

Board of Municipal Utilities
Work Session Minutes
August 20, 2019
201 Miller Road
Avon Lake, Ohio

Call to Order – Roll Call

The meeting was called to order at 6:02 PM.

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

Also present: CUE Danielson, CUO Munro, Technical Support Specialist Collins, Mayor Zilka, Community Outreach Specialist Arnold (arrived partway through the meeting), LORCO Executive Director Gene Toy, and Rick Gerrone.

LORCO Update

LORCO Executive Director, Gene Toy, provided the Board his annual update regarding LORCO growth and prospects.

Mr. Toy presented a number of projects that were in various stages of development, including: Timber Creek, set to begin in September of 2019; Eaton Crossing, a Ryan Homes designed development; Eaton Woods, also a Ryan Homes designed development; Brentwood Golf Course; O'Donnell Farms, which is in the design phase; and Fetchet-Columbia Township. Mr. Toy stated that these projects will collectively bring in almost 2,000 additional homes to the area.

Mr. Toy showed the Board a graph illustrating the LORCO Custodial Fund Balance, which shows how much LORCO owes Avon Lake Regional Water; and the Fund has reached almost \$8.5 million. Mr. Toy also informed the Board that the LORCO Board was considering a request put forth by Ryan Homes to allow Ryan Homes to pay half the cost of a tap-in fee up front and pay the rest through assessment. Mr. Toy said that he was aware of the Board of Municipal Utilities' concern regarding splitting the tap-in fee. Mr. Toy also said he has spoken with Ryan Homes regarding this fee. He provided a graph showing the difference in total revenue for the three options that he and the CUE have discussed regarding the tap-in fees. Mr. Toy said that over the course of 20 years, by accepting the \$4,000 tap-in fee and \$4,000 assessment for the remainder, LORCO would bring in more revenues than if they would accept only the \$8,000 tap-in fee up front, which would help LORCO repay Avon Lake Regional Water.

The Chairman asked if Ryan Homes is planning on splitting the fee for future projects. Mr. Toy said he was not aware if Ryan Homes was planning on using this strategy in the future. The Chairman asked why the LORCO tap-in fees were the development costs that needed to be split. He stated that there were other costs that Ryan Homes could ask to split to lower the initial cost for customers, and that he did not believe that Avon Lake Regional Water should be the benefactor to Ryan Homes' future customers. The Chairman also stated that he doesn't want to consider alternatives that slow LORCO's repayment to Avon Lake Regional Water, considering the amount that they currently owe.

Mr. Rush asked how would the remaining \$4,000 tap fee be financed and what risks there would be. Mr. Toy stated that the tap fee would be assessed to the individual properties and that the ultimate risk is someone not paying the property taxes. However, the unpaid assessment would then be rectified by either the current property owner or a subsequent property owner. Mr. Rush also asked if there would be legal costs associated with the assessment; to which Mr. Toy indicated there would not be any. He said that assessments would only continue to grow and the Auditor's Office would assure eventual repayment from current or future property owners.

Mr. Rush said that \$5,000 was the initial amount asked for the surrounding area. He asked why the LORCO Board was now willing to offer the \$4,000 tap-in fee. Mr. Toy stated that the reason the LORCO Board was considering the \$4,000 was because they saw the investment as an opportunity to help repay their debt to Avon Lake Regional Water. Mr. Phillips stated that if Avon Lake Regional Water hadn't invested so much already into LORCO, this could be a different discussion. Mr. Toy indicated he understood and that his board also had various opinions. Mr. Phillips said that Avon Lake Regional Water is willing to consider concessions; and, he stated, that Ryan Homes would not know how the Board felt if they didn't ask. He said he understands their reasoning for asking for the loan.

The Chairman asked Mr. Toy if he knew the cause of the bump in development in southern Lorain County. Mr. Toy informed the Board that the location of a few of the developments along Route 82 places them between Grafton and Strongsville, which is convenient to major arterials. He went on to say that North Ridgeville does not have the same amount of space for land development that it used to. The Chairman said that the land is desirable and Ryan Homes got something by purchasing this land. He said that now Avon Lake Regional Water would like to be paid for their investment as well. Mr. Toy stated that he will brief his board and then communicate as far as which direction they are going to proceed. The Chairman stated that he does not believe that there is any support amongst this Board regarding financing the tap-in fee.

Draft Water Tower Plaque

The Community Outreach Specialist, Mrs. Arnold, provided a draft of the Water Tower Plaque for the Board to review. She asked that the Board review the wording and design of the plaque for the new three-million-gallon water tower. The Chairman asked where the plaque was going to be located. Mrs. Arnold stated that staff is planning on putting the plaque on the outside of the tower on a flat spot. The Chairman asked for a slight revision in the wording but, overall, approved of the plaque.

Adjourn

With no other business, Mr. Abram moved to adjourn, Mr. Rush seconded. The Chairman concluded the work session at 6:36 PM.

Approved _____ 2019

John Dzwonczyk, Chairman

Todd Danielson, Clerk