

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at New Philadelphia City Council Chambers
October 22, 2010, 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, John Knisley Building, 150 East High Avenue, New Philadelphia, Ohio, on Friday, October 22, 2010, 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, Mr. Kokovich, Mr. Parham, and Mr. Pryce.

Present from MWCD staff were Scott Barnhart, James Cugliari, John Hoopingarner, Darrin Lautenschleger, Kelli Karns, Karen Miller, and Boris Slogar.

Mr. Horstman, 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: Ronald Quinn (*Kent State Stark student*); Mark Jukich (*Massillon resident*); Eric Reip (*New Philadelphia resident*).

3. APPROVAL OF MINUTES

On motion by Mr. Kokovich, seconded by Mr. Parham, the minutes of the September 17, 2010, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending September 30, 2010. The total revenue for operations excluding Atwood Resort is \$8,590,656.00 with expenses of \$7,507,022.00, resulting in an excess of revenue over expenses of \$1,083,633.00. Including the resort operations, revenue exceeds expenses by only \$98,670.00, thus showing the impact the resort operations continue to have on the main district operations.

Conservation Fund

- Revenues are 37.90% of budget with expenses at 94.44% of budget.
- As reported last month, the majority of this revenue will be received in the fourth quarter of the year. There is concern that lower than budgeted revenue will be received in the Pine Pulpwood Operations and perhaps the Farm Operations – Sharecrops.

Recreation Fund – Parks

- Revenues are 96% of budget and expenses are 78.53% of budget.
- The major revenue items in this area are all ahead of budget and on target to meet and exceed it.
- The parks continue to do a good job of controlling expenses, down nearly \$200,000.00 from 2009.

Recreation Fund – Non Park

- Total revenues are 86.34% of budget and expenses are 79.61% of budget.
- Of note, Piedmont Marina Operations, including camping, have exceeded budget while expenses in total are below budget.
- Multiple Docks have met revenue for the year.

All other operations are within budget expectations. The Atwood Resort operation continues to have a negative impact on the overall operations as we approach the close of 2010. We will continue to monitor and streamline expenses as the year comes to a close in an effort to keep adequate cash flow during the winter months.

Mr. Kokovich inquired about the general marina operations and specifically about the Piedmont Marina being operated by MWCD. Mr. Cugliari responded that, historically, a decline in boat sales has had a great impact on the marina operations. He stated that a report illustrating the historic financial reporting of MWCD marinas is being prepared and will be presented to the Board in the near future.

Mr. Boyle asked whether MWCD takes advantage of crop insurance in its share crop operations. Mr. Cugliari responded that MWCD has had crop insurance for an extended period of years. He stated that Mark Swiger has mentioned that there were a few acres lost this year. There have been some changes in the types of land that qualifies for crop insurance and some of the MWCD property is no longer eligible for coverage.

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

5. PAYMENT OF BILLS

On motion by Mr. Parham, seconded by Mr. Boyle, a report of the payment of bills for the periods ending September 30, 2010, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Pryce, seconded by Mr. Boyle, 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 PIEDMONT GOODRICH COTTAGE AREA ENTRANCE GATE AND SECURITY LIGHTING

A party interested in this matter has requested to address the Board and was unavailable to attend this meeting, therefore, this issue will be presented to the Board at the November 19, 2010, meeting.

6.01c MARINA LEASE

The MWCD has nine marina leases in place with seven marina owners. The current leases will expire on the following schedule:

- | | |
|------------------------------------|-------------------|
| • Clendening Lake Marina | December 31, 2010 |
| • Charles Mill Lake Marina | December 31, 2011 |
| • Leesville Lake South Fork Marina | December 31, 2011 |
| • Tappan Lake Marina | December 31, 2011 |
| • Atwood Lake Marina East | December 31, 2012 |
| • Atwood Lake Marina West | December 31, 2012 |
| • Leesville Lake North Fork Marina | December 31, 2012 |
| • Seneca Lake Marina | December 31, 2012 |
| • Pleasant Hill Lake Marina | December 31, 2018 |

MWCD staff and legal counsel have reviewed the standard marina lease and proposed revisions. Board members received a copy of the lease with proposed deletions lined out and proposed additions underlined. A synopsis of the revisions is as follows:

- Updating of words and phrases to current usage. For example, the words “Conservancy District” were changed to “MWCD.”
- The addition of phrases to clarify the intent of a passage.
- Incorporation of prior revisions currently under an addendum.
- The addition and deletion of words and phrases at the recommendation of legal counsel.
- The addition of language requiring compliance with current law regarding the Ohio Building Code, the Ohio Fire Code, the National Electric Code, the Occupational Safety & Health Administration (OSHA), the State Department of Health, and other authorities.
- Clarification of maintenance responsibilities and maintenance quality.
- Clarification of dates and times when the marina should be open in order to adequately serve the public.
- A paragraph (Part IV, Section 9) to clarify responsibilities when there is a water well serving the marina.
- A paragraph (Part IV, Section 10) to offer protection to the MWCD in the event a marina owner declares bankruptcy.
- The addition of a Limited Durable Power of Attorney for transfers of telephone and fax numbers.
- Added language to clarify MWCD’s expectation under Section 25, Part III of the Lease, to properly evaluate any proposed assignment, transfer, sublet, sale or other disposition of the Second Party’s rights under this Lease.

There may be additional changes during negotiations, but it will be our intent to keep those changes to a minimum. This memo is for your information and does not require any action. Staff will be negotiating a new lease with the owners of Clendening Marina to take effect January 1, 2011.

6.02a BUDGET ADJUSTMENTS

On motion by Mr. Pryce, seconded by Mr. Boyle, the budget adjustments for the month of September 2010, as recommended and set forth in the above memorandum, were approved

6.02b BUDGET REVISION

On motion by Mr. Pryce, seconded by Mr. Boyle, a budget revision requested for operations at Piedmont Marina, as recommended and set forth in the above memorandum, was authorized.

6.02c ATWOOD LAKE RESORT AND CONFERENCE CENTER

On motion by Mr. Parham, seconded by Mr. Boyle, action taken by staff to accept the terms of a \$1 million draw/term loan with KeyBank for the purposes of covering the costs associated with the closure of Atwood Lake Resort, as recommended and set forth in the above memorandum, was ratified. (Mr. Pryce-abstain)

Other matters relative to Atwood Lake Resort were discussed in Executive Session.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b DRUG-FREE WORKPLACE POLICY REVISIONS

On motion by Mr. Pryce, seconded by Mr. Kokovich, proposed revisions to the Personnel Policy, “Drug-Free Workplace,” as recommended and set forth in the above memorandum, were approved. Mr. Parham suggested a minor revision to Section (C), Violations, so that the added language reads similar to the previous violations. The revised sentence will then read “~~The adulteration~~ Adulteration or substitution of a specimen.”

6.04 RED CROSS SHELTER AGREEMENT

On motion by Mr. Boyle, seconded by Mr. Kokovich, authorization to enter into an agreement with the Muskingum Lakes Chapter of the Red Cross and initiate any needed documents to permit use of the Atwood Lake Park and Tappan Lake Park facilities, as recommended and set forth in the above memorandum, was approved. This partnership with the Red Cross and implementation of this agreement will open some potential for grant funding for generators.

6.05 TAPPAN LAKE PARK SEAWALL CONSTRUCTION PROJECT

On motion by Mr. Pryce, seconded by Mr. Kokovich, advertisement for bids and award of the Tappan Lake Park Seawall Project at a total estimated cost of \$250,000, as recommended and set forth in the above memorandum, was approved. A Clean Ohio Grant in the amount of \$187,500 will fund this project with a 75%/25% local match required.

6.06 2010/2011 SHORELINE STABLIZATION PROJECTS

On motion by Mr. Parham, seconded by Mr. Boyle, advertisement for bids for shoreline stabilization projects at Atwood, Charles Mill and Seneca reservoirs, as recommended and set forth in the above memorandum, was approved. These shoreline stabilization projects are a significant beginning result of the implementation of the maintenance assessment.

6.07 PURCHASE OF VEHICLE FOR SHORELINE AND DREDGING PROJECTS

Competitive bids were solicited for the lease/ purchase of a 2011 crew cab ¾ ton 4 x 4 work vehicle to be used for shoreline and dredging maintenance projects. Bids were opened on August 30. The following dealerships responded to the request and submitted proposals which met the specifications requested by MWCD:

Dealer	Year	Service Body	
		Steel	Aluminum
Chuck Nicholson, Inc.	2011	\$45,889.76	\$48,183.76
Dunning Motor Sales, Inc.*	2011	\$45,394.31	\$49,155.31
Progressive Chevrolet Company	2011	\$40,481.29	n/a

* *Quote does not include title and document fees*

A fourth bid was received from Humphries Automotive Group which did not meet contract specifications and was removed from consideration.

Based upon review of the submitted bids, a purchase contract was awarded to Progressive Chevrolet Company for the lowest and/or best bid of \$40,481.29. This is less than the not-to-exceed amount of \$49,000.00 that was approved at the July 23, 2010 Board meeting.

The funds for this purchase are available within the reservoir maintenance budget. This is provided for informational purposes only and no Board action is required.

6.08 OTHER BUSINESS

A public meeting will take place on November 6 at the Pleasant Hill Activity Center at 10:00 a.m. for the purpose of receiving public input regarding the request for an increase in the horsepower limit on Charles Mill Lake.

7. REPORTS

7.01 SUMMARY OF MARINA OPERATIONS

Board members received a copy of the Summary of Marina Operations report through September 30, 2010. No action required.

7.02 UPDATE ON 2010 GOALS

Mr. Hoopingarner reported on the progress of work toward accomplishing the 2010 goals as adopted by the Board of Directors.

1. To implement projects and programs under the Amendment to the Official Plan. (The shoreline stabilization projects approved earlier as well as the Dover Dam project are excellent examples of the future effects of the Amendment to the Official Plan.)
2. To develop financial operating principles.
3. To divest Atwood Lake Resort and Conference Center.
4. To address recreation operations in light of current economic conditions and customer demands.

Relative to Goal No. 2, “To develop financial operating principles,” Mr. Cugliari reviewed a preliminary list of “Financial Principles” that, when in final form, will be presented for consideration. Mr. Kokovich commented that a more appropriate term than “Principles” would be “Goals” or “Policies.” These principles would be applied to the operating budget (non-assessment), therefore, Mr. Cugliari suggested “Financial Operating Principles.”

- 1) Short term assets will be financed with short term liabilities, while long term assets should be financed with long term resources of financing (fixed asset policy).
- 2) A minimum of 10% of operating revenues shall annually be invested on capital improvements/assets.
- 3) An overall cash operating balance of a minimum of 25% of the operational expenses annually shall be maintained.
- 4) There shall be long range budgets prepared that forecast three to five years of operations.
- 5) Solid investment strategies shall be put in place so that a proper return can be realized (investment policy).
- 6) In a year that we generate a significant amount of net income, do not spend it all, but save for those “bad” years when we may need to “dip” into it.
- 7) For many of our operating activities, the goal is for one not to support the other.

Mr. Hoopingarner indicated that executive management has discussed the future goal requested by the Board – strategic planning and asked Mr. Slogar to address this issue.

Mr. Slogar suggested that following implementation of a strategic plan, the Malcolm Baldrige organizational development system be used to measure MWCD’s overall performance. He has worked with strategic planning models and the Baldrige system in the past. The Baldrige Criteria has seven categories which

of its own clearly states its objectives and guidelines. The seven categories are listed below:

- 1) Leadership
- 2) Strategic Planning
- 3) Customer and Market Focus
- 4) Information and Data Analysis
- 5) Human Resource Management and Development
- 6) Process Management
- 7) Business Results

In order to make strategic planning the most successful, an outside source to lead this effort will likely be recommended. The former strategic plan for MWCD was developed in 1999 with a goal for implementation of the maintenance assessment. Mr. Slogar emphasized that the organization is going through a metamorphosis in placing a greater emphasis on conservation, shoreline stabilization, and other projects as outlined in the Amendment to the Official Plan. The strategic plan will provide a “score card” by which to measure accomplishments.

7.03 USACE PROJECTS STATUS REPORT

Mr. Slogar provided the following update on U.S. Army Corps of Engineers (USACE) projects:

- The biannual partnering meeting between MWCD and the U.S. Army Corps of Engineers occurred this past week in New Philadelphia. An item of discussion was the Section 729 Ohio River Basin study that includes the Muskingum Watershed as one of five watersheds being studied. There are preliminary plans for stakeholder meetings to determine local interest. Mr. Horstman reported that he attended the partnering meeting and found it very informative.
- A groundbreaking ceremony is scheduled for the Dover Dam project on Tuesday, October 26, to officially begin the construction phase. The resident engineer’s office will be open for use in November 2010. This facility will be utilized for all of the Muskingum Basin projects. Brayman Construction Corporation has been awarded the construction contract for the Dover Dam project. The MWCD local sponsor cost share for this project is projected at \$1.28 million.
- The Project Partnership Agreement between the Corps and MWCD for the Bolivar Dam rehabilitation project will likely be ready for signature in late November. Preliminary plans for this project are under review. The MWCD local sponsor cost share for this project is projected at \$1.32 million – total project cost at \$4.2 million.
- Future projects at Mohawk, Beach City, and Zoar reservoirs are all in the design phase.

7.04 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham, who represents the MWCD on the Atwood Regional Water and Sewer District (ARWSD) Board of Trustees, reported that a study has been completed relative to storm water disposal. Of great concern to the ARWSD is how to deal with the closing of Atwood Resort which produces approximately 15% of their operating costs, which could result in a potential \$6 per month increase for residential customers.

Mr. Parham also mentioned that the Village of Leesville recently approved a request for grant funding for implementation of a sewer project. If successful in their efforts, there could be some opportunity for future infrastructure improvements in that lake region.

7.05 IMMEDIATE OR PENDING LITIGATION

This matter was discussed in Executive Session.

8. LEGISLATIVE REVIEW

8.01 CURRENT LEGISLATIVE ACTIVITIES

Mr. Hoopingarner reported staff continues to monitor the upcoming election and the potential impact on the MWCD. Current predictions indicate that the state government will change from primarily Democratic to Republican control.

9. SUBDISTRICTS

9.01 CHIPPEWA SUBDISTRICT SEDIMENT REMOVAL – STRUCTURES IV-A AND V-D

Bids were received for the Chippewa Subdistrict Fall Creek Reservoir Rehabilitation Project (Structure IV-A) and the Steel Ditch Reservoir Rehabilitation Project (Structure V-D). Both projects include excavation and/ or dredging of the reservoir, placement of excavated materials on adjacent farmland, and cleaning the existing outlet works. Potential contractors were given the option of submitting a bid for one site only or a combined bid for both sites. Bids were received September 15, 2010, with the following results:

Bidder	Contract A Bid - IV-A Only	Contract B Bid - V-D Only	Contracts A and B Combined
Beaver Excavating	\$240,000.00	\$388,922.00	\$628,926.00
Lockhart Concrete Co.	\$359,630.75	\$524,247.00	\$872,908.25
Mark Haynes Construction	\$218,353.00	\$319,125.00	\$535,478.00
Marks Construction	\$227,612.47	n/a	n/a
Wenger Excavating	\$284,777.85	\$491,786.50	\$767,423.10

The Engineer's estimate for this project was \$251,735.80 for Contract A; \$462,240.00 for Contract B; and \$713,975.80 for the combined contract. At the July 23, 2010, meeting, the Board approved funding for this project which will be financed through Chippewa Subdistrict maintenance funds.

Mark Haynes Construction, Inc., of Norwalk Ohio, has been awarded the combined contract. The project should be completed in April 2011. This is provided for information purposes only and no action is required.

9.02 CHIPPEWA SUBDISTRICT DREDGING OPERATIONS

Mr. Slogar reported on the progress of the dredging operations taking place at Chippewa Structure IV-A and Structure V-D. The work area has been dewatered in preparation of moving in heavy equipment. Although dredge material disposal is sometimes problematic, several area farmers have agreed to accept the nutrient rich material on their property.

OTHER SUBDISTRICT B BUSINESS

Mr. Hoopingarner reported that a recent meeting occurred with Senator Bill Harris to discuss the prospect of the reactivation of the Black Fork Subdistrict. Senator Harris suggested that Senator Tom Neihaus be informed of this situation also since it would affect constituents within his representative area.

A representative of the Ohio Farm Bureau Federation recently contacted MWCD with concerns regarding watershed issues in the Columbiana County area which is located on the Sandy Creek. Sandy Creek runs between Bolivar and Atwood reservoirs, and ultimately drains into the Tuscarawas River near Zoarville. The subject area is located inside the watershed but not currently assessed. Resolution of this issue would involve possible creation of a new subdistrict, Corps studies, EPA studies, and other regulatory agencies.

EXECUTIVE SESSION

On motion by Mr. Parham, seconded by Mr. Boyle, the Board of Directors entered into executive session at 11:08 a.m. to discuss matters related to ORC §121.22 (G) (2). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Kokovich; Mr. Parham-yes; and Mr. Pryce-yes. On motion by Mr. Kokovich, seconded by Mr. Boyle, the Board returned to open session. The executive session ended at 12:30 p.m.

10. ADJOURN

There being no further business, on motion by Mr. Parham, seconded by Mr. Kokovich, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, November 19, 2010, at 9:00 a.m. at the New Philadelphia City Council Chambers.

10/26/2010

Approved 11/19/2010