

Meeting Minutes
Choctaw Utilities, Inc.
Board of Directors Quarterly Meeting
Monday, July 30th, 2018

Call to Order: 7:00 pm

Role Call in Attendance: Dave Lohrer, Bob O'Connor, Doug Orange, Scott Kutzley, Kent Feliks, Andrew Beckman, Jim Moran – Plant Manager

Excused: Greg O'Brien

10 Home owners in attendance, CU Office Manager (late), CLPOA Manager Mike Casimer

Minutes from April 30, 2018

Motion to accept minutes as submitted approved – passed 6-0

Old Business

Asset Management Plan – Dave Lohrer

Asset management was introduced at the meeting - in a format required by the EPA; Dan Osterfeld with the EPA has reviewed and had no feedback. Numbers were taken from previous budget, some numbers were adjusted, and new management plan will reflect adjusted numbers. Budget will align with the asset management plan going forward.

Water towers are not added as an asset; they are only included in the operating maintenance budget.

Engineering/Plant Design/Bids Update – Scott Kutzley

Engineering is complete for EPA review and permit; need to finalize copper study and well water data that have to go to EPA – hope to go to bid in a couple of weeks. MS Consultants will most likely use all of the \$200,000 – it sounds like they won't go over that number – they still have to complete bid packages. Steel prices/tariffs might add costs – still holding. 1.68% interest rates currently. We will go out to bid ourselves. EPA needed organic testing information – tests are done; waiting on data.

Legal will need to review anything before we go out to bid. Hope by end of August to get the actual bid package – 2 months to let them bid and review – EPA will also evaluate the bids. We are not obligated to go take low bidder, EPA need to review before going forward with construction.

Adding full penetration welds to the filters.

Not planning on hiring a construction inspector – Jim and Scott will handle the review. Mike Casimer will get involved to make sure we are keeping with CLPOA rules/regs. MS

Consultants to pull permits (EPA, township and county). There will be a pre-bid meeting and then 4-weeks for bid return.

MOTION to proceed with bidding process, send out to bid and review after receipt from MS Consultants and solicit bidders – motion carried 6-0

Manager's Report – Jim Moran

Water usage has been way up – 89% capacity – sprinkling ban might be necessary. When 2-3 days in a row exceed capacity – then ban would be needed. Weather conditions need to be taken into account. 4-5 years since we last had a ban. Last time, residents were voluntary and very helpful. Notify by website, emails, electronic signs, NextDoor, Facebook, and Mike Casimer will help with communication.

Testing for wells (complete set of parameters) is being done to satisfy the EPA request. Last year we did pump testing. Two weeks ago well parameter testing was done – waiting on results. Normal testing of inorganics done in this time period (about 12), all came back with less than detectible levels. Haa5 and TTHM's were also taken, awaiting results (helps judge chlorine in water). Phosphate scale came back bad; replaced. Filter status is excellent; #4 still holding very well.

Working with Marti on the 10-year plan current to 2028 and adjust for new plant – repair and maintenance. Then this will align with asset management plan and go forward.

Copper testing required from EPA – starting and needs to be done by 9/30 – 10 test this year (down from 20 last year).

Doing a lot of OUPS locates for new homes; plumbers calling needing water turn off at the new builds or street. Currently, there is no charge for this service. Dave working on a directive, information piece, of what portion of the pipe system is the home owners and what part is the utility company. We have water turn off and on fees; very lenient right now with charging them the fee.

Bi-annual reporting form was sent in talks about pH and phosphate testing results.

Consumer confidence report was done on time; and posted on the website.

Shut-offs and obstacles with delinquent accounts – something that needs to be considered when water shut-off is necessary. Recently, curb box was covered by fence, trees, poison ivy – property owner might expect replacement when property disturbed. Property Owners Association has some issues with right-of-way also. Another information/education piece might be a good idea.

Copper corrosion issues:

This is not a new issue – copper – Jim did a report in 1986-1987 and went after Edison for grounding to the copper. The copper, AWWA talked about it, that when you ground a water line to a line, you set-up an electrical charge. Our system is double-fold – the mains are non-metallic – so the only ground you have from the main to the house is the copper piping in the house. Flares are wearing away (been in the ground for 50 years). Edison grounds with lead pipe, and admitted they don't use copper because it eats it up.

pH range of 7.2-7.8 for optimal corrosion control. Our pH is within these parameters in both hot and cold tested. Orthophosphate might need to be increased to create optimal copper corrosion control.

Dave suggested we talk to the EPA, as part of the MS Consultants submittal, that we have tested the system for corrosion and have been given recommendations for the new plant and get it as our corrosion control process.

There is no way of knowing what people do in their home to cause the waste water to have different levels or exceed EPA limits. There are different thicknesses (m-copper, l-copper, etc.). Thin copper in the house could be causing the corrosion.

A study of 15 homes at the Lake, with and without water softeners, testing both hot and cold water sources was done to determine if the corrosion is due to the water or other factors. Pinhole leaks were also discovered at some homes. Discussion was had concerning whether the water company should proceed engaging an electrician to correct grounding issues to see if that will reduce copper into the waste water. Building regulations have changed, different types of copper piping thickness has been used; after 40-years of use the copper gets thin enough to break.

Pilot study might be able to be used, after repairs or grounding, to determine that the water is not the source of the copper corrosion. This will assist the county to get the copper dumping in the sewer system under control.

2 homes exceeded; none of the pipes were bonded and grounded sufficiently. It was recommended that an electrician come in to correct issue and re-test. They would perform grounding/bonding inspection, make repairs, retest in 2 months.

Past and current code regulations for grounding were reviewed and discussed.

MOTION to complete pilot study on two homes with a NTE price of \$400/each, including a home owners waiver to complete the work. Motion carries 6-0

Treasurer's Report – Doug Orange

\$761,588 cash in bank, \$25,782 in receivables

Just paid \$100k in hydrants and \$134k in engineering (will be rolled into loan)

Aging: past dues are \$25,782; down from \$41,385 last year – \$15,603 delta

Water Rate Discussion / Review

Water plant has been discussed for the last 9-12 months and the time is now to roll out how we will pay for the new plant. Cost will be \$1.7-million and \$2 million. Doug ran base numbers using 870 customers, the increase for home owners at a rate of \$11/month, it should cover the debt service for the new plant. First payment of loan is due 1/1/2020, and EPA has asked for additional hydrants at \$100,000 and continue to add to the war chest. We have to prove to the EPA that we can financially support the loan dollars. Only lower rate in the surrounding 25 water plants is South Vienna – with the increase we still would be one of the three lowest for the price of unlimited water.

A question was asked about higher electrical costs for the new plant. The consensus of the Board is that the cost will remain equal or a little less. The motors we currently use for water are not corrected with soft starts or capacitors. This results in a higher electrical rate. The new plant will have a power factor correction to improve our electrical rate.

Operational costs (nor rates) have not been increased in the last 6-8 years. EPA will require that we review our rates every 3-years after the plant is built. It doesn't require an increase, just need to review. Operating costs will change in the future – new plant will require different operators, etc.

Doug recommends that the BoD approve an increase of \$11 for debt service, effective with the October first billing. In addition, the BoD will need to approve additional for asset management. Also, if the non-profit status is accomplished, another \$50k in taxes is saved that would help keep the monthly costs lower.

Dave thinks that the all-in price would be \$45/month (add \$4/month) to Doug's number. The pricing options were further discussed.

In addition, discussion about the County possibly supplying water to us was again reviewed. Dave cited the County's aquifer is not as good as the aquifer CU is using due to an EPA source water report

Doug made a recommendation for a \$11/month increase for the debt service for the new plant loan, with the increase to begin with the October 1st billing.

After discussion, a compromise of a \$13/month increase was agreed to. This allows an additional \$2/month to begin to escrow for eventual main distribution replacement.

MOTION to raise the rate for lots with service to \$13/month (\$11/debt service and hydrants, plus \$2/capital set-aside) effective with the October 1st billing; it was seconded, and it was discussed.

MOTION AMENDED to include a rate increase of a proportional amount for lots with no service, adjacent lots, and split lots.

Motion amended carried 6-0.

Motion for rate increase carried 6-0

Roll call vote: Scott Kutzley - For, Andrew Beckman – For, Bob O’Connor - For, Kent Feliks – For, Doug Orange - For, Dave Lohrer – For.

Doug will work on a bulleted mailer to inform the property owners of the increase. It will also be put on the website, and an email blast.

Annual Budget Review – Doug Orange

Doug passed out the final draft, subject to approval, needing an adjustment for the \$13 rate increase (not the \$11 as forecasted), and will ask for input and then send out the final adjusted budget to vote on electronically after the BoD has a chance to review.

New Business:

1. **In-ground watering systems** – Scott Kutzley

Some property owners have installed pools and sprinklers into the system. Jim indicated that we do not active policing, but the issue comes up from incorrect back-flow prevention. It takes licensed installer, regulations, and other issues which

2. **Copper Results testing / electrical review** – Dave Lohrer

See above

3. **Company billings between CLPOA and CU** – Doug Orange

The issue will be reviewed

Floor Open – Audience discussion/questions

Meeting adjourned 9:47pm