

Minutes for the March 10, 2012 Regular Council Meeting
10:00 am at the Town Hall on Division Street

1. Mayor Paine calls council to order and roll call is taken. Present are D. Kaminski, L. Marchky, G. Ritchie, P. Seeholzer, M. Feyedelem, and G. Finger.
 2. All rise and recite the Pledge of Allegiance to the Flag.
 - 2.5 Motion to accept the addendum, made by Finger, second by Seeholzer; all in favor; motion carried.
- Mayor Paine announces that public participation will be at the end of the meeting when it occurs on the agenda.
- 2.75 Mayor Paine says that he forgot to get council's authorization for travel to attend some meetings in 2012 that he and the Clerk-Treasurer attended on the mainland and a training class for new mayors and he asks council to allow payment of the necessary expenses. **Motion to allow the travel expenses**, made by Seeholzer, second by Marchky; all in favor; motion carried.
 3. Discussion and/or amendments to the February 11, 2012 council minutes. Motion to accept the minutes as written, made by Finger, second by Seeholzer; all in favor; motion carried.
 5. Discussion of Pay Ordinance No. 1114. Motion to approve, made by Seeholzer, second by Kaminski; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

7. Committee Reports

- 7.A. Police- Chief Ehrbar reports that for the months of February and March YTD, one police report was filed, 197 phone calls were received; no arrests were made; 2 verbal warnings were given; 256 house checks were done; 1 vehicle lock out was attended; and there were 2 assists with other agencies. Chief Ehrbar says that he is working on the Police jobs grant. The Police jobs grant was turned down by the federal agency. However, Chief Ehrbar is re-applying for 2012. Only grant applicants that were not chosen for funding last year can apply this year. The grant is worth \$126,000 over three years and the local match is 25%. Chief Ehrbar is also working on the ODNR grant for the boat which the village received last year. It seems to increase every year that you have the grant. **Motion to approve making the two grant applications**, made by Seeholzer, second by Feyedelem; all in favor; none opposed; motion carried.
- 7.B. Safety Committee- M. Feyedelem has nothing to report.
- 7.C. EMS- S. Devine reports that 2 runs were made since her last report and a State of Ohio grant has been applied for that requires no local match.
- 7.D. Fire Dept.-Chief Hostal reports that the Fire Dept. will soon do the required hose testing. It will be done by the Fire Catt Co. from Michigan. The Fire Dept. purchased approximately 1600 feet of L.D.H. from the Margareta Fire Dept. to be used as a supply line for our truck. This will make hydrant hookup a lot faster and simpler. It will also help with the I.S.O. rating. If any of the hose does not pass the testing, we will not buy it. The Fire Dept. did not get the AFG grant last year. The Fire Chief is making inquiries to find out why the department did not get the grant. Chief Hostal plans on re-applying next year. The Village Administrator says that the Water Dept. has a concern about the larger hoses. Chief Hostal replies that the larger hose will not pull water at from the system at a greater rate than the previous hose because the pressure is regulated by the truck. There were two fire calls in February.
- 7.E. Finance- P. Seeholzer reports that there has not been a meeting because of scheduling constraints.
- 7.F. Lands & Buildings- G. Finger reports that they want to have a meeting to go over park board projects.
- 7.G. Airport- G. Ritchie reports that he and Mayor Paine had a good meeting with former Mayor Rob Quinn, going over the airport, both where the village is now and future plans. A meeting with the FAA is scheduled soon with Mayor Paine and Council member Ritchie. One of the big concerns is that future plans are for 7-8 million dollars and under current FAA rules the village would have to put in a 10% local match and the village does not have the money now. The mayor wants to know where the village can stop the project before committing money that the village does not have. Also, the village wants to know the process to purchase the property at the east end of the runway and also how to proceed with ODNR to get an easement to potentially extend the runway to the west.
- 7.H. Planning Commission- G. Finger has nothing to report.
- 7.I. Design Review Board- G. Finger has nothing to report.
- 7.J. Board of Zoning Appeals- G. Finger says that he did not know of any appeals, but Clerk Brown interrupts to say that an appeal has been filed and the meeting is scheduled for March 24th at 8:30 am.
- 7.K. Transfer Station- D. Kaminski has no report.
- 7.L. Village Administrator- Stevenson reports that the Transfer Station hours will be changed. There is a report from CT Consultants in the council packets. Sheffield Village contacted the Village Administrator about a patch truck they have for sale. It can be used for chip and seal patching. If a patch trailer was added, it would heat the cold patch for making repairs. Then the village could repair pot holes year round. The Village Administrator and Maintenance man rode around recently looking for dangerous trees and limbs. Mayor Paine clarifies that they are just looking at the truck and getting a price. Ritchie asks if CT knows about the discrepancy of number of gallons (the base was wrong) for the Camp Patmos project and does it change their recommendation? The Mayor said that he spoke with CT Consultants and they said it would not affect their estimate. Finger asks if the village can ask for reimbursement of the \$10,000 that the village spent on engineering for the Camp Patmos water project. Ritchie says they recommended an 8 inch line across Ward and he wanted to be sure that with the change in base data that CT wouldn't recommend a 10 or 12 inch line. Ritchie says it would be nice to not spend any more money for the Camp Patmos project until we are sure the village will do the project. Clerk-Treasurer Brown adds that she sent a letter to Camp Patmos by certified mail that required a reply in a specified amount of time for them to communicate with the village if they were prepared financially to do this water line project. The letter reiterates the history of the project, including the fact it had been stated that Camp Patmos came to the village for help because the project could be financed for less money if the village wrote the grant application. The Mayor and the RCAP representative both read the letter before it was sent. Camp Patmos has five days to reply from the day they receive the letter. The letter clearly states that the village will not proceed without Camp Patmos' assurance of payment. The other thing that has happened is that when Brown wrote the letter to Camp Patmos, she had been told by the RCAP/WSOS representative that the project could be grandfathered in at the 40% forgiveness level. Now RCAP/WSOS says that there will be no more grandfathering and therefore the village has to make a new application. The forgiveness rate might be a 30% forgiveness level for next year or it could still be a 40% forgiveness, to be determined. Mayor Paine adds that RCAP was willing to give the camp a no

interest loan over thirty years, which he thinks was a pretty good deal for them. Mayor Paine continues that the village must be fully protected before any agreement would be entered into. Finger asks if the village can ask for a reimbursement of the engineering fees. Mayor Paine says that if the project goes ahead he is sure that we would want to include that engineering fee in the project cost. Brown says that she had been assured that the engineering cost could be added into the total cost if the project is done.

- 7.M. Streets & Sidewalks- L.Marchky reports that his committee is not active yet. It's a little early for street or sidewalk projects. Marcky says that he wants the money for the road grader that was sent to a junk yard as trash. Clerk-Treasurer Brown says that she has not received the money for the road grader. She found out about it after the deal was done. She has asked for the money several times, but has not received it yet. Marchky adds that he wants the money for the grader now from the scrap dealer.
- 7.N. Park Board- James Erne reports that the Park Board has not had any meetings but that members will be returning soon and they will start having meetings. Some documents have been processed with Clerk Brown's help moving along the process of getting the park land for the village. Clerk-Treasurer Brown indicates that so far no money has been received for purchase of the park lands.
- 7.O. Mayor's Financial Report- Mayor Paine says that the 2012 season for Mayor's Court has not started yet.
- 7.P Legal- D. Lambros explains that on the agenda today is a series of ordinances for requests made to the Erie County Auditor in case that council wants to put a levy on the ballot this year, either in the fall or in August. One is prepared as a potential Police Levy for August or November, one or the other would be chosen. The other legislation was prepared for a potential General Fund Levy, to request the dollar amounts from the Erie County Auditor that would be generated for a series of different millage for an August Levy. This is the first ordinance that is required if council wants to move forth to put a levy on the ballot. After receipt of the Erie County Auditor's responses, then another ordinance is required. In respect to the Police Levy, council would have to decide which ballot date to send to the Erie County Auditor. We don't want to send both requests. This legislation is just to obtain numbers for council to review to help council make decisions about whether to put a levy on the ballot, and what millage to use for the ballot. May 7th is the last day to bring in the legislation to the Erie County Board of Elections. Mayor Paine says he thinks that council needs to review it and also talk to members of the community about what they think. Clerk-Treasurer Brown asks council if they want to change the posting for the special meeting to make the final ballot levy decisions instead of doing it at the earlier regular council meeting. Council indicates that the Special Meeting would be a good time to pass the levy ballot language. Clerk Brown adds that the only legislation on the agenda today that would have to be passed would be for the August ballot, because council will have another 90 days before the November election for the November ballot. To give the maximum possible number of options, council can just pass the ordinances that refer to the August ballot today. Solicitor Lambros adds that if council chooses the August ballot date, the village will have to pay for the election. Kaminski says that he will be out of the state from April 5th to 16th.
- 7.Q Treasurer's Report- C. Brown reports that council has the fund report and treasurer's report in their packets. The Clerk-Treasurer spent the last two days in Columbus at the State Auditor's required annual training. She was hoping to hear about new revenue sources or money earmarked by the State for local governments, but the opposite was true. Brown attended a great session on water and sewer financing that was given by a bond counsel from Akron. He would also represent an additional firm for the village to consult when it needs to use a bond counsel. She heard State Auditor Yost speak about his "Skinny Ohio" plan. Another session was "Skinny Ohio," which is a program to encourage public entities to share services. The services that were focused on were especially emergency services, like police, fire, and EMS and required the public entities to be physically adjacent. Since Kelleys Island village is the whole island, that type of shared service won't work here. Brown attended a session on "Performance Audits", which also focuses on shared services. Examples given during the class were things like one repair garage for two public entities, sharing the snowplowing and trucks between entities. The Performance Audit also looks at redundant departments and positions to see if they can be collapsed into one. Last year Clerk-Treasurer Brown spoke to Mayor Quinn and more recently to the Village Administrator about a strategy for Kelleys Island along the same lines, collapsing same or similar services into one area. "Skinny Ohio" includes cost saving in utilities by reducing the number of offices that you heat for instance. Another session was given by the Richland County Auditor on working with your county auditor and Budget Commission. He spoke about what could or could not affect the base rate of a levy and the chilling effect that H.B. 920 had on levies. He went over the calendar for working with the county auditor. Ohio is one of the few states in the union that does not tax at the market value for property taxes. Although he has a graduate degree in accounting, he stressed the difference between corporate and government accounting. He feels that there are too many anomalies to be worth doing a five year forecast because things can change too much in a matter of months. Last year it was mentioned that the State of Ohio might start allowing other entities to participate in their health care group plan, but this year no one knew anything about that. Health care costs are one of the things that are killing the local governments. The auditor went on to mention that in 2009 no one could predict what would happen in 2012- that the housing crisis wouldn't get resolved and that the State of Ohio would start drastically withholding revenue from local governments. That comment was largely in reference to the Local Government Funds which will be cut to 50% this year. The State of Ohio is escalating the cut back of the Local Government Funds. Much of the Local Government Fund distribution is composed of sales tax collections. Brown stayed until the last session and that session addressed something that she had been feeling. The session was the legal update for villages. It included recent Auditor of State bulletins and recent legislative updates. Almost all the legislation involved sharing of services between public entities, merging public entities because of fiscal emergencies, or dissolution of public entities. Ten years ago there was no such emphasis. Then the State Legal counsel giving the class addressed the Local Government Fund to say that the State of Ohio realized that the cuts in those funds would hurt smaller governments the hardest. It was the State's expectation that many of the smallest local governments would not survive. If Kelleys Island cannot generate new revenue streams, the only thing left to do is slash expenses which means a downgrade of services. Brown suggests that the appropriations ordinance be passed today as it has been presented to council because it can be modified in the future and because it has to be given to the Erie County Auditor before the end of March. Brown has the intention of re-visiting the appropriations in June, knowing that if there is no good plan for new revenue or making changes, appropriations may have to be cut at that time. Brown adds that she was surrounded in every session by Clerk-Treasurer's and Mayors whose smaller entities were nose diving into fiscal caution. The last year has been really hard on local governments. Some things we thought might happen to help local revenue didn't, and the state has continued to cut off some revenue.

9. First Readings

10. Second Readings

11. Third Readings & Emergencies

- 11.1 Discussion about which ballot date to use: it is decided that council will do the requests for the August ballot because that is the only one that would have to be done now. If council ultimately decides to put a levy on the November ballot, there is plenty of

time to do that. Seeholzer says that an August ballot will cost the village more money. Brown responds that is true. Brown called the Board of Elections about four weeks ago to ask how much a special election would cost. The Board of Elections said around \$2,200, but that they were too busy to give her exact figures. Then she called them again and they said it might be \$4,000, because of the programming, in case of programming mistakes. Brown continues that as she arrived for her training in Columbus, she met the Mayor leaving his training and so they sat and talked about levies. Mayor Paine said that the information he got was that putting a levy on the ballot with a big election, like a Presidential, the levy was more likely to fail. They thought August was a better date for passing a levy, and worth spending the money for the election Mayor Paine supports a levy on the ballot. He further indicates that the council will need to explain the reasons for the levy. Brown adds that if the levy fails in August the council has more time to make new plans for November. **Motion to put a levy on the August ballot and to spend the money for the special election**, made by Seeholzer, second by Finger; all in favor; none opposed; motion passed.

ORDINANCE NO. 2012-O- 5 : AN ORDINANCE PURSUANT TO SECTION 5705.03 OF THE OHIO REVISED CODE REQUESTING THE ERIE COUNTY AUDITOR TO CERTIFY TO THE COUNCIL OF THE VILLAGE OF KELLEYS ISLAND, OHIO THE TOTAL CURRENT TAX VALUATION OF THE VILLAGE OF KELLEYS ISLAND, OHIO AND THE DOLLAR AMOUNT OF REVENUE THAT WOULD BE GENERATED BY A TAX LEVY OF ZERO AND 00/50 (0.5) MILLS, ZERO AND 00/60 (0.6) MILLS, ZERO AND 00/70 (0.7), ZERO AND 00/80 (0.8), ZERO AND 00/90 (0.9) AND ONE AND 00/00 (1.0) MILLS FOR AN ADDITIONAL TAX LEVY FOR THE PURPOSE OF PROVIDING AND MAINTAINING MOTOR VEHICLES, COMMUNICATIONS, OTHER EQUIPMENT, BUILDINGS, AND SITES FOR SUCH BUILDINGS USED DIRECTLY IN THE OPERATION OF A POLICE DEPARTMENT, OR THE PAYMENT OF SALARIES OF PERMANENT OR PART-TIME POLICE, COMMUNICATIONS, OR ADMINISTRATIVE PERSONNEL TO OPERATE THE SAME, INCLUDING THE PAYMENT OF ANY EMPLOYER CONTRIBUTIONS REQUIRED FOR SUCH PERSONNEL UNDER SECTION 145.48 OR 742.33 OF THE REVISED CODE, AS AUTHORIZED BY SECTION 5705.19(J) OF THE OHIO REVISED CODE AND DECLARING AN EMERGENCY. (introduced by Mayor Paine)

Motion to suspend the three reading rule, motion by Finger, second by Seeholzer; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

Motion to pass as an emergency, motion by Finger, second by Seeholzer; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

11.2 ORDINANCE NO. 2012-O- 6_: ANNUAL APPROPRIATION ORDINANCE TO MAKE APPROPRIATIONS FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE VILLAGE OF KELLEYS ISLAND, STATE OF OHIO, DURING THE FISCAL YEAR ENDING DECEMBER 31, 2012, AND DECLARING AN EMERGENCY.

Motion to suspend the three reading rule, made by Seeholzer, second by Kaminski; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

Motion to pass as an emergency, made by Kaminski, second by Ritchie; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

11.3 ORDINANCE NO. 2012-O- 7 : AN ORDINANCE PURSUANT TO SECTION 5705.03 OF THE OHIO REVISED CODE REQUESTING THE ERIE COUNTY AUDITOR TO SERTIFY TO THE COUNCIL OF THE VILLAGE OF KELLEYS ISLAND, OHIO THE TOTAL CURRENT TAX VALUATION OF THE VILLAGE OF KELLEYS ISLAND, OHIO AND THE DOLLAR AMOUNT OF REVENUE THAT WOULD BE GENERATED BY A TAX LEVY OF ZERO AND 00/50 (0.5) MILLS, ZERO AND 00/75 (0.75) MILLS, AND ONE AND 00/00 (1.0) MILLS, AND ONE AND 00/25 (1.25) MILLS TO PROVIDE FOR CURRENT EXPENSES OF THE SUBDIVISION AS AUTHORIZED BY SECTION 5705.19(a) OF THE OHIO REVISED CODE AND DECLARING AN EMERGENCY. (introduced by Mayor Paine)

Motion to suspend the three reading rule, made by Finger, second by Seeholzer; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

Motion to pass as an emergency, made by Finger, second by Seeholzer; RC: Kaminski- yes, Marchky- yes, Ritchie- yes, Seeholzer- yes, Feyedelem- yes, Finger- yes; motion carried.

12. Items from the Mayor

12.1 Mayor Paine says that the village will need to pass a levy in August or it will need to cut the Police Department and benefits to employees. If we go into the red, the State will have serious consequences for us. The village also needs an increase on the tap-in fees for commercial and possibly impact fees for commercial. Right now the commercial tap-in fee is almost the same as the residential and that does not seem fair. Mayor Paine sees the big issue as the water intake and he adds that maybe total replacement can be held off a little if the worst section can be repaired. Now mud is coming in with the water and that is hard on the filters and the pipe could collapse. There is a lot of stone and clay built up on top of the intake pipe. The village could go for grant money if we wait another year or assess all the water customers, which might be about \$30 more a year.

12.2 Mayor Paine also has a family member who evaluates resource use in a lot of the federal buildings in Washington, DC., resources like the usage of propane and electric, and the Mayor is hoping to get him to look at the village's resource use with the idea of lowering the rates. As another cost saving, Rob Quinn has suggested a wireless phone service to replace the landlines and then the village could get a lower rate. You can plug them and get a much stronger signal. It would also consolidate the phone bills. We have to look at any way to reduce costs.

12.2 There is a conflict going on between parties on the island and he would like the chance to contact the owner to try to resolve the issues. He would like another month to have time to work out a solution instead of going to court. Brown asks if the Mayor was talking about trailers and he said "yes".

13. Items from Council

13.1 Marchky says that, for the third time, he is bringing up Monaghan Road. The road has been damaged by the contractors working on the new house on Monaghan Road. It's been three months since the mayor said he would talk to them. Marchky adds that the dumpster is at the edge of the road and he thinks it is a hazard. Mayor Paine replies that he did speak with the property owner about the condition of the road.

13.2 Ritchie mentions the commercial water tap fees. In 2011 the village did a commercial water tap fee for \$10,000 and he thinks that the village left \$20,000 on the table. Ritchie asks for legislation for a moratorium on accepting any additional commercial water tap fees and to make the current schedule null and void until council passes new rates. **Motion for legislation to make a moratorium on commercial water tap fees**, made by Ritchie, second by Marchky; all in favor; none opposed; motion carried.

13.3 Finger mentions that he would like a meeting between the Lands and Buildings Committee and the Park Board.

13.4 Seeholzer says that the solicitor was asked to look into ways for new revenue streams and she would like to know if he has information for council. Solicitor Lambros replies that he has been researching it and he could attend a Finance Committee Meeting to discuss some things. One thing the village could do is put on a hotel tax of between 8% and 15%. He thinks that could mean \$20,000 to \$30,000 of revenue yearly. He is researching the camping tax, but he does not believe you can tax the state. Lambros continues that an arrival tax would affect the ferry boat and that is a non-starter because it is regulated by the PUCO and you can't segregate people, everyone, including residents would have to pay the tax. It is considered a public utility by law. The office is also in Marblehead, not Kelleys Island. Seeholzer says that it was not an arrival tax for the ferry that was contemplated, but for excursion boats. Lambros replies that he started researching the ferry boat because it is under PUCO regulations. Lambros replies that he is still researching excursion boats. Lambros doubts that such a tax would be legal. Lambros will bring the hotel tax legislation to the next Finance Committee meeting for review.

13.5 Ritchie asks if we can talk to the State of Ohio about the Resort Tax collection about the compliance with the Resort Tax. In 2009 and 2010, the village collected significantly more money than in 2011. Brown mentions that she has spoken with the Clerk of Put-In-Bay expressly about the non-compliance issue. That is the problem that Put-In-Bay has with the State department of Taxation. They are moving ahead with their suit against the State of Ohio Department of Taxation for non-collection. Kelleys Island has already received \$69,000 this year, which is why Brown says she made the estimate of Resort tax revenue \$100,000 in the paperwork she handed out to council. Brown says that she has left three phone messages and sent an email to the contact she had for the Resort Tax. She has not had a response. Finger comments that with the fire last year, and LaFarge quarry closing some revenue was lost. Finger continues that the State of Ohio's numbers can't be fudged, it can be checked against the sales tax. It is up to the business people to be honest with their state sales tax. Finger does not see any way that the village could force that. Ritchie says that he would like to get some visibility about it and at least talk to someone at the Dept. of Taxation. Brown adds that when Put-In-Bay or when she asks the State Dept. of Taxation, they say that the records about who pays and how much they pay are not public records. They will give us a list of the people who are registered. They will not even tell us who is paid on the list and who has not. Lambros asks if they will say who has filed. Brown responds "yes", but that is frankly the names that her department sends to them. The Clerk-Treasurer sends information to the Dept. of Taxation, information about every business license, itinerant vendor's license and that becomes the list that they give back to the village to say that these people are registered. Lambros says that he thinks some entities have not filed. Brown continues that was one of the problems that Put-In-Bay had with the state, that some people are not filing at all, and some are under reporting. We are still invited to be part of their lawsuit. Lambros would like to talk to the Resort Tax office and Put-In-Bay.

4. Old Business

15. Public Participation:

15.1 Ron Curilla, 119 Huntington Street, asks about the new waterline being discussed for Huntington Lane. He thinks the proposed waterline should stay on the west side of the road where it already is and where the houses are, not go on the east side where there is unbroken ground, and many obstacles: large trees, an old well, and where it would break the ties in the road. He understands that to finance the project both sides of the street will be assessed. The east side is agricultural land with no houses or lots and the land owner will not profit from it. He thinks that whoever develops that land on the east side should pay those assessments. He asks that the Water Dept. slow down and apply for a grant for the project and strive to keep costs low. Village Administrator Stevenson replies that the engineering company determined that it would be less expensive to put the waterline on the east side and it has been set up from Lakeshore Drive to avoid some of the obstacles like trees and the driveway. Mr. Curilla continues that if the line goes down the east side, they would be cutting tree roots and killing the trees. They would also have to cross the street for every house to attach to the water. Mr. Curilla says that he cannot see how that could be less expensive and also assumes that the agricultural property would be paying 70% of the assessment. Brown asks Mr. Curilla to see her after the meeting because she did some preliminary work on the assessments.

15.2 Leslie Korenko, 330 Beach, thinks that the "Old Business" section should be used for tracking on-going issues. Maybe council should request that a report be made each month on continuing issues. Korenko names issues that have come up at this meeting as questions that were then answered as they came up, instead of being reported under "Old Business". That way it would be easier to see what hasn't been done.

15.3 Leslie Korenko, 330 Beach, says that there is an on-going subdivision and trailer park issue that has been going on for nine months and she would like Mayor Paine to continue talks with the owner of the trailer park. She says that they (the subdivision people) have gotten a lot of conflicting information and she asks that someone from the village sit down and talk with the subdivision people. One trailer was discussed and it was said that it wasn't an issue, but there is a second trailer that is also an issue. Korenko says that she handed out a sheet in which she feels their claim is correct and she has identified some things that have not been done correctly, such as annual inspections that seem not to have been done. Korenko feels that the issue would have exposed itself during an annual inspection.

Lambros replies that he has reviewed the information and he has spoken with Leslie before, and there is a difference of opinion about this with some of the old records that indicate as far back as 1985, on the original drawings back in 1985, prior to the zoning ordinance, the trailers were actually in the right-of-way. Lambros says that the best thing to do would be if the property owners could come to some agreement that could hopefully be memorialized and put an end to it. Lambros continues that he knows that the Zoning Inspector has a difference of opinion as to the encroachment. Neither the Zoning Inspector nor the Mayor has been able to communicate with the property owner, even though they have tried. The message machine on the number he has been calling has been full and the Zoning Inspector has not been able to leave a message. Korenko starts to respond and then Lambros says that the problem is that not everyone agrees with her. Just because she (Leslie Korenko) says something, doesn't make it true. Korenko says that if he would let her finish, she would have pointed out that the survey that was referred to only identified one trailer but there are two trailers. Lambros says that the Zoning Inspector is at the meeting today and she can meet with him after the meeting and go through

that plan with him. Zoning Inspector Minshall wants council to know that the people who live in that district have heard him say verbally and in writing that he finds no violation of the zoning code and they have an administrative remedy which is to go before the Board of Zoning Appeals and say they disagree. The Board of Zoning Appeals would take a look at it and come up with their recommendation. The Zoning Inspector continues that before anything goes off the island, that should occur first. That is the proper course of action, not sitting here telling everyone that you're right and they're wrong. Korenko continues that she wants a letter saying why it is not a zoning issue. Minshall responds that he has already said that as far as zoning is concerned, he does not see a violation, and then repeats that her administrative remedy is to go to the Board of Zoning Appeals. Mayor Paine interjects that enough has been said on the subject.

15.4 Ron Lickfelt, West Lakeshore Drive, has something about the Water Dept. There is a rumor that council will raise the water rates. He asks if water funds are being put into the General Fund to subsidize the General Fund. Both Clerk-Treasurer Brown and Council member Seeholzer reply no. Council member Ritchie says that is not entirely true. Brown says that maybe she didn't understand his question and that the Water Fund pays some administrative costs to the General Fund for services it receives, but it doesn't just give money. Brown continues that the State of Ohio, about three to five years ago started with cost allocations. It used to be that the General Fund paid all the administrative expenses for all the departments in the village, and that was true of all the villages in the State of Ohio. At first when the audit costs went up, the State Auditor said that audit costs could be spread over all the funds that were involved in the audit. Then, as the state withdrew the revenues to the General Fund, especially the Local Government Funds which go into the General Fund, the State decided that administrative costs could also be spread between other funds when work was done for those areas. That includes such services as payroll, all the purchase orders, all the checks written for expenses, any meetings attended for specific department issues. All those administrative costs should be paid by the funds receiving the services. The other component is that we have two funds in the village that are unlike the other funds. We have funds that have specific revenues like the funds that derive their money from levies that we pass. We also have a class of funds known as enterprise funds, which according to the state of Ohio are to be run like businesses. They are supposed to pay 100% of their costs from 100% of their charges for services. Brown says that she just had training in this area again, two sessions at the State Auditor's Conference. The Village Council has also signed agreements for money from the USDA, money from the OWDA, OPWC, WSOS—part of what we sign is that the rates and charges for services will fully fund the operations of the water department. Assessments are not supposed to fund the operation. The operation of the Water Dept. is not supposed to depend on other incomes. Brown pointed this out to the previous Board of Trustees of Public Affairs many times. The USDA, OWDA, and WSOS have all given grants for the Water Dept. and Brown pointed out that part of the responsibility in taking the money is that the village was supposed to have charges for water that were sufficient to pay the operational expenses of the Water Dept. Council could do nothing while there was a Board of Trustees of Public Affairs. It has only been last year and this year that council has control of the Water Dept. Brown reiterates that the operation of the Water Dept. is supposed to be paid by the revenue from the charges for water. In the past the Water Dept. did not pay anything towards the costs that were incurred on its behalf in the General Fund.

Ritchie comments that for the past five years or longer, one of the revenue sources was the rental of the water tower for the cell phone antennas. When he did the budget for the Water Dept. in 2010, he counted on \$14,000 income a year from that. That revenue stream has been sold in a lump sum and \$106,000 will go into the General Fund. That will negatively impact the Water Fund by \$14,000 a year. Ritchie says that he understands that some administrative expenses can be offset in the Water Fund because he also had based 100% of the Village Administrator's expenses as Water Fund expenses. Brown says that this year she was told by the Village Administrator that he is working 75% on roads and therefore his salary will be allocated accordingly. Ritchie says he agrees that some of the expenses coming out of the Water Fund would equal some of the expenses coming into the fund. Ritchie does not agree that the lack of the cell tower revenue will not impact the Water Fund. Brown comments that everything has an impact on everything else. Brown adds that she thinks the root of the problem is that in reference to the rates and charges – the village has been negligent over a number of years in not having the rates and charges cover the costs of the operation of the Water Dept.

Former Mayor Rob Quinn is sitting in the audience and he adds that when the rental rates were established for the cell tower, the solicitor informed council that the revenue stream belonged to the General Fund because the water tower was on property owned by the village. Solicitor Lambros affirms what Quinn has said. Quinn continues that council made the offer, at the request of the Board of Public Affairs, to allow them to have access to that revenue stream, which continued for a number of years, but was not designed to be their income stream forever. Lambros says that Quinn is accurate. Ritchie says that the point he is trying to make is that the ground rules keep changing in this village. Brown comments that the ground rules keep changing on a state level. Ritchie says that all we are doing is weakening other funds when expense allocations are done. Marchky comments, what is more important, to run the village or run the Water Dept., we have to make sure the village keeps running. Ritchie says that the Water Dept. is more important. Brown comments that she thinks it is wrong to pit the General Government against the Water Dept. because if you don't have a central government you don't have a Water Dept. under local control. Ritchie says that there was a 50% water rate increase that people didn't like and now we are chipping away at the Water Fund and that means it is not going to build up the reserve that we wanted.

16. New Business- none

16.1 correspondence, for council review. Council makes no comments. Lambros comments that the schedule for the court case is only an initial schedule and it will probably lengthen. L. Korenko asks what the case is and Lambros replies that it is Tremmel.

17. Motion to adjourn, made by Finger, second by Kaminski; all in favor; motion carried.