

MINUTES
FINANCE COMMITTEE
OCTOBER 15, 2018

The Finance Committee met on October 15, 2018, at 4:30 p.m. in the council chambers at City Hall.

Present: Chairman Thornton, Alderman Braun, Alderman Colwell, Office Manager Passage

Also Present: Richard Laukitis, Chillicothe Sanitary District, John Merdian, Chillicothe Sanitary District, Jerod McMorris, Good Energy

Chairman Thornton called the meeting to order.

Chairman Thornton advised the committee the Sanitary District had sent a proposal to amend the Agreement between the Sanitary District and the City regarding the Collection fee. The proposal was as follows:

2018-\$27,000; 2019-\$27,540; 2020-\$28,091; 2021-\$28,653; 2022-\$29,226

The finance committee gave a counter of:

2018-\$28,700; 2019-\$29,274; 2020-\$29,859; 2021-\$30,456; 2022-\$31,065

The Sanitary District countered with:

2018-\$28,000; 2019-\$28,560; 2020-\$29,131; 2021-\$29,714; 2022-\$30,308

Chairman Thornton questioned why the Sanitary District wanted to lower the fee.

John Merdian, stated that the sanitary district is trying to contain costs and these costs were directly related to the infrastructure improvement they made.

Alderman Colwell stated that the City has also incurred increased costs, such as higher employee wages, higher health insurance costs and benefits and the city also has infrastructure costs.

Office Manager Passage stated that the city has over the last few years replaced all meters which directly helps the Sanitary District as they base their costs on the usage of water. The new meters help accurately measure the water usage.

Chairman Thornton proposed the following:

2018-\$28,350; 2019-\$28,917; 2020-\$29,495; 2021-\$30,085; 2022-\$30,686

Office Manager Passage stated that with the proposal Chairman Thornton gave the city would have a decrease in revenue the first two years. The third year the city will be back to where we are today and the third and fourth year we would gain revenue.

Chairman Thornton stated he felt this was beneficial to both parties.

John Merdian stated that the sanitary district would agree and both parties would need to adopt the change.

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The consensus of the committee was to present the amendment to the City council for approval.

Office Manager Passage stated that Jerod McMorris, Good Energy was here to address the committee regarding the city's electrical franchise agreement.

Jerod McMorris stated that he was the City's representative for electrical aggregation and part of his job is to look at ways the city can gain revenue and save on electrical aggregation. He stated that because the city grew since the franchise agreement was amended in 2012 the city could open up the franchise agreement and amend it. He presented the committee with a draft of an ordinance that would amend section three of our current franchise agreement. The city currently is getting a fixed amount (\$17,500) and since the city grew we can amend it to be as follows:

The first year the city would get an additional \$8,895.00, the second year \$35,290, year three \$44,185, Year 4 \$53,080, year 5 and all remaining years will be \$61,975.00.

After some discussion, the consensus of the committee was to present the ordinance to the city council for approval.

Jerod McMorris also explained that the city's electrical accounts and the street lights accounts should be separated. He explained that the city is under contract till January 2021, however the city could give the mayor the authority to enter into a contract effective January 2021 for the street lights. This would lock the current rate in place. A discussion was held regarding this option. The consensus of the committee was to take this to the council for approval.

Jerod McMorris explained that the other electrical accounts such as the city buildings are under contract until 2021 and he recommended that the city look at those accounts in year 2020.

There being no further business the meeting adjourned at 5:14 p.m.

Respectfully,
James Thornton, Chairman