

WATER/SEWER COMMITTEE MEETING

May 8, 2017

The Water & Sewer Committee of Chardon City Council met on Monday, May 8, 2017 at 8:00 a.m. in the Conference Room on the second floor of the Chardon Municipal Center.

Members of Water & Sewer Committee present: Jeffrey Smock, Andrew Blackley.

Mr. Blackley called the Water and Sewer Committee to order at 8:01 a.m.

Others present: City Manager Randal Sharpe, Finance Director Mate Rogonjic, Clerk of Council Amy Day, Public Service Director Paul Hornyak, Mike Chambers.

APPROVAL OF WATER/SEWER COMMITTEE MINUTES

Mr. Smock moved and Mr. Blackley seconded to approve the minutes of the September 7, 2016 Joint Service & Water/Sewer Committee Meeting as presented.

Upon voice vote the motion passed unanimously.

Mr. Smock moved and Mr. Blackley seconded to amend the agenda to move item #4 to item #3. Upon voice vote the motion passed unanimously.

Regarding a presentation of a service line program by Utility Service Partners, Mike Chambers, representing Utility Service Partners, Inc. introduced himself and reviewed the National League of Cities (NLC) Service Line Program which is meant to educate residents about maintaining their service line as well as transfer their risk to the NLC through a warranty program. Residents will receive coverage of their water and sewer lines from the point of entry on the house to where it connects to the City's line.

Mr. Blackley asked why the City's permission is needed for them to market their program.

Mr. Chambers stated that the City would need to review the letter that would be sent to residents because the City's name is in the letter. The City's name is in the letter because most residents would not read the letter with just the National League of Cities name on it.

Mr. Blackley inquired about the calls the City receives for service line repairs.

Mr. Hornyak stated that the City receives calls about blocked water and sewer lines and the City verifies that it is not negligence on the City's part.

Mr. Chambers reviewed the process they will take when they receive a call for service.

Mr. Smock asked about the program pricing.

Mr. Chambers stated that the cost for the program is \$5.75 per month for water and \$7.75 per month for sewer. There is an \$8,500 cap per occurrence on each claim which covers 98% of instances. He noted that a \$.50 royalty is given back to the City for each account that the City may use however it wants.

Mr. Hornyak asked how the contractors are selected.

Mr. Chambers stated that it works best if the City can provide a contractor list.

Mr. Hornyak stated that the Law Director would have to be consulted.

Discussion occurred regarding the process for signing up and problem resolution.

Discussion occurred regarding the coverage of the program which includes only outside work and restoration.

Mr. Hornyak stated that he believes it would be a valuable service for residents.

Mr. Sharpe asked how the City would end the program if they chose to do that.

Mr. Chambers stated that the City would have to give 90 days notice that they do not want the mailings to continue.

Mr. Blackley stated that he is not ready to endorse the program and requested staff contact other communities that are using the program for their feedback.

Mr. Smock stated that if the City chooses to join the program, he would like the royalty money earmarked for a specific water and sewer purpose.

Regarding a review of the water and sewer rate study, Mr. Rogonjic stated that it had been 5 years since the last rate study was done. At that time, some significant changes were made to the rate structure.

Mr. Rogonjic stated that in approaching the 2017 rate study, he first looked to see if the City collected what was projected. In doing that, he found that total actual revenues exceeded original projections. He also reviewed the anticipated impact of the City's largest water consumer, DeNora Tech, leaving the City in 2018. He concluded that DeNora Tech has a substantial impact on water and sewer revenues and he anticipates the City will fall short of covering the debt payment for the WWTP surcharge upon the company's departure. He stated that the impact of DeNora tech is expected to be approximately \$50,000 **over the next 2 ½ years**.

Mr. Rogonjic stated that a comparison of the City's rates was done and he concluded that the City's rates are comparable to other communities.

Mr. Rogonjic stated that they tried to isolate the impact of DeNora Tech leaving to the debt payments since those are fixed amounts. By DeNora Tech leaving, the Wastewater Treatment Plant Upgrade Surcharge will be short. As a result, he felt that a reasonable approach to cover the impact of the largest user leaving, would be to adjust

the minimum monthly sewer surcharge which would be less than \$19 per customer, per year.

Mr. Blackley suggested that because it is a large rate increase for one fund, he suggested that the variable rate be increased rather than the minimum.

Mr. Rogonjic stated that the best and easiest way to cover the shortfall would be to increase the sewer surcharge. However, the usage rate could be increased if the committee wanted to.

Mr. Blackley asked about how much is subsidized by the General Fund to cover the other rates.

Mr. Rogonjic stated the largest is the system development charge of ½ million dollars per year.

Mr. Blackley suggested that the City could subsidize the shortfall.

Mr. Smock stated that he does not want to see the City's subsidized portion get larger than it already is. He added that he would prefer to see the 100 gallon rate increased rather than the 1,000 minimum rate go up.

Mr. Smock asked if staff has considered doing an additional rate study before 2021.

Mr. Rogonjic stated that he anticipated bringing any issues to Council if they occur before 2021.

Mr. Blackley stated that he would like to see staff prepare additional analysis based on increasing the variable rates and report back to the committee.

Mr. Smock concurred.

Mr. Smock asked about the status of the Railroad Trunk Sewer debt repayment.

Mr. Rogonjic reported that staff has been working with legal counsel to discuss a viable and equitable financing mechanism to cover the debt related to the Railroad Trunk Sewer Project.

Mr. Smock asked if the rates put in place through 2021 for the Water Plant and Eastside Trunk Sewer were meant to get the City to the point where enough will be collected to make these debt payments.

Mr. Rogonjic stated that this is correct.

Brief discussion occurred regarding future infrastructure updates and improvements.

EXECUTIVE SESSION - none.

ANY OTHER BUSINESS TO COME BEFORE THE WATER/SEWER COMMITTEE

Mr. Smock asked about the City's requirements to install drive culverts.

Mr. Hornyak stated that the municipal specifications are being reviewed for revisions that can be made.

ADJOURN

Mr. Smock moved and Mr. Blackley seconded to adjourn. Upon voice vote the motion passed unanimously.

The meeting adjourned at 9:16 a.m.

Attest:

AMY DAY
Clerk of Council