

SPECIAL PUBLIC UTILITIES COMMITTEE MEETING

MARCH 6, 2018

The meeting was called to order at 5:32 p.m. by Chairman Jonathan Smith. Committee members present were Haraz N. Ghanbari, Jonathan Smith, and Barry VanHoozen. Also present were Karlene Henderson, Law Director, Alice Godsey, Director of Public Utilities, Becky Williams, Councilwoman, and Tim McCarthy, Councilman. Councilwoman, Deborah Born arrived at 5:53 p.m.

TOLEDO AREA WATER AUTHORITY MEMORANDUM OF UNDERSTANDING

Mr. Smith introduced Eric Rothstein, of Galardi Rothstein Group, hired by the Toledo Regional Chamber of Commerce as a facilitator for the TAWA agreement. Mr. Rothstein gave a background of his work in the field of water, waste water, and the utility industry over the last 30 years, with a specialty in utility finance and utility systems institutional structure. As well as collaborative efforts, while also dealing with biblical failures.

Mr. Rothstein noted that TAWA is the beginning of a process to develop a better future. He added that there are apparent problems, but that there is an availability to work together to resolve those issues. While Mr. Rothstein spoke he referenced a 13 page power point presentation that outlined many factors involved in the MOU Development Process, a copy of which is attached hereto and made a part of these minutes. Mr. Rothstein's presentation can also be found online on the City of Perrysburg's website under the Public Utilities tab. He shared the need within the TAWA as there is a potential crisis coming in the future. He noted that water rates are increasing everywhere you go, and as a result there is a situation that is becoming consequential, as well as being recognized nationally.

A group was established, called The Principals (elected officials) to create the MOU Development Process, and meetings were previously held every three to four weeks, with a majority of principals in attendance. There was a clear decision to look towards the future, while achieving a compromise. Mr. Rothstein also noted that in order to create TAWA an MOU is not required, but that time and effort was intentionally spent on this part of the process. He mentioned that there is an intent to develop, in order to bring forth this effort for the surrounding communities involved. There is an MOU scheduling approval process that includes the need for a petition to be filed. Mr. Rothstein added that they are trying to reflect the vision of a benchmark utility. Some Elements of the MOU include a governance structure, a supermajority voting system, financial terms and practices, and human resources. Mr. Rothstein noted that this is a serious obligation that deserves compensation. Within the financial aspect, he added that it will be hard to determine what the rates will be going forward, as those that are a part of the TAWA now may not be in the TAWA in the future. He did add that as a part of this MOU process is a commitment to developing rates using industry best management practices. Mr. Rothstein said that participation in TAWA is a commitment to perform these things in a professional, independent way to all the parties that are participating in this process. He added that water affordability continues to become a greater concern, and these programs are about compassion from a community and public health perspective. He noted that the underlying concept is that you want your regional water authority to be an employer of

choice, which will attract, develop, and obtain some of the best talent in the region. There are also conditional precedents that need to be set in order to develop a regional water system investment. Going forward there are ten important steps to move forth in this process.

Ms. Williams referenced the transition costs that will be implemented into this process, and Mr. Rothstein spoke to this concern further. Mr. McCarthy said that he is concerned with the planning process, and Mr. Rothstein addressed those concerns and adjustments that will need to be made going forward. Mr. Ghanbari raised a concern about the MOU imposing a property tax, and what protections there are for the taxpayers, and Mr. Rothstein said that the Court of Commons Pleas can so order a property tax. Mr. Smith questioned the rate equalization process, and Mr. Rothstein added that there is a reasonable estimate that there will not be a dramatic difference. If Toledo votes this out, the MOU will be edited to how to move forward with essentially the same terms and conditions without Toledo. Mr. VanHoozen discussed the intent and promise that this offers which is a regional benefit, but contemplating doing this without knowing what this program will look like in the end in terms of cost. Mr. Rothstein stated that there are indeed fundamental uncertainties about the cost structure, and so it's important to look at where the city was before this process. He added that choosing to go forward with TAWA you become a direct part-owner as a member of TAWA in the system. There is a specific commitment towards transparent calculation of rates, and how the rates were arrived at. Mr. Rothstein added that the reality is the opportunity to understand what is exactly at play, and the ability to influence, in a situation where you have a seat at the table with TAWA. Ms. Born questioned the governance structure and qualifications, and how the board of trustees is selected, and Mr. Rothstein said that the Mayor would appoint with an ending City Council vote. He added that professional qualifications for the position will be aided by the Human Resources department. Mr. Smith thanked Mr. Rothstein for his presentation.

There being no further business, the meeting adjourned at 6:38 p.m.

Respectfully submitted,

Jonathan Smith, Chairman
Public Utilities Committee

Next meeting: Wednesday, March 28, 2018 at 6:00 p.m.