

Beulah Utilities District  
Minutes of Regular Board of Directors Meeting  
September 20, 2016  
5320 Lee Road 270 Valley, AL 36854  
6:00 pm CST

The Board of Directors of Beulah Utilities District met in a regular meeting on September 20, 2016 at the Beulah Water Department.

1. **WELCOME**

Chairman Sims welcomed those in attendance.

2. **CALL TO ORDER**

Chairman Sims called the meeting to order.

3. **ROLL CALL**

The following Board Members were present: Linda Holt, James Majors, Dan Roberts and Lamar Sims and Shane Franks.

Visitors in Attendance - See attached Visitor Sign In Sheet.

4. **DECLARE QUORUM**

After the roll was called, Chairman Sims declared that a quorum was present.

5. **ADOPT AGENDA**

Chairman Sims presented the proposed agenda for adoption. Ms. Holt motioned to adopt the agenda. Motion was seconded by Mr. Majors and the agenda was unanimously adopted.

6. **APPROVAL OF PREVIOUS MEETING MINUTES** August 16, 2016

Chairman Sims asked for approval of the minutes from the August 16, 2016 Regular Meeting. Mr. Roberts motioned to approve the minutes. Motion was seconded by Mr. Majors and the minutes were unanimously approved.

7. **APPROVAL OF FINANCIAL STATEMENTS**

Chairman Sims announced that the Board would vote to approve both the July and August financial statements as approval of the July financials were delayed to allow for incorporation of the numbers from the bond refinancing.

He reviewed the July financial statements. Mr. Majors motioned to approve the July financial statements. Motion was seconded by Mr. Franks and the July financial statements were unanimously approved.

Chairman Sims then reviewed the August financial statements. Ms. Holt had a question about the way the tank maintenance contract payments were showing up on the financials which Mr. Houston Black was able to answer to her satisfaction.

Mr. Majors motioned to approve the August financial statements. Motion was seconded by Mr. Franks and the August financial statements were unanimously approved.

8. **OLD BUSINESS**

A. Asset Valuation Report

Chairman Sims stated that the report was not yet back from the accountants so the Board would not address it tonight.

9. **NEW BUSINESS**

A. Elections of Officers

Chairman Sims stated that as it was the first meeting of the new fiscal year, it was time to elect the District's Officers. Mr. Stephen Clay from the District's lawyers' office was recognized to briefly go over the duties of each of the Officer positions.

The floor was opened for nominations for Chairman. Lamar Sims was nominated to serve as Chairman. There being no further nominations, Lamar Sims was unanimously elected Chairman.

The floor was then opened for nominations for Vice-Chairman. Shane Franks was nominated to serve as Vice-Chairman. There being no further nominations, Shane Franks was unanimously elected Vice-Chairman.

The floor was then opened for nominations for Secretary/Treasurer. James Majors was nominated to serve as Secretary/Treasurer. There being no further nominations, James Majors was unanimously elected Secretary/Treasurer.

The floor was then opened for nominations for Assistant Secretary/Treasurer. Linda Holt was nominated to serve as Assistant Secretary/Treasurer. There being no further nominations, Linda Holt was unanimously elected Assistant Secretary/Treasurer.

Chairman Sims thanked those who had served as Officers the previous year for everything they had done.

B. Fire Dept. Report

Chief Padgett and Assistant Chief Simpkins were recognized to give a report on the Fire Department. Assistant Chief Simpkins stated that in August the Department ran 68 emergency calls, four of which were fire calls. He said that this was an average August for the department.

Chief Padgett stated that the Fire Department was actively getting back into both schools and the senior center and would begin inspections soon. He stated that the visits were positive and cooperative and he looked forward to building a good relationship. He also talked about some of the services the Department would be providing the schools and senior center.

Mr. Roberts asked about whether the Department was providing citizens with smoke detectors. Chief Padgett said they were and that they were also installing them to ensure that they were set up correctly and in the right place.

Chairman Sims asked that the Fire Department provide the Board with a more detailed breakdown of the Department's financials each month so the Board could see what it is taking to run the department. Chief Padgett said he would see to it that the Board was provided the breakdown of the financials.

Chairman Sims reviewed the Fire Department's Analysis of Cash Position for 2015. He noted that there was an excess of \$43,306.69 in the Checking Account. Chairman Sims said he would like for that excess money to be moved into the Fire Reserve Savings Account. Mr. Franks motioned to move the \$43,306.69 from the Checking Account into the Fire Reserve Savings Account. Motion was seconded by Mr. Roberts and unanimously approved.

Chairman Sims stated that he hoped the audit for the prior fiscal year would be completed by year's end and that he hoped the Board would be looking at more money to be able to transfer over into savings. Mr. Black stated that upon completion of the audit he would also like for the Board to look into transferring excess money from the Water Department account into savings and only keeping in the checking account the money necessary to operate for each month.

a. Report in Response to ISO 5 Mile Rule

Chairman Sims stated that when ISO came to re-grade the District, it moved the District's rating for those properties outside of five road miles from a fire station from a Class 9 to a Class 10. Chief Padgett was recognized to provide more details. He stated that he had been in touch with ISO and that the increase in rating was the result of a new ISO rule which stated that properties outside of a five road mile radius of a fire station would automatically receive a Class 10 grade. He said that those properties would remain a Class 10 until a new fire station was built. Chief Padgett stated that he had been contacted by a customer whose home insurance premiums were going up as a result of the increase in the rating. He mentioned that this rating affected roughly 200 residences in the southwest corner of the District as well as a few customers in the northeast corner.

Chairman Sims stated that the new ISO grading rules brought up the question of where a fire station could be placed to cover the remaining Class 10 areas. He said Chief Padgett had driven around to look for a location to put a new fire station and he found a building that was currently vacant that would fit a fire engine inside its bay and was in the right spot to provide the needed coverage. He said that he spoke to the owner and she indicated she might rent the building to the District for use as a fire station. Chairman Sims thought that a short term lease would be best as it would give the District time to find and purchase land and build a new station.

Chief Padgett said that the Department had a spare engine and that by shuffling around the various engines, each station would have one. Chief Padgett said that whatever the Board decided, the new station would have to be a permanent station as ISO does not recognize temporary fire stations.

Mr. Majors asked how soon after the District added a new station could ISO come down to re-grade. Chief Padgett said he wasn't sure and that it would likely be a matter of when they had available manpower.

Ms. Holt said she felt the District didn't need to divert any funds from water system improvement with so many people having problems with water pressure.

Mr. B.J. Crenshaw, 52 Lee Road 965, was recognized and said that his experience with his home insurance is that the only insurance company that will insure his house bases its premiums on the ZIP Code of the property and not the ISO grade. He mentioned that for customers whose

insurance company does the same, a new station would not affect their rates.

The Honorable Robert Ham, Lee County Commissioner, was recognized and stated that one possibility to solving the problem was to move the mobile home currently serving Station 2 to one of the Class 10 areas.

Ms. Holt stated that whatever was done, she wanted to make sure all of the homes on Lake Harding were still covered by a fire station. Chief Padgett assured her that they would be.

Chairman Sims said that the District had three options with regard to what to do about the Class 10 areas; the first was to do nothing, the second was to work out a lease, preferably short term, for the building found by Chief Padgett; and the third option would be to find and buy land to construct a fire station on. The consensus of the Board was that more information was needed on the various options before deciding what to do.

Chairman Sims asked Mr. Franks and Mr. Black to look at possible land to buy to construct a fire station. Chief Padgett said he would ask ISO how soon after a new station was in place they could come down and re-grade the District.

#### C. Lee Road 370 Project

Mr. Houston Black was recognized and reported on a problem that had come up off of Lee Road 370. He said that a 3" water main ran down a dirt driveway and onto private property and then ran underneath the carport of the house on that property. He said that owners wanted to expand the house and the expansion would be over the main as well as a blow-off valve. He recommended that the District cut off that water main and move the 7 affected water meters up to the road and then run service lines to the existing service lines. The District would warranty the new service lines for one year after installation and afterwards, the customers would be responsible for maintenance and repairs. Mr. Black said the work could be done in house and that he had prepared a cost estimate for doing that work. He mentioned that all 7 customers had approved of his proposal. Mr. Black stated that an additional Clearwater employee would need to be temporarily brought in to ensure adequate staffing for the District during the repair and that this expense should be included in the cost of the project.

Mr. Franks motioned to cut off the main, pull the water meters back to the main on the right-of-way and to run new service lines to the affected homes. Motion was seconded by Mr. Roberts and unanimously approved.

D. Clearwater Solutions Report

Mr. Black was recognized to give the Clearwater Report for the month of August.

Mr. Black briefed the Board on Clearwater's activities for the month of August. He stated that Clearwater had collected lead and copper samples from 30 sites around the District as required by ADEM.

He stated that he had a request to purchase a new tapping machine to replace an older, worn-out one currently in use by the District. He stated that the low quote was from Consolidated Pipe and was for a total of \$2,147.30. Ms. Holt motioned to purchase the tapping machine from Consolidated Pipe for \$2,147.30. Motion was seconded by Mr. Franks and unanimously approved.

Mr. Black said Chairman Sims had reached back out to the Alabama Rural Water Association (ARWA) about them coming out to the District to do perform their free leak detection service. Chairman Sims said he was disappointed they couldn't get ARWA out to do the service last year and he was going to press them for a time for when they could come out and if he couldn't get one, then he mentioned that the District may need to explore whether or not it needed to remain a member.

a. Report on meeting with ADEM – Grants

Mr. Black stated that earlier in the day he, along with Chairman Sims, Commissioner Ham, Josh Pierce and others, had met with a representative from ADEM about what needed to be done to upgrade the District's water system and possible ADEM loans to cover the costs. He said that they were informed that the process involved submitting a preliminary application by December of this year. Once submitted, ADEM would decide how much money to loan and the engineers would proceed to draw up the project. Mr. Black stated that the ADEM official said that the District would likely not qualify for any kind of debt forgiveness given the median income of Lee County but that the interest rates on any loans would likely be around 2.2% and fixed for the 20 year term of the loan. Mr. Black said he felt comfortable that the District could afford payments on a loan in the \$3-3.5 million range and still have enough operating cash to cover any kind of emergency.

Chairman Sims stated that the District's first priority should be to replace all of the old pipe currently in the water system while the second priority should be strengthening the system by adding one or more water tanks to help keep water pressure up during times of peak use.

Mr. Black said that the District could use some of the loan money to pay for the engineering costs incurred putting together the preliminary application; otherwise the District would be responsible for paying those costs out of pocket.

Commissioner Ham said that the District should take advantage of the low interest rates currently available.

Mr. Franks said he felt that something had to be done to improve the system now because the pipes will get older and the problems will only get worse. Ms. Holt echoed those thoughts, saying that she had heard for years that the system was not built to support the number of customers currently using it and that if something was not done, it will only get worse.

Mr. Franks motioned to move forward with submitting the preliminary application to ADEM. Motion was seconded by Ms. Holt and unanimously approved.

10. **OTHER BUSINESS**

None.

11. **CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS**

Mr. Steve Ethridge, 100 Lee Road 360, was recognized and stated that he was coming before the Board to seek their help with his water pressure. He said that during peak times his pressure would drop to near 20 psi which made it very hard for multiple users to use water at the same time. He asked if the pressure could be raised at his house. Mr. Black stated that the engineers recommended against raising the pressure as it would also increase pressure at the lake level beyond the recommended pressure for the water mains and lines in place. Chairman Sims thanked Mr. Edwards for coming and letting the Board know of his problems. He said that the District had tried several things to fix Mr. Ethridge's pressure issues but unfortunately none of them had worked. He said the District's goal was to work to eliminate pressure issues for all District water customers by improving and strengthening the system but unfortunately he didn't have a quick fix.

Mr. Ethridge asked the Board if the District would be willing to purchase a booster pump for his home to help increase his pressure since his pressure readings were just a couple of psi above the level where ADEM required that a booster pump be provided. Mr. Roberts asked whether or not Mr. Ethridge had enough water going to his home for a booster pump to be effective. Mr. Black said that many times a booster pump will have a storage tank to ensure adequate water supply. Chairman Sims said that he felt that if he were going to vote to give Mr. Ethridge a booster pump, then he would be compelled to vote give all customers in the district experiencing similar pressure issues a booster pump and he would like to know how many there are. He said he would rather

the District undertake projects to fix and improve the system as a whole rather than try and fix each individual customer's problems individually. Mr. Majors agreed that the Board should undertake projects to fix and improve the system as a whole.

Chairman Sims stated that the next Regular Meeting would be at 6:00pm C.S.T. on October 18, 2016.

There being no further business, Ms. Holt motioned to adjourn. Motion was seconded by Mr. Franks and unanimously approved and the meeting was adjourned at 8:06 p.m. C.S.T.

Signed \_\_\_\_\_



