

Board of Municipal Utilities  
**Meeting Minutes**  
**July 2, 2019**  
201 Miller Road  
Avon Lake, Ohio

***Call to Order – Roll Call***

The meeting was called to order at 6:31 PM.

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

Also present: CUE Danielson, CUO Munro, Community Outreach Specialist Arnold, Mayor Zilka, Councilwoman Fenderbosch, and Technical Support Specialist Collins.

***Approve Minutes***

Chairman Dzwonczyk presented the minutes of the June 18, 2019, work session and regular meeting. With no changes, additions or corrections noted, he ordered that the minutes stand and be distributed as presented.

***Public Speakers***

Councilwoman Fenderbosch thanked CUE, CUO, the Community Outreach Specialist, and the entire Avon Lake Regional Water team for their help during the lateral separation project.

The Chairman thanked the staff of Avon Lake Regional Water, and he also thanked the City of Avon Lake officials for their support throughout the process.

***Correspondence***

None

***Expenditures***

Following review of expenses dated July 2, 2019, for funds and amounts as follows, Mr. Abram moved, Mr. Rush seconded to approve the expenditures of July 2, 2019:

Water Fund 701	\$	169,462.73
Wastewater Fund 721	\$	174,837.82
MOR Fund 703	\$	12,684.16
MOR Fund 762	\$	6,574.41
LORCO Fund 749	\$	18,454.94
Lateral Loan Fund 765	\$	33,600.00

Ayes: Abram, Dzwonczyk, Rush, Schnabel, and Phillips.

Nays: None

Motion carried.

**Award of 2019 Water Main Replacement Project Bundle**

The CUO informed the Board that bids were opened on June 21, 2019, for the 2019 Water Main Replacement Project Bundle. The project will replace water lines on Jaycox Road south of Walker Road to the tracks, a small section on Lake Road near the power plant, and finish the water main loop on West Shore Road. He said that this project will also improve reliability of the water system and help reduce chances for customers to experience system outages.

The CUE informed the Board that the project will be paid by a 20-year OWDA loan, with a current interest rate of less than 2.5%. He said that one bid was received by Underground Utilities Inc. for \$2,488,897.15 based upon the estimated quantities, which was 7.4% below the engineer’s estimate. The CUE stated that the request for bids was advertised in The Chronicle-Telegram on June 7 and June 12 and was provided to the bid houses. He believes there was only one bid due to a busy project season and contractors having limited availability, and he also believes the bid is fair and recommends award.

Mr. Abram asked the Chairman if the berm on the road was going to be extended to 3-feet to help bikers ride safely along the side of the road. Mayor Zilka stated that he was not aware of any plans at this time to extend the berm.

Mr. Rush moved, Mr. Abram seconded, that contingent upon loan approval, to award the 2019 Water Main Replacement Project Bundle to Underground Utilities, Inc. of Monroeville, Ohio for \$2,488,897.15 with water system revenues responsible for approximately \$2,000,000 and City taxes responsible for the rest based upon current quantities.

Ayes: Abram, Dzwonczyk, Rush, Schnabel, and Phillips.  
Nays: None  
Motion carried.

Mr. Rush moved, Mr. Phillips seconded to authorize the CUE to apply for and execute an Ohio Water Development Authority loan for this project not to exceed \$2,700,000.00.

Ayes: Abram, Dzwonczyk, Rush, Schnabel, and Phillips.  
Nays: None  
Motion carried.

**Lateral Separation Update**

The CUO informed the Board that staff is now in the final push to assure as many Groups B&C homes as possible are either in compliance or are under contract.

Group	May 30, 2019 Need to do work to comply	June 13, 2019 Need to do work to comply	June 27, 2019 Need to do work to comply	Under Contract	Deadline
A	8	2	2	0	April 30, 2019
B & C	111	84	61	54	June 30, 2019

The CUO stated that, to date, there are 5 homeowners who have not completed the work by June 30<sup>th</sup> deadline and do not have a contract for completion. He said that the CUE filed

criminal complaints against these homeowners on July 1, 2019. The CUO also stated that there are approximately 50 homeowners who have contracts but have not completed the work, and those homeowners will receive an additional 30-days' grace period to complete the work.

The CUO informed the Board that for the outstanding Group A homes, an arraignment date of June 20, 2019 was set for the four property owners with contracts who did not complete the work by May 30th. He said that all four of those homes have completed the work. He also stated that the only two outstanding homes from Group A are an estate, which does not have an administrator at this time, and a foreclosure. The Chairman thanked the CUE, CUO, and the Community Outreach Specialist for their hard work throughout the sewer separation project.

### ***Employee Promotion***

The CUE informed the Board that Tim Bradley completes his first year as Laborer on July 9, 2019. Due to his excellent performance, his manager recommends and the CUE/CUO support promoting him from Laborer, Step 1C to Line Maintenance Man, Step 1A on his anniversary date.

### ***Backflow Prevention Inspections***

The CUE informed the Board that at the January 2, 2019 meeting, the Board updated its backflow prevention regulation to provide more time for customers to provide inspection reports (July 1, rather than May 25) and implemented a fee (\$50) for not providing reports by the July 1 due date. He said that staff included notification of the change in the March bill and Waterline. Staff also sent out two postcards and sent robocalls. The CUE stated that as of the morning of the first robocall there were 690 reports that had not been submitted. He said that the number was decreased to 567 at the time of the second robocall.

The CUE stated to the Board that on July 2nd, the backflow penalty letter will be mailed to 312 customers who have backflow prevention devices and have not submitted inspection reports.

The Chairman stated that he believes the high amount of precipitation during the spring may have influenced the limited response from customers. He asked the CUE how the response compared to the previous year. The CUE informed the Board that in 2018 roughly 230 customers received the penalty letter.

### ***Electricity Contract and Savings***

The CUE informed the Board that in December 2014 Avon Lake Regional Water began purchasing power through "block and index," purchasing variable-sized blocks of power during peak hours of the day, and all other power during those peak periods and during non-peak hours were purchased at the day-ahead hourly index rate. He stated that buying at index rates leads to high month-to-month variability and has the risk to be very expensive during periods like the polar vortex. The CUE said that in the long-run, this usually saves the most money, and buying blocks of power "hedges" the risk.

He said that Avon Lake Regional Water typically uses between 1.5 MW and 2 MW of energy at any given time. The historical strategy has typically been to purchase a 1.0 MW block of power on-peak during two-to-three winter months and two-to-three summer months and to purchase a 0.5 MW block of on-peak power during the other (shoulder) months. The CUE stated that this strategy has saved roughly \$800,000 during the past 4.5 years.

The CUE informed the Board that Avon Lake Regional Water had blocks of power purchased through September 2023 at rates of \$37.16/MW and \$37.68/MW, depending upon when it was purchased. The CUE stated that he had learned of an unexpected depression in the power market and purchased additional blocks of power on behalf of the Board through April 2026 at a price of \$34.23/MW.

Mr. Abram asked how Avon Lake Regional Water has been saving on power and energy used. The CUE informed the Board that by limiting the amount of power used during peak periods, this has saved on overall power costs. Mr. Abram asked how much has been spent to purchase the blocks of power. The CUE stated that they have not purchased the blocks yet, but they have agreed to purchase the blocks in the future.

### ***Project Updates***

45 Project: The CUO informed the Board that the crew was paving on Tomahawk and Grove and completed base and intermediate layers on July 1<sup>st</sup>. He said that the crew was beginning yard restoration and completing the punch list items.

Mr. Rush asked about work on Avondale. The CUO stated that he doesn't have a timeline on the work but that they were going to be finalizing everything in the coming week.

### ***CUE and CUO Reports***

None

### ***Member Reports***

Mr. Abram stated that Ryan Homes is progressing with initial approvals on and development of the Eaton Crossing subdivision. The CUE stated that Ryan Homes Management, interested in marketing their houses at a particular "price point," has asked LORCO if it could divide the \$8,000.00 tap-in fee as follows: \$4,000.00 up front and place the remaining \$4,000.00 on the Homeowner's property taxes for 20 years at 5% interest. He said LORCO would end up receiving \$11,000.00 over 20 years instead of \$8,000.00 up front. Mr. Abram said he wanted to bring this item to the Board's attention and to ask their opinion on the matter.

The Chairman stated that he would rather have the \$8,000 tap-in fee up front. The CUE informed the Board that LORCO's board was not completely in favor of the proposal, but they were considering limiting the amount charged up front to the same as RLCWA which is \$4,000. The Chairman said that there is a price point for the project that was built to supply LORCO and Ryan Homes. He said that Avon Lake Regional Water has already assisted LORCO, and he doesn't believe that the Board should further subsidize Ryan Homes.

Mr. Rush stated that he believes that when LORCO first started their tap-in fee was only \$5,000 for those individuals who committed early. He said that, if the agreement with Ryan Homes goes forward, it would only be fair to those individuals if LORCO made \$5,000 as the minimum allowed for the tap-in fees. He believes it would be fair to those who did not have that offer before this agreement.

The Chairman stated that Avon Lake Regional Water has worked closely with LORCO and that a significant amount of money has been put into this project. He believes that for Ryan Homes

this is a venture, but for Avon Lake Regional Water it is a sunk cost. Mr. Rush asked if the 5% interest owed to LORCO by Ryan Homes would then be paid to Avon Lake Regional Water. Mr. Abram replied that the money would be paid to Avon Lake Regional Water by LORCO.

The Chairman said that there was an Employee Appreciation Luncheon on June 26 that was a nice way to recognize the efforts of the staff. The CUE stated that over 100 years of experience are planning on retiring this year.

### ***Miscellaneous***

The CUO stated that the janitor at the Water Plant resigned a few months ago and that staff has been working to write a job description to hire a replacement.

He said that they have been interviewing to hire a laborer at the Water Plant. Staff has conducted five interviews, as required by the Civil Service, and has narrowed the selection down to three candidates. The CUO also said that staff will be discussing the candidates, and they will be looking to hire in the next couple of weeks.

The Chairman asked how far along staff was in the hiring of the Technical Support Specialist. The CUE stated that they have set up the interviews for the top five candidates, and that they will be conducting interviews at the end of July.

### ***Public Speakers***

No Public Speakers

### ***Adjourn***

As there was no further business, Mr. Abram moved to adjourn, Mrs. Schnabel seconded. The meeting adjourned at 8:03 PM.

Ayes: Abram, Dzwonczyk, Phillips, Rush, and Schnabel

Nays: None

Motion carried.

Approved \_\_\_\_\_ 2019.

John Dzwonczyk, Chairman

Todd A. Danielson, Clerk