200 South Hamilton Road
Gahanna, Ohio 43230

City of Gahanna

Meeting Minutes

Committee of the Whole

Trenton I. Weaver, Chair
Merisa K. Bowers
Jamille Jones
Nancy R. McGregor
Kaylee Padova
Stephen A. Renner
Michael Schnetzer

Jeremy A. VanMeter, Clerk of Council

Monday, June 24, 2024 | **7:00 PM** | **City Hall, Council Chambers**

A. CALL TO ORDER:

President of Council Merisa K. Bowers, Chair, called the meeting to order at 7:01 p.m. The agenda was published on June 21, 2024. Vice President Weaver was absent from the meeting. All other members were present. There were no additions or corrections to the agenda.

B. DISCUSSIONS:

1. Franklin County Auditor's Office - Local Tax Policy Presentation

[2024-0120] Residential Tax Relief Options - Franklin County Auditor's Office Presentation

Introduction

President Bowers introduced Bethany Sanders, Director of Policy and Strategic Initiatives, with the Franklin County Auditor’s Office, who was invited to present on residential property tax relief options. Ms. Sanders acknowledged the widespread impact of property taxes across the county, state, and local governments. She noted that her presentation contained detailed policy information, which she planned to summarize at a high level rather than reading verbatim. She offered to answer questions during the meeting and was open to further one-on-one discussions or committee meetings as needed.

Ms. Sanders outlined the agenda for her presentation, which included four main topics: the essential role of property taxes, their potential flaws and burdens, existing programs in Ohio to alleviate property tax burdens, and best practices for equitable residential property taxation. She referenced significant academic research, particularly a report from the Lincoln Institute of Land Policy, from a few years prior and discussed current proposals in the Ohio legislature related to property tax reforms. She highlighted the recent spikes in property tax values in Franklin County and statewide, stressing the burden these increases place on residents. Ms. Sanders pointed out the critical nature of property taxes as a revenue source for local governments, especially as state funding has declined over the past decade. She mentioned that in 2019, property taxes comprised 46% of local government revenue nationwide and 34.1% in Franklin County in 2022. Ms. Sanders emphasized that while property taxes are fundamentally equitable, they can become problematic without proper safeguards to prevent them from becoming excessively burdensome.

Ohio Homeowner Tax Relief

Ms. Sanders detailed three primary state-level programs in Ohio designed to mitigate property tax burdens. She began by explaining the owner-occupied and non-business credits. These credits reduce the qualifying levies' cost, with the state compensating for the reduced local revenue. She noted that owner-occupied properties receive a 2.5% credit and non-business properties receive a 10% credit. However, due to legislative changes in 2013, these reductions now only apply to levies enacted by that year, meaning newer levies do not benefit from these rollbacks. Next, Ms. Sanders described the homestead exemption, which benefits older adults, individuals with disabilities, surviving spouses of first responders, and disabled veterans. This exemption removes $26,200 from the property value assessments eligible for the exemption. She indicated that further discussion on the homestead exemption would follow. Lastly, she addressed the equalization of tax rates, a principle that ensures as property values increase, tax rates decrease to maintain consistent levy collections as approved by voters. This policy is designed to protect property owners and maintain fairness in tax collections.

Homestead Exemption

Ms. Sanders discussed the homestead exemption, noting that it had been a decade since the income eligibility requirement was reinstated. She mentioned that the exemption amount adjusts annually for inflation but remains relatively low, at approximately $38,600 for the current year. This low threshold poses a challenge for older adults on Social Security, whose income often exceeds the exemption limit. Ms. Sanders highlighted that due to this static value and increasing property values, the actual monetary benefit of the exemption decreases as tax rates fall. She provided an example from Gahanna’s largest taxing district, where the exemption value decreased from $653 in tax year 2022 to $533 in tax year 2023, resulting in a noticeable increase in residents' tax bills. The exemption value varies by taxing district, ranging from $328 to $678, depending on the specific levies applicable to each property.

President Bowers asked Ms. Sanders to clarify whether the figures represented the annual reduction in property taxes due to the homestead exemption. Ms. Sanders confirmed that the amounts were indeed annual reductions. She explained that a resident qualifying for the homestead exemption would see a $533 reduction on their total tax bill for the year. This reduction translates to approximately $267 off each installment of their biannual tax payments, compared to $325 the previous year.

Homeowner Relief Best Practices

Ms. Sanders transitioned to discussing best practices for property tax systems, drawing from the Lincoln Land Institute's approach, which aims to preserve the essential function of property taxes while minimizing their impact on housing stability and financial well-being. She explained that the Auditor's Office supports these practices, which include "circuit breakers" and deferrals. Circuit breakers provide tax relief when property taxes exceed a certain percentage of a homeowner's income, returning some of that money to the homeowner. Deferrals allow for the postponement of tax payments, typically until significant changes in the homeowner's financial situation or the sale of the property.

She noted that Ohio's current laws lack such measures, emphasizing the need for either local or statewide legislative actions to implement them. Ms. Sanders outlined that Ohio already has homestead exemptions and credits, which are income-based for seniors, but lacks deferrals or circuit breakers. She criticized the effectiveness of current homestead exemptions and credits, pointing out that they are percentage-based and diminish in value as new levies are passed.

Additionally, Ms. Sanders highlighted that although the existing thresholds for homestead exemptions do not adequately meet needs, Ohio does practice one recommended approach: allowing homeowners to pay property taxes monthly. This option is facilitated by the Franklin County Treasurer and is also commonly managed through mortgage escrow accounts, which helps ensure homeowners have the necessary funds when taxes are due.

Ms. Sanders emphasized the importance of careful considerations in property tax reform to avoid implementing broad, indiscriminate measures such as hard assessment limits. She cautioned against setting restrictions where the taxable value of a property does not adjust with market changes or undergo regular assessments. Ms. Sanders explained that such limitations lead to significant inequities; properties that increase in value significantly would end up paying the same taxes as those with less equity growth, failing to reflect true market values. She was pleased to report that Ohio does not currently have such assessment limits, which she viewed as a positive aspect of the state's tax system. However, she noted that while Ohio's taxation limits only affect the calculation of tax rates and the imposition of new levies, and do not restrict annual tax increases by a fixed percentage, there are still proposals that might undermine this balance. Ms. Sanders stressed the importance of maintaining current systems that avoid these broad limitations to prevent potential breakdowns in equity and efficiency within the property tax framework.

Ms. Sanders noted that while Franklin County offers the option for property owners to pay taxes monthly, not all treasurers across the state provide this flexibility. She pointed out that Ohio lacks targeted property tax relief and effective state aid, which would help reduce the heavy reliance on property taxes by local governments. Ms. Sanders affirmed that the state possesses many quality assessment practices for setting property values, a process continuously being improved by the Auditor's Office. She emphasized that the existing laws adequately support these assessment practices, allowing for accurate and fair valuation of properties.

Legislative Activity

Ms. Sanders reported that over the past year and a half, significant efforts were made to engage with legislators and leaders within the Franklin County delegation, focusing on property tax reforms. She highlighted House Bill 1, which addressed major property tax reform, and the creation of the Joint Property Tax Review and Reform Committee as part of the operating budget. Ms. Sanders recommended watching the archived hearings on the Ohio Channel for those interested in a deeper understanding of property tax mechanics. She also brought up a significant statewide issue, the 20-mill floor related to school funding, which directly impacts property taxes. This legislative mechanism freezes the school tax rate once it reaches 20 mills, leading to substantial tax increases in jurisdictions affected by this cap. Ms. Sanders noted that about two-thirds of school districts are now subjected to this floor, up from one half seven years ago, indicating a growing problem, which the legislature is expected to address. Furthermore, Ms. Sanders outlined four legislative priorities advocated by Franklin County: need-based value exemptions, circuit breakers, homestead modernization, and deferrals. She expressed a desire to see small measures of each implemented to address the varied circumstances of homeowners throughout the state. Ms Sanders stated that any one of these proposals could significantly lessen the burden on homeowners across Ohio.

Residential Stability Zones (Senate Bill 244)

Ms. Sanders introduced the concept of "residential stability zones," the first of several proposals to amend property tax regulations. These zones would operate similarly to Community Reinvestment Area abatements but would focus on need rather than development. She explained that local governments could designate areas where property values are rapidly increasing and impose significant financial burdens on long-term residents. Under this proposal, for the next ten years, qualifying residents in these zones could pay property taxes on only half of the value increases of their homes, provided their income is below 80% of the Area Median Income (AMI).

Ms. Sanders further detailed that local governments could tailor the program. For instance, the exemption could be limited to homeowners who have resided in their homes for at least five years or offer a 100% exemption for those making 40% AMI and a 50% exemption for up to 80% AMI. She emphasized that the intention behind Senate Bill 244 was to provide a flexible framework for local governments to address specific community needs without state reimbursement. The costs would be absorbed through shared local government funds and by moderating overall tax rate reductions. Ms. Sanders concluded by stating that Senate Bill 244 was scheduled for its second hearing and sponsor testimony the following day in the Senate Ways and Means Committee.

Circuit Breakers (Senate Bill 271)

Ms. Sanders discussed the second legislative proposal aimed at reforming property taxes, known as "circuit breakers," encapsulated in Senate Bill 271. This bill was scheduled for its second hearing in the Senate Ways and Means Committee. The proposal, crafted in detail by Policy Matters Ohio, aims to activate a "circuit breaker" for property taxes exceeding 5% of a homeowner's income. Specifically, for those earning $60,000 or less annually, the state would offer up to $1,000 back towards their property taxes, provided their home's value does not exceed certain thresholds.

Ms. Sanders highlighted the importance of capping the amount reimbursed and setting income limits. These measures are intended to prevent the tax relief program from encouraging homeowners to remain in properties that exceed their financial reach, maintaining a balance that supports affordability without incentivizing inappropriate housing retention.

Homestead Modernization (House Bill 60)

Ms. Sanders discussed the Homestead modernization efforts included in the recent budget, which allowed the value of the Homestead exemption to adjust with inflation. Despite this adjustment, she noted that the benefit of the exemption continued to decline due to rising property values. She referenced House Bill 60, which proposes to raise the income eligibility for the Homestead exemption to $45,000 and to index it to inflation going forward. Additionally, the bill aims to increase the exemption value up to $40,000, marking a significant enhancement. Ms. Sanders also mentioned collaboration with the Age Friendly Innovation Center, expressing a desire to see the income eligibility threshold raised even further to better support seniors in maintaining affordable housing.

Deferrals (draft legislation in progress)

Ms. Sanders presented an overview of a draft proposal concerning tax deferrals, explaining the concept allows property owners who cannot afford their full tax bill in a given year to defer a portion of it. She described a scenario where a property owner could not afford a $5,000 tax bill and would instead pay $3,000, deferring the remaining $2,000 until their income improves or the property is sold. She emphasized that this approach is not a forgiveness of taxes but rather a postponement, suggesting that the state could establish a revolving loan fund to ensure local governments receive the full tax revenues in the interim. Ms. Sanders also outlined how such programs are already common in other states, providing relief without reducing long-term government revenue. She raised considerations about the potential accrual of interest on deferred amounts and the importance of managing impacts on generational wealth, particularly in regard to inheritance and estate transfers.

Concluding her presentation, Ms. Sanders highlighted the importance of local government input in legislative discussions about property tax reforms. She mentioned that legislative hearings on the matter are expected to continue into the fall and emphasized the significance of the 2025 state operating budget process as a timeline for potential enactment of these proposals. She expressed appreciation for the council's engagement on the issue and offered ongoing collaboration and support from her office.

Questions from Council

President Bowers expressed appreciation for the information provided and sought clarification regarding the funding and operational details of the proposed residential stability zones. She inquired whether there would be state reimbursement or any incentives included, particularly with reference to the 2025 budget. Ms. Sanders responded that the 2025 state budget discussions are indeed looking at possible state funding for programs that could include residential stability zones. However, Ms. Sanders noted that while the budget process could facilitate state-funded programs, the enactment of residential stability zones does not depend on the 2025 budget. These zones could be established earlier; however, they are politically complicated, and more feasible in the 2025 budget. Ms. Sanders emphasized that there would be no state funding initially and that local governments would need to opt into the program once enabling state legislation is passed.

President Bowers inquired about the stance of the Ohio Municipal League regarding the four proposed property tax reforms. Ms. Sanders informed the council that, to her knowledge, the Ohio Municipal League had not yet taken a position on the proposed reforms, possibly excepting the homestead exemption. Ms. Sanders noted that the proposals were relatively recent and that her coalition had been communicating with the League. Ms. Sanders expressed anticipation for forthcoming position statements from the Ohio Municipal League as discussions progress.

Councilmember Jones asked about the most effective avenues for local government to advocate on property tax reform initiatives. Ms. Sanders acknowledged the importance of local government voices in legislative processes. Ms. Sanders suggested several avenues for effective advocacy such as: 1) formulating consensus positions and expressing them through resolutions supporting specific bills or ideas, 2) submitting written testimony on relevant topics, 3) maintaining and developing relationships with legislators to foster ongoing communication about property tax issues, and 4) ensuring continuous engagement on the topic to keep legislative attention focused on property tax reforms. Ms. Sanders emphasized the role of consistent communication with legislators and the importance of involving groups like the Ohio Municipal League and the Central Ohio Mayors and Managers in these discussions.

Councilmember Schnetzer thanked Director Sanders for her detailed presentation and acknowledged the complexity of municipal finance issues. He expressed his appreciation for having experts like Ms. Sanders to guide the Council through complex topics. He inquired about Senate Bill 244, specifically questioning whether local governments, such as Gahanna, which receive a relatively small portion of their revenue from property taxes, would have control only over the portion they are due or if they could enact a zone that would impact overlapping jurisdictions like townships or school districts. Ms. Sanders clarified that the zones created under Senate Bill 244 would be established at the local government level but would apply to all property taxes for those homes within the designated zones. She explained that the exemptions would apply across the board, affecting all tax-related entities, not just the initiating jurisdiction. Ms. Sanders mentioned that this approach mirrors the mechanism used in Community Reinvestment Areas, which are widely utilized for economic development. This model was chosen because it allows for exemptions based on need rather than development and can be implemented without state funding. However, she noted the complexity of this approach since it involves "playing with other people's money," referring to the impacts on various tax-receiving entities beyond the local government.

President Bowers asked if there were initiatives other municipalities have enacted to provide direct homeowner relief for property taxes or collateral relief. She noted that the discussion focused on state-level legislation and inquired if there were local measures in place that could offer similar benefits. Ms. Sanders responded that generally, there is a lack of direct relief measures at the municipal level across the state. She explained that under current state law, even cities with home rule authority have limited discretion to offer property tax relief. Specifically, cities cannot directly alter property tax burdens nor create local income tax rebates based on property tax payments due to the uniformity requirements in state law. Ms. Sanders mentioned that while some COVID-19 relief funds provided general housing cost assistance, these were temporary. She highlighted that regional and county-level programs like housing repair could indirectly ease budgetary pressures for homeowners but did not directly link to property tax relief due to legal constraints.

2. Public Arts Advisory Committee (PAAC) Appointment Application Process

President Bowers informed the Council about the applications process for the Public Arts Advisory Committee (PAAC). She noted that in coordination with Clerk VanMeter and Vice President Weaver, they had set an arbitrary deadline for applications, which was the previous Friday. President Bowers proposed extending the application deadline to the upcoming Friday to allow more time to reach out to potential applicants from the community. She sought feedback on this proposal from Council members.

Councilmember Padova inquired about the impact of the extension on formal deadlines and whether it would conflict with the Council's schedule, especially with the possibility of no Committee of the Whole meetings in July. She sought clarification on the flexibility of the deadline.

President Bowers clarified that there was no strict deadline affecting the Council's schedule. She expressed a desire to organize the PAAC quickly but acknowledged the benefits of extending the application period to ensure broad participation.

Mayor Jadwin emphasized the importance of organizing the committee in a timely fashion to expedite the review and placement of public art. She referenced the 2024 Bright Blocks initiative and the established policy that supported timely actions. Mayor Jadwin agreed that extending the deadline to Friday seemed reasonable and would not pose significant delays.

Councilmember McGregor inquired about the number of people serving on the board. Mayor Jadwin responded that the board would consist of five members. Mayor Jadwin detailed the composition of the board, stating that one position is dedicated to the Gahanna Area Arts Council, the Mayor makes two appointments, and Council makes two appointments.

Councilmember Jones raised a concern regarding potential conflicts of interest, particularly about an individual who applied and was already serving on another board or commission. She asked the City Attorney if this posed any problem.

City Attorney Tamilarasan addressed the concern by clarifying that there was no conflict with any existing boards, given the distinct purviews of the positions. However, Ms. Tamilarasan committed to reviewing specific cases as they arise. Ms. Tamilarasan confirmed that the current applicant with crossover responsibilities did not present a conflict.

President Bowers expressed the intent behind extending the application deadline for board appointments. She highlighted the aim to ensure public awareness and maximize network leverage for soliciting applications. She proposed extending the deadline by a few days for a last call and mentioned scheduling an Executive Session to review the applications. The intention was to appoint members at the July 15, 2024 Council meeting.

Mayor Jadwin agreed to coordinate with the communications team to update applicable postings promptly. Mayor Jadwin inquired if Senior Director Miranda Vollmer saw any challenges with the discussed extension, considering the administration of the policy program. Director

Vollmer responded she did not, noting that she previously asked Clerk VanMeter to provide her with the appointments by July 15, 2024 to ensure the process did not interfere with upcoming fall activities.

President Bowers concluded the discussion by confirming the plan to make the PAAC appointments on July 15, 2024.

Councilmember McGregor raised concerns about the composition of the new committee, suggesting that aside from the already included member from the Gahanna Area Arts Council, no other appointees should be from the Arts Council. She expressed worries that having multiple members from the same council might undermine the purpose of the committee by allowing the Arts Council to disproportionately influence decisions.

President Bowers disagreed, emphasizing that the committee would still operate under the administration's oversight, ensuring that all applicants are considered fairly and that the committee's diversity does not compromise its function or the integrity of the policy.

Councilmember McGregor concluded her remarks by emphasizing the importance of maintaining the original spirit and purpose of the policy throughout the appointment process.

C. ITEMS FROM THE SENIOR DIRECTOR OF OPERATIONS:

RES-0028-2024 A RESOLUTION AFFIRMING THE INTENTION OF THE CITY OF GAHANNA TO PURSUE A COMMUNITY CHOICE ENERGY AGGREGATION PROGRAM WITH SUSTAINABLE OHIO PUBLIC ENERGY COUNCIL (SOPEC)

President Bowers introduced the templated Resolution 0028-2024, affirming the City of Gahanna's intention to pursue a Community Choice Energy Aggregation program, with the aggregator yet to be determined. She directed further discussion to Senior Director of Operations Kevin Schultz and Senior Deputy Director Corey Wybensinger.

Director Schultz acknowledged the presence of a blank section in the resolution due to the ongoing selection process for an energy aggregation vendor. He outlined the administration's steps in responding to the Request for Information (RFI) and planned to present an overview of the authority under which the City operates, including deregulation and aggregation services. The discussion was set to cover the state and City's legal framework for these services, a summary of the RFI responses, and the subsequent steps in the vendor selection process. He noted that the responses had been summarized on an 11 by 17 sheet of paper attached to the meeting's agenda, with a more detailed stack of materials available for those interested. Schultz emphasized the significance of the discussion, given its impact on utility bills.

Legislative History Overview

Director Schultz provided an overview of the legislative background relating to the deregulation of the electrical industry, highlighting Senate Bill 3 of 1999. This bill enabled the state to deregulate electricity, allowing local governments to implement opt-out aggregation programs. He explained that deregulation separated electricity generation from its distribution. In simple terms, it distinguished who produces the energy (such as solar farms or nuclear power plants) from who delivers it to households, like AEP in Gahanna.

Director Schultz detailed that electricity bills are typically divided into two parts: supply and distribution. He also revisited historical local actions, noting that in 2000, Gahanna voters approved Issue 27 by approximately 70%, authorizing the City as an electrical aggregator. However, despite the City's aggregation plan being certified by the Public Utilities Commission of Ohio (PUCO) in 2001, he acknowledged that the City did not fully implement the aggregation program. The reasons for this were unclear, as the implementation halted around February 2001. He stated that depending on future decisions, the City's aggregation plan might need updating and possibly recertification by PUCO. These steps were necessary to proceed with any new aggregation strategy, indicating that a decision was pending on whether to update the plan based on the directions discussed.

Opt-Out Aggregation

Director Schultz continued his presentation by explaining the concept of an opt-out aggregation program. He clarified that all eligible accounts within the jurisdiction are automatically included in this program unless they actively choose to opt out. Referring to a statistic presented at the end of 2023, he noted that approximately 61% of residential electrical customers in many municipalities do not actively select their energy suppliers and therefore would likely be part of the aggregation program by default.

Director Schultz described the program as a turnkey solution that simplifies the process for participants, who would not need to shop around for energy providers. He highlighted the potential savings due to the increased buying power of pooling 61% of residents together, which could allow the City as a municipal aggregator to negotiate lower rates. However, he emphasized that the choice remains with the consumer.

Residents can opt-out of the program at any time and either return to their default supplier or choose a new supplier through the state's Apples to Apples comparison tool on the PUCO website. Director Schultz concluded by affirming that consumer choice is paramount, and residents can opt for the most competitive rates available, whether through the City's program or on their own.

Price to Compare (PTC) Rate History

Director Schultz delved into the complexities involved in the selection of energy types and rate determination. He specified that the program's primary considerations were the proportion of renewable energy sources included and the corresponding rates. Director Schultz shared historical rate data from the PUCO website, showing average prices from 2024 back to 2021, with specific mention of rates determined through five annual auctions.

Councilmember Renner clarified that the auction results from March of 2024 were effective starting June of 2024. Director Schultz acknowledged the clarification and continued by detailing how the auction rates impacted his personal utility bills. He shared his experience of falling off his previous energy choice plan in October of 2023 and the subsequent costs he incurred at a variable rate compared to his new fixed rate, emphasizing the significant savings achieved after locking in a lower rate.

Director Schultz used his personal experience as an example to illustrate potential savings for residents through the proposed aggregation program. He noted that his savings amounted to approximately $46.30 in just one month, based on average household electricity usage. He highlighted that while the Council's upcoming decision would not lock in a specific rate, it would initiate the process of selecting a vendor to facilitate the aggregation program. He emphasized that specific terms and rates would be determined later in the process, ensuring flexibility and continued deliberation on the best approach for the City of Gahanna's residents.

Request for Information (RFI)

Director Schultz reviewed the Request for Information (RFI) that the City published approximately nine weeks prior, in coordination with Power a Clean Future Ohio (PCFO). He mentioned that they solicited recommendations from PCFO and received responses from four out of seven or eight recommended aggregators. The RFI was specifically targeted toward residential aggregation, excluding small business or commercial aggregation at this stage, though these remain future options. The RFI included 27 standardized questions and garnered a variety of answers. Director Schultz highlighted the primary focus of the responses, which pertained to different types of aggregation models, namely Councils of Governments (COGs) versus broker-based aggregators. He used the analogy of brokers being similar to real estate or financial advisors who facilitate choices on behalf of clients, gathering bids from various energy suppliers to secure the best rates.

Aggregation Models Discussed:

Broker Model: This model involves soliciting bids to secure energy from generators, tailored to the City's specific needs, much like shopping for specific vehicle types. This model might require updating the City's operational and governance plans, which would take additional time and City resources.

COG Model: Joining a COG would leverage larger buying power from multiple communities, aligning with regional goals rather than just local objectives. COGs offer member benefits like energy audits, grants, community outreach programs, and regulatory models which might not be as prevalent in the broker model.

Director Schultz emphasized that the choice between COG and broker models is not strictly about pros and cons but should be considered based on the City's specific needs and objectives. He clarified that while brokers focus on negotiating competitive rates, COGs offer comprehensive services that benefit a broader community network. He concluded this slide by noting that the governance under a COG model would mean decisions are made by a board representing multiple communities, whereas a broker model would involve more direct control from the City Council.

Councilmember Jones asked for clarification on whether the Northeast Ohio Public Energy Council (NOPEC) and Sustainable Ohio Public Energy Council (SOPEC) are COGs and whether Aspen and Dynegy are considered brokers.

Director Schultz confirmed that NOPEC and SOPEC are indeed COGs, and that Aspen and Dynegy are broker suppliers, with a distinction that Aspen acts as a traditional broker, bringing in multiple suppliers. He elaborated on the nature of brokers, explaining that Aspen, as a broker, would solicit bids from six different energy generators and then allow the City to select the best supplier from the results. Dynegy, on the other hand, acts as both a broker and an energy producer, offering energy

directly from its divisions. Both Aspen and Dynegy serve numerous communities within Ohio, with Aspen serving 47 and Dynegy 394. Each offers fixed pricing structures for their energy supplies, with options for 100% renewable energy or a mix of renewable and conventional sources.
Aspen’s pricing for renewable energy was noted to be less than their mixed energy, which contrasts with typical pricing structures where renewable tends to be more expensive. Net metering policies vary, with Aspen's depending on the selected supplier. Director Schultz emphasized the importance of ensuring that net metering is available, as it is a crucial factor for residents with solar installations. Both Dynegy and Aspen offered limited grant opportunities, but the RFI responses from the vendors did not describe those programs in great detail. Director Schultz pointed out that across responses, all the vendors offered an opt-in period at any time with no limit and a free opt-out (no termination fee or time limit). One could enter and leave the program at any time.

Director Schultz provided an overview of NOPEC and SOPEC, highlighting the differences and benefits associated with each COG. He noted that both organizations offer member benefits, though these vary. Schultz pointed out that each community within the COG participates in the General Assembly, with governance primarily handled by a board of directors. He emphasized that larger communities like Cleveland and Dayton automatically secure seats on SOPEC's board, with Gahanna being the third largest member and potentially eligible for such a position. Schultz clarified that while SOPEC has 36 member communities, only 27 to 29 actively participate in aggregation services, with others, including libraries and soil and water conservation districts, benefiting from membership in different capacities. He outlined the pricing structures of NOPEC and SOPEC, highlighting that NOPEC offers variable or fixed options, whereas SOPEC exclusively offers fixed pricing. Schultz also noted that SOPEC defaults to 100% renewable energy, with details on terms ranging from one to three years. Regarding energy suppliers, Schultz mentioned that NOPEC partners with NextEra Energy, while SOPEC has an exclusive agreement with American Electric Power (AEP) Energy (distinct from American Electric Power Ohio). He underscored similarities in net metering options and member benefits, including grants and opt-in/out periods, across both organizations.

In conclusion, Director Schultz expressed confidence in any of the four vendors’ capabilities to provide energy aggregation services effectively. He emphasized the need for the Council to consider the administrative differences between a COG and a broker when making their decision. Schultz invited input from Council members on their preferences and objectives for the program. The floor was then opened for questions from

Council members.

Questions and Comments from Council

President Bowers acknowledged Director Schultz's presentation and requested the slide comparing brokers versus COGs to be displayed again, specifically slide seven of nine.

Councilmember Jones sought clarification, asking about the number of communities actively participating in aggregation within SOPEC and NOPEC. She noted the approximately 20 communities using SOPEC for aggregation and inquired about the corresponding figure for NOPEC out of its total of 240 members. Director Schultz responded that he would provide the exact numbers after reviewing the information.

Councilmember Renner thanked Director Schultz and another individual for their efforts in developing the RFI and compiling responses. Renner sought clarification regarding the displayed costs for renewables and mixed energy options, noting that they are averages. He emphasized that the figures, particularly those from SOPEC, reflect historical data and may not predict future trends accurately.

Director Schultz confirmed Renner's observation, explaining that the figures presented were the averages chosen by the respondents for specific questions, particularly questions 10 and 11. He acknowledged that SOPEC provided a range of rates for the years 2023 and 2024 based on historical data for the 29 municipalities it aggregates. Schultz reiterated the importance of understanding that averages can fluctuate, depending on various factors such as auction outcomes.

Councilmember Renner reiterated the advantage of collaborating with experts to determine the optimal timing for locking in energy rates. He stressed the importance of understanding that experts could advise the Council when it is most beneficial to secure pricing.

Director Schultz responded, underscoring the critical nature of timing in rate locking, particularly when rates are trending downward. He shared a personal example where his electric bill was higher than the price to compare, highlighting the financial impact of such situations. Schultz explained the strategic aspect of choosing when to lock in rates to ensure the City secures the lowest possible rate for the longest term. He noted that there are times when rates could decrease further, potentially leading residents to pay more under the aggregation program compared to the open market if not timed correctly. Conversely, as in his case, residents could benefit significantly when rates are locked in advantageously. Schultz acknowledged the Council's awareness that deciding on the timing for rate locking isn't straightforward and involves strategic planning to ensure readiness when the right moment arrives.

Councilmember Renner elaborated on the primary goals of the City's energy strategy, emphasizing the importance of focusing on 100% renewable energy as the core value. He expressed that while securing low costs is essential, the principal aim should be to enhance the value offered through complete renewable sources. Renner then asked about the specifics of the opt-in and opt-out mechanisms.

Director Schultz clarified the conditions under which residents might not participate in the opt-out aggregation. He explained that residents who have already chosen an alternative supplier would not receive an opt-out notification, but this does not prevent them from opting into the City's program if they wish. Schultz noted that opting in would require an active decision by the residents, particularly if there are no penalties for early termination with their current supplier, thereby allowing them immediate entry into the City's program.

Councilmember Renner inquired about the timeframe within which individuals can opt into the energy aggregation program, specifically questioning if immediate opt-in is feasible from day one. Director Schultz explained that the initial 21-day window is designated only for opt-outs, and the possibility of opting in during this period was uncertain. He suggested that this is a detail that would need confirmation from the aggregator but reassured that the waiting period for opt-in would not extend into months. Renner clarified that a 21-day timeframe was acceptable and referred to previous discussions about the operational and governance plans of energy aggregators. He reminded the Council that a few months prior, he had introduced a model plan for joining SOPEC, along with a resolution to adopt their governance plan. He emphasized that in the case of joining a COG, the City would adopt SOPEC's governance plan rather than creating its own. Director Schultz concurred, specifying that joining a COG like SOPEC would indeed require the City to adopt their operational governance plan. He mentioned that while there might be some flexibility to make minor adjustments, the City would largely operate under the COG's established framework. Schultz also noted that he had not fully read the City's plan but observed that both NOPEC's and SOPEC's plans were similar in length and content.

Councilmember Renner expressed a clear preference for joining a Council of Governments over choosing broker services, citing the distinct advantages highlighted in their responses concerning grants. He pointed out the significant differences between NOPEC and SOPEC in terms of the value derived from their grant opportunities, including the success rates and diversity of grants pursued. Renner specifically referred to a question noting SOPEC's successful management of $20 million in grants within six months, emphasizing this as a standout factor in their favor.

Councilmember McGregor brought up another aspect of the discussion by referencing question 17, which dealt with energy-efficient grants or loans offered by the COGs.

Director Schultz confirmed that both NOPEC and SOPEC had provided comprehensive details on their member benefits in their full responses, which encompassed energy-efficient grants among other offerings. He noted that these benefits were extensively described in the submissions, although not fully captured in the summary packet provided to Councilmembers.

Councilmember Schnetzer expressed his appreciation to everyone involved in providing detailed information for the Council's review, acknowledging the complexity of the data presented. He clarified that the current stage involves seeking guidance on whether to solicit bids or select a specific vendor, with identified goals such as 100% renewable energy and net metering options. Director Schultz confirmed the need to specify a vendor and goals, indicating the Council's current focus on these decisions. Schnetzer emphasized the importance of understanding the Council's consensus on these steps. He reflected on a previous interaction, possibly early in 2023, with NOPEC, when they discussed potential cost savings for residents due to higher standard choice rates at that time. Schnetzer noted that the concept of energy aggregation initially aimed to save money for residents. He highlighted that current data suggests that rates for 100% renewable energy and non-renewable sources are similar, with renewables potentially being more cost-effective in some cases. However, he stressed the importance of focusing on cost savings for residents, considering that a significant portion of the population might automatically join the program. Schnetzer concluded that while the current rate comparison is favorable, any future significant divergence in costs could cause him to reconsider the approach.

Councilmember Renner concurred with the previous statement by Councilmember Schnetzer; however, he highlighted an important distinction regarding energy choice. He emphasized that since residents already have the option to choose non-renewable energy sources ("brown energy"), the Council's goal should be to offer an alternative that is 100% renewable. Renner also clarified the nature of the resolution being discussed, noting that it does not replace the contract the City would ultimately establish with a chosen aggregator. Instead, the resolution serves to officially declare the Council's choice. Director Schultz confirmed Renner's understanding, explaining the different processes involved with choosing a broker versus a Council of Governments (COG). He noted that with a COG, the City would adopt their operations and management plan, necessitating two public hearings. Schultz added that contracting with a COG could be simpler, as it often involves a zero-sum contract that does not require Council approval for its signing by the Mayor, as there are no costs associated with it.

Councilmember Schnetzer reflected on his experience with the Apples to Apples website, noting that he last compared energy options in the first or second quarter of the previous year, 2023. He recalled that the platform allowed residents to choose from various energy options, including 100% renewable and traditional energy sources ("brown energy"). Schnetzer emphasized that the Council's aim might be to engage the 60% of residents who are either unaware of or indifferent to these choices. He reiterated his concern about maintaining focus on cost savings, especially if the rates for different energy types begin to diverge significantly in the future.

Director Schultz responded, suggesting that a potential approach could involve discussing the terms and costs with the selected aggregator. He highlighted the importance of still gathering information on mixed energy costs, even if the Council decides to pursue a 100% renewable policy. Schultz provided current rate examples from the Apples to Apples site, comparing 12-month fixed rates for mixed energy and 100% renewable energy. He questioned whether the difference in these rates was significant and stated that obtaining this information would allow the Council to make informed decisions and ratify a contract that aligns with both the residents' needs and the Council's objectives.

President Bowers added to the discussion by referencing the significant decrease in the generation rate from 12 cents per kilowatt hour last year to approximately 7.7 cents this year through AEP, highlighting the substantial change in retail prices. She commended the administration and the four vendors who responded to the RFI for their outstanding work, noting the exciting potential for the community to join others in central Ohio in pursuing green energy aggregation. President Bowers reiterated the dual benefits of transitioning to 100% renewable energy while also offering cost savings and educating residents about their energy options, including the use of the Apples to Apples comparison tool or staying with traditional energy sources through the opt-out program.

Director Schultz confirmed that, according to the 2023 PUCO Market Study, 40% of Gahanna residents utilize the Apples to Apples service, although he acknowledged this was an assumption based on statewide data. President Bowers clarified that she had attempted to verify this figure with PUCO but discovered that such specific local data was not publicly available, prompting her to seek confirmation from Director Schultz for clarity on the matter. Schultz clarified that the data he referenced regarding the usage of the Apples to Apples service by 40% of Gahanna residents was derived from a presentation given by either NOPEC or SOPEC, and it might have been from a PCFO presentation to the Council. President Bowers acknowledged that this explanation made sense, suggesting that the information could have come from analyzing the list of those ineligible for certain services, which would allow such determinations.

President Bowers then inquired about Aspen's capabilities regarding 100% green energy and whether this was achieved through the use of Renewable Energy Credits (RECs). Director Schultz confirmed that Aspen, along with others, indeed utilizes RECs to provide 100% green energy. Bowers then expressed the community's interest in net metering, especially for residents with solar panels, highlighting its importance.

Director Schultz responded to comments on grant funding, noting that it was difficult to directly compare the grant offerings of different providers as they often targeted different objectives and provided varying levels of community support through grants or financial assistance. President Bowers remarked on the significant impact of SOPEC securing $20 million for sustainability initiatives within just six months, and its implications for local funding. Director Schultz acknowledged the need for further review to ascertain the specific allocation of the funds, confirming that a substantial portion was indeed directed towards rural initiatives, which might not directly correlate with the needs of Gahanna.

President Bowers commended the comprehensive responses from Council of Government vendors to Question 18, particularly noting SOPEC's detailed input on community service initiatives. Director Schultz added a nuanced perspective on the distinction between Councils of Governments (COGs) and brokers, based on their orientation and approach in the proposals reviewed. He noted that COGs tend to align more closely with public service objectives, reflecting the functions of government, whereas brokers operate in a more transactional manner. Schultz highlighted that while there's nothing inherently wrong with a transactional approach, as it is common with many vendors the City uses, the community-level and public service orientation of COGs presented a more relational and integrative approach to implementation.

President Bowers then expressed her appreciation for the potential for Gahanna to have a seat at the leadership table in state-wide green energy initiatives. She emphasized this as a significant factor in her considerations, viewing it as a powerful element in supporting and advancing green energy efforts across the state.

Councilmember Padova expressed gratitude for the extensive work put into the responses, noting the compiled chart made it easier to quickly understand the terms for energy aggregation. She asked about the term lengths for energy contracts, specifically noting that Aspen and Dynegy had no terms listed, while NOPEC and SOPEC offered terms ranging from one to three years. Padova inquired whether the City could choose the duration of these terms and if there were benefits to opting for a longer term, such as locking in a lower rate, should rates increase after a year.

Director Schultz referenced his recent review of the Apples to Apples website for rate comparisons, indicating that longer terms generally corresponded with higher rates. He admitted uncertainty in providing a definitive answer but suggested that shorter terms might offer more flexibility for adjusting if rates drop below the initially negotiated rate. Schultz noted that a clearer understanding of the optimal term length would likely emerge as the process continued.

Councilmember Padova then inquired if Mr. Flarida from PCFO would continue to provide guidance on choosing between one, two, or three year terms throughout the process. Director Schultz confirmed that he had contacted Joe Flarida on Friday, June 21, 2024 for assistance, affirming that PCFO would remain involved in advising the Council as they moved forward with the aggregation process.

Councilmember Padova inquired whether there was a minimum number of residents that needed to opt out to affect the aggregation contract, and if there was any provision for a high opt-out rate affecting the agreement, especially if rates dropped and more residents chose to use the Apples to Apples service independently. Director Schultz responded that he was not aware of any minimum requirement for opt-outs affecting the aggregation process.

Councilmember Padova then asked about the resource implications of choosing between a Council of Governments (COG) and a broker, specifically regarding who would handle the opt-in and opt-out notifications and processes. Director Schultz clarified that both COGs and brokers deal with opt-in and opt-out processes; however, engaging a broker would involve more upfront work from the City, such as updating plans and releasing Request for Proposals (RFPs). He noted that working with a COG would be more streamlined since much of the preparatory work is already completed under their existing plans. Schultz highlighted the operational differences between the two, mentioning that, according to Aspen's proposal, billing would begin in early 2025, whereas with NOPEC or SOPEC (he could not recall which), the process would take about 120 to 150 days to implement.

Councilmember Padova inquired about the process for residents who might already be using the Apples to Apples service and then decided to opt into the City's energy program. She asked whether these residents would contact the City directly and how they would be directed. Director Schultz clarified that residents wishing to opt into the City's program would be referred directly to the selected energy supplier rather than to the City. He explained that the City would direct these inquiries to the supplier listed on the screen, ensuring a straightforward process for residents to switch. Schultz noted that switching would be almost as easy as using the Apples to Apples website, albeit with the additional step of making a phone call.

President Bowers asked if there was any specific direction Councilmember Padova wanted to share based on the discussion.

Councilmember Padova expressed her preference for partnering with a Council of Governments (COG), citing the benefits and efficiencies discussed. She emphasized that a COG would likely be quicker and more beneficial, while also minimizing the use of City resources, which she advocated keeping to a minimum.

Councilmember McGregor expressed her concern regarding energy pricing, advocating for the selection of the lowest cost option available, regardless of the source. She highlighted that while the price differences were not significant currently, should they become more disparate, it would be prudent to choose the most economical option. McGregor pointed out that while the Apples to Apples service is available to everyone, it assumes access to a computer, internet knowledge, and time, which might not be the case for everyone, particularly older individuals who may not be as tech-savvy or might not own a computer. She stressed that those most likely to be disadvantaged by a directive to use Apples to Apples are individuals unfamiliar with the internet or who do not have the time to explore such options. McGregor argued for providing the lowest cost through the program itself, thereby removing the need for these residents to navigate the Apples to Apples system independently. She also noted that a substantial portion of the City's residents live in all-electric homes, which could mean significant cost differences in energy bills, particularly for those consuming around 840 kilowatts per month, a figure she cited as unusually low for all-electric households. McGregor concluded by emphasizing her preference for prioritizing the lowest overall cost in the City's energy program to benefit residents most in need.

President Bowers asked the directors if they felt they had received adequate direction. Director Kevin Schultz responded that he needed a more specific decision to proceed effectively.

President Bowers acknowledged Councilmember Renner's preference for SOPEC and expressed her appreciation for both Councils of Government, noting their presence and contributions to the community. She stated her support for choosing SOPEC based on various factors previously discussed.

Councilmember Jones also voiced her preference for SOPEC, aligning with the information shared during the meeting.

Councilmember Padova concurred, noting that SOPEC appeared to offer more benefits, making it her preferred choice as well.

Councilmember McGregor expressed reservations about choosing SOPEC over NOPEC, noting the significant difference in the number of communities each serves-240 for NOPEC compared to 36 for SOPEC. This discrepancy, she said, gave her pause.

President Bowers responded by mentioning that SOPEC is a younger organization.

Director Schultz elaborated on SOPEC's status, suggesting that despite its smaller number of communities, the inclusion of large cities like Cleveland and Dayton might mean SOPEC serves a comparable or possibly larger number of residents than NOPEC. He cautioned that he did not have the exact population numbers at hand and that his comments should not be taken as precise data.

President Bowers then asked Councilmember Schnetzer for his input.

Councilmember Schnetzer indicated that based on the discussion, SOPEC seemed to be the most appropriate choice.

President Bowers acknowledged the direction provided and expressed her satisfaction with the decision to move forward with SOPEC, thanking everyone for their contributions to the discussion. She specifically thanked Director Schultz and Deputy Director Wybensinger for their work, emphasizing the significance of the council's efforts in this matter.

Recommendation: Introduction/Adoption on Regular Agenda on 7/1/2024.

D. ITEMS FROM THE CITY ATTORNEY:

ORD-0045-2024 AN ORDINANCE AMENDING CHAPTER 737 TOBACCO PRODUCT SALES SECTIONS 737.04 AND 737.14 OF THE CODIFIED ORDINANCES OF THE CITY OF GAHANNA

City Attorney Tamilarasan presented an ordinance that had been prompted by the City's successful litigation alongside the City of Columbus regarding state preemption. As a result of a permanent injunction against the state of Ohio, the City was permitted to move forward with its Tobacco Retail Licensing Act. Tamilarasan explained that to enforce the ordinance, the City needed to contract with the Board of Health for Franklin County Public Health to conduct compliance checks and enforcement. She noted that Franklin County Public Health faced logistical challenges due to administering compliance for multiple communities, which prevented them from accommodating different renewal dates for these communities. Consequently, they requested that the City adjust its contract term for the tobacco license to end on December 31, with a new term beginning on January 1 each year, changing from the current ordinance that set the term beginning on March 1. Tamilarasan highlighted the awkward timing created by the litigation, as March had already passed without the implementation of the ordinance. She recommended that the initial term under the new system begin by September 1, concluding in December of 2025, with subsequent applications due by December 1 each year thereafter. This schedule was recommended by Franklin County Public Health. Additionally, Tamilarasan proposed striking specific language in Section 737.14 of the City code, which discusses preemption. This section, she argued, conflicted with the City's current legal standing and successes in challenging state preemption, which had been declared unconstitutional. She concluded by summarizing the changes and asking the Council to consider the proposed ordinance adjustments.

President Bowers acknowledged the initial intent behind the language in the ordinance, noting that it was not meant to cause problems, and expressed appreciation for the work done to revise it.

Councilmember Padova thanked City Attorney Tamilarasan for her efforts in maintaining the momentum of the ordinance updates, emphasizing the importance of continuing to move forward with the changes.

President Bowers then inquired if the administration was satisfied with the proposed adjustments. Mayor Jadwin affirmed the administration's satisfaction, stating that the changes made sense in light of the impacts from the lawsuit. She agreed that the adjusted terms and proposed timeline were appropriate and logical given the circumstances.

Recommendation: Introduction/First Reading on Regular Agenda on 7/1/2024; Second Reading/Adoption on Consent Agenda on 7/15/2024.

E. ITEMS FROM THE DEPARTMENT OF FINANCE:

ORD-0046-2024 AN ORDINANCE AUTHORIZING SUPPLEMENTAL APPROPRIATIONS - ARPA Fund 2330

Director of Finance Joann Bury presented a request for supplemental appropriations for ARPA funds. She explained that as the deadline to obligate these funds approached at the end of this year, with expenditure required by the end of 2026, some initially identified programs could not meet these timelines. Additionally, changes in the CAD program had left approximately $876,000 still available. The focus shifted to the ongoing Claycraft project, which aligned with initial initiatives for clean drinking water and was nearly complete, minimizing the risk of unspent funds.

President Bowers asked Director Bury if any other projects or uses had been considered for these funds. Director Bury responded that the Water Tower project was considered but was not far enough along to ensure meeting the deadlines. The street program was also evaluated as a potential recipient of the funds. However, given the ARPA funds' emphasis on clean drinking water, this focus remained a priority.

Councilmember Schnetzer inquired whether utilizing these funds for the Claycraft project could potentially slow the rate of water fee increases over time. Director Bury clarified that while the supplemental appropriation would alleviate some pressure on the Water Capital Fund, it would not halt the need for ongoing projects, nor would she recommend linking grant funding directly to rate adjustments.

Recommendation: Introduction/First Reading on Regular Agenda on 7/1/2024; Second Reading/Adoption on Consent Agenda on 7/15/2024.

RES-0027-2024 A RESOLUTION ADOPTING THE TAX BUDGET OF THE CITY OF GAHANNA, OHIO, FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2025

Director of Finance Joann Bury discussed the requirements for the tax budget as mandated by the Ohio Revised Code. She explained that the budget must be passed and filed with the Franklin County Auditor by July 20th. This submission allows the Budget Commission to establish tax rates and levies without any adjustment, demonstrating the City's true financial needs. Director Bury noted that the process would conclude when the Budget Commission returns the finalized rates and amounts for Council approval by resolution around October. She formally requested that the Council pass the resolution for the tax budget and grant her the authority to file it with the county auditor.

Recommendation: Introduction/Adoption on Consent Agenda on 7/1/2024.

F. ITEMS FROM THE COUNCIL OFFICE:

2024-0119 Ohio Division of Liquor Control Notice to Legislative Authority Permit STCK 3601152 HARE RAM HARE KRISHNA LLC DBA ALPINE DRIVE THRU 210 GRANVILLE STREET; APPLICATION FOR CHANGE OF LLC MEMBERSHIP INTERESTS

Clerk VanMeter reported that he had contacted the Division of Police regarding the notice and confirmed that there were no objections from their side. He proposed to mail the notice back to the Division of Liquor Control if the Council had no objections.

President Bowers clarified that the notice involved a mere change in the LLC's ownership interest. Clerk VanMeter confirmed this to be correct and noted for the record there were no objections to the application.

RES-0026-2024 A RESOLUTION HONORING DISABILITY PRIDE MONTH AND RECOGNIZING GAHANNA EMPLOYABILITY AND ADULT READINESS (GEAR), SPECIAL OLYMPICS ATHLETES, AND THE EXTENDED SUPPORT SERVICES PROGRAM FOR THEIR EXEMPLARY WORK AND ACHIEVEMENTS

Councilmember Jones announced that July marks Disability Pride Month, which commemorates the passage of the Americans with Disabilities Act (ADA) in 1990. She proposed a resolution to recognize this significant month and mentioned that special guests from the GEAR program of the district, the Extended Support Services Program, and the Gahanna Special Olympics would be invited. Councilmember Jones noted that she had made a few content adjustments to the resolution since the agenda was posted and had shared the redlined version with the Council. She thanked Councilmember McGregor for her edits on typos and opened the floor for further discussion.

President Bowers clarified with Councilmember Jones that there would be an honorary presentation on the first of the month, to which Jones confirmed that representatives from each group, GEAR, Special Olympics, and the ESS program, would be present.

President Bowers expressed her anticipation of welcoming a full house on the first, and Councilmember Jones agreed, hoping for a packed house.

President Bowers then stated she was fine with the edited or redlined version of the resolution proceeding to the consent agenda. She confirmed with the Council if they were all agreeable, to which there was affirmative consensus.

Recommendation: Introduction/Adoption on Consent Agenda on 7/1/2024.

G. ADJOURNMENT:

With no further business before the Committee of the Whole, the Chair adjourned the meeting at 8:41 p.m.

Jeremy A. VanMeter
Clerk of Council

APPROVED by the Committee of the Whole, this day of 2024.

Trenton I. Weaver
Chair