



State of the Village - 2015
Orwell: Gateway to Southwest Ashtabula County
Economic Hub of the Region

By: Jack J. Nettis, Jr., Village Manager

General Situation:

Financially, the Village is in very good condition with slight improvement in our revenue noted by year's end, but our income taxes were even with 2013 collections. We have sufficient funds to conduct our necessary business and an amount in excess, which I will refer to as "reserves" or "carry-over," from which we will be able to work on some very necessary projects.

Ella Stanton, the Village Clerk of Council/Finance Director/Tax Administrator, has now been with us nearly a year and a half and over the past 6 months she really has gotten into the details of her position. She identified some significant irregularities and means of improving the financial accountability. Thank you, Ella. We have reassigned Linda Wyatt who reported directly to me to the Tax Administrator as the Tax Clerk. This helps with the accounting and inputting of tax data. It is an extremely necessary position and Linda has done a superb job.

A special thanks also to our consultant and Orwell resident, Fran Moyer, who brought 30 years of experience to our aid.

Regarding the general economic conditions, most analysts have expressed opinions of strengthening economic news this coming year for the nation. Reports from our major manufacturers have been that they were hiring over the past year and continue to do so – which is always great news. This said, from a municipal standpoint, other analysts say that we should expect relatively flat

revenues for our communities. One of those reasons being the taxation and distribution of revenues from the State of Ohio.

This past year I was asked to be the president of the Ashtabula Growth Partnership, the focal point for economic development in the County. The greatest challenge facing business today in our area, the state and our country is in workforce development. It is my contention that we are no longer facing an “unemployment” problem but an “employment” problem. Businesses are willing to hire but are youth need to be prepared and willing. Along with the Grand Valley School Superintendent, I arranged for a meeting with the Grand Valley High School Administration last year and the manufacturers and University Hospitals to look at ways to better encourage our local students to consider careers in manufacturing and healthcare and to prepare them for those careers right here in the Grand Valley area. Our community’s future is tied to these businesses and in order for them to stay here they need a well-prepared workforce. There will be increasing jobs, and if we want to reverse the national trend of off-shoring our jobs, we need to encourage young people to go into these careers.

While Village revenue has been increasing, it is still well below our 2007 revenue. Our revenue remains at approximately 35% below the pre-recession revenue of 2007. This gives you an idea of the great impact of the recession that still lingers.

There are a number of causes of this decreased revenue. Some of this is still due to a major loss of factory jobs eight years ago, and although I said there has been hiring, the overall level of employment still remains below 2007. I know this sounds conflicting and confused but it means we are not as strong as we once were but we are in a better position than we have been in the last couple of years.

We have seen some new retail businesses open, and this is important to our downtown sector. East Orwell is once again alive and may deserve renewed recognition. We are the hub for commercial economic activity in this region. In all sectors: doctors, veterinarians, food store, convenient/dollar stores, banks, barber shop, utilities – we are the center and people come to our community for these services. In most cases, people would have to travel 15 miles to obtain

similar services. We should continue to build upon this. We are the Gateway to Southwest Ashtabula County.

A key element in economic development is improving the infrastructure. This takes many forms: roads, water, sewer systems, electric, natural gas, and communications (telephone and internet access). Some of these areas the Village has direct control, such as local streets and our water and sewer system. Others, such as the electrical, natural gas, communications and even the State highways, we have to work in partnership or at least advocate for our community's residents and businesses with the owners of those utilities. First Energy made a major improvement to its electrical grid which benefits the manufacturers in Orwell. This past year we improved our water system with the renovation of the Oak St. water tower near Kennametal. Due to a number of grants and a no interest loan we greatly reduced the direct cost to the Village. A key function of government is to provide for the infrastructure for a community. It is critical that we provide the necessary infrastructure to keep our economy strong. Some infrastructure we have direct control over, other areas we don't. Even in those areas we don't own, we should at least continually assess the state of the infrastructure and advocate for our community.

In this regard, last year we initiated an engineering study of our water system to be sure that as our community has opportunities for growth, we are able to accommodate these opportunities. This survey will also help us evaluate whether we should be creating redundancy to our water system sources and what investments should be made to the system. We just finished the water tower on Oak St., the next one will be the downtown tower – since that tower is over 70 years old, should we refurbish, relocate, or eliminate it? These are all questions such a study can help with. We have the ability for any immediate expansion, but we need to plan for the future. I will cover other infrastructure improvements later.

To return to the subject of revenue, our income tax revenue was flat between 2013 and 2014; however, we continue to see threats to the funds distributed by the State of Ohio. There is a current philosophy from Columbus that it is better to lower the burden of state generated taxes to attract businesses and Columbus

has done so. I am not making a political statement or taking political sides, it is just the reality of what we have to operate with. We have seen a decrease in the Local Government Funds and elimination of the inheritance taxes which come through the state or are impacted by state legislation. There is a new tax bill that will take effect in 2016 which will simplify filings for businesses but which also has the impact of reducing our revenue further. We'll have to watch this and determine its true impact. The result is these reductions is that local governments are then faced with the prospect of how to replace that revenue stream. The obvious means of doing so is by passing levies, raising fees or increasing income taxes. None of these are usually palatable to a community. There are some other new tax bills in Columbus which may have a much greater impact upon our community – we'll have to watch and hope that we will have the ability to plan for their effect should they be implemented.

This year Council will need to consider the existing levies for Fire and the General Fund Levy. They must be voted upon in November.

I am recommending at this time that Council study a consideration of eliminating the current fire department tax levy and replace it with a Safety Forces levy. By doing this we can have committed funds for our Police and Fire Departments. Both of these departments are meeting increased needs of protecting our residents and businesses. I very sincerely hope you will study this matter. There is not a lot of time as we must prepare this current levy request.

We will see continued austerity to keep our budget balanced, while trying to minimize the amount we must utilize from reserves to do so. We have worked on our that list of projects over the last couple of years and we have only a couple of items left – of course, new items always pop up. As we prioritize these projects we look first at the impact of minimizing risks and safety, protecting our residents, businesses and our Village assets and reducing wear and tear to the Village assets. One of our greatest assets is our personnel. This year I instructed the department superintendents to consider a flat budget for the next three years and then give

me their estimates for pay raises. This year's raises are above average and reflect years of economizing by the staff. We are now at a stage of losing personnel or not being able to recruit personnel because of the low wages.

As I build a budget each year I develop the operating budget from projected revenues and Council controls the carry-over/reserve funds within the General Fund. This way Council can set the priorities for these reserve funds.

Here is a look at each Department.

Let's begin with a general statement on pay increases. As I mentioned, I have allowed the Department Superintendents to provide to me their recommendations for raises to their staffs. The guidelines to the Superintendents was that they could recommend the raises but they could not increase their 2014 budgets to do so. In fact, they needed to expect that the 2014 budgets would be the anticipated budget amounts for the next three years. Most analysts agree that for governments we cannot expect to see much of a change in Ohio for our revenues, especially for the reasons I mentioned earlier.

The Department Superintendents submitted pay increase recommendations that takes the above into consideration but they also weighed their staffs' hard work, minimal past pay increases, and the competitive environment we are in. We have a good team, who want to be here, but need to make a fair wage. All wages remained within the guidelines above and within the Wage Ordinance passed in 2014.

Public Safety Forces

Police Dept.

Budget: \$434,683.05 .

The Police Chief budgets high for the year to be sure he is covered for unexpected staffing increases and equipment costs. It's very difficult to anticipate crime levels and then the necessary investigations and court appearances. I believe the Chief is doing his very best to

manage a professional department with minimal resources. I hope we all recognize the danger faced by these men and women every time they stop someone – it literally can be a life and death situation. This past year they made an arrest in an armed robbery, had an arrest from a major multi-state felony theft from one of our factories and stopped a theft at another factory. We have a professional force. We still face wage competition for our lowest ranking officers as they are recruited away by higher wages, as much as \$5-\$6 more per hour than we can offer. And, this is not by larger police departments this is by departments of our own size. We addressed this somewhat last year. I don't see us being able to truly close the gap. The wage increases this year are still within the budget, and are at least showing the staff we are trying. A dedicated funding source from a levy will help remedy this situation and improve our competitiveness which means getting and keeping police officers, rather than losing them to other departments.

The Police Department received a new car in 2014. The next purchases of vehicles should be in 2016 and 2017. We have set up a rotation system that allows for trading in vehicles every 6-7 years. This will give them a more reliable fleet and better return on their trade-ins.

We continue to contract with Ashtabula City to provide our Police Department 911 Dispatch services. Overall, this arrangement has been going well. This said, Council and I agree that this "split" in dispatch services where our police and fire are using different dispatch centers for this Village is not an efficient or logical means of approaching dispatching. The County Commissioners are actively looking at this situation and I'm hopeful that they will bring forth a solution.

Fire Dept.

Budget: \$126,577. This is larger than last year's initial budget, but it reflects the amounts of funds collected through the levies combined with funds not used in 2014.

No major equipment/vehicle purchases are expected this next year. We do need to refurbish some trucks and make upgrades to the station. A major safety improvement will be the installation of an exhaust system to get the diesel smoke out of the station as soon as possible. Many studies have shown this contributes to the toxic environment that our firefighters have to operate in. I will be pursuing a grant to assist in financing this purchase.

Two other purchases include an Opticom traffic signal preemptor system for our signal in town. As small as we are, this is necessary to improve the safety of that intersection as fire, police and ambulances are transiting through it.

Also, as we hope to replace and add to our emergency sirens in the Village. Again, we are looking for some grants or donations to assist us with this. Short of being able to do this soon, I hope everyone has signed up for the CODERed alerts on your cell or home phones. These can let you know when severe weather is on its way.

Last year the Fire Dept. received a private donation of \$10,000 which went to the First Responders Fund. I have to give credit to Councilwoman Julie Mordosevich and the men and women and other Village and Township volunteers who have created the First-Responders Auxiliary. As with any Volunteer Fire Department funds are needed above what we have committed through the levy or general fund. When I first arrived, there were many who approached me and Mrs. Mordosevich on the lack of any fundraising by the VFD. Well, I'm very satisfied to say that everyone has pitched in and they

are now having nearly a half dozen events a year. Many in our Community participated in the Polka Dinner & Dance. This is just one such event. We are also testing out renting the Fire Hall for events. Those who said that there are no events, should be attending the events that are planned. The Chief, Captain, Lieutenants and Firefighters are not only giving their personal time to protect us, but are also sharing in these events. They give much more of their time than many of us would be willing to give.

This past year the VFD took a historic step in protecting our Village and the surrounding Townships who we partner with as well as the others that we respond to for mutual aid. We realized that we could not assure our residents, businesses and School that our VFD could be there on the first call. Being a VFD, all the FF have jobs, and today most of them have jobs out of town. To rectify this I recommended to Council that we bring on two FF to work in the Street Dept., to be on-scene to respond to a call. Council has agreed and for the past six months we have had the Chief and Captain of the VFD working with our Street Dept. This has impacted our budget but it is remedied and has shown its benefit. This said, this is one of the major reasons that I have recommended a Safety Forces levy. With our critical assets in our Village we cannot do business as we once did.

Last year I mentioned that our first-responders, fire, police and ambulance (SCAD), had met with the Grand Valley School District to plan how to handle emergency situations and how to improve general security for the School. The School is taking this serious and so are our safety forces. Our Police Chief has developed a plan for increased security attention. I won't go over what has been covered because of security considerations; however, it is important for all of the public to know that planning and actions have been occurring.

The Fire Dept. will see a 2% COLA bonus for its Volunteers and officers based upon last year's wages and their call-outs will guarantee them a minimum of two hours. That is the least that we can do for the men and women who give up so much of their time.

Street Dept.

Budget: The Street Dept. receives funds from operations from several different sources to include various State taxes. The main budget lines fund this Department for about \$245,849; this includes increasing the staff by the two FF/Laborers.

We are already seeing some benefits from having three people on the Street Dept. and this season they have several new projects planned that could not be done when there was a single person in the Department.

Last year we paved the Police Dept. and behind the Fire Dept. We received a grant that covered almost half of the cost of the parking lot paving. You should have noticed it when you went to vote. This grant was through the County and includes paving also for the Grand Valley Library and Country Neighbor. We paved \$50,000 of replacement of sidewalks through this grant and this Spring the Village will pay, as part of the grant agreement, \$19,000 of Village funds for a total of \$69,000 in new sidewalks. While the repair and maintenance of sidewalks is the responsibility of the residents/business, for such a large undertaking the Village assisted. If you see one of the Commissioners or Janice Switzer from the County, thank them for thinking of the Village.

In 2014 I asked Council to consider paving of Park & Central. We did not get to it last year because I was cautious about the budget. This year we have already gone out for bid. We have also received a partial grant and a no-interest loan for paving a portion of Penniman. This will be done this year as well.

Water & Sewer

Water Budget: In general, each year the Water budget is approx. \$350,000, excluding carry-over.

Sewer Budget: Likewise, the Sewer budget is generally \$350,000 excluding carry-over.

In 2014 we undertook the refurbishment of the large water tower on Penniman/Oak St. This project will cost over \$580,000. Much of the past two years was spent on arranging financing. With the cooperation and full support of the County, through federal and state grants, we received approximately \$300,000 funds. This is an example of seeking **alternative funds**.

I want to congratulate Greg Hogue and Wayne White for their management of this project. It was extremely complex in managing the timing and necessary support to Kennametal. To our knowledge Kennametal did not suffer a single minute of interruption in their manufacturing.

Mr. Hogue feels we need to pursue a new headworks program to better physically screen material entering our pumps. A very preliminary analysis of this cost is \$250,000. Before pursuing this we will try to obtain grants or loans.

As I mentioned earlier, as we look at having a competitive infrastructure for our residents and businesses, we are pursuing a study which will look at our water system. This is critical for our future.

I am not recommending a utility fee increase at this moment, although there hasn't been one in several years. Please keep this in mind when there does come a time to raise rates.

A major strategic direction that I believe we need to pursue is to bring redundancy to the source of our water supplies. We are in talks with the County on this matter and we'll be reporting to Council once we have some more information and a plan for moving this forward. We expect this to be a

costly venture. This will not be completed for a while, probably as part of a 5-year plan.

Parks & Recreation

Budget: \$4,000. We thank the members of this Board for their beautifying of the Village. We received many comments this past summer for the flowers. The lighting at Christmas was very nice. The Board also helped with the weekly concerts.

In the late Spring through early Fall the placing of flowers and flags creates a wonderful welcome to the County's Southwest Gateway – The Village of Orwell. This year they are planning some major improvements with the flowers. I know they would like to have businesses or individuals help them supplement their budget with donations. These donations could be for flowers or for Christmas decorations for next year. This five-member committee really consists of only 4 members: Darlene Hartz, Debby Meyer, Melissa Cole, and Katie Schamberg.

We are starting our fourth year of The Summer Concert Series, made possible by numerous donations from the public. The Township lent Chaffee Park as the venue and the Wednesday night concerts remain welcomed by all. We also made this an opportunity for various non-profits to raise funds. The concerts will return this summer. Please join us and your neighbors and bring some friends and family. The first concert is June 17th.

Through the same grant that brought us the new sidewalks and parking lots throughout the Village we had bocce courts constructed. We did not have to pay for these courts. Hopefully some of our Village residents will be able to have a nice opportunity to socialize within walking distance of their homes. These courts will be the site of a fundraising tournament this summer during Orwell Community Days on July 25 and 26th. We also hope a Bocce League will be formed in the community.

Village Administration

Budget: \$224,426.63

We upgraded our lighting in and around Village Hall and the Police Dept. We also replaced computers throughout the Village due to a Microsoft requirement.

To improve communications to our residents we have been more actively using Channel 40, our website and we established a Facebook page. Also, the Village has the quarterly newsletter. This is published at the same time as the utility billing so that individuals paying their bills will be able to pick-up the newsletter. It is also found on the website, Facebook and at the Library and Country Neighbor.

For very critical communications we are utilizing the county-wide system known as CODERed. This is a robo-dial system by which we can call individuals on their home phones or cell phones. This can be very effective; however, to have greater success than we have had so far, individuals need to list their cell phone numbers with the county. Check the county website, it only takes a minute to do so.

Economic Development

The Village is seeing a fair renaissance in our business sector. We have new businesses opening along E. Main St. and upgrades projected at other businesses.

For 25 years this Village has been a strong proponent of the Growth Association of Ashtabula County. This past year at the Best of the County they recognized Jim Jones for all of his efforts in economic development for our community. At the same Best of the County banquet Reel's Auto was recognized as a finalist for their entrepreneurship award. I can tell you for certain that the County does know that this is an economic hub.

I have become more involved in economic development in the County by being asked to serve on a Steering Committee set up by Commissioner Claypool and most recently by being asked to be the President of the Growth Partnership. I work very closely with the Executive Director of the organization.

Finally, I would be remiss if I did not mention the importance of our many manufacturers: Kennametal, Kraftmaid, Welded Tubes, Woodcraft Industries, Cooper & Turner, Dutch Craft Mattress and Wecall; also, those retailers such as Save-a-lot, Midway Chevrolet, Reel's as well as the banks and several restaurants and gas stations. These are absolutely critical to our enjoying the everyday life in the Grand Valley and making the Village of Orwell the Gateway and hub for this area of the South County.

Summary:

We are seeing an improving economic picture. We are able to complete projects that have been on hold for years and in some cases decades. However, the budget continues to reflect a very conservative approach. Our first priorities are to minimize risk and protect assets. All attempts to continue to save and reduce and seek alternative revenue will be done before pursuing revenue increases from taxes, levies, or fees. This said, as I mentioned earlier, I am asking Council to consider a Safety Forces levy that would be strictly to help pay for our police and fire departments.

I remain very pleased to be able to serve the Village of Orwell and I thank Council for the extension of my present contract.

Yours In Public Service,

Jack J. Nettis, Jr.
Village Manager