

**MERCER COUNTY  
SANITATION DISTRICT**

**BOARD MEETING  
March 11, 2020  
2:00 pm**

**MINUTES**

**CALL**

Chairman James Dunn called the meeting to order at 2:00 pm via Zoom webinar. Also present is Director Drew Rice, Larry Catlett, Mike Sanford, Rita Monson and Liz Dienst.

**MINUTES**

Rice moved to approve the February 11, 2021 minutes as presented. Dunn seconded the motion. Motion carried.

**FINANCIAL STATEMENTS**

Sanford presented the Financial Statement for February 2021. Rice moved to approve the report as presented. Dunn seconded. Motion carried.

**APPROVAL OF INVOICES**

Rice moved to approve the invoices as presented. Dunn seconded. Motion carried. See attached.

**MANAGEMENT REPORT**

**Financial Information**

**Revenue**

MCSO Sewer Charges Due 3/15/21	\$16,834.32
City of Burgin Sewer Charges Due 3/15/21	\$

**Treatment Expense**

Bright Leaf:

January	\$3,572.30
February	\$3,559.70
March	\$4,884.53

Scenic Drive, Warwick Rd., Beaumont Ave, Bellows Mill Rd:

January	\$1,057.06
February	\$1,203.90
March	\$1,144.66

I/I Invoice Bright Leaf Collection System:

January	\$1,604.74
February	\$3,205.55
March	\$2,577.17

City of Danville:

January	\$2,214.32
February	\$2,442.66
March	\$3,323.68

**Flow Information**

**Jefferson Street Pump Station**

February Precipitation 5.0" (5 events) Range- trace "-2.5"  
rain, snow, ice

<u>Flow Data</u>	<u>January</u>	<u>February</u>
Low	24,910 gal	33,186 gal
High	314,350 gal	233,852 gal
Mean	55,439 gal	79,248 gal
Total	1,718,628 gal	2,218,958 gal

**Kennedy Bridge Road Pump Station**

February Precipitation 5.0" (5 events) Range trace-2.5"  
rain, snow, ice

<u>Flow Data</u>	<u>January</u>	<u>February</u>
Low	-	-
High	-	-
Mean	45,836 gal	37,945 gal
Total	1,420,933 gal	1,062,462 gal

## **MCFC BUDGET REQUEST FY 21/22**

Sanford stated that budget requests are due to the Fiscal Court by 4:00 pm on March 12 and recommended presenting the same request as the current year since the current financial condition and circumstances are similar to the current fiscal year. Sanford noted that the current year allocation is \$30,000 for operations and \$10,000 for legal expenses if the need arises. Dunn moved to request \$30,000 for operation expenses and \$10,000 for legal expenses. Rice seconded the motion. Motion carried.

## **LAKE VILLAGE WA MANAGEMENT AGREEMENT AMENDMENT**

Sanford reported to the board that Rice, Jim Boyd, President of Lake Village Water Association and himself met to review the existing Management Agreement and found that for the most part the terms of the agreement coincided with the current operations of the District. Sanford stated that the biggest discrepancy was that the current agreement states that all maintenance activity would be performed by a third-party contractor and that Association staff are performing all of the maintenance in house. Sanford reminded the board that in 2007 when the language was drafted and approved, there was a lot of unknown factors and staff did not have the experience that they currently have. Sanford went on to note that no other language revisions are being recommended, however, an increase in the fee from \$35,000 to \$40,000, effective 7/1/21 was being recommended. Rice went on to add that the agreement primarily provides personnel services to the District and based on the Association's records, pay and benefits increase on average by 3.5%. Rice stated that the group is recommending an annual increase of 3.5% to cover increased personnel costs. Sanford noted that the Lake Village Board of Directors suggested an annual review of the fee to ensure that both parties are treated fairly. Rice moved to approve the amendment to the language adding maintenance services to the agreement and to increase the fee to \$40,000 effective 7/1/21. Dunn seconded the motion. Motion carried.

## **CHIMNEY ROCK PLANT UPDATE**

Sanford stated that the Chimney Rock plant is not experiencing spikes and that the sludge return pumping frequency was turned down and a modification to the piping within the plant is preventing the apparent air lock that was occurring. Sanford went on to note that the Division of Water approved the permit modification for the Paradise Camp package plant, changing the disinfectant from chlorine to peracetic acid. Sanford stated that the District will complete the 12-month acid trial at the end of the March and will disinfect with the peracetic acid going forward.

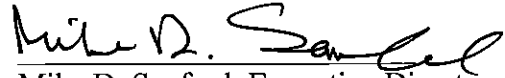
## **FARMERS NATIONAL BANK DEBIT CARD**

Sanford stated that the District could benefit from getting a debit card on the O&M account at Farmers National Bank. Sanford went on to note that currently, the District uses the Lake Village debit card when small purchases are needed for maintenance and District reimburses the charges monthly. All agreed that having the debit card would be much cleaner financially. Rice questioned whether there needed to be a limit placed on the transaction amount. After discussing the matter, no limit was recommended. Rice moved to obtain a debit card on the O&M account. Dunn seconded the motion. Motion carried.

**OTHER BUSINESS**

No other business was presented for consideration.

Rice moved to adjourn the meeting at 2:19 pm. Dunn seconded the motion. Motion carried.

  
Mike D. Sanford, Executive Director

Mercer County Sanitation District

3/10/2021 1:29 PM

Register: 10035 · Cash in Bank - O&M

From 02/10/2021 through 03/10/2021

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment C	Deposit	Balance
02/10/2021	3431	Strand Associates, Inc.	18100 · Construction i...	2992.028 - #0...	375.00 X		-94,223.30
02/18/2021	3432	City of Harrodsburg	-split-	sewer vac trailer	1.00		-94,224.30
02/18/2021	3433	US Postmaster	54060 · Postage	stamps	55.00		-94,279.30
02/18/2021			10010 · Debt Service	Funds Transfer	X	50,500.00	-43,779.30
02/18/2021			10015 · Reserve Account	Funds Transfer	X	14,000.00	-29,779.30
03/01/2021			-split-	Deposit		15,982.17	-13,797.13
03/03/2021	3434	City of Harrodsburg	-split-	VOID: 3 invoic...	X		-13,797.13
03/03/2021	3435	City of Danville	50100 · Treatment Exp...	452	3,323.68		-17,120.81
03/08/2021	3436	Kentucky League of ...	-split-	3 invoices	758.32		-17,879.13
03/08/2021	3437	Inter County Rural E...	-split-	4 invoices	895.91		-18,775.04
03/08/2021	3438	Harrodsburg Herald	54050 · Miscellaneous ...	D3577	66.50		-18,841.54
03/08/2021	3439	Lake Village Water ...	-split-	reimburse sewe...	311.01		-19,152.55
03/08/2021	3440	Campbell's Sanitatio...	-split-	44531	1,450.00		-20,602.55
03/08/2021	3441	Wascon, Inc.	51050 · Maint of Mains	62475	348.23		-20,950.78
03/08/2021	3442	Kentucky Utilities C...	-split-	4 invoices	1,038.02		-21,988.80
03/08/2021	3443	Michael D. Galloway	54067 · WW Treatmen...	February charges	1,200.00		-23,188.80
03/08/2021	3444	James W. Dunn	52020 · Commissioner...	per diem	300.00		-23,488.80
03/08/2021	3445	Drew Rice	52020 · Commissioner...	per diem	300.00		-23,788.80
03/08/2021	3446	Bruce Wade	52020 · Commissioner...	per diem	300.00		-24,088.80
03/08/2021	3447	Lake Village Water ...	52010 · LVWA - Mana...	management fee	2,916.67		-27,005.47
03/08/2021	3448	Mercer County Sanit...	10015 · Reserve Account	reserve account	1,745.00		-28,750.47
03/08/2021	3449	Mercer County Sanit...	10010 · Debt Service	debt service	19,250.00		-48,000.47
03/08/2021	3450	Lake Village Water ...	54055 · Utilities	70190	27.52		-48,027.99
03/08/2021	3451	Larry D. Catlett	53030 · Legal Fees	February billing	325.00		-48,352.99
03/10/2021	3452	City of Harrodsburg	-split-	3 invoices	8,607.86		-56,960.85

TOTAL CHECKS WRITTEN FROM GENERAL ACCOUNT

\$43,594.72

James Dunn, Chairman

Bruce Wade, Director

Drew Rice, Treasurer

**Lake Village Water Association, Inc.**  
**801 Pleasant Hill Drive**  
**Post Office Box 303**  
**Burkin, Kentucky 40310**

The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 9th day of March 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hager moved to approve the minutes from the February 16, 2021 meeting as presented. Director Hughes seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Vice President Carey seconded the motion. Motion carried.

Sanford presented the Financial Report for February, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$70,360.66 pointing out that the Water Costs were under budget by \$3,789.45. Sanford went on to report that the Net Income for the month was \$25,945.30. Sanford stated that due to the inclement weather and the inability of customers to get to the office, no penalties were posted to the late accounts. Sanford noted that Miscellaneous Income was up a bit due to having to scrape the parking lot a few times throughout the month, specifically 5 clearings for a total cost of \$1,600. Director Hughes suggested possibly purchasing a blade for the vehicle and having staff clear in parking lot to save money in the future. Sanford agreed that it would be less expensive than frequently hiring the company to clear it. Sanford stated that he will keep watch for a blade, especially during the warmer months.

Sanford presented the Non-Revenue Water Report for February stating that the Association purchased 15.3 million gallons of water and sold 11.5 million gallons. Sanford went on to note that of the 3.6 million non-revenue gallons, 1.8 million can be accounted for through service line leaks throughout the month, leaving approximately 12% to search for and eliminate. Sanford stated that staff are continually looking for the leaks, primarily in the KY 33 master meter service area.

Sanford provided an update on the payment plans established as a result of the PSC order related to the COVID-19 pandemic, stating that previous balances have increased slightly. Sanford went on to note that 19<sup>th</sup> Hole was current until this month and requested an extension, which was granted due to the season and lack of business. Furthermore, Sanford stated that Quality Inn was placed on the meter pull list and paid \$2,233.03 to maintain the service, but the check was returned. Sanford went on to state that a cash or credit card was demanded to cover the return check and that the owner covered the past due amount. Lastly, Sanford stated that funds will soon be available through the CARES Act to cover delinquent utility bills and will be administered by Kentucky counties and that all counties will be eligible to apply for \$200,000 in relief for water, sewer, electric and gas bills. The program will be made available through a

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Community Development Block Grant and will be administered by the Bluegrass Area Development District. Sanford concluded by stating that the total amount of delinquent balances has been provided to the Boyle and Mercer County Judge Executive offices.

Sanford stated that the City of Danville presented the Association with notification of a Kentucky River Authority Tier 1 Water Withdrawal Fee increase and that the increase will go from \$0.029 per 1,000 gallons, up from \$0.022 per 1,000 gallons. Sanford noted that the fee has remained unchanged since 1996 and that the increase would result in approximately \$650.00 annually based on the current usage. Sanford recommended that the Association absorb the increase. Sanford went on to note that the City of Danville charged the increase to the water bills for six months without notification and has issued a credit to each of the water bills. Lastly, Sanford stated that charging the increase without written notification to the Association and the Public Service Commission is not allowed by statute.

Dienst reported that the second advertisement for the Contract 14 Project has been released and that there are currently two plan holders. Dienst went on to note that the pre-bid conference will be held on Thursday, March 11<sup>th</sup> at 11:00 am to provide interested parties the opportunity to ask questions and discuss the project. Lastly, Dienst presented the amendment to the Engineer Service Agreement to cover the cost of the additional bidding services. The amendment will increase the fee for services by \$7,000. Vice-President Carey moved to approve the amendment as presented by Dienst. Director Hager seconded the motion. Motion carried.

Sanford stated that President Boyd, MCSD Commissioner Drew Rice and he met to review the existing contract with the Mercer County Sanitation District. Sanford stated that the current agreement accurately reflected the services provided to the District with the exception of the maintenance portion of the language. Sanford noted that the agreement states that all maintenance work will be contracted out to a third-party contractor, but that all maintenance was being performed by Association staff. Sanford went on to state that the original agreement included a fee of \$25,000 annually and was increased in 2017 to \$35,000 annually. Sanford stated that the agreement is primarily for personnel services and that the District covers all operational expenses directly. Based on the amount of time being spent by staff to provide services and the cost of staff pay and benefits, the group recommends an increase to \$40,000 annually with a 3.5% increase annually to cover the increased cost of personnel. President Boyd stated that the group also recommends that the contract be reviewed at the beginning of each year to ensure that the fee and services provided are adequate to meet the needs of both, the Association and the District. Director Hughes asked if the time was being tracked. Sanford stated that the time is being tracked by work orders and that some services are routine, such as daily pump station readings, pump maintenance and package plant assistance. Sanford stated staff track the time as much as possible, but often times it is difficult due to the nature of the work. Sanford stated that staff may have multiple items in one trip that are water and sewer and it's difficult to allocate the time accurately. Director Hughes stated that he has changed out grinder pumps and that one repair may take two hours and next one may take ten hours. Sanford agreed with Director Hughes. Vice-President Carey moved to approve the amendment to

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increase the fee to \$40,000 annually with an annual review by both utilities. Secretary/Treasurer Gross seconded the motion. Motion carried.

President Boyd asked if the work orders are generated by hand and whether the Association has ever researched moving to an electronic system to track the work. President Boyd stated that while employed at Kentucky Utilities, staff would input the work order information at the end of the day into a system that allowed them to track time, material and work order information. Sanford stated the current billing software has the ability to generate and house the work order data, but office staff have not utilized the process at this time. Director Hughes stated that if work orders were generated electronically, it would be good to track the time spent, material and equipment used in an effort to better track the operational expenses. Sanford stated that he will research the process and report back to the board as soon as he can. Secretary/Treasurer Gross noted that there may be a mobile app that would track the work orders in the field and make it easier to implement.

Sanford presented the Office Manger SOP for review, stating that the document was very detailed and should provide great assistance in the coming weeks while Monson is on leave. Sanford went on to note that additional information will be added to complete the document. Sanford stated that he will be working with office staff to prepare the Billing Clerk SOP in the coming weeks. President Boyd recommended that employees review the details often, maybe every couple of months to ensure that the processes are accurate. Sanford agreed and stated that many of the processes are also repetitive in nature.

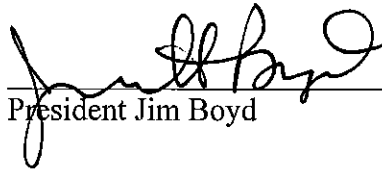
Sanford stated that the Association has taken two trucks out of service in recent weeks and needs to purchase a truck. Sanford stated that cash flow during this time of year does not accommodate paying for the truck in full, but the PSC does allow for 24-month financing. Sanford stated that a full-size truck isn't needed and that a mid-size model would work better for meter reading and daily work orders. Director Hager stated that used truck prices are near new truck prices and recommended purchasing a new model. Director Hughes stated that his family has dealerships in Ohio and that he would contact them to check on inventory. All agreed that the Sanford should look around for options and present via email to proceed.

Sanford stated that he was contacted by Jack Coleman, Building Inspector, concerning the building permit application process, specifically regarding the availability of water and adequate pressure. Sanford stated that Coleman will begin ensuring that applicants contact the Association as soon as possible to obtain information regarding water service to properties where structures will be built. Coleman agreed that staying ahead of any issues with pressure and water service should be discussed and addressed if possible before construction begins. Sanford stated contacting Coleman was a great suggestion and hopefully this will fill any gaps in the building process for new Association members.



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Director Hager moved to adjourn the meeting. Secretary/Treasurer Gross seconded the motion. Meeting adjourned.

  
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President Jim Boyd

  
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Secretary/Treasurer Andrea Gross