

**Village of Commercial Point
Committee of the Whole Minutes
July 17, 2017**

Mr. Sadler called the meeting to order. Fiscal Officer Hastings took roll call with the following members present: Mr. Sadler, Mr. Townsend, Mr. O'Neil, Mr. Geiger, Ms. Blevins and Mr. Laxton. Mayor Joiner and Solicitor Hess were absent. Village Administrator Crego and Engineer Grosse were present.

Mr. Townsend motioned, seconded by Ms. Blevins to approve the May 15, 2017 COW minutes. Mr. Geiger abstained. All in favor, motion approved. Mr. O'Neil motioned, seconded by Mr. Townsend to approve the June 19, 2017 COW minutes. All in favor, motion approved.

Mayors Report: Not present.

Engineer's Report: Engineer Grosse said we had the bid opening on the sewer plant and did meet with Bond Council and Finance, which will attend the next council meeting for review and approval. He said once we get the plant expansion taken care of, we have the well waterline project coming, a water plant expansion and another waste water plant expansion where we get additional capacity. He said council needs to be aware these are not \$100,000 projects. He said these are multimillion-dollar projects and he and Village Administrator Crego would be glad to meet with council to give a comfort level. He said over the next 18 months they will be asked to vote on some very substantial items. He said council will have all the information in front of them. He said 15 years ago council he had the same look wondering how they were going to be able to pay the 4 million dollars back. He said we have a lot of opportunities with annexations coming into the village. He said he has always be adamant that developments should not come at the cost of the existing residents. He said Chestnut Commons is moving along. He said Thursday is a pre-con meeting for section 3. He said the water tower had been awarded to Phoenix and is being handled by Westport Homes. He said he understood from the last meeting the approval of the piece of property from the school was completed. He said once that is ready the booster station will go up quickly. He said the tower will not be completed and painted until fall of 2018 but the booster station can be completed in 60-90 days. Mr. Sadler asked if Chestnut Commons phase 3 is just putting in the streets. Engineer Grosse said streets, storm, sanitary and water. Mr. Sadler said he thought we were holding off on that because of the tower. Engineer Grosse said we have not signed a plat for phase 2, there are no lots to sell. They can go ahead and put the infrastructure in the ground but they will not have an approved plat to sell any lots until we get what we are looking for. He said if they get the booster station up, that will take care of the pressure problem.

Additional Items:

- a. Rezoning of Lehmann Farms-Fiscal Officer Hastings said August 7, 2017 will be the first reading.
- b. Proposed increase in water/sewer rates-Village Administrator Crego said he shared a document with them. He said what prompted this was a discussion with Mr. Sadler and Utility Superintendent Thompson this morning. He said they looked at the extremes, and in the last meeting the work Nathan Davis did was very precise. He said Mr. Davis was right on with information he provided. He said an increase is a necessity. He said costs continue to go up every year and unfortunately.

**Village of Commercial Point
Committee of the Whole Minutes
July 17, 2017**

10 years ago council did not implement and increase. He said the reality is using 5000 gallons is costing the utility plant more to produce it then the revenue we are bringing in. He said the other part is if we had a 2.4% increase every year, we would be within change of where we need to be. He said it equals \$6.60 per thousand gallons. He said the next part is reducing the non-resident surcharge from 35% to 20% because they are paying a higher share than necessary. He said this is something for the future as we become more of a community. He said we have about 750 users in the community and approx. the same outside of the village. He said the non-residential surcharge should not be used for operations. It should be used for infrastructure or escrow. He said it would be used on the capital side. He said it would be the right amount of money to pay for the maintenance on the water tower. He said it needs to be reduced because it needs to be used for the services used. He said we went into this knowing some of the TIFF money could be used to help offset the tower in Chestnut. Mr. Sadler asked if he was proposing a \$33 charge which is \$6 increase on the water side. Village Administrator Crego said yes, duplicated on the sewer side. Mr. Sadler confirmed \$12 per month. Village Administrator Crego said yes. He said the sewer side is much more tenuous. He said it has much more opportunity for things to go wrong and would cost more to fix. He said we need to be invested in this process. He said the tap fees are being increased. He said the tap fee is where the developers have their money. Mr. Sadler said he and Village Administrator Crego went through the process in detail today and we are losing money in our water today. He said in the Nathan Davis presentation there is one page that lays out the expenses. He said if we do not do something we will continue to deplete other funds. He said the water tower proposal was so expensive because it was playing catch up. He said while this is a steep monthly increase, it is necessary. Ms. Blevins confirmed with Village Administrator Crego that the average bill will go up a total \$12 a month. Village Administrator Crego said yes \$6 for water and \$6 for sewer. Fiscal Officer Hastings said for a minimum billing of 5000 gallons. Mr. O'Neil said after the last meeting, he had to figure out an explanation for a \$1.00-\$2.00 increase and he did. He said now we are saying a \$12 increase; he said he wanted to fall out of his chair. He said people are not going to be happy. He said \$12 seems steep. Mr. Geiger said he agrees with Mr. O'Neil and he thinks adding \$12 is a bit much. Mr. Sadler said they need to come up with roughly \$700,000 operating expenses. He asked council how they propose doing this? Ms. Blevins asked if we are in trouble financially, then why are we proposing to reduce the surcharge rate? Mr. Sadler said the surcharge is covered in the Ohio Revised Code, because the village is providing water to areas outside of the municipality. If something happened to their infrastructure, we as residents assume the risk. He said because of that we can charge a surcharge. Ms. Blevins said her question is why are we talking about decreasing their surcharge from 35% to 25%? Mr. Sadler said that money is being used today to subsidize operations in the water plant. Mr. O'Neil said it must be working because the water and sewer budget never goes down. He said every year he has sat here on council, those funds have continued to go up. Fiscal Officer Hastings said because we have not done improvements. Mr. O'Neil said he understands things will change and we are doing improvements but to start off raising the bill by \$12. Mr. Laxton asked if this amount is something we must do or can we do half this year and half next. Village Administrator Crego said he cannot forecast exact needs, but he knows the

**Village of Commercial Point
Committee of the Whole Minutes
July 17, 2017**

money we have spent this year. He said we have the well field that we will spend approx. \$800,000 to get the water from the current location to the plant and we have a \$2 million-dollar expansion coming up. He said right now we have 2/3 of the money we can use but then we will have no reserve. He said our plant is 35 years old and the normal life is 30 years so we have been fortunate. He said, is it necessary to go up \$6? He does not make that decision, but he knows what it costs to operate. He said we have gone 10 years without an increase. Mr. O'Neil asked what does it cost to produce a gallon of water. Village Administrator Crego said based on last year \$28.30 for 5000 gallons. He said this is just the cost of production, maintenance, supplies, labor etc. Mr. Laxton said the \$33 is to help cover the maintenance and other items he listed. VA Crego said at \$33 it ends up being less than \$40 for those outside of the village. He said he knows we can not stay where we have been. Mr. Geiger asked if he was asking for a 32% increase. He said that is a big increase. Village Administrator Crego said it is 2.4% per year. Mr. Geiger said he is talking about right now. Village Administrator Crego said yes. Mr. Sadler said this is the reality and where we are. He said regarding Mr. O'Neil's question of how much does it cost to produce a gallon of water. He said we have to factor in the tower maintenance, planned additions etc. Village Administrator Crego said the water tower maintenance, if we spend \$100,000 on the maintenance, that is an extra \$66 per customer per year. Mr. Sadler said he agrees, it is overdue. Mr. Laxton said he likes how it is broken down. Village Administrator Crego said he understands people will be upset. Mr. Sadler said for 2017, the water side alone is \$700,000 and the sewer side is the same. He said this is the reality. He said to Mr. O'Neil's point on why this is such a jump, it is because we have been leveraging the surcharge money. He said with Village Administrator Crego's proposal that money would go into an account and be used for maintenance and not operations. Fiscal Officer Hastings said that is pretty much where it is now. She said if you look at the budget, there is money set aside for the wellfield, land improvements, etc. She said it all goes into a big pot. She said she does not keep track of the money for tap fees or money from people outside of the village. She said it all gets put into the consumer rent or into the tap fee accounts. She said from there is where council appropriates it into the water budget. She said it will not go into a separate account but be able to divide into those line items needed. Ms. Blevins asked if the surcharge goes into the one pot. Fiscal Officer Hastings said yes. Ms. Blevins said if we decrease the surcharge we will be reducing the money in the pot. Fiscal Officer Hastings said we are increasing the rates. Ms. Blevins said so we are giving a decrease to one entity and asking someone else to pay for it. Fiscal Officer Hastings asked if there is an option for a single person household, to decrease their fee. Village Administrator Crego said Nathan Davis did a great job explaining that in the May min. He said the 5000-gallon user will pay considerably more. Ms. Blevins said if we give a nonresident a decrease, is that fair to a resident who may be elderly to have her pay more. Mr. O'Neil said Southern Point will get an increase of \$6.30 per month and the residents will pay \$12. He said in comparison, we are paying \$12 more per month and nonresidents \$6.30. Village Administrator Crego said if this is approved the way it is, we would pay \$33 a month per side and nonresidents would pay \$39.60 per side. He said they are still paying 20% more than we are paying. Mr. Sadler said there are a lot of numbers and it is complex. Fiscal Officer Hastings asked council to go over the numbers and in the August COW meeting they will discuss it further

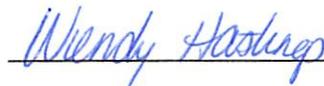
**Village of Commercial Point
Committee of the Whole Minutes
July 17, 2017**

before doing and ordinance. Fiscal Officer Hastings asked Mr. Sadler if in his figures if there are loan payments on the water side for 2018. She said that is paid and the only one left open is the water tower and that cost \$10,000 per year. She said she just paid off the loan payment for the water loans. She said we will be replacing it in a couple of years. Mr. Geiger said he would be more inclined to a smaller percentage and a 3% increase each year vs just jumping in with the large increase. Village Administrator Crego said we need to get past how we feel and start looking at the numbers. Mr. O'Neil asked if there is anywhere in the budget where we could cut cost in the water/sewer department. Village Administrator Crego said he is looking for suggestions. He said if he did not believe we already acted responsibly then that would be a different issue. He said he could not be prouder of our systems and the way it works. He said the self-sacrifice, ingenuity that goes into it by those who manage it. He said a lot could have been farmed out at an expense, but instead they took control and they made changes of what was needed. Mr. Geiger said he has heard a lot about these issues. He said in his past 4 years Utility Superintendent Thompson has been known to be very frugal and very good with what he has and what he does with what he has. He said he does not think there is anywhere to make cuts because he is frugal. Utility Superintendent Thompson said they operate everyday like they have cuts. Mr. Sadler said in Nathan Davis' report there is a slide of expenses and it may answer some of Mr. O'Neil's questions. Mr. O'Neil said there are no questions but when you increase there will be people wondering if there are cuts that can be made. He said if council starts making cuts to other areas in water and sewer, they probably will not like it. He said council could make cuts, will they like it, probably not. He said sometimes there is a happy medium. Village Administrator Crego said it cost to produce quality water. Mr. O'Neil said it is his job to find out if there are cuts that can be made. He said if we can't cut anything then ok, if we have to raise the rates then ok. He said he feels the jump to \$12 is steep but maybe jump to \$6 and call it half way in between. Village Administrator Crego said this is where he needs them to have the information and it is not to be decided tonight. He asked council to please study it and if they have other ideas then please let him know. Mr. Sadler said this will be a carry over to the next COW meeting. He encouraged council to meet with Village Administrator Crego and ask questions.

Mr. O'Neil motioned to adjourn, seconded by Mr. Geiger. All in favor, meeting adjourned.



David Sadler, President of Council



Wendy Hastings, Fiscal Officer

*Minutes provided by Paula Baldwin, Administrative Assistant