

TAYLOR COASTAL WATER & SEWER DISTRICT

**18820 BEACH ROAD
PERRY, FLORIDA 32348
Phone/Fax: (850) 578-3043
www.tcwsd.org**

MINUTES OF REGULAR COMMISSION MEETING

February 17, 2022

1. The meeting was held at the District Building at 6:00 PM on February 17, 2022. Present were Commissioners Michael Hunter, Randy Hathcock, Thomas Kicklighter, Gayle Lundy, Michael Lynn, and Board Attorney J.D. Durant. Commissioners David Dall, and William Rich were absent. TCWSD Staff present were Kristi Hathcock and Lynette Senter.

The meeting was called to order at 6:00 p.m. As Chairman Dall was absent, Vice Chairman Hunter acted as Chairman.

2. Commissioner Hathcock led in prayer and the pledge of allegiance to the flag.
3. There were four guests, Dyana Stewart, Rick VanBlargan, Willi Huxford and Glenn Senter. There were no comments from the public for non-agendaed items.
4. Update on the Water Improvements Project – Bill Menadier from Dewberry attended by phone and advised the Board that the work was continuing the planning and construction. Mr. Menadier explained that we were still awaiting a response from DEP regarding the plan, but that the first submittal had been made to SRF for funding. Lastly, Mr. Menadier explained that they were reviewing the existing equipment in place and are making plans to reuse equipment where practicable.
5. Presentation from Florida Rural Water by Dyana Stewart – Ms. Stewart gave update on the Asset Management Plan that was adopted in 2020 by resolution. An Asset Management Plan is a requirement of the Florida Department of Environmental Protection to receive SRF funding. She explained that almost everything we saw in the system was in acceptable condition. There were a few items that are listed that are listed as poor or very poor. Mr. Kicklighter asked the difference between poor versus very poor. Ms. Stewart explained that poor usually means an item can be repaired. Very poor means that an item needs to be repaired before it fails. Most of the items on the list are in need of rust removal and painting. The Board asked Ms. Senter to provide an updated list of equipment as well as any planned updates and/or repairs at next month's meeting. Ms. Senter explained the valves on the list are part of a planned valve exercise program that Mr. George Glover will be assisting in implementing.

Ms. Stewart then gave the Board the revised Rate Study. She indicated that while the District is in good financial standing at this time, rate increases will be needed in the future to keep the District from having to dip into their reserves. This updated REV plan and rate study will allow the District to input its financials so that proper budgeting can be done. It will help the District determine if the rates need to be raised to cover the future expenses. The District's standard 2-1/2% increase will not be adequate in the future. A gradual increase in rates would be preferable to a large increase at one time and allow the District to maintain their reserves. Large rate increases in FY 23 and FY 24 would allow the District to maintain their current on-hand reserves. A gradual rate increase over the

**TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING**

Page 2 of 7

next few years will require some use of Reserves for Water but will allow the system to maintain a reserve of 370 days. The current REV plan includes the 80% anticipated funding for the water improvement project. If that percentage of funding is changed, the REV plan will have to be adapted to reflect that. FRWA used a 5% CPI for all the budgeted items in the plan. If the CPI exceeds that the REV plan will have to be adjusted. The District's cash on hand shows that the District is in good shape. However, the normal 2.5% rate increase if continued will require use of the District's reserves very shortly. The wastewater revenue requirement is in better shape but will need to be adjusted as well. Unrestricted Reserve looks great, but continuing at the 2.5% rate increase, by 2030 the District will not have any more reserves. Another scenario shows the annual rate increase of 2.5% until 2027. This indicates that the District will be borrowing from our reserves for the next 8 years, when rate increases of 15% for water and 10% for wastewater will be needed, and continued through the next several years.

Ms. Senter spoke about the vicious circle we are caught in. We are small with very little growth and therefore have to raise the rates on the existing customer base to cover the increasing costs. Approximately 80% of our customers are zero to minimum use. Our full time residents tend to use more than the minimum. This is a common problem with other small water and sewer districts.

Commissioner Lundy asked why we can't charge the campers more for water and wastewater. Ms. Senter explained that we held a public hearing last year to discuss this. The overwhelming majority of the attendees voiced opposition to this. The cost to the District for the multiple campers is not in the usage, but in the equipment that is unused for large portions of the year. This is also applicable to many homes within the District. Unused equipment costs the District more than the increased usage.

6. Approval of minutes from the January 20, 2022, Board Meeting. Vice Chairman Hunter asked if everyone had reviewed the minutes and if there was a motion to approve. **Commissioner Hathcock made a motion to accept the minutes. Commissioner Lundy offered a second. Vice Chairman Hunter asked for further discussion. By unanimous vote, the motion was approved.**

7. **Staff and Committee Reports**

- a. **Directors Report – Kristi Hathcock** – Ms. Hathcock reported the Water and Sewer sales for the month of January 2022 totaled \$59,814.32, \$1,067.01 below the budgeted estimate of \$60,881.33. There were two past due customers. There were no turned off accounts. There was one change in membership. There were twenty adjustments totaling (\$587.03).
- b. **Water Audits – Kristi Hathcock** - Ms. Hathcock reported the water audit for January 2022 showed an estimated water loss of 22.70%. The field staff are actively looking for any leaks. Mr. VanBlargan suggested that the Field Staff check for leaking valves.
- c. **Financial Reports – Lynette Senter**– Ms. Senter reported the sales including new memberships for the month of January 2022 were \$59,814.32, \$1,067.01 below our budgeted amount of \$60,881.33. Exception expenses were \$511.23 for Diamond Maps renewal, \$666.00 for Pollution Insurance Renewal, \$581.71 Office Supplies, \$111.00 for truck safety

**TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING**

Page 3 of 7

first aid supplies and fire extinguishers, \$2,593.45 for Sewer Truck repairs, \$1,423.36 for Quarterly Groundwater Monitoring, and \$10,096.36 for Neighborhood Meter Project. We received \$46.82 in interest income, and \$32.99 from Tri County Electric for user credits. Total Income for January 2022 was \$7,221.45.

d. Other Office Manager Items – Lynette Senter

- 1) **First Aid Kits** – As suggested by Commissioner Hathcock, we have purchased small first aid kits, fire extinguishers and storage bags for each of the District's vehicles. There is no in-person CPR training being performed at this time. As soon as this is available, I will schedule training for the staff.
- 2) **WWTP Mixer Motor Repair** – The repaired Mixer Motor for the WWTP Tank has been delivered and put back into place by the crane that was here for the Neighborhood Meter installation. Field Staff will finish the connections and Ron's Electric will be called to complete the electrical work.
- 3) **Boat Ramp Lift Station** – One of the pumps at the Boat Ramp Lift Station has stopped operating. While the crane was here to do the Neighborhood Meter work, we lifted it from the tank and Smith Electric Motors will pick it up. We have asked for an estimate to see if the pump can be repaired. We have a backup pump which was placed into service to keep the station operating. Additional electrical work on the relays needs to be done to make sure the pumps are switching over properly. This is an ongoing problem that we have had problems resolving but we have reached out to the manufacturer for help with the relay switches.
- 4) **Grackle Road Lift Station** – Mr. Morgan discovered that one of the pumps at the Grackle Road Lift Station was not pumping properly. While the crane was here yesterday, we asked them to lift the pump from the station and the Field Staff cleaned and inspected the pump. They could not find any problem, and the pump worked when placed back into the station. It could have been an obstruction that was cleared by the lifting or cleaning. We also have an ongoing problem with the relay switches at this station. We will continue the investigation with the manufacturer.
- 5) **Lundy Repairs** – Another contractor error has been discovered at the Lundy Residence on J.L. Gibson Road. It is the same type of error we had at Dekle Beach a few months ago where a second bathroom was not hooked into the grinder pump system. This repair will be added to the schedule and completed as soon as possible.
- 6) **Attendance Report** – Commissioner Hunter asked that the Board be given a copy of the attendance report at each meeting, and we have placed a copy in your package.
- 7) **Call In Report** – Commissioner Hunter asked that the Board be given a copy of the call-in report from the previous meeting, a copy has been placed in your folder.
- 8) **Cedar Island Homes With No Utilities** – There has been ongoing problems with two residences at Cedar Island that are being occupied but do not have water and sewer. This is not a District matter other than we have been contacted by numerous customers, Taylor County, the Taylor County Health Department, and the Code Enforcement Officer to provide account histories. One of the owners came in and paid the outstanding lien, paid

**TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING**

Page 4 of 7

for water and sewer, and had their power turned on. We reinstalled the service but could not turn on the water as there were a few leaks. The owner came to the property two days later to repair the leaks and discovered that the house had once again been broken into. He called us and asked us to turn off the service and pull the equipment. As the water and sewer are not yet useable, I have delayed the removal of the equipment for one week. If the issues are not resolved by February 21st, the equipment will be removed. The property at South Sandpiper has had problems for several years and has yet to be resolved.

- 9) **Customer Communications Regarding Power Installation** – We have experienced a few situations lately regarding our notification by customers regarding their power. One customer had power to an old power pole, which was not allowed by the County and had to have a new pole and service installed. Another customer had their power pole inspected and thought that meant that their power had been turned on and notified the District Office that the power was “hot.” The third customer had an electrician perform the work and once the electrician was finished, the customer called us to say the power was “hot” and did not understand that Tri-County Electric had not yet turned on the service. We have now instituted an additional step for the installation process that includes a site visit to confirm that power is ready and “hot” prior to calling in the locate and scheduling the installation. Also, Mr. Bennett has asked that we stop allowing property owners to perform their own electrical work for the grinder pumps. He explained that only District Employees or a licensed electrician should be performing the work.
- 10) **Sewer Leak Near Osprey Circle** – Commissioner Rich reported a leak to the District near Osprey Circle. The Field Staff excavated the area around the leak and found an open-ended sewer pipe connection that had never been completed by the Contractor. This line originally serviced one vacant house and two vacant lots. When one of the vacant lots received water and sewer service, the line began being used and the effluent escaped through the open pipe connection. The staff capped the line as a temporary measure until we could order a new valve and parts to ensure a connection to the line across the street. The valve has been installed and the connection completed.
- 11) **Construction Management Seminar FRWA** – Ron Bennett and I attended seminar held in Cairo, GA on January 25, 2022. It was very interesting and provided information that will be very useful when we enter the construction phase of our Water Improvements Project.
- 12) **Uniforms** – The Field Staff have been measured for their uniforms and we should have them in a month.
- 13) **Property Information For RV Park** – We were contacted by someone looking at purchasing some property within the district, along Beach Road. They wanted to know if the District would be able to service a possible 50 spot RV park. I explained that we could provide a future development letter along the lines of those written to Fish Creek Cove and Ms. Lundy, but they would like more of a firm commitment including costs. The work has begun on our Impact Fee Study which will help us determine the costing

TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING
Page 5 of 7

for development, but since it has not been completed and approved. It was a consensus of the Board that we continue to provide the letters until our Impact Fee Study is complete and the process for approving new development is in place.

- 14) **District Truck Loan** – Commissioner Hathcock suggested the District payoff the remaining \$3,373.11 owed to VyStar for the water truck. The rest of the Board concurred that this should be done to eliminate processing a monthly payment, time of preparation of checks and postage. The Board agreed with this suggestion.

8. New Business

- a. **Customer Concerns – Richard and Shawna VanBlargan Account #459** – Mr. VanBlargan addressed the Board regarding his water and sewer installation. Mr. VanBlargan stated that water and sewer had already been installed on his property, but it had been removed many years ago. He asked the Board to refund the money he paid for the installation, as he felt he had been overcharged. Commissioner Kicklighter asked that the Board review Mr. VanBlargan's request and make a decision at the meeting in March.

9. Old Business

- a. **Co-Bank Refinancing** – Mr. Durant obtained the opinion from the bond attorney that we would be able to do conventional financing and the bond attorney would write a letter at the closing. Mr. Durant gave this information to Co-Bank and asked them to go ahead and start the process of drafting the loan document. Co-Bank has sent the documents, but he has not yet had time to review them. Mr. Durant will communicate with Co-Bank if any changes or corrections are needed. At the next meeting, we will hopefully have a full set of loan documents for review and possible closing, if not, it will be at the following meeting. Mr. Durant will prepare a resolution that the board can adopt and if the documents are final, then we will be ready to sign at the meeting and the closing will take place within a few business days after that. USDA will have to provide the pay-off information to Co-Bank close to the date of closing. Commissioner Lynn asked if it would be a good idea to use some of our reserves to lower the amount we are financing. Mr. Durant explained that we could do that, but it would be better not to change the amounts this close to closing so that we don't risk interest rates changing and prolong the closing. Ms. Senter suggested that it might be possible to make additional payments to the principal once the loans are in place. Commissioner Lynn asked Ms. Stewart if it would be a good idea to pay down some of the debt and she said that it could certainly be done, but the reserves the District has at this need to be preserved until the rates are adjusted. Mr. Durant said he would investigate paying down the principal in the future and check on any pre-payment clauses, and the basis of the interest structure. Commissioner Hathcock expressed his concern with us being able to obtain financing when we had a lot of cash on hand. Mr. Durant explained that the lenders look at the District's ability to pay the loan and that our cash on hand would ensure payment. Commissioner Kicklighter mentioned that the debt service is a small part of our budget and that prepaying that debt would not accomplish much in the way of saving our customers from future rate increases. Ms. Senter mentioned that because we are in a hurricane area, the

**TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING**

Page 6 of 7

Districts reserves should be protected. Hurricane Hermine cost the District about \$475,000 and we were able to fund that from the District's operating account without dipping into our reserves because the payments were stretched out. We did receive reimbursement for those expenses from the Federal Government, but it took nearly 4 years to receive all the monies. If we had experienced a larger, stronger storm, the expenses could have been in the millions. Our reserves may look high on paper, but they are there for a reason.

- b. **Fish Creek Cove Claim Settlement Agreement and Funding Arrangements** – A settlement agreement has been prepared and was signed by the Vice Chairman, Mr. Hunter, and the Board Secretary Ms. Senter. Ms. Senter contacted the Board's auditor to determine the correct procedure for funding the settlement and transferring the monies to the Fish Creek Cove account. **Commissioner Lundy made a motion to transfer the money and fund the Fish Creek Cove account. Commissioner Lynn offered a second. Vice Chairman Hunter asked for further discussion. By unanimous vote, the motion was approved.**
- c. **Cyril Antony Brown Claim** – Mr. Durant explained that a letter has been sent to Mr. Cline Moore, Mr. Cyril Antony Brown's attorney indicating that he does not believe there is a valid claim against the District.
- d. **One Time Adjustment Review** – The Board discussed the history of One-Time Adjustments that were given to customers. Over the past 15 years, \$46,115.11 in adjustments had been given, averaging \$3,074.34 per year. After some discussion, the Board agreed to keep the adjustments policy as is.
- e. **Neighborhood Meter Project** – The final Neighborhood Meter Project at Keaton Beach Drive was installed on Wednesday, February 16, 2022. The lids are scheduled for delivery next week. Once we receive the lids, we will begin installing them as soon as possible, weather and scheduling permitting. We did receive an extension from Suwanee River Water Management District until March 31, 2022, which will allow time for the lids to be installed, the sites cleaned up and the reimbursement paperwork submitted.
- f. **Impact Fee Study** – The engineer performing the Impact Fee Study has contacted the Office to provide information. Most of the information she requested is available on our website and she thanked us for making her study easier.

10. **Closing Remarks Commissioners/Staff** – there were none.

11. **Motion to Adjourn**

Vice Chairman Hunter requested a Motion to Adjourn. Commissioner Lundy made a motion to adjourn the meeting. Commissioner Kicklighter offered a second. The meeting adjourned at 7:26 PM.

Board Actions:

**TAYLOR COASTAL WATER & SEWER DISTRICT
MINUTES OF REGULAR COMMISSION MEETING
Page 7 of 7**

1. The Board approved the minutes from the January 20, 2022, Board Meeting.
2. The Board approved the settlement agreement and funding arrangements for Fish Creek Cove, LLC.

A handwritten signature in blue ink, reading "Lynette Taylor Senter". The signature is written in a cursive style with a large initial "L".

BY: Lynette Taylor Senter, Board Secretary
Taylor Coastal Water and Sewer District