

Board of Municipal Utilities
Work Session Minutes
December 18, 2018
201 Miller Road
Avon Lake, Ohio

Call to Order – Roll Call

The meeting was called to order at 6:00 PM.

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

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

Water and Wastewater Rates

Chairman Dzwonczyk called the meeting to order at 6:00PM and 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. 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.

Members asked and confirmed that these rate changes were necessary to pay for the debt burden associated with projects required to maintain compliance with regulations, maintain the system, and approved by the Board. 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. Member Abram appreciated the information provided by the CUE and felt that the wastewater rate increases were too large. He also asked the CUE to provide comparisons to other communities in Lorain County.

Backflow

The CUE presented a draft for the Board's consideration regarding potential changes to the backflow program, indicating that in addition to sending out notification separate from that included on the bills, staff is proposing delaying the due date for confirmation of testing from May 25 to July 1 each year. If confirmation is not received by July 1, a \$50 penalty would be added to the bill. Following that, a letter would be mailed out indicating that if the inspection report is not received by the first workday after July 15, water service would be terminated.

During the Board's discussion, Mrs. Schnabel indicated that she was concerned about the size of the penalty because it was larger than some inspection companies charge for the service. The Chairman responded, indicating that confirmation of a working backflow device is highly important in order to protect public health and that he supported the penalty. Mr. Rush questioned whether delaying the due date was wise, as it could allow customers to further delay confirming their backflow devices are working. After further discussion and the CUE indicating that the fee was meant to help offset the overall cost of the program, members generally supported the proposal, which the CUE intends to bring forward at the Board's January 2, 2019 meeting.

Adjourn

With no other business before the Board, Mr. Dzwonczyk adjourned the work session at 6:43 PM.

Approved January 2, 2019

John Dzwonczyk, Chairman

Todd Danielson, Clerk