

The meeting of the Council of the Village of Chagrin Falls was called to order at 8:00 p.m. by Mr. Patton.

Member present: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel
Members absent: None
Officials present: Mayor Brick, Bloom, Himes, Byron, Leffler, Goldhamer,
Lannon

APPROVAL OF MINUTES

Moved by Mrs. Evans, seconded by Mr. Newell that the minutes of the meeting held April 28, 2014 be approved. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None.

REPORT OF THE MAYOR

Mayor Brick said we are hoping to have a new parking enforcement officer in the next week or two, hopefully before Blossom Time.

Mayor Brick said we should have the Solon Road reconstruction completed by Blossom Time but Mill Street will not be completed by Blossom Time.

Mayor Brick said I am looking forward to seeing all of you at Blossom Time.

REPORT OF THE FINANCE DIRECTOR

No report.

MEMBERS OF THE PUBLIC TO SPEAK TO AGENDA ITEMS (NOT TO EXCEED TWO (2) MINUTES PER PERSON)

None.

AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH DIRECT ENERGY BUSINESS

Mr. Patton introduced Ordinance No. 2014-25 entitled:

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH DIRECT ENERGY BUSINESS, LLC, AND DECLARING AN EMERGENCY.

Moved by Mr. Patton, seconded by Mrs. Evans that the requirement for reading an ordinance

three times be suspended. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Moved by Mr. Patton, seconded by Mr. Newell that the ordinance be adopted. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Mr. Patton said this is to provide power supply coordination services and electricity for the waste water treatment plant and also for the village hall, the police department, and the fire department. About 60% of the contract price is for electricity and the balance is for distribution of customer charges. This primarily addresses the cost of the electricity due to the fact that the cost of transmission has been about 3.2 cents per kilowatt hour for the last several years. The waste water treatment plant consumes about 93% of the electricity that we purchase. The present contract is with First Energy and it expires in June of this year and was for 4.7 cents per kilowatt hour. The new contract is going to vary a little bit. The present rate is 6.48 cents per kilowatt hour and that is currently the lowest bid that we have. Under the current contract we are paying approximately \$12,660 per month and under the new contract it is going to increase to about \$15,600 per month so we expect our annual cost to increase by about \$35,500 per year.

AUTHORIZATION TO CONDUCT BRIDGE INSPECTION PROGRAM SERVICES

Mrs. Evans introduced Resolution No. 2014-26 entitled:

A RESOLUTION AUTHORIZING THE OHIO DEPARTMENT OF TRANSPORTATION TO CONDUCT BRIDGE INSPECTION PROGRAM SERVICES WITHIN THE VILLAGE OF CHAGRIN FALLS, AND DECLARING AN EMERGENCY.

Moved by Mrs. Evans, seconded by Mrs. Lutz that the resolution be adopted. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Mrs. Evans said this is a resolution authorizing the Ohio Department of Transportation to inspect the Cleveland Street bridge. There is no cost to the village and we own the Cleveland Street bridge. Mr. Subel asked, is there a concern we have? Mrs. Evans said no, it is just regular maintenance.

AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE CUYAHOGA COMMUNITY COLLEGE

Mrs Lutz introduced Ordinance No. 2014-27 entitled:

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO A PURCHASE AND SALE AGREEMENT WITH THE CUYAHOGA COMMUNITY COLLEGE DISTRICT FOR SALE OF A VEHICLE THAT IS NO LONGER NEEDED FOR MUNICIPAL PURPOSES.

Moved by Mrs. Lutz, seconded by Mrs. Evans that the requirement for reading an ordinance three times be suspended. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None.

Mrs. Lutz said we had a Safety Committee meeting about our current ladder truck, its age, and the fact that it needs to be replaced. Part of the replacement of the ladder truck is to sell our existing one to Tri-C for one of their teaching departments. We are going to sell it to them for \$140,000. Mr. Himes said it is a good value for the vehicle it is about half of what the purchase price was so we are getting a pretty good deal and they are getting a useful truck for their class room.

Mr. Subel said usually when we sell something we solicit the highest bidder. Is there a reason we didn't if we didn't? Mr. Himes said we are not required to because they are a public entity. We would have to put it out to bid if we were putting it out for open sale but we can sell it to other municipalities or public entities without that process. Mr. Subel said even if we don't have to, shouldn't we be selling it for the most we can get it for and wouldn't that be soliciting competitor quote bids? I am wondering if we should not do this piece of legislation. I also have a problem with this legislation in that it gives them the right to reject the vehicle and also if we don't do it by the 15th of June of next year, and I don't know what the timing is on all of this, they walk away from it anyhow. So there are some negatives in here but more importantly I think we should offer competitive bids or have a good reason not to. We are really entering into a debt instrument here and I have never done that on Council that I can remember and we need to do something different, I don't know. Key Bank's term sheet says we are deemed to own the truck for tax purposes. So that tells me do we not own the truck, the new one? I would like a better understanding of that. I am not questioning the overall objective. If we think we got a good deal for \$140,000 the other side of that is Tri-C is overpaying. Is that happening? I think really the way to do this is to solicit bids. It is a truck that has 800 hours on it, the new one is \$600,000, and this is \$140,000. Mrs. Lutz said it is my understanding that as working machinery its reliability is questionable for a front line engine. Tri-C is purchasing it to use in their training exercises. It is not going to actually be put on the street to put out fires. I don't know how many municipalities would really want a truck that age to actually put into use.

Jim Leffler from the fire department said we always try, when we are getting ready to get a new vehicle, to talk to different manufactures to see if they are interested in trading it in. I think the highest offer we got was in the area between \$60,000 and \$80,000 from other manufactures for a trade-in. We try to promote good will because the Tri-C Training Academy is the biggest thing we have around here in fire service. We are actually doing the same thing with one of our suburban squads. We are donating that to them in exchange for training services that we are going to get for free for our firefighters. It is a combination of trying to offer them a reasonable deal. We looked up several comps to retail pricing. We get a lot of magazines that actually sell the used equipment so that price is really right in line with what those places are selling their vehicles for and that is not including any rehabing. We are not putting any more money into it to refurbish it for them; they are taking it basically as it is. Overall, I think it is a pretty fair deal for everybody, for the village and for Tri-C.

Mr. Byron said as far as Council's legal authority goes you have the authority to determine the validity of the business deal and you've heard the due diligence that has been done by the administration in checking comparables and making a determination whether or not this is a good sale price and I think it is the recommendation of the fire department that it is. As to the timing question, my understanding is that this vehicle is going to be in use by the village until a replacement is delivered. Obviously that carries with it some risk; there could be some casualty to it. Cuyahoga Community College doesn't want to pay that amount for a vehicle that could be smashed so there is an out for them for that purpose. When they take the vehicle it will be as is whereas and in the condition of acceptance when they accept it. Mr. Patton said it says "the buyer has the right to inspect the vehicle prior to accepting delivering and to refuse to accept delivery if the buyer is not satisfied with the condition of the vehicle". Can we change that language to say if the condition of the vehicle is not the same as when they enter into the agreement? Mr. Byron said we could ask them. This is the language that was agreed upon in negotiations.

Mr. Herdman asked if the finance agreement is contingent upon the down payment? Are we taking into consideration that that portion will be a down payment? Mr. Bloom said we are factoring that in. Mr. Herdman asked what happens in the event that that doesn't happen? Mr. Bloom said we are \$140,000 short which would have to come out of our cash balances.

Mr. Subel asked, is the intent to order the new truck next week if this all passes? How long will it be before we take delivery of the new truck? Terry Goldhamer from the fire department said we are trying to work the timing out so that the new vehicle is delivered next year sometime in April or May after the bad weather has passed. Mr. Subel said then by June this thing is canceled. Mr. Goldhamer said the invoice from Pierce says 270 to 300 calendar days depending on when they get the receipt. Mr. Leffler said they would actually be in default of the contract if they don't produce it by then and they could technically be charged for not honoring the contract on time. Mr. Subel said, in terms of selling it to Tri-C, if we haven't delivered them the vehicle by June 30th next year then the buyer has the option to terminate this agreement immediately upon giving written notice to seller and should have no further obligations. So, that timing is pretty close. There is the other option of just auctioning it off when we get the new one.

Mr. Himes said we have to prepay the vehicle to get the \$30,000 deduction in the sales price. Mr. Newell asked, what is the date for the prepay? Mr. Himes said upon order. Mr. Newell asked, is that \$140,000 factored in the purchase price lease payments? Mr. Himes said we just assumed that we wanted to take the sales price into the existing equipment and use that as a down payment so we would front the money for the down payment. We can finance however much we want. Mr. Bloom said we are trying to keep it to a minimum. Mr. Patton said it is the purchase price less the \$140,000 and the balance is what we finance. Mr. Newell said that \$140,000 will come out of our reserve fund and then we would replenish it once we do the

transfer of the vehicle.

Mrs. Lutz said I think in some ways Rick we have to depend on the expertise of our career firemen and their understanding of the market place and their advice. If they see those trucks of that age always going for \$120,000, \$130,000, \$140,000, \$120,000 I think their understanding is nobody is going to pay \$200,000 for it. I think they know the fair market value of that truck and I think they believe that we are getting at least that for this truck by selling it to Tri-C. I do understand your concerns about the agreement with Tri-C.

Mr. Herdman said the agreement itself in paragraph four discusses the condition of the vehicle. It actually specifies an area of rust so I think there has clearly been some deliberation as to the present condition of the vehicle. I assume this was based on an inspection either in person by Tri-C or it was sent out to some sort of certified inspector. Mr. Goldhamer said when Tri-C came and looked at the truck they were absolutely thrilled of the condition of the truck. Mr. Subel asked, did they look under the hood and kick the tires? Are these people who knew what they were looking at. Mr. Goldhamer said from a fire apparatus standpoint, yes. They have been around fire trucks for their whole careers. The companies that we had come out to give us trade-in values they crawled all over those trucks, top and bottom. They went underneath and took 200 to 300 pictures. Mr. Subel asked, did the guys from Tri-C do the same? Mr. Goldhamer said they looked underneath but they were not as thorough as the fire apparatus brokers. Mr. Leffler said I know the reason why they are being a little more conservative in their thinking now. The personal issue was with me. I used to be a captain in University Heights and we had an engine that we were going to give to them in exchange for some services and unfortunately my city dropped the ball and we put the engine out of service and we let it sit for almost six months to a year before Tri-C came and took it. At the time they wanted to take the engine we went to drive it down there and the motor blew up. Under the way it was written they were bound to take the vehicle and they had to put a lot of money into it to get it back in service after they accepted it. I think that is why, in this case and from now on, that they are being a little more diligent looking over vehicles and making sure they are getting something that is a good value. Mr. Subel said I don't know if they are being diligent but they are just saying if we don't like it at the time we don't have to take it, which is weak on our standpoint. It sounds like these guys, our men, know that \$140,000 is probably a good price and we'll get it if this is a strong agreement.

Mrs. Lutz said I think that they have a relationship with Tri-C that is symbiotic. They work together and the same people are training at Tri-C as they are working here. Mr. Leffler said a lot of our guys actually teach at the academy or have taught at the academy. There is a pretty strong relationship between us and them and I think they know us and I think they trust our word and we are not going to give them something that hasn't been maintained or taken care of. Mrs. Lutz said we are going to be using it until the time that we turn it over so I would think it would be in excellent working condition and just as good as they looked at it when they

were here. Part of me thinks we could go nuts trying to nail down this agreement to say well it has to be exactly x, y, z or you are going to have to take it or we're not going to take it. I don't know how far we can go with naming exactly what has to happen except to work in mutual trust with the Tri-C training department.

Mr. Leffler said as far as the money goes, nobody can guarantee that because we don't know where Tri-C stands. Mr. Subel asked if their financial officer signed something that says they have the funds? Mr. Byron said if this agreement is signed by them they have to certify that the funds are available.

Mr. Herdman said I think there is a simple fix to this, which is just something along the lines of what Steve proposed which is in that one paragraph say if the buyer is not satisfied that the condition of the vehicle is the same or substantially the same as the condition of the date of this agreement. They have inspected the vehicle and it seems like a simple fix that they wouldn't object to necessarily. Mr. Byron said we can certainly ask. The legislation is not dependent on specific language.

Mr. Newell said I feel that from what I've heard tonight that \$140,000 is a fair price for both parties and we should take advantage of it while we have the documents.

Mrs. Evans said I am comfortable with the language that is in the present presentation to the ordinance.

Mr. Herdman said I am confident that this would be followed through on but if this language doesn't get tightened up in that paragraph there is a chance that it wouldn't be and I think that is a risk that is not insured and it is a risk that we would bear all the costs. It is a small change in the agreement and I can't imagine that Tri-C would really have a problem with that change.

Mrs. Lutz said I think we are going to order the truck anyway and we are going to use our own \$140,000 now. If we pass this legislation about the sale to Tri-C two weeks from now does that affect our position on purchasing the truck? Mr. Himes said no, it wouldn't change our position on the purchase. Mrs. Lutz said I am comfortable with the language. She said if they come back and say we don't want to change our language, I am still going to vote in favor of the legislation. Mrs. Evans said I am as well.

Mr. Newell asked if there is any concern that Tri-C might find a ladder truck for less that would suit their needs? Mr. Goldhamer said they looked at two other ladder trucks and one was priced less than ours and one was priced more than ours but ours was in the best condition.

Mr. Patton said the consensus is that we leave this on readings until the next Council meeting.

AUTHORIZATION TO ENTER INTO A LEASE AGREEMENT WITH KEY GOVERNMENT FINANCE

Mrs. Lutz introduced Ordinance No. 2014-28 entitled:

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO A LEASE AGREEMENT WITH KEY GOVERNMENT FINANCE, INC. FOR THE ACQUISITION OF A NEW FIRE TRUCK, AND DECLARING AN EMERGENCY.

Moved by Mrs. Lutz, seconded by Mr. Newell that the requirement for reading an ordinance three times be suspended. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Moved by Mrs. Lutz, seconded by Mrs. Evans that the ordinance be adopted. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Mrs. Lutz said the new truck is around \$695,000 and we don't have the cash to purchase it so we are going to lease to buy through Key Bank. Mr. Bloom said we took three quotes for the lease terms. We were hoping to extend it as far out as we could and ten years seems to be the consensus among the financing companies. Key offered a 2.69% rate over ten years. The effective payments were down even further because we can pay them four times a year, which reduces our financing a little bit over the ten year period. Huntington proposed 3.08% over ten years with annual payments and American Financial Network proposed 2.97% over a ten year period with annual payments. If you annualize those, Key's annual payment would be \$64,330, Huntington would be \$68,150, and American Financial Network would be \$65,783. Based on those numbers we decided to go with Key government Finance.

Mr. Newell asked, at the end of the ten year lease the vehicle belongs to the village? Mr. Bloom said correct. Mr. Newell said the difference between the purchase price, which is \$692,401, and the financing amount of \$562,401 is \$130,000. Mr. Bloom said when I originally went out for the quotes that was the working number, not \$140,000. Mr. Patton said on the second page of the agreement we are talking about 2.69% or 2.72%, were those the numbers that you mentioned? Mr. Bloom said right, the only difference is the number of payments per year. Quarterly payments reduce the rate. In Key's situation that amounts to \$3,000 over a ten year period.

Mr. Subel asked, this truck will be titled in their name, not ours? Mr. Bloom asked in Key's name? Mr. Subel said yes. Mr. Byron said I asked for a copy of the lease agreement and I have not yet gotten it. Municipalities have to comply with the State of Ohio debt issuance laws so there is a certain way these things are set up to comply with those. Theoretically if you ever didn't appropriate for a year they would take the vehicle back and that is the distinction between debt, which is an unconditional obligation to pay and a lease, which is conditioned on an annual appropriation. Each year is a current payment for possession of the vehicle.

There was further discussion regarding the lease, the interest rate, and the performance bond.

AUTHORIZATION TO ENTER INTO A PURCHASE AGREEMENT WITH PIERCE MANUFACTURING

Mrs. Lutz introduced Ordinance No. 2014-29 entitled:

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO A PURCHASE AGREEMENT FOR A NEW FIRE TRUCK WITH LADDER WITH THE PIERCE MANUFACTURING, INC., AND DECLARING AN EMERGENCY.

Moved by Mrs. Lutz, seconded by Mrs. Evans that the requirement for reading an ordinance three times be suspended. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Moved by Mrs. Lutz, seconded by Mr. Newell that the ordinance be adopted. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Mrs. Lutz said we wish to purchase a new ladder truck to replace the one that is on its last legs and we definitely need it to properly protect the buildings, particularly the commercial buildings, here in the village.

AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH DAVID HOCEVAR

Mr. Patton introduced Ordinance No. 2014-30 entitled:

AN ORDINANCE AUTHORIZING THE MAYOR AND DIRECTOR OF FINANCE TO ENTER INTO AN AGREEMENT WITH DAVID HOCEVAR TO OBTAIN CERTIFIED ELECTRICAL INSPECTION SERVICES, AND DECLARING AN EMERGENCY.

Moved by Mr. Patton, seconded by Mrs. Evans that the requirement for reading an ordinance three times be suspended. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Moved by Mr. Patton, seconded by Mr. Newell that the ordinance be adopted. Carried. Ayes: Evans, Herdman, Lutz, Muscenti, Newell, Patton, Subel. Nays: None. Mr. Patton said since 2006 we've had a contract with South Russell to provide our residential electrical inspection services. Since that point in time David Hocevar has been employed by South Russell and he has now retired. This permits us to enter into an independent agreement with David as an independent contractor to continue with the residential electrical inspection services. The cost is \$75.00 per inspection and that is passed on to the homeowner. This contract will renew on a yearly basis but can be terminated with 30 days notice to either party. In 2013 we had over \$7,000 in inspection fees for residential electrical inspections.

Mr. Subel asked, should we be trying to maintain a relationship with South Russell and do they care if we go to this guy versus using them? Mr. Patton said I doubt it.

STREETS AND SIDEWALKS COMMITTEE

No report.

FACILITIES AND SERVICES COMMITTEE

No report.

PLANNING AND ZONING COMMISSION

No report.

SAFETY COMMITTEE

No report.

UTILITIES COMMITTEE

No report.

BOARD OF ZONING APPEALS

Mr. Herdman announced a meeting for Tuesday, May 27, 2014 at 8:00 p.m.

ADMINISTRATION AND COMPENSATION COMMITTEE

No report.

FINANCE COMMITTEE

Mr. Patton acknowledged that Council did receive the monthly expenditure report as well as the monthly statement of cash receipts and disbursements for April.

Mr. Patton announced a Committee of the Whole Council meeting for Tuesday, May 13, 2014 at 7:00 p.m.

PARKS COMMISSION

Mrs. Lutz reported that they will have their regularly scheduled meeting this month. She said I hope that if you see the volunteers working around town you will make sure that you thank them and make them feel appreciated because they have a lot of work coming up and we really

depend on them to plant and maintain all of our gardens throughout the season.

SHADE TREE COMMISSION

Mrs. Lutz reported that they had a wonderful Arbor Day celebration and they recognized Ben King for all of his services to the village and the Shade Tree Commission. The service department had help from a special group and they planted sixteen trees on Vincent Street on that scruffy field there. It is really going to be terrific and it is going to be beautiful when they mature.

ARTS COMMISSION

No report.

PARKING COMMISSION

No report.

REPORT OF THE CHIEF ADMINISTRATIVE OFFICER

Mr. Himes reported that the severe winter was pretty rough on our buildings. We have had some roof and gutter damage, which we are getting a price for. It appears that we are going to have to re-roof the Shute Building and then put gutters on the armory and village hall.

REPORT OF THE ENGINEER

No report.

REPORT OF THE POLICE CHIEF

No report.

REPORT OF THE FIRE CHIEF

No report.

MEMBERS OF THE PUBLIC TO SPEAK TO ANY MATTER (NOT TO EXCEED FIVE (5) MINUTES)

None.

MISCELLANEOUS

None.

ADJOURNMENT

Mr. Patton adjourned the meeting at 9:03 p.m.

President of Council

Clerk of Council