

DRAFT

WATER & SEWER COMMITTEE MEETING

September 6, 2018

The Water and Sewer Committee of Chardon City Council met on Thursday, September 6, 2018 at 8:00 a.m. in Conference Room A on the second floor of the Chardon Municipal Center.

Deborah Chuha, Chairman of the Water and Sewer Committee presiding.

Members of the Water and Sewer Committee present: Deborah Chuha, Nancy McArthur.

Others present: City Manager Randy Sharpe, Finance Director Mate Rogonjic, Public Service Director Paul Hornyak, Amy Day, City Engineer Doug Courtney, Law Director James Gillette, Mayor Jeffrey Smock, Joe Koziol.

Mrs. Chuha called the meeting to order.

ACCEPTANCE OF MINUTES

Mrs. McArthur moved and Mrs. Chuha seconded to accept the minutes of the September 12, 2017 meeting as presented. Upon voice vote the motion passed unanimously.

Regarding the Connection/Tap-In Fee charges for new gravity sanitary sewer service for the North-Eastern sewer system section of the Railroad Trunk Sewer Project - Industrial Parkway, Park Drive, and Seventh Avenue, Law Director James Gillette stated that there are several methods of financing under Ohio law. One of the most common methods used in the past has been the assessment to the property owners for the cost of the improvement. The assessment cost has to bear a reasonable relationship to the benefit the property owner will receive. He reviewed the 3 ways the assessment could be determined and the limitations of assessments.

Mr. Gillette reviewed a memorandum from Virginia Benjamin regarding financing alternatives for the NE and SE sewer projects. She explained the City's options including: special

assessments, tap-in fees, surplus funds, or a combination of both tap-in fees and surplus funds.

He noted that tap-in charges are not able to be charged to Seventh Avenue Investments or Structural Fibers because of agreements the City previously made with these companies that no additional tap-in fees would be charged when gravity flow sanitary sewers were constructed.

Mr. Sharpe explained that a connection/tap-in fee recommendation has been provided that is based on zoning and the actual water usage from the businesses over the last 3 years.

Mr. Sharpe noted that the largest charges would be for the Park Leasing Group property. The City has explained the proposed cost to the property owner who does not have issues with the proposal.

Doug Courtney explained the various methods he used to determine the flow calculations. He used a 3-year water usage average to determine the flow from those who have water service. For vacant parcels or those not tied to the system currently, he went to the zoning code and based on the maximum building size and the building type, the flow was calculated based on the EPAs flow tables.

Mr. Rogonjic stated that the recommended tap-in connection fee is something that could be put on their taxes.

Mrs. McArthur asked how the project is being financed.

Mr. Rogonjic stated that the project is being financed through a 20-year EPA loan.

Mrs. McArthur asked the interest rate on the loan.

Mr. Rogonjic stated that the interest rate is less than 3%.

Mrs. McArthur asked if there are costs beyond what is projected here and asked if the City is charging the businesses what the project is costing the City.

Mr. Rogonjic stated that the City is only trying to recoup the actual cost for the work.

Mr. Courtney noted that the businesses will no longer have the expense of maintaining lift stations which they are currently responsible for.

Mr. Sharpe added that staff is still working on how the Park Leasing Group property tap-in fees will be repaid to the City.

Mayor Smock asked if Park Leasing Group is responsible to pay for the charges listed regardless of how many homes they construct.

Mr. Sharpe stated that the City's intent is to collect the total charges for the parcel regardless of how many homes he constructs.

Mr. Rogonjic stated that the interest is something that would have to be included in the resolution.

Mayor Smock stated that he would like to give Parking Leasing Group a minimum number of years to make an initial payment to the City regardless of when the property is developed so the City is not paying for the loan.

Mrs. McArthur concurred.

Mayor Smock suggested payment within a 5-year period.

Mrs. McArthur asked for next steps.

Mr. Sharpe stated that if the committee supports the proposed recommendation, he suggested another water/sewer committee meeting to be held to give the property owners the opportunity to voice any concerns.

Mrs. McArthur stated that staff should continue to move forward with the proposed plan.

Mrs. Chuha concurred.

Regarding the 30% upcharge to private entities for City performed water and sewer work, Public Service Director Paul Hornyak stated that staff was asked to review the need to continue the City's use of the upcharge after waiving the markup on services for the Thistle House's water main tap for their fire line. While he does not know the original intent for the City instituting the 30% markup, it helps in recouping expenditures for things such as: inventory control, lost time and production from daily activities. Staff is recommending the 30% markup remain in place.

General discussion occurred regarding the work done for the Thistle House.

Mayor Smock stated that he does not like the 30% because it looks like the City is making a profit verses covering costs. He would like to eliminate the 30% markup and would prefer to use line items for expenses to bill for exactly what was spent.

Mr. Hornyak stated that the City performs these types of jobs less than 6 times per year for small time frames and does not receive complaints about it.

Mr. Rogonjic stated that retirement and insurance costs are also not included.

Mrs. McArthur stated that she is ok leaving the 30% markup in place.

Mrs. Chuha stated that the committee recommends leaving the 30% markup the way it is.

Regarding the proposed Water & Sewer Capital expenditures CIP 2019-2023, Mr. Rogonjic reviewed the projects in the plan.

Mr. Rogonjic noted that there is a possibility that the first debt payment for the Railroad Trunk Sewer project won't be made in December but could be pushed back to June 2019. He asked if the Committee would consider using funds already collected from the sewer capital improvement fee to pay for any sewer capital-related purpose if the first loan payment is extended to June 2019.

Mr. Smock stated that as long as Council is kept informed about what is being done with the funds, it probably will not be an issue.

Mr. Rogonjic reported that a sewer upgrade surcharge was implemented in 2017 that would take effect in 2019 based on De Nora Tech leaving the City. However, De Nora Tech may leave later than anticipated which may allow the sewer upgrade surcharge to end sooner if the City collects sufficient funds to repay the upgrade portion of the wastewater treatment plant debt.

EXECUTIVE SESSION - none.

ANY OTHER BUSINESS -

ADJOURN

Mrs. McArthur moved and Mrs. Chuha seconded to adjourn the meeting. Upon voice vote the motion passed unanimously.

The meeting adjourned at 3:07 p.m.

Attest:

AMY DAY

Clerk of Council

