

Board of Municipal Utilities  
**Meeting Minutes**  
**December 18, 2018**  
201 Miller Road  
Avon Lake, Ohio

***Call to Order – Roll Call***

The meeting was called to order at 6:51 PM. Prior to this meeting, there was a Work Session.

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

Also present: Mayor Zilka, Councilmember Zuber, Chris Andro, Wally Lukas, CUE Danielson, CUO Munro, and Community Outreach Specialist Arnold (left partway through meeting).

***Approve Minutes***

Chairman Dzwonczyk presented the minutes of the December 4, 2018, 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***

Mrs. Chris Andro indicated to the Board she would like to know why her water bill for the third quarter went up \$30 to \$40 more than her previous bills. The Chairman asked CUO Munro to work with her to help address her questions and informed Mrs. Andro that if she stays throughout the meeting, she should be able to hear a discussion on the latest bills and the Minimum Usage Fee that would be proposed for the community.

***Correspondence***

The CUE brings to the Board's attention a letter from a customer expressing gratitude and thanks for the service that has been provided.

***Expenditures***

Following review and a brief discussion of expenses dated December 18, 2018, for funds and amounts as follows, Mr. Abram moved, Mr. Rush seconded, that all be approved and paid per budget:

Water Fund 701	\$	916,987.41
Wastewater Fund 721	\$	2,645,309.45
MOR Fund 703	\$	185,922.94
MOR Fund 762	\$	485,231.42
LORCO Fund 749	\$	19,226.48
Lateral Loan Fund 765	\$	44,500.00
Water Construction Fund 704	\$	676,020.61
Sewer Construction Fund 724	\$	1,776,966.05

Ayes: Abram, Dzwonczyk, Rush, and Schnabel

Nays: None  
Motion carried.

### **Water and Wastewater Rates**

The Chairman asked the CUE to present the proposal for water and wastewater rate changes. The CUE indicated that since 2013, \$120 million in water and wastewater projects have either been completed or are underway. He reminded members of the \$33 million Storage Improvements Project that would help to limit impacts of potential icing events and other disruptions; the \$37 million water reclamation facility rehabilitation, which is the first major rehabilitation of the facility—some original 1960 items were being replaced; the 11.3 miles of water line replaced, the 12.5 miles of sanitary sewers replaced, and the 200 fire hydrants replaced.

This system reinvestment is leading to significant debt service increases—on the order of millions of dollars per year. Staff has been able to offset some of the increases through the 0%-interest loans, which are saving \$18 million in interest expenses, and through energy programs that have saved \$800,000 in the past 2.5 years. The 0%-interest loans have provided a savings of \$55/customer, and energy programs have saved \$8/customer. However, additional 4%/year increases for water rates and 15%/year increases for wastewater rates are necessary. This translates to about an additional \$1/week for the average residential customer. Even with the proposed changes, Avon Lake customers would have the lowest combined water and wastewater bills in the region.

As part of the rate change, the CUE is proposing exchanging the water minimum usage requirement and wastewater administrative fee for a minimum service fee. Except for customers with 0 usage, the new fee would minimally impact customers and may even save expenses for the lowest of water users.

The CUE explained that, when compared to other communities in Ohio, the price for water and wastewater is significantly lower for Avon Lake customers. The proposed rates and adopted rates for the jurisdictions in close proximity all exceed the total rates offered by Avon Lake Regional Water. Specifically, the water rates offered are the second lowest in the state of Ohio (based upon Ohio EPA's 2017 Water and Wastewater Rate Survey). The Chairman pointed out that a large portion of the wastewater rate increases are associated with the requirement to separate sewers to better protect Lake Erie.

After Board discussion, Mrs. Schnabel moved, Mr. Rush seconded, to set proposed water rates per 1,000 gallons of usage as follows:

Usage	Current	For bills issued after July 1, 2019	For bills issued after July 1, 2020	For bills issued after July 1, 2021
Minimum Service Fee	---	\$4.00	\$4.25	\$4.50
Tier 1 (First 50,000/gal)	\$1.92	\$2.00	\$2.08	\$2.16

Tier 2 (Next 200,000/gal)	\$1.48	\$1.64	\$1.71	\$1.78
Tier 3 (Over 250,000/gal)	\$1.32	\$1.37	\$1.42	\$1.48
Note: As of July 1, 2019, there will be no more minimum usage bill of 5,000/gal for 5/8"-3/4" meters. Rather, there will be a Minimum Service Fee which includes the first 2,000/gal of usage.				

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

Mr. Abram reiterated that in his opinion a 15% increase in 2019 and again in 2020 is too high. After Board discussion, the Chairman moved, Mr. Rush seconded, to set proposed wastewater rates as follows:

Date	Current	For bills issued after July 1, 2019	For bills issued after July 1, 2020
Administrative Fee per Bill	\$8.25	---	---
Minimum Service Fee	---	\$21.00	\$23.00
Rate per 1,000 gal	\$5.52	\$6.35	\$7.30
Note: The first 2,000 gallons of usage is included in the Minimum Service Fee.			

Ayes: Dzwonczyk, Rush, Schnabel  
Nays: Abram  
Motion carried.

### ***Letter of Engagement***

The CUE explained that the law firm of McMahon DeGulis has been providing assistance to Avon Lake Regional Water regarding negotiating changes to the NDPES permit as it relates to deadlines. The CUE asked that the Board authorize an additional engagement letter with McMahon DeGulis for assistance regarding general matters, including impact fees, developer agreements, and code interpretation.

After Board discussion, Mr. Rush moved, Mrs. Schnabel seconded, to authorize the CUE to execute the December 12, 2018, the engagement letter with McMahon DeGulis for up to \$50,000 for legal consultation and counseling for general matters.

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

### ***Intern***

Jarod Larson is an engineering intern who has assisted the Engineering Services Manager since September 2017. Due to his excellent service, and his continued assistance with the

Engineering Services Manager during his winter break, the CUE will be increasing his wage to \$13/hour effective January 1, 2019. This increase exceeds the standard annual wage increase for summer help; and, therefore, the CUE provided this to the Board as an information item.

### ***Project Updates***

*ETL-2 Emergency Repair:* The 30" bypass line was installed and put into service on Monday December 10th. Excavation began on Tuesday December 11th to determine the exact location of the leak. The leak was found on the south side of the drainage ditch at a depth of 19 feet to the top of the 42" ETL2. The CUO explained that through further investigation, the leak most likely occurred during the time of installation. The repair process, which began on Wednesday December 12th, was successful, and the project should be completed by the end of December.

*45 Project:* Lateral work continues on Tomahawk. The crew expects this work to finish by the end of December. Storm work continues on Lakewood. Once the crew finishes storm work, it will begin lateral work. The overall project is 74% complete.

- Part A – Water 98%
- Part B – Sanitary 73%
- Part C – Storm 74%
- Part D – Road 51%

*Curtis Project:* This project is 98% complete. Final clean-up will be completed in the spring

*Elyria Interconnection Project:* Work continues to progress on this project with various site work at West Ridge Rd. and Miller Rd. This project should be substantially complete by the end of December. The only outstanding items that will need to be completed are site restoration, paving and building façade stone work, which will all take place in the spring when weather permits.

### ***Lateral Updates***

As of Friday, December, 13, 2018:

- No inspections
  - Group A: 0
  - Group B & C: 42
- Work to complete
  - Group A: 136
  - Group B & C: 209

### ***CUE/CUO Report and Action Items***

The CUO explained that lighting will be put outside to illuminate the sign at 201 Miller Rd. The CUO also provided that the water tower will be illuminated through in-house collaboration between maintenance and the Engineering Services Manager.

The CUE provided an explanation for the comparison between the year 2003 and 2018 in regards to the overall cost of labor compared to the total budget. Personnel remains a similar percentage of the budget, despite the growth in both categories.

### ***Member Reports***

Mr. Abram indicated the Board can approve an amendment to the LORCO cooperative agreement from the current payment of \$10,000 per month, to a new rate of \$8,500 per month.

Mr. Rush informed the Board that at the last human resources meeting, the Technical Support Specialist job description was introduced. Progress has been made on the overall approval of the position, including the salary and job description, and he believes everything will be concluded by the end of January 2019.

The Chairman indicated that he attended the St. Jude's "Golden Shovel" ceremony. Also, he met with the contractor who will be working on the sanitary lateral to the foundation of his business. He will continue to update the Board as progress is made.

### ***Miscellaneous***

None.

### ***Executive Session***

The CUE requested to meet in executive session with the Board to discuss legal matters.

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

Ayes (per roll call): Abram, Dzwonczyk, Rush, and Schnabel

Nays: None

Motion carried.

Board reconvened at 8:52 PM.

### ***Adjourn***

As there was no further business, Mr. Abram moved, Mr. Rush seconded, that the meeting adjourn at 8:52 PM.

Ayes: Abram, Dzwonczyk, Rush, and Schnabel

Nays: None

Motion carried.

Approved December 18, 2018

John Dzwonczyk, Chairman

Todd A. Danielson, Clerk