**Handy Sanitary District**

**Regular Meeting of the Board**

**May 12, 2016**

**Minutes**

**Board Attendees:** Chairman Tim Loflin, Secretary Debbi Yarbrough, Charles Hobson, Norman Hunt, Richard Smith

**Staff Attendees:** General Manager Darrell Hinnant, Clerk Angela Jennings, Finance/Office Manager Lisa Hedrick, Attorney Frank Wells

**Guest Attendees:** See attached list.

Tim Loflin called the meeting to order and a moment of silence was observed.

**Adoption of the Agenda:**The Board reviewed the Agenda and Richard Smith made a motion to adopt the Agenda as written, seconded by Charles Hobson, passed by the Board 5-0.

**Approval of Minutes:** The Board reviewed the April 14, 2016 Minutes and Charles Hobson made a motion to approve the Minutes as written, seconded by Richard Smith, passed by the Board 5-0. The Board reviewed the April 14, 2016 Closed Session minutes and Richard Smith made a motion to approve the Minutes as written, seconded by Charles Hobson, passed by the Board 5-0. The Board reviewed the April 27, 2016 Minutes and Richard Smith made a motion to approve the Minutes as written, seconded by Norman Hunt, passed by the Board 5-0. The Board reviewed the Closed Session Minutes from February 20, 2014, March 13, 2014, March 20, 2014, and April 10, 2014 and Norman Hunt made a motion to approve the Minutes as written based on a consensus of 2, seconded by Debbi Yarbrough, passed by the Board 5-0.

 **Regular Business**

 **Meeting Schedule Change:** Darrell Hinnant discussed the need to move the scheduled Board meetings from the second Thursday every month to the third Tuesday every month. After further Board discussion, Charles Hobson made a motion to approve the new meeting schedule, seconded by Richard Smith, passed by the Board 5-0.

 **Records Retention & Disposition:** Angela Jennings discussed that she was sent an updated records retention and disposition schedule from the Government Records Section of the State Archives of North Carolina. She informed the Board that the schedule was to provide guidelines on how long certain documents were to remain before they were destroyed and that Tim Loflin as Chairman would have to execute the document.

 **Sewer Connections on Badin Lake Road:** Darrell Hinnant discussed entering into a contract with MBD Consulting Engineers for the purpose of investigating installing a sewer service line on Badin Lake Road. After Board discussion with Charlie McGougan, Charles Hobson made a motion to approve a contract with MBD Consulting Engineers, PA, for Low-Pressure Lateral Design & Corridor Demand Investigation in the amount of $6,355.00 and $3,895.00, seconded by Norman Hunt, passed by the Board 5-0.

 **Fiscal Year 2015/2016 Budget Amendments:** Lisa Hedrick discussed that the total budget decreased by $19,544.00 to a total budget of $3,065,796.00. She informed the Board that Water Sales were decreased by $40,000.00, Sewer Sales decreased by $17,000.00, Revenue from Other Fees increased by $32,500.00 to help make up the difference (of the decreases), and $4,956.00 was added from Fund Balance Appropriated to make up the total budget decrease of $19,544.00. She also discussed that on the Expenses side, Water Purchases increased by $10,000.00; in the Water Department, Group Insurance increased, but decreased in the Sewer Department, and part of Capital Outlay was moved to Field Equipment Purchase in order to buy a leak detector. Lisa discussed that in the Sewer Department, the Group Insurance decreased, the Water Analysis line item included the lagoons at Badin Shores Resort, and that Parts Repair & Maintenance had allowed for a lot of unknowns. She discussed that in the Admin Department, Salaries & Wages were decreased due to the amount of General Manager Salary left, that the Contract Labor line item included Darrell Hinnant, and that the Professional Services line item included Legal, Computer Software Support, Engineering, 401K Admin, and the Audit. Lisa informed the Board that at the June meeting, they would need to vote to approve the Budget Amendments.

 **Fiscal Year 2016/2017 Budget:** Lisa Hedrick informed the Board that the Total Budget proposed for Fiscal Year 2016/2017 is $3,207,890, an increase of $142,094.00 compared to the 2015/2016 Amended Budget. She discussed that with the economy improving increasing lake activity and overall new development within the District there was no rate increase included in the Budget on the Water Side. She also discussed that with new connections by customers to the sewer, there was no rate increase included in the Budget on the Sewer Side. Lisa informed the Board that on the Expenses Side, Water Purchased includes the payment to the Town of Denton for water plant maintenance and upgrade; in the Water Department, Salaries included room for raises, Christmas Bonus and an estimate for Overtime, and that on the Capital Outlay line item, $50,000.00 included painting the Hwy 49 Water Tank. She discussed that in the Sewer Department, Salaries included room for raises, Christmas Bonus, and an estimate for Overtime, and that on the Capital Outlay line item, $53,000.00 included 1 truck purchase and Badin Shores Resort Pump Station #1 replacement. She also discussed that in both Water and Sewer, we allowed more on Truck Repair and Maintenance due to trucks getting older and included a reasonable increase in fuel costs. Lisa informed the Board that in the Admin Department, Salaries has the GM Salary taken out due to Darrell Hinnant being Contract Labor, and that there was room for Raises, Christmas Bonus, and an estimate for Overtime. She discussed that Debt for the Water was $243,503.00 and the Sewer was $669,416.00. Lisa informed the Board to contact her or Darrell with any questions or concerns and that the Budget would need to be approved at the June meeting.

 **Capital Plan/10 Year Estimated Revenue/Expenses:** The Board reviewed and Darrell Hinnant discussed the Capital Plan and 10 Year Estimated Revenue/Expenses. He informed the Board that his conclusions were that mandatory connection to the sewer was a certainty, that sewer must be supported by water, and that the District’s current rates would be viable for the foreseeable future. Darrell also discussed conditions that could negatively affect the rate including slower connections to the sewer, more water leaks, and legal expenses and outcomes. He discussed conditions that could positively affect the rate including faster connections than projected, additional grant monies to work on major maintenance issues, and commercial development on Highway 49/8.

 **Town Hall Public Meeting:** Darrell Hinnant discussed that the District would be having a Town Hall Public Meeting on Saturday, July 9th, from 10am-12 noon at Chandlers Grove United Methodist Church. He also discussed that the meeting would consist of a presentation made by him, a presentation made by Allen Hart from USDA about possible financial assistance, and a review where people could ask questions.

 **Tallassee Lane Sewer Connection:** Darrell Hinnant discussed that a customer on Tallassee Lane had contacted him wanting to connect to the sewer system. He informed the Board that Charlie McGougan was investigating the cost of running a sewer service line down Tallassee Lane and that Darrell would continue negotiating with the customer.

 **Cedar Springs Line Extension:** Darrell Hinnant discussed that he’d received two proposals from contractors for the project. He informed the Board that he had received one proposal for boring under Hwy 109 only for $8,000.00 and another proposal that included boring under Hwy 109 and running the HDPE pipe for $18,000.00. He discussed that the entire project was estimated to cost around $36,000 and that since the line wasn’t leaking anymore, he preferred to wait 3-4 months before doing any work. He also informed the Board that we could do the bore and then run the water line in stages.

 **Letter to Those Who Haven’t Paid Flat Sewer Charge:** The Board reviewed and Darrell Hinnant discussed the letter that had mailed out to the customers who had been billed the $58.00 flat sewer charge but have not paid.

 **Water Customers Who Haven’t Purchased Sewer Taps:** Angela Jennings discussed that during her and Lisa Hedrick’s investigation, they found 122 water customers who hadn’t purchased sewer taps. She discussed that 71 of those were active accounts, 1 customer had a handicap exemption, 3 customers were not in the District boundaries, 2 were on Blaine Road where there’s no sewer service line, 44 accounts are not active on the water system, and 1 purchased a sewer tap that was on the non-simple list (which was included initially due to an address discrepancy).

 **Financials:** Lisa Hedrick discussed that the numbers did not include the Budget Amendments and that the District was 10 months into the fiscal year and should be at 83.33%. She informed the Board that Revenues were at 82.01%. She discussed that on the Expenses side, Water Purchased Department was at 89.59%, Water Department Expenses were at 63.98%, Sewer Department Expenses were at 53.58%, and the Admin Department Expenses were at 80.36%.

 **Water Loss:** The Board reviewed the water loss report and Angela Jennings discussed that the District had purchased 20,262,900 gallons of water from the Town of Denton, and sold 11,050,020 gallons, translating in a loss of 45%. She informed the Board that including the leaks and flushing, the loss would be 34% since 2,373,000 gallons were lost due to those factors. She discussed that Lisa Hedrick had calculated the monetary value of the 45% water loss which was $13,589.92.

 **Darrell Hinnant Consulting Invoice:** The Board reviewed the invoice from Darrell Hinnant for consulting services for the month of April.

 **Legal Services Invoice:** The Board reviewed the invoice from LeAnn Martin for legal services rendered in the month of April. After brief discussion, Charles Hobson made a motion to pay the invoice in the amount of $5,100.00, seconded by Richard Smith, passed by the Board 5-0.

 **Public Comment:** No one signed up to address the Board.

 Norman Hunt made a motion to Adjourn, seconded by Charles Hobson, passed by the Board 5-0.