

**JACKSON COUNTY WATER
AND SEWERAGE AUTHORITY**

WORK SESSION

May 6, 2010

Chairman Pugh called the meeting to order at 5:34 p.m. Members present included Chairman Randall Pugh, Vice Chairman Dave Ehrhardt, and Board Member Dr. Neelagaru. Also present: Manager Eric Klerk, Attorney Paul Smart, CIO/GIS Analyst Mike Johnson, Chief Engineer Fred Alke, Wastewater Manager Mark Dudziak, Water Manager Stacy Jenkins, Finance Director Judy Davis and Board Secretary Karen Johnson. Visitors included Mark Beardsley with The Main Street News and Consulting Engineer Rob McPherson.

Chairman Pugh stated the third item on the agenda was removed.

AGENDA ITEMS DISCUSSED

Wastewater Treatment Services Contracts

Manager Klerk said on the recommendation of our auditor and legal counsel we should not sell reservations for sewer taps. The developer should get only the capacity they pay for at that time. Therefore the wastewater contracts used by the Authority need revision. He said there are two contracts to discuss. One is for non-residential and one is for residential. He pointed out and discussed the revisions on the residential contract. He said one change was on item #3 in regards to full payment of tap fees due at the pre-construction meeting.

Manager Klerk said item #21 can be written two different ways. He said he will leave it up to the board to decide. He said the contract could be written that if the taps are not utilized within three years of the effective date, the Authority will charge a \$10 a month capacity maintenance fee. It could also be written that if the taps are not utilized within three years of the effective date the taps will be terminated and the Authority will be free to sell the reserved capacity to someone else.

Chairman Pugh asked for clarification on several points. He asked if we have ever collected the \$10.00 maintenance fee. Manager Klerk said we just finished the legal advertising and can now start the collection process. Attorney Smart gave further clarification on the matter.

Finance Director Davis explained the money we receive from tap fees that are not developed can't be classified as revenue. Member Neel asked how much do we currently have. Finance Director Davis said around nine million in the deferred revenue account.

Chairman Pugh said he would prefer option number two assuming we are legally sound.

Attorney Smart said he was comfortable with that option but would revisit the legality of it.

Member Storey was concerned about a developer that might just miss the three year mark because his development went a little slower than he thought. He wondered if we should look at those on a case by case basis.

Member Neel felt it would be better to have the language standard for all and not case by case.

Chairman Pugh suggested we develop a “matrix” that would take into consideration the number of lots in relation to the number of years given to develop with respect to the residential contract.

Manager Klerk went on to discuss the changes in the non-residential agreement. He pointed out that in both contracts we attempt to make it very clear that all taps are sold on a first come first served basis and taps could not be transferred to other properties and it was not the Authority’s role to broker taps. Manager Klerk said that in the non-residential contract, the fee structure is based on ERU’s, not tap sizes, and this is stated clearly in the contract.

Chairman Pugh asked if the three years is as critical on a non-residential as it is on a residential. He wanted to know if it should go beyond the three years. The board members agreed that three years was sufficient for non-residential developments.

This matter will be put on the agenda for next week’s board meeting.

No action was taken.

Medical Need for Water Service Policy Revision

Finance Director Davis explained that we have a policy that addresses the medical need for water. She read the existing policy and said that there are some changes that need to be made to it to clarify what customers the policy is in place to aide and what that aide will be in order to protect the Authority from possible abuses by customers who might want to take advantage of the system and not pay for water charges incurred..

Vice Chairman Ehrhardt asked if we have a form for the doctor’s office to use. Attorney Smart said he was not comfortable using a form and Finance Director Davis felt it would be more official for the physician’s notice to be on their letterhead.

Chairman Pugh asked the definition of a medical need for water and how that would apply to water service. Finance Director Davis gave examples of the requests the Authority has had in the past in include that a medical need was, in fact, determined by the physician who supplied the notice to the Authority.

Finance Director Davis explained the process now in place to notify a customer with physician’s documentation on file that the water is scheduled to be cut off for nonpayment. Chairman Pugh suggested having an internal policy established for progressive notification of customers with a medical need statement on file in our office is the best practice and that several notifications should be sent in these cases before water service is cut off.

Chairman Pugh said he was comfortable with the proposed policy except that he would suggest removing the notification to the doctor and Chairman of the JCWSA Board and increase notification to the customer.

This matter will be put on the agenda for next week's board meeting.

No action was taken.

Executive Session

Chairman Pugh said there is a need for an Executive Session concerning potential litigation.

Vice Chairman Ehrhardt made a motion to go into Executive Session at 7:00 pm. Member Neelagaru seconded the motion.

Vice Chairman Ehrhardt made a motion to come out of Executive Session at 8:15 pm. Member Neelagaru seconded the motion.

No action was taken.

Chairman Pugh adjourned the meeting at 8:16 pm.

Karen Johnson,
Board Secretary