

**VILLAGE OF SOUTH LEBANON
MINUTES
WORKSHOP MEETING
JANUARY 2, 2014
7:06 P.M.**

1. Mayor Lawhorn called the meeting to order at 7:06 p.m.
2. Linda Allen - Present
Randall Atkins– Present
Dean Evans – Present
Sue Johnson - Present
Steve Riley – Present
James Smith – Present
3. Gary Vidmar said before we get into the power point presentation he wanted to review his memos with council. He stated to the new council members he highlights projects and update those in an ongoing basis and add to that list and purge that list over time. He said he does not go through it item by item but if at any time you have questions or feel there are issues to address, I invite you to ask me about those. He said one item is we received notice from FEMA that we have been selected to receive a grant applied for in October and we are not sure of the amount of that grant and I will provide you with details as soon as they become available to me. Smith asked about the meeting with Kings Local concerning the TIF and if we still use our firm from Dayton and are they part of the meetings and Gary stated yes. Atkins asked how we pursue the FEMA grant and what the next step is. Gary said we are waiting on the details and only know that we are a recipient. Smith said the firm being used out of Dayton was brought in with the TIF because of the complexity of the TIF agreements and when bankruptcies were in place with some of the developments, because of having that firm on board, South Lebanon was one of the few communities that actually owed them money where everyone else lost money. He said that was because of the dudiligence of that attorney. Gary said it is wise to have a specialty bond council and our solicitor would agree with and a specialty that most attorneys don't have knowledge of and you are right the village is fortunate to have had and still retain today that bond council.
4. Administrator Vidmar stated shortly after his arrival, we began having conversations and I guess they were being held before I arrived, about concerns over our depleting water fund. He said council asked him to study the fund and water agreement we currently have with Cincinnati Water to determine what steps may be taken to stabilize that fund and also assess the sewer fund at the same time. He said he was not here when the agreement with Cincinnati was signed so relies on information from files and he thinks he is fairly accurate. Gary said he tried to highlight for council the reasons he found for the making the agreement. He said obviously conditions have changed and some things have not developed as intended, such as the Bearcreek development along St. Rt.48 and even though

it is coming alive it will not be built out as Bearcreek intended five years ago. He said for the council members not here he has tried to highlight the agreement. He said the solicitor and he have reviewed and it is contained in your report. He said when we brought Choice One on board we engaged them to do an in depth study of both the water and sewer funds. He said the power point presentation you will see tonight has been an enormous amount of work on the part of the administration and staff as well as Choice One Engineering. He said it will take more than one meeting to digest and get through all this information. He said we want to go through it piece by piece and be able to answer any questions. He said we have been in negotiations with Cincinnati Water and they understand our dilemma and that conditions have changed and they are willing to amend that agreement. He said a draft proposal has been provided council in the packets. He asked that council not ask questions until the entire presentation is made and we will address after the presentation. He said this will be on the next agenda for at least the next meeting and probably beyond that. Smith stated there is one component he needs to find out about? He said the development across the river is Cedars and has 187 units and the upgrade to the water system was made to operate the Cedars apartments. We found out we had the pressure but had lines that choked down and then back on both sides of the river. He said over the last year they have corrected that with a twelve inch main across the river and down Hobart and you have a sub station already built and in place that has pressurization if needed, it is new and has been mothballed because of no volume. He said that could add some components to this, say 187 units per month and that would just be valve manipulation. He said it did not have volume and now you have it. He asked Choice One to look into that as a way to help minimize this and take it into the calculation. Mayor Lawhorn said we are still six inch under the bridge and Smith said yes but we did have four inch and so let's ask the engineers and see if that would work and Mayor Lawhorn agreed we should take that back from Warren County if it would work because that is not a lifetime agreement.

5. Matt Hoying and Tony Schrader approached council for power point presentation. Tony gave background of company. Matt presented the power point presentation. Attached. Smith asked if they looked at the rates above 3000. He said in other words if you use 4000 gallons, the cost associated with that. He said the 3000 is built in for the rate, anything above that if you are charging \$2.00 per thousand for the extra thousand and we are paying \$2.40 then we are going to lose. He asked did they look at those numbers. Matt said yes, and that was part of the increase shown on both the base rate and the overage. Smith asked what the base rate was and was told they kept it at the same increase. Smith said to clarify, both would go up and Matt said yes. Smith asked if legislation has already been passed based on these numbers, based on your report. Mayor Lawhorn said the three and a half percent was passed in 2012 when the water fund was going broke. Mayor Lawhorn said the rate increases are built in until 2016.

Gary stated that council will be provided a paper copy to take home and study. He said he wanted everyone to focus on his verbal presentation. Gary stated we studied the sewer fund and it is common knowledge our sewer fund is in much better condition. He stated in the past when we have increased our water rate, we decreased our sewer rate in order to try to balance the increase with the decrease. He said we are looking at our sewer fund to determine if we can do the same thing again. He said the next meeting we will show how we can offer a decrease to the sewer fund to help balance. Smith said if you are not careful with that you are going to reward one section of the community with a decrease and the other side will be status quo or even go in the hole and that is not apples to apples. Gary said that is why we are going to be talking about that so we can explain the difference because of the South side of the river and that is the challenge we are facing. Gary stated that is why this amendment is so critical at this stage. Allen said she noticed that we were able to attach this to the pricing index, will this be effective the first quarter of this year and Gary said they have established a deadline of mid-February to sign the amendment. He said if we are able to meet that deadline, they are willing to waive the take or pay fee for 2013 in its entirety, and they are willing to waive the 5 ½ % increase that has been passed already. Gary said to wrap it up, a lot of information and I am sure you are going to have a lot of questions. He said if anyone has questions you want to address before the next meeting call and ask. If you want to be sure we have answers to your questions at the next meeting give me advance notice of those questions. He said because of the deadline established it is critical that we arrive at some decisions in the next couple of meetings. Mayor Lawhorn said if we stay status quo on the 3 ½ % already there until 2016, how will we increase the amount in the water fund, how are we going to pay. Matt said it would be in the agreement that reduces the take or pay fee so that would be almost \$150,000 a year. Mayor Lawhorn said we are still going to have a take or pay and Matt said it would be almost to zero for the first five years and the highest fee in those five years is \$2,000. Smith asked Sharon when some of our debt retirement happens in some of the water projects, she stated the last one is paid off in 2018 except the last one we received. Smith asked how much that would reduce our annual. Gary said we have taken that into account in all these numbers. He said we got all those figures from Sharon and all those are taken into account in all these figures.

Solicitor McGary said it sounds like council has not had an opportunity to absorb all the materials. He said his one question relating to exhibit B and projection, as to how conservative that is, and I would go that we need some out, some way to amend it in the future if we were not going to hit those numbers in the future, which we did not have in that 2010 contract. He said that is the real killer in that contract. He said there are going to be some suggestions to amend this amendment.

6. Smith stated he would like to thank council and it is a pleasure to be back and he is looking forward to working with the members of council and the mayor. Hopefully we have a good 2014.
7. A motion to adjourn the meeting was made at 7:51 p.m. by Atkins, seconded by Allen, all yeas.

Sharon Louallen, Fiscal Officer

Lionel Lawhorn, Mayor