

Lake Santee Regional Waste & Water District

Meeting Minutes

Meeting of October 18, 2018

3:30 PM

Lake Santee Community Room



1. Call to Order / Roll Call

President Paul Gosnell called the meeting to order and requested a roll call. Members present were Paul Gosnell, Clair Fredrickson, Scott Gibbs, Kathy Tarzwell, Jim Hornig, Frank Erdosy, and Larry Kiernan. Also in attendance were Utility Administrator Brittany Green, Utility Superintendent Brandon Litmer, and the District's attorney Anne Poindexter.

Guest introduction and short comments (two minutes max)

Guests included Vicki Wilson, Claude Livesay, Rhonda Peetz, and Darrow McCreary.

- One comment about the positives of the green space around the lake and reiterated they are not in favor of the RWWD selling property.
- Others here to learn about what the RWWD may be doing with changing the Availability Fee invoicing.

2. Consent Items

- a. Minutes of September 20, 2018 Meeting
- b. Financial Report
- c. Register of Claims – Water
- d. Register of Claims – Sewer

A motion was made by Jim and seconded by Frank to accept the consent items as presented. Motion carried.

3. Superintendent Report

- a. Sewer Status Report
 - i. Brandon reported that everything is operating well, and all tests are normal.
 - ii. Twelve (12) new pumps were ordered and received.
 - iii. There are old pumps that need to be discarded. Brandon to create a list to be declared surplus so he can dispose of them.

- b. Water Status Report**

- i. The water plant is operating on a normal basis with no problems and all tests in the normal range.
 - ii. Brandon to make arrangements to dispose of the old carbon from the last carbon change in the GAC tanks.

4. Administrator Report

- a. Status report**

- i. 2 shuts offs, both back on.
 - ii. Reviewing accounts and doing audits of daily receipts via the Jayhawk software; looking for opportunities to improve the accounting processes.
 - iii. The SBOA has been performing an audit; there are no issues but did reveal some areas for improvement.

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- iv. There were errors found in Gateway reports from 2017. Those will be corrected and re-uploaded to the State.
 - v. Received one customer complaint of “pink” stain noticed on shower curtain. Brandon investigated it, but could find no reason for the pink tone, but he will continue to watch.
 - vi. While running reports, one meter was discovered not recording flow. The meter has been replaced and is operating correctly.
- b. Write-offs / adjustments – Lot 1111 for \$36.40 for a hidden leak. A motion was made by Frank and seconded by Jim to approve this adjustment. Motion carried. The request for adjustment by lot 577 did not meet the requirements for a hidden leak and was not approved.
 - c. Miscellaneous – Brittany is reviewing the inactive accounts and accounts with a final billing to verify zero balances. There may be some write-offs to consider once she is complete.
5. Treasurer Report
- a. Update
 - i. Kathy renewed 2 CDs at 2.42% for an 18-month term.
 - ii. FDIC coverage – The advice related to the accounts coverage that the RWWD was previously given may not be accurate. Kathy to ask Shawn (our accountant) if the SBOA has guidance on this topic.
6. Attorney’s Report – see below.
7. Old Business
- a. Property Sale
 - i. Lots 517, 518, and 519 – The properties are listed for sale.
 - b. Wet Lands Project – Paul attended the last Salt-Pipe Creek Watershed Program meeting. The meeting was mostly ag related goal setting. There are no further scheduled meetings.
 - c. Napoleon Water Update
 - i. No update.
 - d. Water Availability Billing
 - i. Frank and Larry authored a draft of a potential policy change related to the way availability fees are assessed and Paul read this draft at the meeting. This sparked much discussion about the intent of the RWWD’s Governing Documents and the precedent that has been set through billing practice over the life of the utility.

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- ii. Some believe that the availability fees have been billed incorrectly in the past and that each vacant lot should be billed separately. There is some language in the RWWD's Governing Documents that would support this interpretation. There is also some language in the RWWD's Governing Documents that contradict this interpretation. Others believe that each vacant lot is not supposed to be billed individually.
- iii. The current method of billing (and the method that has been used for decades) is that a customer pays either a bill for a "metered" service or a customer pays a bill for "water availability", but not both. Rhonda Peetz confirmed this was the billing practice of the RWWD from when she used to work in the office saying that a customer received either a blue (availability) invoice or a green (metered service) invoice, but not both. Currently, a customer pays 1 availability fee regardless of the number of vacant lots owned; Brittany stated it appears this practice has not been applied consistently.
- iv. Anne reminded us that the old POA rule that Paul keeps referencing does not apply to the RWWD.
- v. Anne confirmed that the last rate study that was conducted by accounting firm Krohn & Associates was based on the current billing practices, not the quantity of vacant lots available for billing.
- vi. Darrow related several facts from his tenure as Lake Manager and history he learned over the years. He said from the beginning in 1965, salesmen would tell prospective land buyers that you only pay 1 set of dues and 1 water availability, no matter how many lots you own. The intent of the availability fees was to generate some revenue while the water system was being installed, but customers were not hooked up, yet. When the POA instituted a multi-lot assessment in 1987, current property owners who already owned multiple lots were "grandfathered in", or exempt from the multi-lot assessment on properties they already owned. Back when the POA owned the utility, they used to have to go before the Indiana Utility Regulatory Commission (IURC). He said the IURC wanted the Lake to discontinue the availability fees once they started receiving revenue from the metered services billings. Darrow is concerned about potential legal challenges if the RWWD makes changes to the availability fees in the fashion they have described.
- vii. Rhonda said she did some research on what other communities did with their water availability fees. She admitted this was a limited search, but she was able to find 3 examples. One community discontinued their availability fees altogether. One community has customers pay 1 availability fee regardless of the number of lots owned. And, the third community has essentially a buy one / get one, where the customer pays for the first lot and

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Meeting Minutes

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gets the second lot for free, pays for the third lot and gets the fourth lot for free, etc.

viii. Anne stated that if the RWWD wants to make a change in the manner in which availability fees are administered, this would essentially be considered a rate change and would require the appropriate meetings, meeting notices, public rate hearings, etc.

ix. The discussion was long and a lot of information was shared. It was decided to table this topic until the next meeting and move on to the next agenda item.

e. Board Member Appointments / Replacements

i. Jim stated that Claude Livesay is interested in being considered as a new Board Member. Nominations and voting will occur at November's meeting.

f. Management Agreement

i. Paul and Doug Lecher (the POA Board President) are setting up meetings.

8. New Business

a. None this month

9. Trustee Reports and Comments

a. Clair stated that warning signs are available to post on the perimeter fence reminding potential offenders it is a federal offense to trespass on the RWWD property. It was decided to not post any signage as most people don't know where the plants are located, and we didn't want to advertise their location by posting signs.

10. Adjourn

Respectfully Submitted by
Scott Gibbs, Secretary

These minutes are subject to approval by the LSRWWD Board at the 11/15/2018 meeting.