

Thank you Council President, Members of City Council, elected officials, citizens of Napoleon. To my family and friends, thank you all for being here tonight.

I am honored to be standing here as the newly sworn-in Mayor of the City of Napoleon, and am truly humbled by all the support I have received. I realize I will have big shoes to fill; former Mayor Andy Small is a well-respected and honorable man who has well-served the City during his tenure as Mayor. I would like to thank him for his help in making this transition so smooth.

Over the past few months, I have had the opportunity to review our City's budget, meet with city officials, residents and business leaders. While there are many positive items to report tonight, I feel it is also my duty to share some items that I have found deeply troubling--issues that I believe are imperative for the City to address within the next couple of years.

I'm sure most everyone present tonight is aware of the mandates handed down by the EPA. The 20-year plan for handling waste water runoff and sewage treatment was estimated to cost \$35 million. As of last year, the actual costs are 54% higher than those projections and it is estimated that by the end of the project, the city will have spent and borrowed over \$100 million. If that seems like an awfully large number, let me assure you, it is.

I'd like to talk briefly about another city, Harrisburg, Pennsylvania, that is also being forced by the EPA to undertake a huge project. They have over \$310 million in debt because they were mandated to shut down or repair their city's incinerator. They chose to repair the incinerator per the EPA mandates and last year they filed for bankruptcy protection, which was declined by a judge. Why am I talking about Harrisburg, Pennsylvania, when I was just sworn in as the mayor of Napoleon, Ohio?

Harrisburg has a population of around 50,000 people with a median household income of \$30,000. The share of debt for each resident (man, woman and child) is \$6,200. According to the 2010 census Napoleon has 8,749 residents, and that number has been steadily declining over the past decade. If we round that number to 9,000 residents and assume that we will have a total debt of \$100 million once the project is complete, that means the debt share for every Napoleon resident (man woman and child) will be \$11,100. That is nearly double what a Harrisburg resident is paying, and they just filed for bankruptcy protections!

The City of Napoleon's population in the year 2000, according to the census, was 9,318. Ten years later, the City has lost nearly 600 people. In the year 2000, the median household income was \$37,467. Ten years later, that number has dropped nearly \$2000 to \$35,762. Bottom line, the City's population has decreased and our citizens are making less money. Yet at the same time, the City of Napoleon has hired more workers and increased their pay by nearly 50% in that same ten year period. Here are the specifics: In the year 2000, the City had what amounted to 118 full time jobs with an average compensation of \$47,317. Ten years later, that number has risen to 125 full time jobs with an average compensation of \$70,388. Let me say that again, over the past decade the average compensation for Napoleon's citizens has decreased 4.6%, while the City's worker's has increased by 43%.

Now, please understand, I am not condemning the Councils that authorized these increases. You did not have the census numbers available to you, and you did what you thought was right at the time. But we do have a bigger picture now. I also want to make it very clear that I am not singling out any City employee when I am discussing these numbers. This is a very difficult discussion to have and one that I do not take lightly. The employees are our friends, neighbors and relatives and they perform valuable services to the residents of Napoleon. However, the City of Napoleon simply cannot continue to operate at this level.

A few years ago, Council asked our citizens to pay more with a tax increase because the tax revenues couldn't keep up with the expenses. This tax increase was approved by a very small margin of voters. Around that same time, Council was forced to increase the water rates in order to help cover the debt the City was accumulating due to the EPA mandates. Over the next two years, the City of Napoleon will raise the sewer rates an additional 20% for residents, in addition to a much higher increase to our industrial users and out of town consumers. In three years, when the City replaces the water plant, it was recommended that we raise the rates yet another 50-60%.

I am here tonight to share with you my grave concern that at some point the City, its residents and its businesses will reach a breaking point-- a point where some businesses will be forced to leave, surrounding communities will find it cheaper to go elsewhere for water, and residents will choose to commute to/from Napoleon rather than live here. If you think it would be difficult for people to leave town, consider this. It is estimated that 30-40% of the homes in Napoleon are rental properties. Those residents are fairly portable, as they can pick up and leave at any time. This leads to a vicious cycle: less people in town means you will sell less water and less water brings in less revenue which is needed to pay down the debt. Unfortunately, we do not know at what level that breaking point is for our smaller communities, but we do know that they have begun their cost analysis and will be prepared to make necessary changes at a given point. I feel for those communities and it's unfortunate that the EPA is forcing unfunded mandates without taking into consideration the financial impact they will have.

We are facing challenging times and there are no easy solutions. We are in the middle of one of the worst economies that we have seen as a country. People are forced to pay higher costs for energy, food and consumer goods. And, as I had pointed out earlier, most people are making less, which means after they have paid their bills, they will have less disposable income, which directly affects the local retailers and restaurants.

That is precisely why we, as the elected leaders of Napoleon, must do everything possible to efficiently and effectively balance the books while operating the City. That is why I am urging Council to take the following items into strong consideration and work to begin their implementation by the end of 2012.

First, I would like to see legislation passed which would cap the spending from our General Fund from year to year and allowing for an increase based on national inflation numbers. These are the same numbers used by our federal government that subtract food and energy costs from the calculations. If they expect our senior citizens to live on a fixed income based upon their "calculations," then I believe the local government should be able to operate under the same guidelines. Any money received above the previous year's budget would be placed into a "rainy day fund" and at that year's end, would be applied to help pay off the debt, so that we can begin to reduce the water and sewer rates earlier than anticipated.

Secondly, I would like to see the City's Parks and Recreation Department operate only off of the .2% income tax that was approved by the tax payers. For many years, the Parks and Recreation Department has been subsidized by the general fund. I do not believe that we should pull money from the general fund to supplement this Department's operations while the City is increasing its debt and forcing residents to pay more for services. I understand that this may be difficult, but failure to make those tough choices now will only help to compound our problems in the future.

Third, the State Auditor's Office offers custom performance audits of city operations. Those audits, according to the Auditor's office, have shown to save \$23 for every dollar spent on the audit. I believe it would be good to receive recommendations from an outside source, whether it is the State Auditor or an independent third party. With my experience working for a cost management company, I know that these programs can be very effective. Allow me to be clear, I am not suggesting that our current City officials are doing a poor job. On the contrary, our City Manager, John Bisher, is an extremely intelligent man who is being forced to work in an increasingly difficult situation. Perhaps an independent party could offer suggestions that haven't already been considered. It would then be up to Council to evaluate as to whether or not such suggestions would be appropriate for implementation in our City.

Fourth, Council must look to privatize areas of City operations where it would be more cost effective for a private company to perform. We must also look to reduce the workforce back to the 2000 levels, preferably through attrition, which means not replacing workers once they have retired, and we must implement a cap on or reduce the expenses of salaries and fringe benefits.

Fifth, Council needs to determine whether annexing properties into the City is financially feasible before any annexation takes place. To continue to do so simply because of past precedent, without regard to the City's financial impact, could be a costly mistake that need not be made.

Finally, I believe the City must take a hard look at the number of vehicles and equipment the city owns and operates. In 2003, the City owned 70 vehicles and as of last year, that number had risen to 79. I have talked to residents who have lived in Napoleon their entire lives and can remember a time when the City equipment would fit on one small lot just across the street. Now, they are amazed each time they drive past the City's garage. Remember, the City's population is declining and has remained relatively the same since the early 1980's.

The proposals I have made will not be easy and they may not be popular with some, but I believe it is imperative we hold these difficult conversations. I ran for Mayor because I love this City. My wife Krista and I plan to call this our home for as long as God is willing. I see the problems the City faces and I believe that without addressing these issues, the City as we know it will be forever changed for the worse.

Today, I make the commitment to the citizens of Napoleon that I will work with Council and face these challenges head on. We are a close-knit community with deep family ties, strong religious foundation, solid work ethic and morals, but most importantly, we have a passion for our community and a willingness to help others that most communities would envy.

Take for example, The Southside Beautification Group, organized by Jan Creager, Rita and Rupert Schweinhagen and Norm and Cathy Bostelman. Jan had a vision of turning a vacant, south side lot next to a beautiful new bridge into something of which people could be proud. She questioned why it seemed that the south side was ignored whenever people talked of a downtown revitalization. Now, Jan could have complained and demanded that the City fix the vacant lot, but instead, she chose to take action and helped organize this group. Together they raised enough money to purchase the statues,

benches and brick path and are still collecting donations for a maintenance fund. Today, when people travel into the downtown area and before they cross the bridge, they are greeted with the Veteran's Memorial Park. What was once a vision is now a beautiful reality of what can be accomplished by a small group of hard working individuals. On behalf of the City of Napoleon, I thank you for your contributions and efforts.

In 2010, Kelli Burkhardt organized Together We Can Make a Difference Initiatives because she realized that people receiving assistance weren't able to receive personal care items. Last year, Kelli's group was able to raise \$60,000 to help fill that void-- with no government assistance. What I love the most about what Kelli has accomplished though is with their GED program. Whenever someone comes in to use their service, if they are not a high school graduate, they will help them work towards receiving their GED. Last year, they helped 11 people receive a GED. Those eleven individuals are now in a better position to gain employment and work to regain their own independence. During a conversation I had with Kelli, she was quick to point out that the two of us probably wouldn't see eye to eye on our political choices and I had to laugh. I told Kelli that while we may disagree on politics, the one thing upon which we can agree is helping those who are in need. Government cannot and should not be everything to everyone. Its individuals like Kelli who inspire others to be charitable. I asked Kelli if her group was founded by a church and she said, "No, it was my idea, but I think God had a hand in it.". Kelli, I couldn't agree more. Your willingness to help others is an inspiration to us all, and we thank you for your devotion to helping our community.

On top of the community outreach and support that we have seen, there were a number of positive announcements of job growth and business expansion made last year. Koester Corporation began the expansion of their manufacturing and office area and could possibly increase their workforce by 20%. Ruralogic will be opening an office in the downtown area this year, with expectations of creating over 125 full time jobs in the next three years with an average salary of over \$40,000. Isofoton chose Napoleon as their new home for its North American manufacturing facility and could create over 300 jobs within the next three years. Efforts to repair and renovate buildings in the downtown are underway and expansion of US Route 24 should be completed later this year, which should open the door for further growth.

So, yes, there are a number of reasons for us to continue to be optimistic that things will improve.

The decisions that Council will make over the next several years will play a significant role in determining whether the City will continue to grow. We must remember that we are in competition with other communities for new and existing businesses and citizens. The good news is that there are people who

are willing and able to make those investments within the City, but they need reassurance that doing so will be a wise and good investment. By making smart fiscal decisions, we can not only reassure them that investing within our City is a good sound decision, but we can provide them with confidence that in future years, Council will continue to act in a fiscally responsible manner to help protect that investment.

I look forward to representing and promoting the City of Napoleon, because I know that together we can overcome any obstacles and challenges that we face. I look forward to working with Council to address these issues and I'm confident we will succeed.

Thank you all again for your support and God Bless the City of Napoleon.

2012 Appointments

ADA Compliance Board

Art Germann, 1488 Taylor Dr., Napoleon – 419-599-1573 (reappointment)

Wayne Barber, 1 Yeager St., Napoleon – 419-592-3765

Board of Public Affairs

Mike DeWit, 1479 Oakwood Ave., Napoleon – 419-599-3840

Planning Commission

Robert McLimans, 155 Orchard Ln, Napoleon – 419-599-5621 (reappointment)

Parks and Rec Board

Chad Richardson, 525 Rohm, Napoleon – 419-599-0937

Shawn Thompson, Washington St., Napoleon – 419-591-1470

Peg Funchion, 1353 Richmar Ln., Napoleon – 419-599-2701 (reappointment)

Matt Hardy, 5 Park Lane Dr., Napoleon – 419-592-0758 (reappointment)

Civil Service Commission

David Cordes, Napoleon – 419-592-6050 (reappointment)

Board of Zoning Appeals

Lori Sans, 610 Buckeye Ln, Napoleon – 419-599-5190 (reappointment)

Tree Commission

Kirk Etzler, 924 W. Washington, Napoleon – 419-599-1189

Memo

To: City Council & Jon Bisher, City Manager
From: Matt Bilow, Wastewater Superintendent
Scott Hoover, Water Superintendent
Date: December 22, 2011
Re: 2012 Annual Chemical Bids

On December 21, 2011 bids were opened for the Chemicals that will be used at the Water and Wastewater Plants for the 2012 operational year. There were a total of 13 bids submitted. After reviewing the bids and specifications, we would like to recommend that the 2012 Chemical Bids be awarded to the following companies as the lowest and best:

<u>Chemical</u>	<u>Bid</u>	<u>Current Cost</u>	<u>Difference</u>
Lime	Huron Lime @ \$149.00/ton	\$138.00/ton	+\$11.00/ton
Alum	General Chemical @ \$1.08/gal.	\$1.0665/gal.	+\$0.0135/gal
KMnO4	Univar USA @ \$3.00/lb.	\$3 00/lb.	+\$0.0/lb
Chlorine	Bonded Chemical @ \$0.544/lb.	\$0.537/lb.	+\$0.007/lb.
Phosphate	PVS Nolwood @ \$1.10/lb.	\$0.98/lb	\$0.12/lb.
Fluoride	Bonded Chemical @ \$0.487/lb.	\$0.482/lb.	+\$0.005/lb.
Carbon	Sal Chemical @ \$0.824/lb	\$0.936/lb.	-\$0.112/lb.
Soda Ash	Bonded Chemical @ \$375.40/ton	\$359.48/ton	+\$15.92/ton
Liquid CO2	Airgas @ \$114.50/ton	\$124.00/ton	-\$9.50/ton
Rock Salt	State Contract @ \$123.00/ton	\$121 00/ton	+\$2.00/ton

Because no bids were submitted for Rock Salt, we would recommend that we use the State Contract at \$123.00/ton.

We have also attached a detailed spreadsheet of the chemical bids for your information. If you have any questions concerning the chemical bids, please feel free to contact either of us about this.