

Board of Municipal Utilities
Meeting Minutes
February 1, 2022
201 Miller Road
Avon Lake, Ohio

Call to Order – Roll Call

The meeting was called to order at 6:30 PM. The meeting was held using web-based video conferencing technology and streamed live over Facebook.

Present: Mr. Abram, Mr. Dzwonczyk, Mr. Rickey, Mr. Rush, and Mrs. Schnabel.

Also present: CUE Munro, CUO Yuronich, and Councilman Spaetzel.

Approve Minutes

Chairman Dzwonczyk presented the Minutes of the January 18, 2022 regular meeting. With no changes, additions or corrections noted, he ordered that the minutes stand and be distributed as presented.

Public Speakers

None.

Correspondence

Mr. Munro informed the Board about a tax bill that was received in his office relating to the 40-acre parcel at 180 Shield Rd, the location of the Water Reclamation Facility. He said that Lorain County reassessed the property based on the improvements at the Water Reclamation Facility and without any notice to Avon Lake Regional Water sent out a tax bill. The Water Reclamation Facility property had previously been exempt from property taxes, and now a new exemption will need to be filed with Lorain County and the State of Ohio.

Mr. Munro said there is a state statute that requires the County Auditor to issue a tax bill to the property owner. He stated that he is working with Mr. Presley, the Finance Director, and the county officials on a better process so those properties affected and previously exempted would not need to pay the tax bill. Because the tax bill is on the entire 40-acre property, the total bill due is roughly \$173,000, and the bill will need to be paid or a 10% late penalty will be incurred. He said at the next meeting he will have a recommended motion for the Board to appropriate that money. He added that while that bill can be paid with the current budget, he will be asking the Board to appropriate the money because this expenditure was unanticipated.

The Chairman asked if there was an expected refund from the county. Mr. Munro said yes there will be a refund. Mr. Abram said every year there is an issue with the property taxes. He asked if filing this exemption would straighten out the problem once and for all. Mr. Munro said he is working through this issue because the 180 Shields Rd property was previously a tax-exempt property because it was paid for by the Utility and deeded to The City of Avon Lake. He stated that there was no prior notice that they would reassess the property and the exemption would be lost. If notice had been given, staff would have filed the necessary paperwork to continue the exemption. He said the exemption paperwork needs to be filed with the county and then sent to

Columbus for approval which will take some time. He added that he is working on a process with the county to improve the process and avoid something like this happening in the future.

The Chairman stated that this has happened before, and it seems to automatically happen whenever there are improvements to a property. Mr. Munro confirmed that this had happened on the parcel where the new water tower was built, and a tax bill was received the following year. He stated that this has happened on a few occasions with some of the utility's parcels where improvements had taken place.

Mr. Munro said he had some positive correspondence from a resident to pass along to the Board. He said the resident commended the incredible job completed by the ALRW distribution and collections crew during a water break despite the frigid temperatures over the past week. He thanked the resident for reaching out to ALRW and for leaving a positive comment about the ALRW crew and the customer service staff as well.

Expenditures

Following review of expenses dated February 1, 2022, for funds and amounts as follows, Mr. Abram moved, Mr. Rickey seconded, to approve the expenditures of January 14 through January 27, 2022:

Water Fund 701	\$	339,699.18
Wastewater Fund 721	\$	262,784.77
MOR ETL1 Fund 703	\$	70,641.90
MOR ETL2 Fund 762	\$	70,941.38
West Ridge Interconnect Fund 702	\$	514.60
Water Construction Fund 704	\$	100,075.30
LORCO Fund 749	\$	2,413.77

Ayes (per voice vote): Abram, Dzwonczyk, Rickey, Rush, and Schnabel.

Nays: None

Motion carried.

2022 Waterline Bundle Project

Mr. Munro informed the Board that on January 27, 2022, the 2022 Waterline Bundle Project bids were received. He said three bids were submitted for the project with Underground Utilities, Inc., of Monroeville, Ohio, submitting the lowest apparent bid. He said Underground Utilities, Inc. has worked on a number of projects with Avon Lake Regional Water in the past. The contract from Underground Utilities, Inc. was for the amount of \$6,717,453.85, and this included the five locations on Lake Rd as part of the storm water crossings. He said the engineering staff worked closely with Mr. Reitz and Mr. Spaetzel on those crossings.

Mr. Munro also said he will be seeking a low-interest loan from the Ohio Water Development Authority for the funding of the 2022 Waterline Bundle Project and he is working with City of Avon Lake officials to utilize the American Rescue Plan Act (ARPA) funds that are earmarked for water, sewer, and broadband infrastructure improvements. He said there are three streets in the project that ALRW is partnering with the City on (Armor, Avon Point, and Coveland) for water, storm water, and road rehabilitation. He said staff recommends the award of this project.

Mr. Rush said he was happy there were three bids for the project. He asked if there was an engineer's estimate. Mr. Munro said the engineers estimate was \$7.3M for the project. Mr.

Rickey asked about the 5% contingency on the project and why that was included. He asked if that was so staff would not need to come back to the Board for approval should the project exceed the estimate and the amount asked for was not a blank check from the Board. Mr. Munro said that the contingency allows the CUE the authority to continue the project should there be unexpected issues. He said then he would come back to the Board and inform them of the additional funds being spent from the contingency. Mr. Munro said the standard practice with the OWDA is to add an additional 10% contingency to the loan to help cover costs. He said that is more than the amount staff normally uses, and there are a relatively low amount of change-orders in ALRW's projects. Mr. Rickey said he wanted to make clear that it wasn't just a blank check so other projects could be completed.

The Chairman said that anytime there is an extra charge, it would come back to the Board. He said the Board ultimately approves all expenses. Mr. Rickey asked if there needed to be two motions. Mr. Munro said two motions are needed because the project is being completed with the approval of City Council. Their next meeting is on February 10th for Council to approve their part of the project. He said this motion allows him to apply for funding with the OWDA. He added that the OWDA interest rate is approximately 0.50% which is well below current market rates. Mr. Rickey asked if there was a breakout for the cost of the five storm water crossings so the City can be charged at a future date. Mr. Munro said the total cost came to \$100,000, about \$20,000 per crossing. There were separate line items that staff could choose to award or not award. He said if the City is going to utilize any of the loan funding, they have their own parts of the funding that they have access to. Parts A and B are for Water and Wastewater, Parts C & D are for Storm Water and Road Restoration.

The Chairman asked how close his estimate was in a percentage for the optional crossings. Mr. Munro said that he was 0% off in his estimate. Mr. Munro said that weeks before the bids were opened, the Chairman said the crossings would cost about \$100,000 in total.

Mr. Rush moved, and Mrs. Schnabel seconded, to authorize the CUE to execute a contract with Underground Utilities, Inc. for the 2022 Waterline Bundle Project in the amount of \$6,717,453.85 plus an additional 5% contingency for out-of-scope items.

Ayes (per voice vote): Abram, Dzwonczyk, Rickey, Rush, and Schnabel.

Nays: None

Motion carried.

Mr. Dzwonczyk moved, and Mrs. Schnabel seconded, to authorize the CUE to apply for funding in the amount \$6,717,453.85 plus an additional 5% contingency for out-of-scope items, from the Ohio Water Development Authority for the 2022 Waterline Bundle Project.

Mr. Munro said that he plans to apply for the full amount for the project, but he did budget funds for the project in the Water Construction Fund for 2022. He said there will be a hybrid to approach to paying for the project through both the ARPA funds, the OWDA loan, and the budgeted funds. Mr. Munro said that in order to apply for the OWDA loan, he would need authorization from the Board for the full cost of the project. That was why he asked for the full \$6,717,453.85.

Ayes (per voice vote): Abram, Dzwonczyk, Rickey, Rush, and Schnabel.

Nays: None

Motion carried.

ETL Easements

Mr. Munro informed the Board that he is working with Law Director Ebert and representatives from the law firm of Seeley, Savidge, Ebert & Gourash on the acquisition of the necessary easements for the ETL work that is currently in the design phase. He explained that currently there are some easements for the ETL, but some of those will need to be widened or realigned with new easements. He said he asked the Law Director to provide a letter of engagement that would outline an estimated budget for the level of effort needed to complete the task of securing easements. Mr. Munro added that this will be paid out of the ETL Funds, and it would not come out of the Water or Wastewater Funds. The CUE said he recommends the Board approve this amount.

Mr. Rush said with the consent from the Board he asks to be abstained from voting on the following motion due to his attorney working for the firm for which the letter of engagement will be secured. He said out of any potential conflict of interest he will not be voting. There being no objection, the Board permitted Mr. Rush to abstain from voting on this motion.

The Chairman said this is an appropriate undertaking for the Law Director and his firm due to it being something that effects the City's property. Mr. Rickey asked how many easements will there be for this project. Mr. Munro said that multiple parcels will need easements. He said the firm is doing the evaluation on which easements need to be expanded and which will require a new easement due to the realignment of the pipe. He added that there are quite a few areas along the tracks for ETL1 that will require additional easements because the pipe is not in the railroad right of way. Mr. Rickey asked if this will cost ALRW any money and will they pay the property owner. Mr. Munro said there could be some fees, and that ALRW will negotiate with the property owners once they get to that point. He added that he is taking the approach that this is a public benefit to those property owners because it provides redundancy and resiliency for the ETLs which provide those customers with their water.

Mrs. Schnabel moved, and Mr. Abram seconded, to authorize the CUE to execute a letter of engagement with Seeley, Savidge, Ebert & Gourash Co. LPA for ETL easement acquisition with a not-to-exceed amount of \$30,000.

Ayes (per voice vote): Abram, Dzwonczyk, Rickey, and Schnabel.

Nays: None

Abstain: Mr. Rush

Motion carried.

Cleveland Construction Cost Index

Mr. Munro said that the annual Cleveland Construction Cost Index (CCCI) has been updated for this year with an increase of 5.00%. He said per ALRW regulations, various fees will be automatically updated by the change in the CCCI. He added that a motion will not need to be made, because historically those fees are updated automatically with the CCCI and he is including this as an informational item to be memorialized in the official meeting minutes.

	<u>2021</u>	<u>2022</u>
Trunk Sanitary Sewer Fee	\$2,111.00	\$2,216.00
Trunk Sanitary Square Foot Charge	14.08¢	14.78¢

8" Sanitary Sewer Front Foot Charge	\$74.24	\$77.95
CALDP Tap In Fee	\$11,130.52	\$11,687.35
Commercial Square Foot Charge	71.44¢	75.01¢
Water Impact Fee	\$2,546.00	\$2,673.00

The Chairman said that 5% is quite a bit, and he asked if Mr. Munro had any idea how that could have happened. Mr. Munro said the cost of construction materials has significantly gone up. He said there have been years where the CCCI has gone down, but currently there is a pandemic and supply chain issues have caused the price of goods to skyrocket. Mr. Abram said last year it was only 1%. The Chairman said the project had pretty good pricing. It was less than the Engineer's Estimate and prior similar work plus inflation factors. He said it was a good countervailing trend to the CCCI.

Updates to Regulations

Mr. Munro said as part of the meeting packet was a summary of various minor updates to the Avon Lake Regional Water Regulations. He said these are provided for the Board's review and he will recommend approval for the updates from the Board at the February 15, 2022 meeting. He stated that the changes are minor, and there is nothing new but there are items that needed clarification. The Chairman urged fellow Board members to review and become familiar with the changes.

Project Updates

WFP & ETL Design Services: Mr. Yuronich said staff is currently reviewing the 75% ETL Suction Line design drawings, the 50% ETL1 design drawings, and the 50% WFP design drawings. Comments will be provided to HDR shortly.

Spieth Road Water Tank Mixers: Mr. Yuronich informed the Board that staff is awaiting the delivery of the electrical control panels. He said the panels are scheduled to be delivered to the contractor by the middle of February. The Chairman asked how Mr. John Christopher was doing in his second week as the new Water Filtration Plant Manager. Mr. Yuronich said he received an update from him earlier, and Mr. Christopher said he feels like he has been at ALRW for five years after meeting all of the staff and working at the plant. He said there is a lot to learn, but Mr. Christopher has gotten a good start.

CUE Reports & Action Items

Mr. Munro informed the Board that at the next Board meeting on February 15, 2022 there is a scheduled Work Session at 6:00 PM with Raftelis to give the Board an update on the Asset Valuation and Rate Study.

Miscellaneous & Member Reports

The Chairman thanked Mr. Spaetzel for working with Mr. Munro on the very important storm water crossings that will prevent additional tearing up of Lake Rd. He said the inconvenience to the public will be minimized in the future.

Public Speakers

None

Executive Session

Mr. Rush moved, and Mr. Abram seconded, move to meet in executive session as allowed by ORC §121.22 G (3) to discuss legal matters and to include the CUE and the CUO.

Ayes (per roll-call vote): Abram, Dzwonczyk, Rickey, Rush, and Schnabel.

Nays: None

Motion carried.

The Board reconvened at 8:13 PM.

Adjourn

As there was no further business, Mr. Abram moved to adjourn, and Mr. Rush seconded. The meeting adjourned at 8:14 PM.

Ayes (per voice vote): Abram, Dzwonczyk, Rickey, Rush, and Schnabel.

Nays: None

Motion carried.

Approved _____ 2022.

John Dzwonczyk, Chairman

Robert Munro, Clerk