

VILLAGE OF BOLIVAR SPECIAL COUNCIL MEETING July 12, 2017

The Bolivar Village Council met in a **special session** on **Wednesday, July 12, 2017**. Mayor Hubble called the meeting to order at 5:35 p.m. The Pledge of Allegiance was said. Gettan, Lang, Lapp, Lebold, Lloyd & Vincent answered roll call.

The Mayor began the meeting stating its purpose, as stated in the Times Reporter. (The purpose of this meeting shall be to review and discuss the Village water supply system, the water rate study presented by RCAP and updates with the Downtown project timeline and funding sources presented by Quicksall and Associates)

Nathan Quicksall and Erin Begue with Quicksall attended the meeting to discuss the Canal Street Project. As the Village already knows, we were approved for ODOT/TAP funds at approximately \$540,000.00. OPWC grant/loan total is approximately \$360,000.00 and was recently awarded \$150,000.00 through ARC. The initial application was for 180,000.00 to pay for the loan portion of OPWC; the Village will receive all but \$30,000.00 in funding. We are a little ways out to determine exactly what the construction costs will run.

Nathan also referenced the OPWC docs the Village recently received. He then deferred to Erin to review the funding. Erin noted a copy of the OPWC docs have been sent to the Mayor and Fiscal Officer. She also noted she talked to Armstrong today. Armstrong stated she will have to contact OPWC regarding some changes that need made. Some language changes she would like to see would be "pre-payment penalties" etc. Armstrong also had a concern with the varying time lines with the funding sources. Erin stated some of the funds are stated funded and some are federal. Erin said some sources start at the beginning of the calendar year and others start July 1. Compounding it, ODOT is out almost two years. Erin stated ODOTS timeline is 2019; and their fiscal year begins in 2018. Armstrong asked, under ODOT, would we be starting in 2018? Armstrong has a concern signing a document to a timeline that we won't be able to meet. There was continued discussion regarding the OPWC contract and project timelines. Erin further explained the engineering schedule, timelines and funding deadlines. Nathan also clarified that ODOT will be the engineers during the construction.

Another question Armstrong presented was in regards to the final payment once the project is completed. The current language says it's due within sixty (60) days of the project completion date.

Armstrong asked if there are any funding timelines with ARC. Erin we would receive the money at the beginning of 2018. Erin further explained the sequence of how the funds will come in and when they would be disbursed.

Nathan said they don't anticipate any problems with the timeline and completed the project as proposed. As soon as actual construction is under way, it will be all ODOT running the project. They will make sure everything is done to spec. Armstrong said, on that note, it makes more sense. She would still like to see a reference with ODOT specifying everything.

Armstrong noted there would be some minor language changes to the OPWC documents.

There was detailed discussion regarding the process with ODOT; to include who is responsible for paying the contractors; at different phases of the project.

Lang asked if there is any chance the total project costs would exceed the \$30,000.00 the Village would have to pay. Nathan said there is always a chance for change orders going above and beyond what has been allocated but there is a lot of OPWC loan available since we have been approved by ARC.

Nathan said they have been getting some really good bids lately that have come in lower than what's been estimated (referencing Dennison).

Gettan asked how much the village would owe for this project. Nathan said they are estimating the project to cost \$900,000.00 and the village is being awarded \$870,000.00.

Erin reviewed all the funding sources and broke down exactly what has been awarded and what the village is anticipated to owe; which at this point is approximately \$30,000.00.

The Fiscal Officer had some additional questions regarding all funding source totals and how the project would be paid out.

The Mayor asked, what is the next step? Erin stated the Village would need to sign the grant agreement. Mayor Hubble asked if that needed to be done tonight and the Solicitor said "no". Erin interjected that the solicitor wanted to add some language to the agreement so it can wait until the August meeting. The Mayor questioned the time frame if it's ok to wait til the next meeting and Erin said yes. Armstrong said the Village has forty five (45) days to sign and get it back to them.

Erin said the next step is to have the agreement signed and for the Fiscal Officer to sign her documents. Erin said in our packet there is also a disbursement method that will need approved as a Resolution if we want to seek reimbursement. Armstrong had questions and concerns with the reimbursement option; and asked why we wouldn't want OPWC to just pay direct. Erin discussed the advantages to opt for the reimbursement method. Armstrong further reviewed and read the reimbursement instructions for additional clarity. Erin explained sometimes things do come up that the village may have to pay for out of pocket. If we do not select the reimbursement method we would risk not getting reimbursed. After further discussion, the process became clearer and council had a better understanding. Lang added it would provide the village more flexibility.

After lengthy discussion and clarity, the solicitor said she did not have a problem with council approving the resolution. Someone would need to **adopt the Resolution, declaring the official intent and reasonable expectation of the Village of Bolivar. On behalf of the State of Ohio, the borrower to reimburse its capital fund for the Canal Street Improvement Project and OPWC loan with the proceeds of tax exempt debt from the State of Ohio.** Lebold moved, seconded by Lang to approve **RESOLUTION R-12-2017**. In a roll call vote, all members present voted yes.

Armstrong told the Fiscal Officer we will need to keep this filed. Between now and the next meeting the solicitor will review the language and have the documents ready for the next meeting. In addition, by the next meeting the Village should have all the qualifications from the engineers for the council members to review and rank.

Nathan asked when the Village planned on advertising for the qualifications. Armstrong stated the Village will be sending them out. The Mayor said she is sending them out; Armstrong said when just advertising alone, we typically would not get a great response. Armstrong went on to say we would need to have at least three (3) to score and that was a concern by simply advertising that we wouldn't even get three; that has happened before.

Armstrong said the Village will be in the position to pick the top firm at the August meeting and in position to sign the OPWC documents as well.

The Mayor thanked Quicksall for attending before moving on to the next segment of the meeting.

Next, Nathan Davis from RCAP presented the results of the water rate study. Prior to going to RCAP he was a Village Administrator for nine (9) years. Before handing anything out Nathan wanted to explain to Council how they do their rate studies. In working with the Fiscal Officer, he obtained three (3) years of financial expenses in addition to water production totals; he gathered as much data as he could based on what we had available being that we are an unmetered system.

He showed on a table what we typically bring in each year and what we spend. He explained in detail an outlook for the next five years to include preventative maintenance, expenditures, inflation etc. In order to come up with a rate, the key piece of information is, "what's the average use of your customers, which is something the Village doesn't have since you are not metered". Currently the Village has around 31 accounts that are metered which were looked at closely to establish an estimated usage of the other 429 accounts.

Nathan said he has a decent estimate of usage but it's kind of a guess because once you get a meter the usage will typically go down because they are metered.

Bottom line, what would Bolivar need to do right now to put enough money aside to get the system metered? Nathan handed out spreadsheets to council that highlight the years 2018 - 2022. In 2018 he proposed a flat rate; in years 2019-2022 he came up with a minimum bill for the first 0-2000 gallons; then a usage bill for each 1,000 gallons over that. Nathan explained he then came up with a usage bill based on an estimated 4,500 gallon per month customer based on that rate. The rate he is estimating is based on what the village is settling at 28 million gallons per year but doesn't know how accurate that is. That is including the Villages existing expenses right now. Nathan said he has come up with an estimated amount of about \$500,000 on the high end to become metered. He feels, based on the situation we are in, we are probably looking at a lot less than that. For estimation purposes he came up with that; and added an amount annually of approximately 70,000.00 to start doing the valve exercise program. In addition, he also added the Village setting aside 2-2.5% of our revenue each year for an emergency escrow fund. Nathan added a small

amount per year to replace four valves and four hydrants annually. After factoring in the preceding, he came up with rates for 2019-2022.

There are two major problems with this study right now: 1) It's a total guesstimate as to what our actual usage is; 2) It does not include any money set aside for the manganese and iron project which he just learned about yesterday after sending this report out.

What Nathan recommends ASAP or as late as the beginning of 2018 is that the Village raise our flat rate from \$25.50 to 32.00 per month. That will give enough revenue, at the worst case scenario take out an OWDA loan and get our system metered. Get that done first then give Nathan three (3) months of usage data; he will in turn take that data and the next year's finances provided by the Fiscal Officer in January. He would take all that information; plug in the numbers to determine the manganese, iron situation. At that point, he will be able to give a better assessment as to what our rate needs to be once we are metered. There wouldn't be any additional cost for this study; it will already be covered under the original rate study contract.

This is what he is advising. Nathan said he has done this before for other municipalities who were not metered. He discourages the Village adopting a metered rate based on a minimum bill of usage until we have some accurate data on what our customers are actually using per month.

Nathan proceeded to hand out additional spreadsheets to council with proposed rates and data; explaining the estimation process with the data he had to work with.

The Mayor interjected the numbers she has been dealing with in regards to the median housing index with Sherri Loos (RCAP) was \$53,000.00; but the current rate is being presented here is \$45,000.00. Nathan went on to explain the difference and how it came about.

Nathan gave several examples as to what the index and proposed rates mean. Basically the Village of Bolivar is not charging enough for their water. He acknowledged some may think they are paying too much for water; but he would like to show council what our water rate is compared to our median household income. It's a good idea for the customers to know if we raised the flat rate from 25.50 to 32.00; If we did that, 32.00 per month based on the 45,000.00 median household income(which is believed to be a low estimate), that would only be 0.84% of the median household income. The EPA, USDA and other larger funding agencies like to see that index at 1.5%, so Bolivar is cheap.

Additional discussion took place regarding the manganese issue and the EPA. Our first step is to lay out with the EPA our approach to addressing the issue. Nathan went on to say the key is to stay in close communication with the EPA. He also advised we tell the EPA our biggest concern is we are charging flat rates and that it's not fair to our local use customers and we need to address that first. Until the rates are handled, it will be very difficult to apply for any funding.

The Mayor also recapped her discussion with Sherry Loos to include the manganese issue and our current water rates. The Mayor also noted she is working on getting some grant funding for at least part of the project. Nathan

added in years past, the EPA has given 20% in principle forgiveness for unmetered communities such as Bolivar for water projects.

Nathan explained how he came up with the 32.00 per month, if we had to borrow the whole thing. His estimate for the meter project is approximately 528,000.00. The increased rate of approximately 7.00 per month would cover the village up to a 25,000.00 per year for the loan payment over the next thirty (30) years and it would cover the amount we would need to set aside for the valve exercising program, valve and hydrant replacements and setting aside 2% emergency escrow.

He wants to come up with the right rate once we are metered so we can put enough money aside to cover preventative maintenance fees that we do and to put enough aside to replace lineal feet of lines a little at a time, to meet our debt and to address any issues that the EPA is putting on the Village.

Nathan told the Mayor in December she can call him and let him know if the Village is ready to nominate for the meter project; at that time he could move forward with the nomination process. He went to say we could take out a loan at any time with OWDA and he could do the application for the village. The Mayor asked about OPWC and Nathan said that is only once per year. We would have to apply this fall; wait til December to get an answer and if approved, would not receive it until next July. He also noted that meters would be considered as "new and expansion" and would not score high. He said the Villages best two bets are: the EPA's drinking water systems fund and OWDA construction loan. We should be able to get a 30 year construction loan at no more than 3.5%.

There was additional discussion regarding funding sources and rate requirements. Nathan said with our water rate being so low, we would not qualify for the 0% or low interest loans; in fact our rate could exceed 3.5%. In order to qualify for a 0% or low interest rate, we would have to raise our rates at least 12.00 per month and he doesn't believe the village is interested in that.

The Mayor interjected that we currently bill quarterly and asked if that would be a problem once metered. Nathan said we would want to bill monthly. She noted we are getting ready to go into our 3rd quarter and asked his opinion on raising our rate 3.50 per month in the fourth quarter versus increasing by 7.00 in the first quarter. She thought this would be a smoother transition vs. a larger increase all at once. He said we could but they typically recommend doing their larger increases in January.

Discussion continued regarding which quarter to begin the new rates; how much should the rate be raised and what amount will make the village eligible for funding. Nathans personal opinion is we are stabbing in the dark because the village is unmetered. He suggests raising the amount to a level to where we could get metered and in place. Once metered, the numbers will be looked at for a reasonable minimum bill once there is data in place. The Mayor asked if the amount could go lower; Nathan thought based on the data he currently has, it would be pretty close.

Lang suggests we do what we need to do to bring the rate to 32.00; then revisit the rate moving forward after three (3) months of data have been established. The Mayor strongly believes the village should only increase by 3.50 in the fourth quarter vs. jumping to 7.00 in first quarter; but acknowledged the decision is up to council.

There were also questions regarding the cost for meters. There is a price difference between installing meters on the inside of the home versus the outside. Lloyd liked the idea of installing on the inside of the home. Franks also interjected the different processes of whether the meter was inside or outside the home. Nathan noted the Village would have a budget of \$528,000.00 based on the proposed water rate of \$32.00 per month.

Nathan said we will have to bid this project and spec the details of the meters and installation. He also suggests someone from the village inspect these installations as they are being put in. The village has options to review as to what type of system. There were also discussions on the meter reading process. The County would be able to perform the readings and send electronically to us who would save the village from having to purchase the software and equipment. Nathan said we just need to make sure our billing programs would be compatible and that their software is up to date.

Nathan recapped our next steps and reviewed the process for bidding. Gettan asked if the meters were put inside the home, would we still have to dig up and replace water lines. Nathan said there would be a certain amount of new lines from the service line to the main inside the home where the meter is located. There would be less impact to have them installed inside the home. He went on to say, if the meter is installed inside the home, we should not have to dig up the yards but there will be some cases where the line is so brittle, it would be in the residents best interest to have that line replaced. Franks interjected, if someone has galvanized in their home, it would be a good idea to switch to copper.

The conversation reverted back to the topic of the monthly rate increase. Nathan recommends council make a decision at either this meeting or the next meeting as to what they propose and have a first reading of an ordinance. Lebold doesn't want to push this off. In order to have this effective for the fourth quarter, there would need to be a first reading in August. The Fiscal Officer added this would also give time for council to review if we are going to go to monthly billing or remain quarterly. She went on to note; monthly would have less impact on the residents versus paying quarterly. However, council needs to keep in mind there will be an increase in postage and mailing supplies to go monthly.

There will need to be additional discussion about the timeline, proposed rates and operating costs to switch to monthly.

Conversations reverted back to where the meters would be placed. Council then revisited the process of billing and putting out a notice with the third quarter bill. The Fiscal Officer said the 3rd quarter bill would go out in September; then in December is the fourth quarter billing. The next discussion was in regards to the different billing dates for metered vs non-metered accounts; yet the due dates are the same. The Fiscal Officer said the current billing dates for the two types of accounts are simply confusing; would like to see something consistent with each other. The Solicitor agreed this is something that could be added in the language of the ordinance because it doesn't make sense to have two sets of dates.

The Fiscal will try to get some financial data for the next meeting to compare the impact on the village to bill monthly vs quarterly; although it would be easier for the residents, it will increase expenses for the village.

There were additional discussions on options for billing cycles. The Fiscal Officer stated she will have to prepare an estimate to include cost of supplies, billing hours, additional time for collecting, making and posting deposits. The other variable will be, how many residents will opt to sign up for the ACH payments which is free for them to use. There is a lot to sort out; keeping in mind we are just getting established with a new water billing program.

Nathan stated metering our system should be our number one priority. The Mayor asked if we should just go ahead and pursue loans for metering our system. Nathan said if we went the loan route, we could get started as soon as we decide what type of meter we want to spec and we are ready to bid it. If we want to go the EPA loan forgiveness route, we would not be able to get started until next June. He reminded us the nomination process wouldn't take place until March. He said we wouldn't know anything until June of next year. The village needs to decide if they want to get started right away or go the longer route.

Nathan said, since this is a brand new metering system, the Village should provide them. If we were adding meters to an already metered system, then the expense would go to the homeowner.

Since the village is bearing the expense of providing and installing the meters, there would need to be language in the ordinance stating who is responsible for replacing the meters. The average meters last approximately twenty (20) years. Nathan stated that's another item we would want to include in the rate study, reserving an amount to replace meters when the time comes.

Nathan said we would also need to have debt capacity that can be carried forward. Another thing we would want to do is to do our usage rate and have an automatic rate increase each year to cover ourselves for inflation. He said you can't go 7, 8, 9 or 10 years in a row without raising rates. The gap would keep getting wider.

Another topic of discussion was in regards to the EPA's asset management program. Nathan said RCAP is doing asset management plans now. He said all the asset management plan is, is a document to the EPA; for us, it should be a culture. Do you have a budget and a rate that are working together to maintain our system now and twenty years in the future? Do we have a grasp on what we would need to replace meters? He said we want to make sure we are setting aside so every five (5) years we would have twenty percent of the cost to replace lines. He continued to explain the sequence and definition of asset management.

Nathan said good inventory of our assets; understanding the replacement costs of those assets; a schedule of how you are able to replace each year and an excel spreadsheet tracking our plan.

The resolution should state, each year at this specific time, the rates would go up. The Village always has the ability to waive the fee for a particular year.

Nathan provided a summary of what the Village would need to do first to move forward with the increased monthly rates and pursue the steps to getting metered.

Nathan said if we can give him a good set of specs, and enough time, he may be able to develop a bid document for us

In conclusion, he said we need to pursue the language in the ordinance as discussed tonight, announce it to our customers, have it take effect in January and move forward with selecting meters and a meter reading system. We need to make those decisions now.

Before adjourning, the Mayor brought up the Fiscal Officer will not be in town at the next council meeting on August 7; could the meeting be changed until August 14. Due to OPWC documents that are due back by August 14th, council would need to meet sooner. Lang suggested August 1. App said she won't be in town on the 1st either. App said she was fine with not attending. The Mayor asked about July 24. App said to just keep it on August 7th. The added issue to consider is the time line for engineers to be able to submit their qualifications for scoring. During discussions, we learned Lloyd would not be in town on August 7th either. Council discussed a few dates before changing the date until Tuesday, August 1, 2017. The committee meetings will be at 5:30 for safety and 6:00 for finance.

There being no further business, Gettan moved, seconded by Vincent to adjourn until the next regular meeting scheduled for **Tuesday, August 1, 2017**. In a roll call vote, all members present voted yes.

Mayor Rebecca S. Hubble

ATTEST: Maria A. App, Fiscal Officer

Approved: August 1, 2017