

Board of Municipal Utilities  
**Work Session Minutes**  
**November 2, 2021**  
201 Miller Road  
Avon Lake, Ohio

***Call to Order – Roll Call***

The meeting was called to order at 6:05 PM. The meeting was held using web-based video conferencing technology.

Present: Mr. Dzwonczyk, Mr. Abram, and Mr. Rush (arrived partway through).

Excused: Mr. Phillips and Mrs. Schnabel.

Also present: CUE Munro, Technical Support Specialist Collins, Water Filtration Plant Manager Yuronich, Chief Lab Analyst Woods, and representatives from Raftelis, Mr. Joe Crea and Mr. Steven McDonald.

***Rate Study and System Valuation***

Mr. Munro introduced Mr. Joe Crea of Raftelis to the Board. The Board and Mr. Crea discussed the history Avon Lake Regional Water, and what the ultimate goal of the Rate Study and Asset Valuation project was. Mr. Crea said that water and sewer rates have been outpacing inflation for twenty years, and a rate study will help the Board with raising rates, lowering rates, or keeping rates the same. Mr. Crea introduced Mr. Steven McDonald as the Chief Economist at Raftelis, and the head of the Asset Valuation Study. He outlined the progress he has made on evaluating the utility. He said he will be following a similar timeline as the Rate Study and will be completing the valuation by sometime in January. The Board asked how the utility will be valued. Mr. McDonald said he will be looking at the property, assets on the property, appurtenances, and all intangible assets like licenses and agreements. He added that he will be using three different methods to value the utility.

The Board asked about increased prices and rising water rates throughout the country. Mr. Crea said that water has been going up by over 5% a year on average. He stated that most utilities are getting older and need to replace their pipes and assets and this is adding to the overall cost. He also said that chemical prices are increasing, along with energy. Mr. Crea said that once the Raftelis study is completed, the Board will be provided with Financial Policies and Goals, a Financial Plan, Cost of Service & Rate Design, and a Final Rate of Adoption. The Board expressed their interest in keeping the rates low, and they said that the rates have not been raised in two years. Mr. Crea said the rate model provided will be for 25 years, and will help guide the Board in making their rate decisions. Mr. Crea said that ALRW is running very well financially, and that is due to the operations and decision making by the Board. He said there is a large amount in cash reserves and debt coverage, which benefits the overall health of the utility. The Board thanked Mr. Crea and Mr. McDonald and said they look forward to the final report on the Rate Study and Asset Valuation Study.

***Adjourn***

As there was no further business, Mr. Abram moved to adjourn, and the Mr. Rush seconded. The meeting adjourned at 6:56 PM.

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

Nays: None

Motion carried.

Approved \_\_\_\_\_ 2021.

John Dzwonczyk, Chairman

Robert Munro, Clerk