

# DRAFT MINUTES

## CORPORATION OF SHEPHERDSTOWN, WEST VIRGINIA WATER & SANITARY BOARDS

October 21, 2021

**ATTENDEES: Water Board-** J. Auxer (Chair), J. Bresland, J. Ford, S. Kemnitzer (Chair), A. Slater, C. Stroech  
**Sanitary Board-** J. Auxer (Chair), H. Heyser, R. Keller  
**Town Staff-** C. Coe, D. Nickerson, K. Shipley, F. Welch  
**Visitors-** D. Decker, Accounting and Rate Analyst  
S. Pearson, The Observer

1. **CALL TO ORDER.**

The Water and Sanitary Boards meeting was called to order by J. Auxer at 12:33 p.m.

2. **MINUTES FROM PRIOR MEETING.**

The proposed minutes of the September 30, 2021, regular meeting were reviewed and approved as submitted.

3. **VISITORS.**

J. Auxer advised that accounting and rate consultant David Decker would be joining the meeting momentarily. He then advised the agenda would be adjusted to accommodate D. Decker's arrival.

4. **FINANCES.** This item was deferred to later in the meeting to accommodate visitor D. Decker.

5. **FLOW AND QUALITY REPORTS.**

5.a **WATER - NO VIOLATIONS.**

C. Coe reported that water produced adhered to all applicable regulations and requirements and that there were no violations during the month.

5.b. **SANITARY REPORTS – NO VIOLATIONS.**

K. Shipley reported that treated sewage water discharged adhered to all applicable regulations and requirements and that there were no violations during the month. There was discussion regarding the very favorably low total nitrogen level of 0.74 mg/l, as compared to the maximum of 5.0 mg/l.

H. Heyser inquired of the sewage gallons in the early part of the month running high. F. Welch responded that increase was a combination of rainfall and back-flowing at the water plant.

6. **UNFINISHED BUSINESS.**

6.a **FIRE HYDRANTS- STATUS REPORT.**

K. Shipley reported that all repairs have been completed except for two hydrants, one of which was a later addition.

As for those two remaining hydrants, he reported that the repairs to the hydrant on High and King Streets at Stutzman-Slonaker Hall, and restoring a hydrant on Duke Street, will be completed during the next student holiday at the University.

J. Auxer advised that expenditures to date on the hydrant project have totaled \$39,000 which compares very favorably to a fixed cost proposal of \$200,000 that was rejected. Our experience with the contractor, Kable Excavating, has been excellent.

6.b **SEWER USE ORDINANCE – REVISION AND COMMENTS.**

J. Auxer reported that no additional progress has been made on this effort.

**6.c WATER PLANT IMPROVEMENT PROJECT-UPDATE.**

J. Auxer pointed to reports provided by engineer Jeff Ekstrom advising that the water plant work will begin in March 2022, and that current activities include preparation and review of submittals and shop drawings and ordering of equipment.

J. Auxer took this opportunity to advise that the Town has been awarded \$1.7 million in stimulus funds that will go toward defraying most of the cost of the proposed water distribution plant improvement project.

**6.d POSSIBLE WATER/SEWER SERVICE TO NEW SCHOOL COMPLEX ON RT. 230.**

F. Welch reported that he discussed the option of bringing Town water and sewer to the new school complex with Brandon Caton, Coordinator of Maintenance for Jefferson County Schools. F. Welch further reported that B. Caton is seriously interested in the provision of our services and will be investigating this arrangement as the school building projects begin. C. Coe stated that the presence of added fluoride in our water is a desirable feature particularly for serving children. John Bresland observed that if that extension takes place additional connections will be likely due to development of adjacent raw land. K. Shipley noted that a considerable portion of the land along that possible extension is now under farm preservation easements.

**6.e PURCHASE OF TRUCK AT WATER PLANT.**

C. Coe reported that two of three bids have been received with Parson's Ford the current low bidder at \$34,115.

**6.f PURCHASE OF LAWN TRACTOR AT WATER PLANT.**

C. Coe reported that three bids were received and the award was made to Arden's Equipment Sales in the amount of \$5,500.

**4. FINANCES**

At this point in the meeting (12:50PM) David Decker and Robert Keller joined the meeting.

J. Auxer introduced D. Decker who serves the town by compiling year-end financial statements and provides rate filing analysis and related regulatory documents.

R. Keller advised that he and D. Decker had been meeting prior to today's meeting to discuss the accounting and flow of funds for the membrane replacement at the sewer plant. Discussion ensued on proper recognition of the membranes as either capital expenditures or expense items. D. Decker discussed the problems with accrual accounting, cash flow accounting, and the limitations of QuickBooks combining to make the desirable tracking of the funding process difficult. A. Slater discussed various accounting treatments that would bring the monthly cash set-aside, monthly expense in the statements, and tracking into synchronization. D. Decker agreed to devote additional study to the matter and possibly discuss a solution with the West Virginia Public Service Commission technical accounting staff.

**4.a FINANCIAL STATEMENTS**

R. Keller noted that depreciation expense had been added to the statements, representing the first time in three months. He then asked about sewer expense 401.3 having a budget of \$9,000 and actual of \$42,000. D. Nickerson responded that she relies on credit card statements to record expenditure which results in delaying the expense reporting. A. Boyd reminded the boards that this was a change in methodology, that previously the accounting for similar expenditures was accrued at time of commitment from the purchase order. After discussion, it was agreed to return to the previous approach.

J. Bresland asked why the reporting failed to include both month and year-to-date numbers, both budget and actual? D. Nickerson responded she had forgotten this request and would adopt this format next month.

Discussion then returned to the topic of cash flow versus accrual accounting and the use of QuickBooks. S. Kemnitzer asked D. Decker if there was a way to report information in both formats? D. Decker responded expensive software would be needed; alternately manual notation could be made

in the financial statements on cash-flow and cash reserve activities. H. Heyser observed that the boards need financial statements that will be helpful in determining the need for rate increases.

**8. MAYOR'S REPORT.**

J. Auxer reported the conversion of customer utility billing statements from post-cards to statement format will be effective November 1.

J. Auxer asked the board members if meeting at the Community Club second floor ballroom was acceptable? Hearing no objections, the venue will continue until otherwise determined.

**9. NEXT MEETING DATE.**

Thursday, December 2, 2021, at 12:30PM, 2<sup>nd</sup> floor of the Community Club's War Memorial Building.

**10. CONSENT.**

No action.

**11. SUMMARIZE ACTION ITEMS FROM THIS MEETING.**

See above.

**12. DRAFT AGENDA FOR NEXT MEETING.**

No action.

**13. ADJOURNMENT.** J. Auxer adjourned the meeting at 1:55PM.

**Respectfully Submitted:** A. Slater