

November 21, 2022

**South Amherst Board of Public Affairs
Storm & Water Minutes**

Roll Call:

Board Members Present: Zoltan Zoltai, Tom Pellittieri, Mark Leshinski,

Operator of Record: Dennis Hevener

Clerk: Alexandra Sabine

Liaison and Council Representative: Jeri Leigh Siss

Visitors:

Virgil Flynn / 321 Elm Street, Michelle Henke, Fiscal Officer

Agenda Amendments: Zoltan Zoltai added privatization of water system to new business under water.

Approve Agenda: Mark Leshinski moved to approve the agenda including amendments. Tom Pellittieri seconded. The motion passed unanimously.

Previous Minutes:

11/07/2022: Tom Pellittieri moved to approve the minutes from November 7, 2022, as written. Mark Leshinski seconded. The motion passed unanimously.

Fiscal Officer, Michelle Henke – Financials Discussion: The fiscal officer discussed the financials regarding the BPA. She specifically discussed the debt of the water department & the revenue from the user fee. After payments on loans, there is only approximately \$8,000 left over from the user fee revenue once payments are completed. She also discussed the annual carryover from the budget. In July, the projected carryover for the water fund was roughly \$60,000. Currently, as a result of the Water Tower Incident, the projected carryover is roughly \$4,500. The user fee has decreased significantly as well. This projected carryover could change depending on the number of water breaks we have before January 1, 2023 as well. She thinks that they will carryover at least an additional \$28,200 in the water account, so she feels a little more comfortable. The user fee will be a bit slimmer in terms of carryover. Her ask to the water board is this: What is the plan? If their expenses become larger than their revenue, how would they make up the difference? She believes a rate study will be necessary in the future to ensure that the future plan encompasses all the needs of the system & village. Zoltan Zoltai stated that to devise a strategy the board would have questions for her. He also inquired that the budget seems like it needs revised for next year to which the fiscal officer stated she reappropriated already because you cannot budget for more than your revenue. She shared this information with the board previously. The clerk reminded the board that they approved the budget reappropriations at the previous meeting. Zoltan Zoltai stated that he would like to hold a work session with the fiscal officer. He asked for her top

three talking points. She responded that her top talking point would be the plan of the water board to increase revenue.

Zoltan Zoltai inquired about a rate study. He asked if the rate study would need to be conducted by a certified outside party. The fiscal officer responded she did not have that information. Tom Pellittieri stated that he believes that Corey Timko could perform the rate study for us free of charge since we are members of the association. Zoltan Zoltai moved to allow Corey Timko with Ohio Rural Water Association to perform a rate study on our behalf. Tom Pellittieri seconded. The motion passed unanimously. Discussion ensued on the projected time period of a rate study to be completed.

The board decided to hold the work session on November 30, 2022 at 7:00pm at Town Hall. Zoltan Zoltai asked the fiscal officer to send the top three bullet points of discussion to the board. They would like to completely understand the financial situation to be able to move forward. The board thanked the fiscal officer for all her hard work.

Storm

Operator's Report: Dennis Hevener asked who the point person will be for notifying the county of any updates that we perform so that they can update the GIS System. They decided that Dennis should contact Matt Arnold to update that the Maroy Project is completed via email. Dennis Hevener also stated that he discussed the maps with councilperson Maschari. She inquired if the maps would be updated and if they want to have the maps digitized. Discussion ensued. Jeri Leigh advised that her understanding was it was up to the board if they wanted or needed to update the maps, if they wanted them digitized, and where to store the paper maps if kept. The clerk also advised that she has had conversations with Jeanne regarding digitizing the maps and was told that there would be an email going out with an official ask of the board, which the clerk would then add to the next agenda after receiving the email. Zoltan Zoltai asked for this to be added to the work session agenda. The board also discussed that there would need to be a standardized format for storing the digitized maps so that all departments would be uniform. The clerk advised that this is the reason she was waiting for the email from Councilperson Maschari as she would be the one to provide these details.

Clerk's Report: Alexandra Sabine reported that the fiscal officer received the invoice from Digger's for the Maroy Drive project. They invoiced her \$5,000 less because they will need to plant grass, etc. in the spring and they will invoice the remaining \$5,000 at that time. The current invoice is \$36,000 & the spring invoice will be \$5,000 totaling the \$41,000 budgeted for. The fiscal officer advised that the remaining balance from the purchase requisition can carryover to 2023 so procedurally this will suffice, we just wanted the board to be informed. Dennis Hevener will be responsible for ensuring that the grass seed, etc. is completed in the spring. The board would like him to follow up around April 1, 2023.

Completed Tap- In's: None

Pending Tap-in's: None

The board reviewed the financial reports (Exhibit A). Mark Leshinski moved to accept the financial reports as written. Tom Pellittieri seconded. The motion passed unanimously.

Old Business:

Water Operator Worklist: The board reviewed the work list to date. The clerk suggested separating the list into storm & water for future reference. Mark Leshinski checked off the following items as completed:

434 Annis, Open Ditch on Russia, Sidewalks after Gas Line (E Main), Schram Ditch will be reevaluated, South Lake Street will be reevaluated in Spring.

(M) Maroy Drive: Dennis Hevener reported that the Maroy Drive project was completed Thursday November 17, 2022.

(M) EPA /Fire Department Containment Tank: Mark Leshinski asked the status of the project. Dennis Hevener stated that our engineer will have plans to us by December 2, 2022 to review. Once the plans have been reviewed and approved, they will be sent to the EPA for approval. The clerk will send the plans to the EPA via email for approval. Dennis will get at least two quotes for installation so that once the EPA approves the plans, the contractor can start installation as soon as possible. Dennis Hevener also stated that he contacted the EPA to see if any vehicles could be washed in the meantime. The answer was no, there can be no discharge at all into the storm system from the fire station or town garage. Dennis stated that vehicles will not be washed until the holding tanks are completed.

Mark Leshinski inquired if a car wash should be utilized for the SABPA truck for the winter. Discussion ensued. The clerk stated that this would need to be approved by the fiscal officer.

Jeri Leigh Siss inquired if it would be possible to reach out to the EPA to ask if the approval could be expedited on their end. Dennis stated that he planned to do so. Mark Leshinski stated that there should be communication with all departments, stating that no village equipment can be washed. Dennis Hevener & Jeri Leigh Siss stated that it has been communicated.

Visitor, Virgil Flynn, stated that the corner of Elm & Quarry there is a broken tile. The catch basins fill up and are running down Elm Street. Tom Pellittieri stated that it is on the list of things to get jetted. Dennis stated that he will call McNelty to see about jetting.

New Business:

Storm Tap-In Penalty: The clerk advised that the Village clerk sent her an email to recommend that we maintain consistency throughout the ordinances for penalties. The standard penalty is the permit amount fee plus two times the permit fee amount. So, in our case it would be \$500.00 for the fee plus two times the fee amount, which is \$1000.00, totaling a fee of \$1500.00. She just wanted to bring this suggestion to the attention of the board. The board stated they would take the suggestion into consideration. Zoltan Zoltai suggested adding this to the agenda for the next work session. The clerk clarified that Zoltan Zoltai stated at the previous work session that he would be writing this ordinance, so they can discuss further at the next work session if necessary.

Water

Operator's Report: Dennis Hevener reported that there was a water break on North Lake Street due to the ground settling. It was repaired by Diggers. It was within the first five hundred (500) feet which will be repaired with the North Lake Replacement Project. Zoltan Zoltai inquired on the targeted start date for the project, which is not available. Dennis Hevener advised that Digger's has the information, and we

are waiting on pricing and availability to start from Digger's. Dennis Hevener stated that he would follow up with Dan.

Clerk's Report: Alexandra Sabine reported that the inactive account interest verbiage was sent to the law director for approval. The law director advised that he approved the verbiage with one minor revision. He would like to add "pursuant to Ohio Revised Code 5703.57" when discussing the interest rate. The board discussed the minor change and clarified that it is simply a verbiage change and not a change in the logistics of the interest. Zoltan Zoltai moved to modify the verbiage on the inactive account interest ordinance to reflect the suggestion by the law director to include the verbiage pursuant to Ohio Revised Code 5703.47. Tom Pellittieri seconded. The motion passed unanimously. Jeri Leigh Siss advised that it has already gone through ordinance so it can be sent to council at this point. The clerk will send this approval to the village clerk to be added to the next council agenda.

Alexandra Sabine also updated the board regarding the lien for 305 East Main. The fiscal officer advised that the resolution is in process, it will be ready for the January council meeting. She also advised that she was informed that liens must be placed between January 1 – July 1 otherwise they are considered delinquent, and a fee will be applied through the County. The clerk advised that the board should keep this in mind for future reference. Lastly, the clerk reminded the board of the email she sent regarding her schedule for December.

The board reviewed the financial reports (Exhibit B). Tom Pellittieri moved to accept the financial reports as written. Mark Leshinski seconded. The motion passed unanimously.

Old Business:

Supply Operator: Tom Pellittieri advised that he may have found a candidate for the Supply Operator Position. When discussing the rate study with Corey Timko, he discussed the need for a Supply Operator. Corey has his license and may be interested. Tom Pellittieri did not offer the position as he wanted to discuss with the board, but he thinks it would be a good idea to look into the possibility of Corey taking the position. Jeri Leigh Siss inquired if this would be a conflict since he is with Ohio Rural Water Association. We are members of that association and they have performed work for us in the past. Discussion ensued. Tom Pellittieri will be responsible to reach back out to Corey regarding the position and report back to the board. The clerk suggested inviting him to the work session to discuss with the board. Tom Pellittieri also advised that Chris Balog stated he would continue to complete the reports until a new operator is hired.

Water Bill Delay: The clerk advised that she sent out a detailed email regarding the water bill delay and wanted to clarify that they received the email. As of Friday, she reported that she only had four (4) complaints regarding the late fee still being applied to accounts, yet she is still receiving payments regularly. The clerk stated she would keep the board informed, so she is updating them. She advised that her standard response is an explanation of the situation, an apology for any inconvenience, and directing the customers to the board meetings to discuss with the board if necessary. The board decided there was no further action that they would take at this time seeing the complaints have been minimal.

(M) North Lake Street Replacement Project Update: Mark Leshinski inquired if the materials have been obtained yet. Tom Pellittieri stated that he believes they are available at Core & Main. Tom Pellittieri called them in to Core & Main.

(M) Water Treatment Plant: Mark Leshinski stated that Council will be demolishing the old water works building, he would like to verify that everything that belongs to the water department is removed & that all lines, hydrants, etc. are disconnected. Dennis Hevener stated that everything should be removed and disconnected to the best of his knowledge.

New Business:

(Z) Privatization of Water System: Zoltan Zoltai discussed privatization of the water system. Topics included aging water delivery & storm water system, stricter EPA regulations & the village purchasing our water instead of treating it ourselves, economic development, & uniform processes including council & boards, among others. He stated that he would send a blurb for the clerk to insert into the minutes. See below.

Mr. Zoltai offered the following statement in response to Village Councils casual talk about privatizing the Village's water distribution system

A privatization study committee needs to be assembled by Village Council. Suggested two council members and one private sector contractor or person familiar with water lines to develop a study and draw conclusions based upon facts supported by data.

- A) Create a mission and purpose for privatization.
- B) Identify fixed asset values (including water tower)
- C) Perform rate audit to determine value accuracy of what water is billed at now v/s where it should be at (SABPA will set in motion)
- D) Identify debt value now thru next 5 years
- E) In the quest to reduce costs and improve the efficiency of water via privatization a formal engineering study needs to be commissioned (financed) to explore the potential advantages of privatization of our water distribution system. This could take years and money the Village does not have.

Chairperson Zoltai identified that he felt the privatization of water can be in a variety of business arrangements that can include:

- The outright sale of system assets
- Or, various forms of public-private partnerships—from the simple provision of supplies and services to private replacement/ construction and operation of new lines.

The SABPA understands that many factors and considerations are contributing to the growing interest in the privatization of our water distribution system.

1. Higher operating costs, including LCRWA increases.
2. Aging water delivery (and storm water collection)
3. More stringent federal water quality standards
4. Greater customer demands for quality and reliability
5. Long term questions such as will a selling off, or the rebuilding/ revamped water distribution system aid in the economic and real estate growth of the Village?
6. Our current debt on project loans being repaid over the next seven years is at or around \$1MM
7. The water tower and existing outdated water lines are also 'liabilities' a new service company won't accept or will refinance immediately raising Village water rates.
8. And MOST important: Which will do more for the Village by the year 2036? Sanitary sewers or new water lines.
9. Lorain County Agencies have shown no diligence in providing legitimate help other than pointing us in the direction of more interest-based loans.

These thinking points are all challenges facing the Village of South Amherst due to lack of funds, lack of a strategic plan, or technical capabilities, lack of productive partnerships (more action less political speak). Merely asking someone to take over our water system is not the answer.

For municipalities with limited capacities to meet these challenges, privatization can be a viable alternative *but if managed by a partner for profit alone* a privatized water distribution system becomes a regrettable decision.

Initial steps the Village of South Amherst needs to consider before decisions are made (expanding on earlier above points)

- A fact-finding team/forum to manage the review process for water privatization established from Village Council.
- Financial 10-year forecast review of projected operating expense and projected operating revenue for the water distribution system for the Village of South Amherst through the year 2034. (Be sure to include current loan balances and pay-offs).
- Privatization v/s retaining the system as Village operated. Seeking 'best interest' for the residents of the Village.
- Money allocated for an engineering study to determine forecasted of repairs and or replacement by a new operator. Needed to go into any negotiations to know where we stand as to negative financial exposure and possible rate hikes expected by a private operator to off-set improvement expenses.
- Quantify our current debts, debt payments, and asset financial liabilities (mainly water tower operating expense next 20 years)
- A written plan that takes into consideration all the above thinking and consideration points.
- All Village Council and SABPA officials are 'part-time' elected officials. The topics under consideration here require full-time effort, full time resources, and expertise on the topics. Our officials mean well, and I sure want to support public trust and expectations. But are we experienced enough and have time: 40-50 hours per week, per person, to spend on these issues? (Consider outsourced expertise).

In closing Mr. Zoltai stated there is no quick 1-3 years relief to be realized towards replacing/ construction of replacement water lines via privatizing and that farming out our water system is not the immediate answer to address our 4.5 miles of outdated-failing water lines and is no guarantee we will receive new water lines anytime in the next 10-20 years. Privatization will only severely drive-up Village water rates over the next 30 years with no rate controls, could if a bad deal entered into- add sever debt load to the Village the likes we are not prepared for.

Chairperson Zoltai also stated the opinion of the true direction that must be pursued by Village Council isn't the selling off or water system, but rather quickly and aggressively seek, and secure the means to add sanitary sewers by the end of 2027. This in a shorter amount of time, will fuel economic growth both commercial and private. This revenue increase is what in the longer timeline provides the best path. A torch that should be picked up and carried as a top goal by our Economic and Growth Committees.

Growing whispers and back door chatter to the effect that LCRW should be contacted to 'take us over' is not the answers to the challenges historical non-action by Village decision makers puts before us.

Mark Leshinski stated that he understands the points given above. He discussed another possible rail strike and would like to verify that our chlorine supply is stable and will not be affected by supply chain delays. Dennis Hevener replied that we have stock available, most likely enough to cover through the next year.

Jeri Leigh Siss advised that there is a committee meeting on December 12, 2022. If there is anything the SABPA wants brought up as an FYI for 2023 it is welcomed.

She also advised that there will be a Newsletter published mid to late January into February. If the BPA would like to include anything, the clerk can advise Jeri Leigh. The board decided to add this to the agenda for the first SABPA meeting in January.

Mark Leshinski moved to Adjourn the meeting. Tom Pellittieri seconded. The roll was called with all in favor.

Respectfully submitted, Alexandra Sabine, Water Board Clerk