

**Jackson County Water and Sewerage Authority**

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**Meeting Minutes**

**February 20, 2014**

Vice Chairman Storey called the February 20, 2014 Jackson County Water and Sewerage Authority Board Meeting to order at 6:00 p.m.

Members present included Chairman Dave Ehrhardt, Vice Chairman Shade Storey, Board Member Pat Bell, Board Member David Lathem and Board Member Joe Hicks. Also present: Manager Eric Klerk, Attorney Paul Smart, Engineer Joey Leslie, Water/Wastewater Manager Mark Dudziak, CIO/GIS Analyst Mike Johnson, and Board Secretary Karen Johnson. Visitors included, Alex Pace, Main Street Newspapers. *Note: Chairman Ehrhardt arrived at agenda item number three.*

**Approval of Minutes**

Member Bell made a motion to approve the January 9, 2014 board meeting minutes.

Member Lathem seconded the motion. The motion carried with no objection and all board members present voting. *Note: Chairman Ehrhardt was not in attendance at this time.*

**New Business**

*Doster Creek Emergency Pump Repair*

Manager Klerk stated he needs Board approval for the emergency pump repair at Doster Creek. He stated the \$16,038.50 is above his spending limit. He said this pump has been in operation since 2003 so it is out of warranty.

Manager Klerk described how the pumps operate and why the repair was an immediate necessity. He said that Aqua Flow, the factory representative, will be coming to the pump station to perform some work to reduce the vibration as well as trying to determine what caused the crack in the pump.

Member Lathem made a motion to authorize payment to Aqua Flow for the emergency pump repair at Doster Creek.

Member Hicks seconded the motion. The motion carried with no objection and all board members present voting. *Note: Chairman Ehrhardt was not in attendance at this time.*

*Akers Road Contract Award*

Engineer Leslie said the Akers Road line extension went out for bid. He stated bids were due on February 12<sup>th</sup> and were accepted by fax due to the inclement weather.

Engineer Leslie stated the project was under \$100,000 so it did not have to go through the public bid process. He said the Authority selected four contractors to request bids from. He stated he received a bid from Dickerson Group but did not receive bids from Griffin Brothers, J & K Utilities or Strickland and Sons. Engineer Leslie said the bid from Dickerson Group was \$18,770.00. He stated this bid is under his engineer's estimate by 6.5% and recommends awarding the project to them.

Member Bell made a motion to approve the bid and authorize staff to execute the Notice of Award and other necessary documents to the Dickerson Group.

Member Lathem seconded the motion. The motion carried with no objection and all board members present voting. Note: Chairman Ehrhardt was not in attendance at this time.

#### *Water System SCADA Summary*

Manager Klerk reminded the Board that back in May he discussed that we would be upgrading the SCADA system. He presented a summary of expenses for the upgrade totaling \$53,151.47 for the 2013 year.

Vice Chairman Storey asked if this project is complete. Manager Klerk said it is complete for now. He stated in the future there will be several minor things that total less than \$6,000.

Member Hicks made a motion to ratify the expenses for the SCADA upgrade.

Member Bell seconded the motion. The motion carried with no objection and all board members present voting. Note: Chairman Ehrhardt was not in attendance at this time.

*Please note that after the above vote, Chairman Ehrhardt arrived and took over presiding the meeting.*

#### *2013 Audit Engagement Letter*

Manager Klerk explained this year our auditors, Bates Carter and Company, added another signature line to the letter of engagement to start the audit. He stated a "governing" signature was added requiring he and Chairman Ehrhardt to sign the engagement letter.

Attorney Smart said this is a standard contract and we would need a motion to authorize signing the engagement letter with Bates, Carter and Company for the audit.

Member Hicks had questions regarding the fees. Manager Klerk said the fees did not change from last year.

Vice Chairman Storey asked how long the Authority has used Bates, Carter. Manager Klerk said at least ten years and Attorney Smart said they were here when he came on board so at least thirteen years.

Member Hicks said there is lack of a fee schedule in the contract. The Board was reluctant to authorize the engagement letter without knowledge of the fees.

Vice Chairman Storey suggested making a motion subject to the fees. Member Hicks said the second to last paragraph on the last page is open ended.

Manager Klerk said the cost of the full audit has gone down tremendously from what it used to be.

Manager Klerk said we just won't approve it at this time and have to do it at the next board meeting in March.

Vice Chairman Storey asked if they would be performing any services now. Manager Klerk said he didn't know if they would be doing any pre-audit work but typically they do.

Vice Chairman Storey asked if we were billed a flat fee or hourly rate. Manger Klerk said hourly rate. Member Bell said, "couldn't we approve this based on the same hourly rate as last year since the fee is not to go up, that way they can get started".

Secretary Johnson was able to find the amount paid to Bates, Carter last year and provided that information to the Board. The amount was \$16,800.

Vice Chairman Storey made a motion to approve the audit engagement letter in the amount not to exceed \$17,000 and the Manager and Chairman execute the engagement letter with Bates, Carter and Company.

Member Hicks seconded the motion. The motion carried with no objection and all board members present voting.

#### *Draft Fire Line Policy*

Manager Klerk said he is not asking for any action on the proposed policy at this meeting. He stated he is comfortable with the language of the policy and timeline but is still gathering some data on the e-coders on the bypass fire line meters. He asked the Board to look it over and possibly act on it in March.

Manager Klerk directed the Board to two graphs that show e-coder data. He explained the meaning of this data that showed water usage on this fire line. Manager Klerk pointed out that if we follow the proposed policy, with the way the penalties are set up, the penalty would be \$72,000 for this specific customer. He explained that is why the policy has been written to include a maximum penalty of \$5000 per month with a suggested implementation date of July first. Manager Klerk said we would send letters to the fire line customers notifying them that there will be a change in policy and we are going to a penalty system. He said the e-coder system will tell us what is going on but we won't know if it is leakage or usage.

Engineer Leslie pointed out that in this example we don't know for sure that 54,000 gallons of water was used. He said this is a detector meter around the check valve so we don't know what went through the main line, only the detector line. Manager Klerk explained the difference between the detector meter and a compound meter. He said we do know this is the minimum usage and explained, according to Neptune, there is no mathematical relationship between the water used in the detector line and the larger fire main.

Referencing the “ecoder” graph, Manager Klerk discussed different events in relationship to how the policy is written. He said that is one reason there is a cap on the penalty.

Member Lathem asked what other company’s do about this type of situation. Engineer Leslie said it varies greatly all over the country.

Manager Klerk reminded the Board of the water audit and said in order to be good stewards and remain in compliance we need to address this situation.

Chairman Ehrhardt agreed and stated we need to (in writing) give the customers proper notice and ample time to fix the problem.

Manager Klerk said an inventory has been taken and we found that some of the bypass meters have been shut off. He said staff is looking for a way to lock all of the vaults, stating these vaults are the property of the Authority.

The Board discussed adding a first time “forgiveness” for first events to the policy. Manager Klerk and Attorney Smart said they will work on adding some type of grace language into the policy.

This item will be put on the March board meeting agenda.

## **Executive Session**

Vice Chairman Storey made a motion to go into Executive Session at 7:10 p.m.

Member Lathem seconded the motion. The motion carried with no objection and all board members present voting.

Member Bell made a motion to come out of Executive Session at 8:25 p.m.

Vice Chairman Storey seconded the motion. The motion carried with no objection and all board members present voting.

Attorney Smart said Jackson County Water & Sewerage Authority has been approached with proposals regarding the resale of sewer taps. He said there has been a lot of discussion as to how we understand our wastewater services contract and how we need to go forward. He stated the Authority staff is looking for direction on that. Attorney Smart said it has always been his understanding that the Authority’s position with regards to its wastewater services contract that we construe the ownership of the taps pass with the land which they’re tied to. He said that has always been the position since he has been here and always has been the policy.

Attorney Smart suggested to the Board that they make a motion to ratify the understanding that the sewer taps sold under the wastewater services agreement passes along with ownership of the property to which they are tied and when a property owner comes into the Authority and asks for capacity and proves ownership, that the Authority is ready,

willing and able to provide capacity at that time. He suggested if it is the Boards pleasure that a motion be made and adopted to that effect.

Chairman Ehrhardt asked if this would be for past taps as well. Attorney Smart said for all taps since the Authority's beginning.

Member Lathem made a motion that the Board of Jackson County Water & Sewerage Authority interprets its Wastewater Treatment Service contract to provide that the reserved sewer capacity is to be provided to the owner of the property identified in the contract, and that the Authority Staff is to provide said capacity upon being provided with proof of ownership by the property owner.

Member Bell seconded the motion. The motion carried with no objection and all board members present voting.

### **Managers Report**

Manager Klerk discussed the progress of the construction project at the sewer plant. He provided pictures and stated the project is going well.

Manager Klerk discussed the progress of the construction project at Wheeler Cemetery Road. He provided pictures and stated the project is going well.

With there being no further business to discuss, the meeting was adjourned at 8:35 p.m.

Karen Johnson  
Board Secretary