

**Committee Members:**

- Grant Russel, at-large – Committee Chair
- Brian Bauman, Ward 5
- Dan DeArment, Ward 4
- Randy Greeno, at-large
- Joshua Palmer, Ward 7

**Meeting Start Time:** 4:02 p.m.

**Meeting End Time:** 6:20 p.m.

**Staff:**

- Rob Martin, Safety Service Director
- Jeremy Kalb, City Engineer
- Jason Phillips, Water Treatment Superintendent
- Dave Beach, WPC Supervisor
- Jaquelyn Holman, Project Manager for Office of Mayor

**Guests:**

- Holly Frische, Ward 1 Council Rep
- Lindsay Summit, Hancock Public Health
- Kurt Schroeder, Hancock Public Health
- Robin Welly, West Park Block Watch
- James Welly, West Park resident

## Agenda:

### Call to Order

- Meeting is being streamed to the City of Findlay YouTube channel - [https://www.youtube.com/watch?v=D\\_Cm8sgj\\_5c&t=974s](https://www.youtube.com/watch?v=D_Cm8sgj_5c&t=974s)

### Roll Call

- All committee members present

### Approval of Minutes

- Approval of February 21, 2024, meeting minutes (Palmer / Bauman); approved 5-0

### New Items

#### 1. Determine policies and procedures for instituting utility billing rate changes

Russel summarized the next steps agreed to at our February 5 meeting:

- We agreed that water, wastewater and stormwater, both inside and outside of the city, is in scope for these discussions
- the three questions to be discussed have been agreed upon and are:
  1. Who - Who should have the authority to adjust utility rates in the future?
  2. How - What is the process for calculating utility rates?
  3. When - What is the frequency for reviewing rates?
- Greeno, DeArment, and Bauman were to look at the modeling with the Administration to better understand. Subsequently, Greeno removed himself from the modeling meeting so as to not run afoul of open meeting laws.
- Palmer and Russel were to investigate question number 1 in terms of Ohio Revised Code (ORC). Russel said he had informed Palmer that he would take the lead on this investigation. Russel said that he had not made progress on this item at this time.

DeArment began stating that on March 5, he and Councilman Bauman met with Rob Martin and Jeremy Kalb to review the financial pro forma that was used to calculate water rates. It is an Excel workbook of spreadsheets and includes: revenue (residential, commercial, industrial), operating costs (labor, materials, chemicals, utilities, subcontractors), capital costs (tied into 10-year capital plan). It is difficult to predict grant money. They then run iterations to calculate carryover and to determine what the rates need to be. DeArment believes that the tool is robust enough to meet functioning needs. He believes that it could be easily adapted for sewer rates and storm water rates. DeArment offered two suggestions: 1) the equations need to be checked and 2) the spreadsheet needs to be protected to guard against accidental modifications. A consulting engineering firm could eventually use this tool for capital planning and rates verification; they would be good choice to check and verify the tool.

DeArment said that they did not delve into the process behind the use of the pro forma tool. He mentioned the importance of getting all the proper data inputs into the tool and at the proper time in the planning cycle. The tool should also consider the funding of proper reserves (rainy day funds). Russel suggested that the level of reserve funding is out of scope for the current meeting.

DeArment implied that an annual review for all three - water, wastewater, storm water – funds be done; Russel supports this idea.

Martin stated that an annual analysis is conducted from the operations side, capital planning side, with labor costs increasing and rising chemical costs on all funds - general and enterprise.

Russel asked Martin to outline, using quarters (of the year) the cadence for an annual review and what needs to happen at what time (quarter). Martin replied that by the beginning of Q4, the messaging for a rate change (or no rate change) has to be there for the budgeting process. Kalb added that by Q4 most of the capital projects and budgeting are planned out. The operating and year expenditures are known, so by the beginning of Q4 the modeling can be in place. Martin added that with the pro forma, with everything staying the same, the pro forma can predict what month in 2027 the fund will be below minimum reserves as well as what month it will be in the red.

Greeno wants to have the results of that analysis (documentation) to Council prior to budgeting time. Martin asked if that is a presentation to the Water & Sewer Committee. Russel believes that the steps taken with the most recent water rate increase are appropriate; first present to the Water & Sewer Committee and get their support; then present to the full Council and get their support.

Russel returned to the question of who has the authority to adjust utility rates. In terms of Ohio Revised Code, Rob Martin is the person that can make the final decision on water. Russel supports the administration first getting Council's approval and the following legally defined process to execute on it.

Russel returned the to the pro forma model, asking if the revenue predictions of the model is compared with the actual revenue generated and if the model can be fine-tuned with that real date in terms of expected revenue, along with changes in consumption? Martin said that is the intent. Martin responded that the first bill was sent out with the increased rate this weekend so the total revenue can just now start to be compared to what was projected.

Martin added that the modeling, created over a year ago, the capital planning is following what is actually happening as was predicted. Kalb added that water and sewer have a similar range on the

revenue side every year. They will take the revenue, with the increased rate, and analyze the accuracy of the model.

Russel asked if the tool could break down water rates by meter size? Kalb confirmed that the tool is broken down through all the meter sizes and with how many users, and what their projections are.

Russel asks if there can be changes to water rates that do not affect all meter sizes? Martin responded that early on they did analyze changing only one group of meter sizes, however it made more sense to make the change across the users. Martin indicated that other communities do utilize rate models where some groups of users support the usage of other groups and that is something we could consider.

Russel asked if we should consider going to an outside party to get an independent analysis on a regular basis, such as every 5 years? Palmer agrees that this should be part of our regular cadence. DeArment says to him it matters how robust the annual process is. Martin agrees third-party validation is important, but if the model is good, then is 5 years too frequent or should it be every 10 years? Greeno said that the timeline can be evaluated, but a third-party review is a good idea. Bauman agrees with Palmer and Greeno. Martin offered that the third party might suggest the proper frequency for the next third-party evaluation.

Russel asked when in Q4 the annual review would be conducted? Martin believes end of Q3 is more appropriate. These conversations have to happen prior to the operating budget process.

Russel asked if quarterly updates would be appropriate and valuable? The committee felt a mid-year meeting would be more appropriate vs. quarterly, with June/July better. A meeting would show projected and actual results. Based upon this, Russel stated there will be a meeting in the middle of September to look over the rates.

Russel asked what it will take to transfer the pro forma process developed for water to the other utilities. Kalb responded that it will not be rebuilding, it will use the same set up just with new inputs, so it should not be too difficult. Stormwater and wastewater costs are separated; we will have three pro formas, one for each utility.

Russel reviewed the original questions:

- The third question, 'when?', has been answered with an annual review to be held in mid-September
- The second question, 'how?', has been answered, saying that the pro forma model, Excel based, tool will be used and continued to be refined
- For the first question, 'who?', Ohio Revised Code will answer this question. Regardless of which utility, the process should be the same: at the September annual review, the administration makes rate recommendations to the Water & Sewer Committee; the committee either tells the administration to re-examine the rate recommendations or recommends their support by the full council. When it comes to actual implementation, we then simply follow ORC on a per utility basis. For water rates, ORC 734.04A is pretty clear that Martin has the authority to set rates.

Bauman wants to ensure we have a mechanism where the body of Council can go on record and support or no support for a rate change. Greeno asked if this process should be delineated in the Water & Sewer Rules and Russel agreed that is the appropriate place for this.

**Motion:**

- Recommend
  1. The Water & Sewer Committee meet to finalize recommendations to the full Council for policies & procedures for instituting utility billing rate changes
  2. Martin & Russel create proposed updates to the Water Rules & Stormwater Rules that would implement the Committee's recommendation for instituting utility billing rate changes
- Motion Russel; Second: Greeno
- Motion passed (5-0)

## 2. West Park Sanitary Projects

Russel opens up the continuation of discussion from February 16<sup>th</sup>.

Russel shares guiding principle he has been using, property owners have a responsibility to properly dispose of sewage created on their property. Generally, this should be done by city provided, sanitary sewers or via homeowner septic systems. Property owners do not have the right to send sewage downstream, off their property to another one. He believes everyone - the committee, administration and West Park neighbors – are working toward that. Long term, Russel wants to see sanitary sewers providing service to all of West Park and believes we have projects in place to do so, with the exception of one or two outlying properties.

DeArment reviews what he took away from the first meeting:

- There are 13 properties being discussed, five have access to sanitary sewers but are not connected. The Ohio Administrative Code (OAC) requires them to connect, but that is to be addressed between the homeowners and the health department. Those are not on the city agenda.
- There are eight properties that don't have sanitary sewers available. Two of them need a septic system or grinder pump because we cannot extend a gravity sewer to them. Six houses that we are able to have services installed. For those six houses, it was a \$635,000 project per Kalb's estimate or \$106,000 per house. DeArment and Bauman visited the six properties to see if the six would be interested in installation. Between property owners contacted by Bauman/DeArment and those who talked to Kalb, there was one yes, three no, and two unknowns.

Bauman said that with multiple conversations; one individual informed Bauman they are happy as of where their septic tanks stand now. The other individuals with septic systems in the area around the individual had voiced the same. Kalb says one of the unknowns said that if the sanitary service was available, she would like to connect, but could not afford it.

DeArment stated that a majority of the property owners do not want to pay for this project. There is a financial concern. The availability of grant money is unknown, and historically we have not enforced connecting into available sanitary. If the project is built, taxpayer money needs to be spent wisely and if we are going to build this extension it needs to benefit the neighbors. Russel made a point of clarification that it is not the city's place to enforce connecting to an available sanitary sewer, which is Hancock Public Health's responsibility.

Russel mentioned the point that there are five properties that have been extended sewer that have not taken advantage of it. If someone has a functioning system, they should not have to change it. However, if their septic is not functioning, then they should not build a new septic. Going forward, people with septic now should not continue to replace their septic systems, they should connect to sanitary, and the only way to do that is to have it there. This is the quandary of OAC; if you build sanitary sewers, property owners are forced to connect and that can be a waste of citizens money.

Bauman indicates that the idea had been that these properties were operating on nonfunctioning septic systems, however that is not the case. Most say they are good with the current system they have. Greeno asked if the systems are properly functioning or if the property owners were simply OK with how they were working? DeArment responds that an individual had stated “the Health Department openly admitted all existing units were failing. This is a health issue for our neighborhood.”

Lindsay Summit & Kurt Schroeder of Hancock Public Health joined the conversation. DeArment asked if there was data that supports that these systems are failing in West Park. Summit said there was no data about the addresses provided that they were failing. Russel asks if there is a process for inspection of a septic system? Additionally, if there is a requirement for the homeowner to validate with Hancock County Health that their home is functioning?

Summit said that the length of time the sewer has been available for these properties is unknown. The law requires that the individuals connect to the sewer. The board of health now has the right to work with the owners to connect the sanitary sewers in under two years. There are grants that could possibly address financial concerns. The department is willing to send a letter communicating this to the five properties.

DeArment returns to the quote, “The Health Department openly admitted all existing units are failing”. Does the Health Department remember stating this? Summit does not know who made that statement.

Robin Welly, one of the homeowners, states “We have the project in place. We have people that have asked for this. It is not fair for these people to contaminate our properties with their sanitary sewers.” DeArment Agrees.

James Welly, Robin’s husband, introduced himself and informed the committee that he carried a private sewage installation license in Seneca Country, for over 10 years. He worked in home building business for 25. He questions the endurance of a private sewage system. DeArment suggests the Health Department perform a die test on the tanks. Mr. Welly agrees and adds that a Hancock County licensed private sewer installation contractor to evaluate. DeArment agrees that we should evaluate each property. Mr. Welly said that based upon his experience, there is no system in West Park that is operating properly.

Russel asks the Health Department with regards to the responsibility line between Hancock County Health and the City of Findlay in the case of a failing septic system. Russel states that all 14 properties should be analyzed. Schroeder said they have contractors that can perform the die test, dig up the tank if needed, and analyze if there is a tank and a leech field, as well as if it is discharging to an outfall.

Russel asked if the Public Health Department has the right through the OAC to mandate a property to have a test done at Hancock Health expense. Summit responds that statement of concern from a city council body permits them to go in for an analyzation. They would utilize the contractors, but they do not have the financial means to do this.



Russel asked Summit if neighborhood concerns are enough to get a health department engaged to analyze a septic system, reminding them that this concern was raised the West Park neighbors. The committee is following through addressing the issue, but he asks how an individual could address the issue. The Health Department said that individuals can fill out a nuisance complaint form, then the location and concerns can be registered.

Dave Beach shares that in his first inspection there was no indication of sewage or debris from the sewage in the catch basin. After the next meeting there was very low flow, no smell, pretty clear, the lab did not run lab results on it. On the date of this meeting, there was low flow, rotten egg smell to it, and a sample was taken, and a COD Test and E. coli test (results the next morning) were run. They would like to run BOD test but that is a five-day test. Russel asks that any results be shared with him to share with Mrs. Welly and the rest of the committee. The Health Department requests a copy of results of samples as well.

Mrs. Welly raises concern for homeowners with investments in a septic system, that they are spending money on a project that will be replaced. Robin requests homeowners building these projects to be addressed. Russel agrees with Mrs. Welly and does not want to see any new septic systems. The law states that a homeowner must connect to a sanitary sewer if it runs in front of their home. While connecting to a sanitary sewer puts an undue financial burden on a functioning septic system, the minute the septic is not functioning there is a greater issue.

Kalb reviews the price for all eight homes in need of a sanitary sewer. Newell area is \$300,000 and that covers four houses. The two properties on Tappan cost \$120,000. The two on Lima Ave need more evaluation but are in the \$220,000 range. The total is \$640,000.

Russel asked the committee if getting more information (on the condition of the septic systems in question) would change their decision? Russel says for him, it does not. His bigger concern is the financial burden on property owners who cannot afford to make the connection. If the systems are not failing now, they will most likely fail in the near term, so let's be proactive and get this done. Greeno agrees with Mr. Welly that the systems are most likely failing or not working properly; he is in favor of the project.

DeArment expressed concern that when the project is followed, and no one taps into the sewers. He does not want to force people to leave their homes because they are going to be burdened by the financial contingencies. He is not confident in what they would learn from the die testing.

Bauman supports the testing because the project would be an undue burden and create an unfunded mandate on the homeowner if there is not a true issue. Palmer agrees with Greeno and Russel but wants to make sure homeowners can afford it. Bauman agrees but wants to know if the homeowners can afford it.

Greeno questioned the Health Department in regard to the assurance of funding if a grant is possible. DeArment asks how many Grant Cycles can be applied before the homeowners tap in. Summit said that there are qualifications for funding and that they give property owners two years to make the connection.

DeArment agreed we should proceed as long as we help the people tap in. Bauman can agree if our tap fees are waived for the individuals. The tap fees are \$582, and some are already signed up for it.

Kalb indicates that the project will start with Newell, and then make the rest a different contract. DeArment agrees to begin with Newell and Tappan, complete the project at six houses. Russel indicates that it is Kalb's call on how to bid on it. He would need add on legislation in order to get money appropriated for advertising the request.

Russel asks the committee how they wish to direct Kalb to proceed. Russel believes that the project should continue in its entirety and get sanitary there, as well as offering financial assistance by the waiving of the tap fees and to encourage and assist Hancock Health department and Hancock Regional Planning to find assistance in funding. If it is necessary, he favors looking at some city sponsored funding assistance; that would have to be a conversation with the auditor to investigate.

DeArment asked Kalb to review the breakdown of cost for the properties. Kalb responds that the Lima Ave properties have a longer process and will be done in a second part so the whole process does not drag out. DeArment suggests Russel's recommendation but for the \$420,000 for Newell and Tappan. The two Lima Ave outliers and are yet to be determined.

**Motion:**

- Recommend:
  1. Go to bid for the sanitary projects on Tappan Street & Newell Street serving six houses with an estimated cost of \$420,000
  2. Waive tap fees for owners of the eight affected properties on Tappan Street, Newell Street & Lima Avenue.
  3. Work with Hancock Public Health and Hancock Regional Planning Commission to secure financial assistance, as needed, for owners of the eight affected properties on Tappan Street, Newell Street & Lima Avenue.
  4. Direct City Engineer Kalb to work with property owners of 1601 & 1739 Lima Avenue to establish a plan for connections to city sanitary sewers from these properties
- Motion Russel; Secon Bauman
- Motion approved (5-0)
  1. Tappan & Newel - \$420K to service 6 houses
    - a. Waive tap fees all 8
    - b. Work with HPH & HRPC for financial assistance
    - c. 2 be determined on Lima Ave 1601 1739

**Adjournment**

*Grant C Russel*

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Grant Russel, Water & Sewer Committee Chair