

DRAFT MINUTES
CORPORATION OF SHEPHERDSTOWN, WEST VIRGINIA
WATER & SANITARY BOARDS

October 5, 2022

ATTENDEES: Water Board – J. Auxer (Mayor), J. Ford, M. Godfrey, S. Kemnitzer (Chair), S. Knuppel, C. Stroeck
Sanitary Board – J. Auxer (Chair), H. Heyser, R. Keller
Town Staff – D. Decker, C. Painter, K. Shipley, F. Welch
Visitors: None

1. CALL TO ORDER.

The Water and Sanitary Boards meeting was called to order by J. Auxer at 12:32 p.m.

2. MINUTES FROM PRIOR MEETING.

The proposed minutes of the September 1, 2022, regular meeting were reviewed and approved as submitted.

S. Kemnitzer inquired about the action items from last month's meeting and suggested that we use a more formal process for tracking them. J. Auxer replied the he had discussed that issue with F. Welch and that they had decided to include review of action items as an agenda item in the future.

3. VISITORS. - No visitor comments.

4. FINANCES.

4.a FINANCIAL STATEMENTS.

There was no specific discussion of the monthly statements. The focus was on the budgets.

4.b WATER/SEWER BUDGETS.

J. Auxer asked D. Decker to discuss the budgetary issues.

D. Decker first addressed what had been discovered with regard to the apparent discrepancies which were discussed at last month's meeting. Review of the detailed accounting uncovered 2 issues, each of which occurred in both the Water and Sewer numbers.

The first issue had to do with Metered Revenue. The revenue for both Water and Sewer inadvertently included revenue that should have been booked as Forfeited Discounts and Penalties. The correction that will be reflected in the billing reports will be to add an account to track Forfeited Discounts and Penalties and to transfer the appropriate revenue from Metered Revenue to the new account.

The second issue involves account 401.31 which for Water is 'Sewer Billing - Plant' and for Sewer is 'Water Billing - Plant'. These are the accounts which track money paid by Water to Sewer for sewer usage and money paid by Sewer to Water for water usage. Both of these accounts had expenses erroneously transferred to them and those extra expenses will be backed out.

S. Kemnitzer asked when we would see updated accounting information. D. Decker and J. Auxer agreed that D. Fogle would need to produce the updated reports.

ACTION ITEM: J. AUXER TO CONTACT D. FOGLE AND FIND OUT WHEN WE CAN EXPECT TO SEE THE UPDATED REPORTS.

M. Godfrey asked D. Decker what his level of confidence was in the updated revenue numbers. D. Decker stated that he was confident. He further explained that the Forfeited Discounts and Penalties revenue was entered correctly in QuickBooks but not carried over to the billing reports correctly.

D. Decker presented the Cash Flow Analysis report that would be required as the basis for a Sewer rate increase. The current (Unadjusted) numbers result in a negative surplus of \$44K, a situation which does not meet PSC requirements. The current numbers must be updated to take into account an increase in the funding of the membrane replacement cost reserve of \$89K. They also must be updated to provide the cash working capital reserve (CWCR) newly required by the PSC. These 2 updates result in a surplus that is considerably more negative. To produce a non-negative surplus, a revenue increase of \$270K is required. That would result in a rate increase of 22.5%.

There was a general discussion about the requirements of the CWCR - both the requirement to fund it and the rules for how the reserve dollars can be spent.

R. Keller asked if we could discontinue funding the membrane replacement cost reserve and pay for the membranes from the CWCR. D. Decker said that he was not sure if we could do that. He further suggested that we should request H. Shingleton to send a letter to the PSC in order to get a clear answer.

ACTION ITEM: J. AUXER TO SET UP A MEETING OF THE SANITARY BOARD AND H. SHINGLETON TO DISCUSS CONTACTING THE PSC REGARDING USING MONEY FROM THE CWCR TO PAY FOR MEMBRANES.

J. Auxer asked if we were still not ready to approve the Sewer budget. D. Decker said that he thought the budget could be approved as it now stands with the understanding that it will have to be adjusted when the question concerning the use of the CWCR is answered.

MOTION: R. KELLER MOVED AND H. HEYSER SECONDED FOR THE SANITARY BOARD TO APPROVE THE SEWER BUDGET AS PRESENTED. MOTION PASSED UNANIMOUSLY WITH NO FURTHER DISCUSSION.

D. Decker explained that the report to the PSC is due by 10/31 and that he would have to finish the Rule 42 update in November or December because he gets very busy after that.

MOTION: H. HEYSER MOVED AND R. KELLER SECONDED TO AUTHORIZE D. DECKER TO PROCEED WITH GENERATING THE PSC REPORT. MOTION PASSED UNANIMOUSLY WITH NO FURTHER DISCUSSION.

Discussion of the water budget ensued. S. Kemnitzer noted that the eventual sewer rate increase would affect the water budget also, since there is a water expense of approximately \$200K to pay for the processing of sewage produced by the water plant. It was generally agreed that an appropriate budget adjustment could be made when the rate increase was finalized.

MOTION: J. FORD MOVED AND M. GODFREY SECONDED FOR THE WATER BOARD TO APPROVE THE WATER BUDGET AS PRESENTED. MOTION PASSED UNANIMOUSLY WITH NO FURTHER DISCUSSION.

S. Kemnitzer noted that it is October and the accounting numbers we have to work with are thru June. She asked when we should expect to have more up-to-date numbers to work with.

ACTION ITEM: J. AUXER TO WORK WITH THE ACCOUNTING DEPARTMENT AND PRESENT A PLAN FOR GETTING MORE UP-TO-DATE NUMBERS AT NEXT MONTH'S MEETING.

5. FLOW AND QUALITY REPORTS.

5.a WATER REPORTS.

F. Welch reported that everything is in good order.

5.b. SEWER REPORTS.

K. Shipley reported that everything is in good order.

6. UNFINISHED BUSINESS.

6.a WATER PLANT IMPROVEMENT PROJECT.

F. Welch stated that the contractors are still waiting for equipment to be delivered. The generator is expected this week and they are ready to install it.

6.b UPDATE ON WATER DISTRIBUTION PROJECT - (REGION 9 - CORPS OF ENGINEERS).

F. Welch reported that J. Ekstrom had a meeting with the ACE in an attempt to get the project started. It appears that the ACE staff is working on their first project of this type.

M. Godfrey and S. Knuppel asked if we had determined whether or not we had to spend money on this project and then get reimbursed by ACE. F. Welch said that we still did not know the answer to that.

6.c SLUDGE PRESS - Ordered.

F. Welch stated that the press has been ordered but that the lead time is up to 40 weeks.

7. NEW BUSINESS.

7.a HYDRANT REPORT.

F. Welch stated that the contractors had begun to schedule this work intermittently between other projects.

7.b PFAS - TESTING.

F. Welch stated that this is still an evolving issue since the testing that is generally available does not produce measurements as precise as the EPA is requiring.

S. Kemnitzer said that she had spoken with Than Hitt of the USGS who is interested in doing testing of the Shepherdstown water supply, including PFAS tests.

7.c COMMERCIAL CENTER - LOWE BYPASS - APPROVAL STEP II - ALTERNATE MAINLINE EXTENSION AGREEMENT - SENT TO PSC.

F. Welch reported that he had received PSC approval of the Mainline Extension Agreement. The next step is to get the agreement signed.

7.d ROTARY FAN PRESS.

K. Shipley reported that our fan press has completely failed. Since we are still 20 to 40 weeks from getting our newly ordered press, the sludge must be handled in some other way in the mean time.

He investigated getting parts to repair it. However, the parts are not available and, if they were, they would cost nearly as much as purchasing a new press.

He investigated renting a press. That would cost about \$3500 per week.

He contracted with Snyder Environmental to remove the sludge. The cost is \$1100 per load and the average number of loads per week is about 3. So, a \$3300 per week cost.

There was some discussion about how to continue to pay for this sludge removal until we get our new press. It was agreed that some money from the I&R fund can be used and when that runs out money from the membrane cost reserve could be used.

7.e REDUCTION OF WATER METER SIZE (FORM) - VOTE ON ACCEPTANCE.

S. Knuppel asked if J. Ekstrom had reviewed the form. F. Welch said that he did.

R. Keller pointed out 2 inconsistencies in the wording of the form.

MOTION: M. GODFREY MOVED AND S. KNUPPEL SECONDED TO APPROVE USAGE OF THE FORM WITH THE CHANGES SUGGESTED BY R. KELLER. MOTION PASSED UNANIMOUSLY WITH NO FURTHER DISCUSSION.

8. MAYOR'S REPORT.

Nothing to report.

9. NEXT MEETING DATE.

Next meeting is scheduled for October 27 12:30 p.m. at Town Hall.

10. SUMMARIZE ACTION ITEMS FROM THIS MEETING.

4.b: J. Auxer to contact D. Fogle and find out when we can expect to see the updated reports.

4.b: J. Auxer to set up a meeting of the Sanitary board and H. Shingleton to discuss contacting the PSC regarding using money from the CWCR to pay for membranes.

4.b: J. Auxer to work with the accounting department and present a plan for getting more up-to-date numbers at next month's meeting.

11. DRAFT AGENDA FOR NEXT MEETING.

12. ADJOURNMENT. J. Auxer adjourned the meeting at 2:21 p.m.

Respectfully Submitted: J. Ford