

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
November 15, 2013, 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 Chamber, 150 East High Avenue, New Philadelphia, Ohio, on Friday, November 15, 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, Mary Burley, Jim Cugliari, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Michael Mahaffey, Karen Miller, John Olivier, Mike Rekstis, Boris Slogar, Harry Tolhurst 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: Dave Fisher (*Freeport resident*); Doug McClarnan and JoEllen Hayes (*MWCD Development Advisory Committee*); Tim Vonville (*Turner Oil and Gas*); and Bruce Lunde and Dan Williams (*Lunde-Williams, LLC*).

3. APPROVAL OF MINUTES

On motion by Ms. Limbach, seconded by Mr. Boyle, the minutes of the October 18, 2013, meeting of the Board of Directors were approved with one revision: the word "dismantle" will be struck from the second bullet point of the discussion regarding the Atwood peninsula under item 6.06, Park Master Plan. It will then read: "...in the best interest to ~~either~~ move the cabins ~~or dismantle them~~."

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending October 31, 2013. The total operating revenue is \$56,539,005.00, which includes \$44,239,753.00 oil and gas lease signing bonus payment, or \$12,299,252.00 without the lease signing bonus; and operating expenses of \$10,353,713.00, resulting in an excess of revenue over expenses of \$1,945,539.00. 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.

Conservation Fund

- Timber Harvesting revenue is currently at 69% of budget and it is anticipated that budget will be met by year end.
- Farm Operations – Sharecrops revenue is starting to come in during November. An early estimation is that we lost approximately \$175,000.00 to \$200,000.00 as a result of the flooding at Mohawk and Wills Creek earlier this year.
- Mineral Operations – Gas and Oil has generated \$46,046,557.00 which includes \$44,239,753.00 of lease payments received and to date \$1,601,778.00 of Utica shale royalty payments. This leaves \$205,026.00 of traditional royalty payments being received through October.
- Expenditures are 63% of budget and in line with expectations.

Recreation Fund-Parks

- Park revenues are 101% of budget with the major revenue categories meeting and exceeding budget.
- Expenses are 81% of budget with two months remaining in the year.

Recreation Fund-Non Park

- Revenues are 96.50% of budget with the anticipation that nearly all areas will meet and exceed budget projections.
- All marina areas have met or will meet revenue projections.
- Cottage Sites, Club Sites and Multiple Docks revenue will also meet or exceed budget.
- Expenses are 84% of budget and within expectations.

Recreation Improvement Fund

- Expenses are 56% of budget as we continue to work on the deferred maintenance projects identified throughout the district.

Overall, operations continue to go pretty well as we wrap up 2013. We will continue working on projects and limiting operational expenses.

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

5. PAYMENT OF BILLS

On motion by Ms. Limbach, seconded by Mr. Pryce, a report of the payment of bills for the period ending October 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 ALLIANCE PETROLEUM – LEASE ASSIGNMENT

On motion by Mr. Pryce, seconded by Mr. Boyle, assignment of a portion of lease #410 within Atwood Park to the Green Gas Company, as recommended and set forth in the above memorandum, was approved.

6.02a 2014 BUDGET

On motion by Mr. Pryce, seconded by Ms. Limbach, the proposed 2014 budget, as recommended and set forth in the above memorandum, was adopted.

Mr. Pryce expressed concern that non-park expenses have increased at a greater rate than non-park revenues during the past three-year period. He added his concern of the amount of overhead expenses in the maintenance fund stating that he does not view this as a healthy trend. Mr. Pryce mentioned that, in general, overhead is up and the margins between revenue and expenses are coming down (narrowing). He urged that there be efforts to cover overhead with major operations.

Ms. Limbach said that, in general, there is expectation that there will be some times when there are unavoidable upfront costs that are high, because it may be an investment. It is important to monitor the trends. She stated that there needs to be personnel to manage the way funds are utilized.

Mr. Parham added that Mr. Pryce’s point concerning overhead is well taken, however, there is a need for additional personnel to monitor certain activities, i.e. oil and gas (even if only on a shorter term basis).

Mentioning the implementation of the master plan in the park areas, Mr. Boyle suggested that staff could be more aggressive on the park revenue side – a 0% increase seems a little “anemic.” Mr. Barnhart responded that one concern that caused staff to be less aggressive in budgeting revenues for park areas is the anticipation that customers will have a certain period of adjustment. There may be some perceived interruption/inconvenience caused by some of the planned improvements which may, in fact, have a temporary effect on revenue.

6.02b APPROPRIATION RESOLUTION FOR 2014

On motion by Ms. Limbach, seconded by Mr. Horstman, the appropriation resolution for the 2014 budget, as recommended and set forth in the above memorandum, was adopted.

6.02c CLEAN OHIO FUND APPLICATION – ATWOOD SHORELINE STABILIZATION

On motion by Mr. Horstman, seconded by Mr. Pryce, a resolution of authorization to apply for a Clean Ohio Fund grant for a shoreline stabilization project at Atwood, as recommended and set forth in the above memorandum, was approved.

6.03a 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.

6.03b CHARLES MILL AND PLEASANT HILL REORGANIZATION

On motion by Mr. Pryce, seconded by Mr. Horstman, a plan of reorganization of staffing at Charles Mill and Pleasant Hill parks, as recommended and set forth in the above memorandum, was approved.

6.04a LEESVILLE GLENS COTTAGE – CONCORD DRIVE PAVING

At its September 20, 2013, meeting, the Board authorized soliciting bids for the Leesville Glens Cottage Area Concord Drive paving project.

The scope of work includes full depth pavement replacement over a portion of the roadway and asphalt overlay for the entire length. The approximate length of work is 1,400 feet.

The Engineering Department recognized that there was a possibility that the project bid would come in under the threshold (requiring public bid) amount of \$25,000. As a result, price proposals were solicited from three contractors as follows:

| Company | Total Price Bid |
|-----------------------------|------------------------|
| Mc.B Paving | \$24,403.00 |
| Gessner’s Sealrite & Paving | No quote |
| Newton Asphalt Paving, Inc. | No quote |

The project is being constructed by Mc.B Paving of Ashland Ohio for the amount of \$24,403.00. This memo is provided for informational purposes only and no action is required.

6.04b MASTER PLANNING DESIGN ADDENDUM

On motion by Mr. Pryce, seconded by Mr. Boyle, an amendment to the existing master plan development contract with Woolpert for the amount of \$108,420.00, as recommended and set forth in the above memorandum, was approved.

6.04c PLEASANT HILL LAKE SLOPE STABILIZATION

This matter was discussed in executive session. In open session, on motion by Mr. Pryce, seconded by Mr. Horstman, the Board authorized staff and legal counsel to pursue the appropriate avenues to acquire property necessary to proceed with this project.

**6.04d 2013-2014 SHORELINE STABILIZATION PROJECTS
SENECA AND CHARLES MILL LAKES**

On motion by Mr. Horstman, seconded by Mr. Boyle, shoreline stabilization projects, as recommended and set forth in the above memorandum, were awarded as follows: 1) five projects at Seneca Lake to Tucson, Inc., at their low bid price of \$259,130.60; and 2) six projects at Charles Mill Lake to Tucson, Inc., at their low bid price of \$236,648.00.

6.04e PURCHASE OF BOOM LIFT

On motion by Mr. Pryce, seconded by Mr. Horstman, purchase of a Bil-Jax5533A towable trailer mounted boom lift from RentEquip, Inc., in the amount of \$39,950.00 as recommended and set forth in the above memorandum, was approved.

6.04f EMPLOYMENT CONTRACT WITH CHIEF COUNSEL

On motion by Mr. Horstman, seconded by Mr. Pryce, the employment contract with chief counsel for the period of December 1, 2013 through November 30, 2014, as recommended and set forth in the above memorandum, was authorized.

6.05 DEVELOPMENT OF MARINA PERFORMANCE STANDARDS

Marina Consultants Bruce Lunde and Dan Williams of Lunde-Williams, LLC have been retained to assist with the development of marina performance standards for MWCD marina operations. This is relative to the goal adopted by the Board of Directors for 2013. Lunde-Williams made a brief presentation of the draft performance standards and distributed a draft copy for Board comment.

The project goals for 2013 included the development of basic performance standards for marina operations. Within the goals there were 3 identified objectives:

- Solicit customer satisfactions
- Improve operational performance
- Provide opportunities for growth and development

Lunde-Williams interviewed all marina operators, interviewed MWCD staff, and developed proposed standards based on industry practices.

Performance standards include: 1) compliance standards [required by state or federal regulations, i.e. classifying and labeling chemicals, building codes, ADA requirements, fire protection, and spill prevention]; 2) operations standards [rules for performance and communication between MWCD and the marina operators and between the marina operators and their customers, i.e. administrative/accounting, branding, marketing, tracking performance, training and education, clean marinas, boat repair service, rental boat fleet, recycling, dock watch program, clean boater program]; and 3) facilities standards [developed to address physical systems within marinas, including the basic systems seen exclusively at marinas and provide basic expectations for performance in growth, development, i.e. fueling systems, sanitary].

The next step...Implementation Phase: Together these standards provide a framework of expectations for performance at these marinas. They will be used to further the relationship between MWCD and the operators, set expectations for future performance and are expected to be a document that is updated when the occasion requires. In 2014, the process of implementation and review will begin with the operators and within MWCD.

No action is required from the Board at this time. A final document will be brought to the Board for recommended approval in December.

6.06 PWM – ACID MINE DRAINAGE PROGRAM: AMD STUDY OF WILLS CREEK AND WHITE EYES WATERSHEDS

On motion by Ms. Limbach, seconded by Mr. Pryce, PWM funding in the amount of \$79,893.00 for an acid mine drainage study, as recommended and set forth in the above memorandum, was authorized. On roll call: Mr. Boyle-yes; Mr. Horstman-no; Ms. Limbach-yes; and Mr. Pryce-yes.

6.07 OTHER BUSINESS

RURAL ACTION’S AMERICORPS – FINANCIAL COMMITMENT

Mr. Logan commented that the highlights of this recommendation are that MWCD will get the capacity of a full-time position for \$9,020 a year but not have to perform daily supervision.

Rural Action has been a good partner of MWCD through the PWM program in performing acid mine drainage work and watershed management activities in the streams of Huff Run and Mud Run. This request is the first step to help Rural Action to expand their award-winning, five-year old watershed restoration program into a larger area of the Tuscarawas River.

This position will be performing valuable water quality monitoring functions to develop a baseline set of data that will eventually be developed into a comprehensive AMD (acid mine drainage) plan called an AMDAT similar as to what is being implemented in the White Eyes Creek/Wills Creek action just previous voted on. At a later time – sometime early next year - the actual three-year project agreement between MWCD and Rural Action will be brought before you for your support which will very specifically describe the work to be accomplished via the project agreement.

This is a very efficient method to deliver watershed management activities as envisioned in the Amendment to the Official Plan.

On motion by Ms. Limbach, seconded by Mr. Parham, a 3-year financial commitment in the amount of \$9,020 annually for a total cost to MWCD of \$27,060 to support an Ohio Stream Restore Corps member placed with MWCD, as recommended and set forth in the above memorandum, was authorized. On roll call: Mr. Boyle-yes; Mr. Horstman-no; Ms. Limbach-yes; and Mr. Pryce-yes.

OFFICE SPACE/STORAGE

In follow up to information presented to the Board at the October 18, 2013, meeting, Mr. Slogar provided an update on the progress of acquiring off-site office space. He reported that there is a property of interest that is located in near proximity to the main office which would provide adequate space for the approximate 3-year period of temporary housing for the engineering department. He requested that the Board grant permission to negotiate a lease for this property.

On motion by Mr. Horstman, seconded by Ms. Limbach, the Board authorized Mr. Slogar to proceed with lease negotiations for the subject property.

7. REPORTS

7.01 MARINAS REPORT

Following is a status report of MWCD marinas as prepared by John Olivier, Deputy Chief of Marina Operations:

1. Through the end of September, overall marina revenues are up approximately 2%. Some individual items of note:
 - a. Atwood West Marina is up 5%, while Atwood East Marina is down 20%, primarily due to lower restaurant sales.
 - b. Clendening Marina's revenues are up 6%, and MWCD's share is up 51%.
 - c. Tappan Marina's revenues are down 27%, primarily from lower boat and restaurant sales. Docking however, is up from 2012.
 - d. Piedmont's revenues are up \$46,000 or 12%. Seneca's are up 60%, though that number is being compared to an operation that was not fully-functional in 2012.
 - e. Leesville Lake Marina exceeded the \$500,000 mark for the first time in many years. Leesville South Fork is at \$346,000 compared to \$222,000 in 2012. As a reminder, Leesville South Fork is now owned by Keith Ott and many improvements have been made.
 - f. Pleasant Hill Marina revenues indicate the effect of the massive flooding which occurred in July and are down 9%.
2. New restrooms have now been completed at Clendening Marina and Leesville Marina. Installation of a new shower building at Seneca Marina has been completed as well, and has received many positive comments from boaters. Bids are out for septic system design work for the shower facility at Clendening Marina.
3. New entrance signage, conforming to MWCD branding guidelines, is currently being installed at all marinas.
4. Design work is continuing on the service building at Seneca.
5. Planning continues for the design of launch ramp, parking, restroom, and waterfront improvements at Piedmont Marina. The marina will also be receiving some much needed improvements this fall. This will involve the installation of new siding which will conform to branding, as well as some window replacements and installation of a security system which will enhance the security of our guests and their property.

6. Most if not all boats are off marina docks and docks are being moved to winter storage locations. With storage and winterizations, this is still a very busy time for marinas throughout the District.
7. The Dockside Restaurant at Seneca Marina will remain open Wednesdays through Sundays as long as business warrants. Several bookings have been made for events during the holidays as well. The operators have contracted with a consultant to conduct their campaign for a liquor license, targeting a local option election in May, 2014.

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 STRATEGIC PLAN IMPLEMENTATION UPDATE

Mr. Pryce suggested that once the implementation of the master plan begins, a monthly report be provided to the Board to keep them up-to-date on progress. Ms. Limbach added that she has some suggestions on a report that might be provided to the Board as well.

7.04 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.

- **Dover** – Anchoring of the main structure is complete. The contractor will be paving the parking lot, potentially today, weather permitting. This project has progressed very well with no incidents of concern. The project is running within the budget predictions with the total budget at approximately \$60 million.
- **Bolivar** – The Corps is continuing the review process of proposals and bids for this project. They are hopeful to award this project by February 2014.

7.05 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham reported that the ARWSD Board of Trustees, at their October meeting, declined to increase the sewer rates for the coming year. The rates remain at \$43.00 per month.

7.06 IMMINENT OR PENDING LITIGATION

Attorney Tolhurst provided an update to the Board relative to imminent or pending litigation during an executive session.

8. SUBDISTRICTS

8.01a BLACK FORK SUBDISTRICT BUDGET AND APPROPRIATION RESOLUTION FOR 2014

On motion by Mr. Horstman, seconded by Mr. Boyle, the budget and appropriation resolution for 2014 for the Black Fork Subdistrict of the Muskingum Watershed Conservancy District, as recommended and set forth in the above memorandum, was approved.

8.01b BUFFALO CREEK SUBDISTRICT BUDGET AND APPROPRIATION RESOLUTION FOR 2014

On motion by Mr. Horstman, seconded by Mr. Boyle, the budget and appropriation resolution for 2014 for the Buffalo Creek Subdistrict of the Muskingum Watershed Conservancy District, as recommended and set forth in the above memorandum, was approved.

8.01c CHIPPEWA SUBDISTRICT BUDGET AND APPROPRIATION RESOLUTION FOR 2014

On motion by Mr. Horstman, seconded by Mr. Boyle, the budget and appropriation resolution for 2014 for the Chippewa Subdistrict of the Muskingum Watershed Conservancy District, as recommended and set forth in the above memorandum, was approved.

8.01d DUCK CREEK SUBDISTRICT BUDGET AND APPROPRIATION RESOLUTION FOR 2014

On motion by Mr. Horstman, seconded by Mr. Boyle, the budget and appropriation resolution for 2014 for the Duck Creek Subdistrict of the Muskingum Watershed Conservancy District, as recommended and set forth in the above memorandum, was approved.

9. EXECUTIVE SESSION

On motion by Mr. Pryce, seconded by Mr. Horstman, the Board of Directors entered into executive session at 12:55 p.m. to discuss matters related to ORC §121.22 (G) (1) employment, (2), and (3). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Ms. Limbach-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 1:45 p.m.

On motion by Mr. Pryce, seconded by Mr. Horstman, the Board of Directors entered into executive session at 1:55 p.m. to discuss matters related to ORC §121.22 (G) (1) employment, (2), and (3). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Ms. Limbach-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 2:45 p.m.

10. ADJOURN

There being no further business, on motion by Mr. Pryce, seconded by Ms. Limbach, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, December 20, 2013, at 9:00 a.m. at the New Philadelphia City Council Chambers.