

The Board of Public Affairs met in regular session on January 19, 2009.

ROLL CALL ~ Mr. Blythe, Mr. Campbell, and Mr. Miller in attendance.

Motion made by Mr. Miller to accept the minutes from the January 5<sup>th</sup> meeting, second by Mr. Blythe, unanimously passed.

Bills submitted for payment the first half of January, 2009:

Thomas G. Graber	\$1,177.88	Treasurer State of Ohio	\$2,600.00
Laquita M. Pickard	\$1,103.65	ME Companies	\$3,080.00
James C. Baxter	\$1,264.73	Burgess & Niple	\$1,515.77
Gary A. Wenzel	\$623.38	Speedway Superamerica	\$176.73
Huntington Bank	\$61.00	Thomas G. Graber	\$1,177.88
Verizon Wireless	\$88.14	Laquita M. Pickard	\$955.56
CT Consultants	\$6,844.01	James C. Baxter	\$1,126.43
ADT Security	\$399.52	Gary A. Wenzel	\$623.38
Buckingham Doolittle	\$107.50	Dale Campbell	\$317.11
Buckeye Power Sales	\$746.53	Bob Blythe	\$317.11
Grainger	\$28.05	Forest L. Miller	\$253.69
AT & T	\$136.16		
Marc Glassman Inc.	\$73.03		
Metro Disposal LLC	\$112.72		
Rentwear Inc.	\$253.01		
Sand Rock Mineral	\$26.25		
Sal Chemical	\$423.49	<b>TOTAL</b>	<b>\$26,452.51</b>
Summit Environmental	\$839.40		

Motion made by Mr. Blythe to accept payment of said bills, second by Mr. Miller and unanimously passed.

### **OLD BUSINESS**

The Longaberger Company has not contacted anyone to set up a meeting to do a walk through. Also they may have done a little bit of waste water through there in December, but we do not have any numbers, so there is no December bill to give to the billing department to send out. We may have to just go back if there was anything.

### **NEW BUSINESS**

There are three requisitions. One is the blanket for the outside lab for 2009, that is just going to be a super blanket. The next one is for the automatic gate opener. We have to get a board replaced in it. We normally budget about \$300.00 for that item and it is going to cost \$335.00 to get that board replaced. The next item is the budgeted membership renewal for LaQuita and Jim for Northeast Ohio Water Association, at \$15.00 each per year.

We would like to welcome our guest, Sherrie Loos.

Gary Wenzel ~ had a day meeting with Sherrie, Laquita and Jim from the Plant, and Tom Hough and the Mayor. Sherrie is our contact in this area. Through the training I learned quite a bit about R CAP and it was truly a tremendous find. While we go down this path it would be probably healthy for us to have Sherrie come in with her knowledge and expertise. We learned some things from her as well at the meeting with her a couple of weeks ago.

Sherrie ~ I ran some quick funding scenarios based on a 6.4 million dollar project based on having 1,000 customers. If you had to borrow everything from the water pollution control loan funds, which is the Ohio EPA, at 0%, 20 year loan, that would add almost \$27.00 to everyone's monthly bill. If you were able to get half a million dollars in OPWC grant funding, maybe we would be able to get \$750,000 through a federal appropriation, whether it is through Army Corp or STAAG, and you were able to get the rest funded through USDA World Development, that would put you in the neighborhood of \$17.00 maybe per month per customer, so it's still a lot. I did speak with Dean Stoll about a week ago, and I mentioned that I had been here and we talked about it a little bit. I asked Dean how close are they to findings and orders and he said that you really weren't. He was concerned about the fact that you were at the plant's capacity, but you know he didn't indicate that you had to move on this and had to get it done ASAP or else. Certainly it doesn't sound like you're any closer to being under findings and orders, so if you a little more time to look at your options, I would encourage you to do so. You might want to make sure that you have explored all your options. The fact that you do have sewer lines in very close proximity to the Village and the County have sewer lines running up here

After speaking with the County Engineer about the possibility of bypassing the overflow to Summit County because the sewer line is right here at the Hartville Kitchen. That might not be a good option, but he said they would have to go back and renegotiate with Summit County and then this could get into a nonfeasible thing.

Upgrades are still needed. If there wasn't a capacity issue, the Village could probably get by with a million or two which would probably replace some things that are worn out and get back in good working condition. There is also the consideration if the Village could hook up to North Canton if their lines aren't too far away.

If the rates are increased by 20% or so, it will limit the Village's ability to replace sewer lines. The prospect for growth in the Village does not look good and after looking at the population estimates, the Village will not expand much without annexing. The concern is the Village has 1,000 customers and there really isn't going to be able to expand their customer base much over the next 20 years, then the Village will be saddled with that debt and it will be tough.

You should wait and you have time to try and pursue federal funding and apply for OPWC funds. If you were looking at going to construction this Fall, you wouldn't have any opportunities for grant funding.

Certainly readiness to proceed helps with many of the funding agencies, but it depends on which funding program you are trying to go through. After checking you are not eligible for CBG funds. After the 2000 census the Village did not qualify.

It is tougher to provide water and sewer at a reasonable rate in a smaller community because of the small customer base.

Other sources to try are through Bocchieri's office, Army Corp 595 fund or what is called a state assistance grant. Certainly I hope and expect that your OPWC district in the county would give you significant grant funding. Traditionally, we would say for a project like this to ask for half a million. In terms of other grant funding, if you apply through USDA Rural Development, they might be able to provide anywhere from a 25% to 35% grant on their portion, not 25% to 35% of the total project. The only problem with USDA Rural Development is that their interest is higher. The Village would qualify for a 3.625% interest right now.

After running funding scenarios, USDA would be the best bet as far as grant funding even though the loan would be a higher interest rate. Also USDA offers a 40 year term.

It is a longer term, but it lowers the annual debt which is usually more important to a smaller community.

Gary ~ We now have this guaranteed loan at 0% interest for 20 years, how does this play into all of this?

That was the most expensive when running the funding scenarios. That would add the most debt service, the highest cost per customer per month, that was borrowing out right from the Ohio EPA and with that interest rate with no other grants coming in and at 7 million, that would add \$29.27 per customer, and at 6.4 million then it is down to \$26.76 per customer, per month, it is still a lot. That is almost doubling the current rate.

Gary ~ The Village has an OWDA design of \$500,000 at the Huntington Bank in escrow. Last year we made our first payment of \$51,000, almost \$52,000 now for the next six years.

My understanding was that you had not drawn that money yet>

Gary ~ No we have not.

There is an open cycle and you can reapply. You can get the same interest rate and you would still be eligible for 0%. All you would really need is to get in touch with the DEFA. You are paying it, but you haven't drawn down funds. Call them and see. This loan was set up for the design work. The engineer costs during construction and the design loan would be rolled in to the construction eventually. I am sure you are not going to lose that money, if that is there in a fund for you, then it is there for you to draw down.

If you are able to send some portion to another plant, say 20%, that would give you more time. I think you should fully investigate all of your options and part of that too is just that you can go back to your customers and tell them, we have to have this \$20.00 a month rate increase and we have looked into all options and this is it. The 6.4 million (60% updating and 40% expansion) and even if you cut the project in half, you are still talking \$10.00 per customer, per month.

You have a good chance in getting funds. You cannot delay in raising rates to avoid a deficit. The funding sources with OPWC, you really want to try and be prepared for the small government's commission in the event that the district would kick over. If you can make a case that a company cannot expand its operation because of the Village's limitations, there is a possibility of some economic development funds. If it's a really big project, you might be able to get federal economic development funding. I can certainly keep you informed about that I have and I do have with me the Bocchiaro Federal Appropriation request forms that were just released. These to have to be filed electronically and I will be happy to help you fill these out and with any other grant writing.

Council is going to vote tomorrow on an ordinance I gave you a copy of this 1-09.04 and they want to raise immediately the rates which is good, they need to be raised. They are talking about going from \$27.60 to \$31.89 which is hardly a sneeze but Burgess & Niple said if we did nothing throughout this year they would suggest that at least 17% increase and I think the Council is only talking like 15% and so already I don't think this isn't right. And if you do anything, I don't care if you do a three million dollar plant, you have to be up in the 20% right off the bat. We are falling behind every month and we are already projecting a deficit no matter what we do this year. Whether we do a huge blowout plant to doing nothing, we are going to have a deficit. So it's like the sooner we react to getting money in the coffer and raising the rates and getting people accustomed to the idea for the next five years, they are going to see a yearly increase and it's going to sting and I wanted to get that out because Council is getting ready to pass something tomorrow..

It is your decision, I'm just sitting here watching the numbers and after hearing what Sherrie said in her crunching, personally I'm hesitate on it. And yet I don't have an answer, I don't have anything that says here's our path. I don't see that without doing some extra phone calls and just asking some questions and follow up.

I think it makes sense to spend a little more money and see if Burgess & Niple can augment the general plan to look at these other options. Spending a few thousand dollars more on planning and just looking at those other options I think would make sense. Once you do the detail design work you are really committing yourself to it.

The Mayor thinks that the main thing is to line up the grants that we can apply for and we set up the rate increase that we need to set up and get that going right now and back off of the site design because you said it at the last meeting and this meeting, once we enter into it, it is not going to be good for us and I'm absolutely 100% against letting them go ahead with it at this point. Let's decide what we're going to raise rates and send a letter out to the people explaining it to them and just tell them we have no alternative but to do this.

We're looking at this as an emergency. There is no way we can raise the rates right now for commercial, that is going to take another at least a couple of weeks or more to get even to know how we are going to do it. But our residential is straight across the board, there is no problem there. We've got to warn these people, we've got to let them know.

The first increase is just to cover the deficit, so just to try and keep our heads above water. The spreadsheet shows that we should raise it 22% and that is not just residential that's commercial too.

Motion made by Mr. Campbell to make a minimum rate increase of 22% for residential customers and temporarily hold up on the Wastewater Treatment until all options are discovered and pursued, both physical and financial, second by Mr. Blythe and unanimously passed.

The next meeting date will be Monday, February 2, 2009.

Motion made by Mr. Blythe to adjourn, second by Mr. Miller and unanimously passed.

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FISCAL OFFICER

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CHAIRMAN