

**SOUTHWEST LICKING COMMUNITY WATER & SEWER DISTRICT
P.O. BOX 215, ETNA, OH 43018**

SPECIAL BOARD MEETING MINUTES

June 17, 2024

1. OPENING

The June 17, 2024, Special Board Meeting of the Southwest Licking Community Water and Sewer District was called to order by Mr. Kretzmann at 3:00 p.m. The Pledge of Allegiance was led by Mr. Kretzmann. Mr. Kretzmann, Mr. Stepp, and Mrs. Carter were present at roll call. Also present were Jim Roberts, CJ Gilcher, Nick Eippert, Josephine Carrelli, Kathy Killen, and those members of the public who signed the sign in sheet. The meeting was also live streamed for public viewing.

2. ADOPTION OF AGENDA

Mr. Kretzmann made a motion, second by Mr. Stepp, to approve the agenda as presented. Upon roll call vote, all voted aye. Motion carried. Agenda adopted.

3. PUBLIC COMMENTS

There were no public comments.

4. TO REVIEW, DISCUSS, AND TAKE ANY POSSIBLE ACTION ON DISTRICT GOVERNANCE/BYLAWS

Mr. Roberts said this discussion has been going on since before he started here and due to the growth in the service area there needs to be some changes to the governance of the District. He said since the District was formed through the Licking County Courts, any changes to the governance would require action by the Court. Mr. Roberts said he and Mr. Eippert have had many discussions regarding what those changes might look like and what they entail. He said he and Mr. Eippert have talked through many topics and there are some things that they would like the Board's input on before moving forward. The first topic of discussion was expanding the Board from 3 members.

Mr. Kretzmann said his reason for wanting to discuss this expansion is the difficulties they have had in the past with only a 3-member board. He said this could mitigate the problem of only needing 2 members to have a quorum.

Mr. Roberts talked about the financial model of the District changing. The legacy areas of the District didn't put money into the District when it was formed. The rate Payers have contributed but the governmental entities have not financially contributed to the growth of District. He said the new model is that we are getting financial contributions from the new service areas in the form of JEDDs and TIFs.

Mr. Eippert said the concept of regionalization is something that we are hearing a lot from

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different agencies and organizations. He said if we are operating and working in a regional way, there could be a financial benefit to not just us, but everybody involved. He said expanding the size of the Board could give the stability that the State is looking for before they would make any financial contributions, low interest loans or any other help they could provide in the future.

Mr. Roberts said the recommendation would be to add two additional board members, making a 5-member board. He said there are currently financial agreements with Jersey and Union Township so those two entities would warrant consideration. He said Jersey Township asked the District, in the form of a letter a year ago, for a seat on the Board and the District has not formally responded to that request. He said Union Township has not done that but they have been having conversations with them as well.

Mr. Kretzmann said the Board's position is they are not going to develop on the backs of the existing customers and those two entities are all in and committed to sharing the burden of the cost in proportion to what they will be using.

Mrs. Carter had the following thoughts/comments regarding the Board expansion. She said this is the one of the topics that came up almost as soon as she became a Board Member and she has put a great deal of thought into it and has done a little bit of research. She said the reason we are what we are today is because of our rate payers. They have been the ones to help create the District and make it stable and in her opinion, we should continue with that spirit in mind. She said she is in favor of expanding but she has some ideas of how they should do that instead of just jumping right in. She said she hears that there are entities that do not want to work with us but on the flip side of that, there are people on the state level saying they are not going to move forward with funding until they see cooperation amongst the communities and see some sort of regionalization of the services. She said that should be a motivator for them to bring people in and work together. She said past practices of the Board, the last 5-7 years, some of the members haven't acted in good faith and caused a great deal of bad public perception for us. She said in the almost 2 years she has been on the Board, this Board acts entirely in good faith, always thinking of the community and what is best to move forward. She said it does get a little exhausting to have to keep fighting back against that narrative. She thinks a way to move forward from that is to continue to bring more people into the discussion.

She said if we have a Board that includes people we have service agreements with, such as Jersey and Union Township, her thought would be to invite them on the board as non-voting Board Members initially. They would be included in all discussions, including executive Sessions. She said this would allow them to have committees and have committee voting authority so they could then bring actions to the full board but the final vote/decision would be done by the 3 board members. She said this would happen until a threshold of residential customers is met. She thinks it is important to keep a corporate influence out of it. She wouldn't want to base it on usage or the size of the facility and would prefer to have it based on residential users. She said when they hit the determined threshold, they would become a "voting" member and they could bring somebody else up, if there are other service agreements, into a non-voting position until ultimately, they are at 7 board members. She feels the cap should be 7 because she thinks a board past 7 is far too many.

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Mr. Kretzmann said he is not opposed to the non-voting position but would want it to be based on a time frame and not the number of residential customers they have. He said her proposal certainly had some thought put into it and he liked parts of it.

Mr. Stepp said he is coming into this discussion seeking information. He said he has some personal thoughts about it but he wants to position himself today to listen and learn. He said he has also thought it was a possibility to ultimately go to 7 board members, which could present some different challenges. He said a 5-person board would retain a majority for the existing legacy areas. He thinks it's important for those customers who have paid into the District for many years to keep a strong voice on the board. He said whatever decisions they make moving forward will be important and will be making things different. He said he heard this at a conference last week and wanted to share it. The rate of change we see in our lives today, is the lowest rate of change that we will ever see again and tomorrow, that rate of change will be more than what we see today and so on. He said change is happening and is going to continue to happen although the change in this part of the county may be happening faster than anywhere in the country right now and there are a lot of decisions to be made to deal with that change that is coming.

Mr. Kretzmann said when you become a member of this board, your total focus was on the Board. He said the board members should be thinking about the District as a whole and not each individual entity you were appointed by. He said in the big picture, he thinks 7 Board Members would dilute them too much and doesn't think that decision needs to be made now. He said if they expand it to 5, they have done everything they can do to preserve the District. He said anything beyond that would be up those 5 members to determine. It would be up to them to decide the future of the District and the Board.

Mrs. Carter said her biggest concern, if they go with a 5-member board, is how to decide who the other members will be. She asked if it would be first come first serve and capping it? She said there has to be some skin in the game. She is concerned about excluding people who may want to work with us in the future. If we say we want a 5-member board and get that, it would remove the possibility of another entity working with us if they don't feel like they would have a voice.

Mr. Stepp said he liked the idea of a threshold requirement. He said they would have to look into how to manage that from a legal perspective and metric perspective. He said it may end up being a little more complicated than it seems.

Mr. Eippert said any cap that would be put on is really an artificial cap because any Board in the future could go back and change it and raise that cap. He said he also didn't like the idea of binding a future board to any metrics that might be put in place. He said he has talked to Mr. Albers and Mr. McCarter about this, and they cautioned against it because times change, and things change. He said you wouldn't want to automatically qualify somebody based on metrics if for the last 4 years they were out there taking adverse action or saying negative things against the District. He said if we were looking at a 5-member board today, a future board could look at a 7, 8, or 9 member board, if that is what was best for the District at that time.

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Mrs. Carter is concerned about how the new board members would be chosen and said to just choose Jersey and Union because they have an agreement with us could prevent somebody else from wanting to have an agreement with us.

Mr. Roberts said the growth model gives us sanitary sewer authority over 3 new townships to the north, Jersey, St. Albans and Monroe Township. He said water will typically follow sewer. This is doubling the current service area. Then you add the Union Township, so that will make us go from 3 entities to 7 entities which is a 133% increase in our service area. He said our sanitary sewer plans right now, when you factor in Wagram and Raccoon Creek, the flows are going to triple on the sanitary sewer side. This will go from 3 million gallons per day to roughly 10 million gallons per day on projects that we are spending money on right now. He said the magnitude of the change of what we are is happening very fast and is significant. He said the reality is that right now 2 of those townships are going to help us pay for the work that we are going to do with their tax incentive programs and things like that. He said Monroe Township is the farthest away from us so it's hard to determine what that would look like. St Albans Township is not an active partner of ours yet, but we are building a plant in their township so we will be partners with them in some form. He said there are no users there yet so we have over 7,000 customers in our existing areas and no customers yet in the proposed service areas. He said however, 3 years from now we will probably see an increase in users from the other entities. Mr. Roberts said he appreciated Mrs. Carter's comment about the residential user threshold but said he doesn't know if they will see that much growth from the residential customer base because Jersey Township's tax incentives are on commercial and industrial as well as Union Township. He said they also agreed to areas that we would not service in Union Township, which would probably be the more residential areas. He said it also changes so fast so to try to project where we will be in 3 years can be difficult.

Mr. Stepp asked what everybody thought residency requirements for the board members. Mrs. Carter said she absolutely thinks they should be residents of the appointing entity and can't believe it is not currently set up this way.

Mr. Eippert said currently, Old Lima Township is the only residency requirement. There is no residency requirement for Harrison or Etna Township.

Mr. Kretzmann said he thinks you should have to be a resident of the entity that appoints you.

Mrs. Carter said they should be a bill paying resident because if they are voting on things such as rates, it should affect them just the same as their neighbors.

Mr. Stepp likes the idea but said as he thinks through it logistically, it may be a while before we have lines that reach all of the residents of their Township. He said there may be a very qualified Board Member in the Township, who isn't on the forefront of our lines, who may not be able to be a customer and he wouldn't want to prevent a good member from being able to serve because they are not able to be a customer through no fault of their own. He said he does think the legacy areas of Etna, Harrison and Pataskala, (old Lima Township) should be customers of the District.

Mr. Eippert wanted to mention that is important to be mindful that the District cannot completely overstep on the authority of the appointing entities.

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Mr. Stepp said as he takes his notes, he is hearing that they are all supportive of a 5 person board and all of them are supportive of a residency requirement. He asked if they were all supportive of Jersey and Union Townships as the new appointing entities and a part of the District.

Mr. Eippert said to formally codify them being part of the District, it is part of the petition process. He said that would be Section B of the recommendation. He said a primary benefit of being part of the District is to be able to do assessments. He said not that it is part of the model moving forward but it would not even allow for voluntary assessments as they discovered for the residents in Kirkersville. He said for St. Albans to be included as part of the District, it would require action by the St. Albans Township Trustees or the Commissioners to request to become part of the District.

Mr. Stepp said he didn't think we should do anything in St. Albans Township unless it is initiated by St. Albans Township.

Mrs. Carter agreed and said she didn't think we should do anything without a cooperative agreement with that entity.

Mr. Roberts said that is exactly what he and Mr. Eippert discussed as well. He said the court action of changing our governance is just that. He said we could still do business inside of St. Albans Township, even if they are not a part of the court approved service area of the District. The only limitation would be losing the ability to do assessments but that is not something we are currently exploring. He said he thinks takes care of the footprint part of our discussion, to add Jersey and Union to the court approved service area, without removing the ability to work in other areas, if requested. He said it also does not prevent the ability to request to be a part of the Board in the future.

Mr. Stepp said Mrs. Carter had mentioned having non-voting members and asked Mr. Eippert what would then constitute a quorum.

Mr. Eippert said a non-voting member would not count towards a quorum.

Mr. Stepp said they would then have the same limitations they have today with a 3-person board. He said he feels like they need to be a 5-person board and accept that initially they will have 2 members whose appointing authorities do not have much skin the game.

Mr. Eippert said Robert's Rules of Order defines a member as having full participation, ability to attend meetings, make motions, speak and debate and to vote. He said when the District was formed in 1989, there were appointments made by Etna, Harrison and Lima when there were no customers yet.

Mrs. Carter said she just wants to make sure they make the best decisions for the District and our rate payers.

Mr. Stepp said his initial thoughts on the expansion on the Board was for it to be a threshold requirement but as he thinks more about it, it could cause a time lapse between a 3-person and a 4-person and ultimately 5-person board.

He said if the guidance and recommendation was to go from 3 to 5 and put the petition to the court. If the court would then approve it, it, those entities would become appointing

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authorities and the Board changes. He asked Mr. Roberts if this is what the timing of this looks like or if there was a different timetable they were recommending.

Mr. Roberts said there have been many discussions for the last several months and ultimately, it was determined a 5-member board, with appointees from Union Township and Jersey Township at the time the change is made is what makes most sense.

Mrs. Carter said she liked the idea of being able to have committees and asked if that is something that needs to be updated in this petition.

Mr. Eippert said that would be a part of the Bylaws. He said he believes the Board has the ability to create any committees they want to. He said that updating the bylaws would be a part of this overall process but doesn't need to be done as part of the petition.

The next topic of discussion was to establish any disqualifications of appointees. The ability to prohibit Elected Officials or employees of an appointing authority from then being appointed to the board was something all 3 board members agreed on as it could create a conflict of interest. Mr. Eippert said it is already prohibited for municipalities but is not prohibited for Townships. He said the law changed around 5 years ago to allow a Township Trustee to also serve as a Board member and this would prohibit that.

Mr. Roberts said the discussion of moving to a 5-member board has brought up some other items to discuss, such as board term lengths. He said right now with 3 members and each one serving a 3-year term, one board member could potentially be replaced every year. said he would recommend a 4-year term and stagger the new appointees so no more than 2 members would change at the same time. The Union Township appointee would initially start as a 3-year term to help stagger it. He also said he would recommend the terms start in January instead of November to make for a smoother transition.

Mr. Stepp wanted to make sure he understood the stagger schedule and wanted to confirm the following:

2024 Harrison will appoint a board member to a 4-year term, ending in 2028.

2025 Lima/Pataskala will appoint for a 4-year term, ending in 2029.

2025 Union will appoint for a 3-year term, ending in 2028.

2025 Jersey will appoint for a 4-year term, ending in 2029.

2026 Etna will appoint for a 4-year term, ending in 2030.

This would make it so there is never 3 new board members at the same time, so you always maintain a majority of the Board from year to year.

Mr. Roberts said there has also been discussions about an onboarding process for new board members that would include a District tour to be able to bring new members up to speed and make sure they understand all aspects of the District.

Mr. Eippert talked about changing the official address of the District during this time as well. He said the official address of the District is still 69 Zellers Ln and if you try to use GPS with that address, it brings you to a locked gate. The address should be updated to 8675 York Rd, or any other location designated by the Board of Trustees.

Mr. Eippert said he and Mr. Roberts will need to engage with Union and Jersey Townships. He said Union Township is going to probably want an MOU with us that says we are committed to running lines to match what their comp plan looks like and have that be

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reflected by any economic development incentives they put in place. He said they are trying to limit what areas see growth right now. That is what they are asking for in order to bring their entire Township into the District. He said this matches what the District's strategy is, to run lines that are asked for by a municipality or Township or if there is a finding mechanism in place.

Mr. Stepp asked if this would allow us to build infrastructure that the District requires for an interconnect or other District purposes.

Mr. Eippert said absolutely, there would be a carve out that allowed for that.

Mr. Eippert said there is a 4-week window after the filing is made with the Court for any oppositions to be filed. There is then a period of time that the Court could take action. He said relatively soon they need to have some direction from the Board as to what the final recommendation would look like. He said based on today's meeting, he and Mr. Roberts will come back with a final recommendation at the next meeting at the end of June so they can get started on the drafting of the petition. He said prior to filing that, the Board will have an opportunity to review the final petition. He expects that to happen at the first meeting in August. He said any changes between June 27 and August can always be incorporated into the working draft but asked for some direction on taking the next step.

Mr. Kretzmann said he thinks the Board just needs to direct Mr. Eippert and Mr. Roberts to polish up what was discussed today and bring back a recommendation to the board. He said they might want to identify possible roadblocks in case somebody objects. He wanted to know what the options would be at that point.

Mr. Eippert said his understanding is if it is in the best interest of the health, safety and welfare of the community, then the judge doesn't have the authority to strike down the proposition.

Mr. Roberts said the next thing to discuss is to consider a name change. He said Southwest Licking Community Water and Sewer District is a long cumbersome name and it makes sense to change it now with the filing of the petition instead of at a later date. He said he has been speaking to the marketing people we have been working with, staff and others to try and come up with some ideas of a new name. There was a list of possibilities that was provided, and Mr. Roberts asked if the Board had any thought on the name change.

Mrs. Carter said she would prefer to have some input from the staff.

Mr. Roberts said he would be happy to have the leadership team go through the options and bring a recommendation, he just didn't want to leave the Board out of the discussion.

Mr. Stepp said there is a lot of change happening right now and there will continue to be change in the future. He said he does know the District is different now from what it used to be and he likes the idea of a name change to memorialize that we are different. He thinks it is the right timing to make the change. He said the marketing firm will be a good resource for that topic.

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Mr. Roberts wanted to mention that a name change would come with some cost. There are trucks, logos, clothing, signs, a water tower, etc. that would have to change, and he just wanted them to keep that in mind.

Mrs. Carter said she would like to have an idea of what that cost would be.

Mr. Eippert brought up board compensation and asked if they felt like that was something that should be adjusted based on potentially adding two members.

Mr. Stepp asked if that was a part of the petition or bylaws.

Mr. Eippert said that would be part of the bylaws.

Mrs. Carter said she remembered a discussion early on her time on the Board where Mr. Stepp made a proposal regarding compensation.

Mr. Stepp said he has been relatively openly opposed to the way it is currently done but said he doesn't know that they have ever figured out a way to do it differently. He said he thought about using a federal or a state posted number or percentage of increase. He said if the State of Ohio or Federal Government posts a salary guidance, we would then accept that number instead of using the automatic 5% increase regardless of the economy or if the staff gets raises and that is what he thinks should change. He said they cannot vote to give themselves raises, but they can vote to establish a criteria in which they don't make the decision themselves, they follow the state or federal guidance on what it should be. He said that is what he thought might work but he doesn't have a lot of information on it.

Mrs. Carter said she would like some more information and asked if that was something Mrs. Killen or Mr. Eippert could help with. They said they would take a look at it.

4:51pm there was a brief recess.

4:58pm returned from recess.

5. TO REVIEW, DISCUSS AND TAKE ANY POSSIBLE ACTION ON DISTRICT STAFFING AND ORGANIZATIONAL CHART

Mr. Roberts said this has been discussed before when talking about the growth of the District. There are 2 sewer plants to staff, plant expansions and many ongoing projects that are going to require a staffing increase. There was a proposed organizational chart that was presented to the Board at a previous meeting outlining those needs. There were discussions about the immediate needs, future needs for staffing, and a potential change to the wage chart.

Mrs. Carter said she was good with the proposed organizational charts immediate needs, except for the position of an Executive Administrator. She thinks it's more important to bring in more ground level workers first before looking at top level staff. She said she does not

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agree with a sweeping pay raise across the board and thinks they should be reviewed more and phased in. She said every position is different and needs to be looked at individually.

Mr. Kretzmann asked Mr. Gilcher if he had any plan on the timeline for hiring new employees and adjusting wages.

Mr. Gilcher said it makes more sense to adjust the wages now, so he can hire the needed people. He said Class 3 operators are in high demand right now and in order to hire, you have to be able to entice them to make a change.

Mr. Gilcher said he has 2 Class 3 wastewater operators who are able to retire in the next 2 years and the facility is a Class 3 facility that requires a Class 3 operator 40 hours a week. There is also a new wastewater treatment facility that is going to be operational within the next year or so that will also be a Class 3 facility and requires at least 2 Class 3 operators, plus an operator in training. Raccoon Creek is another Class 3 facility that will have to be staffed in the next 3 years or so.

Mr. Roberts said he met with the City of Columbus a few weeks ago and they are 300 employees down just in the utilities department from what they need.

Mrs. Carter asked about any current employees who could possibly obtain a Class 3 to move up to those positions.

Mr. Gilcher said he is a firm believer of promoting from within, however, there are time restrictions for a Class 2 to become a Class 3 so there are time constraints. He said there are 2 on the water side and 2 on the wastewater side that are currently Class 2 operators.

Mrs. Carter asked about the administrative needs.

Mrs. Killen said she would be eligible for retirement March 1, 2026. She said she doesn't plan to retire at that time but does need to start thinking about bringing someone in to start training them to be able to take over that position when she is ready to retire.

Mrs. Carrelli said the administrative assistant position on the organizational chart is part of the administrative team but would be more for Mr. Roberts, Mr. Gilcher and Mr. Eippert.

Mr. Roberts said these times are unprecedented in his career. He said salary reviews are pretty much obsolete after 6 months. He said it is hard to get it right but it's something you can't get wrong. He said he understands it is a difficult discussion and appreciates the willingness to really dive into it and figure it out.

Mr. Kretzmann said to bring a plan and a recommendation for them to consider.

Mr. Stepp said there is a new term called the forever shortage in the workplace and it is not expected to change anytime soon. We have had positions open for a year that haven't been able to be filled yet. He said they are going to have to do something different if they expect a different result. He said he has confidence in the team and their recommendations on the staffing needs. He is also very confident in our financial position and doesn't think any of the changes discussed will hurt them financially. He said ultimately, an investment in the staff is wisest place to invest because without the staff they can't do much. He said what he sees being proposed is conservative.

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Mrs. Killen wanted to mention that historically, the District is under budget. She said she looked back at the last 5 years and we have been under budget anywhere from \$300,000 to \$900,000 each year. She said the budget is prepared with the worst-case scenario in mind, but everybody does their best to spend conservatively.

There was a G1 executive session on the agenda, but it was determined that it was not necessary at this time. Those items can be addressed at the next regular meeting.

Mr. Stepp asked Mr. Roberts if the Board has given him enough direction for him to do what is necessary. He asked if there was any formal action expected at this meeting.

Mr. Roberts said he wanted to reserve the right to be able to make decisions but didn't necessarily need any action taken on it at this time. He said he feels like they got good direction from the Board. The next step would be to present the recommendations at the next meeting.

6. TRUSTEES' COMMENTS

Mrs. Carter said she appreciated all of the work that was put into this meeting. She said they had good discussion, and she appreciates the open discussion so they can hash things out. She thinks it is important to do that in open session and said this has been very productive. She said she doesn't mind doing meetings like this, maybe quarterly, as a way to keep up with everything.

Mr. Stepp said he typically likes to make decisions fast and move on to the next one. He said they have had a good opportunity to openly talk about some of the things they have to deal with on a regular basis and also contemplate the big decisions that have to be made, which will not be made lightly. He is happy to have the opportunity to discuss and ask questions and said hopefully the next meeting they can move forward on some decisions.

Mr. Kretzmann said it is incumbent on Mr. Roberts to tell them what is needed and wanted with a recommendation. He said it is incumbent on the Board to find out what they don't know. He said if there are questions, all it takes is a phone call to Mr. Roberts to find out.

7. ADJOURNMENT

Mrs. Carter made a motion, second by Mr. Stepp that the meeting would be adjourned.

Upon Roll Call vote, all voted aye. The meeting was adjourned at 5:37 p.m.

ATTEST:



Melissa Carter, Secretary