

JACKSON CITY COUNCIL  
Regular Session  
June 9, 2008  
7:00 p.m.

Call to Order..... President Speakman  
Pledge of Allegiance..... Mr. Eric Brown  
Opening Prayer..... Mr. Wiggins

Roll Call

Approval of Minutes

May 19, 2008

VISITORS:

- Kara Willis, Economic Development to discuss Phase II Rail Project

COMMITTEE REPORTS:

- Utility
- Budget & Finance
- Police, Fire & Traffic
- Service
- Railroad
- Building/Recreation
- City Auditor
- Law Director
- Mayor
- Service/Safety Director

ORDINANCES AND RESOLUTIONS

CORRESPONDENCE

OLD BUSINESS

NEW BUSINESS

ADJOURN

## JACKSON CITY COUNCIL

*Minutes from*

May 19, 2008

7:00 p.m.

Regular Session

Jackson City Council met in regular session on Monday, May 19, 2008 at 7:00 p.m. at the Jackson City Council chambers. President Ron Speakman called the meeting to order. The Pledge of Allegiance was given, led by Mr. Adams. The Prayer was given, led by Mr. Wiggins.

A roll call was taken as follows:

- Mr. Evans – present
- Mr. Adams – present
- Mr. Eric Brown – present
- Mr. Smith – present
- Mr. Cary Brown – present
- Mr. Elliott - present
- Mr. Wiggins – present

Mr. Smith made a motion to approve the minutes of May 12, 2008 regular session seconded by Mr. Wiggins. In a voice vote, all Council agreed.

### VISITORS - None

Mr. Evans made a motion to amend the visitors, by adding the Civil Service Committee, seconded by Mr. Eric Brown. In a voice vote, all Council agreed.

Mayor Heath introduced the new members of the Civil Service Committee, Jim Armstrong, Carl Dobbins, chairman and James Pratt.

### COMMITTEE REPORTS

#### UTILITY

Mr. Eric Brown stated the committee met on May 14<sup>th</sup> in joint session with the Budget & Finance Committee to review the water rate study, a representative from Jones & Henry was present to answer questions. There will be some revisions, with a meeting to follow sometime in June; there are shortfalls in the water and garbage.

#### BUDGET & FINANCE

Mr. Adams stated the committee met on May 14<sup>th</sup> in joint session with the Utility Committee, they will meet sometime in June. Increases are inevitable.

POLICE, FIRE & TRAFFIC – No report

#### SERVICE

Mr. Smith stated that Mr. Cary Brown and Mr. Detty are working on the scrap dealer ordinance.

RAILROAD - No report

BUILDING/RECREATION – No report

#### CITY AUDITOR

Mr. Humphreys stated the state auditor's will be here tomorrow to review the 2007 records.

## LAW DIRECTOR

Mr. Detty stated the bonds for AM Ohio closed in April, 2.89%, this project is going forward. U.S. Rail vs. CIT, we are a party, will respond and participate. Mr. Evans asked if there were any response about the computer. Mr. Detty stated no.

## MAYOR

Mayor Heath stated the outdoor recreation has started but with many games postponed due to rain. The pool will open this weekend, the schools will be handing out the discount cards to students. The pool will be open 7 days a week. The curb side recycling program has received a good response from the public. ODRC grant email received that included the names of several consultants. We have received calls from several rail construction companies. Released the Economic Development project, lays out details in collaboration with the city of Wellston, highlighting the items both cities have to offer. Would like to extend a special thanks to Kara Willis, resigning director of the Economic Development Board, she was a tremendous asset.

## SAFETY/SERVICE DIRECTOR

Mr. Sheward stated the grass mowing deadline was May 10<sup>th</sup>, sent 60 letters to those in non compliance; they will have until the 20<sup>th</sup> to respond. Liability/Casualty insurance proposal came in Friday, it appears we have cut cost, will have more information at a later date. Miller Pipeline has started on the sewer rehab, some unexpected issues; our crews will do some of the work. Mr. Eric Brown stated the grass beside the sidewalk at the Walgreen's site was very high. Mr. Sheward stated the crews will be weeding tomorrow.

## ORDINANCES AND RESOLUTIONS

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### ORDINANCE NO. 48-08

AN ORDINANCE SETTING WAGE RATES FOR UMPIRES, AND DECLARING AN EMERGENCY.

#### First Reading

Mr. Smith made a motion to adopt the ordinance, seconded by Mr. Eric Brown. In a voice vote, all Council agreed.

Mr. Heath stated this was discussed last week, would like to pass tonight, this will be retro active to April 1<sup>st</sup>. Mr. Adams asked to the comparison of rates to JHS. Mr. Heath was unsure. Mr. Eric Brown stated this issue came up last spring with some opposition by Council, is this for bitty league. Mr. Heath stated this is required for pony league, and we will have only one umpire per game. Mr. Eric Brown stated there was a company that tried to bid this last year, but we were not willing. Mr. Heath stated Mrs. Hudson brought this up, there is an ordinance from 2006 recorded in the minutes, but we can not locate the original signed copy. Our umpires stated these are current rates; we are trying to be competitive. Mr. Wiggins asked if only certified umpires in pony league. Mr. Heath stated we have also been using with the little leagues. Mr. Smith stated they had advertised for help with no response, this keeps the peace at the fields. He asked if there were funds to cover. Mr. Heath stated he assumes we have the funds.

Mr. Evans made a motion to suspend the rules, seconded by Mr. Eric Brown. In a roll call vote, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – yes  
Mr. Eric Brown – yes  
Mr. Smith – yes  
Mr. Cary Brown – yes  
Mr. Elliott – yes

Mr. Wiggins – yes

In a roll call vote to adopt the ordinance, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – yes  
Mr. Eric Brown – yes  
Mr. Smith – yes  
Mr. Cary Brown – yes  
Mr. Elliott – yes  
Mr. Wiggins – yes

ORDINANCE NO. 48-08 DULY ADOPTED

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ORDINANCE NO. 49-08

AN ORDINANCE APPROVING AND ADOPTING THE CITY OF JACKSON, OHIO, SEWER OVERFLOW EMERGENCY RESPONSE PLAN; DIRECTING THE SUBMITTAL THEREOF TO THE DIRECTOR OF THE OEPA; AND DECLARING AN EMERGENCY.

First Reading

Mr. Eric Brown made a motion to adopt the ordinance, seconded by Mr. Evans. In a voice vote, all Council agreed.

Mr. Sheward stated he had passed out this plan, this was driven by the EPA, and we are in special training. This should have been done last year and the filing deadline is June. Mr. Wiggins asked is there an exhibit  
A. Mr. Sheward stated yes. Mr. Smith asked the monetary value. Mr. Sheward stated this is procedure, funding is in place.

Mr. Evans made a motion to suspend the rules, seconded by Mr. Eric Brown. In a roll call vote, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – yes  
Mr. Eric Brown – yes  
Mr. Smith – yes  
Mr. Cary Brown – yes  
Mr. Elliott – yes  
Mr. Wiggins – yes

In a roll call vote to adopt the ordinance, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – yes  
Mr. Eric Brown – yes  
Mr. Smith – yes  
Mr. Cary Brown – yes  
Mr. Elliott – yes  
Mr. Wiggins – yes

ORDINANCE NO. 49-08 DULY ADOPTED

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Mr. Smith requested an executive session to discuss possible litigation and employee matters, seconded by Mr. Elliott. In a roll call vote, all Council agreed.

Council moved into executive session at 7:30 p.m.

Mr. Wiggins made a motion to return to regular session, seconded by Mr. Smith. In a voice vote, all Council agreed. Council returned to regular session at 8:05 p.m.

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**ORDINANCE NO. 50-08**

**AN ORDINANCE AUTHORIZING THE CITY TO SETTLE AN EMPLOYMENT DISPUTE AND OTHER ISSUES WITH ROBIN BISSELL AND OAPSE/AFSCME, LOCAL #4/AFL/CIO, LOCAL #410, AND DECLARING AN EMERGENCY.**

**First Reading**

Mr. Wiggins made a motion to suspend the rules, seconded by Mr. Evans. In a roll call vote, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – yes  
Mr. Eric Brown – yes  
Mr. Smith – yes  
Mr. Cary Brown – yes  
Mr. Elliott – yes  
Mr. Wiggins – yes

In a roll call vote to adopt the ordinance, Council voted as follows:

Mr. Evans – yes  
Mr. Adams – no  
Mr. Eric Brown – no  
Mr. Smith – no  
Mr. Cary Brown – no  
Mr. Elliott – yes  
Mr. Wiggins – no

**ORDINANCE NO. 50-08 DEFEATED**

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**ORDINANCE NO. 51-08**

**AN ORDINANCE APPROVING ADDITIONAL APPROPRIATIONS IN THE GENERAL FUND – SERVICE ADMINISTRATION, AND DECLARING AN EMERGENCY.**

**First Reading**

No motion made, ordinance died.

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**CORRESPONDENCE – None**

**OLD BUSINESS – None**

**NEW BUSINESS - None**

**ADJOURN**

Mr. Evans made a motion to adjourn, seconded by Mr. Smith. In a voice vote, all Council agreed. Council adjourned at 8:10 p.m.

Tera Brown  
Tera Brown  
Clerk  
Date 6-9-08

Ron Speakman  
Ron Speakman  
Council President  
Date 6-9-08

CHESTER WILLCOX & SAXBE LLP

*Attorneys and Counselors at Law*

JOHN W. BENTINE


DIRECT DIAL 614-334-6121  
jbentine@cwslaw.com

May 13, 2008

Jack Detty  
City of Jackson  
145 Broadway St.  
Jackson, OH 45640

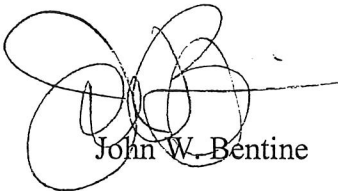
Re: AMP-Ohio – Prairie State Energy Campus

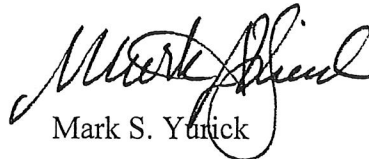
Dear Mr. Detty:

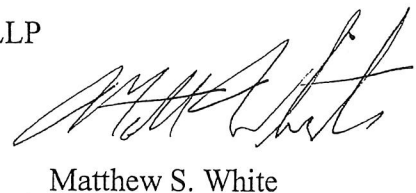
 Thank you so much for your kind co-operation in providing AMP-Ohio with your legal opinion in connection with the issuance of bonds to finance AMP-Ohio's power transaction with the Prairie State Energy Campus on behalf of the City of Jackson. With your help, we were able to close on the one year bonds on April 2, 2008 at a favorable "all in" interest of 2.89%. As you know, the financing provides AMP-Ohio the ability to pay the costs associated with its partial ownership interest in the Prairie State Energy Campus asset, which will allow AMP-Ohio to deliver power and energy to Jackson at favorable rates and will further allow AMP-Ohio to limit exposure to the significant financial risks of purchasing power and energy on the volatile open market. AMP-Ohio calculates the total savings to its Member communities will be substantial. We could not have achieved this result for Jackson and AMP-Ohio's other Members and their electric customers without your active and professional assistance.

Thank you again for your assistance. We look forward to working with you in the future.

Very truly yours,  
CHESTER WILLCOX & SAXBE, LLP

  
John W. Bentine

  
Mark S. Yutick

  
Matthew S. White

JWB/bej

cc: Mayor, City of Jackson  
President of Council, City of Jackson

ND: 4821-8462-5410, v. 3



**City of Jackson, Ohio  
Administration Presentation  
Water Rates Review  
May 14, 2008**

The City of Jackson commissioned Jones & Henry Engineers to provide a water rate study to update the current rates and to equitably support the operations of the department.

In preparing this study, historical data on customer usage was reviewed. This analysis was based on 2005 – 2007 usage data. Past revenues and expenses were reviewed to establish user costs associated with services provided. Data for 2005 to the 2008 budget were reviewed. Based on our analysis, usage and expenses were projected for 2009.

**Customer Base**

Revenue in 2007 was \$1,512,565.00 from rates.

Total monthly usage averages 46,700,000 gallons per month. Bellisio Foods, Inc. is the largest client and comprises more than 50 percent of the total water usage each month.

Eighty-four percent of the City's customers are residential users but represent less than 25 percent of the volume.

Jackson County and Bellisio Foods, Inc. have historically been the largest customers of the City of Jackson water system. Chart 1 depicts the customer base without the historical influence of these customer accounts.

The customer base has been essentially flat - billing approximately 35 million cubic feet of water annually.

**Chart 1**

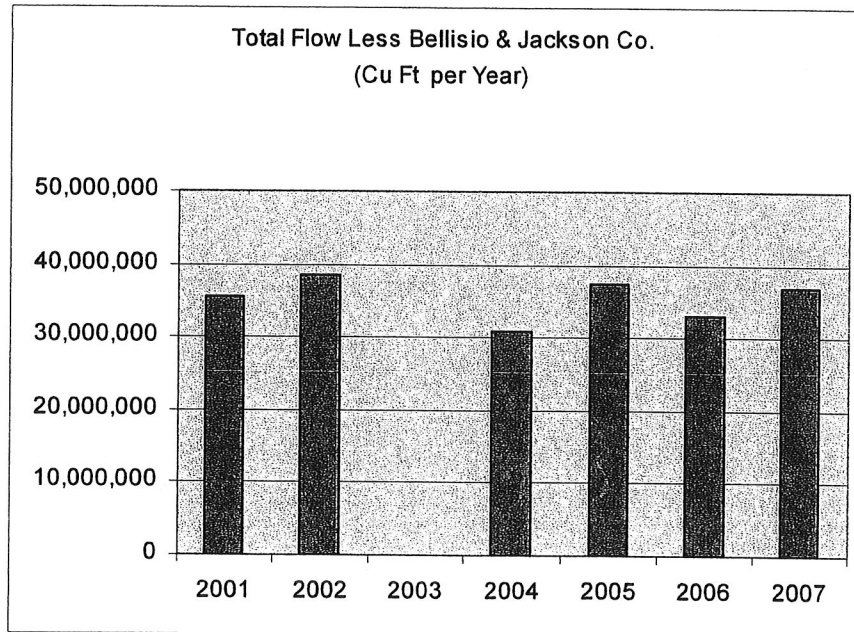






Chart 2 depicts Bellisio's water usage since 2001. Bellisio's water usage has risen from 22 million cubic feet in 2001 to over 45 million cubic feet in 2006 before falling of to 37 million cubic feet in 2007 most-likely due to water conservation measures taken by the firm. Bellisio Foods, Inc. accounted for 61% of all purchased water in 2007.

Chart 2

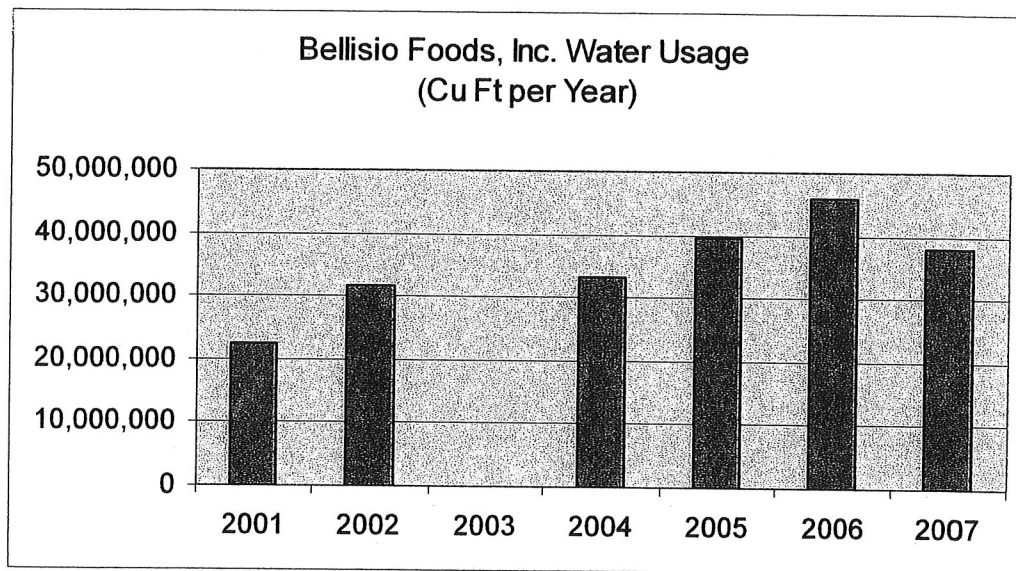
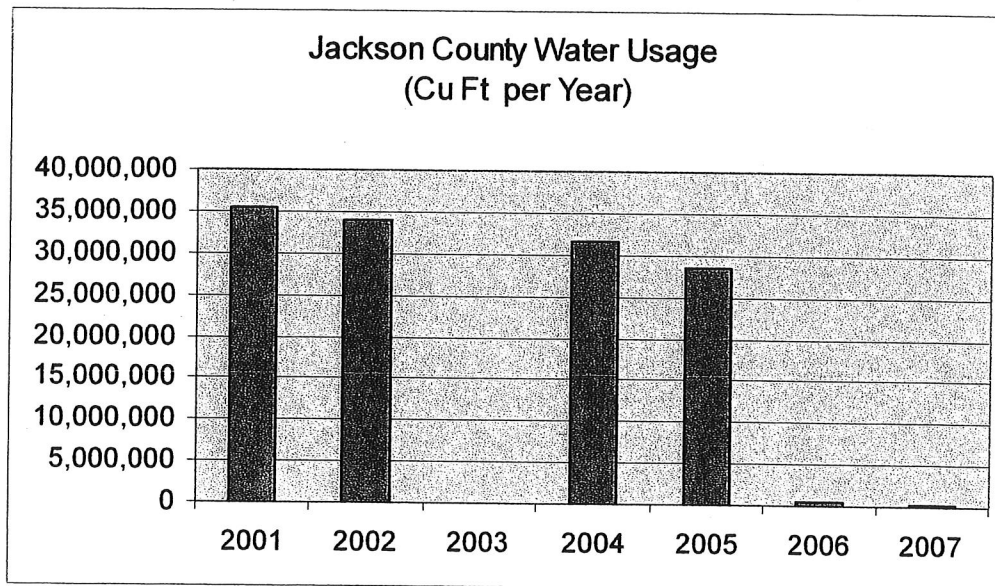


Chart 3 depicts water usage by Jackson County. Purchase water to the county was down to 167,580 cubic feet in 2007. In 2001, Jackson County was the largest customer purchasing over 35 million cubic feet.

Chart 3





### Expenses

Projected 2009 expenses were generated using 2008 budgeted amounts and generally adding 3% to the costs except medical which was increased 10% and specific accounts which reflect staff input.

Operation and Maintenance expenses and existing capital costs are projected to average \$2,294,000 for the next two years. New capital projects are projected at \$950,000 for 2009. Projects will be funded by new bonds. The expenses for 2007 funded through rates were \$1,585,988. Increases in 2008 and 2009 projected are mainly:

- Gas & Fuel
- Professional Services
- Equipment
- Buildings and Other Structures
- Distribution

### Proposed Rates

The rate study recently completed by Jones & Henry Engineers, Ltd. presents two rate structures for all users of the Jackson, Ohio water system. The new step rate structure results in the following increases:

Table 1

	New Rate per 1,000 gallons		Old Rate per 1,000 gallons	% Change
<b>Brackets</b>				
First 2,000	0		0	63%
Next 10,000	<del>\$0.48</del> 6.35		\$4.92	87%
over 12,000	<del>\$6.36</del> 5.93		\$4.59	39%
over 32,000	<del>\$5.93</del> 4.57		\$3.54	68%
over 80,000	\$3.66		\$2.83	29%
over 230,000	\$2.61		\$2.02	29%
over 1,000,000	\$1.68		\$1.30	29%
<b>Minimum Charge per month</b>				
5/8"	\$11.56		\$7.10	63%
1"	\$29.75		\$13.40	122%
1.5"	\$58.66		\$31.02	89%
2"	\$203.20		\$53.53	280%
3"	\$289.93		\$122.50	137%
4" Comb	\$347.75		\$214.10	62%



An alternative rate system was investigated called the Uniform Rate System. Under a uniform system a customer's bill is calculated by multiplying monthly flow (regardless of size) by a fixed rate and adding a minimum fixed charge. The Uniform Rate calculated for 2009-2010 is:

Uniform Rate: \$2.94/1,000 gallons  
 Minimum Charge: \$10.72

Table 2 was developed to allow comparison with typical customer volumes.

Table 2

Customer	Current Bill	Uniform Rate	Updated Rate Structure
Minimum Charge	\$7.10	\$10.72	\$11.56
Customer @ 2,000 gal	\$7.10	\$16.61	\$11.56
Average Jks cust. @ 3,500 gal	\$14.48	\$21.02	<del>\$25.33</del> 21.09
4,000	\$16.94	\$22.50	<del>\$29.92</del> 24.26
6,000	\$26.78	\$28.38	<del>\$48.28</del> 36.96
Average EPA cust. @ 7,756 gal	\$35.42	\$33.55	<del>\$64.40</del> 48.11
8,000	\$36.62	\$34.27	\$66.64
10,000	\$46.46	\$40.16	\$85.00
12,000	\$56.30	\$46.04	\$103.36
14,000	\$65.48	\$51.93	\$116.08
Customer @ 15,000 gal	\$70.07	\$54.87	\$122.44
16,000	\$25,959.17	\$57.82	\$128.80
Bellisio Foods, Inc.	\$28,464.09	\$62,066.22	\$36,959.03

Under the updated rate structure all users will see an increase. Minimum users will see a 63 percent increase, users of 3,500 gallons a month will see a 74 percent increase and Bellisio Foods, Inc. will see a 29 percent increase.

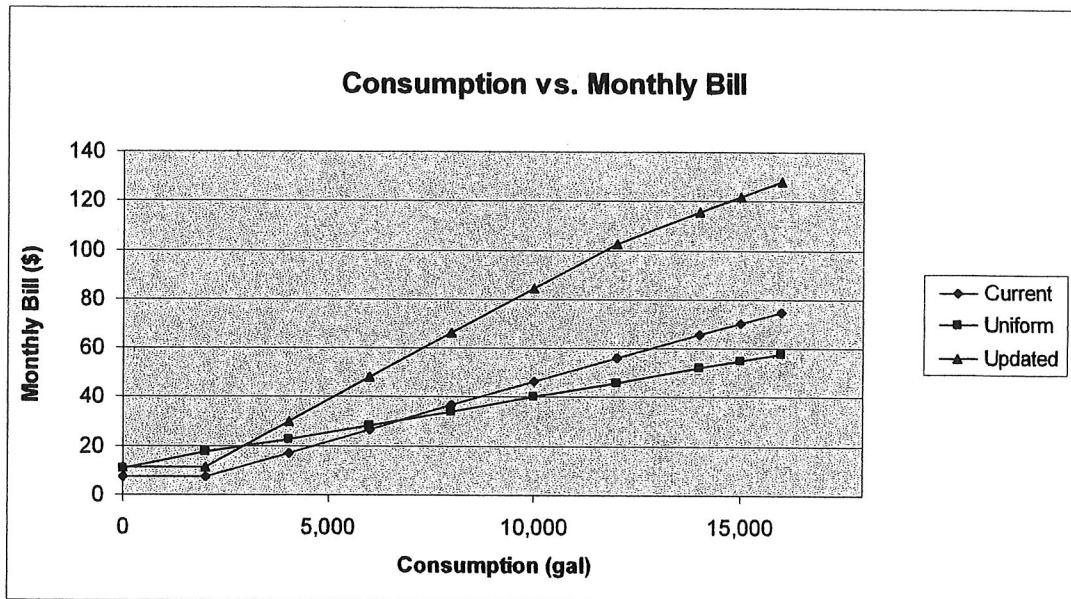
The uniform rate structure results in an increase for all users except for the users larger than the average OEPA customer using 7,756 gallons a month. The minimum charge customer will see an increase of 51 percent. Customers using 2,000 gallons a month will see a 134 percent increase.

For the Uniform Rate Structure, a significant increase in fees (118 percent) occurs for customers using over 1,000,000 gallons per month. The commodity rate increases from \$1.30/kgal to \$1.68/kgal. The large increase for large users is because the uniform rate structure does not recognize economy of scale. This results in a rate structure very sensitive to volume changes of large users.

Chart 4 on the following page is a graphical representation of the current, updated step and uniform rate for various levels of water consumption.



Chart 4



The significant increase in rates is due to the following factors:

- Loss of Jackson County Water as a customer (33 percent of volume in 2004).
- Expenses, funded through rates, are projected to increase from 2007 to 2008/2009 by 40 percent.

### Fund Balance

The Water Fund Balance will rise from over \$1,938,744 in January 2008 to just over \$1,946,333 in December 2009 using the updated step rate.

The rates are set to maintain the current fund balance. The fund balance is about 10 months of annual expenditures. Using the fund balance for specific projects is possible. This will reduce the magnitude of current rate increases.