

**XENIA CITY COUNCIL
SPECIAL SESSION MEETING MINUTES
APRIL 5, 2018
5:30 P.M.**

1. CALL TO ORDER: President Michael Engle called the April 5, 2018, Special Session to order at 5:30 p.m. in the City Council Chambers, City Administration Building.

2. ROLL CALL: Vice President Edgar Wallace, Councilman Thomas Scrivens, Councilman Dale Louderback, Councilman Wesley Smith, Councilman Levi Dean, Mayor Sarah Mays, and President Michael Engle were present.

3. DISCUSSION: Follow-up on Street Discussion. Mr. Merriman thanked everyone for reconvening to continue this important discussion. At this meeting, staff would review street program options in an effort to ascertain Council's preference on how to address streets in 2018. He noted staff is prepared to present recommendations at the next Council regular session to work with the Greene County Engineer and John R. Jurgensen this year; however, they need direction in terms of the street projects. He then reviewed the following overarching themes:

- Continue to pursue grant funding wherever possible
- 228 & 229 dollars will be leveraged for grant competitiveness when possible
- Move away from city-wide geographic distribution approach to more cost efficient project approach
- S. Progress Drive will be completed this summer
- Urge Union Road rehab for economic development purposes, in conjunction with Greene County

Mr. Merriman said as noted above, he urged Council to move forward with repaving the City's portion of Union Road. With recent economic development conversations, it appears there is a more urgent need to commit to that project. He then reviewed the following 2018 Street Program Options:

1. Traditional Approach

- Address "low-hanging fruit" neighborhood streets
- Easy mill & fill projects; not full-depth restoration
- Improves driving surface, but may not have longevity
- Some geographic distribution around City, unless Council wants to focus on a particular neighborhood
- Diminishing number of streets where this is a practical approach as too many roadways need more aggressive rehabilitation

2. Critical Need Approach

- Focus on thoroughfares in critical need
- Provides a stop-gap, repair option for substantially failing portions of thoroughfares
- Addresses only travel lanes, not full road width
- If constructed to 6" depth, provides a lasting investment even if additional resurfacing is completed at a later date

Mr. Merriman said either of the above options could be paired with a Reserve Fund Loan Infusion as noted below:

3. Reserve Fund Loan Infusion

- Critical Needs approach could be paired with additional funding from General Fund (funds in excess of reserve requirement policy)
- Staff recommends not more than \$250,000
- Staff recommends this be an inter-loan fund, allowing for opportunity to reimburse General Fund
- Could provide a stop-gap, repair option for failing portions of thoroughfares
- Addresses only travel lanes, not full road width
- If constructed to 6” depth, provides a lasting investment even if additional resurfacing is completed at a later date

Councilman Smith said he preferred the Critical Needs Approach for the short term. He asked if Colorado Drive would be done under this approach and if it would be done at a 6” depth all the way down the main section of the road. Mr. Merriman said only the driving lanes would be done at a 6” depth for only portions of the roadway, but they would not be able to do anywhere near the entire length of the road. Mr. Berger said the 6” number denoted above represents the base of the road; in reality, they would be taking off a total of 9” when considering the top layer and the intermediate layer of asphalt, which would completely rehabilitate the travel lanes of those thoroughfare streets and give them the strength they need. Councilman Smith said if funds were available at a later date, he asked if the entire street could be resurfaced. Mr. Merriman said yes.

Mayor Mays asked about the other half of Colorado Drive. Mr. Berger said staff would continue to apply for grants. Mr. Merriman noted future grant dollars are speculative. Councilman Louderback confirmed a grant for this project was already denied. Mr. Berger concurred. MVRPC denied the grant application, and in July, he will apply for Ohio Public Works Commission (OPWC) Issue II dollars. If approved, Mayor Mays asked the timeline for the project. Mr. Berger said OPWC typically operates on a two-year timeline. Mr. Merriman said grants are great but the timelines are an issue—some are three to five years.

Councilman Louderback asked if they are focusing on only short-term street solutions this evening. Mr. Merriman said yes. As in years’ past, they once again joined multiple municipalities in the County and collaborated with the County Engineer on street paving this year. The County Engineer bids out all the street paving for all participating municipalities in an effort to get a better unit price. To advance that process, each municipality must identify what roadways or portions of roadways are scheduled for this year’s project.

Councilman Louderback said he would not support a street levy; however, he asked when Council would need to take action if a ballot measure was pursued this year. Ms. Fisher said the first action in a series of actions would need to take place at the May 24th City Council meeting. Councilman Louderback asked if that would be enough time. Ms. Fisher said yes. Councilman Louderback asked if they have dismissed that idea. President Engle said no; they are waiting for the Blue Ribbon Panel to meet and subsequently submit a citizens’ recommendation. He then asked if there were any plans to get those citizens together to provide their views on this subject. Mr. Merriman said the panel was scheduled to meet on Tuesday, April 10th. He expects they will

meet at least twice and in enough time to submit their opinion to Council before any necessary legislative action needs to be considered relative to a ballot measure.

Mayor Mays said she also supported the Critical Needs Approach; however, she still felt that Galloway Street needs to be done this year because it serves as a collector street.

Councilman Scrivens said he would like to see a list of “worst” streets before making a recommendation. They need a holistic approach and not a piecemeal approach. President Engle believed a list of approximately 8 to 9 streets had already been established as the “worst” streets. Mr. Berger agreed. President Engle noted the other approach focuses on thoroughfares only. Unfortunately, the available resources could do one or the other, but not both.

Mr. Merriman noted that S. Progress Drive would be done this year, but it is not an additional expense. However, he reiterated the importance of improving Union Street this year.

Councilman Louderback again asked if they were only talking about the 2018 street program. Mr. Merriman said that was correct. Councilman Louderback said he supports the Critical Needs Approach.

Councilman Dean asked Mr. Merriman how confident he was in the economic development project(s) that he believes dictate the need to rehab Union Road. Mr. Merriman said he would be happy to share the information in Executive Session, but he was not comfortable sharing the information in an open session.

President Engle said they could go into Executive Session later. In the meantime, he asked his colleagues’ preferences for the 2018 Street Program.

Councilman Louderback asked the status of HB 415, which would benefit Ohio roads. Mr. Merriman said the Ohio Municipal League reported there is no indication if the governor will support it. He noted the amount was amended to allocate one-half of any State of Ohio surplus revenue to a Local Government Road Improvement Fund. Councilman Louderback asked if the State budget had been approved and if the local government funding amounts were established. Mr. Merriman said only the capital budget was approved; the State is still operating under its biennial budget. He suggested all voters pay attention to what the gubernatorial candidates are saying as they head into the election season.

Councilman Smith said he also supports the Critical Needs Approach. Regarding Galloway Street, he used to be in favor of repaving Galloway Street using the reserve funds; however, he feared that all residents would then expect them to borrow money from the reserve funds to pave their streets. Mayor Mays said she would defend the decision because Galloway serves as a thoroughfare and is a critical need. President Engle confirmed Galloway Street was estimated to cost \$130,000. Mr. Berger said yes. President Engle asked if that would pave the entire street. Mr. Berger said that amount would repave Galloway from Gordon to Church. Mayor Mays said \$130,000 is well below the amount that could be borrowed from the Reserve Fund. As an alternative, Mr. Merriman asked if anything could be done on an intermediary basis given the current state of the roadway. Mr. Berger said they could do several repairs on the worst sections of the street, but either way, it would still cost a good amount of money. Mr. Merriman said staff wants to be financially prudent; however, they recently completed utility work on Galloway

Street, and it was suggested to those residents that street improvements would follow. Mayor Mays said they are at the point where they need to be good stewards of the City, which means they need to spend a little extra money.

Councilman Louderback asked when this year's list of streets would be established. Mr. Berger said at this point in the year, the list was typically already done; however, following Council's direction, a list would be ready to publish next week. Councilman Louderback asked if Galloway was on the list. Mr. Berger said yes. Mr. Merriman said Galloway was on the list at the beginning of the street conversation as early as December 2017/January 2018. Councilman Louderback asked if the south end of Galloway would be done. Mr. Merriman said yes.

Councilman Smith said if they dip into the Reserve Fund for the \$130,000 needed for Galloway, he asked what percentage of the reserve fund that represents. Mr. Duke said the fund is currently at about \$4 million, which is \$800,000 to \$900,000 beyond the reserve requirement; therefore, \$130,000 would represent about 2.5 percent. However, he noted that while they are exceeding the reserve requirement in 2018, there is a 27th pay period in 2020, which is \$250,000 and will reduce that total to a much smaller margin. The projections indicate they will dip below the reserve requirement within the next five years, and he was personally not comfortable dipping into the operating reserve fund for capital expenses. The capital revenue issue needs to be addressed so they don't create two problems: ongoing capital revenue issues and operating issues.

Mr. Merriman said the financial projections are done for a period of five years, and they are very conservative based on very speculative conditions.

Mayor Mays reiterated they need to spend a little money to enhance the community, which in turn would hopefully bring in more money. Mr. Duke said he was not opposed to an Interfund Loan to address a short-term issue with the intent to repay those operating dollars. He was uncomfortable with spending down those operating dollars without a way to replace them on the back end.

Councilman Louderback asked if Mr. Duke was assuming no economic growth. Mr. Duke said he projected income tax growth at 2 percent. Councilman Louderback said economic growth is Council's number one priority—without that, they should just pack their bags. Mr. Duke said he hopes the numbers are better than projected, but it is prudent to be conservative and be pleasantly surprised when things are better than projected rather than the opposite scenario. Historically, the numbers are better than projected. He agreed that at some point, they must invest in this community because they are falling behind. They cannot continue to do what they have been doing.

Vice President Wallace asked how quickly an interfund loan would be paid back. Mr. Duke said there was no designated time period to pay that back. However, if a levy was passed for street improvements, more resources would be available to pay back that loan. If there is a significant uptick in economic development and the operating funds are in great shape, they could just transfer funds to cover that interfund loan. He cautioned that if it is not set up as an interfund loan, there would not be an opportunity to repay the General Fund back. Vice President Wallace said he liked the idea of the interfund loan. If it was successful, they could repeatedly utilize that option.

Councilman Louderback said people believe the North End gets preferential treatment because the roads in that area are in better condition. He noted in recent years, Council has authorized street improvements in all areas of town. Councilman Scrivens said the North End is newer construction, and naturally those roads are not as weathered as the roads in the older parts of town. Additionally, the infrastructure is even older. They will not get everything back up to par anytime soon. However, they [Council] need to come up with a plan and if that includes an interfund loan, then so be it.

Mayor Mays said if they go with the Critical Needs Approach, the only street located in the north end of town is Galloway and the improvements are spread out all over town.

Councilman Louderback asked when this year's street improvements would commence. Mr. Berger said they would start in late May or early June. Councilman Louderback asked when Galloway would be done. Mr. Berger said it would be done at the same time. Councilman Louderback asked how anyone would know the difference in funding sources. Mr. Duke said they do not need to tie a particular street improvement to the interfund loan; the money will be transferred to a funding source that pays for all street improvements. Councilman Louderback said if Galloway was on the list in the first place, he asked why an interfund loan was needed. Mr. Duke said the balance in the 361 fund was dwindling, and the interfund loan was needed to cover the cost for all 2018 street improvements if Galloway was added. Mr. Merriman explained that the Critical Needs Approach focuses on thoroughfare streets, and staff does not consider Galloway a thoroughfare. Mr. Berger said Galloway could be done without the interfund loan, but something else would need to be eliminated this year.

Mr. Merriman said several approaches could be taken including a ballot issue, even if some Councilmembers would not personally vote for it. However, if it is not placed on the ballot, or even if it is and voters do not support it, the roads still need to be addressed. Staff feels they need to focus on thoroughfares and suggested considering the Critical Needs Approach next year also in the absence of a ballot measure.

Councilman Scrivens asked if a bank loan was an option. Mr. Duke said he has talked with bond counsel and the County Auditor, and they could borrow about \$2.5 million without a tax increase. He explained the property tax revenue commitment is already pledged to debt repayment. A lender wants the security of property tax revenue to offset principal and interest payments. A dedicated tax levy would be needed to borrow \$10 million. Mr. Merriman said the City does not receive a lot of revenue from property taxes because the effective millage was so low. Mr. Duke said the City receives \$1.3 million in property tax revenue, and \$973,000 of that is already pledged to GO (General Obligation Bond) debt. Mr. Merriman said debt repayment leaves little left over to do other things, and \$3 million would barely make a dent into what needs to be done noting that Colorado Drive alone would be \$1 million to \$1.5 million. Mr. Duke added that a capital lease doesn't work for streets because a bank cannot come and get a street like they can a fire truck or medic unit. For GO debt, a bank wants a consistent revenue source that is pledged to those debt payments.

Councilman Louderback asked how much money it would take to increase the City's average PCI number. Mr. Berger said it would take a \$10 million infusion to increase the City's PCI

ranking to 70 or higher . Councilman Louderback asked if the current average ranking was 61. Mr. Berger said yes.

Mr. Merriman said current administration and this current Council has inherited this problem, and there is no good solution. Staff wants to be as comprehensive as possible and consider long-term solutions, but with the available resources, there's only so much they can do. In the absence of additional revenue, Council should consider the Critical Needs Approach for future years as well.

President Engle said he has considered the two options very carefully: Traditional Approach vs. Critical Needs Approach. The quality of all Xenia streets continues to dwindle, and the list of streets that could be done using the Traditional Approach is getting shorter. Even with the Critical Needs Approach, they are addressing streets in all areas of the City. Regarding the interfund loan to do Galloway, he was uncertain about this approach based on Mr. Merriman's and Mr. Duke's opinions. He did not want to take the risk and find themselves in a more troubling predicament in 3 to 5 years. However, he agreed that parts of Galloway have an urgent need, which would still cost substantial dollars, and he was in favor of doing something, but not with an interfund loan.

Councilman Smith agreed with the Critical Needs Approach, but he did not like the "checkerboard" approach—it looks terrible and makes the streets uneven and bumpy. Staff said Galloway has been on the list, it was not a large amount of money, and therefore was not a large risk. Also, if utility work was done on Galloway and the residents expect street improvements, they should do the street. Further, he classifies Galloway as a thoroughfare street.

Mayor Mays said she could defend their decision to do Galloway.

Motion by Mayor Mays, seconded by Vice President Wallace, to pursue the Critical Needs Approach for the 2018 Street Program and to pursue an interfund loan to rehabilitate Galloway Street at an estimated cost of \$130,000. President Engle entertained discussion on the motion. Councilman Scrivens called for the question; therefore, no discussion followed. The Roll on this was the following:

Ayes: Wallace, Scrivens, Louderback, Smith, Dean, Mays, and Engle
Nays: None motion carried.

Mr. Merriman said if they suspend the idea of new revenue, he asked as a general approach moving forward if staff should assume the Critical Needs Approach. Councilmembers expressed their agreement with Mr. Merriman's assumption. Mr. Merriman said staff will continue to pursue grant opportunities.

Motion by Councilman Dean, seconded by Vice President Wallace, to go into Executive Session to consider confidential information related to Economic Development Projects per XCO §206.04(a)(7) and ORC §121.22(G)(8). No discussion followed. The Roll on this was the following:

Ayes: Wallace, Scrivens, Louderback, Smith, Dean, Mays, and Engle
Nays: None motion carried.

At 7:05 p.m., City Council reconvened in Special Session with the same members present.

4. ADJOURNMENT: Motion by Councilman Scrivens, seconded by Councilman Dean, to adjourn the Special Session at 7:06 p.m. No discussion followed. The Roll on this was the following:

Ayes: Wallace, Scrivens, Louderback, Smith, Dean, Mays, and Engle

Nays: None motion carried.

Michelle D. Johnson
City Clerk

Michael D. Engle
President, Xenia City Council