

PUBLIC WATER SUPPLY DISTRICT #13
Minutes of the July 11, 2012
Regular Session of the Board of Trustees

The Board of Directors of Public Water District #13, Jefferson County Missouri met in regular session at 7:00 p.m. on July 11, 2012 at 5706 N. Lakeshore Dr., Hillsboro, Missouri.

Roll Call of Directors

The following Directors being present or absent as indicated:

<u>Name</u>	<u>Present/Absent</u>
Marilyn Meyer	Present
Rich Hirsch	Present
Rick Lippitt	Present
John Hindrichs	Present
Ken Jost	Absent

Also in attendance was Janet Hirsch (JWH, PWSD#13 bank administrator), and Frances Hovis (FH, Treasurer).

Approval of Agenda

Motion was made by John Hindrichs and seconded by Rick Lippitt to accept the agenda. On voice vote, all Directors were in favor of accepting the agenda.

Approval of Minutes of Past Meetings

The regular session Minutes of the June 13, 2012 meeting were emailed to the Directors prior to the meeting. Motion was made by Rick Lippitt to approve the regular session Minutes as written. Second was by John Hindrichs. On voice vote, the regular session Minutes were approved.

Treasurer's Report

Billing issues

Janet reported that this is the second month of billing by postcard and lien notices to were sent to three homeowners for due amounts \$230.40, \$265.04, and 230.40. If we don't receive payment by 7-21-2012, liens will be filed on the properties. No disconnect notices were sent out this month,

Disconnection vs. Legal action

Before the meeting RH sent an email to District attorney Bob Sweeney asking him questions about switching from disconnection to legal action to collect delinquent user fees. Here is an excerpt from that email with Bob's reply:

RH: We'd like to change the approach we use to compel customers to pay their sewer bills. The first step would still be to file a lien against the property after 3 months. If that didn't work, we previously threatened disconnection as the ultimate penalty for failure to pay. Instead we'd like to threaten and then pursue legal action. (There are multiple reasons for changing this policy. They are summarized in Appendix 1.)

RH: Do you see a problem with using legal action as our ultimate means of user fee collection?

RS: The only "problem" is that the results (e.g. payment) are usually less efficient with legal action. In short, folks usually pay up more quickly if they are going to be evicted. However, it seems that you have considered that situation.

RH: Are you willing to do whatever work is necessary?

RS: Yes. We do it for other entities.

RH: Will any ordinances need to be changed? The SEWER RATE SCHEDULE ORDINANCE (03-2010) already contains language that possibly allows the district to sue a delinquent customer.

RS: I think your current ordinances are fine. In fact, the applicable provision already contemplates the addition of costs and fees to any judgment.

RH: We now send a letter to the delinquent user warning him of disconnection. We will have to modify this letter warning him of legal action. So we can write a letter that accurately describes the added cost to the bill of a user, approximately how much do you think it will add to a delinquent bill?

RS: Anything \$25.00 or less is pretty easily justifiable. You could probably charge \$50-100.00.

RH: Would we need to hold a hearing before pursuing legal action, like we do for disconnection?

RS: No. I don't see anything in your ordinances (nor would I expect to) that requires a hearing. I would suggest that you establish a policy of when suit is filed (e.g. those accounts in arrears for 60 days or more). I recommend this to avoid allegations of discrimination. You don't want someone to claim that you are disparately enforcing the collection.

RS: Also, I would recommend changing the last sentence of Section 2 or USER CHARGE ORDINANCE, Article V. The change I would recommend is from "shall" to "may". This language currently seems to require that disconnection occur after 30 days and notice and hearing. I suppose you could avoid the mandatory nature of this provision by not providing notice or hearing, but that would seem to be a bit disingenuous.

MM: In terms of costs to the home owner, the lake owner's association attorney always does a title search to verify the owner of the house. This adds \$125 to the homeowner's bill. I don't know if Bob will want to do that.

JH: How many months do they have to be behind before we take legal action?

JWH: Now, when they are 4 months late they get the disconnect notice.

JWH: One problem is that they run up a bill for say \$250 and they send in \$72 each month so the amount they owe stays at \$250.

MM: Let Jennie accept partial payment, but to stop legal action, the bill should be paid in full.

The consensus of the Board was that after three months, a property lien would be filed. After four months the bill will be turned over to the attorney. To prevent legal action, the bill will have to be paid in full including all legal fees. A partial payment will not stop legal action to collect payment.

MM: My other question is, if there is a already lien against the house. Will we have to release the lien when we file legal proceedings against them?

RL: I don't know why there would be a problem of having a lien against the property and legal action against the owner.

JH: We need both. We release the lien when we receive full payment. If we release the lien before taking legal action and the owner sells the house, we lose the amount they owe.

RH: We probably need to get Bob's opinion on when and if to release the lien.

JH made a motion to change the wording in the USER CHARGE ORDINANCE from 'shall' to 'may' as Bob Sweeney suggested. Motion was seconded by RH. On voice vote, motion passed.

JH made a motion to change district policy for customers four months delinquent in paying their user fee from disconnection to legal action. Motion was seconded by RH. On voice vote, motion passed.

Financial Reports

Balances

Fran reported the balances for June 29: Escrow (grant money left): \$58,265.73, Construction acct.: \$92,138.18, O&M acct.: \$274,386.50, Debt Service Reserve acct.: \$1,924.50 (accumulates over 10 yrs; provides backup we cannot pay our loan payment.)

JWH handed out the cash flow report for June 2012 prepared by our bookkeeper Jennie K and required by our lender USDA-RD. Cash inflow was \$19,206.51; total outflow was \$12,638.11; net cash flow was \$6,568.40. The June 2012 cash report is attached

Invoices to be approved

Eleven payments were submitted for payment approval.

Date	Payee	invoice amt	MDNR 40% grant	MDNR RS grant (50%)	USDA-RD loan
7/05/2012	Taylor Eng, Admin ^A	4,507.13	1,802.85		2,704.28
6/05/2012	Taylor Eng, +admin \$6000 @40% ^B	2,400.00	960.00		1,440.00
7/02/2012	Taylor Eng, +admin \$6000 @40% ^B	2,400.00	960.00		1,440.00
7/02/2012	Taylor Eng, Inspection	2,601.40	1,040.56		1,560.84
6/29/2012	TGB Inc	<u>147,632.47</u> ^C	<u>41,986.32</u>	<u>11,516.00</u>	<u>94,130.15</u>
	Subtotal: Construction	159,541.00	46,749.73 ^D	11,516.00	101,275.27
6/29/2012	AmerenMissouri (paid, DirectPay)	247.52			
6/15/2012	AT&T (paid, preapproved)	41.44			
7/07/2012	Kimmel, accounting	389.00			
7/02/2012	WRM, WWPT Operator	955.00			
7/05/2012	JWH, postage for 6/1 billing	69.76			
7/05/2012	JWH, printing Jun/Jul postcards	9.60			
	Subtotal: O&M	<u>1,712.32</u>			
	TOTAL	161,253.32	46,749.73	11,516.00	101,275.27

Notes: A: Includes \$1500 for generator engineering

B: Admin costs for Engineering Addendum #5

C: This amount is the remainder of what is owed TGB for 100% completion of the project.

D: This pay period depletes all of our DNR grant money.

Motion was made by John Hindrichs to approve payment of the above invoices, except for the TGB invoice, which will be considered separately. Second was by Rich Hirsch. On voice vote, payment of the non-TGB invoices were approved.

There followed an exhaustive discussion about paying the TGB bill. This would be the district's final payment to TGB and include all of the retainage. The district is under pressure from our lender (USDA-RD), our engineers, and TGB to close out the project. The problem is that there are still treatment plant and homeowner issues to be resolved by TGB. The Board felt that these issues would more likely be resolved if it continued to hold some retainage, even though the contractor's warranty and bond would still be in effect for one year after the final payment.

TGB said that they would "seed and straw" in the period from mid-Aug. to Sep. 30, but the Board felt TGB should be more specific about what actions "seed and straw" actually included.

Finally, the Board decided to pay the total amount owed to TGB if TGB agreed to a list of specific actions it would take, some immediately and some later, during the Aug-Sep "seed and straw" period. The Board was assisted in making their decision by a July 11 email from our attorney Bob Sweeney.

Motion was made by John Hindrichs to approve payment to TGB, provided that TGB agrees to a list of actions it would take immediately or during the Aug-Sep "seed and straw" period. Second was by Rich Hirsch. On voice vote, payment of the TGB invoice was approved. The list would be drafted by RH and circulated to the Board before being sent to TGB for approval.

Old Business

Homeowner's questions/problems/concerns, progress in resolving

Odor Issues

On July 10 Dan Hufker and Jerry Ryder (FloSystems), R Hirsch and M Meyer (PWSD #13), M Larenson (Taylor Eng), and Andy (TGB electrician) visited systems that were reported to have odor problems (5 of 6 were on Meadow Dr). Mike Larenson wrote up the actions taken during that visit to fix the problem:

7756 Fairview Dr. (Pedrolie): Sewer odor at STEP tank. Tank lids removed and cleaned. Looked like lids were getting a good seal all the way around.

7768 Meadow Dr. (Akerson): Sewer odor at tank. Float level set too high based on inlet. Inlet pipe was covered by fluid and did not allowing venting. Floats lowered, tank lids removed and cleaned. Could see where lids may not be making a good seal. Rough cut area on riser rim was filed down. Reset lids with new screw holes.

7756 Meadow Dr. (Kaucher): Sewer odor at tank. Tank lids removed and cleaned. Could see where lids may not be making a good seal in spots. Grease very visible in tank.

7746 Meadow Dr. (Goedeker): Sewer odor at tank. Tank lids removed and cleaned. Could see where lids may not be making a good seal in spots. Rough cut area on riser rim was filed down.

7740 Meadow Drive (Wood): Sewer odor at tank. Tank lids removed and cleaned. Could see where lids may not be making a good seal in spots. Float adjusted.

7736 Meadow Dr. (Fanger): Sewer odor at tank. Tank lids removed and cleaned. Could see where lids may not be making a good seal in spots. Grease VERY HEAVY in this tank. -- Mike Larenson

Training session

Training at the TP began at 0930 on July 10. Present were Jerry Ryder and Dan Hufker (FloSys), Mike Larenson (Tay Eng.), R Hirsch and M Meyer (PWSD13), Dave Axton (TP Operator), and Andy (TGB electrician). Training ended at about 1200. After a discussion Jerry changed the override OFF time from 1 min to 3.5 min. ON time was left at 2.25min and normal OFF time was left at 7min. (Override OFF is normally one-half normal OFF time.)

Information from JR & DH:

- Rake SF beds in summer
- Check air relief valves (32) in collection system for water in riser (min pressure to operate)
- Make sure low level alarm works for auto dialer (indicates filter is plugged)
- Can use Roundup on plants in Sand Filters, but maybe shouldn't as a dead plant when pulled will leave a root behind and you want to remove the root too.
- Plant can wrap roots around pipe, so when plant is yanked, pipe is dislodged. Pull weeds when young.
- Check TP filters for plugs every 2 or 3 months. Takes 2 people to remove a filter or pump.
- Flush Sand Filter lines every so often. Remove 3 caps, flush with 2 pumps on. Put cap on with 1/8" hole in cap. Stream should achieve 5' to 6' high. This will check the distribution valves too.
- Check dist (rotary) valves occasionally -- they do fail.

Operator Report

Dave visited these houses in June/July:

- 1) June 16, 2012 Kalin: High level alarm; Lateral line ball valve closed (2 hr)
- 2) July 10, 2012 Roberts: Weak audible alarm; Bad high level float, repaired by Andy TGB
- 3) July 10, 2012 Fuller: Weak audible alarm; Flooded splice box, Bad high level float, repaired by Andy TGB
- 4) July 10, 2012 Wood: Intermittent growling control panel; Dirty contactor, diagnosed by Jerry Ryder FloSys). Will replace under warranty if there is a problem in the future.
- 5) July 11, 2012 Mary Rulo: Weak audible alarm; 18 vac across sonalert, R Hirsch will determine if splice box is flooded and/or if high level float is likely problem and then contact TGB.
- 6) July 12, 2012 McClellan: Weak audible alarm; Flooded splice box Andy TGB will repair

New Business

There was no new business

Attorney's Report

There was no attorney's report.

Engineer's Report

There was no engineer's report.

Adjournment

There being no other formal business to come before the Board, a motion to adjourn was made by John Hindrichs and seconded by Rick Lippitt. Motion passed. Meeting ended at 8:45 p.m.

Respectfully Submitted,

Rich Hirsch
Recording Secretary

Approved this 8th day of August, 2012.

Secretary
August 6, 2012

Chairman

APPENDIX 1

Reasons for changing policy from Disconnection to Legal Action

1) No one on the board wanted to take charge of carrying out a disconnection. Disconnection would consist of:

a) Contacting the sheriff to arrange for a deputy to be present when a padlock is placed on a delinquent homeowner's control panel;

b) Turning off the effluent pump and padlocking the control panel;

c) Contacting the Jeff County Health Dept. to get them to condemn the residence as uninhabitable.

2) If the homeowner continues to generate sewage, it would back up into his basement/house and be a potential lawsuit against the district. Or, it would seep out of the STEP tank and potentially pollute the lake or ground water.

3) Successful disconnection requires timely cooperation from the Jeff County Sheriff's Dept. and the Health Dept. In the past the Health Dept. has not enforced its connection regulation and so they may not cooperate in promptly condemning the property after sewer service is terminated.

4) The Owner's Association has had good luck in using the threat of a law suit to collect delinquent assessments, so experience shows that homeowners respond well to the threat of legal action.

June 2012 Cash Report

Sewer Fees Invoiced	\$ 17,367.28
Equipment Billed to Customer	\$ 2,837.59
Sewer Fees Received	\$ 19,192.52
Overdue Amounts:	
30 days overdue	\$ 2,213.00
60 days overdue	\$ 681.00
90 days overdue	\$ 193.44

Cash Inflow

Sewer User Fees	\$ 19,192.52
Interest	13.99
	<u>19,206.51</u>

Cash Outflow

Audit	
Accounting	355.00
Treatment Plant Operator	1,110.00
Utilities - electric	312.32
Equipment for Customer (new construction)	2,386.05
Phone	41.44
Omni Site	
USDA Interest	6,980.00
Debt Service Account	962.00
Insurance	
Maintenance/replacement (caps for tank repair)	6.93
MO DNR Annual Permit	
Legal	
Recording fees - easements & liens	54.90
Postage & printing	385.47
Office	
Bank Fees (ACH debit & overdraft)	44.00
	<u>12,638.11</u>

Net Cash Flow	\$ 6,568.40
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