

Board of Municipal Utilities
Work Session Minutes
December 19, 2017
201 Miller Road
Avon Lake, Ohio

Call to Order – Roll Call

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

Present: Mr. Dzwonczyk, Mr. Rush, Mr. Rickey, and Mrs. Schnabel.

Also present: CUE Danielson, WPCC Manager Baytos, Community Outreach Specialist Arnold, Customer Service Clerk Farch, Mayor Zilka, Public Works Director Reitz, and Kathryn Crestani.

Lateral Separation Deadlines

CUE Danielson provided a brief background stating Board members expressed concern about how to most effectively get residents to assure their clean water sources are disconnected from the sanitary sewer. Members had requested the CUE present alternative ideas to the current option of issuing fines if customers have not separated by the deadlines. The CUE stated that in conversations with the Law Director, they collectively felt an appropriate alternative approach could be to notify customers that if they have not proven they have prevented their property's clean water from entering the sanitary sewer by a given date, then court proceedings would be initiated. Chairman Dzwonczyk indicated he would prefer a one-step process, rather than a two-step process, where a contractor for Avon Lake Regional Water would begin separating after a certain date, as that would assure compliance more quickly. Other members generally expressed support for following the legal course that would have a judge grant Avon Lake Regional Water the right to access residents' properties to inspect and/or separate laterals.

The Chairman requested the CUE come back to the Board with an updated plan. He also indicated that customers should continue moving forward with separations and not be afraid that Avon Lake Regional Water would be issuing fines the day after the deadline if they are making positive steps forward but have not yet completed removing their clean water sources from their sanitary lateral.

Wastewater Rates

The CUE presented background indicating that Avon Lake Regional Water is in the midst of an \$80 million wastewater capital improvement program that will increase annual debt service from approximately \$3 million in 2017 to \$5.6 million in 2025. Correspondingly, annual operating expenses plus debt service will increase from \$8 million to \$12 million. The CUE indicated that staff is first, trying to reduce operating expenses; second, trying to find new revenue sources; and third, considering rate increases. As examples, the 0%-interest loans that the CUE secured from Ohio EPA will reduce interest expenses by \$18 million (combined water and wastewater), and the

method used for purchasing energy will save Avon Lake Regional Water (and its customers) \$300,000 (combined water and wastewater) in 2017.

By slowing down when Avon Lake Regional Water begins needing to repay debt, the CUE was able to reduce potential annual increases in 2019 to 2021. As typical, the CUE is proposing two-years of wastewater rate increases and will then reassess before any further changes. The current wastewater rate is \$4.80/1,000 gallons. The CUE proposes increasing that to \$5.52/1,000 gallons for bills issued after July 1, 2018, and to \$6.18/1,000 gallons for bills issued after July 1, 2019. Based upon average residential usage in Avon Lake, that represents an increase of about \$40/year.

Organizational Meeting

The CUE reminded members that the Charter requires the Board to have an organizational meeting in December after municipal elections and choose a Chairman and a Clerk-Secretary. The Chairman and others expressed their belief that the new Board should appoint its own positions. Therefore, any appointments later that night should be provisional until such time as the new Board confirms the appointments.

Member Rush recommended Chairman Dzwonczyk remain as Board Chairman and CUE Danielson remain as Clerk-Secretary. Chairman Dzwonczyk recommended Member Rush remain as Acting Chairman. Members inquired about Acting Clerk-Secretary, and the CUE indicated that he recommended, rather than a named individual, two positions be included as potential Acting Clerk-Secretary.

With the current search for the next CUO, members discussed the extension of CUO Eberle's appointment and felt a one-year extension was appropriate. They commented that it could be further extended, if desired.

The work session adjourned at 6:54 PM.

Approved January 2, 2018

John G. Dzwonczyk, Chairman

Todd A. Danielson, Clerk