

**MINUTES OF THE EASTOVER SANITARY DISTRICT**  
**May 27, 2014**  
**Regular Meeting**

Chairman Johnson called the regular meeting of the Eastover Sanitary District to order on Tuesday, May 27, 2014 at 5:30 p.m.

**BOARD MEMBERS PRESENT**

Chairman Morgan Johnson, Vice Chairman Liz Reeser, Secretary Helen Crumpler

**STAFF PRESENT**

District Manager Connie Spell, Attorney Neil Yarborough, Vicki Evans & Bob Tucker County Finance, David Strum Envirolink, Jill Weatherly Clerk to the Board.

**INVOCATION AND PLEDGE OF ALLEGIANCE**

The invocation was rendered by Mrs. Marilyn Johnson, followed by the Pledge of Allegiance.

**1. APPROVAL OF AGENDA – ADDITIONS OR DELETIONS**

*Motion was made by Reeser, seconded by Crumpler and carried unanimously to approve the agenda with the following addition.*

4. c. Consider approval to establish a campaign to offer reduced connection fee for locations where a tap was installed during construction.

**2. PUBLIC FORUM – None**

**3. APPROVAL OF CONSENT AGENDA**

*Motion was made by Reeser, seconded by Crumpler and carried unanimously to approve the following consent agenda as presented:*

- a. Minutes of the April 22, 2014 Special Meeting/Budget Workshop and the April 22, 2014 Regular Meeting
- b. Approval of the Financial Statement ending April 30, 2014

**4. NEW BUSINESS/DISCUSSION ITEMS**

- a. **Presentation of the FY 2014-2015 Proposed Budget**

District Manager presented with the FY 2014-2015 Proposed Budget and Budget Message.

**REVENUES**

- a. The water/sewer sales and availability fee revenue are based upon the most current customer data base as of May 1, 2014:

Total water customers within District - 2977  
Total water customers connected to water -2426  
Total sewer customers within District – 541  
Total sewer customers connected to sewer – 443

The revenues are based upon the average collection of revenues beginning July 1, 2013 to April 30, 2014.

- b. Water Availability Fee/Debt Service Fee:
- \$20.00 Mandatory for all water customers – no increase
- Sewer Availability Fee/Debt Service Fee:
- \$13.48 Mandatory for all sewer customers – no increase
- c. No water/sewer rate increase is recommended in the proposed budget. This is the second year without an increase to the water and sewer rates.
- d. User Fees: Additional revenue has been appropriated for user fees as outlined in the proposed rate and fee schedule. The proposed budget includes an increase in the following fees:
- Late Fee – fee applied when customer has not paid monthly bill by due date  
Current Fee – 5% or \$5.00 (whichever is greater)  
Proposed Fee – 5% or \$7.00 (whichever is greater)
  - Sewer Facility Investment Fees (FIF)  
FIF's are fees imposed on new users connecting into the sewer system. PWC has increased their Sewer FIF, and in the past we charge the same for these fees. The sewer FIF increase is reflected in the proposed Rate & Fee Schedule.
- e. Due to rising material cost, and cost for bores under the roads an increase in the water tap fee is proposed and is reflected in the proposed Rate & Fee Schedule. The current water tap fee is \$1750.00 and the recommended proposed tap fee is \$2015.00.
- f. Fund Balance: No fund balance was appropriated in the proposed budget.

## **EXPENDITURES**

The expenditures in the budget are divided according to function, Administration, Operation & Maintenance, Bulk Water Purchase, Sewer Bulk Treatment, Debt Service and Reserve funds.

Expenditure highlights:

- a. Purchasing bulk water from the City of Dunn at \$2.00/1000 gallons. This is a 5% increase.  
(Current fee \$1.90/1000)
- b. Purchasing bulk sewer from Public Works Commission at \$3.1536/1000 gallons (rate effective as of January 1, 2014). This was a \$4.89% increase. As with past history, mostly likely PWC will increase the bulk sewer again January 2015.
- c. Water/Sewer Operations & Maintenance contract with Envirolink – no increase has been proposed.
- d. Contract with Arista for the mailing & printing of the water and sewer bills –any increase in postage rates will affect our billing rate per mailing.
- e. The Board of Directors recommended a 3% COLA and 3% merit increase for full time employees and is included in the proposed budget.
- f. Budget includes the cost for a part-time office position, 30 hours per week or when needed, but not to exceed 60 hours in a two week pay period.
- g. ESD will continue in the replacement of water meters. The District has replaced approximately 100 meter this fiscal year. In an effort to replace meters that are older than 10 years or have registered more than 1 million gallons, funds have been allocated to purchase and replace 150 meters in the proposed budget year.
- h. Additional funds have been allocated within the Professional Services line item for Attorney Fees. To proceed with an active procedure to collect delinquent accounts (customers who are not paying the mandatory availability fees) will involve extensive legal work and will be costly to the District.
- i. The lease on the ESD office building expires November 1, 2014. The monthly rent will increase to \$1800.00 per month with a 5 year lease.

**DEBT SERVICE/RESERVE FUND**

All debt service requirements have been appropriated in this budget to meet our debt obligations.

A Debt Service Fund has been established whereby funds are transferred monthly from the ESD General Fund to the Debt Service Fund to be available for the debt annual payments.

**Total Debt Service - \$784,582**

Funds have been appropriated in reserves for future tank maintenance - \$10,000. The board has recommended earmarking \$10,000 per year for 10 years. This is the second year of allocating funds for future tank maintenance.

### **CAPITAL IMPROVEMENTS/WATER EXTENSIONS**

This budget does not include any water extensions or capital improvements within the District for the fiscal year. I have discussed with Envirolink concerning implementing a Capital Improvement Plan for ESD and we would like to begin working on a CIP next year.

### **TOTAL PROPOSED BUDGET**

\$1,866,700

### **OTHER HIGHLIGHTS**

This budget is our best estimate of what we should expect next year, and we feel it represents a fair assessment of our anticipated revenues and expenditures. It is important to note that with any budget, unknown forces can affect these projections, and it is for that reason the figures proposed in the FY 2014-2015 budget are a very conservative forecast of our revenues and expenditures for the next fiscal year.

### **BUDGET HEARING**

On the same day that the budget is presented to the governing body, a copy shall be filed in the office of ESD for public inspection and schedule a public hearing. *Said hearing is scheduled for Tuesday, June 24, 2014, 5:30 p.m.* The date of the public hearing is being published as required by general statutes. NCGS 159-13 specifies that no earlier than 10 days after the budget is presented to the governing body and not later than July 1<sup>st</sup>, the governing body shall adopt a budget ordinance. During the time period beginning with the submission of the budget and ending with its adoption, the board can hold additional budget workshops if needed.

I thank the staff for their assistance in the preparation of the budget and I look forward to working with the board as we move forward in our endeavor to provide the highest quality of water at the most efficient cost.

After the presentation of the proposed budget, Bob Tucker, Finance Officer, stated it was a good budget.

*Motion was made by Reeser, seconded by Crumpler and carried unanimously for the Board to accept the proposed recommended budget and schedule a public hearing for June 24, 2014 at 5:30 pm.*

*(A copy of the FY 2014-2015 proposed budget is hereby attached as Exhibit "A" and part of the official minutes)*

#### **b. Envirolink's report**

Envirolink presented written Activity Reports for the month ending April 2014.

*(A copy of the Monthly Activity Report is hereby attached as Exhibit "B" and part of the official minutes).*

**c. Consider approval to establish a campaign to offer reduced connection fee for locations where a tap was installed during construction.**

District Manager stated she had done some studying and research concerning what would be most beneficial to ESD in the collection of unpaid availability fees.

She stated ESD currently had approximately 500 customers not connected to the water system and around 140 of which are not paying the water availability fee. She stated the District's first goal as a water provider should be to obtain additional customers. Additional customers would benefit ESD in several ways:

- \* Increase monthly revenue
- \* Additional water usage will help with water quality. In areas where constant flushing is needed, waste of the water would be replaced by use by new customers.
- \* Once customers are connected, ESD has the capability of cutting service off for non-payment to collect money that is due ESD.
- \* Once customers are connected, Mandatory Connection Ordinance applies; hence, disconnecting is not permitted.

In an effort to obtain additional customers and collect unpaid availability fees, District Manager recommended before ESD proceed with having Attorney Yarborough take the customers to District Court we consider a different approach. She suggested to encourage additional hookups that would increase revenue and water usage, ESD offer a reduced connection fee to all customers that a tap was installed during the original water projects. The reduced fee would be for existing customers ONLY who already had a tap but had not connected.

She explained, currently ESD charges a tap fee of \$1,750.00 to anyone who connects to the system regardless if a tap is already installed or not. She recommended that ESD have a campaign whereby for a 60 day period ESD offer to all the customers that are not connected but a tap was installed during construction, a tap-fee of \$500.00. To be eligible to connect at this reduced rate, all unpaid availability fees will be required to be paid before a meter is installed.

She noted that because the taps were installed during construction, no additional cost would be incurred by the District.

There was discussion about extending the time period to 90 days.

*After discussion, motion was made Chairman Johnson, seconded by Reeser and carried unanimously, to offer for a 90 day period a reduced water tap fee of \$500.00, to all customers that are not connected but a tap was installed during construction, effective July 1, 2014.*

*The Board requested District Manager send a letter to all the customers explaining the discounted tap fee and process.*

**5. ADJOURNMENT**

With no further business, the meeting was adjourned at 6:30 p.m.

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Morgan Johnson, Chairman

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Jill K. Weatherly  
Clerk to the Board