

**Utilities Committee Minutes  
February 10, 2010**

The Utilities Committee meeting was held on February 10, 2010, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 7:00 p.m.

**PRESENT:** Committee: Chair Don Willey, Vice Chair John Nickell, Dan Kasaris; Council: Vince Gentile, Larry Antoskiewicz, Gary Petrusky, Paul Marnecheck; Administration: Mayor Robert Stefanik, Finance Director Karen Fegan, Assistant Prosecutor Donna Vozar, City Engineer Mark Schmitzer, Wastewater Superintendent Tim Tigie, Other: Pat Jones, Nick Cinquepalmi, Anthony Blanc, Paul Manke, Ben Funderberg.

**APPROVAL OF MINUTES**

Moved by Mr. Kasaris, seconded by Mr. Nickell to **approve the Utilities Committee Minutes of January 13, 2010. Yeas: 3. Nays: 0. Motion carried.**

Mr. Willey announced that Tony Blanc from URS was in attendance to discuss the Biosolids Management Alternative Evaluation.

**UNFINISHED BUSINESS**

**1. Pending Gas Wells**

Ms. Vozar distributed a lease agreement for Ohio Valley Energy for the committee's review. She said the agreement states the city is taking the fee amount per acre. Ms. Vozar then introduced Ben Funderberg from Ohio Valley Energy. Mr. Funderberg distributed a site plan and asked committee members to refer to the last page of the document. He said Ohio Valley Energy is planning to drill a well east of the well that they already have on Abbey Road. Mr. Funderberg said they have been successful in leasing residents on both sides of the road. He said Ohio Valley is only requesting from the city the 1.43 acres that is adjacent to the property that they already have under lease. Mr. Funderberg said the last page of the document shows the property where the proposed facilities are and said they feel that the leases they have on the street are protecting the rights of the citizens. He said it is Ohio Valley's plan to drill this well in the spring pending Council's approval. He said they are drilling another well in the spring and would like to drill both of these wells at the same time.

Mr. Willey asked Ms. Vozar how close the existing well is to Shadow Creek and the other residents in that area. Ms. Vozar said she was unsure. Mr. Willey said he is asking for notification purposes. Mr. Funderberg said all residents within 500 feet of the first well were notified through North Royalton's Reverse 911 call. Ms. Vozar said Ohio Valley is complying with the agreement they have in place and said the area where they are drilling is a great place for a well.

Ms. Vozar told committee members if they have any changes to the agreement, she will be happy to make those changes.

Moved by Mr. Nickell, seconded by Mr. Willey to **make a recommendation to Council to authorize the Mayor to enter into an agreement with Ohio Valley Land and Exploration for use of a portion of York Alpha Drive. Yeas: 3. Nays: 0. Motion carried.**

Mr. Funderberg asked the committee if they have heard back from Columbia Gas on the gas and oil wells. Mr. Willey said Ms. Vozar will be reporting on that subject next.

Ms. Vozar said Columbia Gas told her that they have been diligently working on the issue that was brought up at the last meeting. She said the President of Columbia Gas met with the Joint Ohio Gas District Association recently and they are working together to come up with some type of solution. She said they do not have anything concrete at this time, but they may have additional information by our next meeting.

Mr. Nickell asked Mr. Funderberg if he is tapping in to our Dominion line. Mr. Funderberg said all of North Royalton is on a Columbia system. He said he is not going to let lack of a market dictate to them on not drilling. He said this is problematic now, but he feels it will be worked through. Mr. Funderberg said Ohio Valley and other operators are pursuing other options to try to market the gas.

Mr. Nickell said aside from the revenues that private residents receive, the schools, libraries and metroparks also receive money. He said these wells have a significant impact on a number of people.

Ms. Vozar said the Heasley Field drilling is going to occur between February 19<sup>th</sup> and March 1<sup>st</sup>. She said Dominion and Cutter Oil have met and they are going to continue as initially planned which is by coming out the front and hooking into Dominion. Ms. Vozar said she has prepared the outstanding lease requirements that need to be complied with. She said those items include the delay rental that is due and owing, the \$5,200 balance on the spud fee, the \$10,000 on the ingress and egress to enter onto the property which is due 10 days before, the \$50,000 on the escrow account which needs to be filed with the Building Commissioner within 10 days and a copy of their general liability insurance of not less than \$5,000,000 naming the city as an additional insured. Ms. Vozar said soccer starts on April 1<sup>st</sup> and we need to make sure everything happens timely and said it is in Mr. Cutter's best interest to meet the timeline as there is a \$5,000 penalty per day if our fields are not ready. She said it looks like everything is moving in the right direction. She said there are just a couple of things that need to be resolved.

Mr. Gentile said his understanding is that the Dominion line will be able to offer service to the adjoining properties. He said it will not just be a production line. He said this will be a Dominion standard service line which will allow the adjoining properties a competitive service from another gas company.

Mr. Nickell said he feels soccer is very important, but said he does not want to see this deal fall through if they are going to go over by a couple of days. Ms. Vozar said this deal has been sitting because the oil and gas company has chosen not to go forward. She said one of the most important criteria in the agreement was that it cannot interfere with our use. She said one of the items in the agreement is that if Cutter did not drill prior to March 1, 2009, they could not drill without written consent from the city. She said she needs to talk to Mr. Kelly to see how he wants to handle this.

Mr. Petrusky asked if we have to do a resolution will we have to hold a Special Council meeting. Ms. Vozar said the Mayor may be able to just authorize this. Mr. Gentile stated that Mr. Cutter did not get Planning Commission's approval until March 4, 2009. Ms. Vozar said that is correct but it does not change the fact that he is beyond the contract terms. Mr. Gentile said he spoke to Mrs. Haller and from now on this has to go to Planning Commission then they can come to Council.

Mr. Antoskiewicz said his concern is that Heasley Field is cleaned up after the drilling is finished so it is safe for soccer use.

Mr. Gentile asked Mr. Funderberg if he feels this can be accomplished by April 1<sup>st</sup> when soccer season begins. Mr. Funderberg said he believes Mr. Cutter is going to be using his drilling rig which is one of the most powerful drilling rigs in Northeast Ohio. He said the actual drilling can probably be completed in 4 days. Mr. Funderberg said Cutter Oil is pretty good as far as digging the wells and getting them tied up pretty quickly. Mr. Petrusky asked Mr. Funderberg if the rig that will be used on Heasley Field is the same rig that was used to dig at St. Paul's. Mr. Funderberg said yes. Mr. Petrusky said the reason he is asking is because that rig was very loud and his concern is for the residents in the area. He said when St. Paul was being drilled he received a lot of complaint calls. Mr. Funderberg said at that time there was a problem with the Homeowners Association not being properly informed and said that was part of the problem. Mr. Petrusky said he also received complaints about the smell. Mr. Funderberg said they are diesel motors so there will be some diesel odor.

Mr. Kasaris asked Ms. Vozar if we are going to wait another month to hear back from Columbia Gas. Ms. Vozar said we do not really have any authority over Columbia Gas. Mr. Kasaris said he does not

want to be held hostage by Columbia and the monopoly they hold over the oil and gas in the city. He said if Columbia is not willing to relax the standards that they have arbitrarily placed on gas, he wants to be sure that residents and companies in North Royalton can properly get the gas off of their land. He said this may mean Council may have to create a permit process such as the telecommunications permit process that was created in 2001. He feels we should let Columbia know that we are not going to wait. Ms. Vozar said she will relay this information to Columbia and review our options and make a recommendation to Council. Mr. Antoskiewicz said he is not sure he feels comfortable giving up his right of way to a private oil and gas company. He said there are wells being drilled all over the city where Columbia Gas is the provider. He said these companies must be working with Columbia Gas in order to do what they are doing. Mr. Antoskiewicz said he is not sure if he wants to pursue giving away our right of ways as this could be opening ourselves up to other issues. Mr. Funderberg said companies may be drilling in the city, but the problem with Columbia does exist.

Mr. Gentile said he does not want to see us open up our right of ways to other gas/oil companies then have them do the same thing that Columbia is doing which is monopolizing land. He said if a secondary line goes in it will have to allow free access and acceptance of the mineral production in North Royalton using the city's right of way. Mr. Gentile said we currently have no standards on how our right of ways can be used.

**2. Ridge Road sewer update**

No update.

**3. Wiltshire Road sewer odor status**

Mr. Tighe distributed a monitoring report to committee members. He said there are two monitoring areas and manholes on Wiltshire Road. He said one area is right after the transition point and the other is west of State at 5100 Wiltshire Road. Mr. Tighe said there were odor complaints in December because the monitoring system was shut down, but in January the system started up again and there have not been any odor complaints in four weeks. Mr. Tighe said he will be watching this closely.

Mr. Kasaris asked if there is a timeline as to when we know the short term goals have been met. Ms. Vozar said she believes they had one year to meet the short term goal but she will have to look at the agreement.

**4. Sanitary sewer connection (tap in) request City of Parma and City of Broadview Heights**

Ms. Vozar said she has not heard back from Parma or Broadview Heights, but said since the tap in for Strongsville came up, she went ahead and drafted the language herself for all three cities. She said she has reviewed the language with Mayor Stefanik, Mr. Kelly and Mr. Schmitzer. She told Council they will have the opportunity to review it as it is in the final contract. She said Parma and Broadview Heights will have the contract tomorrow. Mr. Gentile asked if we get this cleared up we will be able to pursue Issue 1 funding. Mayor Stefanik said we are still waiting to hear from the county on the timeline for the Sprague Road projects. He said as soon as we find out what the timeline is of existing projects we may be able to pursue this project as well.

**5. Sewer problems in Gregory Drive area/Infiltration of storm water**

No changes. This item can be removed from the agenda.

**6. Inflow/Infiltration of storm water**

No update.

**7. National Pollutant Discharge Elimination System Permit**

No update.

**8. Home Sewage Treatment Systems**

Mr. Schmitzer said there is one system installed on Edgerton Road. He said the way the program is set up with the grant money, we have to have the 25 percent cost that the homeowner is responsible for paid to the contractor before we can submit the application to the EPA to request the other 75 percent. He said at this point we have sent the application to the homeowner, but they are disputing one of the items on the contract and are not paying anything at this time. Mr. Schmitzer said this is holding up payment to the contractor and the contractor is very upset. Mr. Schmitzer said he is going to have another conversation with the homeowners and if he cannot get a payment scheduled from them, this will be pursued through the Law Department.

**9. First Energy/Wastewater Department**

Mayor Stefanik said in the quest to save money for the city, we may be able to save a significant amount of money by signing a 15 month contract with First Energy for the Wastewater Department's electrical contract which is coming up for renewal. Ms. Vozar said that up until the end of the year NOPEC held all of our contracts that were under 700,000 kw and we were receiving a discount with those contracts. She said as of the first of the year these contracts went to First Energy under NOPEC and we are still receiving the government discount. Ms. Vozar said she is recommending that one of the contracts that is still with NOPEC be placed with First Energy. She said our savings will actually be more if we enter into the contract with First Energy. Ms. Vozar said we can either enter into a 15 or 27 month contract. Mr. Gentile asked Ms. Vozar if any other comparisons were run. Ms. Vozar said no. Mr. Gentile suggested getting other comparison prices.

Mr. Tigie asked how they changed the rate code to General Service when we were on Secondary General Service. Mr. Tigie said he has been arguing with them for a while as to why we were on Secondary General Service. Ms. Vozar said the reason this happened is because we did not choose a supplier and by not choosing a supplier we were placed in default which is basically a conglomerate of all the companies. Mr. Tigie suggested signing a 27 month contract.

Ms. Vozar said the Law Department will do comparables and historical information, but they cannot do it quickly. Mr. Gentile suggested placing this on the Council agenda but in the meantime asked the Law Department to gather as much information as possible. Mr. Gentile said Mrs. Fegan will have historical information available.

Committee members agreed that the contract should be for 27 months.

**NEW BUSINESS****1. North Roylton Biosolids Management Alternative Evaluation**

Mr. Tigie said before Mr. Blanc addresses the committee, he wanted to give the reasons they decided to hire a consultant to do this work. Mr. Tigie said in 2008 when he was reviewing the present permit for the A Plant he noticed that the compost and land application was on that permit. He said then when he was working on the 10 year capital plan he realized the compost service has been in service for 13 years and said due to the environment and the equipment inside the building that has to work with the compost, this is a very long time. He said since the permit was coming up for renewal he had other options placed in the permit just in case the Mayor and Council looked at compost as not being a viable alternative anymore. He said he did not feel comfortable making this type of decision, so he called URS to do this study.

Mr. Tigie said in reviewing the report it is noted how little we actually make on compost. Mr. Tigie said the key savings will be in not having to upgrade the equipment. He said eventually the equipment will have to be replaced on a regular basis.

Mr. Blanc gave a brief summary of the report. He said the compost facility was designed as a regional facility and said by it now not being a regional facility, there is not enough material being processed to make it economical. Mr. Blanc said down the road there will be some major costs, both short term and

long term to keep the compost facility operating. He said URS looked at the compost landfill and they also looked at Mahoning Valley and Biro because that is more of a reduced type process. He said they reviewed all of these processes on an economic basis and a non economic basis so they could take a more comprehensive look at what can be done in the short term. He said as far as long term options they did not get into a lot of these types of options. He said these options are geared more towards regional type facilities. He said some of the long term options may be applicable but there are also a lot of modifications that would have to take place.

Mr. Tigie said there are some short term options which are already in our permit. He said we would be good to go once we get the approval from the landfills. He said N-Viro is not ready to go yet, but will be once they are EPA approved. He said that will probably be in August. Mr. Tigie said at that time we may enter into a contract with them. He said right now he is not contracting with anyone.

Mr. Tigie said there is a large amount of sewage sludge compost at the compost facility. He said they are not able to get rid of it. Mr. Tigie said they have to move some sludge within the next couple of weeks because they have nowhere to put it on the asphalt pad.

Mayor Stefanik said he feels it is time to move forward and feels we can save money in the Wastewater Department by closing the compost facility.

Mr. Antoskiewicz said the report states that due to the risk to the general public, we cannot take any additional compost and asked Mr. Tigie if this is due to the possibility of a fire. Mr. Tigie said the risk is just the odor risk.

Mr. Gentile asked if we lost a significant amount of revenue when North Olmsted pulled out of the compost facility. Mrs. Fegan said we were treating their sludge but it was actually costing us more to treat it than we were getting in from them. She said part of the reason they left is because we told them we were going to change the rate. Mr. Tigie said basically we were subsidizing their sludge disposal. Mr. Antoskiewicz said we cannot call this a regional facility because we do not have any partners. Mr. Tigie said it would cost us twice as much in electricity to have a partner and have to run all eight bays. Mr. Tigie said the biggest cost is the debt service. He said we still have to pay the loans back and they will not be paid off until 2017 at \$522,000 per year. Mr. Tigie said if we go with other alternatives, we can save \$30,000-50,000 in the operation and maintenance of the system and we will save by not spending any money.

Mr. Gentile asked if we shut the building down, is there anything else that can be done with it. Mr. Tigie said he will not shut the building down he will keep it running, just in case we ever want to go back to compost. He said there are loan requirements and they have already sent letters to the directors of the Ohio Water Development Authority and the Ohio Public Works Commission to let them know that we are considering ceasing operations and asking them if we are able to use the building for other purposes, are we able to use the equipment somewhere else, etc. Mr. Gentile asked if the equipment has a value that we would be able to liquidate it down the line. Mr. Tigie said the equipment that is used for compost does not. He said that they have a payloader and two Bobcat type pieces of equipment that can be used by the city, but he has to check with Mrs. Fegan to see if they are able to do this.

Mr. Gentile asked if the compost facility was a requirement when we got the loan for the regional recycling facility. Mrs. Fegan said her understanding is that when the city was in the planning stages it looked like the law was going to be that no yard waste could be put out with the rubbish, but that law never materialized.

Mr. Tigie said there is a downside to closing the facility as some residents will be upset that there will no longer be compost available.

Mr. Gentile asked Mr. Blanc if down the road we are able to liquidate the equipment would the building be able to be retrofitted into something other than equipment storage. Mr. Blanc thought the building could be rehabbed for industrial type equipment.

Mr. Tigue said the Kurtz Brothers contract comes up for renewal in 2013 which is the back end of the acreage. Mr. Willey asked if we should go forward with this knowing that the entire piece of property will be available in a couple of years. Mr. Gentile said we will have to wait to see if we are able to shut the facility down and/or if we are able to liquidate any part of it. Mayor Stefanik said we still have to go forward with this proposal and possibly down the road we can use the building as a satellite Service Department office. Mr. Nickell said after reviewing the report he feels it makes no sense to keep the facility running.

Mr. Antoskiewicz asked Mr. Tigue if we can go to PPG before N-Viro. Mr. Tigue said PPG and the landfills are in the approval stage of our solids. Mr. Gentile said if we are satisfied with the price, we should get a fairly long contract. Mr. Willey said his understanding is that we will contract with PPG for a couple of months then be able to get a longer term contract with N-Viro. Mr. Tigue said N-Viro will want a contract. He said he will not contract with the landfills and PPG.

Moved by Mr. Willey, seconded by Mr. Nickell to **move forward with negotiating closing the compost facility and recommend approval by Council.** Yeas: 3. Nays: 0. **Motion carried.**

Mr. Kasaris asked if the money that is used to pay for the compost facility will come from the fees we assess the residents. Mr. Tigue said yes.

#### **ADJOURNMENT**

Moved by Mr. Kasaris, seconded by Mr. Nickell to **adjourn the meeting.** Yeas:3. Nays 0. **Meeting adjourned at 8:53 p.m. Motion carried.**