

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

CALL TO ORDER:

1. The council meeting was called to order Monday, May 10, 2010 at 7:00 p.m. by President of Council Daryl Revoldt.

OPENING PRAYER:

The opening prayer was delivered by Monsignor Jay Clark, of St. Paul's Catholic Church.

PLEDGE OF ALLEGIANCE:

3. All present recited the Pledge of Allegiance.

ROLL CALL:

Mr. Revoldt: Clerk, would you please call the roll.

The following members of Council responded to roll call: Davies, DeOrio, Foltz, Peters, Revoldt and Snyder. Council Member Kiesling arrived at 7:08 p.m. Also present were: Mayor Held (arrived at 7:09 p.m.), Director of Administration Wise, Director of Law Nilges, Director of Finance Zumbar, City Engineer Benekos, Superintendent of Permits & Inspection Hampton, Superintendent of Streets & Utilities Chufar, Fire Inspector Gary Coen, and Clerk of Council Kalpac.

Mr. Revoldt: May I have a motion to excuse Member Kiesling.

Mr. Snyder moved and Mr. DeOrio seconded to **excuse Council Member Kiesling**. All members present voting:
Yes: DeOrio, Foltz, Peters, Revoldt, Snyder, Davies.
No: 0.

CONSIDERATION:

5. Mr. Revoldt: Council has for its consideration minutes from the Council Meeting of April 26, 2010. Are there any questions or amendments?

Mr. DeOrio: Mr. President, I would move we approve as submitted.

Mr. Peters: Second.

Mr. DeOrio moved and Mr. Peters seconded to **approve minutes of April 26, 2010**. All members present voting:
Yes: Foltz, Peters, Revoldt, Snyder, Davies, DeOrio.
No: 0.

COMMITTEE MINUTES:

6. Mr. Revoldt: Item 6. We also have for consideration Committee Minutes – an Executive Session for Finance & Property held on April 26, an Executive Session for Street & Alley held on May 3, two Executive Sessions for Water, Sewer & Rubbish held on May 3; and then Finance & Property, Personnel & Safety, Street & Alley, Water, Sewer & Rubbish all held on May 3. Are there any questions or amendments to those minutes?

Mr. DeOrio: Mr. President, I would move for approval of those minutes as submitted.

Mr. Peters: Second.

Held Monday, May 10, 7:00 p.m. 10
20

Mr. DeOrio moved and Mr. Peters seconded to **approve Executive Session and Committee Report Minutes** as submitted. All members present voting:
Yes: Peters, Revoldt, Snyder, Davies, DeOrio, Foltz.
No: 0.

Executive Session Minutes – Finance & Property Committee: Please refer to the minutes on file in the Council Office of the Executive Session Meeting for Finance and Property Committee held on April 26, 2010.

Executive Session Minutes – Street & Alley Committee: Please refer to the minutes on file in the Council Office of the Executive Session Meeting for Street & Alley Committee held on May 3, 2010.

Finance & Property Committee: Please refer to the minutes on file in the Council Office of the Finance & Property Committee meeting held on May 3, 2010.

Personnel & Safety Committee: Please refer to the minutes on file in the Council Office of the Personnel & Safety Committee meeting held on May 3, 2010.

Street & Alley Committee: Please refer to the minutes on file in the Council Office of the Street & Alley Committee meeting held on May 3, 2010.

Water, Sewer & Rubbish: Please refer to the minutes on file in the Council Office of the Water, Sewer & Rubbish Committee meeting held on May 3, 2010.

RECOGNITION OF VISITORS:

7. Mr. Revoldt: Recognition of Visitors. Is there anyone who wishes to address the Council? Mr. Osborne, as you begin, I am going to invoke the five minute rule, so you have exactly five minutes.

Mr. Osborne: Chuck Osborne, 307 Fairview Street SE. Two weeks ago, I remarked to this Council that if the water production costs detailed in the ARCADIS Water Utility Rate Study were accurate then practically all the water being sold by North Canton is being sold at a loss. The Chairman of Water, Sewer & Rubbish responded that water sold in the City at \$4.60 per thousand gallons did not cover all the costs of water production. The ARCADIS water study shows that in 2008 water consumption inside the City amounted to nearly 57% of the City's annual water sales. Is it a fiscally prudent policy to sell more than half the City's water below production costs? Shouldn't all water customers be paying their fair share to ensure the water fund is financially sound? Per the ARCADIS study, in 2009 the City sold water to Aqua Ohio at a net effective sales rate of \$1.52 per thousand gallons while at the same time, the total cost to collect and treat the water and pump the water into the distribution system was \$2.20 per thousand gallons yielding a net loss of \$0.68 per thousand gallons or more than \$124,000. A look at table 2 of the water study presents a graphic picture of the outcome of the City's current water agreement with Aqua. In 2008, with nearly identical quantities of water sold to Aqua and to outside residential and business water customers, Aqua paid \$280,388 as opposed to the \$3,242,067 paid by outside residential and business water customers. Why was Aqua allowed to pay nearly \$3.0 million dollars less than other water users for nearly the same quantity of water in 2008? What were the revenue shortfalls in the other four years that the present agreement has been in force? No one in the City has offered those figures for review. This is not a pretty picture for the North Canton water fund. Under the renegotiated water agreement that is to be voted on tonight, Ordinance No. 33-10, water rates charged to Aqua will be increased to \$3.60 per thousand gallons. This raises the following question: If water rates of \$4.60 per thousand gallons to City residents, admittedly, do not cover the cost of water production, why would you want to enter into an agreement to sell water at a lower water rate of \$3.60 to Aqua? Water sales to Aqua Ohio accounted for slightly over 21% of the City's annual water sales in 2008. If City water sales amounting to 57% of total water sales are sold at \$4.60, admittedly below costs, and 21% of water sales to Aqua are sold at \$3.60 per thousand gallons, couldn't one

DAYTON LEGAL BLANK INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

conclude that the City is selling as much as 78% of its water at a loss? What are the City's water production costs? According to the ARCADIS study, total water production costs per thousand gallons vary widely from year to year for North Canton. The study shows that the City's annual total water production costs per thousand gallons in 2006 was \$9.38; in 2007 \$10.45; in 2008 \$5.55. The study shows budgeted water production costs for 2009 were \$7.28 and projects water production costs for 2010 at \$5.74. What are the City's water production costs for water sold to Aqua? Should there be any difference in water production costs between water sold to Aqua and water sold to any other water customer of North Canton? All of the water is processed at North Canton's water treatment plant. The water is all treated the same. The ARCADIS water study, dated January 2010, notes that water production costs to Aqua are \$2.20 per thousand gallons. A subsequent e-mail from Bob McNutt to Council, dated April 21, 2010, titled Aqua Agreement Review, now states that water production costs for Aqua are \$1.15 per thousand gallons. As the water production cost figures seem to change for political reasons to justify the planned political agenda to ratify the new agreement tonight, I again ask for an independent auditing agency, preferably, the state auditor, to audit the entire water fund to give City officials and the public reliable data from which decisions can be made with confidence on how best to set water rates and water policy for the North Canton water system. As for the renegotiated agreement that is about to be hastily voted on tonight, I believe the 3% rate cap and ten-year term in the renegotiated agreement presents great risks for problems for the City in the future. The renegotiated agreement with a rate cap of 3% only benefits Aqua. Further, any rate cap, especially with a ten-year term presents great risks for the City. Economic forces are already in play in the United States and globally that could bring about inflationary pressures within the term of the agreement and burden the City. What is highly illogical about the new rate cap is that your very own consultant, ARCADIS, has recommended a higher rate cap of 4% and the present agreement with Aqua has a rate cap of 5%. Why are you subjecting the City to such a low rate cap? At the very least, why can you not continue with the same rate cap of 5% as is in the present agreement? A rate cap of 3% for Aqua will not even keep pace with the historical rate of inflation which is 3.2%. Lastly, I would like to say how disheartening it is to see elected officials show more concern for Aqua than the very citizens they are sworn to represent. I am talking about the residents of the Sanctuary who are served by Aqua for their water. In recent weeks, Aqua has announced rate increases of 20% for its water customers which will include North Canton residents in the Sanctuary. The renegotiated water agreement limits rate increases to Aqua to a cap of 3% yet Sanctuary water customers have no such protection on rate increases from Aqua. Aqua Ohio is Ohio's largest investor-owned water utility. Their parent company, Aqua America, Inc., is the nation's largest U. S. based publicly traded water company. I would ask that before ratifying the renegotiated water agreement that equal protection from rate increases as afforded to Aqua be included in the water agreement for the Sanctuary residents. If that cannot be done, then I would urge you to not proceed with passage of the water agreement as the water agreement exposes North Canton to risks and is unfair to citizens.

Mr. Revoldt: Thank you, Mr. Osborne, your time has expired. Is there anyone else who wishes to address the Council this evening? Mr. Brenton.

Mr. Brenton: Sam Brenton, 1681 Westfield, SW. First of all, Jon, that measurement that I gave you, Lovekin, bought in Pennsylvania by 1955. I don't know if those measurements go with North Canton because there's 12 inches in a foot there. Understand that?

Mr. Snyder: A foot, yeah.

Mr. Brenton: But anyhow, you said when I talked to you on the phone, you was going to send somebody down to talk to me about – 2 guys came down and they're standing in my yard talking normal – the sweeper comes up the street and do you know there's a leader or a valve that he could turn, is a blower. He come up that street and turned his blower on and blew all the way across the street and into my

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

yard and I'm telling 'em - I said look at what that nut is doing. You know, what I did to that guy I have no idea. Ever since I - if I put a piece of dirt there, he comes down and undoes it. So, I used to go all the way around that corner for 30 years - now I go down to the end of mine - that corner you clean it yourself but you ask those 2 boys, I can point them out to you anytime because they work for the City, why he turned that blower on - it's like a truck vac. You can either suck it in or blow it out, is what he did. Anyhow, while I'm here, Uniontown or someplace, a man was barbecuing and his propane tank blew up on him - it happens. Anyhow, have you noticed the guys in New York had his car full of propane tanks. He was going to blow up New York and about 1962 I was welding tables for a machine but it took 8 batteries and I had to wire them in a series, that damned tank blew. That little torch, our building inside is like 3 stories high - it hit the roof, (inaudible) is like this sheet of paper, just the way it was formed. I went rolling, I went to the doctor, he give me a pre - put 4 drops in each ear so I did, they went down here - so I got 75% here and 50% here, so I'm down in my curve, the leaves are starting to fall, he goes to that curve down there - coming around that curve on my John Deere and that thing makes a lot of noise and that vehicle come up there and I heard him (inaudible) down on it over top of that engine and he went off about 50 miles an hour, coming from out back. So I followed him - I shut the mower off, went up and he's standing, like I said, lookin at me - what kind of body language is that, like you want a piece of me, come on. You know who that is, that boy you picked up (inaudible) that big (inaudible) guy. He knows him, he's the only one that calls him Daryl. Everybody - he's Revoldt to everybody else. He comes up behind me and stomps on that sucker, and like I say, I can hear him over that engine - hit them signs just like I told you - and then I take the kids down there so they can ride their bike - that's all fellas.

Mr. Revoldt: Okay, Mr. Brenton.

Mr. Snyder: Thanks, Sam.

Mr. Revoldt: Let the record show that Mrs. Kiesling has joined us. Is there anyone else who wishes to address the Council? Please step forward to the microphone and state your name and address.

Mr. Morabito: My name is John Morabito. I live at 710 Penny Street, SE, next to the animal farm. The reason I'm here, first I'll tell you where I'm coming from. I'm 90 years old. I enlisted in October of '41. They hit Pearl Harbor December of '41. You people read about it. I lived through it. So, what I'm telling you is I know what went on. I know what I'm telling you is I know what went on. Now this country has been through a cycle - a complete cycle from Hoover to Roosevelt. From Bush to Obama. The same cycle that happened that, again, I say, I lived through it. You read about it. The reason I'm here is because I came to this Council twice before and I got no, not much help. So I decided to come again, and the reason I'm here is because I have a neighbor and I'll go into a little detail - I have 2 oak trees in my backyard that I planted. They're 52 years old. The branches were on her lot, so she had somebody come up and trim them and sent me a bill. I sent her a check. She took this check, it had my account number and my bank on it - went down to Canton and got permission to get into my personal account and draw money out of my account. Now, I'll stop right there. Would this City allow a person to get in anyone of your accounts without checking her background or where they're coming from? Canton did, and they admitted they made a mistake, but that's a horse after the cart. So I took her to court, and she had to pay back the money and they threatened her with a jail sentence and subpoena that it wouldn't happen again. So that's where I'm coming from and that is my complaint and like I said before, if someone got into your personal account and came to the City of North Canton, would they just let you get into their account without checking their background? But this City done it. I also have another gripe and that's with the Safety Director or wherever he's at. The Police came to my house about 3-4 weeks ago. They came to my door and they said, can we come in. I says, no. I didn't have the door latched, they forced themselves into my house and roughed me up and threatened to take me to jail. They was going to handcuff me and take me to jail. Whoa, that's

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

really something, you know, a police force taking a 90 year old man, roughing him up and taking him to jail. They must be really proud of themselves, you know. So I says, okay, this was on the story from the neighbor to give them whatever she told them that happened and they must have believed it. So, I says, okay, I says I'm going to call my son to take care of my wife which is 88 years old. They said you can't make no calls to your wife. I says, are you kidding? I can't make a phone call in my house? I got on the phone and I called my son and the police when they knew I was calling my son, they couldn't get out of that house fast enough. So that's where I stand and this is my story and I'm still, I came to this Council, like I said before – twice before – I got no results so I thought I'd come again and try and get this animal farm off of my back. I don't know that she just thrives on old people or whatever she can get for nothing from day 1 and I just had. Thank you.

Mr. Revoldt: Thank you Mr. Morabito. Is there anyone else who wishes to address the Council?

Mr. Daniluk: George Daniluk, 502 Werstler. When the Hoover Company was in full operation, the City had no problems meeting their operating costs and, in fact, was very generous with money for various projects, wages and benefits and City services. Now it finds itself in a financial bind to make ends meet. Money is tight because of our fiscal generosity in the past. Today we are in a situation where we have limited means of income and an abundance of water. I see us going down the same path with water deals just as we did with financing projects in the past. We are flushed with water, no pun, and you know where water goes when you flush. Canton is asking North Canton to pay a 7% share of operating their sewage treatment plant, or approximately \$5,000,000. Fair enough. Aqua Ohio uses 21% of North Canton's water production but is only required to pay for the variable costs incurred to satisfy their needs. They pay nothing towards North Canton costs of our water plant upgrade – nothing towards the cost of labor and overhead to run the plant and nothing towards the reduction of the water plant debt. Doesn't it appear that the scenario is the same. North Canton must contribute their fair share towards Canton's sewage treatment plant and operating costs but Aqua Ohio is only required to cover almost insignificant variable costs to pump just the water they need. I liken this comparison to a guy who spends thousands of dollars for a rototiller – tills his own garden and then his neighbor asks him to till him for his garden and he'll only pay for the extra gas used. Thank you.

Mr. Revoldt: Thank you, Mr. Daniluk. Is there anyone else who wishes to address the Council? Mrs. Magel. Gail, would that mic go remote for her?

Mrs. Magel: Kathy Magel, 1025 East Maple Street, North Canton, Ohio. Uhh, I too, would like to broach the subject of the new Aqua contract. Umm, I think, for the majority of you, you know my philosophy of this partial cost that Mr. Daniluk was discussing. Umm, as I am a wife of someone who ran over 15 steel plants and they had something called cost per ton, and you do it as an overall so that every customer – you wouldn't sell to the Hahn Furniture Company, a production cost at one cost and then to John Deere, another cost. The plant would have a uniform cost and I feel that's how the water treatment plant should be and I'm not here to debate that with you – I've done that from the last contract. That's just my philosophy, I'm sticking to it. The reason why I'm here tonight is I – is this the third reading, tonight?

Mr. Revoldt: It is.

Mrs. Magel: Okay, and I had heard that there had been meetings – I think it was last week, last Monday, and there's new numbers. I had requested those numbers. There was supposed to be, was that a Power Point? Is there going to be a Power Point?

Mr. Revoldt: We'll have a Power Point in just a few moments.

RECORD OF PROCEEDINGS
COUNCIL OF THE CITY OF NORTH CANTON REGULAR

Minutes of

Meeting

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mrs. Magel: Okay, I had been directly told there would be no Power Point because I was told that, yes, I was told there would be no Power Point.

Mr. Nilges: Not by me.

Mrs. Magel: No.

Mr. Nilges: Okay.

Mrs. Magel: But you're shaking your head.

Mr. Zumbar: By who?

Mr. Nilges: Well, that's just – that wasn't my understanding.

Mrs. Magel: By someone – I called Gail several times and I believe she spoke to you.

Mrs. Kalpac: I didn't say there wouldn't be one. I said I wasn't aware of...

Mrs. Magel: Oh, as of that...

Mr. Revoldt: Well, let's - please continue with your

Mrs. Magel: ...as of my discussion this afternoon, there was no Power Point. Uhh, at any rate, I had asked for hard copies so that I could have some numbers so that I could even intelligently discuss this. But apparently, I'm not supposed to have the numbers prior to – I mean this is public speaks so the Power Point is going to be after public speaks and then you're going to have your vote. I kind of disagree with that philosophy of how Council is operating. I think the public should have been aware of – umm, I know the \$3.60, I know the half of it, the buying of it and the contract. My point was I didn't know the cost and how it was derived and I believe that had changed and, umm, apparently, to the good that, umm, some of the Council Members had changed their minds. So, I'm just here to say, umm, this is one person who did understand the contract of Aqua, the initial one, took the time to read the second one, wanted to compare, but just didn't have the opportunity because I wasn't given the costs. Thank you.

Mr. Revoldt: Thank you. Is there anyone else who wishes to address Council? Yes, sir.

Mr. Shaffer: Good evening. My name is Gerald Shaffer. I live at 922 Pineview Avenue in North Canton – lived there for the last forty-three plus years. One of my, my first comment is that I would like to know what the percentage is of the ordinances that go through this Council that are emergency. I see on the sheet tonight that they all are and I've been here to a few Council meetings and it always seems to be emergency. But, my comment is on, in basic business 101, it costs so much to produce something whether it would be an electric boiler or whatever. The labor, the cost of the materials comes up with a cost and that's a standard thing much as the lady or young lady before me talked. How can we begin to sell stuff at a loss. There's two ways to go broke. Don't sell, if you're in business, and sell at a loss, and you'll go out of business a lot quicker selling at a loss. The cost of your water plant down there – are we not millions of dollars, isn't there uhh, money owed on what was built down there and we're allowing this three thou – or three million dollars, you know, if these figures are right, that we could use to...you know, I see you shaking your head, Mr. Snyder, but, how do we sell at a loss?

Mr. Snyder: We didn't, sir – we didn't sell at a loss. We never sold a dime of water at a loss. I mean if you sit and watch the Power Point, I think you'll see that.

Mr. Revoldt: Thank you, Mr. Shaffer. Is there any, yes, sir.

	Monday, May 10,	7:00 p.m.	10	
	Held		20	
<p>Mr. Tripp: Larry Tripp, 1127 East Maple, North Canton. Resident for 25 years. My first question is to the Mayor – when are they going to begin cleaning the streets?</p> <p>Mayor Held: It's in the process of being cleaned right now. We have the street sweeper</p> <p>Mr. Tripp: You have the street sweeper, okay. My second question, Mr. Peters – have you noticed the grass by the electric company next to Erik's?</p> <p>Mr. Peters: Yes (inaudible)</p> <p>Mr. Tripp: Have you noticed the Rite Aid?</p> <p>Mr. Peters: Yeah, we...</p> <p>Mr. Tripp: Have you noticed the property, again by the ballpark that was purchased?</p> <p>Mr. Peters: Yeah, and right up towards Taft, there's a property on the right hand side – a vacant home that we are aware of.</p> <p>Mr. Tripp: Okay, is anything being done?</p> <p>Mr. Peters: Oh yeah, we...</p> <p>Mr. Tripp: I mean – one of my points is that the City you're trying to attract business to – if you don't have a good looking City, a clean City, you're not going to attract anything.</p> <p>Mr. Peters: Larry, the issue...</p> <p>Mr. Tripp: You've got three or four, five streets in North Canton that should really be taken care of - Everhard, Schneider, Maple, Applegrove, Main Street. Those are your main streets – they should be the cleanest streets in the City because people are coming in every day. You've got, what's that, 7th Street, where Rite Aid, people are going to the ballparks...</p> <p>Mr. Peters: Sure.</p> <p>Mr. Tripp: ...coming to the high school. I mean these are the people looking at the City and it looks terrible – absolutely terrible. Thank you very much.</p> <p>Mr. Peters: Hey, Larry, real quick, as far as the power company goes, we've addressed that. They are requiring all of their vendors, whether it be guys that cut the grass or service that sub-station, to be certified and I'm not sure exactly what they're certified in. Tom, do you have</p> <p>Mr. Hampton: No, it's just the regulatory agency that I gave you this morning...</p> <p>Mr. Peters: Okay.</p> <p>Mr. Hampton: ...where they have to go through the process of certifying the vendors. AEP will not let them on the property until they are completely certified.</p> <p>Mr. Peters: And they're close to being completed on that and that is going to be addressed.</p> <p>Mr. Revoldt: My guess, Mr. Tripp, is that what they're looking at is to ensure that people who have access to the site, for maintenance purposes, to not constitute a national security risk.</p>				

RECORD OF PROCEEDINGS

REGULAR

Minutes of

Meeting

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10 20

Mr. Tripp: But, in the meantime, if I'm selling a house across the street, I mean, and again, I just make the point, you've got six, seven streets in the City that should look nicer than any other street if you're going to attract business.

Mr. Mayor: Are you referring to the street sweeping, what specifically are you referring to on those streets when you say that...

Mr. Tripp: Well, no, like the grass - the tall grass coming out on Maple, any of the streets. All I'm saying...

Mr. Mayor: Right.

Mr. Tripp: ...and the streets get cleaned. These should have, in my opinion, priority, and not just because I live on Maple, my yard will be spotless, I don't care what - my yard will be spotless. But I would expect the City to do the same.

Mr. Mayor: And I appreciate your comments because we do want the City to look good. We want all the City streets to look good.

Mr. Tripp: Absolutely.

Mr. Mayor: We did have this year has been a little bit of a setback with the street sweepings, you know, I think that's pretty apparent to everybody that's here - umm, I want all of our residents to know that keeping the City's streets clean is a priority to our...

Mr. Tripp: But we're in the middle of May almost, now, you know and I've seen nothing come down Maple. I've seen nothing come down Eastbury, but I've seen grass growing higher and higher, you know, so, that's my point. All I'm trying to look for is a good looking City - you know, you people to attract business. Thank you.

Mr. Mayor: I agree with you.

Mr. Revoldt: Thank you, sir. Mr. Bacon.

Mr. Bacon: Sam Bacon, 133 Parkview. I'm here tonight representing the Vote Yes, North Canton EMS Committee, and I want to take this opportunity to thank Mayor Held, his Administration, and the ladies and gentlemen of the North Canton City Council for their support for the recently approved EMS levy. Thank you all, very much. I would also like to express our appreciation for the almost 7 out of 10 voters who took advantage of the opportunity to assure continuation of excellent North Canton EMS service. We certainly do live in a caring committee, caring community. Thank you all very much.

Mr. Revoldt: Thank you, Sam.

Mayor Held: Thank you.

VOICE VOTE - AUTHORIZATION TO PROCEED WITH LITIGATION

8. Mr. Revoldt: Is there anyone else who wishes to address the Council at this time? Seeing none, let's move on to our business - Item 8. I need a motion to authorize, and a second, to authorize the Law Director to proceed with litigation. This is a matter of zoning enforcement for a building, auxiliary building without permit. May I have a motion to authorize the Law Director to proceed.

Mr. DeOrio: Mr. President: I would move to authorize the Law Director to pursue litigation to enforce the zoning petition.

Mr. Davies: Second.

DAYTON LEGAL BLANK, INC. FORM NO. 1014R

	Monday, May 10,	7:00 p.m.	10 20
Held	<p>Mr. Revoldt: Clerk:</p> <p>Mr. DeOrio moved and Mr. Davies seconded to authorize the Law Director to pursue litigation to enforce the zoning petition. All members present voting: Yes: Revoldt, Snyder, Davies, DeOrio, Foltz, Kiesling, Peters. No: 0.</p> <p>OLD BUSINESS:</p> <p>9. Mr. Revoldt: Moving on to Old Business, Item 9, a motion to read by title only, third reading, Ordinance No. 32-10.</p> <p>Mr. DeOrio moved and Mr. Davies seconded to read by title only, the third reading, Ordinance No. 32-10. All members present voting: Yes: Snyder, Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt., No: 0.</p> <p>Ordinance No. 32-10 – 3rd Reading – Street & Alley An ordinance authorizing the Mayor of the City of North Canton, through the Board of Control, to enter into a professional services agreement for the design of the Hoover District Streets Rehab/Replacement Project at a cost not to exceed \$125,000 and declaring the same to be an emergency.</p> <p>Mr. DeOrio: Mr. President, I think we vetted this over a number of different meetings. I don't think anything has changed on this unless there's questions or concerns to the contrary, I would move to adopt Ordinance No. 32-10.</p> <p>Mr. Foltz: Second.</p> <p>Mr. DeOrio moved and Mr. Foltz seconded to adopt the third reading, of Ordinance No. 32-10. All members present voting: Yes: Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder. No: 0.</p> <p>10. Mr. Revoldt: Item 10, a motion to read by title only, third reading Ordinance No. 33-10.</p> <p>Mr. DeOrio moved and Mr. Davies seconded to ready by title only, third reading of Ordinance No. 33-10, All members present voting: Yes: DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder, Davies. No: 0.</p> <p>Ordinance No. 33-10 – 3rd Reading – Water, Sewer & Rubbish An ordinance authorizing the Mayor of the City of North Canton to enter into an Agreement by and between the City of North Canton ("City") and Aqua Ohio, Inc., fka Consumers Ohio Water Company ("Aqua"), an Ohio public utility corporation for the sale of water to Aqua, that supersedes and replaces the Agreement between the City and Aqua that was executed on April 18, 2005, and declaring the same to be an emergency.</p> <p>Mr. Revoldt: Discussion.</p> <p>Mr. Davies: Well, this is the read Aqua Agreement that has been discussed by the Water, Sewer & Rubbish Committee, as well as Council, more than any other legislation I've seen since I've been on Council. I can't talk about the Council before that. Umm, are we going to do this before we vote, hopefully?:</p> <p>Mr. Revoldt: Yes.</p> <p>Mr. Davies: Okay. Probably the best thing to do, let's go through the presentation and I would ask that if there are questions, people be allowed to ask them...</p>		

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mr. Revoldt: Yes, sir.

Mr. Davies: ...even though we're past visitor recognition...

Mr. Foltz: Make a motion.

Mr. Revoldt: Yes.

Mr. Davies: I would make a motion that should people have questions or comments, they be allowed to...

Mr. Revoldt: There is a motion that we suspend the Rules of Council to permit public questions.

Mr. DeOrio: Second.

Mr. Davies moved and Mr. DeOrio seconded to **suspend the Rules of Council to permit public questions regarding Ordinance No. 33-10.** All members present voting:

Yes: Foltz, Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio.

No: 0.

Mr. Revoldt: Let's do this, let me have a motion to recess for five minutes.

Mr. DeOrio moved and Mr. Peters seconded to **recess for five minutes.** All members present voting:

Yes: Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio, Foltz.

No: 0.

Mr. Revoldt: We're in recess. Alright, recess period has concluded, may I have a motion to reconvene our meeting, all in favor say "aye", those opposed.

Mr. Davies moved and Mr. DeOrio seconded to **reconvene meeting.**

Yes: 7.

No: 0.

Mr. Revoldt: Before we begin, I want to make two important points to set this conversation. The first is that the contract under discussion, signed in 2005, runs for twenty years. There is no, within that contract, there is no unilateral escape provision. The contract, either party can walk away from it, if it disagrees with the terms. It requires both parties to come to the table if they wish to change the terms of the contract. I think all of us would agree, and will agree, that the Agreement under consideration is probably not the best Agreement we could achieve, unilaterally. However, I think many of us believe, and certainly I do, that the contract we have for consideration this evening, is a better Agreement than the one in 2005. Those are very critical distinctions to be made as we move to consider this third and final reading. To ignore the fundamental provision that this is a twenty year contract, and that the City can unilaterally alter that contract, is frankly just disingenuous and intellectually dishonest in terms of public discourse. Mr. Davies, I think we're going to turn this conversation over to, Clerk...

Mrs. Kalpac: I didn't notice that they were double-sided until now. I only made mine single-sided, the copies that I made.

Mr. Revoldt: So we only have half?

Mrs. Kalpac: We only have half.

Mr. Revoldt: Alright, then I'll entertain a motion to recess.

Mr. Foltz moved and Mr. Davies seconded to **recess.**

DAYTON LEGAL BLANK INC. FDBM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mr. Revoldt: All in favor, say "aye".

MACHINE IS NOT ON

Mr. Revoldt: (inaudible) was reminded to make one final point, that as we review this – we looked at this contract. It was the City that approached Aqua for - to reopen the existing contract. Mr. Zumbar.

Mr. Zumbar: Just to briefly go through the Aqua contract negotiations, the negotiations included the following officials, Director of Law Hans Nilges, Director of Administration EJ Wise, Jr., the City Engineer Jim Benekos, myself, the Water Plant Superintendent Rich Steinhelb, and as Council Representative Jon Snyder was put into that role. In 2010 the draft reform contract was completed and forwarded to the City's Consultant Robert McNutt, who is a Senior Engineer and Department Manager for Arcadis who would then perform the technical and financial review. This technical review was released on April 21, 2010, and you made the following conclusions: The Agreement does not limit the City for future expansion but sets protection clauses for both Aqua and the City. This Agreement protects the City from excessive flow rate takes, and this Agreement provides for mutually beneficial backup water supply capabilities, and Article 5 states a useful life for the infrastructure at 75 years. Under his financial review, his analysis performed shows the actual budgeted and projected costs for all the chemicals, all utilities and all maintenance line items in the water fund. These items are the variable items that are affected by an increase in the volume of the water treated and sold, and from his review, please note that it's projected to cost the City \$1.1526 per 1000 gallons of water sold for those three budgeted items in 2010. This is based on a review of higher volumes of water sold over the past few years, but again, is expected to be fairly representative. Number 2, the City currently sells water at \$1.65 effective rate for water sold to Aqua. This would increase under this reformed Agreement to \$3.60 per 1000 gallons in 2010 if the contract is ratified. The net marginal profit for water sales to Aqua for 2010 is projected to be \$2.4474 for 1000 gallons sold. At this profit margin, and again, accounting for the reduced volume of water sold, the net profit is expected to increase to \$179,000 if sold all year at that profit margin – a rounded number. The percent increase by which the rates can be adjusted is 3% per Article 2. Since we know that the rates are projected to increase by 4% per year over the next five years, the 4% figure should be included in the Agreement. That was the proposal. The Agreement contains inflation protection for the City in Article 6. Again, Aqua is a bulk water customer and meets the classification of no other class of users on the City's system. No other users, for example, have the capability of providing backup water to the City in an emergency. Furthermore, the marginal costs to serve this customer, is like no other on the City's system. Lastly, the American Water Works Association Manual of Water Supply Practices, Principles of Water Rates, Fees and Charges, M-1 contains the philosophies and methodologies for rate setting for various user groups and Mr. McNutt, again, concludes that the philosophies in M-1 would support the current Agreement as well as the proposed Agreement philosophy. This next slide shows 2005 Original Rate Schedule that got put into effect and as we can see, the first 40 thousand gallons the rate would be \$3.58. The next 60 thousand gallons would be \$1.71. Anything from 101-750 thousand would be sold at \$1.46, and over 750 thousand gallons would be sold at \$1.2725. The next slide shows 2006-2009 Existing Contract Rate Schedule with increases built in. These are exactly what happened with the water rate increases throughout the years 2006-2009 and as we can see, we get up to January 1, 2009 with anything over 750 thousand gallons being charged at \$1.57. The next slide shows us 2006-2025 Minimum Usage as it is with the Existing Contract. As you can see, there's 500,000 gallons per day. It breaks into an annual usage of 182,500,000 gallons "a year", average monthly would be 15,208,333 gallons per 1000 gallons, it would be 15,208. From 5/01/2010 to 4/01/2015 it would increase to 600,000 gallons per day, and so forth, all the way up through 2025 to 328,500,000 gallons. The next slide will show Aqua's consumption for 2006-2009. As we can see, Aqua paid in 2006 \$227,155. The cost to produce the water, and basically for Aqua, the equivalent cost component was \$.93. 2007 - they paid us \$237,150 and our equivalent cost component was \$1.01, 2008 - they paid us

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

\$277,133 or again our equivalent cost component to produce that water was \$.97, 2009 – they paid us \$290,152 – the equivalent cost component was \$1.25. 2010-2024 Projected Costs. Again, based upon the consultant's information and his analysis, we see from the years 2010-2014 that projected costs are \$1.15 in 2010, \$1.26 in 2011, \$1.38 in 2012, and so forth. The years 2015-2024, I built in an increase of at least 3-1/2% increase just to get a projection and the next slide we see 2010-2014 @ 73,000,000 gallons. This is what the proposed contract is going to be and what the existing contract and what the proposed contract rates are going to be. What would the profit margin shake out? As we can see in 2010, the difference between the \$3.60 rate and \$1.57 rate is \$148,190 at the 73,000,000 annual consumption. As we compare from 2010 to 2014, each year, as long as we are charging them \$3.60, we have a significant difference in our favor. Existing contract increases, and I built in here a 5% bump each year from 2010 through 2014 at the \$1.57 rate and the proposed reform contract increases were 3% each year, but they're held the same for one year period of time per the contract language. 2010 and 2011, they'd be held at 0% bump. From '11 on they can be increased at 3%. 2015-2019 @ 73,000,000, again we show the difference between the contracts. Again, a significant difference at the \$3.60 rate versus \$1.57 even with the 5% bumps and the 3% bumps. 2020-2024 @ 73,000,000, again the differences. Then I was asked to perform, let's compare the existing versus the reform contract as it is, just to see what would transpire. From 2009-2011 we show the minimum usage in the existing contract versus a reform contract if it was in place. The minimum usage on the existing contract stipulates they would have to take 182,500,000 gallons per year, under a reform contract if 73,000,000 was "in place" this is what it would break out to be. The cost per 1000 gallons - \$1.25, the revenue for 1000 gallons - \$1.57 versus \$3.60. We show, again, the profit margins and the difference. 2010 and 2011, again, as you break out the numbers, we see a significant difference between a \$3.60 rate and a \$1.57 rate. 2012-2014, the same results. 2015-2017, same results - \$3.60 versus \$1.57. As you can see, the costs are going up. The revenue per 1000 gallons are going up based upon a 5% bump. We are still seeing a significant difference between the original \$3.60 contract – the reform contract versus the existing contract. 2018-2020, and finally as we get up to 2021-2024, in the year 2024 is where we start to see the contract at the \$3.60 rate which now has jumped to \$5.44, where the \$1.57 rate which has now jumped to \$3.11, is starting to come to a closer need. But, again, at the \$3.60 rate, we're still making a profit but that's quite some distance out and I hope that we would still come back to the table and re-negotiate. That's at ten years. With that, sir, I'll turn it over to Legal Review & Comments from the Law Director.

Mr. Nilges: I'm just going to go through some of the key provisions that were adjusted in the contract. Did we run out of slides, here?

Mr. Zumbar: No, those are not on there. They have them in their packet.

Mr. Nilges: Okay. Follow along at home in your packets. Basically, you take Section 4 of the Agreement which is Service Areas, which as Bob McNutt addressed, there was previously a map that restricted both parties to certain areas of expansion. That map was restricted and replaced with only a customer, current customer restriction. There are no other – all other restrictions were removed from this contract. The term was reduced from 20 years to 10 years. We're maintaining a long term commitment but we are revisiting it five years sooner than we would have under the old Agreement. Additionally, if you go to Section 7 – Points of Connection; Facilities Necessary for Connections, under the old Agreement, the City bore the sole cost of constructing additional interconnections. Under the new Agreement, the parties agree that they'll be jointly constructed. Under Section 10 – there was a water transmission rights; pass-through under the existing contract which did impose certain obligations on the City for another 10 years. That was removed completely from the Agreement. There is a new Section 10, under the reform contract which is a Force Majeure provision which was not in the old contract that does provide for certain emergencies and if those emergencies happen to occur, the parties are relieved from performing their obligations under the Agreement which is a positive development. And, under the old Section 19 of the

	Monday, May 10,	7:00 p.m.	10
Held			20

(old K) old contract, there was an arbitration provision that prevented the City from having its day in court, so to speak, and instead would resolve disputes in a private arbitration setting, and that has been replaced by Section 21 of the reform contract, which does make it clear that any disputes we have over this matter will be in a court of law and not only that, but it will take place here in Stark County, Ohio. There is also language that was inserted in the Agreement that addresses the potential of steep increases in production costs. That was not there and provides the City with protections in the eventuality of those steep increases in production costs; and there was also language in the old Agreement that instructed the City that Aqua would be treated the same as all other residents in the event of flow fluctuations and interruptions, that language was removed and that pretty much summarizes some of the non-economic points that – improvements that were made in the new Agreement.

Mr. Snyder: Mr. President, I think it should be noted that these profit margins as projected by the Director of Finance are predicated on consumption of 73,000,000 and they do increase significantly if, as they've done historically, purchased additional water. So those are predicated, as I read it, on the basis of 73,000,000, correct?

Mr. Zumbar: Yes. The Finance Chairman is accurate and the more water that they purchase, they're going to be paying \$3.60 per a thousand gallons. So, if they bought 73,000,000 the first year and the next year they decided to buy 140,000,000, they'd still be paying \$3.60 for every 1000 gallons used and that's as you saw, the profit margins, were – we're going to have significant income from that.

Mr. Davies: Typically, according to Rich Steinhebel, summer months they take more water – almost, well, every year than they do winter months and so forth; now it depends on how dry the summer is and how much water usage and so forth. If you have a wetter summer they won't take as much as they would if there's a dry summer where people are sprinkling and so forth. So, while the minimum is the 73,000,000, Rich anticipated it was a hundred and – I forget the number, 120,000,000 or something like that, that will actually be taken so these numbers will be higher because they should be purchasing more than just the minimum.

Mr. Revoldt: Are there any more questions for Council for Legal, Director of Finance, regarding this matter? Okay, we're going to move...

Mr. DeOrio: Are you going to have...

Mr. Revoldt: Oh yeah, let's get us first...

Mr. DeOrio: Save (inaudible)

Mr. Revoldt: Mayor.

Mayor Held: Yes, this is the first time that I had an opportunity to see this presentation and I've got – first off, I'm very impressed. This is comprehensive and it makes it much easier to understand what I think is a very complex contract as far as understanding. Just three points to clarify. Number 1, on Page 3 where it says, the second line – it says "projected to be \$2.4474", just to clarify that's \$2.4474 per gallon...

Mr. Zumbar: You can round it off, right - \$2.45 if you want to round it up.

Mayor Held: The next is, when we're looking at the marginal cost, okay, on Page 4, the third bullet point, last sentence, where it says, "Furthermore, the marginal cost to serve this customer is like no other on the City's system." If we could just have clarification on that, or, what we're trying to say.

Mr. Zumbar: What we're trying to say there is that there's no other customer in the City of North Canton that purchases annually over 140,000,000 gallons of water or

RECORD OF PROCEEDINGS
COUNCIL OF THE CITY OF NORTH CANTON

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Minutes of

Meeting

DAYTON LEGAL BLANK, INC. FORM NO. 10748

Held Monday, May 10, 7:00 p.m. 10
20

182,000,000 gallons of water in a year. As such, the customer is eligible for a published rate that the City has, which is called bulk water rate.

Mayor Held: So, we don't have – so there's no maintenance of waterlines?

Mr. Zumbar: There is no maintenance of waterlines, we have an interconnection that they go and they draw the water from. There's no debt service.

Mr. Davies: There's no debt service. We didn't borrow money to put waterlines in for them. Some of the waterlines, there's debt service on – there is no debt service to Aqua because there are no lines.

Mayor Held: That's right.

Mr. Davies: Other than the main trunk and the lateral, etc.

Mayor Held: And then the last, just for clarification on the renewal of the Agreement, the action that's required by the City – by both parties to renew or not to renew

Mr. Nilges: The year before the Agreement, one of the parties can indicate they're, that they're discontinuing.

Mayor Held: Okay, that's all I needed. Thank you. Nice job.

Mr. Snyder: The present water rate Agreement, Ordinance that's in force in the City, would permit us to sell them the water right now without this Agreement at that price, so, this is additional protection to the City. So, it isn't

Mr. Revoldt: Alright, any other questions? Administration?

Mayor Held: Just one other comment – I want to thank the – if you look on the front page it shows the list of people that were involved in this negotiations and Hans, Earle Wise, Jim Benekos, Alex Zumbar, Rich Steinhebel, and Jon Snyder – I'm very pleased with the work that you folks have done and I'm also, I appreciate City Council's diligence in reviewing this. I think that there's probably been more eyes looking at this Agreement than probably any contract that's been through the City, at least since I've been working here and I would like also to go on record that, that I do recommend this Agreement and that Council approve it.

Mr. Davies: I might say, you know, we looked at it, the Water Committee looked at it. There were some disagreements and questions and so forth and through our meetings, you know, we got them answered and we're satisfied and everybody on this dais agrees that we felt it was the best option we had available to the City at this point in time. There were no dissenting opinions – everybody felt yeah, this is what we should do given the numbers and so forth, so.

Mr. Snyder: Mr. President, I think it's important also to let you know I personally will thank my colleagues, the Chairman of the Water Committee Mr. Davies, and the Vice-Chairman Mr. DeOrio, who attended many morning meetings here that we had and did have significant input into the final result that we have. Without that we wouldn't have the Agreement that we have, but also to the Administration who helped. It was a team effort.

Mayor Held: Thank you. I would agree.

Mr. Revoldt: Let's go to – we had a motion which we voted on to suspend the rules. Council will take questions from the floor. Mr. Osborne, you have one question.

Mr. Osborne: How is it you can account for the change in water cost? The water study that you paid \$18,000 for, or the public paid \$18,000 for, states here, in 2009 your cost for Aqua, I don't know why there's a differentiation because you're treating

DAYTON LEGAL BLANK, INC., FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

the water all the same, was \$2.20 per thousand gallons. Now here in an e-mail, you give it a clarification and now it drops \$1.00, now it's down to \$1.15 per thousand. You're playing with the numbers. Last, two weeks ago, the City says \$4.60 is even below your cost...

Mr. DeOrio: It should be noted that in the Arcadis study, the 2009 numbers were estimates. They're not actual numbers.

Mr. Osborne: Estimates. It doesn't say anything about estimates.

Mr. DeOrio: If you read your Arcadis report – those are all based on budgeted numbers in 2009, not actual numbers.

Mr. Osborne: Can I read this to you, what it says?

Mr. DeOrio: I've read the report and if you look at the report and it says 2006 costs, 2007, 2008, 2009 – 2009, they were based on budget assumptions, not the actual numbers because the report that was prepared by Arcadis was done prior to the end of the year, so they didn't have...

Mr. Osborne: I'm talking about at the end of the report, the recommendations...

Mr. DeOrio: they did not have the actual numbers because they did the study prior to the close of the year.

Mr. Osborne: ...so he was \$1 off on our cost?

Mr. DeOrio: It's a budget, Chuck, if the, if budgets come in under budget, that's a good thing. That would reduce our costs. That would lend to the administration's effort to try to rein in costs.

Mr. Davies: We found out in talking to Rich Steinhebel, that chemical costs to treat the water have been fluctuating wildly. Soda was one that he mentioned. They were paying \$200 per thousand pounds for soda at one point because of demand from China and also soda (inaudible) used in some of the fertilizers and so forth, that corn farmers use when our government said, hey we want to take all the corn and put it into ethanol and all the farmers in the world decided to grow corn because the cost went up. The cost of soda went from \$200 per thousand pounds to \$1200 per thousand pounds, okay, and that's one of the reasons that costs go up and down. Rich said now at this point in time, that cost is down to about \$400 per pound. So it went from \$200 to \$1200 down to \$400 because costs have been fluctuating wildly, because of the demand with China and farmer demands and so forth and then, you know, with the economy kind of down-sizing, that puts downward pressures on prices and so forth. So there will be variances in costs. We talked about, you know you bring up the costs, they're all different – part of our cost system, or cost is debt service. Some years we put more money out on debt to retire debt faster than other years, and consequently in those years, your cost is going to be higher because we put more money on the debt service than we did in the other years. So, the costs do go up and down and, in fact, labor goes up and down because some years they have to rebuild what Rich Steinhebel said is, rebuild wells, and that costs around \$20,000. So every time they rebuild a well, there will be costs to the City but you don't have that every year because they don't rebuild them every year. They rebuild them about every three years is what he said. So, there are variable costs. It isn't like you can just say this is the cost and that's what it always is because it does vary because of economic pressures and so forth.

Mr. Osborne: My grandfather...

Mr. DeOrio: So, this isn't a debate. If you want to ask a question – if you've got anymore questions – we're not going to debate this. You asked a question, you got an answer and I'm happy to answer questions but I don't want to debate all night.

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mr. Revoldt: I'll give you one more question, Mr. Osborne. I'll let you come back to the microphone if you want a pause. Are there any other questions? Mrs. Magel.

Mrs. Magel: I have two questions – umm, on Page 4, it's talking about a 4% increase and yet all the other pages it's talking 3% which is a little confusing. Is there any 4%...

Mr. Zumbar: Yes, Mrs. Magel, to answer that question, the, and this is a very good question because it was asked by Mr. Osborne, it was brought up by the Finance Chairman and the Water, Utilities Chairman – let's go back and ask Aqua if they'd be willing to give us a 4% bump like everybody else. The Law Director took his instructions and went back and asked them a third time, would you be willing to do this, to which the response was, well, what would you – we would like to negotiate this. They were going to charge for that percent a reduction in the gallons per day which would change instead of 73 million, it would drop it down to maybe 52 million gallons annually. It would not be financially beneficial to the City to get that extra percent for that type of drop in the gallons per day or the annual amount of consumption.

Mr. Davies: Plus, I think you have to look at Aqua's point. They went from paying approximately \$1.60 per thousand gallons to \$3.60. Now, Kathy, I know you're a mathematician so you can figure the percentage, but it's several hundred percent that they increased right now – flat out starts today or starts whenever this starts. So, we're already way ahead of the game on – so it wasn't worth losing water and so forth for that extra percent because we're so far ahead now from the \$1.60 to the \$3.60 that, we're much better off.

Mrs. Magel: Okay, so the answer is, it's 3%.

Mr. Davies: It's 3%.

Mrs. Magel: On year to year, or just the five year?

Mr. Davies: Anytime we raise rates for the citizens of North Canton, if we raise rates, then they get raised too.

Mrs. Magel: Alright.

Mr. Zumbar: But the first year is frozen, okay...

Mrs. Magel: Yes, I know that...

Mr. Zumbar: ...and then after that, they can go up.

Mr. Revoldt: Do you have a second question, Mrs. Magel?

Mrs. Magel: Yes, I did. The 73 million – that is a minimum?

Mr. Zumbar: That's a base minimum.

Mrs. Magel: Even if they used 58?

Mr. Davies: Right,

Mrs. Magel: They'd be paying for 73?

Mr. Zumbar: Base minimum – 73 million annually

Mrs. Magel: Base minimum and then you're hoping for even

Mr. Zumbar: More

DAYTON LEGAL BLANK INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

Mr. Davies: Well, again, Rich has done this and said, you know, they use a lot more in the summer time and that's probably not going to change. Their – it's get into the fact that they can only produce so much out of their plant and they max out in the summer time too, so they're probably going to need more than that.

Mrs. Magel: Okay, but it's a true minimum?

Mr. Davies: Right.

Mrs. Magel: Alright, and if I may, one last question?

Mr. Revoldt: Yes.

Mrs. Magel: I think it's Page 8 – what am I supposed to be getting out of this – that's the one page I don't – I'm not following it.

Mr. Zumbar: 2006-2009 the Aqua Consumption – it shows you the year, the consumption that they actually took, what they paid for that consumption, and then there's an equivalent cost component to produce the water. That's what those equivalent costs are.

Mr. DeOrio: So are you taking the amount paid dividing it into the consumption to get the equivalent cost, is that what?

Mr. Zumbar: No, I don't believe that's what he did.

Mr. DeOrio: It looks close.

Mr. Zumbar: He's close but it's not there.

Mr. DeOrio: Okay.

Mr. Zumbar: There were some variable components and I think Mr. Davies hit on a couple of – the well services, the chemical costs, utility costs, things of that nature, and that was the first year of the contract and I think there were some things that Rich noted and they worked on changing how they drew the water and

Mr. Snyder: High speed pumps

Mr. Zumbar: Yeah – but it's close, you're right – within \$.10.

Mrs. Magel: Well, Mr. DeOrio, that was my question, what's the – how do these numbers interrelate, and I guess they don't – they almost do but

Mr. Zumbar: They're close – the equivalent cost component came from our consultant. That's the way he typed them out.

Mrs. Magel: And then, I'd like to say to the Water Chairman, thank you for the public asking questions after the presentation.

Mr. Davies: Yeah, it's important to us, that people feel secure. We're not trying to pull a fast one. We want you to try to understand as best we can because it's confusing, quite frankly.

Mrs. Magel: My last comment is, of course, I have more questions – I just couldn't consume all of this in one – we went over this pretty fast.

Mr. Davies: I, I

Mrs. Magel: Who would I call for any questions, Alex?

Mr. Zumbar: I'll try and answer your questions as best as I can.

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mrs. Magel: Okay.

Mr. Revoldt: Other questions? Mr. Osborne, I think I agreed to -- one final question to you.

Mr. Osborne: Well, you're not going to sell me on this at all.

Mr. Davies: We didn't think we would.

Mr. Osborne: It's not funny, this City has lost millions.

Mr. DeOrio: No.

(Everyone talking over each other)

Mr. Osborne: You say 2009 was projected figures, alright so a portion of the \$18,000 was a waste. Again, I go back to Table 3 where the water you sold to Aqua -- the revenue received from Aqua versus an equal quantity of water from outside users, there's a 3 million dollar difference.

Mr. Snyder: What outside user would use 183 million gallons of water, can you name one, we could have sold it to them.

Mr. Osborne: Processing the water -- the water doesn't know any difference -- it's all processed the same. Some of it goes down this pipe, some of it goes down another pipe.

Mr. Snyder: You have to have a consumer.

Mr. Davies: Okay, but

Mr. Revoldt: You are permitted to ask a question, not debate. If you have a question not debate...

Mr. Osborne: Well, I said it in my previous speech and whatever I say up here, it's not going to change anything. It's kind of sad. I spoke on this four years ago. Look where we are, we're back here again and I predict we'll be back here again. This is your competitor you're selling water to -- your competitor and you seem to forget that.

Mr. Revoldt: Chuck, question, not statement. From Council, or Administration, is there anything else that needs to come before us on this matter?

Mr. DeOrio: I would just like to echo the comments made at the beginning -- that I think if you approach this and you look at it in the terms of, really what is before us -- and what is before us is not to negotiate a contract to get Aqua as a customer for the first time. That's not the issue. That issue has been resolved five years ago and it was put in place. So the question is, do you want to continue with that existing contract? You can. We approached Aqua, we could just leave it alone, but when you look at those spreadsheets that the Finance Director put together and I put together ones on my own, kind of doing the same thing, you don't, even with the higher volume that they would have to purchase, you don't make enough money per units sold, or I should rephrase that, the amount of money you make per unit sold pales in comparison to what the other option is before us that is a mutually negotiated change to an existing contract. It doesn't matter what the costs are per se that you're including this piece of the puzzle, you're including this piece of the puzzle, whatever the pieces of the puzzle are, they're the same. It's the same cost whether it's under the existing contract. It's the same cost as what it is under the proposed contract. Whatever numbers you're using, it's the same, but what is different is the revenue. The revenue is vastly different. So what you get then is a better net margin. You're making more money under the proposed. That is the issue before us and we should not lose sight of that trying to reinvent the past and

DAYTON LEGAL BLANK INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

try to undo something that happened five years ago. That's not the issue. I, again, thank you all. It was a pleasure to work with all of you and allow us to have the input. I too feel that this was perhaps, as the Mayor said, the best approach to any contract – the most eyes looking at it and I think the result showed. I think it's a plus for the City.

Mayor Held: I agree with you.

Mr. Revoldt: That said, I would like to have a motion to adopt the third reading of Ordinance No. 33-10.

Mr. DeOrio moved and Mr. Foltz seconded to **adopt the third reading** of Ordinance No. 33-10. All members present voting:
Yes: Peters, Revoldt, Snyder, Davies, DeOrio, Foltz, Kiesling.
No: 0.

NEW BUSINESS:

11. Mr. Revoldt: Moving on to New Business, Item 11, a motion to read by title only, first reading, Ordinance No. 39-10.

Mr. DeOrio moved and Mr. Davies seconded to **read by title only, first reading**, Ordinance No. 39-10. All members present voting:
Yes: Revoldt, Snyder, Davies, DeOrio, Foltz, Kiesling, Peters.
No: 0.

Ordinance No. 39-10 – 1ST Reading – Street & Alley

An ordinance approving, confirming, and accepting a dedication plat and public improvements for the Waterside Business Park Subdivision known as being part of Hoover Township, f/k/a part of the Southwest Quarter of Section 17 of Plain Township and situated in the City of North Canton, Stark County, State of Ohio, and also being part of Lot 3995 and 3997, and Out Lot 176 and 178; and, authorizing the Mayor to sign as the property owner, and declaring the same to be an emergency.

Mr. Revoldt: Mr. DeOrio.

Mr. DeOrio: Mr. President, the Waterside Business Park is ready to be marketed for development. In order to do so, we need to dedicate the plat and the public improvements so that the necessary paperwork for the real estate transactions can be consummated and we can start looking forward to some building and some new tenants there and that is what the intent of this piece of legislation is – is to get that last formality out of the way so that can be done.

Mr. Revoldt: Are there any other questions? Administration? Seeing none, then let me have a motion to adopt the first reading of Ordinance No. 39-10.

Mr. Davies moved and Mr. DeOrio seconded to **adopt the first reading** of Ordinance No. 39-10. All members present voting:
Yes: Snyder, Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt.
No: 0.

Mr. Revoldt: Motion to suspend the rules for Ordinance No. 39-10.

Mr. Davies moved and Mr. Peters seconded to **suspend the rules** for Ordinance No. 39-10. All members present voting:
Yes: Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder.
No: 0.

RECORD OF PROCEEDINGS

REGULAR

Minutes of

COUNCIL OF THE CITY OF NORTH CANTON

Meeting

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10 20

Mr. Revoldt: Motion to adopt under the rules, as suspended, Ordinance No. 39-10.

Mr. DeOrio moved and Mr. Davies seconded to adopt under suspension of the rules, Ordinance No. 39-10. All members present voting: Yes: DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder, Davies. No: 0.

12. Mr. Revoldt: Item 12. A motion to read by title only, first reading, Ordinance No. 40-10.

Mr. DeOrio moved and Mr. Davies seconded to read by title only, first reading of Ordinance No. 40-10. All members present voting: Yes: Foltz, Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio. No: 0.

Ordinance No. 40-10 – 1st Reading – Street & Alley

An ordinance authorizing the vacation of a Temporary Storm Sewer Easement located in the South Main Street area within the City of North Canton, Stark County, Ohio, and as recorded in Deed Volume 2623, Page 218 of the Stark County Records, originally authorized by Ordinance No. 82-07, but is no longer needed for municipal purposes and declaring the same to be an emergency.

Mr. DeOrio: Mr. Benekos, this was the companion legislation, was it not, to...

Mr. Benekos: That is correct.

Mr. DeOrio: ...what we just passed in regards to the Waterside Business Park Subdivision, we had a temporary storm sewer easement there. Obviously, we don't need that at this time since the street is all done and the lots are ready to go. I would move for approval of Ordinance No. 40-10.

Mr. Davies: Second.

Mr. DeOrio moved and Mr. Davies seconded to adopt the first reading of Ordinance No. 40-10. All members present voting: Yes: Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio, Foltz. No: 0.

Mr. Revoldt: Motion to suspend the rules for Ordinance No. 40-10.

Mr. Davies moved and Mr. DeOrio seconded to suspend the rules for Ordinance No. 40-10. All members present voting: Yes: Peters, Revoldt, Snyder, Davies, DeOrio, Foltz, Kiesling. No: 0.

Mr. Revoldt: Motion to adopt under the rules, as suspended, Ordinance No. 40-10.

Mr. Davies moved and Mr. DeOrio seconded to adopt under suspension of the rules, Ordinance No. 40-10. All members present voting: Yes: Revoldt, Snyder, Davies, DeOrio, Foltz, Kiesling, Peters. No: 0.

13. Mr. Revoldt: Item 13. Before we move to read 41-10, please be advised that the – an executed fiscal officer's certificate is on file for that piece of legislation. May I have a motion to read by title only, first reading, Ordinance No. 41-10.

Mr. DeOrio moved and Mr. Davies seconded to read by title only, first reading of Ordinance No. 41-10. All members present voting: Yes: Snyder, Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt. No: 0.

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

Ordinance No. 41-10 – 1st Reading – Finance & Property

An ordinance providing for the issuance and sale of not to exceed \$700,000 of notes, in anticipation of the issuance of bonds, for the purpose of paying a portion of the costs of acquiring the premises known as Arrowhead Country Club, located at 1500 Rogwin Circle SW in the City of North Canton, Ohio, and declaring the same to be an emergency.

Mr. Revoldt: Mr. Snyder.

Mr. Snyder: Mr. President and Members of Council, at present there is an \$800,000 note that will mature, I think, around the first of June on the premises known as the Arrowhead Country Club. This will give them the ability to pay down the debt by \$100,000, sell \$700,000 worth of notes and it also, in this legislation, it contains the provision that the notes could be purchased by the City and held in our own particular funds as we have done in the last couple of note issuances and, as you know, we have heeded the recommendation of the State Audit – Performance Audit in retiring the debt at the rate of \$100,000 per year versus the \$300,000 that we did in years past. And that completes that.

Mr. DeOrio: Mr. President, I would move for adoption of Ordinance No. 41-10.

Mr. Davies: Second.

Mr. DeOrio moved and Mr. Davies seconded to **adopt the first reading** of Ordinance No. 41-10. All members present voting:

Yes: Davies, DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder.

No: 0.

Mr. Revoldt: Motion to suspend the rules for Ordinance No. 41-10.

Mr. DeOrio moved and Mr. Davies seconded to **suspend the rules** for Ordinance No. 41-10. All members present voting:

Yes: DeOrio, Foltz, Kiesling, Peters, Revoldt, Snyder, Davies.

No: 0.

Mr. Revoldt: Motion to adopt under the rules, as suspended, Ordinance No. 41-10.

Mr. Davies moved and Mr. DeOrio seconded to **adopt under suspension of the rules** Ordinance No. 41-10. All members present voting:

Yes: Foltz, Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio.

No: 0.

REPORTS:

Mr. Revoldt: Reports, Director of Law.

Mr. Nilges: None.

Mr. Revoldt: Director of Finance.

Mr. Zumbar: Yes, sir – I am presently working on the revenue projections for 2011. I should have that to you this week for your packet – preliminary revenue projections anyway, as due by the Charter by May 15. Second item is the companion legislation for that Toro 5900 – it's just cleanup paperwork. I need to be able to record the item so that means we'll have to appropriate the proceeds that came in to pay for the Toro 5900 so I'll have that legislative request to Council for this coming week for the next meeting. That concludes my report Mr. President.

Mr. Revoldt: There is one final item, I believe that you were advised by the Auditor of State that the City of North Canton's Performance Audit...

Mr. Zumbar: Yes.

Mr. Revoldt: ...is noteworthy.

Mr. Zumbar: Yes, I have that right here. The National State Auditors Association has recognized the Office of the Auditor of State of Ohio, Mary Taylor's Office, with an Excellence in Accountability Award for recognizing government auditing

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

excellence and in this category, there were three award categories, large performance audit, small performance audit, and special project. This particular award for the small performance category, the, according to this report, each year gets more difficult to choose the winners of the National State Auditors Association's Excellence in Accountability Awards, and the Ohio entry that was chosen was the City of North Canton. The City was seeking assistance in identifying cost savings and operational improvements at the loss of a major employer, translating into a 12% loss of revenue. The Performance Audit identified a potential annual savings of \$1.16 million and annual revenue enhancements of \$122,400. This represented about 5.4 percent of the City's 2007 revenues and 7.4 percent of its 2008 revenues. While the City was originally forecasted to have a deficit of \$11.2 million by 2012, the implementation of the performance audit recommendations extended the City's solvencies for two years and reduced its 2012 deficit to \$5.5 million. Since the public release of the audit, the City has acted on many of the performance audit recommendations and has maintained a balanced budget through 2010, despite decreasing revenues. The current state of the Ohio economy and the regional economic decline has had a negative impact on the collection of North Canton's remaining revenue sources, adding to its fiscal distress. Early identification of the revenue shortfalls and action on performance audit recommendations has helped the City mitigate its revenue loss and ensure service continuity to its residents. Mr. McTavish concludes that "State auditing excellence ensures that the public trust is upheld and that citizens' tax dollars and resources are being used wisely. Audits like this one are clear examples of how state audit offices are working to streamline state government processes to make them more efficient and effective." I'll give a copy to the Clerk so she'll have it for her record.

Mr. Revoldt: Director of Administration.
Mr. Wise: No Report.

Mr. Revoldt: Mayor.
Mayor Held: Yes, I have two things. First off, Council Members did receive a memo which gives an update as far as the StealthStat equipment that we received and it's really apparent how well this device works. We did have residents along Radford. We had residents along Glenwood last year that were very upset with the speeders. We put the speed trailer out there, which is a very apparent piece of equipment because you can spot it from about 1/2 mile away when a car is approaching that device. So we have a new device which is very small in size. It's no larger than a mailbox - actually smaller than a mailbox. It's on a metal pole and we placed it in a couple of locations, one particularly on Radford and what it does, it measures the number of cars. We had it out there on May 4th and 5th for a 48 hour period and the cars that were approaching from Applegrove totaled 3,290 vehicles. The average speed was 22 miles an hour. The maximum speed recorded was 43 miles an hour and the 85th percentile speed was 29 miles an hour. And then the cars that were coming in the opposite direction, we had 3,308 vehicles. Average speed was 24 miles an hour. The maximum speed was 46 miles an hour and the 85th percentile speed was 31 miles an hour. So this equipment is really helpful when we start to determine whether or not we have a speeding problem on a street. And then, of course, we can take corrective action. If any of the Council Members, if you have a street that has a lot of complaints, let us know because we can move the device to the streets that are needed and I think it was a very good investment that Council made in the purchase of that equipment.

Mr. DeOrio: Mr. Mayor, if you have your memo in front, the memo from the Chief, would you read that part about the 85th percentile so that people in the audience know what the significance of that is.

Mayor Held: It's - often times what we've found is that whenever we have a group meeting of the residents, sometimes the perception of the speed of a car is different than when - than what the actual speed is. And so, when you look at the 85th percentile - 31 miles an hour going towards Applegrove and 29 miles an hour, I mean that tells you that the people are traveling pretty close to the speed limit and what that also tells us too is often times we've had complaints - our Police Department has had complaints as far as not writing tickets and typically they do not write tickets if you're going 2, 3, 4, or 5 miles an hour over the speed limit. And, you

DAYTON LEGAL BLANK, INC. FORM NO. 10148

Held	Monday, May 10,	7:00 p.m.	10
			20

can see, when you look at the majority of the cars, the 85th percentile of the speed was 31 miles an hour, that's 6 miles an hour over and in the opposite direction 29 miles an hour, and so I think that tells us that we're really enforcing that area and I don't think the police officers certainly are not too forgiving when it comes to tickets on that street. Does that answer...

Mr. DeOrio: And I think the Administrator was probably going to point to it – that the most widely accepted method by State and Local Agencies is to set the limit at or below the speed in which 85% of the traffic is moving. The 85th percentile speed is how drivers "vote with their feet". Studies have shown crash rates are lowest at around the 85th percentile". That's according to the Institute of Transportation Engineers. So, in effect, what you're saying, we've done that. Our speed limit is set where it needs to be and this proves what we're saying – illustrates that. I'm very glad that we did that and I hope that, we had talked about some other things where we could empower some of our residents with radar guns if necessary.

Mayor Held: And that's something that the Police Chief is preparing also so the residents can take a more active role because along that street we do have a number of residents that have small children and that's usually what heightens the concerns for the residents on any given street. In addition to that, we will be asking Council to pass a Resolution for the Solid Waste District Plan. There's not going to be any significant changes other than the yard waste collection. We've received grant money in the past. Funds are drying up down at the Solid Waste District for a variety of reasons, one – the economy and then also, local landfill contracts have changed hands. We will continue to receive our recycling grant that we've received in the past, but the leaf recycling grant that we've received in previous years, that's been discontinued in a three county basis and what I also wanted to mention is Councilman DeOrio did have a visit to the landfill, correct, and it was a real eye opener. I would welcome all Council Members, any of you that would like to visit the landfill to see where our trash goes and also the recycling center so you can see where our recyclables go, so you can see firsthand that indeed all of the recyclables are, in many cases, handpicked and separated and it's shipped off and it's recycled and it's reused; and that's all I have.

Mr. Foltz: Just to follow-up with the Mayor, are we saying we're not going to have leaf recycling this year?

Mayor Held: No, we're going to continue with the program. We just will not...

Mr. Foltz: We just won't have grants to fund it?

Mayor Held: ...that's right. So we'll have to, if we want to continue with the bag program, we don't have the same level of grant coming to us, I mean we're offsetting that expense but you know, it's a popular program, we're diverting material from the landfills. Certainly the leaf recycling program has been a very big success. The recycling programs has been a big success. The spring cleanup – that's a little more, we haven't had as much participation with that, but just like anything, it takes a few years to build up to that. But, yes, we're going to continue with all our recycling programs.

Mr. Foltz: Alright, thank you for that clarification.

Mr. Revoldt: Mr. Benekos.

Mr. Benekos: I have no report.

Mr. Revoldt: Mr. Bowles.

Mr. Bowles: No report.

Mr. Revoldt: Mrs. Kalpac

Mrs. Kalpac: No report.

Mr. Revoldt: Mr. Foltz.

Mr. Foltz: No report.

Mr. Revoldt: Mr. Peters.

Mr. Peters: No report.

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DAYTON LEGAL BLANK, INC., FORM NO. 10148

Held Monday, May 10, 7:00 p.m. 10
20

Mr. Revoldt: Mr. Davies.

Mr. Davies: Very quickly, while I don't agree with Mr. Osborne's assessments of the contract, I do think that he was diligent in his study and efforts and so forth and he held our feet to the fire. He brought points up that, you know, we took seriously and looked into. So, I do appreciate his efforts.

Mr. Revoldt: Mr. DeOrio.

Mr. DeOrio: No report.

Mr. Revoldt: Mrs. Kiesling.

Mrs. Kiesling: No report.

Mr. Revoldt: Mr. Snyder.

Mr. Snyder: No.

ADJOURN:

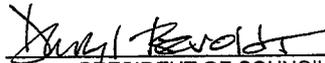
Mr. Revoldt: Nothing to add, may I have a motion to adjourn.

Mr. Davies moved and Mr. DeOrio seconded to **adjourn**. All members present voting:

Yes: Kiesling, Peters, Revoldt, Snyder, Davies, DeOrio, Foltz.

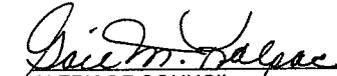
No: 0.

The meeting adjourned at 8:48 pm



PRESIDENT OF COUNCIL

ATTEST:



CLERK OF COUNCIL