

Allen Water District

3230 North Cole Street

Lima, Ohio 45801

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"Addressing the water needs of the Community"

April 11, 2018 Board Meeting Minutes

There was an Allen Water District (AWD) board meeting held on **Wednesday April 11, 2018, at 5:00 p.m.** in the Training Center of the Allen County Sanitary Engineering Department office located at 3230 North Cole Street, Lima, Ohio.

The agenda was as follows:

1. Roll Call
2. Pledge of Allegiance
3. Additions, Changes, or Corrections to Agenda
4. Approval of AWD minutes – March 14, 2018
5. Clerk of Board Report
6. Committee Reports
7. Attorney's Report
8. Treasurer's Report
9. CPA Report
10. Old Business
11. New Business
12. Board Comments
13. Public Forum
14. Executive Session
15. Adjournment

A quorum being present, Dr. Biery brought the meeting to order at 5:00 p.m. and proceeded with the agenda.

1. ROLL CALL

Mr. Biery
Mr. Lucas-Absent
Mr. Miller
Mr. Kayatin
Mr. Kessen
Mr. Gosnell
Mr. Hartley

Member At Large
Member At Large
American Twp Representative
County Representative
Perry Twp Representative
Shawnee Twp Representative
Bath Twp Representative

STAFF

Mr. Huffman – AWD Attorney
Mr. Paul Rennick – AWD Accountant
Kimberly Stiles – Clerk of the Board

PUBLIC –

Dorothy Edwards
Robert Murphy

2. PLEDGE OF ALLEGIANCE

- 3. ADDITIONS, CHANGES OR CORRECTIONS TO AGENDA** – Dr. Biery introduced new Board Member, Greg Kessen. Mr. Kessen is the new Perry Township representative appointed to the Board. Mr. Kessen gave Board a little bit of background on himself.

Dr. Biery introduced Mr. Rennick, AWD Accountant, to review Executive Summary and Financials with the Board. Mr. Rennick noted that this is a Discussion Draft copy. Mr. Rennick stated that until it is approved by the Board, it will be called a Discussion Draft. Mr. Rennick reviewed the Executive Summary to give Board a sense of what is going on with the financials. Mr. Rennick stated the Board is required to file financial statements annually with the Auditor of State. Mr. Rennick stated the Board may discuss whether they want to continue GAAP filing, this does cost more from an Audit side and accounting side, and this can be discussed in future Audit and Finance Meetings. Mr. Rennick stated assets decreased about \$729k but wouldn't be overly concerned about this as most of this relates to depreciation expense. Assets decrease as special assessments collected. Cash increased by about \$128k. Mr. Rennick states that if you can generate enough from assessments to pay off debt, the District is in a good position. Liabilities have decreased by about \$826k. This is because OWDA debt is being paid down and more of payments are going to principal. Accounts payable decreased. Mr. Rennick mentioned that the City of Lima changed their billing system and this threw of billing cycle a little. The District's net position (what you own minus what you owe) increased approximately \$104k. Slight increase in District fee which can sometimes change due to billing cycles. Mr. Rennick noted that the District has not raised their fees and this is a good thing. Capital fees and supplemental capital charges decreased in 2017 probably due to decrease in number of projects from 2016 to 2017. Interest income decreases every year from special assessments. County Auditor remits this to District twice per year. Salary and benefits increased slightly but is still relatively small for a District. Mr. Rennick noted that the District is operating on a very small budget comparatively. Depreciation increased a little bit and this happens as assets are added. Professional services increased slightly due to consolidation, etc. Mr. Rennick thinks this will probably decrease for 2018. There was a decrease in Capital Contributions. A Capital Contribution is when someone gives the District an asset (waterline) or a grant to purchase an asset (waterline). Mr. Rennick stated that the bottom line when looking at the financials, the District is in a very good financial position. Mr. Rennick reviewed pie chart analysis of 2017 revenues and expenses. Mr. Rennick noted that the District took a big step this year with the County taking over as fiscal agent, allowing Kim to spend more time on other things such as projects.

4. APPROVAL OF MINUTES

Mr. Miller made a motion to approve March 14, 2018 minutes. Second by Mr. Gosnell. Motion carried 6-0.

5. CLERK OF BOARD REPORT

Mrs. Stiles stated that there were **6 permit inquiries** since last month's meeting:

- Curtis Vorhees inquiring about water permit for potential new construction on Chancellor in Country Aire Subdivision. No address or parcel number given. \$2,500 for Capital Permit Fee plus \$450 for Supplemental Capital Charge based on 5/8" meter.
- Eric of Lehman & Son Construction inquiring about water permit for 3900 Running Oak in 7 Oaks Subdivision. \$2,500 for Capital Permit Fee plus \$450 for Supplemental Capital Charge based on 5/8" meter.

- Mark Blass of Blass Residential Services inquiring about water permit for potential new construction on 2657 Summer Rambo Court. \$2,500 for Capital Permit Fee (single family unit) plus \$450 for Supplemental Capital Charge based on 5/8" meter.
- Pauline DeVita, realtor, inquiring about cost to tap line on Diller Road, parcel 36-1600-02-009.002. This waterline was put in with the Diller/Eastown/Franks Waterline Project and this parcel is Ag Deferred. This project was completed in 2000 and this parcel split in 2007. Explained to Paula the remaining principal amount (approximately \$9,897.32) plus interest compounded semi-annually from 2000 to present would need to be paid on this if the parcel comes out of Ag District. This project was assessed by ESFU/front footage combination so also explained that there would be \$3,000 due if a single family home was being built. Potential buyer may be looking into purchasing this parcel and splitting off a smaller parcel to build their home on. They would then pay the principal and interest on that smaller front footage that comes out of Ag District and the \$3,000 user equivalency if/when the home is built.
- Aaron Opperman, contractor, inquiring about water permit for 2579 Autumn Ridge looking to build a single family home. \$2,500 for Capital Permit Fee plus \$450 for Supplemental Capital Charge based on 5/8" meter.
- Mark Blass (Blass Residential Svcs) inquiring about water permit for parcel on Weldon Drive. No address or parcel number given. \$2,500 for Capital Permit Fee (single family unit) plus \$450 for Supplemental Capital Charge based on 5/8" meter.

Mrs. Stiles stated that **4 Capital Permits were issued:**

- No charge permit issued to Pat Farmer for 3361 Danny Drive. Waterline put in with the Woodbriar Waterline Project and assessment paid in full in 1999.
- 2 permits issued to LBC Investments for 3471 and 3472 Camden Place. Both are condominiums
 - 3471 Camden Place is 1,400 sq. ft. (< 1,500 sq. ft.) so equal to .75 ESFU. So, Capital Permit Fee of \$1,875 for this address (\$2,500 x .75) plus \$450 for Supplemental Capital Charge based on 5/8" meter.
 - 3472 Camden Place is 1,544 sq. ft. and equal to 1 ESFU so Capital Permit Fee of \$2,500 plus \$450 for Supplemental Capital Charge based on 5/8" meter.
- Bill Chambers of 3460 Ada Rd connected to the Fetter Road Waterline and paid permit fee of \$5,252.38 based on that waterline project. Mr. Chambers owns the corner lot on Ada Road and Fetter.

Resolution 18-011 Board authorizes Chair to sign Waterline Connection Agreement with William Chambers of 3460 Ada Road. Agreement gives Mr. Chambers the authority to connect to the Fetter Road Waterline and states that if a waterline is constructed in the future that fronts his property on

Ada Road he must pay the difference between the assessment associated with that project and the amount of \$5,252.38 he has already paid.

MOTION MADE BY MR. KAYATIN TO APPROVE RESOLUTION #18-011 TO AUTHORIZE DR. JOHN BIERY, CHAIR, TO SIGN A WATERLINE CONNECTION AGREEMENT WITH MR. WILLIAM CHAMBERS OF 3460 ADA ROAD. Second by Mr. Miller. Roll Call: Dr. Biery-yes, Mr. Lucas-absent, Mr. Miller-yes, Mr. Kayatin-yes, Mr. Gosnell-yes, Mr. Hartley-yes, Mr. Kessen-yes. Motion carries 6-0.

Mrs. Stiles asked if Mr. Chambers be required to connect to new waterline if one is constructed in the future that fronts his property at 3460 Ada Road? Will he be required to make a new service lateral to the new waterline that fronts his property? Mr. Hartley said yes he thinks Mr. Chambers should be required to make a new service lateral and Mrs. Stiles will make that part of the Waterline Connection Agreement.

Mrs. Stiles stated there were **two extension inquiries** since our last meeting:

- Formal request received for public water at 5530 Allentown Road from Jed Staley. Working on survey for surrounding properties and obtaining estimate from K&K to determine if this is a feasible project.
- Inquiry received from a David Mitchell requesting water on Wapak Rd parcel 46-0700-04-005.000. Gave him a rough estimate of \$96,000 (\$80/foot x 1200 feet). District requested Mr. Mitchell give an amount he would be willing to contribute to this project.

Board Appointments – Mr. Greg Kessen has been appointed by Perry Township. His term will begin 4/11/18 and expires 3/31/21.

Authority to Pay – Mr. Kayatin has been added to the Letter of Authorization sent to the Allen County Auditor's Office. With signatures soon to be electronic in MUNIS, this makes sense to add him as a signer

Connection Fees – Mrs. Stiles stated there was an Executive Committee Meeting this week and there was some discussion of if should the District look at lowering their Capital Permit Fee? What about doing away with the Supplemental Capital Charge (based on the meter size)? Couple different thought processes behind this with the main one being if the District lowers the CPF, this may make tapping into the public water supply more appealing. Once someone taps, the District will receive their District Fee each month (amount included in the customer's water bill) forever. So, the District would be sacrificing a small profit now for a lifetime customer. There are also quite a few OWDA loans being paid in full in the next few years. Last payment will be made for 3 OWDA loans (Shawnee, McDonel and Hawthorne) in June of this year and each of these 3 being paid in full have been being supplemented by the District. In 2017, the District supplemented these 3 loan payments alone by approximately \$75,000. The total the District supplemented for OWDA loans for the year 2017 was approximately \$180,000. The other most substantial OWDA loan being supplemented (Allentown) will be paid in full at the end of 2019. The District supplemented Allentown approximately \$50,000 in 2017. In 2020, the projected District supplement for OWDA loans is down to approximately \$55,000. So, the majority of the District supplements will soon be freed up for District contribution to future projects, etc.

Mrs. Stiles stated the Mr. Kayatin can give some background as to why the District has been looking into adjusting the Capital Permit Fee. Mr. Kayatin had a meeting with Jeff Sprague and the Greater Lima Region, Inc. which also includes Phil Buell of Superior Credit Union. Mr. Kayatin explained what we charge and why we charge it. Mr. Kayatin stated that currently, building in a subdivision, you could pay between \$7,000 and \$8,000 to connect to a waterline. Mr. Kayatin stated that if the District is pricing themselves out of people wanting to connect to lines, the District is sacrificing growing the bigger revenue stream which is a much higher annual revenue. Mr. Kayatin stated he has been discussing this with the City of Lima to see what they are doing as far as their connection fees. He states the County is also looking at lowering their fees but for the County, that is really their only revenue source for their water. The District receives the majority of their revenue from District fees. Mr. Kayatin stated this could lead in well to the County Waterline Lease Agreement where the District leases the County's waterlines and obtains the liability that goes along with this. There would need to be more discussion on whether or not the District could put a fee on County customers maybe on a graduated scale at a later time. Mr. Kayatin needs to discuss this with the Commissioners. Mr. Huffman asked if the City has calculated their actual costs and Mr. Kayatin stated yes they have and that is why they raised their connection fees recently. Mr. Kayatin stated the City may want to subsidize this cost in order to gain more customers. Mr. Kayatin wants to know if District is on board with lowering the CPF because he will be talking with the Commissioners to see what they want to do. Mr. Rennick stated this makes sense since the District isn't actually losing any money on this. Mr. Kayatin mentioned that the connection fee can't be negotiated in an assessment area. This would be mostly for subdivisions. Mr. Rennick stated there may be some backlash from customers who have previously paid the \$2,500 but he also stated that you can let people know that the District is now in a position to lower their CPF due to quite a bit of debt coming off in the next few years. Mr. Kayatin thinks all 3 entities need to do this together and that if one is out, they are all out. Mr. Gosnell questioned who is actually paying this CPF. Mr. Kayatin stated this is often rolled into the loan and the contractor often pays this. Mr. Gosnell pointed out that the home owner may not realize this savings. It may be the contractor. Mr. Kayatin stated the District has no control over that and we are getting inquiries from the Greater Lima Region as to why this CPF is so high. Mr. Gosnell doesn't think it is an advantage to the District if the home owner does not realize this reduction in CPF. Mr. Kayatin asked if the Board will preliminarily be on board with lowering their CPF to a minimum of \$500 and eliminating their supplemental capital charge (meter fee) contingent on if the City of Lima and the County are on board as well. Mr. Miller made that motion. Mr. Hartley seconded that motion. Mr. Gosnell stated he would be on board with this if he thought the homeowner would be enticed by this. Mr. Kayatin stated according to Mr. Buell of Superior Credit Union states this will entice homeowners. Motion carries 6-0.

Office Lease Agreement – Lease expired on April 30th, 2017. New lease being drafted with longer term and automatic renewals. District will have Mr. Huffman review once complete. Any suggestions or comments, Board members should sent to Mrs. Stiles. Mr. Hartley asked about what time frame and Mr. Kayatin stated looking at maybe a 10 year or so. Mr. Hartley stated that if the District is looking into a long term lease, we need a contingent in the lease for an office if Mrs. Stiles becomes the Executive Director of the Allen Water District, in addition to a cubicle for possible part time help. Mr. Gosnell asked how much the District pays for rent per month and Mrs. Stiles stated \$1,000/month. Mr. Gosnell asked if this was competitive and Mrs. Stiles answered that Mr. Rennick states it is very competitive.

District Policies and Procedures - Policy and Procedure for Conducting Performance Evaluations added to manual and to Reference Manual Table of Contents. Mrs. Stiles told Board to bring in their binders and she will file them accordingly.

****Mr. Huffman swore in Mr. Greg Kessen as an official Allen Water District Trustee. ****

COMMITTEE REPORTS

Audit and Finance (Mr. Miller) – Completed with Treasurer’s Report.

By-laws, Policies and Procedures (Mr. Lucas) – Nothing to report.

Contracts and Agreements Committee (Dr. Biery)

East Regional Waterline Improvement Project

- Proposal received from PRIME AE for professional services to include design through construction. Proposal will be used in the Source and Use. Mr. Kayatin thought this proposal was very reasonable.
- Another meeting to be held with each village, individually, to present the Source and Use of Funds once the MHI numbers have been received.
- Draft MOU to be prepared to outline each party’s responsibilities. Contracts Committee will meet to review and then information will be sent to Mr. Huffman to frame an agreement.

County Waterline Lease Agreement

- No response yet from Mayor or Mike Caprella regarding the County Waterline Lease Agreement.

Mr. Hartley asked if the Board needed to take any action on the engineering proposal and Mr. Kayatin stated if/when the villages are on board and ready to move forward, the District would need to take some action. Mr. Huffman asked if there was a time limit on the fees presented in the proposal from PRIME AE and Mr. Kayatin stated he didn’t think so as long as it wasn’t a year or two later. Mr. Kayatin stated the MHI numbers drive what the sewer rate will need to be for the Village of Harrod. The Village of Lafayette should be in good position already based on their sewer rates. Mr. Kayatin states the current MHI number for Harrod is around \$57,000 and that is why the District is waiting on new numbers.

Projects Committee (Mr. Hartley)

- Diller Road
 - Plans are finalized. Waiting on permit from Ohio EPA. Mr. Kayatin asked if the City of Lima is on board to lower their fees, would the District want to take out the cost of putting in the taps originally included in the cost estimate. Mr. Hartley stated that would make sense. Mr. Huffman stated final assessments will be based on final costs so the property owners will see the savings then. Mr. Kayatin stated the District would like to have a pre-construction meeting and show the property owners this savings then if possible and it would be nice to show their connection costs going down. Mrs. Dorothy Edwards asked where that starts and ends and Mr. Hartley stated it starts by Randy Kohli and goes down to where the open field starts.
 - Resolution of Necessity to be voted on later in packet.
- East Regional Waterline Project – Discussed in Contracts Report.

- Raabe Ford – Automatic Flushing Station has been ordered and will be delivered to All Purpose Contracting in Delphos, Ohio. Scott Strahley completed walk through at Raabe with Derek of All Purpose Contracting.
- American Christian Television Services, Inc at 1844 Baty Road, Lima, Ohio.
 - WTLW is willing to contribute \$40,000 to this waterline extension.
 - Estimate to serve this property from the south was approximately \$110,000. District would like to see if WTLW is interested in splitting the cost 50/50.
- Dan McPheron of 4520 W. Breese Road
 - Kim is preparing for Informational Meeting with a date yet to be determined. Kim will work with Mr. Kayatin as sewer will be presented as well. Mr. Gosnell asked what the response was on this and Mrs. Stiles responded 6-yes, 4-no and 2 no responses.
- Fourth Street I-75 Boring.
 - Requested another estimate for a 16" line that is required. Previous estimate for 8" line.
 - Mail survey sent out for Fourth Street and Bowman Road with due date of April 9th. Results so far are: 46 – yes, 5 – no, 50 – no response. Mr. Hartley states there were 2 verbal requests for water along 4th street.
- Agerter Road – Greg Roebuck
 - Kim sent out a mail survey for this area. Potential to serve approximately 25 homes. Results so far are: 13 – yes, 0 – no, 12 – no response.
 - Estimate received to extend an 8" line to serve these properties totaled \$461,525.86. Should an Informational Meeting be held? Mr. Hartley asked if this should be pursued as a project. Mr. Kayatin stated a Source and Use of Funds should be prepared to show the Board the costs and where the money is going to come from. Mr. Kayatin stated he thinks an even split response warrants a meeting if we think we can present a reasonable amount. Mr. Kessen asked if there would be any help with this project (equals \$18,500 per home). Mr. Hartley explained we have an estimate and completed a survey and that is where we are at so far. Mr. Kayatin stated the District tries to keep assessments between \$8 and \$10 if possible. Mrs. Stiles asked who would be contributing on this project. Mr. Hartley stated the District and perhaps the City of Lima could contribute. Mr. Kayatin recommends the Project Committee getting together to discuss.

6. ATTORNEY'S REPORT – Nothing to report.

7. TREASURER'S REPORT –

- Audit and Finance Meeting held today prior to tonight's Board Meeting.
- Revenue and Expense Report for March 2018 (Month-to-Date and Year-to-Date) available on in the Reference Packet. Current cash balance as of 3/31/18 is \$1,621,818.23. Keep in mind that the next OWDA payment is due in June and will be for approximately \$440,000.
- Assessments received from Auditor's Office for 1st half 2017 in the amount of \$412,680.58. Amounts distributed directly into appropriate assessment accounts in MUNIS.
- Reminder: E-mail notifications of direct deposit will be stopping soon. Kim will notify the Board when this change takes place. Employee Self Service Portal will need to be used in the future and a handout detailing instructions will be provided.

Mr. Miller made a motion to approve March 2018 Treasurer's Report. Second by Mr. Kayatin. Motion carries 6-0.

8. **CPA REPORT** – Mr. Rennick covered financials at beginning of meeting.

9. **OLD BUSINESS** –

MOTION MADE BY MR. MILLER TO APPROVE RESOLUTION #18-012 TO AUTHORIZE DR. JOHN BIERY, CHAIR, TO EXECUTE A BILL OF SALE WITH THE ALLEN COUNTY COMMISSIONERS FOR A WATERLINE EXTENSION COMMENCING FROM SOUTH OF THE NORFOLK SOUTHERN RAILROAD CROSSING ON NEUBRECHT ROAD NORTH 2200 LINEAR FEET SERVING THE LIMA PALLET COMPANY, INC. Second by Mr. Hartley. Roll Call: Dr. Biery-yes, Mr. Lucas-absent, Mr. Miller-yes, Mr. Kayatin-abstain, Mr. Kessen-yes, Mr. Gosnell-yes, Mr. Hartley-yes. Motion carries 5-0.

10. **NEW BUSINESS** –

MOTION MADE BY MR. MILLER TO APPROVE RESOLUTION #18-013 TO APPROVE THE RESOLUTION OF NECESSITY TO CONSTRUCT A WATERLINE ALONG EAST DILLER ROAD STATING THE LOCATION OF THE PROJECT, APPROVE DETAILED PLANS, SPECIFICATIONS, ESTIMATE OF COSTS, METHOD OF REPAYMENT AND METHOD OF LEVYING SPECIAL ASSESSMENTS AND AUTHORIZE THE CLERK OF THE BOARD TO ADVERTISE FOR BIDS. Second by Mr. Hartley. Roll Call: Dr. Biery-yes, Mr. Lucas-absent, Mr. Kayatin-yes, Mr. Miller-yes, Mr. Gosnell-yes, Mr. Hartley-yes, Mr. Kessen-yes. Motion carries 6-0.

MOTION MADE BY DR. BIERY TO APPROVE RESOLUTION #18-010 TO AUTHORIZE RESOLUTION OF APPRECIATION TO RECOGNIZE AN OUTSTANDING BOARD MEMBER, ROBERT MURPHY. Resolution signed by all Board Members. Motion carries 7-0. Dr. Biery read the resolution and thanked Bob for his service and dedication to the Board. Mr. Murphy thanked the Board.

11. **BOARD MEMBER COMMENTS:** None

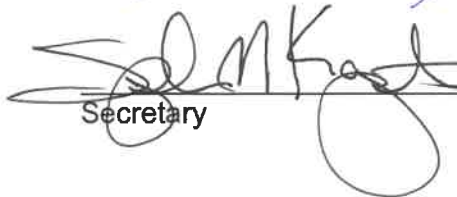
12. **ADJOURNMENT**

Motion for adjournment made by Mr. Miller at approximately 6:54 p.m. Seconded by Mr. Gosnell. Motion carries 6-0.

ATTESTED:


Chairman

5/18/18
Date


Secretary

5-18-18
Date