sewer and Manhole Rehabilitation Project)- - -second reading 9-24-12.- - - -Mr. Long moved to send ordinance to Council for the third reading with a recommendation for adoption; Mrs. Kelly seconded; all voted "Aye".

ORDINANCE MAKING APPROPRIATIONS FOR DEBT SERVICE PAYMENTS (2012 Huber Subdivision Waterline Replacement Project)- - -second reading 9-24-12.- - - -Mr. Long moved to send ordinance to Council for the third reading with a recommendation for adoption; Mr. Burd seconded; all voted "Aye".

Transfer of funds within the Storm Water Division to purchase supplies for repair and replacement of storm water outlets- - -referred to Finance from Service Committee earlier in the evening.- - - -Mr. Long moved to send legislation to Council including the transfer of the requested monies, for the first reading, noting item could be adopted as an emergency measure on the second reading. Mr. Cotner seconded. All voted "Aye".

Meeting adjourned at 7:52 p.m.

Finance Committee
- - -Nancy C. Frazier, Clerk of Council

October 1, 2012