

## UTILITIES COMMITTEE MINUTES

September 20, 2021

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

**Administration:** *Jim Forthofer, Mayor; Chris Howard, City Engineer; Tony Valerius, Service Director*

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

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### **TOPIC ONE: Wastewater Master Planning Engineering Services**

C. Howard reported the Vermilion Water Pollution Control Facility was constructed in 1967 and was last upgraded in 2013 with the installation of the chlorination and dichlorination systems. However, at this time concrete structures of the plant need significant rehabilitation, the current plant grounds have soil settlement issues, the remaining service lives of equipment and processes are in question, and current and future development in the City may warrant plant expansion. Although the plant has met permit requirements, a plan for the future is needed to improve performance.

Considering this, the City requested qualifications from firms with expertise in wastewater treatment master planning to work with the City and plant staff to prepare a master plan that would evaluate current equipment and treatment processes in order to upgrade the existing plant or possibly recommend construction of a new plant at a different location. The development of a master plan would provide a desired path forward for wastewater treatment while considering regulations, the marketplace, technology, funding sources and other aspects.

The City received Qualifications submittals from Poggemeyer Design Group, Avetin, Jones & Henry, CDM Smith and Fishbeck. The Committee Members, consisting of the Mayor, Service Director, Wastewater Plant Superintendent, Finance Director, and myself reviewed the qualifications submitted and scored the consultants (see attached scoring sheet). The Committee Members then interviewed the firms of Avetin, CDM Smith and Fishbeck. After reviewing and evaluating the highly qualified firms the Committee decided to proceed with CDM Smith. He said he provided council with Scope of Services and Fee Proposal received from CDM Smith.

Last month the City of Vermilion was notified that the U.S. EPA would be performing a site visit and inspection of the Vermilion Water Pollution Control Facility. On September 7, 2021 the city received a copy of the "Proposed Administration Order on Consent Regarding Alleged Violations of the Clean Water Act".

They feel it is prudent that the City engage the Professional Services offered by CDM Smith to not only prepare the Wastewater Master Planning Engineering Services but also help the City in addressing the U.S. EPA Proposed Administrative Order on Consent.

He introduced Edward St. John, Senior Vice President/Project Manager from CDM Smith Inc. to answer any questions council may have on the proposal as submitted.

Edward St. John explained he has been in the business for 31 years and has been a part of planning, designing, and construction of water, wastewater, and stormwater facilities. He said CDM Smith is a full-service consulting engineering construction operations firm and they serve public and private clients. Their focus areas are water, environmental, transportation, energy, and facilities. He said water can be defined as water, wastewater, and stormwater. He said they have 5,500 employees and they are headquartered in Boston, but they have four offices in Ohio (Cleveland, Wadsworth, Cincinnati, and Columbus). They have been in the business for 47 years and he looks at his career over 31 years and 70 percent of it has been in the wastewater end. He is very familiar with wastewater facilities and looks forward to performing services for the City of Vermilion.

He addressed the work involved in the Master Plan, which is divided into five tasks, which consists of condition assessment. They analyze the facilities and different alternatives, but during the condition assessment they look at the existing facilities to see what needs to be rehabilitated and what needs to be removed or replaced. He said the city's infrastructure has aged, so they have to look to see if it is time for replacement. The last improvement job of chlorination and dichlorination was in the 2000s, but the last major overall was in the 80s, so after the condition assessment they analyze the facilities and equipment, and they also look at some of the issues they see at the plant. The second task is to look at the liquid treatment train and the third task is to look at the solids. They look at the current processes to see if they keep them or do they do something different. What triggers something different could be just because of permits. Permit limits could change, and new rules and regulations could change, and they may need more room due to population. They will also look at a plant study to see if they stay where they are right now or do they look at another site. When they look at these alternatives they look at costs and non-costs. They look at capital costs and present work costs – non-costs are “will it fit?” They look at safety and staffing when they evaluate. They will then create the Master Plan Report, which provides the city with a roadmap to identify expansion improvements and upgrades. They will help enable the city to continue to treat current flows, future flows, and new regulations for another 20 or 30 years. He said he is excited about this and hopes Council approves it as he looks forward to starting. He said the city did get a letter from the feds and the audit needs to be addressed.

S. Hologacs asked what other local municipalities they worked with – Avon Lake? E. St. John said yes, and they worked with North Ridgeville on studies, City of Avon on stormwater management, and the City of Avon Lake on stormwater

management, water, and wastewater. They also worked in Barberton, Canton, and Sandusky. He said he has served Avon Lake since 1996, but this was a major master plan and overhaul project, and the project was completed in 2019. They beat the completion date by one year and this facility is working well.

S. Holovacs said when he started with Hull Builders in 1983 this is when the major project was done on the wastewater plant, so this was 38 years ago. It is an old plant and they have pushed it to the limit, and he thinks it is time they look at it and get it updated, so they have the EPA and everyone else on their side in the future coming.

Mayor Forthofer said virtually every other service department and every other utility provided by the City of Vermilion has a redundancy or a backup. If the water plant goes down they go to Lorain and if the Police Department all gets COVID at the same time, then they go to the Sheriff's Departments, and the Fire Department gets mutual aid. The one critical department that does not have backup is the wastewater plant, and if there has been one thing that has kept him awake in this job is the wastewater plant. People are not going to stop flushing their toilets and if this plant goes down they are in big trouble. Add to this the issue of industrial expansion. If they are successful in expanding their economy to the east no matter if it is a distribution center or a light industry manufacturing – they are knocking their heads up against the top of capacity, so this is another reason why they need to do this. It is not only about the risks they have now, but it is about the opportunity they could have in the future. This is why he thinks it is important they address this. He said he did review the qualifications and he felt as though CDM Smith were the best qualified to do the job.

B. Brady asked if they served as a buffer with the City of Vermilion and the EPA. E. St. John said he would serve as the agent to the city to work with the EPA and to get on their right side. B. Brady asked if they have seen the city's plant, and if so, was he frightened. E. St. John said yes he has and agrees it is an old plant that the city got a lot of use out of it. The last major overhaul was in the 80s, so it is time to upgrade and improve it. He said they have done a good job there for what they have.

M. Stark said when the EPA is breathing down your throat you really do not have a lot of choice. She asked the Mayor if the city was ready to finance this. She was certain Amy has looked at this and was on board with saying yes. Mayor Forthofer said that A. Hendricks has been in all the team meetings.

B. Brady asked if E. St. John was involved with the Sanitary Sewage Agreement with Erie County. C. Howard said no.

**S. Holovacs MOVED**, E. Skahen seconded to have legislation prepared to enter into a contract with CDM Smith in the amount not to exceed \$499,875.00 to provide wastewater master planning professional engineering services, which will come out of the emergency recovery funds. Roll Call Vote 7 YEAS. **MOTION CARRIED**.

S. Herron thanked the administration because the reality is heart palpitations that accrue when the EPA comes. When the EPA says something - you have to do it. It is not just a suggestion.

C. Howard said with council's approval he would like to have a meeting with Ed St. John of CDM Smith and the EPA, so they can at least let them know the City is proceeding with a consultant, so the EPA knows that the city understands the concerns and will address it.

**TOPIC TWO: First Amendment to Sanitary Sewage Agreement**

F. Loucka noted that Council received a draft copy of the First Amendment to the Sanitary Sewage Agreement a couple weeks ago.

S. Hlovacs said in reviewing the rate of \$8.255 per centum cubic feet ("CCF") how did this number come up. Is this the city's sewer rate and EPA, and is it buffered for a five-year period or a one-year period? How did the city get to this because it is a one-time cost for five years? T. Valerius said they took the highest sewer rate that is charged outside of the city, which is \$7.34. They then added an inflated fee of four percent and then they took the sewer base fees and the sewer EPA fees and did a calculation of how many services there are, and they converted this into the usage price, so per year the average flow is 2,000 CCFs, so they divided this number by the number of doors, so they can get your EPA base fees into this calculation, which came out to another 62 cents. So, they had \$7.34, 4% inflated fee, and 62 cents which is the price per CCF of the base fee and the EPA fee. He explained the city has their fee and then a \$5.00 base fee, and then they have an EPA fee. Erie County wanted it rolled all into one fee, so this is why they did it this way. After the calculations were set they came up with \$8.255 per CCF.

F. Loucka said if he is reading Ordinance 89-88 correctly the billing was quarterly, but in the new agreement it will be monthly. Also, in the old ordinance the county was reading the meters, but in the new agreement it says the city will be reading it. T. Valerius said the city will be installing and maintaining a flow meter in the system and this is how the bills will be based. It is based on water usage right now, so by using a flow meter the city meters everything that goes through the sanitary whether it is I/I or whatever.

B. Brady thought the flow meter part is huge, but it worries her that they are locking in a price for five years, especially what they are discussing with the plant. She said five years is a long time and they are assuming they are not going to have any big increases over the next five years, but this is hard to imagine with the EPA down the city's throat. She would think in the contract they need to have room and she also thinks they have responsibility for the line that comes into the city and if something happens to that, this is on the city's back. They don't have any breathing room because they are using today's dollars. This is the part she did not feel comfortable with. She said assuming the city's rate has to go up 10 – 20 percent because of the improvements over the next five years – they have no room here to increase – shouldn't there be a rider in the agreement that if the city rates have to go up, their rates go up? Mayor Forthofer said the last contract was

for 30 years and they wanted to step down from 30 to five years. In five years, they can very easily step to a lesser contract timeframe – three or one year. But, he thinks to gradually correct all these things, this is a good first step. B. Brady did not think the city's rate was locked in for 30 years. S. Holovacs said it was one rate for 30 years. T. Valerius said what the city charged them is the same rate the city pays. B. Brady said they made a mistake when they had the rate increase that added the base fee of \$5.00 and the EPA fee as they did not pass this on. The city treated them as one customer and this was a huge mistake, and this was when Poggemeyer did the city's rate increase. In the past, their rate has gone up when the city's rates have gone up – but now they are locking it in for five years with no room to increase it if the city's costs increase dramatically. T. Valerius said he thinks the finance director did figure in a four percent inflation fee. B. Brady said four percent over five years – really? This is the part that makes her very uncomfortable. They need to be able to increase the people outside the city if the people in the city pay more – it is only fair. She asked if they are still taking 25 percent and sending it back to the general fund for the Service Director and Finance Director? T. Valerius said this would be an Amy question. She said if they are not doing this, then their rate needs to be higher because the general fund is supplementing this enterprise fund. She reiterated she is not comfortable with a set rate for five years. S. Herron said he does not necessarily disagree but going down to five years is a lot better than 20 to 30. B. Brady said it increased though over this period. S. Herron said okay, but to some extent this is a result of negotiations and they do not get to always just say everything they want to do. If it is not good enough, then the members need to vote no, but this is a lot better position than they were in before – at least as he sees it. He thinks the four percent does help.

Mayor Forthofer said overall this contract is a major improvement from what they were stuck with before. It may not be perfect, but it is what they agreed to, so he thinks they will get through this for the next five years in a much better shape, than they have been in the last 30.

B. Brady asked what percentage of what the city is processing comes from Erie County. T. Valerius said he did not have an answer to this.

S. Holovacs confirmed that the city does have a flow meter and everything that comes in is monitored and this is what they pay on. T. Valerius said the city bought a flow meter and it is theirs to install and maintain. S. Holovacs asked if it has been installed. T. Valerius said not yet, and they will install it as soon as it arrives. S. Holovacs said years ago when they stopped the water, they did not have a good mechanism and they found a lot of homes that were not on the list, so for a long time they were giving away a lot of sewer. He said there has been a lot of permits on new construction in the township so if they can get the flow meter installed it solves the problem of letting anything sneak through because whatever they use they will be charged for.

B. Brady asked what happens if their usage increases hugely. What will the city do if they have a large development on Route 60 and the city can't handle it? What happens then, do they have an out? If they double – the plant will not be able to

handle this, so do they have an out in this contract? Mayor Forthofer said no they do not have an out, but they have the capacity now to handle a large increase. He did not think in the next five years they will be building enough to tax the plant, plus they are having the plant analyzed for increasing capacity and increasing its efficiency. He thinks they are comfortable handling whatever they might have for the next five years.

S. Holovacs said they are in the middle of determining what they can handle and what they can improve to base on the engineering for the sewer plant, so he feels comfortable with this. This is part of CDM's job by telling the city what they can do by the growth and everything, so they have another 30-year plant.

F. Loucka asked if an ordinance to enter into this agreement was needed. G. Fisher said she was told no. Mayor Forthofer said the law director said this is an amendment to the existing agreement. S. Holovacs asked if council needed to vote on it. Mayor Forthofer said the law director said no, but he did not think they could stop council from voting.

Homer Taft of 3972 Edgewater Drive said he has a lot of questions and comments and there will be no time tonight. He started on an email because he read the last 20-year contract as well as the current amendment. He just received the previous 10-year contract, so he has not had the chance to read it. Most of his questions proposed to council are strategic and not things they have discussed so far. He said in the old contract there was a reopener provision for every five years for rates. Under the current rate if they use a four percent inflation rate for four years, in the first and last 12 months he thinks they have gone up six percent for this year according to CPI, so he does not know why they wouldn't have a year-to-year CPI kicker. There is also a provision he believes that has a maximum of 600,000 CCF, and his memory is that there is a 2.5 million capacity of the plant, but they will want to make sure they do not exceed this capacity at some point. He said they have a lot of potential for development within the city limits and the city's resources are being used, so they need to preserve some opportunity and option out to make sure the city can take care of their own needs. The Lorain County Commissioners are sitting on money as is the State of Ohio and they have a desire to go into the entire western portion of Lorain County, and one of their primary objects is to get a sewer down Baumhart Road. Guess whose opportunity that is? This could be a huge opportunity for Vermilion and particularly the 1.4 million square foot development – this is big deal. He had another foolish question that perhaps the council and the law director, and others could answer, and he will provide his comments to the mayor who has very kindly provided him a lot of the information, and to the Service Director and Engineer, but the old 20-year contract that is being renewed contemplated that the city at one time annex portions of Vermilion Township – this basically takes the entirety of Section 1 of Vermilion Township all the way down to the south township line and guarantees that they are going to serve all of this area. Why would they not consider compelling some of this area to join the city if they want to continue long-term getting service from the city? Other cities have done this quite successfully with both water and sewer and he thinks the city should ought to be thinking really serious about extending down Route 60. He thinks they would want to have this

conversation sooner than five years from now. He is curious that the provision provides for the increase to go into effect September 1, 2021, but the contract expired December 31, 2020. He is wondering what rate they have been paying for the past eight months.

F. Loucka adjourned the meeting upon no further discussion.

The next meeting is scheduled for October 18, 2021, at 7:00 p.m. at the Vermilion Municipal Complex, 687 Decatur Street, Vermilion, Ohio.

Transcribed by: Gwen Fisher, Certified Municipal Clerk

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