

THE CITY OF HURON, OHIO
Proceedings of the Huron City Council
Work Session Meeting Tuesday, May 12, 2020 at 5:30 p.m.

A work session of the City Council of the City of Huron, Ohio was called to order by Mayor Sam Artino on Tuesday, May 12, 2020 at 5:32p.m. via Webex teleconference.

The Mayor directed the Clerk to call the roll. The following members of Council answered present: **Christine Crawford, Mark Claus, Monty Tapp, Sam Artino, Joe Dike, Trey Hardy and Joel Hagy.**

Also present: Russ Critelli, OHM Advisors.

Old Business

US-6 Phase II

Mr. Spafford provided an update on US-6 Phase 2. The first phase of US-6 is due to start May 26th. He said we had worked through the design process last summer and fall on Phase 2. The current project scope includes the intersection at Center Street, a little bit of Williams Street, and onward out to US-6 as it continues onto US-2. This is a \$1.9 Million project with the City being responsible for between \$400,000-\$500,000. We have roughly \$500,000 in ERPC through the County, and through the urban paving program, the State and Federal Highway Administration are picking up the remainder. We had a lot of discussion this spring that, with such a major modification being discussed at Center Street, it is important to have a robust public outreach. We had that approach planned, but with the pandemic we are unable to hold our events. We tried to get different locations and additional information out there, but to date, the administration is not comfortable with the amount of public input we have had on this project.

In terms of the project itself, with the financial impact of COVID-19 being unknown at this time, we feel that although this will still be able to be in the funding for next year, there is some concern that the City will be able to fully fund this project and would ultimately have to make some serious decisions. We are not the only city facing the financial constraints going on at this time. ODOT asked if there was any need to extend the window out 1 calendar year to give us some financial flexibility. Mr. Spafford had a good discussion with Mayor Artino this afternoon, and with Council not being totally comfortable with community outreach, he didn't think it would be disadvantageous to extend this for a year to be sure that we can due diligence, and to allow this new Council to be sure the final product is exactly what we are looking for, and to allow for enough time to discuss this with the public and get meaningful public input.

Mr. Critelli discussed the impact the COVID-19 crisis is having on communities relating to projects being funded with federal dollars. We must determine if the City feels that a delay is necessary. ODOT is going to be looking for some response with regard to the situation the City is in. ODOT is reviewing these projects across the state for all communities facing this situation. ODOT is faced with the same budget dilemmas, especially without gas tax income, etc. They are looking for their own strategies to fill that gap. ODOT is building its case for a stimulus package. With regard to public involvement, the formality of the project development has been satisfied as far as the State goes, but relative to the complexity of the project, we have not had the opportunity to allow the public to discuss it with the team. The other part, on the funding side, there no anticipation that if the project is delayed, there would be no loss of funding.

Monty Tapp asked if there is any penalization from the State down the road if we delay this. Mr. Critelli said that there is no penalty.

Mr. Critelli is looking for building their case to be part of a federal funding program. We will have to explain to ODOT that we are delaying the project because we want to xyz. Does the City have a need to

delay this project because of the current situation we are under. He would also argue, because of COVID-19, the City has not had an adequate opportunity to vet out the public outreach portion of the project, even though we have met all formal obligations in that regard. Financially, that is a question the City would have to weigh in on.

Mr. Spafford said that we have looked into some options to connect Jim Campbell Blvd. to US 6 via some break in the limited access. Ultimately, it would be a cost-heavy project, but would eliminate some of the traffic from Jim Campbell, provide direct access to US-6 and through utilization of the Michigan left, provide east and west access points on US-6. He thinks this gives us an opportunity to have ODOT reevaluate that option and utilize additional funding opportunities with whatever Phase 2 of this project might ultimately look like.

Mayor Artino asked if there was any disagreement with pushing this project out 1 year. Mr. Hagy said that he agreed with kicking it out a year. Mayor Artino said that the road is in pretty good shape, so it's not something we have to get done right away.

Financial Update

Mr. Spafford said that there has been recent discussion regarding the Huron Public Power substation and possible sale of its transmission assets. HPP, as a utility company, purchases energy from AMP Ohio, it is transmitted to the City over FirstEnergy transmission structure, and then distributed from the substation to our utility customers. In 2018 we issued \$3.5 Million worth of City backed debt to fund the construction of the substation itself, with the intent, through the large infrastructure fee that was created within Mucci Farms' wholesale electric rate, to pay off the debt of that substation over a 7-year period. When Mucci Farms' development plan came into place, they were looking at having 3 greenhouses on their 95.5 acres – a 24-acre greenhouse, a 20-acre greenhouse, and a 16-acre greenhouse - all of which once fully electrified would have been within our existing capacity cap as set by First Energy at our incoming meter. Since then, Mucci Farms has purchased another 16 acres that gave them the ability to square off the site and Phases 2 and 3 will now match the size of Phase 1 to hit 24 acres per greenhouse, which will increase their electrical capacity from the projected 70 million kwh to about 90 million kwh per year. This will take us above with 36 MWh cap as set by our meter restriction at FirstEnergy. The substation capacity is not a problem as its capacity is 50 MWh/year. It is not a substation issue, it is metering restriction issue. To bypass that issue, the first option is to work with FirstEnergy at the City's cost to do a load study and improve the meter to improve the overall capacity of energy coming into the substation. The second option came about when AMP Ohio contacted the City to determine if there was any feasibility or consideration for selling certain assets of the substation that are specific to transmission to AMP Ohio through a subsidiary of theirs called AMP Transmission to basically network the transmission assets within AMPT's existing transmission side of the business. This is all predicated that prior to any sale, the City would issue an RFP to see if there are any other interested parties. The successful entity would purchase the transmission assets from the City. The assets on the north side of the substation are the transmission assets, which would be sold to the successful bidder. The remainder of the substation to the south, consisting of the transformer and the utility distribution side would remain with HPP. The transmission assets would be sold to the successful bidder, and the maintenance costs would pass with those assets. The City's HPP operations would remain unchanged, including all existing energy contracts, and contracts with Mucci Farms and AMP Ohio. We ran two scenarios, one being doing nothing, and one selling off the transmission assets. Assuming a net book value of the sale of the transmission assets proceeds would be an immediate cash influx to the City, which would accelerate payoff of the \$3.5 Million debt payment to 2 years as opposed to completing the 7-year payoff schedule. The immediate savings would be shifting the immediate cost of upgrading the metering and the load study to the high bidding transmission organization. Mr. Artino made the recommendation that staff reach out of the communities that are AMP organizations as well who have gone through this process. We have been working with two communities already to get feedback on this. We

would then hold a joint work session with Council and the Finance Committee along with a representative of AMPT. One the concerns is how the purchase of these assets benefits the purchaser. Mr. Spafford said that Mr. Spacek should be on the line to answer any questions. Mr. Spafford asked if there were any questions. Mr. Hagy asked Mr. Spafford to clarify the next steps. Mr. Spafford said that staff is currently working on drafting an RFP, and to invite representatives of other communities to the work session. Once RFP's are received, the three readings would probably put us on a legislative calendar sometime in July, with ultimate approve in late August/early September. Ms. Crawford said she didn't see a downside to this. Mr. Spafford said that he didn't either, but wanted to make sure Council is comfortable with this. Ms. Crawford asked if AMPT is aware of the timeline we are working with. Mr. Spafford said that if we move forward, part of the project would include installation of redundancy of infrastructure at the transmission company's cost, but didn't know the timeframe, which would be helpful with outages. Mr. Spacek said that he is now on the line, and that Mr. Spafford had done a good job explaining the situation. There was support from the Finance Committee, and it would be a good idea to have the joint work session. Mr. Artino said that he was glad that there were questions from the Finance Committee regarding how the transmission company makes money from this, and that this does sound like a good deal. Mr. Spafford said that he would target the May 28th date for that meeting. In response to a query by Mr. Artino, Mr. Spafford said that there was no need to discuss the Utilities Committee at this time.

Financials due to COVID

Mr. Spafford said he had a report regarding the summer programming and some of those operations for COVID-19 related items. Mr. Hagy asked Mr. Spafford to share with the entire Council what the financials look like due to COVID-19. Mr. Spafford said that the purpose of yesterday's Finance Committee meeting was two-fold, one to discuss the potential sale of transmission assets, and the second was that he and Mr. Swaisgood have been working with all of the department heads to put together a monthly financial report, which was shared in the Management Report, and will be updated on a monthly basis.. It is broken down generally into General Fund, Water Department Fund and Fire Department Fund, which were called out specifically because of their operational necessity and impact in the community. We also called out some of the special revenue funds being the Street Department Fund with some of their revenue sources being backed by motor vehicle activities, and Parks and Recreation with the effect of cancellation of summer programming. From the big picture we are anticipating revenue decreases, really targeting reductions in income tax and some of the other tourism-type activities with decreased income from the transient rentals which may be cancelled or limited this summer. With regard to the income tax we have been very conservative internally in our projections in trying to match our expenditures and utilizing fund balances to flatten out that net impact. The General Fund from an expense distribution side, is largely made up of law enforcement and personnel, which means that a lot of the cuts so far to the expenditures are discretionary expenditures, discretionary transfers, and any capital-type items that don't have funding already attached. We are still moving forward with US-6 Phase I because of the significant outside funds involved. Within the income tax, internally we are utilizing 25-26%, and we are trying to build our expense-type expenditures based on that estimate. We had a very strong 1st quarter, and April activity was down a little, which was expected with the State moving the income tax due date to July 15th. We partner with RITA to provide all of our income tax collection services, and they have provided a report to all of their jurisdictions projecting a roughly 9% decrease on an annualized basis. It is encouraging to see that RITA is projecting at 9%, but we still feel more comfortable to move forward on a conservative basis to make sure that we don't run into a crunch time situation at the end of the year where we have to make drastic decisions.

Highlighted within the report, we feel comfortable that staffing levels and personnel costs and those types of things are sufficient. It is a fairly lean organization, not to say that drastic measures may not be needed in the future. We really do not want to affect service delivery to the community. We still had a positive fund balance in 2021 to continue City operations, even if it is not what we would like to see in terms of our General Fund targets. That is with anticipating an overall 10% reduction in revenues going into 2021. We will have to wait to see how fast an economic recovery might be. These are the situations where building

the General Fund reserve pays off – this is why we do it. Mr. Hagy said that the reduction would be about 9-22%, dipping into the reserve to the tune of about \$800,00 in the worst case scenario, and Mr. Spafford confirmed that was his belief.

IAC Letter

Mayor Artino said that IAC has delayed their layoff and closing of the plant, which gives them more time to find parties interested in the building. Mr. Spafford said the extension will impact the income tax collections in a positive manner. There is some pretty serious interest in the building- the building is in great shape - the vacant land around it and transportation facilities.

Summer Programming

Mr. Spafford said that Riverfest and the Rotary Festival have been cancelled. It is sad to see, but understandable and the right call. We are going to follow suit and cancel all of our existing summer events through July 14th, which includes our July 4th event. We have had multiple conversations to see if that event could still happen with proper social distancing, but it can't be done safely. It is unfortunate, but hopefully we can get back to it next year. July 14 was chosen because the summer movie program at the amphitheater kicks off on July 15th. Given some time, we may be able to put some of the gathering restrictions in place, but is still dependent on State of Ohio guidelines.

Regarding Fabens Park – all events are closed through May 30th, including all tournaments and events. The fields are technically open, but restricted to groups under 10 people. The OHSAA has issued guidance regarding all of the restrictions they are putting in place regarding programs, and sports camps, which are also cancelled through June 30th, including closure of school facilities, as well. We are exploring options should any restrictions be lifted regarding our sports camps. We are exploring options to see if there is any interest in a new program starting in August.

We have already cancelled Safety Town – there is a notice in the new newsletter. We will expand eligibility to all children that would have been eligible this year to next year. From a safety and educational standpoint, we are disappointed to have to cancel the program. We don't want that generation to miss out on that from a safety and educational perspective. Looking at all of the restrictions regarding public pools, it is not looking possible to offer our swim lesson program this year. HLM may not have the staffing to open the pool.

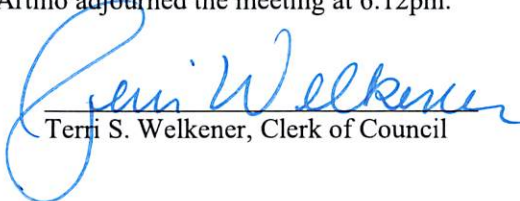
There have been no guidelines issued by the State relating to beaches. We are working logistics to open Nickel Plate Beach safely, through additional education through signage, calculation of capacity, prevention of clustering of people. There is a big concern for the safety of our staff, such as parking attendant. We are exploring additional staffing to regulate and make sure that all of the guidelines are being adhere to. We will continue to coordinate with the Health Department and Mr. Hardy with continuous updates. The State has been rolling out other facilities, but the beaches may have fallen to the bottom of the list, We are going to delay the opening to June 1, 2020 in line with expiration of the current Stay at Home order.

Mr. Claus asked about the monitoring system. Mr. Spafford said that in addition to the anemometer, we also have a camera system to monitor the conditions at the beach, and to assist with enforcement. Ms. Crawford asked about the delayed opening of the beach, and Mr. Spafford said it would go out this week.

Ms. Crawford moved to adjourn the work session. Mr. Artino asked the Clerk to call the roll on adjournment of the work session. Members of Council voted as follows:

YEAS: Crawford, Claus, Tapp, Artino, Hardy, Hagy
NO VOTE: Joe Dike (lost audio)
NAYS: None

There being a majority in favor of adjournment, Mr. Artino adjourned the meeting at 6:12pm.


Terri S. Welkener, Clerk of Council

Adopted: 09 JUN 2020

Upon approval by the City Council, the official written summary of the meeting minutes will become a permanent record, and the official minutes shall also consist of a permanent audio recording, excluding executive sessions, in accordance with Section 121.01(III) of the Administrative Code.