

**Village of Commercial Point
Committee of the Whole Minutes
August 21, 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 was not present. Village Administrator Crego, Solicitor Hess and Engineer Grosse were present.

Ms. Blevins motioned, seconded by Mr. O'Neil to approve the July 17, 2017 COW minutes. All in favor, motion approved.

Mayors Report: Not present.

Engineer's Report: Nothing to report. Mr. Sadler asked him to present an update on Chestnut Commons. Engineer Grosse said they are finishing phase 2 and they have presented the plat for signatures, they have posted maintenance bonds, and have all the bonds for the ponds. He said they are now requesting to have the plat signed so it can be recorded and they can assign lots. He said in regard to the water tower, the contracts have been signed. He said the contracts for the booster station are in place but they have not broken ground because the property has not been transferred to us. He said phase 3 has been approved but no construction has started. He said he expects it to start soon. Mr. Sadler asked for an update on the digester system. Engineer Grosse said the contract will come up at a later time. He said it will come up at the next council meeting. He said they have a contractor, but the contract has not been awarded yet.

Additional Items:

- A. Proposed increase in water/sewer rates: Village Administrator Crego distributed a proposal to council and those in attendance. He said it included a report of the improvement upgrade on the table and in the works. He said we have a WWTP improvement coming up. He said this has nothing to do with new improvements or any future upcoming projects. He said the EPA said we need to have more storage and more space for settling. He said the report also included a cost analysis from the wellfield to have it developed and brought to the plant. He also covered the water tower maintenance cost included in the report. He discussed the booster station which is needed to help with the water pressure in Chestnut Estates and Chestnut Commons. He said the water tower is being paid by the VOCP but it is fronted with tap fees from Chestnut Commons. He said we are upping the tank from 150,000 gallons to 250,000 gallons which has an additional cost. He discussed the proposed water rate recommendation which includes the residential water/sewer rate increasing by \$1.00 each side with a charge of \$5.86 per month for all residents for the water tower maintenance. He said the report includes a 5-year plan including increases. He said township will increase to \$36.40 for water and mirror the same cost for sewer. These are all for 2018 proposed increases. He said this is his proposal to meet our needs. He asked for questions. Mr. O'Neil said if we are going to raise rates and adjust the surcharge, if village residents see an increase, the township residents should see the same. He said not the same dollar amount but the same increase. Mr. Sadler asked if Mr. O'Neil is in favor of not diminishing the surcharge. Mr. O'Neil said not that is not what he said. Village Administrator Crego said if he understands him correctly, Mr. O'Neil's suggestion is rather than go with a %

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amount we should just go with a flat rate. Mr. O'Neil said he had not thought of it in that way. Mr. O'Neil said there is a surcharge that previous council enacted for a reason which he can not change or modify the past, but going forward, if village residents receive an increase, township residents should see the same increase. Village Administrator Crego asked for the rationale in having the surcharge. Mr. O'Neil said his understanding if the water plant has issues, the village residents are on the hook to pay all the outstanding charges. He said the village residents can be assessed on property taxes, whereas the township residents cannot. Village Administrator Crego said that is correct. Mr. O'Neil said the residents bear a bigger burden. Village Administrator Crego said the surcharge is there for the purpose of making repairs because we cannot assess that. He said we have a million dollars in reserve from township residents. He said as resident's we all need to pay our fair share. Mr. O'Neil said instead of paying the surcharge maybe we should follow Columbus, if you are a resident you pay this fee, outside residents pay another fee. Fiscal Officer Hastings said there is a miscommunication, anyone outside the village will still increase same as village, but the township will still have the surcharge on top of the increased fee. Mr. O'Neil said in the end they will eventually catch up with us and everyone will pay the same. Village Administrator Crego said no, that will never happen because of the surcharge. He said the \$5.86 is a flat charge every month for every user. He said this will be adjusted every November based on the number of users. There were multiple discussions between council members and Village Administrator Crego. Village Administrator Crego asked what is the hang up with the surcharge. Mr. Geiger said his issue is our bill will go up and township will go down. Mr. O'Neil said that is part of what he was driving at. Village Administrator Crego said they are reducing the rates to make them more appropriate so the increase isn't 135% on everything. Mr. O'Neil said he understands that. Village Administrator Crego said if the township went the way another one did, they decide they do not want to be a township and want to join the village. He said then you would not have the surcharge. Mr. O'Neil said if they come into Commercial Point. He said if they start their own village they would not have that. Ms. Blevins asked if at that point, if Southern Point became part of Commercial Point, and we had a catastrophe with the plant, wouldn't southern point have to bear the cost of repairs whereas now they would not? Village Administrator Crego said that is correct. He said the plant really isn't the issue. He said it is not a good example and if the plant fails then we will raise the rates and rebuild it. He said the rationale behind the surcharge is if the main line on State Route 104 blows up, that is our responsibility and that is why we have a million in surplus. Mr. Townsend said he sees it stops in 5 years, he asked if this is where it ends? Village Administrator Crego said that is up to the next 5-year plan. Mr. O'Neil asked Mr. Sadler if anyone in the audience has questions, can they speak. Mr. Sadler asked if council was ok for citizen comments. At this point township residents addressed council. Mr. O'Neil said no one likes the surcharge. He asked if we should just drop that and have two different rates. He said one for resident and one for non-resident. He said then if we raise the rate it goes up across the board. Utility Superintendent Thompson said that is only the minimum usage rate, then you would have to change your per gallon rate. Mr. O'Neil asked if that automatically changed when you change the rate. Mr. O'Neil said a lot

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of people don't like the surcharge. Fiscal Officer Hasting asked what the difference between paying the surcharge and having two different rates? Mr. O'Neil said in the end there is no difference but everyone knows exactly what they are going to pay. Village Administrator Crego said this is the proposal he is prepared to submit for a first reading on September 11, 2017. Mr. O'Neil said it will be a no for him. Ms. Blevins said the word surcharge is bothering everyone. She said she lived in Grove City and paid a surcharge to Columbus. She said if the word surcharge is the problem, they can find a way to change it. There was multiple discussion regarding the surcharge.

- B. Revenue Bond and digester contract: Fiscal Officer Hastings said September 11th there will be an ordinance for council to approve the revenue bond for 4 million dollars out of the sewer fund. She said we will pay the bond back as a loan. She said we will have the contract with the digester company. She asked if they had questions prior to September 11th. Utility Superintendent Thompson said he is happy to answer questions or have anyone come out that would like to.

Mr. O'Neil motioned to adjourn. There was not a second. Solicitor Hess said there is an additional item for the meeting that was not on the agenda.

Solicitor Hess gave an update on the booster station. He said he and John were able to clear up any questions the school had on the property. He said he anticipates they will vote on the property during the August 28th meeting. He said on September 11th there will be a lot split application presented to purchase the land. He said there is currently a plat presented by Westport they would like to see signed by administration. He said in previous discussion this phase was going to be tied to the progress of the booster station. He said some administration feel we are not far enough long to sign off and some administration think we are far enough. Westport would like to have an idea when it will occur and administration would like some guidance from council as to what point we feel the project are progressing enough to sign the plats. He said realistically the end of September is the expected completion date for the booster station. Mr. O'Neil asked how much house wise can the water plant support. Utility Superintendent Thompson said the answer differs according to the seasons. Mr. O'Neil asked if he had to pick a number now as to capacity what would it be? Utility Superintendent Thompson said in peak season, 75%. He said the booster station will not help production of the water plant. Mr. Sadler confirmed the issue is pressure. Engineer Grosse said yes, it has nothing to do with capacity. He said the water plant is not involved in this conversation with the booster station. Mr. O'Neil said if we want to add more houses is it going to affect pressure where it won't be usable. Engineer Grosse said that is the reason for the booster station. Mr. O'Neil said he understand that but until that happens will it affect it where people cant use it. Engineer Grosse said the facts are, we have passed the ordinance. He said we will not have any houses using it for a minimum 90-120 days. He said if we have the property in hand we could have the booster station and it would be online in 60-75 days and useable. He said they can not put that in until we have the property in our hand. He said the school has put us through a lot of hoops and Solicitor Hess has worked hard on it. Mr. O'Neil said what he is trying to say is everyone is saying no more houses can go in because the pressure is not good, then they can not sign the plat. Village Administrator Crego said he never said that, he just said we are on the edge of it. Fiscal Officer Hasting said a

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new person at Chestnut called her and one evening he and his neighbor was watering their grass. She said neither one of them had any water in the house. Mr. O'Neil asked if we checked on that. Fiscal Officer Hastings said yes. Solicitor Hess said he believes everyone in the administration has questions and are looking for guidance. He said some differ. Mr. Sadler confirmed that August 28th the school board will vote on it. Solicitor Hess said that is the indication he was given. Mr. Sadler asked if we then have to go to the county to do the lot split. Solicitor Hess said no, we do the lot split. Fiscal Officer Hastings said the lot split will come to council during the September 11th meeting. Solicitor Hess said we then will take to the Engineers office to have it recorded. Mr. Terry Andrews said they are ready to go on the booster station. He said there is a lot of site work and piping that could be done today. He said they just need access to the site to start the work. He said it will be a 60-90 day window. He said on the tower itself, they are going to start the access road. Mr. Sadler said he would like to make sure we have the approval on the land. Mr. Townsend said he understands they want to build but he would rather wait to make sure they have the water. Mr. O'Neil asked how soon they can start work after council signs off. Solicitor said it depends when the deed is completed and the county engineer signs off on it. He said they are reviewing now so when they get the finalized documents from us he hopes they can expedite it. Mr. O'Neil said Westport is going to have to wait another 30 days. Solicitor Hess said his best guess is the soonest we have all paperwork is the end of September. Mr. Andrews said their challenge is if they go past December they will have a lot of upset customers. Mr. Andrews said on August 28th they will know if we have approval. Fiscal Officer Hastings said yes and it will be on our September 11th meeting agenda. Solicitor Hess said he can email council and keep everyone in the loop. He said he will speak with their legal counsel. He said by all indication the school is going to do this, it is just getting all of the legal documents in place. Village Administrator Crego asked if this requires council approval. Solicitor Hess said council has already approved it. Village Administrator Crego said if this happens and it is approved can they sign on the 29th for the plat. Mr. O'Neil asked if the lot split has to be done before they can start digging and piping. Solicitor Hess said yes. Solicitor Hess said if we sign the plat on the 29th we are looking at November to have the houses complete. He said if we obtain the property on the 28th we have a month gap so if the administration feel comfortable, they can sign it the plat. Solicitor Hess said the worst scenario is something happens with the booster station and the construction of the homes would beat the construction of the booster station. Village Administrator Crego said he thinks that is a slim possibility. Mr. O'Neil asked if that would happen would Westport Homes be able to withhold the certificate of occupancy until the booster station is complete. Fiscal Officer Hastings said that is up to Circleville. Engineer Grosse said it could be the understanding they would withhold installing meters until complete and then there would not certificate of occupancy since there is no water. Mr. Sadler said he would be more comfortable making sure we have the deed in hand. Fiscal Officer Hastings said we are looking for direction because in the minutes that we will not sign the plat until the booster station and water tower have been started. She said that is her hold up and now she is being asked to sign it and these things have not happened yet. She said until we have the deed we are not comfortable signing. She said until the 6 council member say sign it now, she will sign it, but until she has that and feels comfortable she has reservations on it. Mr. Laxton said he is not comfortable signing until we have that paper saying we own it. Mr. Sadler asked if anyone on council is asking to push forward early. No one asked to push forward.

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Solicitor Hess said if it is voted on we could hold a special meeting before the September 11th meeting to approve the lot split.

Mr. Townsend made a motion, seconded by Ms. Blevins to adjourn. All in favor. Meeting adjourned.



David Sadler, President of Council



Wendy Hastings, Fiscal Officer

*Minutes provided by Paula Baldwin, Administrative Assistant

Water Rate Recommendation for 2018 with 2.5% annual increases 2019 to 2022

Effective Date	2018	2019	2020	2021	2022
Per gallon Village	.0056	.00574	.00589	.00604	.0062
Residential Village Minimum	28.00	28.70	29.45	30.20	31.00
Residential Township Min.	36.40	36.74	37.10	37.45	37.82
Per gallon Township	.00728	.00735	.00749	.00748	.00764
Township Surcharge	30%	28%	26%	24%	22%
Consumer Rent Increase	17,670	19,344	19,530	19,902	20,088

Other user tap sizes will be charged based on capacity with these minimum amounts per month*:

1" Tap 8,871 gallons	49.68	50.92	52.25	53.56	57.67
1.5" 19,839 gallons	111.10	113.88	116.85	119.83	123.00
2" 35,161 gallons	196.90	201.83	207.10	212.38	218.00
4" 140,645 gallons	787.62	807.31	828.40	849.50	872.00
6" 316,600 gallons (times current per gallon rate)					
8" 568,387 gallons (times current per gallon rate)					

* Village rates shown

Per the Ordinance, Sewer Base Rates will continue to mirror Water Base Rates for all users.

Water Tower Maintenance Charge for all users (currently 1550):

Effective date	2018	2019	2020	2021	2022
	\$5.86	*	*	*	*

* Each year the WTMC for users will be determined by dividing the annual payment amount by the number of billing customers in November the prior year.

For example, the current ten-year contract is for \$1,089,896.

Divided by 10 equals \$108,989.60 per year.

Divided by 12 months equals \$9,082.47 per month.

Divided by 1550 users equals \$ 5.86 per user per month

More users, equals lower cost per user. When Chestnut Commons is built out, the rate would be \$5.40

Utility Services Improvement, upgrade, and maintenance report August 10, 2017

1. Waste Water Treatment Plant Improvement cost analysis

Loan amount	\$4,000,000
Repayment, 15 yrs @3.65%	\$5,218,500
Annualized debt service	\$ 347,900
Annual cost per user	\$ 225 (Based on 1550 users)
Monthly debt service	\$ 18.70 per user

Year 2018 is a draw year for construction and only payments of interest will be made. The actual 15 year loan repayment is scheduled to begin January 1, 2019.

All future residential tap fees will be used to make debt service payments.

2. Water Treatment Plant cost analysis: Well Field development

Projected cost of developing the well field and bringing it on line at the plant is \$1,000,000.

Cost recovery, based on 1550 billing customers is \$645 per customer. If this amount is funded from current reserves and repaid by current users over 5 years, the monthly amount would be \$10.75 per customer.

3. Water Tower Maintenance cost analysis:

No maintenance has been done on our 200,000 gallon and 250,000 gallon towers since their installation 17 and 18 years ago. In 2016 we contracted with Utilities Service Group to repair and refurbish these assets. The cost of the 10 year full maintenance and liability contract is \$1,089,896. That contract, applied to the current user base of 1550 billing customers, would require a monthly customer payment of \$5.86/month.

4. Water Pressure Booster - SR 762 Booster Station cost analysis:

The Chestnut Developments are two miles from the WTP and at a higher elevation. Water pressure from the plant is 100 psi. By the time it travels two miles uphill and serves users on the way, the pressure has dropped significantly. At peak flow times Chestnut customers are being "starved" for water. The cost of the Booster station is \$230,000 and is to be paid from current water reserve funds. (also, we cannot operate a new tower at Chestnut Commons without this booster station. Booster station to be in service in November 2017.

5. Water Tower - Chestnut Commons Water Tower cost analysis:

A 150,000 gallon water tower is funded from Chestnut Commons Tap Fees. The Village has determined to up-size the tank to 250,000 gallons at an additional cost of \$212,000, paid from water reserve funds. This should ensure full flow under all conditions and provide capacity for new growth in the area. Construction of the tower to begin in September 2017 and brought on line in Spring of 2018.

6. Water Line Isolation Abatement - Chestnut Estates, Welch Road to Cottonwood Connector:

The Chestnut Developments are served by a 12" water supply line running along Welsh Road. This project is to connect the supply line at the corner of Welsh Road and SR 762 to the end of the line now serving customers on Cottonwood and Locust, and thereby "loop" the service lines to Chestnut Estates. The connector serves two purposes; first to supply a more uniform water pressure throughout Chestnut Estates, and second, to reduce the number of customers who may be impacted by a water main line failure at any location in the development. The estimate for the project is \$67,000 and will be paid out of current reserve funds.

Summary:

Items 4, 5, and 6, a total of \$509,000, will be funded from water reserve funds. Item 2 could be funded by using reserve funds, but only if there is a payment plan assigned to system users that will replenish the reserves. This could involve future TIFF revenues.

Items 1 and 3 are unfunded mandates. By whatever form, these have to be user funded.

Number 1 is in the borrowing process with Vinton County Bank and repayment will not begin until 2019, except that interest only payments are required in 2018.

Item 3 is a service wide user responsibility and needs to be collected beginning by January 2018. (We made our first payment this year)

Understandings for the future:

One hundred-twenty new homes at Chestnut Commons will provide some relief to item 1 by the purchase of 120 sewer taps at \$5000 each, for \$600,000.

At current rates, 100 water tap fees is \$ 400,000 and 100 sewer fees is \$500,000 (\$500,000 and \$720,000 at new rates when approved). Paid tap fees would be directed toward infrastructure costs numbers 1 and 2 respectively.

The more customers we have on utility service, the lower the cost is per user.