

**SUMMARY OF MINUTES  
BOARD OF DIRECTORS  
MUSKINGUM WATERSHED CONSERVANCY DISTRICT  
Held at the Seneca Lake Park Welcome Center  
August 16, 2013, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the Seneca Lake Park Welcome Center, 22172 Park Road, Senecaville, Ohio, on Friday, August 16, 2013, 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, Donnie Borland, Dan Castellucci, Jim Cugliari, Tom Fisher, Jonathan Franko, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Joe McGlothlin, Karen Miller, Clayton Rico, Boris Slogar, and Mark Swiger.

Mr. Parham, 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: Bill Lebold (*Bolivar resident and retired MWCD employee*); Brent Winslow (*CONSOL Energy*); Gil Snyder (*Charles G. Snyder Company*); Dave Fisher (*Freeport resident*); JoEllen Hayes (*Cambridge resident*); Doug McClarnan (*MWCD Development Advisory Committee member*); Shawn Bennett (*Energy in Depth*); and Barb and Bill DeLuca (*Salesville area residents*).

**3. APPROVAL OF MINUTES**

On motion by Mr. Horstman, seconded by Ms. Limbach, the minutes of the July 19, 2013, meeting of the Board of Directors were approved.

**4. FINANCIAL**

Mr. Cugliari presented the financial report for the period ending July 31, 2013. The total operating revenue is \$52,657,723.00, which includes \$43,518,879.00 oil and gas lease signing bonus payment, or \$9,138,844.00 without the lease signing bonus; and operating expenses of \$7,342,382.00, resulting in an excess of revenue over expenses of \$1,796,462.00. The operational surplus does not include the oil and gas lease signing bonus or the expenses incurred in the Recreation Improvement Fund and Debt Retirement.

**Maintenance Fund – General**

- Revenues are 81.97% of budget.
- Use of Water Assets line item is over budget expectations with roughly \$90,000.00 for water sales to the oil and gas industry.
- Interest on Investments is considerably over the budget as we continue to maximize investment opportunities.
- Expenses are 52.06% of budget.
- The Safety line item shows (\$59,332.00) for the month. This is due, in part, to the Bureau of Workers Compensation “Premium Surplus Refund” in the amount of \$73,885.91. It is anticipated to use this refund toward future safety initiatives.

**Conservation Fund**

- Revenues are in line with budget expectations at this point.

- Mineral Operations – Gas and Oil revenues for the month included a check for \$107,153.38 from Gulfport Energy.

#### **Recreation Fund-Parks**

- Total revenues are 87.62% of budget which compares to 84.69% in 2012.
- Vacation Cabin revenue is 84.12% of budget and running ahead of 2012 by 3%.
- Park Camping revenue is 93.06% of budget compared to 89.87% in 2012 and about 4% more than 2012 in total.
- General Park is 58.80% of budget compared to 87.54% in 2012 and 29% behind 2012.
- Expenses are 54.37% of budget which compares to 54.94% of budget in 2012.

#### **Recreation Fund-Non Park**

- Total revenues are 71.67% of budget compared to 68.73% in 2012.
- Piedmont Marina operations revenues, including for camping, continue to perform very well in relation to budget and last year.
- Cottage Sites, Clubs and Multiple Docks revenues are all in line with budget.
- Expenses are 68.04% of budget and up from 2012.
- There are increased expenses in all categories of the marinas. We will continue to closely monitor this activity.
- Cottage Site expenses are also increased from 2012 by approximately \$125,000.00. Part of this is due to the appraisal conducted on the value of cottage site leased areas.

#### **Recreation Improvement Fund**

- Expenses are 37.47% of budget with major projects continuing in the park operations and the water plant at Atwood.

#### **Maintenance Assessment Fund**

- Total revenues are 64.36% of budget.
- Second half settlements have been received from three counties at this point.
- Expenses are 62.38% of budget and in line with budget as we continue to do work in the area of sediment removal and shoreline protection.

Members of the Board received a schedule of investment activity for the period ending July 31, 2013, for review.

Members of the Board had some questions about the plans for a dredging program. Mr. Slogar provided information about the work to date with the consultant, URS Corporation. Mr. Slogar provided a brief overview of the former dredging program conducted at Charles Mill and some recent concerns expressed from residents of that area that the work done in the past has already silted in. Mr. Slogar reported that he and Mr. Hoopingarner met recently with several Richland County area officials to discuss siltation and flooding concerns.

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

### **5. PAYMENT OF BILLS**

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

## **6. BUSINESS**

### **6.01a LEASE TRANSACTIONS**

On motion by Mr. Boyle, 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.

### **6.01b COTTAGE SITE REAPPRAISAL**

At the October 2012 Board of Directors meeting, the Board approved staff recommendation to contract with the Charles G. Snyder Company to complete a reappraisal of MWCD leased cottage sites located on eight (8) reservoirs. The Charles G. Snyder Company conducted the last appraisal in 1998, which has been used as a tool to establish and confirm cottage site lease rates over the last 15 years.

The 2013 appraisal has been completed, and Gil Snyder presented an overview of the 2013 appraisal process and results. Complete copies of the 2013 appraisal are included on computer disc for review. Also included are MWCD staff summaries entitled “Summary of 2012 Projected Lease Situation and Relevance to Rate of Return Using 1998 Appraisal Data,” “Summary of 2012 Projected Lease Situation and Relevance to Rate of Return Using 2013 Appraisal Data” and “Review of Lease Rates by Class Comparing 1998 and 2013 Appraised Values and Rates of Return.” The summaries are provided to show the relationship of the 1998 and 2013 appraisals to the MWCD leasing program.

Staff met with the MWCD Board of Appraisers on August 8 to review the above. Mr. Parham, Mr. Horstman, and Ms. Limbach attended the August 8 meeting. It was noted that the three members of the MWCD Board of Directors were present at the August 8 meeting solely to listen to the presentation regarding the “Reappraisal of Cottage Site Leased Areas” ; there was no discussion and no action by the Directors.

Mr. Snyder addressed the Board with a synopsis of the methods used to accomplish the work of the reappraisal of cottage lease sites. Each area of leased lots (Atwood, Charles Mill, Leesville, Piedmont, Pleasant Hill, Seneca, Tappan and Wills Creek) was considered. The purpose of the report is to estimate the current market value of each of the residential cottage sites/lots. Each lot tier was reconciled reflecting the market value of the unencumbered fee simple interest of each lot disregarding the current lease position and any and all physical improvements, which is set forth as a hypothetical conditions as part of USPAP standards. The determination of the fee simple market value shall be utilized as the basis for computing a current reasonable rental rate for each of the sites/lots.

Mr. Borland reported that the Board of Appraisers approved the reappraisal at their August 8 meeting. In addition, the Board of Appraisers authorized a recommendation to the Board of Directors to continue using a target of a 5% rate of return on the cottage site lease rates. Once the Board of Directors has had an opportunity to review the information, this matter will be brought forth for consideration.

### **6.01c EASEMENT – TAPPAN - AEP**

On motion by Ms. Limbach, seconded by Mr. Horstman, a permanent easement between MWCD and American Electric Power for an underground electric distribution line located at Tappan , as recommended and set forth in the above memorandum, was approved.

**6.01d EASEMENT – TAPPAN – HORIZON TECHNOLOGY, INC.**

On motion by Ms. Limbach, seconded by Mr. Horstman, a permanent easement between MWCD and Horizon Technology, Inc. for an underground fiber optic line located at Tappan , as recommended and set forth in the above memorandum, was approved.

**6.01e GULFPORT SHORT-TERM WATER SUPPLY AGREEMENT AT PIEDMONT (MILLIKEN)**

On motion by Mr. Pryce, seconded by Mr. Horstman, a short-term water supply agreement with Gulfport Energy for withdrawal from Piedmont Reservoir, as recommended and set forth in the above memorandum, was approved.

**6.02 MATTERS RELATED TO FINANCE**

No business at this time.

**6.03a HUMAN RESOURCES SUMMARY**

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

**6.03b ORGANIZATIONAL CHANGE – ENGINEERING**

On motion by Ms. Limbach, seconded by Mr. Boyle, proposed position description and organizational structure changes for the Engineering Group, as recommended and set forth in the above memorandum, were approved. The Board requested to receive up-to-date organizational charts.

**6.04a TRASH RECEPTACLES**

On motion by Mr. Horstman, seconded by Ms. Limbach, purchase of trash receptacles from RJ Thomas Manufacturing Company, Inc. at a cost of \$38,488.65, as recommended and set forth in the above memorandum, was authorized.

**6.04b ATWOOD NORTH SHORE COTTAGE AREA PAVING PROJECT BID**

On motion by Mr. Pryce, seconded by Mr. Horstman, advertisement for bids on the Atwood North Shore cottage area paving project, as recommended and set forth in the above memorandum, was authorized.

**6.04c MAIN OFFICE MODIFICATIONS**

On motion by Mr. Boyle, seconded by Mr. Horstman, advertisement for bids on Phase One of modifications to the main office, as recommended and set forth in the above memorandum, was authorized.

**6.05 DEVELOPMENT ADVISORY COMMITTEE APPOINTMENTS**

On motion by Ms. Limbach, seconded by Mr. Pryce, the appointments of JoEllen Hayes and James Schoch to the Development Advisory Committee, as recommended and set forth in the above memorandum, were approved.

**6.06 OTHER BUSINESS**

**CONSULTANT SELECTION PROCESS**

Mr. Slogar provided an overview of the process used to select consultants for professional services in addition to the process used to select contractors, as requested by the Board at a previous meeting.

The MWCD complies with the Ohio Revised Code pertaining to the procurement of professional services, as well as several internal controls. Consultants are selected on the basis of qualifications first.

- A statement of qualifications (SOQ) is submitted by firms interested in working with the MWCD. The MWCD does not advertise for professional services but rather relies upon previous relationships as well as learning about other firms through meet and greet opportunities.
- SOQ's are then reviewed and the information is placed within a database. Staff then utilizes this database to identify those firms with project-specific core competencies.
- Based upon the SOQ's on file, firms are invited to submit a letter of interest (LOI). The LOI's include a multi-page form which outlines a firm's interest in an MWCD project as well containing other requested information. The LOI's are then reviewed and graded.
- A request for proposals is then issued to those firms that score highest based upon their LOI responses. The request for proposals offers an opportunity for a firm to provide a high level of detail about how they intend to meet the needs of the specific project.
- An internal team then reviews the submitted proposals and the field of potential firms is generally narrowed down to two or three. These firms are then invited in an interview format to further discuss their proposal with MWCD staff. A firm is ultimately selected at the conclusion of the interview process.
- Once a firm is selected, fees are negotiated. If the MWCD and the successful firm cannot reach an agreed upon fee schedule for the project, then negotiations move on to the second firm.

The process for construction contracts is quite different in that an advertisement for bidders is issued; all bids are opened at the same time in a public meeting; unverified bid results are presented to all contractors present; a bid reference check process is followed; and award is made based on the lowest and best qualified (most responsive) bid. Depending on the scope of the project, a pre-bid conference may occur in order to offer an opportunity for interested contractors to learn more about the project and ask questions to help them determine whether they want to proceed with the bidding process.

**WATER QUALITY MONITORING**

Mr. Parham inquired about the possibility of a report to the Board regarding the water quality monitoring programs in which the MWCD participates – Ohio Nowcast, an inland lakes water quality monitoring program; testing in partnership with the U.S. Army Corps of Engineers; and the Ohio Lake Management Society Citizen Lake Awareness and Monitoring Program (CLAM). Staff will plan a presentation for an upcoming Board meeting.

## **AQUATIC MOSS – SENECA LAKE**

“Brittle Niaid,” a type of aquatic moss, has been found in several MWCD lakes and is being treated to improve boating conditions. This is not to be confused with the harmful algae blooms found in other freshwater bodies such as Grand Lake St. Mary’s. The plant primarily grows in shallow water and impedes boat traffic. An article appeared recently in the (Cambridge) Daily Jeffersonian on the occurrence in Seneca Lake. MWCD contracted with a licensed aquatic herbicide applicator to treat the plant growth. Similar problems have been identified at Leesville, Tappan Clendening and Piedmont Lakes.

## **7. REPORTS**

### **7.01 SUMMARY OF MARINA OPERATIONS**

Members of the Board received a Summary of Marina Operations report through July 31, 2013. No action was requested.

### **7.02 UPDATE ON 2013 GOALS**

Mr. Hoopingarner reviewed the 2013 goals with the Board.

- 1) Oil and Gas Development
- 2) Park Capital Improvements
- 3) Marina Operations
- 4) Fiscal Management

### **7.03 MWCD FORESTRY OPERATIONS PRESENTATION**

Mr. Castellucci and Mr. Rico gave a presentation relative to MWCD forest management. The MWCD forestry program began in 1941 under the direction of H.P. Garritt.

A cross section of a tree which was removed from MWCD property several years ago, was utilized to illustrate the typical growth of a tree.

The “Garden Approach” is applied for MWCD forest management:

- Planting (reforestation/natural regeneration)
- Weeding (woods improvement /invasives)
- Thinning (woods improvement/timber harvesting/pine pulp)
- Harvesting (time harvesting/pine pulp/natural regeneration)
- Inventory (forest inventory)

The most recent forest inventory process which occurred at Tappan Reservoir was reviewed. The District has 1,750 stands overall with 47 (550 acres) of those stands located at Tappan. Of the 550 acres at Tappan, 400 acres needs to be harvested and 150 acres need to be thinned. The 47 stands have similar species composition with Yellow Poplar slightly increased from the previous forest inventory. The forest inventory at Tappan revealed sustainable operations – the MWCD is growing approximately three times what it is cutting (grew 6.7 mmbf compared to cutting 1.9 mmbf).

Future plans for forest management include:

- Continue inventory (this is probably the top priority at this time)

- Increase woods improvement (more thinning/more invasive species control)
- Continue harvesting (continue pine conversion and hardwood sales)
- Increase education (more exposure for the public about proper forest practices/increase involvement with industry, schools and communities)

#### **7.04 STRATEGIC PLAN IMPLEMENTATION UPDATE**

Mr. Slogar reported on the progress of implementation of the strategic plan. Software to measure progress has been installed and executive managers have been fully trained. Later this year, the “Fishing for Feedback” customer comment system will be integrated into this process.

#### **7.05 PARK MASTER PLANNING**

Public meetings were held on Friday, August 9, at Tappan and Atwood Parks, and on Saturday, August 10, at Seneca, Charles Mill and Pleasant Hill Parks and at Piedmont Marina to review progress on the MWCD park master planning process. The meetings were well attended by 40-100 persons at each location. Scott Barnhart and his staff, along with representatives from the Woolpert Team assisted in making presentations to those in attendance. There is a high level of enthusiasm for the plans, but some apprehension about change and rates. We must take care to address these concerns as we embark on capital improvements at each location. Mr. Parham and Mr. Horstman attended the meeting at Atwood, and Ms. Limbach attended the meeting at Charles Mill.

#### **7.06 USACE PROJECTS STATUS REPORT**

Mr. Slogar reported on the status of the U.S. Army Corps of Engineers projects at Dover Dam and Bolivar Dam.

Staff met recently with Summit County officials to discuss the Upper Wolf Creek Watershed. The Upper Wolf Creek is a small headwater tributary to the Tuscarawas River located in predominately rural and low density residential areas of western Summit and eastern Medina Counties. The creek originates in Medina County and flows east into Summit County before forming the Barberton Reservoir in the City of Norton and Copley Township. From the Barberton Reservoir dam, the Upper Wolf Creek drains approximately 18,062 acres. David White, who works in the Summit County Engineer’s office and is a member of the MWCD Development Advisory Committee, has been the primary contact in this matter. Mr. Slogar has requested that the U.S. Army Corps of Engineers meet with Summit County officials to discuss whether the proposed Section 729 watershed study should move forward as is or be modified.

Section 729 of the Water Resources Development Act of 1986, as amended, authorizes the U.S. Army Corps of Engineers to assess the water resource needs of river basins and watersheds of the United States including needs relating to: ecosystem protection and restoration; navigation and ports; flood risk management; watershed protection; water supply and; drought preparedness.

Mr. Hoopingarner informed the Board that officials from the Washington, DC, headquarters of the U.S. Army Corps of Engineers will be conducting a visit to the Muskingum area August 27-29, 2013.

#### **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 BLACK FORK SUBDISTRICT UPDATE**

Mr. Slogar reported that he and Mr. Hoopingarner travelled to Bellville, Ohio, on July 31, to meet with local officials from the Richland County area (primarily from the Clear Fork and Black Fork Watersheds) to discuss the impact of flooding in their areas and to review possible solutions. Of interest to these officials is the possibility of forming a subdistrict of the MWCD to address the flooding. A follow-up meeting with USACE officials will be held later in August. Most of Richland County is outside the jurisdictional boundary of MWCD, but lies within the watershed of the Muskingum River. Working with these officials may present an opportunity to more accurately define the watershed/jurisdictional boundary of MWCD. Ohio Representative Bob Gibbs (R-Lakeville) had a representative present at the meeting. Mayors of Shelby, Mansfield, Lexington, and Bellville, along with County Commissioners and the County Engineer from Richland County, attended. There was a high level of interest in exploring the possibility of working with MWCD as a partner to address their issues.

**9. EXECUTIVE SESSION**

No executive session was necessary.

**10. ADJOURN**

There being no further business, on motion by Ms. Limbach, seconded by Mr. Horstman, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, September 20, 2013, at 9:00 a.m. at a location to be determined.

*08.16.2013, km*  
*Approved 09.20.2013*