

THE CORD REPORT

The Official Quarterly Newsletter of CORD



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As members of CORD, we advocate on your behalf every day - sometimes in support of good policy, and sometimes against harmful policy. We constantly seek input from CORD members on what matters most to you, and how we can move the needle on enacting policy that positively impacts 6119 districts. Here are several examples of CORD advocating for you:

HB 257 - Virtual Meetings

HB 257 allows for certain public bodies to conduct certain business virtually - including 6119 districts! After four committee hearings in the House Government Oversight Committee, the bill received a few "tweaks" that clarify the intent behind the language. The bill was referred out of committee and received a 73-3 vote in the House on November 29, 2023. On December 6, 2023, the bill was referred to the Senate Government Oversight Committee, chaired by Sen. Kristina Roegner (R - Hudson). The bill had its first hearing in the Senate committee on February 28, 2024.

CORD is preparing to submit proponent testimony in support of HB 257 and is actively working to advocate for the passage of this legislation.

HB 327 - E-Verify

HB 327, introduced by Rep. Scott Wiggam, requires the use of e-verify when hiring a contractor for public works improvement projects by a political subdivision, and also requires those contractors to use e-verify for subcontractors.

As introduced, the legislation was unclear and would have subjected CORD members to substantial liabilities if, unbeknownst to a district, a single contractor on a project did not utilize e-verify to ensure a subcontractor was eligible for work in the United States.

After several discussions with the sponsor and members of the committee, CORD was successfully able to effectuate an outcome on several amendments to the bill that now entirely place the liability for failure to conduct an e-verify check onto the contractor, and off of the district.

HB 327 passed the House by a vote of 85-6 on June 12 and will still need to go through the full Senate process. Should the bill become enacted, CORD will issue further guidance in a future newsletter.

HB 491 – Government Expenditure Database

HB 491 requires all political subdivisions to participate in the Ohio State and Local Government Expenditure Database, established in 2021. Various state entities currently are required to participate in the Database, but state retirement systems and political subdivisions currently participate at their own discretion. HB 491 requires political subdivisions, including 6119 districts, to participate, which involves providing the following information about each expenditure: amount, date paid, and recipient.

See below from the Legislative Service Commission:

The following political subdivisions would be subject to the requirement: counties, cities, villages, public libraries, townships, park districts, school districts, regional water and sewer districts, and regional transit authorities. Each participating entity is required to provide a link to the Database on its website.

The bill also requires the Database to include information about revenues received by state entities (including state retirement systems) and political subdivisions, including amount, source, and date received. The Database would display information regarding revenues in similar fashion to expenditures, including the ability to determine the total amount of revenue received from a single source.



In conjunction with the Ohio Rural Water Association, CORD decided to oppose this legislation given the challenges this bill would pose from smaller, rural communities. ORWA submitted testimony to the House State and Local Government committee to oppose this legislation.

A Brief Update on HB 93 – Tax Lien on Unpaid Water Bills

HB 93 is a bill that, if enacted, would prohibit a municipality from having the ability to place a lien on a property that is owned by someone who is not the occupant of that property due to unpaid water bills.

Today, if a renter does not pay their water bill and moves away, the property owner/ landlord is liable for the unpaid water bills. If the owner fails to pay, and that property is in the service territory of a municipality, the municipality can place a tax lien on the property until the bills are paid. This bill would remove the municipality's ability to place the lien for that reason, and the municipality would be left to find other means of finding payment for the account.

After nearly two months after being favorably reported out of the House State and Local Government committee, the bill ultimately was passed by the Ohio House with a vote of 62-26 on December 13, 2023. The bill was referred to the Senate Local Government committee on January 24, 2024 and had its first hearing on May 21.

An important point to make for our purposes is that 6119 districts **are not currently affected by this bill.** This bill strictly applies to municipalities. While our members are not directly affected by HB 93, CORD is actively monitoring HB 93 and will keep members updated.

NEW MEMBERS OF THE GENERAL ASSEMBLY, SPEAKER STEPHENS ASSIGNS NEW COMMITTEE CHAIRS, STATE REVENUE REPORT RELEASED



Michael Guastella
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The Ohio Legislature has undergone some notable changes this month by welcoming a new member to the House, as well as designating several new chairs for committees.

The Ohio House Representatives appointed Jodi Whitted to represent Ohio's 28th District for the remaining eight months of the 135th General Assembly. Whitted replaces former Rep. Jessica Miranda (D-Cincinnati), who withdrew after becoming Hamilton County auditor. Rep Whitted (D-Madeira) holds a doctorate in social work and leads the Bachelor of Social Work program at The University of Cincinnati.

Rep. Jodi Whitted, however, will not appear on the ballot in November. Instead, the Hamilton County Democratic Party has endorsed a different candidate for the 28th Ohio House District—Karen Brownlee. Karen Brownlee, a social worker and former mental health therapist, currently is a clinical training and development manager at Best Point in Cincinnati. Brownlee faces Republican nominee Jenn Giroux in November.

Additionally, after Michael Rulli was elected to Congress in a special election, his former State Senate seat was filled by current-State Representative Al Cutrona (R). This leaves a vacancy in the Valley for yet another a new face to join the General Assembly.



Separately, at the beginning of May, House Speaker Jason Stephens (R-Kitts Hill) announced new chairs for six House committees. The designations include the following:

- Rep. Adam Mathews (R-Lebanon) now chairs the Public Health Policy Committee.
- Rep. Don Jones (R-Freeport) now chairs the House Agriculture Committee.
- Rep. Thomas Hall (R-Middletown) now chairs the House Energy and Natural Resources Committee.
- Rep. Melanie Miller (R-Ashland) now chairs the House Technology and Innovation Committee.
- Rep. Gayle Manning (R-North Ridgeville) now chairs the House Primary and Secondary Education Committee.
- Rep. Scott Wiggam (R-Wooster) now chairs the House State and Local Government Committee.

** Note: The House Pensions Committee and House Constitutional Resolutions Committee have not yet been designated committee chairs.*

Monthly State Revenue Report

The Office of Budget and Management (OBM) released the state's monthly financial report for May 2024 showing a less than ideal month for the state, which is now estimated to be \$446.7 million (1.9%) shy of the fiscal year-to-date tax revenue expectations. The two categories of individual revenue sources that are contributing most to this trend are: Personal Income Tax and Federal Grants. Personal Income Tax receipts were about \$154.8 million (12.7%) below the monthly estimate, totaling about \$1.06 billion. Similarly, Federal Grants collections came in about \$110.1 million (16.8%) below projections for a total of \$545.6 million.

Despite the decreases in year-to-date projections, there have been considerable increases regarding monthly estimates. For example, the Auto Sales and Use Tax brought in \$192.8 million, which exceeded the monthly estimate by 6.2%. Additionally, Earnings on Investments and License & Fees are two non-tax revenue sources that exceeded monthly expectations. Earnings on Investments receipts were approximately \$74.9 million (200.6%) above the monthly estimate, totaling \$112.3 million. Comparably, License & Fees receipts were \$14.9 million (75.6%) above the monthly estimate, resulting in a total of \$34.6 million.



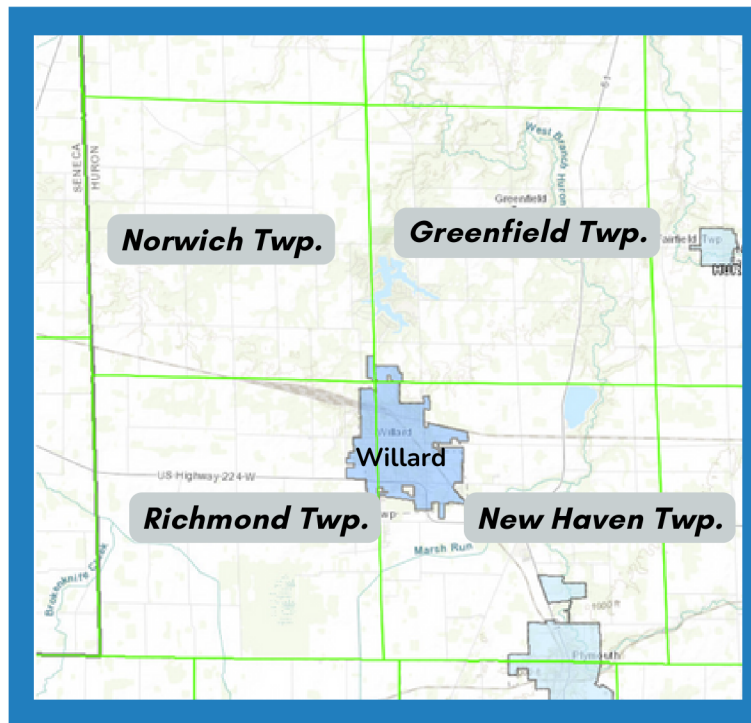
TOP DRAWER REGIONAL DISTRICTS: FORMATION OF THE SOUTHERN 5 SEWER DISTRICT

***Written By: John Albers,
Albers and Albers***

In 2022, Albers and Albers received a call from Attorney Randal Strickler, Assistant Huron County Prosecutor, regarding the potential formation of a regional sewer district by the City of Willard and Greenfield, Norwich, New Haven and Richmond Townships, all in Huron County. For many years, the Townships and City had been reviewing the need for central sanitary sewer services to two primary areas in Huron County including the unincorporated area of Celeryville and the Holiday Lakes subdivision.



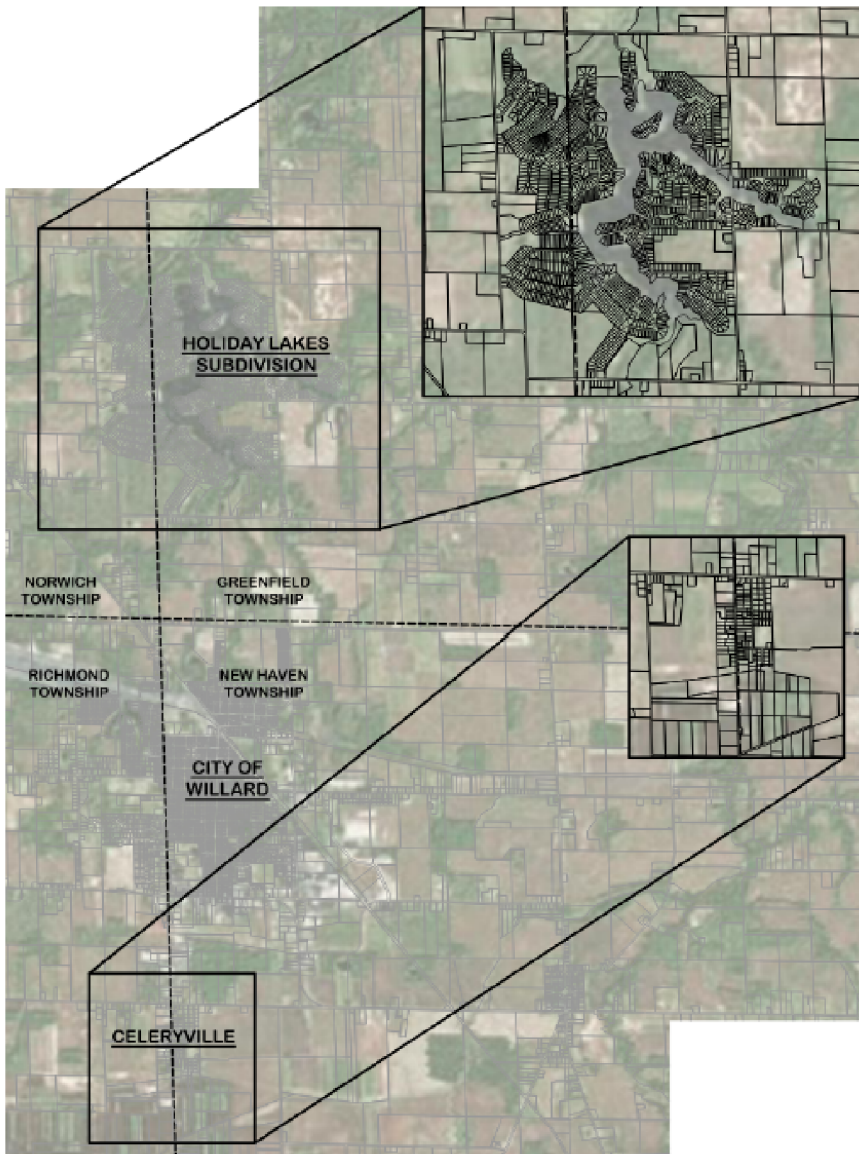
The County Commissioners of Huron County facilitated the discussion regarding the provision of central sewer services but encouraged the formation of a regional district to be the provider of services. The Holiday Lakes subdivision, which includes approximately 1,200 platted lots on which are located approximately 443 homes, has encountered significant issues with contamination of the lake due to failing on-lot septic systems built on very small lots. Similarly, Celeryville has small lots and failing septic systems and a combination of single-family homes, multi-family homes, schools, churches and agricultural businesses are all in need of central sanitary sewer services.



***The Southern 5 Sewer District established by agreement of four townships
& the City of Willard in Southwestern Huron County.***

Forming a regional sewer district was the most cost-effective method, as combining utility services into a regional district achieves cost efficiencies and economies of scale. An engineering study had previously established that regionalization using the Willard treatment facility provides a cost savings by avoiding the cost of construction for a new wastewater treatment facility and expected operation and maintenance of common sewer facilities and lines for these properties. Once the district is created, it would have the ability to eliminate the septic systems and construct the necessary systems for both unincorporated communities and transfer the district's wastewater to the City of Willard for treatment at the City's wastewater treatment plant. Risks and expenses associated with maintaining private sanitary sewer systems for properties that will receive services in the future will be eliminated.

As a result, the City of Willard and Greenfield, Norwich, New Haven and Richmond Townships hired the firm of Albers and Albers to assist with the formation of the Southern 5 Sewer District ("District"). After significant effort by all parties, a feasible Plan of Operations was submitted to the Huron County Common Pleas Court.



The District was formed in February 2023 and has since levied a planning fee on all future customers and has received an OWDA Planning Loan to complete preliminary engineering to serve both Celeryville and Holiday Lakes. The District submitted its projects for review by the Ohio Small Communities Environmental Infrastructure Group (SCEIG) and is currently seeking principal forgiveness, grants, and loans. The District anticipates obtaining additional funding from OWDA for design engineering in September and hopes to be under construction in 2025 and operational in 2026.

Celeryville & the Holiday Lakes Subdivision to be the first recipients of sewer service by the Southern 5 Sewer District

NORTHWESTERN WATER & SEWER DISTRICT CELEBRATES 30 YEARS OF OPERATION

Written By: Catina Taylor, CORD Executive Assistant

30th
Anniversary



In 1993 the Wood County Commissioners, the Villages of Jerry City, Millbury, and Cygnet, along with the Townships of Perrysburg, Lake, Plain, Troy, Milton, Liberty, Portage, Bloom, Freedom, Center, Henry, Washington, Middleton, and Weston filed a petition in the Common Pleas Court of Wood County to establish a Regional Water & Sewer District under the provisions of ORC Chapter 6119. The purpose was to assume the operations of the Wood County Regional Water & Sewer District, an ORC Chapter 6117 District, under the authority of the County Commissioners and the County Sanitary Engineer. Under discussion for a number of years, the Journal Entry from the Court of Common Pleas began a new era in the provision of utility services and environmental enhancement in Wood County and the surrounding area. The Northwestern Water & Sewer District formally commenced operations on January 1, 1994.

The District was established to serve rural and small communities with water and sewer services in Wood County. Today, the District has expanded to serve four additional counties including Sandusky, Henry, Hancock, and Lucas. The District and its seventy-five employees serve a customer base that has grown to approximately 20,000 customers. The District has become a “driver” in economic development in Northwest Ohio.

The District prides itself on leveraging the benefits of combining systems to reduce operational and maintenance costs. Other hallmarks of the District include the professional management, experienced and licensed personnel, a focus on customer service, cost containment, and public information.

Through 30 years of operation, Jerry Greiner has served as President of the District working with a ten-member Board of Trustees: three representing member municipalities, three representing member townships, three representing Wood County, and one representing Henry County. One of the many ways that Jerry communicates with customers is through the use of a blog. Below are some of Jerry’s thoughts as the District reaches the 30-year milestone:

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The Northwestern Water and Sewer District celebrates 30 years of operation this year. Wood County Common Pleas Judge, the Honorable Charles Kurfess, approved the formation of what is now the District in the summer of 1993 after several years of planning and discussion.

The Ohio Revised Code has a section numbered 6119 which outlines the process of applying to become a regional water and sewer district organization. The application is then considered before a county common pleas court. Included in the application is the petition, which states the purpose of forming the district, and eventually a plan of operations explaining how the organization would provide service.

Jerry Greiner stated that while going through the formation process, months were spent reviewing the plan of operations, setup, staffing, and financial stability with stakeholders throughout the region. Overall, the Wood County Commissioners established a stable organizational framework to help build upon it.

It was not an easy process in the beginning, as some political subdivisions had their own ideas on how to run and fund a public utilities department, elect board members, and make decisions. In recent years, the average water and sewer use has reduced and even flattened in some areas, as the District is more conservative and more efficient with usage. These factors complicate a funding need to “do more” with less usage overall. Trying to do more with less has been a challenge recently, especially during the COVID-19 pandemic, and even now in dealing with the “post-pandemic” factors.



The District believes that the need for water and sewer utilities is best accomplished on a regional basis in order to control costs and operate as efficiently as possible. The District makes daily improvements, repairs, and monitors the needs of all of the water and sewer networks. When the District was initially formed, the service area was smaller and more residential. Thirty years later, the District has grown and become more complex with development in all areas of service, north-south-east-west!

Environmental protection regulations and laws, water quality sampling standards, and operator licensing have all improved, which allows for better results and a more positive impact on our environment. We believe we are better adept at doing this now than ever! Thirty years have gone by quickly, and I have been here for all of it. What will be the needs of the next 30 years?

REGIONAL DISTRICTS RECEIVE GRANTS FOR DISTRIBUTION SYSTEM EQUIPMENT FROM H2OHIO PROGRAM & OTHER GRANTS FUNDED UNDER ROUND 6 OF OHIO BUILDS ANNOUNCED

Governor Mike DeWine and the Ohio EPA have announced \$2.2 million in grants from the H2Ohio Program to more than 250 communities in 78 counties to help pay for equipment needed to maintain public drinking water distribution systems. Among those were 17 grants to 12 Regional Water and Sewer Districts as shown on the table that accompanies this article.

“H2Ohio continues to have a tremendous impact in our communities,” said Governor DeWine. Ohio EPA Director Anne Vogel said that the Agency appreciates “the support of Governor DeWine and the General Assembly in continuing to fund H2Ohio, allowing us to meet more needs across the state. “These equipment grants are a relatively small investment that make a huge difference, helping to upgrade the public drinking water infrastructure that provides clean and safe water to millions of Ohioans.”

Public water systems were eligible to apply for up to \$10,000 through H2Ohio. The grants cover distribution system equipment such as mobile leak detectors, line locators, valve exercisers, flow meters, hydrant condition assessors, pressure monitors, and training to use the equipment.

This is the second year that the H2Ohio Public Water System Equipment Grants have been awarded. In 2023, \$1 million was awarded to more than 100 public water systems including 6 Regional Water & Sewer Districts.



Regional District	County	Amount (in Dollars)
Le-Ax Regional Water District	Athens	\$9,980
Burr Oak Regional Water District	Athens	\$6,416
Sunday Creek Valley Water District	Athens	\$10,000
York Township Water Authority	Belmont	\$10,000
Buckeye Water District	Columbiana	\$10,000
Brunersburg Water & Sewer District	Defiance	\$6,580
Northwestern Water & Sewer District- McComb	Hancock	\$9,270
Northwestern Water & Sewer District-McClure Henry County	Henry	\$9,294
Carroll Water & Sewer District	Ottawa	\$10,000
Earnhart Hills Regional Water & Sewer District	Pickaway	\$10,000
Lakengren Water Authority	Preble	\$10,000
Northwest Regional Water District	Scioto	\$10,000
Twin City Water & Sewer District	Tuscarawas	\$7,665
Tri-County Rural Water & Sewer District	Washington	\$9,870
Northwestern Water & Sewer District-Portage	Wood	\$9,265
Northwestern Water & Sewer District-Oregon	Wood	\$9,294
Northwestern Water & Sewer District-Toledo	Wood	\$9,270

Also, in late May, Governor DeWine announced another \$122.7 million in grant awards to help improve water infrastructure in 59 counties. This funding is part of the sixth round of the Ohio BUILDS (Broadband, Utilities, and Infrastructure for Local Development Success) [Water and Wastewater Infrastructure Grant Program](#). Funding will provide \$84.5 million in support of 43 new critical infrastructure projects and \$38.2 million in “gap funding” for 33 previously funded projects with costs that exceeded initial estimates.

Since 2021, the BUILDS Water and Wastewater Infrastructure Grant Program has provided a total of nearly \$620 million to support local water projects in all of Ohio’s 88 counties. The grants will help reduce or eliminate the financial burden community leaders face in addressing critical infrastructure needs such as new water distribution systems, waterline extensions, water tower replacements, and new pipes and water mains. Grants will also fund projects to replace sanitary sewer systems, prevent sewer system backups, and extend sewer lines to support economic growth.

The grants were made possible using the Federal American Rescue Plan Act (ARPA) funds that were appropriated by the Ohio General Assembly and awarded through three rounds in 2021 and two rounds in 2023. The sixth round of funding was made possible through continued support from the Ohio General Assembly in the current operating budget. The Department of Development administers the program.

Over 700 grant applications requesting more than \$1.4 billion were submitted for Round 6, clearly demonstrating the continued need for water infrastructure improvements across Ohio. The following Regional Water & Sewer Districts received funding in Round 6:

Drinking Water Infrastructure Projects

The ***Rural Lorain County Water Authority*** (Ashland/Lorain/Medina counties) will receive a \$1 million grant to construct 12,000 feet of 4-inch water main in Ashland County. Residents are currently serviced by private wells, many of poor water quality. The project will extend existing waterlines to create a complete system loop to service previously unserved areas. The project will benefit 36 people.

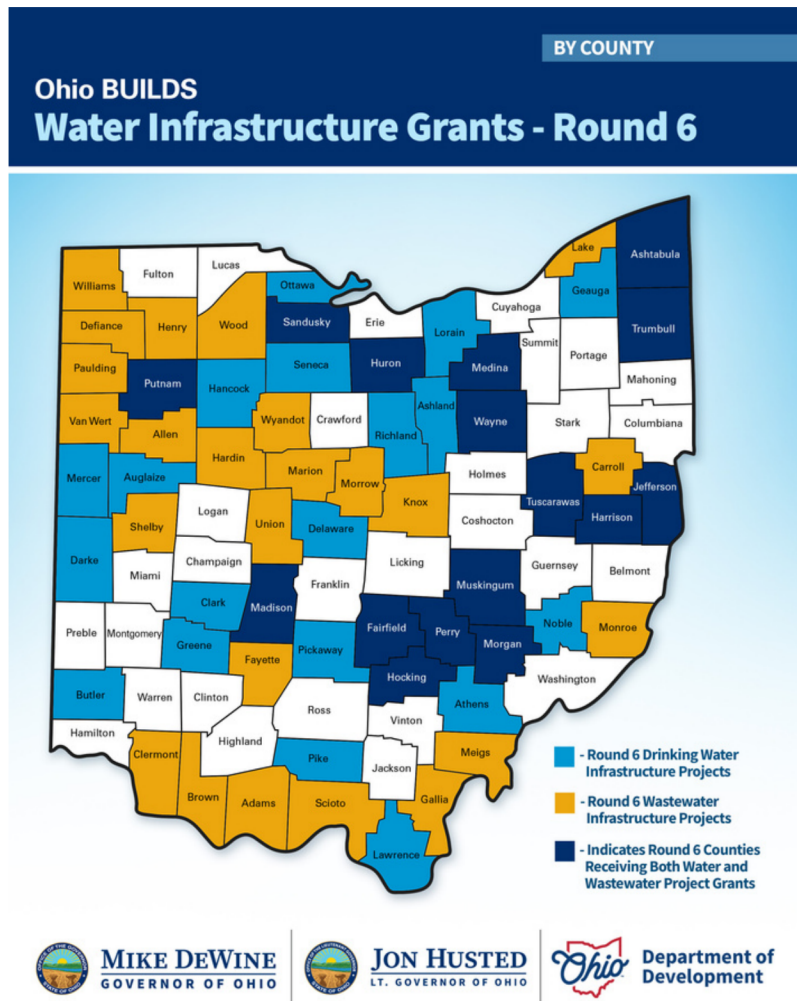
The ***Burr Oak Regional Water District*** (Athens/Hocking/Morgan/Perry counties) will receive \$4,984,000 in gap funding to add Granular Activated Carbon (GAC) to the water treatment process for a previously funded project. The use of GAC provides water utilities with an efficient and cost-effective means to minimize the formation of disinfection byproducts while also removing other organic contaminants found in groundwater. The project will help ensure the District provides safe drinking water to customers and meets Ohio Environmental Protection Agency standards. The project will benefit 40,000 people.

The ***Burr Oak Regional Water District*** (Morgan County) will also receive \$3,601,500 in gap funding to upgrade the Bishopville Water District system so contamination and inadequate water supply issues can be addressed. Project activities include installing approximately 100,000 feet of 6-inch through 2-inch waterlines, including hydrants, valves, water services, and more. The project previously received WWIG funding; however, project costs have increased since the initial award. The project will benefit 300 people.

The ***Brilliant Water & Sewer District*** (Jefferson County) will receive a \$2,648,100 grant to complete waterline replacement and fire hydrant upgrades to several areas within the community. The project will benefit 1,192 people.

The ***Noble County Water Authority*** (Noble County) will receive a \$2,025,263 grant to complete the fourth phase of a waterline extension and interconnect project. The water supplies for the impacted location are secured through individual water supplies from water wells, springs, and cisterns. The Noble County Water Authority has performed water quality testing on a sampling of the individual water supplies and detected the presence of coliform bacteria. In addition to water quality, there is also an issue with quantity. Several homes will haul water to supplement their supply during dry periods. The project will benefit 90 people.

The **Earnhart Hill Regional Water and Sewer District** (Pickaway/Fairfield Counties) will receive a \$1,722,642 grant to construct 10,300 feet of 12-inch transmission main to route flow from the treatment plant to Pump Station No.1. The proposed line will be interfaced with the existing 55-year-old, 10-inch water line, serving as a parallel transmission main but constructed with the valves necessary to support isolation of either line - should maintenance be required. The project will benefit 12,692 people.



Wastewater Infrastructure Projects

The **Atwood Regional Water and Sewer District** (Carroll County) will receive a \$335,000 grant to replace a pump station. The existing pump station is more than 20 years old and has exceeded its useful life. It currently serves seven residential properties and a local business. The new pump station would be able to service an additional 10 homes to accommodate for new residential properties being constructed in the area. Project activities also include a new generator plug, an auto-dialer for station failure, and high- and low-voltage electrical protection devices. The project will benefit 200 people.

The **Ohio & Lee Water and Sewer Authority** (Monroe County) will receive \$1,298,270 in gap funding to provide a sanitary sewer system for 240 residential and commercial connections in the community of Hannibal. There is

currently no public sewer system in the community, with properties having either on-lot systems of varying age and condition or no systems at all - with dumping taking place in local creeks, streams, or the Ohio River. This project will also reach beyond the boundaries of the existing service area for water, connecting nearby properties that are not currently sewered. The project will not only reduce the risk of drinking water contamination, but it will also allow for safe recreation in an area known for its boating, fishing, camping, and swimming - stimulating economic growth and increasing property values. Completion of this project will satisfy requirements from both the Ohio Environmental Protection Agency and the Ohio Attorney General's Office. The project will benefit 576 people.



THE OHIO ETHICS COMMISSION: ADVISORY OPINIONS, INVESTIGATIONS & WHAT REGIONAL DISTRICTS NEED TO KNOW



Last year the Ohio Ethics Commission issued 163 written advisory opinions providing guidance on the application of the Ohio Ethics Law to State and Local Governments. Of those opinions, around 75% of those opinions went to local government officials and employees. In responding to allegations of conflicts of interest and public contract violations, staff conducted 168 investigations, including 29 that were resolved by settlement agreements to stop improper conduct. Almost 90% of those investigations involved local officials and employees. To aid in complying with the law, staff presented 167 in person training courses and 41 webinars, created a new one-hour e-course, and developed customized e-training modules to target unique issues for different segments of the public sector.

Recently, the Commission re-elected Merom Brachman (R-Bexley) as its Chair, and Mark Vander Laan (D-Cincinnati) as its Vice Chair. The Chair noted, "The Commission continues to encourage strengthening the Ethics Law, in its work with the 88 County Prosecutors in Ohio, to enhance the penalties that apply to serious misconduct, including any improper actions of vendors to state and local government."



Merom Brachman
Chair



Mark Vander Laan
Vice Chair



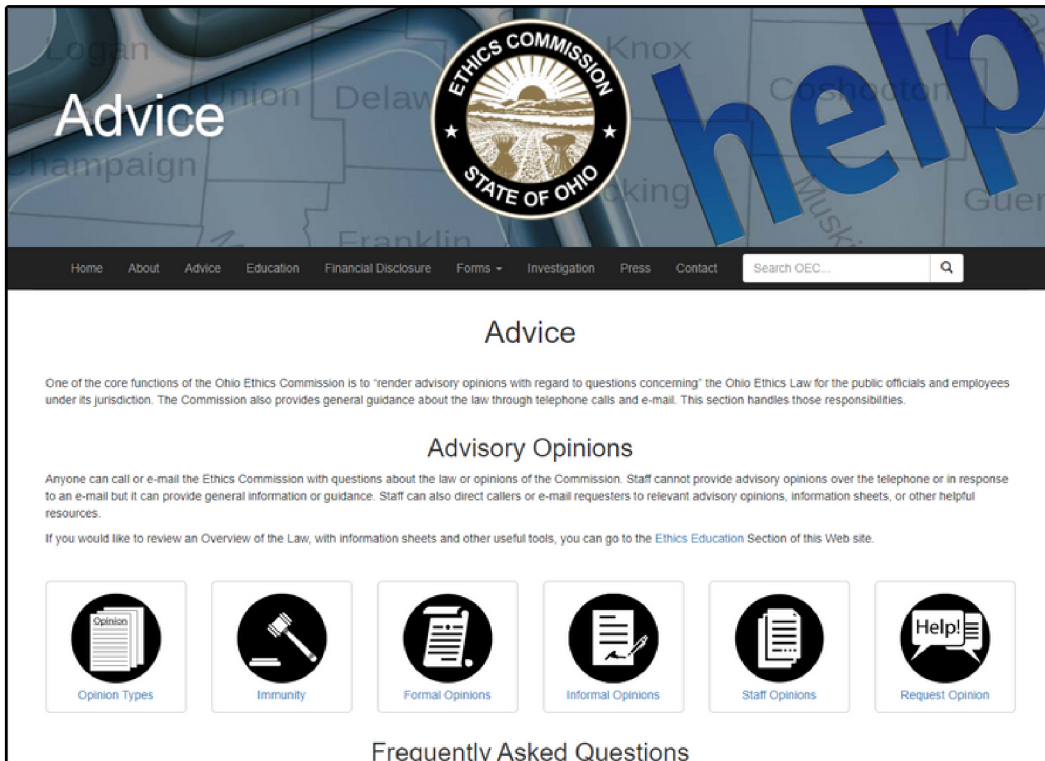
Paul Nick
Executive Director

Perhaps it is a good time to review the Ohio Ethics Law for Districts. Regional Water and Sewer Districts are covered by the Ohio Ethics Law and related laws. District Board Members and staff are not required to file financial disclosure statements as are certain other state and local elected and appointed officials. It should be noted, however, that Districts are required to provide a copy of the law to all Board Members and employees of the District within 15 days of appointment or hiring. The District can provide the law in either paper format or as an electronic link and the Board Member or employee is required to acknowledge the receipt of the law in writing that should be kept in a personnel file. This is required by ORC Section 102.09(D) which reads as follows:

Within fifteen days after any public official or employee begins the performance of official duties, the public agency with which the official or employee serves, or the appointing authority shall furnish the official or employee a copy of Chapter 102. and section 2921.42 of the Revised Code and may furnish such other materials as the appropriate ethics commission prepares for distribution. The official or employee shall acknowledge their receipt in writing. The requirements of this division do not apply at the time of reappointment or re-election.

Another question that comes up is whether Ohio Ethics Law training is required? State law does not require public officials or employees to attend an Ohio Ethics Law training session, although some political subdivisions require it of their officials and employees. State law does require, however, that the Ethics Commission provide a “continuing program of education and information.” The Commission fulfills this mandate with “live” trainings, webinars, information sheets, quarterly newsletter, and online learning. Much of the training offered by the Commission is highly informative and easy to use and it can help in that officials and employees are not making simple mistakes that may create legal problems.

Finally, it is not easy to understand how the law may apply to both Board Members and staff of a Regional Water & Sewer District. The law addresses several conflicts of interest that may surprise you, your Board members, and staff. Some are actually criminal violations of the law. Also, the law covers things like post-employment practices, or the “revolving door”; confidential information; soliciting or accepting things of value; rendering services or providing goods to the District or other political subdivisions, and nepotism.



The [Ohio Ethics Law](#) will provide the information any new Board member or employee will need. More information on the Ohio Ethics Commission is available on their [website](#).

STATE AUDITOR ISSUES BULLETINS IMPACTING DISTRICTS

Auditor of State, Keith Faber, has recently issued three bulletins that are of interest to Regional Water and Sewer Districts. Bulletins 2004-003 and 2004-004 address state audit costs and payment re-direct schemes. Bulletin 2004-002 attempts to clarify when governmental entities are allowed to assume debt in the form of standard installment loans from private financial institutions. Districts are encouraged to review all three Bulletins.

State Audit Costs Stable for SFY 25

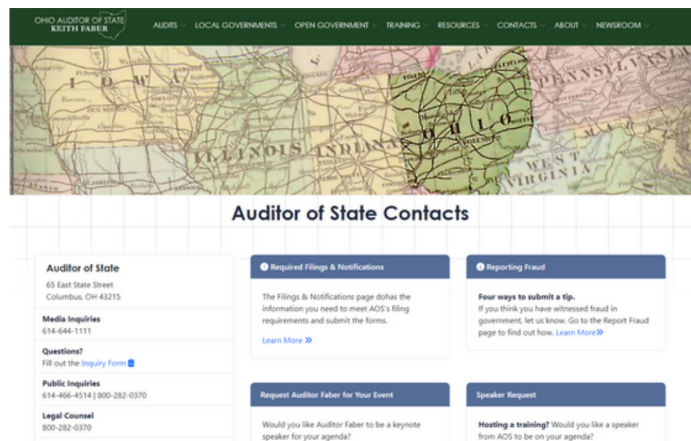
The Auditor of State issued [Bulletin 2004-004](#) in May, which sets the hourly billing rates and allocation of audit costs for the upcoming state fiscal year (SFY) 2025 (July 1, 2024, through June 30, 2025), with the hourly rates taking effect on July 14, 2024. The audit billing rate for local governments will be \$41 per hour, a rate unchanged since October 2011.

The Auditor of State also provides additional services, such as financial reporting preparation, fiscal advisory services, consulting services, and others. These services are conducted by the office's Local Government Services (LGS) division. Billing rates by the LGS vary based on the local government's total combined revenues as detailed in the Bulletin and range from \$50 to \$85 per hour depending on the type of service provided.

Watch Out for "Payment Re-Direct Schemes"

Districts are reminded that in April, Auditor of State, Keith Faber, issued a Bulletin to provide guidance to governments regarding payment ***re-direct schemes and business email compromise schemes***. [Bulletin 2024-003](#) is similar to an advisory issued in March 2023, but the Auditor issued the new Bulletin due to increased reports of cybercrime activity targeting governments. According to Faber, at least 23 government offices have been affected by such scams during the last twelve months.

Districts should note that failure to follow the guidance may result in an AOS finding if a loss occurs, and the employee is considered liable because of negligence or performing duties without reasonable care.



The Bulletin gives four real examples of successful or attempted scam on local governments:

- **Spear phishing:** More than \$700,000 was stolen from a recreation district because of a payment re-direct scheme. Emails were received by the district, from an email account slightly different than the original vendor email account, which contained erroneous payment instructions to the “vendor.” The district followed the instructions and transferred \$713,094 to the fraudulent account, without independently verifying the identity of the requester or the new banking account.
- **Spear phishing:** A city fell victim to a “spear phishing” scheme resulting in theft of nearly \$219,000 when the finance department received emails from someone pretending to be an existing vendor. The email persuaded the employee to change the bank account routing information the city had for the vendor. Vendor verification protocols were not followed, which could have prevented this fraud.
- **Investment account change request:** A college fell victim to a spear phishing attack that included convincing branding and logos of a financial institution causing the college to change account information on a \$6 million account. Realizing a day later due to Daily Cash Monitoring protection that the money was not in its account the college was able to recover the funds through the activation of the Financial Fraud Kill Chain.
- **Fraudulent check and Electronic Funds Transfer/ACH scheme:** A city reported three instances of fraudulent checks submitted for payment to their bank and two instances of attempted ACH fraud. Though none of these instances were successful and the city did not experience a loss, this is another example of attempted fraud.

The rest of the Bulletin discusses how to identify and prevent these scams. If you have any questions regarding the information in this Bulletin, you can send an email to the AOS Special Investigations Unit at PaymentSchemeQuestions@ohioauditor.gov.

Governmental Entities Assuming Debt in the Form of Standard Installment Loans from Private Financial Institutions

Bulletin 2004-002 was issued in late January because the State Auditor’s Office has noticed an increase in the number audits where political subdivisions were executing standard installment loans issued by banks or other private financial institutions without statutory authority. This Bulletin states that governmental Entities are generally prohibited from assuming debt in the form of a standard installment loan from private financial institutions unless clearly permitted by statute.

A standard installment loan agreement includes any arrangement involving a private financial institution (usually a bank) that requires the borrower to execute a loan agreement detailing: the amount of money to be loaned (usually as a lump sum), a period of repayment, and the regular intervals (usually yearly or monthly) when part of the principle is expected to be repaid to the lender with interest (usually at a fixed rate). The loan agreement is usually either encompassed within - or accompanied by a promissory note or similar instrument that the borrower must execute to evidence the loan arrangement. A local government borrowing money from a private institution must have authority to both borrow money and provide evidence of the indebtedness (i.e., issue notes or other securities). The Bulletin also states the private installment loan agreement addressed by the Bulletin does not apply to lease-purchase arrangements.

Districts are encouraged to review this Bulletin with your finance team and/or legal counsel as the specific application to ORC Chapter 6119 appears to be complex.

GPG NAMES NEW MANAGER OF COMMUNICATIONS AND OUTREACH

The Governmental Policy Group, which represents the legislative interests of CORD and the Ohio Rural Water Association in the General Assembly, has named a new Manager of Communications and Outreach for the Columbus based firm. Alexys Nukes is a 2023 graduate of The Ohio State University. Alexys received a BA in Political Science, with a focus on Inequality and Justice, along with a BA in Communications, with a specialization in Communication, Analysis, and Engagement. She also has a minor in Spanish.

Nukes began her communications career as a Public Relations Assistant for a private public relations agency in Cleveland OH. While there, she had the exciting opportunity to host advanced theatrical and screening content at select movie theaters for motion picture entertainment studios such as Amazon, MGM Studios and Warner Brothers. This position also involved conducting post-film interviews to gauge audience perception and collaborating on promotional events with local community partners.

Nukes is tasked with keeping the CORD staff informed on legislative issues that will impact Regional Water and Sewer Districts so that the most relevant and informative information can be provided to CORD members. Alexys is looking forward to learning about issues important to CORD. Alexys takes the place of Sydney Sanders, who has contributed to the quarterly CORD Report in the past. Sydney has been promoted to Director of Policy and Communications for the firm. **Welcome Alexys, and Congratulations to Sydney!**



Alexys Nukes



Sydney Sanders

BITS AND PIECES FROM CORD---SUMMER 2024

Written by: Larry Long, Director of Membership Development

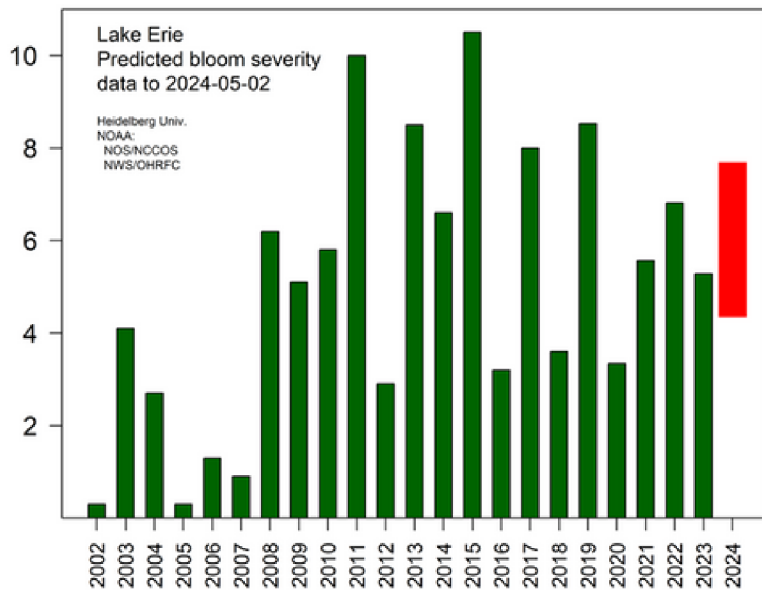
Additional Funding to Replace Lead Pipes

Ohio will get \$184.3 million in money from the Bipartisan Infrastructure Law (BIL) to identify and replace lead water lines. This is Ohio's share of a \$3 billion national pot. The funding was recently announced by President Joe Biden who stated that 9 million lead service lines around the country connect water mains to homes, schools, daycare centers and businesses.



The U. S. EPA said the total funding is expected to replace up to 1.7 million lead pipes nationwide. EPA Administrator Michael Regan told reporters the agency will invest \$3

billion each year through 2026. He said nearly half the money will go to "disadvantaged communities, a crucial investment for communities that have been underserved and overburdened by pollution for far too long." Ohio EPA Director Anne Vogel stated that the money allocated to Ohio "will further the work of Ohio's excellent public water systems as they continue this important work in communities across the state."



Summer 2024 HAB Severity Level Predicted

The early season projection of the Harmful Algal Bloom Index is expected to measure between 4.5 and 7.5 on the severity index. A moderate bloom is close to 5.0. The projection was made by the National Oceanic and Atmospheric Administration (NOAA) in early May of this year. At the time of prediction, precipitation and total bioavailable phosphorus (TBP) loads from the Maumee River in April were well above average, with the second highest April TBP loads since 2000. If precipitation for the

rest of the spring remains near or below average, a moderate bloom is likely. If precipitation continues to be above average, a bloom with a severity closer to 7 is expected. The uncertainty for this forecast will continue to narrow as additional rain and river discharge data continues to be collected.

School Funding on Rise Across the U. S.

U.S. school funding rose by the greatest proportion in more than two decades from FY21 to FY22, according to the U. S. Census Bureau. In a recent national survey Ohio ranked 22nd among states and the District of Columbia in per student spending in FY22 at \$15,583. This is up 25.6%, from \$12,645 in FY 17, just slightly over the CPI Increase of 21%. The No. 1 state was New York at \$28,889. Utah increased the least at \$9,552. Among Ohio's bordering states Pennsylvania ranked 6th at \$19,186, Michigan 21st at \$15,719, West Virginia 29th at \$13,858 and Indiana 38th at \$12,322. From FY21 to FY22, national school spending rose 8.9% from an average of \$14,358 per student to \$15,633, the largest increase in more than 20 years. According to the Census Bureau, 51.9% of Ohio's total revenue comes from State and Federal sources (State, 34.2%; Federal, 14.0%) while 49.6% is from local sources. Full survey data is available [here](#).



H2Ohio Nutrient Management Plans Moves Statewide

CORD has reported extensively on changes to the H2Ohio initiative. Recently the DeWine Administration announced another major change. You will recall that one of the central elements of the program was the use of voluntary nutrient management plans in Northwest Ohio—to help address the HAB problem in the Western Basin of

Lake Erie and the Maumee Watershed. Currently, more than 1.8 million acres are enrolled in the water quality initiative, a 32% increase in acres enrolled when compared to previous registrations. Now farmers across the state can join in the effort to keep fertilizer from polluting waterways.

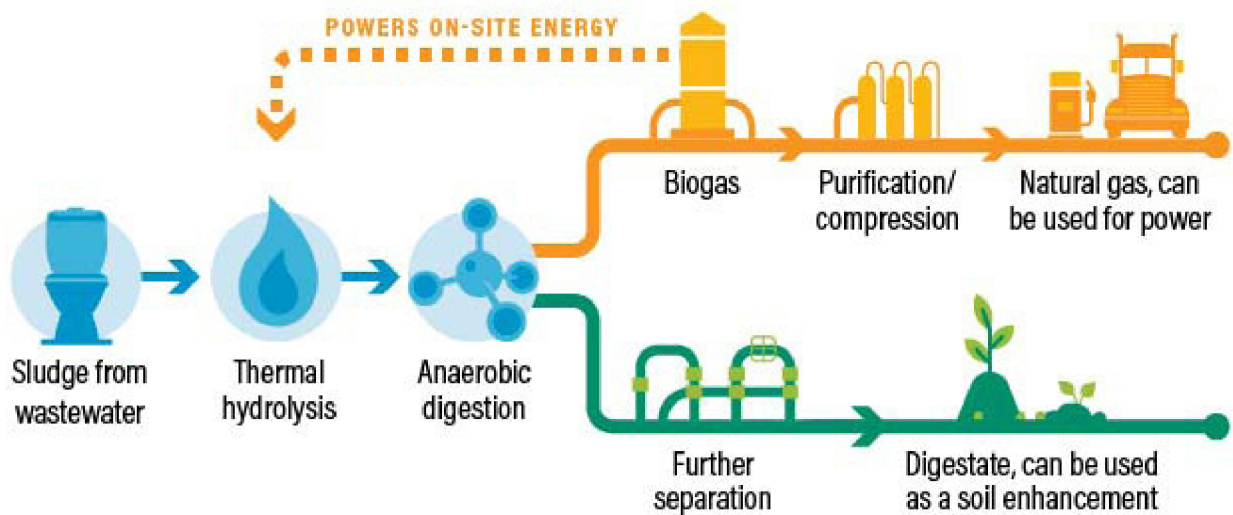
Brian Baldrige, Director of the Ohio Department of Agriculture, stated that the goal was always to expand statewide as H2Ohio's main effort is to monitor fertilizer levels in fields. Excess fertilizer can runoff into water sources and promote microorganism growth like harmful algae blooms in Lake Erie. Farmers can enroll by contacting their local soil and water conservation district.

In other H2Ohio news, Governor DeWine, and the Intel Corporation, who is building a massive facility in Central Ohio, announced that the company is donating funds for a new H2Ohio wetland restoration project involving the Licking River and Dillon Lake. ODNR will convert approximately 90 acres of retired cropland along the river with the resulting floodplain wetland capturing phosphorus, nitrogen, and sediment in flood waters to prevent contamination of the river. The project will also reconnect the lake to the Licking River and will help reduce sediment and the intensity of algal blooms. The Licking River flows into the Dillon Lake Reservoir and eventually the Ohio River.

Sewage Offers an Unlikely Heat and Energy Source

As reported by Bloomberg, a growing number of authorities are harnessing the warmth of wastewater to generate power for public buildings, homes, businesses, and apartments. In 2022, a utility in the False Creek area of Vancouver, British Columbia used sewage to create over 23,000 megawatts of thermal energy—enough to heat 3,000 apartments for a year. The aim is to transition to 100% renewable power by 2030 with sewage providing 70% of all the community’s energy.

The systems often used are more properly referred to as “sludge-to-E-energy systems”. In a sludge-to-energy system, sludge undergoes a pretreatment process called thermal hydrolysis to maximize the amount of methane it can produce. Next, the treated waste enters an anaerobic digester, which finishes breaking it down. The resulting product is a methane-rich gas, or biogas, which can be used for on-site energy needs, or processed further and used in place of natural gas. In addition, the solid remnants of the waste create a nutrient-rich “digestate” that can be added to soil to boost plant growth. China is one of the early leaders in the use of these systems. This system is also becoming popular in Brazil, Argentina, and Norway.



Dayton Acts to Reduce PFAS in its Water; New Federal Regulations Issued

The City of Dayton has approved spending millions of dollars to try to reduce the level of polyfluoroalkyl substances (PFAS) in its drinking water system. The city plans to expand its PFAS testing capabilities and plans to increase groundwater production at a well field that has non-detectable amounts of the “forever chemicals.” The City intends to blend water contaminated with PFAS with clean water to reduce concentration levels.

The existing guidelines for PFAS levels are 70 parts per trillion, but the new U.S. EPA safety standard released in April will be 4 parts per trillion for the two most common types of PFAS (PFOS and PFOA). The new federal regulations give systems a five-year period to comply, and it is estimated that the national cost of compliance will be \$772 million per year. Under the new regulations, water



systems must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027. The standards also include limits of 10 ppt for a class of PFAS called GenX chemicals and other “forever chemical” variations. Beginning in 2029, public water systems that have PFAS in their drinking water, which violates the limits, must take action to reduce excess levels.

Recent measurements have put Dayton’s PFOS level (a type of PFAS) around 7 parts per trillion. PFAS over the EPA levels do not represent an immediate health risk. The standards are meant to reduce the risk from a lifetime of exposure, with the U.S. EPA saying the changes will “prevent thousands of deaths” over years.

The City will construct a 48-inch raw water line from its Miami Well Field to the Ottawa Treatment Plant. The new pipeline will move groundwater with non-detectable levels of PFAS from the well field to the treatment facility. This would allow the City to blend clean water with water pulled from the Mad River Well Field that contains certain levels of the toxic, man-made chemicals.

In addition to serving the City’s 140,000 customers, Dayton sells water to Montgomery County – which in turn provides it to hundreds of thousands of residents across the county – as well as parts of Greene County.



CERCLA

stands for

Comprehensive Environmental Response Compensation and Liability Act

PFAS “Polluter Pays” Legislation Introduced in Congress

Legislation that would provide statutory protection for water systems under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for PFAS, and to help ensure that polluters, not the public, pay for PFAS cleanup has been introduced in the U. S. House of Representatives. Introduced by Reps. John Curtis (R-UT) and Marie Gluesenkamp Perez (D-WA), H.R. 7944 is a companion bill to Senate legislation introduced by Sen. Cynthia Lummis (R-WY) last year.

The bill provides statutory protection for water utilities faced with the upcoming designation of PFOA and PFOS (types of PFAS) as hazardous substances by the U.S. EPA under CERCLA, which is commonly known as the Superfund Law. A CERCLA designation exposes drinking water and wastewater utilities, which passively receive these substances into their systems, to face CERCLA liability through their efforts to actually remove PFAS from water supplies in order to provide clean and safe water. Such liability costs on utilities will then have to be passed on to customers through increased rates. The National Rural Water Association’s CEO, Matthew Holmes recently announced NRWA “enthusiastic support” for the proposal.

More PFAS Action: Aqueous Film-Forming Foam (AFFF) Takeback Program

Continued developments on the PFAS front... Governor Mike DeWine and Ohio EPA recently announced details of the Aqueous Film-Forming Foam (AFFF) Takeback Program This is a new initiative to destroy hazardous per- and polyfluoroalkyl substances (PFAS) in firefighting foam. AFFF is primarily used by fire departments to smother flammable liquid fires, but its high concentrations of PFAS compounds--commonly called “forever” chemicals”--resist typical environmental degradation processes and cause long-term contamination of water, soil, and air.

Using innovative technology developed by Battelle, headquartered in Columbus, the AFFF Takeback Program will destroy PFAS in firefighting foam to non-detectable levels through the process of supercritical water oxidation. Using Battelle's PFAS Annihilator technology, which employs extreme heat and pressure to chemically transform PFAS into carbon dioxide and inert salt, destroying the PFAS and leaving behind no harmful byproducts or residual contamination. This technology differs from other AFFF disposal methods, such as incineration, which destroys the foam but releases that PFAS into the air, or landfiling, which results in contaminated landfill leachate.



The program is funded with \$3 million in settlement money that Ohio received as part of the state's court case against Monsanto in 2018. The program is free to local fire departments, who must register their AFFF materials at oh.revive-environmental.com to be scheduled for collection. The foam will be destroyed by a Battelle spinoff company and subcontractor, Revive Environmental Technology. You can select the following link for additional information on the PFAS Annihilator: [PFAS Annihilator@](#).

Ohio Section of WaterReuse Association Established

According to the Ohio EPA, the WaterReuse Association has approved Ohio's charter to form a state section of the organization. The Ohio EPA has been working with water and wastewater utilities across the state to form a chapter specifically for Ohio. John Newsome of the Columbus Department of Public Utilities will be the chapter's first president. Other officers include Brian Coghlan, Vice President, with Del-Co Water; Patekka Bannister, Secretary, with the City of Toledo; and, Andrew Sampson, Treasurer, with the Metropolitan Sewer District of Greater Cincinnati. Tiffani Kavalec with the Ohio EPA serves as Board Advisor.

WaterReuse is the only trade association that focuses solely on advancing laws, policy, and funding to increase water reuse. The WaterReuse Association is a not-for-profit trade association (501c6) for water utilities, businesses, industrial and commercial enterprises, not-for-profit organizations, and associations. Members represent more than 200 communities and 60 million utility customers around the country. Additional information is available on their [website](#).



THE CORD REPORT | SUMMER 2024
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