

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
January 17, 2014, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the New Philadelphia City Council Chambers, 150 East High Avenue, New Philadelphia, Ohio, on Friday, January 17, 2014, at 9:00 a.m., pursuant to notice duly given all Directors, and the general public in accordance with law.

1. ROLL CALL

Directors present were: Mr. Boyle, Mr. Horstman, Ms. Limbach, Mr. Parham, and Mr. Pryce.

Present from MWCD staff were Scott Barnhart, Jim Crandall, Jim Cugliari, John Hoopingarner, Darrin Lautenschleger, Nick Lautzenheiser, Ted Lozier, Karen Miller, Mike Rekstis, Boris Slogar, and Mark Swiger.

Mr. Pryce, President of the Board of Directors, presided.

2. INTRODUCTION OF VISITORS AND PUBLIC COMMENT

Also in attendance for all or portions of this meeting were: Rome Marinelli (*New Philadelphia resident*); Brent Winslow (*Consol Energy*); and James Dobrozsi (*Woolpert*).

Mr. Marinelli addressed the Board relative to the public meeting held in the Piedmont area on Wednesday, January 15, for the purpose of presenting information relative to the potential leasing of the area for oil and gas development. He urged the MWCD to not proceed with leasing in the Piedmont area.

3. APPROVAL OF MINUTES

On motion by Ms. Limbach, seconded by Mr. Parham, the minutes of the December 20, 2013, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending December 31, 2013. The total operating revenue is \$58,035,658.00, which includes \$44,239,753.00 of oil and gas lease signing bonus payment, or \$13,795,905.00 without the lease signing bonus payments and operating expenses of \$12,258,260.00 resulting in an excess of revenue over expenses of \$1,537,645.00. The operational surplus does not include the oil and gas lease signing bonus or the expenses incurred in the Recreation Improvement Fund or Debt Retirement.

The overall revenue projections were pretty much on target as most of our activities performed well. Overall, expenses were within budget as we were able to dedicate additional funds to help out operations to make up for some deferred operational needs.

The Recreation Improvement Fund saw nearly \$9.5 million spent on deferred maintenance projects as well as upgrades/updating vehicles and equipment. The three main areas we honed in on were marine facilities, park facilities and water and sewer systems.

In the fifth year of the maintenance assessment and continued implementation of the official plan, the District expended nearly \$8.4 million. The following areas are where significant dollars were expended:

Dam Safety Upgrades (USACE)	\$4,400,000.00
Flood Warning System	\$269,000.00
Partners in Watershed Management (PWM)	\$240,000.00
Sediment Removal	\$375,000.00
Shoreline Protection	\$1,440,000.00
Assist local property owners with BMP's	\$380,000.00

Overall, 2013 was a very successful year. As we move into 2014, the MWCD is faced with the challenge of implementing the Parks Master Plan, continued improvements to facilities and the work to be performed on the Official Plan, while continuing to operate facilities efficiently.

On motion by Mr. Horstman, seconded by Ms. Limbach, the financial report was accepted as presented.

5. PAYMENT OF BILLS

On motion by Mr. Boyle, seconded by Mr. Horstman, a report of the payment of bills for the period ending December 31, 2013, was approved as presented.

6. BUSINESS

6.01 LEASE TRANSACTIONS

On motion by Mr. Parham, seconded by Ms. Limbach, the assignments, cancellations, new leases, farm leases, mortgage consent and agreement cancellations, and mortgage consent and agreements were approved and execution by the proper officers of the MWCD authorized.

6.02a BUDGET ADJUSTMENTS

On motion by Mr. Boyle, seconded by Mr. Parham, budget adjustments for the balance of the fiscal year 2013, as recommended and set forth in the above memorandum, were approved.

6.02b BUDGET REVISION

On motion by Ms. Limbach, seconded by Mr. Horstman, a proposed budget revision for the 2013 budget, as recommended and set forth in the above memorandum, was approved.

6.02c TRANSFER OF FUNDS

On motion by Mr. Boyle, seconded by Mr. Parham, fund transfers for the 2013 budget, as recommended and set forth in the above memorandum, were authorized.

6.02d BOLIVAR DAM LOCAL COST SHARE FUNDING REQUEST

On motion by Mr. Horstman, seconded by Ms. Limbach, release of funds in the amount of \$7,805,883 for the Bolivar Dam Major Rehabilitation Project, as recommended and set forth in the above memorandum, was approved.

6.03 HUMAN RESOURCES SUMMARY

On motion by Mr. Horstman, seconded by Mr. Boyle, human resources activities, as recommended and set forth in the above memorandum, were approved.

6.04a PURCHASE OF BOAT DOCKS

On motion by Mr. Parham, seconded by Mr. Horstman, purchase of boat docks for Piedmont Marina and Seneca Park in an amount not to exceed \$130,000.00, as recommended and set forth in the above memorandum, was authorized.

6.04b ATWOOD LAKE TRAIL PHASE I

This memo was withdrawn. The ODOT grant involves some very high standards in order to comply with the grant, creating higher costs. The recommendation by staff is to proceed with this project without the ODOT grant and construction of the trail can be accomplished at a lesser cost and completed as early as the end of 2014 or early 2015 if done strictly with MWCD funding. On motion by Mr. Boyle, seconded by Ms. Limbach, the Board authorized rejection of the ODOT Transportation Alternatives Program Funding for this project.

**6.04c PIEDMONT MARINA SITE IMPROVEMENTS PROJECT
AUTHORIZATION FOR CONSTRUCTION BID**

On motion by Mr. Horstman, seconded by Ms. Limbach, award of a contract for site improvements at Piedmont Marina to Tucson, Inc. of New Philadelphia, in an amount of \$1,579,000.00 as recommended and set forth in the above memorandum, was authorized.

**6.04d PLEASANT HILL BOAT CLUB SHORELINE STABILIZATION
ENGINEERING CONSULTING SERVICES: CONTRACT AMENDMENT**

On motion by Ms. Limbach, seconded by Mr. Boyle, an amendment to the contract with S&ME for geotechnical engineering consulting services in an amount of \$51,000.00, as recommended and set forth in the above memorandum, was authorized.

6.05 PROPOSED GOALS FOR 2014

The following goals were presented for consideration:

① OIL AND GAS DEVELOPMENT

The MWCD will negotiate and enter into an oil and gas lease for Piedmont Reservoir in the first quarter of 2014, and for Tappan Reservoir in the third quarter of 2014. These leases will produce revenue to fund park, recreation, public access and conservation improvements. The leases will contain significant provisions focusing on the protective development of these natural resources.

② MASTER PLAN IMPLEMENTATION

The MWCD will develop a schedule, budget, design and implementation plan for park capital improvement projects at each of the five lake parks and marinas it operates. Changes to the organizational structure of the MWCD will be implemented to accommodate the multi-year implementation of these projects. Capital improvement projects will begin in 2014.

③ DREDGE PROGRAM

The MWCD will launch a comprehensive dredging plan that will prioritize and identify reservoir dredging needs, secure necessary permits, and begin dredge operations in 2014. The dredge program will be a multi-year program.

④ FISCAL MANAGEMENT

The MWCD will continue the development of plans for the use of revenue generated from the development of oil and gas reserves and consider the amount of revenue needed to meet its obligations to fulfill the Official Plan and the Amendment to the Official Plan adopted in 2005. In the first half of 2014, the MWCD will address the issue of whether or not the current maintenance assessment should be adjusted.

Mr. Parham asked why there was no goal included concerning the Atwood Peninsula cabins. Mr. Hoopingarner responded that the Atwood Peninsula cabins matter is not considered to be a global concern that affects the whole MWCD, but instead is a matter of concern for a specific area.

Mr. Pryce asked about including a goal regarding strategic planning. Mr. Hoopingarner responded that the strategic planning process is in the implementation phase and is not considered a goal at this time, but instead part of the everyday operations.

On motion by Ms. Limbach, seconded by Mr. Boyle, proposed goals for 2014, as recommended and set forth in the above memorandum, were approved. On roll call: Mr. Parham-no.

6.06 SCHEDULE OF BOARD MEETINGS FOR 2014

The following is the proposed schedule of meetings of the Board of Directors for 2014:

- February 28 *
- March 21
- April 18
- May 16
- June 7 (Conservancy Court)
- July 18
- August 29 *
- September 26 *
- October 17
- November 21
- December 19

The later date in February is due to a USACE function scheduled on February 21; the later date in August is suggested due to the scheduling of the MWCF Annual Golf Outing on August 14; and the later date is suggested in September to provide additional time for preparation of the maintenance assessment calculations and documentation.

It is recommended that the Board approve the proposed schedule of meetings for 2014.

On motion by Mr. Boyle, seconded by Ms. Limbach, the proposed meeting schedule for 2014, as recommended and set forth in the above memorandum, was approved with a change from October 17 to October 31.

6.07 RECOGNITION OF COY MILLER – U.S. ARMY CORPS OF ENGINEERS

On motion by Ms. Limbach, seconded by Mr. Horstman, preparation of a certificate of commendation/recognition from the MWCD for Coy Miller, as recommended and set forth in the above memorandum, was authorized.

6.08 OTHER BUSINESS

Mr. Slogar distributed a summary of the Partners in Watershed Management applications received during the current funding cycle.

7. REPORTS

7.01a SUMMARY OF MARINA OPERATIONS

The Summary of Marina Operations report through December 31, 2013, was not available at this time.

7.01b MARINA REPORTS NARRATIVE

- 1) “Trade Only”, an industry publication reports that the National Marine Manufacturers Association announced that the recreational boating industry is continuing its post-recession gains, posting an estimated 5 percent in new powerboat sales for 2013 and projecting an additional 5 to 7 percent increase for 2014. This should impact boat sales in a positive way at MWCD Marinas.
- 2) Revenues at both Piedmont and Seneca marinas exceeded budget projections. Piedmont Marina total revenues increased by \$57,583, or 13%, over 2012. With a greatly expanded operation, Seneca Marina revenues rose \$154,433, or 65%.
- 3) MWCD’s revenue share of leased marina operations increased by \$83,898, or 16%, from 2012 levels.
- 4) Dock projects for 2014 will include a replacement project at Piedmont and new launch ramp courtesy docks at Atwood and Pleasant Hill.
- 5) Design work is continuing on the service building at Seneca, with a simpler design approach being strongly considered.
- 6) Bids were opened January 15 for the launch ramp, parking, restroom, and waterfront improvements project at Piedmont Lake Marina.
- 7) MWCD staff will be meeting this month with the operators of the Dockside Restaurant at Seneca Lake Marina to review the 2013 season, and plan for the upcoming season.

7.01c PIEDMONT AND SENECA MARINAS BUSINESS PLANS

Board members received a copy of the updated business plans for Piedmont and Seneca marinas. Mr. Crandall reviewed this information with the Board. No action required.

7.02 DEATH AT SENECA LAKE

A Seneca Lake area resident died January 6, 2014, of apparent hypothermia after taking a walk on a portion of the frozen lake.

According to the Guernsey County Sheriff Department, which handled the investigation, Lawrence Finnegan, 55, of 82 Sunset Drive, went for a walk on the frozen lake in the late afternoon on January 6. When he did not return home after several hours, a family member searched for him and later found his body at the lake.

MWCD rangers were notified and assisted the sheriff department with the investigation.

Investigators from the sheriff department reported no signs of foul play or trauma, and ruled the death a result of hypothermia.

7.03 STRATEGIC PLAN UPDATE

The strategic plan was briefly discussed during the 2014 goals agenda item. Jack Steele of Active Strategy will be meeting with MWCD staff next week to review details of further implementation of the strategic plan.

7.04 PENINSULA CABIN UPDATE

Mr. Barnhart presented information to the Board relative to the 17 cabins and 2 residences located on the Atwood Peninsula area. He received direction from Attorney Jim Pringle regarding the potential donation of the cabins which indicated that there is no language in the Conservancy Law that requires any particular approach to the disposal or donation of the cabins, but any said action should “advance the purpose or power of the District. Attorney Pringle recommended several steps to follow:

- 1) Obtain a cost estimate for demolition of the cabins. A local contractor has provided an estimate for demolition and proper disposal at \$4,800 per cabin.
- 2) Obtain an appraisal by a real estate professional to determine the value of the cabins if someone were to purchase them to move to another location. Donnie Borland has contacted Gil Snyder to obtain this information and had an in depth discussion concerning the structural value since the personal property (cabin) has to be removed. An opinion has been reached that the removal costs negate any structural value, and that a formal appraisal is not warranted or necessary. Mr. Snyder will attend the February 6 meeting of the Board of Appraisers to discuss this matter and would be available to address the Board of Directors, if necessary.
- 3) There has been interest from five area camps in obtaining these cabins to use at their facilities – Camp Muskingum, Camp Aldersgate, and Camp Neosa (all located on MWCD property); and Camp Wanneke and Elkhorn Valley (located on private property). These camps are in the process of obtaining pricing on moving the cabins. The first estimate information provided was \$15,000 to \$20,000. Another estimate was at \$10,000, however a road issue was discovered which will prevent them from reaching the Camp Wanneke, which would have disposed of 5 cabins. The only way that the cabins can be moved to Camp Wanneke would require splitting them down the middle and paying the moving charge twice. They then obtained a quote to build new cabins and compared it to the cost of moving, repairing and foundation costs and determined that it would more cost efficient for them to construct new cabins.
- 4) We have given a deadline of mid-February for the camps to make a final determination on whether or not it will be feasible to move the cabins.

If it is deemed feasible to move the cabins, the following steps would occur:

- 1) A public auction would be scheduled in March to auction off the remaining contents of the cabins along with the cabins.
- 2) Deposits would be taken from interested parties who bid on cabins along with an agreement that would contain specific dates for removal and requirements of the party removing to provide proof of insurance and other necessary coverages. The deposit would need to be commensurate with the cost of the demolition of the cabins in the event that a bidder does not remove the entire cabin.
- 3) Once all cabins are removed, MWCD will clean up cabin area and remaining debris (concrete block, etc.).

Simultaneously, Donnie Borland has also explored options of gifting to Habitat for Humanity representing Stark and Carroll Counties and a local lumber recycling business. Both expressed initial interest, but nothing further has developed. It appears that recycling the lumber is not going to be profitable enough for the recycler.

Relative to the 2 residences located at the Atwood Peninsula, Mr. Barnhart reported that he, along with Mr. Borland and the MWCD maintenance specialist and electrician, inspected both homes thoroughly. Both structures need extensive repairs to make them rentable.

The first house has a major roof leak and will require a new roof and roof repairs. The estimate for the flat roof replacement is \$8,600. The leak has caused major issues with the interior ceiling in the living room and will require a new ceiling. There are numerous other problems that will require work along with painting and floor coverings. Once the scope is complete, staff will obtain repair estimates.

The second house, on the surface, appears to be the better of the two homes; however we have discovered major structural issues caused by water problems underneath the house. The MWCD maintenance specialist was involved years ago in replacing floor joists due to termites and rot, so when he inspected the crawl space he confirmed that the rim board and the sill plate were completely rotted away which allowed the wall to drop and pull away from the exterior brick. This repair can be extensive and we are in the process of having our maintenance specialist put together a scope of necessary repairs and we will then be reaching out to local contractors for estimates. Along with these repairs, there are numerous other problems along with the routine maintenance such as painting and floor covering replacements.

Both homes are without water and will require either a new water line to be connected from the Resort tank or private wells to be drilled. The engineers estimate to provide water from the Resort system will be between \$150,000 to \$300,000. We will also be required to separate the gas line from the Resort gas line and provide separate metering for these homes.

The Board directed staff to prepare three options for the cabins, in writing, for presentation at the February meeting in order for them to consider the disposition of the 17 cabins and 2 residences located on the Atwood Peninsula.

7.05 PIEDMONT OIL AND GAS DEVELOPMENT – PUBLIC MEETING REPORT

Mr. Lautenschleger reported that approximately 75 people attended the open house session held Wednesday, January 15, 2014, in the James E. Carnes Center near St. Clairsville to discuss the planned leasing of MWCD-owned property at Piedmont Lake for oil and gas development. The meeting was held as part of the MWCD's commitment to offer lake residents, lake users and members of the public with an opportunity to provide input and ask questions prior to any commencement of lease negotiations for a large-acre area of MWCD property. A total of 13 people spoke and asked questions during the meeting, which also featured a stenographer present to record comments precisely as they were presented. A complete written report from the meeting with all

comments included will be presented the MWCD Board of Directors and staff. Members of the public also are able to send written comments to the MWCD through e-mail at piedmontcomments@mwcd.org, via fax and regular U.S. Mail.

Ms. Limbach also attended the session and offered some suggestions to help improve any future meetings and to encourage participation, education and input from the public.

7.06 USACE PROJECTS STATUS REPORT

Mr. Slogar reported that work on the Dover project was shut down over the holidays and has now resumed. The estimate completion date for the Dover project is December 2014. There have been no significant concerns or issues with this project

The Corps anticipates award of the contract for the seepage wall at Bolivar within the next few weeks.

There is no additional information to report regarding the Zoar Levee.

Mr. Slogar and Mr. Hoopingarner will be traveling to Huntington, West Virginia, on February 21 to attend the retirement celebration for Coy Miller.

7.07 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

No report at this time.

7.08 IMMINENT OR PENDING LITIGATION

No report at this time.

8. SUBDISTRICTS

8.01 SUBDISTRICT CHARGES

On motion by Mr. Boyle, seconded by Ms. Limbach, authorization to execute the necessary charges for the year 2013 in order that the records accurately reflect the financial position of the MWCD and its subdistricts, as recommended and set forth in the above memorandum, was granted.

9. EXECUTIVE SESSION

An executive session was not necessary.

10. ADJOURN

There being no further business, on motion by Mr. Horstman, seconded by Ms. Limbach, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, February 28, 2014, at 9:00 a.m. at a location to be determined.