

**MANAGER’S CONFERENCE MINUTES**  
**Portsmouth City Council Meeting on**  
**January 13, 2020 – 8:10 p.m.**

Members present:

Sean Dunne	1 <sup>st</sup> Ward
Charlotte Gordon	2 <sup>nd</sup> Ward
Kevin E. Johnson	3 <sup>rd</sup> Ward
Andrew McManus	4 <sup>th</sup> Ward
Edwin Martell	5 <sup>th</sup> Ward
Thomas K. Lowe	6 <sup>th</sup> Ward

Also present was City Manager Sam Sutherland, Solicitor John Haas, Auditor M. Trent Williams and City Clerk Diana Ratliff.

**Discussion**

**Water Treatment Plant Update Presentation by Strand Associates**

Chris Ruggles introduced himself as a representative of Strand Associates and is a utility planning engineer and because of his work in Southeast Ohio with utility planning which involved funding for utility project, he’s been involved with every city plan that Strand had worked on over the past 12 years. He grew up in Wheelersburg, Ohio but he and his family currently live in Ashville, Ohio. He gave an overview of what they’ve been working on: Operations & Needs, Condition Assessments, Next Steps, and Budgetary Costs and Funding. They will be asking for City Council approval to proceed with a loan to start preparing a design for the new water treatment plant. The reason for the preliminary design was because currently the city has a very aged water treatment plant that has outdated equipment and structures that were far beyond their useful life. The action that will result, the preliminary design will be presented to the Ohio EPA and they will work with funding agencies on the final design and then construction. He said Andrew Esarey has been and will be the project manager on the water treatment phase. He has done water treatment plants all through the mid-west and led all of the specific process water treatment plant efforts to date.

Mr. Esarey gave an update of the work that’s been done in the past several years related to the water treatment plant. He said Strand’s water treatment related efforts provided valued solutions to the City. He offered some timelines on what they had already been working with the city dating back to 2009; assisted with chemical treatment upgrades for the chlorine feed system, and over the past ten years worked with the city on a number of efforts associated with the distribution system and the water treatment plant. One of the key ones was when they wrapped up the water treatment plant operational needs review in 2018 which was a pretty in-depth onsite assessment of the condition of the water treatment plant. They’ve identified aged equipment issues and risk of failure. One of the big things, were the number of structures and equipment that were past a typical useful life, which meant that every piece of equipment or structure that you had, you would anticipate that structure to provide value for its intended purpose over a number of years, such as a pump lasting for 10-years or how ever long that would be. He said that there were a number of items listed that were past the typical life, but the fact that the plant was still operating in very good condition was a testament to the work that Manager Sutherland and his crew have put into the plant to keep it running at such a level. He added that part of their assessment was to give a visual of the pieces of equipment and structure that were past their useful life. He provided pictures that were taken at the plant a couple of years ago. There was older pump equipment and piping which was what happens to a treatment plant that was originally built in the 1930’s or 1940’s. He said that after 80 years of smaller upgrades, the pictures showed congestion that can happen with pipes that were in service and some pipes that were not in service. He compared pictures of a newer piece of equipment that was installed in 2007 with some of the older pieces of equipment. They were looking for City Council’s approval for a preliminary design loan that would happen in the first quarter of 2020. If Council moved forward at this time, then at the fourth quarter of 2020 they would anticipate a completion of the preliminary design and move into final design phase as well as a loan for the final design. In 2021-2022 there would be a demonstration to OEPA of the preliminary design criteria and concept. In the second quarter of 2022 they would anticipate a design completion and immediately following the third quarter of 2022, they would put the project out to bid. There would be a construction period with a project of this size which would be a couple of years which would mean 2023-2025 would be the construction period.

Mr. Ruggles spoke regarding budgetary and funding. Preliminary opinion of probable cost for the construction process would be approximately \$40 million dollars and currently there was a rate study ongoing that was approved by Council by Reftalis to look at water rates, sewer rates and storm water rates, and from that information it would be determined what the impact of a project such as this would be to each individual users monthly bill. The proposed Engineering budget for the preliminary design and completion of the funding assistance essentially getting us through that first step that Andrew mentioned, and to work with all the funding agencies, state and federal to identify the best supplements to rate increases, otherwise that was part of that budget. They had spoken with the Ohio EPA and they were offering about a 1½% rate and a 0% interest rate for projects like this. They set aside \$50 million dollars annually in the past couple of years for plants like Portsmouth's that draw from surface water and not from the ground, but from a river or lake and that money would be available to Portsmouth. They will help reach out to State funding agencies to request gap financing, and the upfront financing would be a short term 5-year low interest loan to proceed with the preliminary design, but all of the payments other than the initiation fees would be deferred as long as you start construction and could be rolled into the 0% loan. Grants could also take precedence in different ways, but assured Council that they would help fill out the paperwork to identify the loans with Ohio EPA and Council would need to pass that to enter into that debt. The primary source of funding would be through Ohio EPA, they have the greatest amount of funding and lowest interest rate available to the municipality and they may be able to fund part if not all of the loan with a 0% interest rate. There would also be CDBG and ARC - job retention; based on the amount industries that you serve in Haverhill, Ohio and basically every significant industry or place of jobs in Scioto County was served by the City of Portsmouth. The Portsmouth Water Treatment Plant is the life blood of water for nearly all industry and businesses in Scioto County. They will look at other ones also, but the first step would be to get through that preliminary design, piloting it which the pilot test had already been done with some of the equipment that they're proposing, and then going through about a year of demonstrating the process would work with what was being proposed. He said what they're proposing was basically the same water treatment that they have in Ashland, Ky which they've been using for a number of years. Mr. Esarey stated that they have had a lot of Ohio EPA meetings and discussions and had a meeting with them in October where they reviewed the pilot study and ONR was with them and they have total confidence that the process would be approved. The next step would be part of the engineering design budget, and they would work with Ashland a little bit more to get some of their water quality data. Part of the demonstration would be setting up a small demonstration study at the city of Ashland to prove to OEPA that it was a tried and true process. OEPA offers some grants for people that went out on a limb to try new technology but weren't proven, and failed, this would basically reward folks that tried something outside the box to fix a problem but the technology didn't work and OEPA would come to the rescue.

He expanding on why Ohio doesn't have one of these plants yet; there were folks that Manager Sutherland, himself and Mr. Esarey have worked with at the OEPA for many years and they were a very conservative group, and basically of the mindset, "if they haven't had it before why try something new". He wasn't sure of the percentage but around 95% - 98% of all water plants in Ohio draw ground water by using wells and water out of the ground which had different regulations than surface water. There were only a handful of surface water plants in Ohio, mainly along the Ohio River and Lake Erie, a couple from Lake St. Mary and the City of Columbus draws their water from the river. The reason this technology hasn't come to Ohio yet was because there hadn't been a need. Mr. Esarey stated that there were other plants using this technology other than Ashland, Ky and the Northern, Ky Water District, he had just mentioned those because they were in the vicinity as Portsmouth and drawing the same water. They thanked Council for their time and hoped they would be willing to move forward.

1. **Certify Valuation and Amounts for Flood Defense Levy Renewal**

**CM-20-01**

Auditor Williams explained that this was a renewal for the flood defense, a 1 mill levy has been in place for a long time. He said there was a 5-mill levy that had to go on the ballot to renew and this 1 mill levy produces about \$160,000 per year into the flood defense system. Council needs to request that the County Auditor certify the amounts being produced by renewal or replacement. Also, Council would have to decide if it wanted to renew or replace with a new amount. Someone was asking a question but didn't have their microphone turned on.

Vice President Dunne motioned to adopt alternative #1.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

2. **Advance payment of taxes** **CM-20-02**

Auditor Williams said this was a resolution to send to the County Auditor to advance the first half property taxes to the city.

Vice President Dunne motioned to adopt alternative #1.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

3. **Indigent Representation Agreement** **CM-20-03**

Manager Sutherland stated this was the indigent representation agreement with the County which had been in place since 2011 and it brought forward every year. Basically housekeeping. Auditor Williams said the cost is usually anywhere from \$80,000 to \$140,000, the city doesn't know until the County sends the bill.

Vice President Dunne motioned to adopt alternative #1.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

4. **Pace Ohio Financing District** **CM-20-04**

Manager Sutherland said this was for a PACE Financing zone, he attached some information for Council's review on how the process worked. It's a method of financing where if folks want to do an improvement on a building, it would be placed on the tax duplicate as an assessment and when the people paid their property tax, they would also be paying off the loan. He said that it was geared around energy efficient projects, an example would be, if the business across the street was going to replace all of their windows with new energy efficient windows, if this zone was established, that business could go through this process. He said that it was a one-time only cost to get it established, then once it was established, any commercial developer could go through the process. Councilwoman Gordon asked if it was only for new construction, Manager Sutherland said that it could be for renovations. Vice President Dunne asked if it was for residential and Mr. Sutherland stated that he was still trying to get an answer because there was a mechanism that was put in place back in the summer where residential had been talked about. Mr. Dunne asked how other districts had been established generally, was it funded 100% by the municipality? Manager Sutherland said he thought it was different everywhere, and there were some areas in which the developer paid all of the fees. Councilwoman Gordon asked what our \$20,000 portion went towards? Mr. Sutherland stated that it would be part of the setup fee to get the zone established. Mayor Johnson asked where they get the money from once the fund had been established? Mr. Sutherland stated that they go through conventional banks, but because it would be placed on a tax duplicate it doesn't show up as debt on an Economic Developers bottom line. Mayor Johnson asked how it come about, did someone present this to you? Mr. Sutherland replied that it started out with Mr. Newsome and the hotel project, he was wanting to have this zone established so that he could get some of this financed. Ms. Gordon stated that she had been approached by the county guys and had asked them for something in writing, but she hasn't received anything. Mr. Sutherland stated that the only thing he had was what he had given to Council. Auditor Williams explained that Mr. Sutherland had noted in the Council letter that the Auditor would designate an account number and gave the line item number as: 101.119.5298 - Miscellaneous Executive Administration, if Council approved it. Ms. Gordon asked if there were any other businesses interested in this fund, because \$20,000 was a lot for one project? Mayor Johnson stated that he really didn't understand what he was voting for but he would like to facilitate help with the development and Ms. Gordon agreed. Councilman Lowe asked if there was a time limit and Mr. Sutherland replied that he had been informed by Mr. Newsome that it would have to be within the next 30 days. Auditor Williams added that if the county had already committed to fund it, then they must have additional information. Mr. Sutherland stated that he had been speaking with Dee Martir who was the Ohio Pace Director. Mayor Johnson said that he would rather them contact us.

Vice President Dunne motioned to adopt alternative #3 to take no action and requested that information be sent directly to Council and a presentation at the next meeting.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

5. **Update to Codified Ordinances**

**CM-20-05**

Manager Sutherland stated that the codified ordinances were updated annually. Councilman Lowe asked if there was a list of items that changed. Clerk Ratliff stated that they would be listed on the actual legislation.

Vice President Dunne motioned to adopt alternative #1.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

6. **Amending Section 175.07 to increase annual amount**

**CM-20-06**

Manager Sutherland stated that the Portsmouth Shade Tree Commission had recommended that the licensed contractor annual fee be raised from \$25.00 to \$50.00. Councilman Lowe asked if this money went directly to the Tree Commission and the reply was that it was paid to the Service Department. Auditor Williams stated that once it was received and paid in, it would go into the General Fund.

Vice President Dunne motioned to adopt alternative #1.

There were no questions or comments: **VOTE: 6 Ayes – 0 Nays**

The meeting adjourned at 9:07 p.m. on a motion by Councilman Lowe.

Submitted by: *Diana Ratliff* – City Clerk