

UTILITIES COMMITTEE MINUTES
OF FEBRUARY 5, 2018

Municipal Council of the City of Vermilion
Municipal Complex, 685 Decatur Street, Vermilion, Ohio 44089

In Attendance: **Vermilion City Council:**
Steve Herron, President of Council; Monica Stark, Council at Large; John Gabriel, Ward One; Frank Loucka, Ward Two; Steve Holoavacs, Ward Three; Barb Brady, Ward Four; Brian Holmes, Ward Five.

Administration:
Jim Forthofer, Mayor; Tony Valerius, Service Director; Chris Howard, City Engineer; Chris Hartung, Police Chief; Amy Hendricks, Finance Director.

Call to Order: Steve Holoavacs, Chairman, RESOLVED THAT this Utilities Committee comprised of the committee of the whole does now come to order.

TOPIC ONE: **Infiltration – Vermilion on the Lake**

B. Brady said she wants to keep this issue in front of council and the administration so they don't have toilet paper in the streets again.

S. Holoavacs said the line is the city's and the laterals are the homeowners, and they have discussed how they are going to find out where the infiltration is coming from. They have done smoke testing in the past and a lot of it has to do with illegal taps. They have looked in the past at downspouts tied into the sanitary sewer. They need to find the lines and laterals in this area. A lot of the areas in the city are clay and there is no infiltration. They need to look at doing a pilot program and the Service Director can get pricing on televising the laterals with council's approval because the water is getting in from the laterals. The main line was relined about 10 years ago so it should be good. B. Brady said they should check the main line. S. Holoavacs said the only problem they may have with the new line is a new tap in that was illegally done and not sealed. C. Howard said when it was relined there was a coating put on the inside of it. They need to make sure when somebody does a new lateral connection that it's inspected because a lot the contractors will just hammer the pipe and it will shatter. If nobody is watching it then they could create an infiltration situation at that location because the sanitary is the deepest and this is where most of the water comes from (glorified French drain). He was uncertain as to the last time it was flushed but this could be considered too if there is some blockage. B. Brady said residents have told her there were some hard plastic chunks floating out into the lake. S. Holoavacs said that also could be clay. B. Brady said it wouldn't hurt to check the main because it's been 10 years. S. Holoavacs said they should pick one street and get pricing on what it will cost because each lateral the city checks will be an x amount of dollars. He asked the administration to come back to council with a street, how many laterals they will check, and the costs. He said if it's a lateral and it's broken then it's the homeowner's responsibility. S. Herron agreed and said if they find out there is a lot of homeowner's that are illegally tapped in then it will send a notice out to the other homeowner's on the other streets to say, "Look, sooner or

later the city will find out who is doing what”, which has to stop because this becomes a health situation. T. Valerius said this problem is just not in the VOL area, but throughout the city.

F. Loucka said at the last meeting the Service Director put up a profile of the areas and assumed he would go to the most suspect street based on the profile of the elevations they show. T. Valerius said any of the suspect streets would be in the older section.

J. Gabriel said he would include in any legislation council drafts, a law ruling explaining the procedure for having the homeowner’s repair those, and a component to add the costs to a tax bill if somebody can’t afford to repair it or is in financial distress. S. Holovacs said they need to be proactive to see what they can do. He asked the clerk if a motion was required and G. Fisher said the administration will need to obtain prices to televise and can come back to council so they can determine what they want to do.

TOPIC TWO: Water/Sewer Transfers

J. Gabriel said as it stands Ordinance 2014-59 charges 25 percent of the annual salary of the Finance Director and Service Director equally to the Water and Sewer Funds. He is directly opposed to this because both funds are not the healthiest and have many capital needs at the plants. Instead of taking money out of the funds for administrative oversight, his suggestion is to leave the money in there and create a capital fund to address the many issues. Prior to the budget, he would like to put this matter to a vote tonight to repeal Ordinance 2014-59 to get rid of the administrative transfers. If they keep pulling money out of these funds for other reasons and keep continuing with raises, and make the big decision on the water plant; whether it’s buying water from another community or spending millions to put in a new infrastructure that reroutes the water properly, or repairing the existing plant....he didn’t know where they were price wise with water and sewer. F. Loucka said a year ago they went through a comparison. J. Gabriel said if they do another project they will be the highest by far. They need to stop taking money out of the funds and let them level off until they are ready to do the big repairs that are necessary.

B. Brady said to be the devil’s advocate, she doesn’t have a problem with doing this if the city charges more water to people outside of the community because right now they are charging more in house than they are for people who are buying it outside of the city limits. When CT Consultants did the rate increases years ago, they charged everybody a \$4.00 minimum billing. What happens for those people that pay outside the city, they only get one \$4.00 charge instead of every house getting a \$4.00 charge, so everybody in the City of Vermilion is paying an extra \$4.00, and in addition paying whatever the cost of the water is which is not fair! On top of this, people in Vermilion are paying for the law director, the service director; all those people out of their taxes, so this way at least it equalizes the cost of those employees. If they want to look at the rates and equalize them or look at the contract that if you’re outside the city you’re paying those administrative costs, then she is 100 percent with J. Gabriel.

S. Holovacs said they no longer sell outside water to anybody; it's just the City of Vermilion, and sewer is Vermilion Township only. B. Brady said they sell out to W. Lake Road. J. Gabriel said it will not change. The amount of money they pay for administrative services in the city will not change whether they take these transfers out or not; they are paying these people the same amount of money. He is trying to accomplish holding money in funds to make repairs for those funds without pulling money out into a general fund and then raising fees. The problem with water and sewer is that you hit everybody. When you do an income tax increase you only hit people who have a job. When you do water and sewer increases you hit the worst of the worst, along with the best with the best. There is no way to make things fair.

F. Loucka said these are enterprise funds and they need to be self-sufficient, so there is a cost to the administration that go into enterprise funds.

S. Holovacs said there are plant issues they need to address; they need to address the infiltration. They need to do the best they can with what little they have.

B. Brady said the sewer going down Route 60 is billed based on how much water they buy. She thought they were supplying some infiltration to the system. They should have a meter at the city's entrance and bill them for what they are sending the city. They need to make it fair to the residents so they are paying less than people outside of the city that are not supplementing these funds. J. Gabriel felt they were talking about two different issues and didn't think they needed to tie them together.

M. Stark clarified with J. Gabriel that he doesn't want the administrative fees for the finance director and service director's jobs to be coming out of the water/sewer funds. J. Gabriel responded correct. M. Stark asked how much time is spent on these funds. G. Fisher said they discussed this before and it was hard to determine the exact time spent. J. Gabriel said the original ordinance (74-104) pulled out money for the mayor, safety director, service director, finance director, law director, clerk of council, president of council, members of council, and the city engineer.

Amy Hendricks said as a point of information there is merits to either side of the situation, but in looking at the water and sewer funds, the administrative costs that were charged were just about \$197,000 this past year per fund, so that's about \$400,000. The general fund according to the most recent reports closed December with \$464,000 in it, so it does have an impact on the general fund. J. Gabriel felt somebody needed to do the math on this because he questioned if this was 25 percent of two people's salaries. M. Stark said they need to add the benefits and retirement expenses into that amount.

B. Holmes said in Ordinance 2008-18 they adopted this and all the people from 1974 were pulled out of that equation. G. Fisher said in 2010, council repealed Ordinance 1974-104 to eliminate the transfers, but in 2014 city council brought it back to allocate the 25 percent for the finance director and service director. S. Herron said it was based on the time the finance director and service director were spending on the administrative implementation of these funds. He thought there was a substantial amount of time they were spending. F. Loucka didn't think it was \$400,000 worth. S. Holovacs asked the

clerk to go back 10 years in the minutes to see how much they were taking out of both funds because he thought it was \$150,000 in total.

S. Holovacs asked the finance director to look at the numbers and then they could discuss this again at the March finance meeting prior to voting to repeal Ordinance 2014-59.

TOPIC THREE: Utilities Billing Communication Follow Up

T. Valerius explained in order to clarify the fee structure relative to the online bill pay, they have made changes to the website where it highlights the service fee right where you click to make a payment and it's again listed in other places throughout the process. Also, with regards to notifications, they have halted all notifications until further notice, and gave council an example of the notification so it's clear that there is an online fee of \$3.25 and a phone payment service fee of \$4.20. For people who have delinquent accounts a notice of past due is given.

B. Brady asked who gets the service fees. T. Valerius said it's the processing fees for the credit card payments. Mayor Forthofer said there are alternatives and he wasn't present when this company was chosen, but it's worth looking into. M. Stark asked if the city has a contract with this company for a certain timeframe. Amy Hendricks said this is something they will be looking into. Mayor Forthofer thought when the software was purchased this was part of the software company that was built in.

Mayor Forthofer addressed the notices that were sent out to residents stating they were delinquent on their water bills. In December, there were about 900 utility users who were on automatic payment that received notice they were delinquent and their water would be turned off. He said in researching how this was done, it went back to the software company. In January, the same thing happened again, but it went to 93 percent of the customers, including customers who don't use the city's water. He said there were 70 people at the utilities window who were agitated as to why they received this notification, and they received hundreds of calls in the utilities department. Their best calculation is that this was the software company as the data goes to this fulfillment company who produces the city's bills. He contacted the President of Software Solutions and suggested they don't do this anymore. He received a response that promised this would never happen again. If it does then the city has the right to seek other vendors. He said it's embarrassing to the administration and everyone involved and it shouldn't have happened.

M. Stark said she has never contacted the utilities department, but when residents call in do they hear a friendly voice or do they get an answering machine. S. Herron said he got a friendly answering machine when he called when he received the notice. T. Valerius said they have two clerks and they are on the phone all the time and then it goes to a voicemail if they're on the other line. M. Stark asked if call backs are made to those residents who are leaving messages and T. Valerius said yes.

S. Holovacs asked how they check the water bills before they send them out. He asked if they check an x amount of bills prior to sending them, or do they just send the file over without checking the bills. Mayor Forthofer said this is a good point, because regardless of what the vendor does, it's still up to them to check. One of the scenarios they have discussed is having a random 20 or 30 water bills pulled which are reviewed by the utilities clerk and the service director. If the service director isn't available then he will review them so they can catch this from happening. S. Holovacs thought it was a good checks and balances if they did this.

TOPIC FOUR: Drinking Water Notice (Cryptosporidium, E. Coli Counts and Turbidity)

T. Valerius reported there was a test they missed for Cryptosporidium in the raw water (lake water). This test shows that if Cryptosporidium is detected in the raw water, how they are going to deal with it and eradicate it from their process. This is a special test; 24 month long test and they don't normally do it. The last time the city was ordered to check for Cryptosporidium in its raw water was in the 2008-2010 season. Every year the EPA sends the city a new monitoring and reporting requirement list and this test wasn't on the list. The lab tech didn't see it on the list so they didn't do it but it didn't matter to the EPA because the city missed the test and should have known about it. It was a 24 month test that started in October of 2016, so with this being a new year they received their new monitoring schedule and it wasn't on there and they should have known better. He reiterated that this in no way affects the finished water at all. This is simply a raw water test and there is nothing in the water. The city's water is completely fine.

M. Stark asked T. Valerius when he first knew about this matter because she wasn't aware of it until she received her water bill. She feels council should know these things before they get their bill because people may come to them with questions. Mayor Forthofer said he sent an email to council of this problem before the bills. M. Stark said she would look back at her email. T. Valerius said he sent an email to council about this. Side Note: M. Stark said she reviewed her email again and found this email unopened and thanked them for the notice. J. Gabriel said in moving forward, when they get a drinking water notice they should have sent a Vermilion letter with it that this was just a test they missed and the water is fine. T. Valerius said the EPA requires the City to send out this formal notice. J. Gabriel thought the city could insert their comments because the EPA notice can be misleading. Mayor Forthofer pointed out the city has never tested positive for Cryptosporidium.

S. Holovacs adjourned the meeting after no further discussion came before the committee.

The next meeting is scheduled for March 12, 2018 at 7:00 p.m.

Gwen Fisher, Certified Municipal Clerk
