

**COLUMBUS COUNTY BOARD OF COMMISSIONERS**  
**Workshop for Uniform Rules for All Water Districts and**  
**Retail Water Facilities Operated by Columbus County Public Utilities**  
**January 11, 2010**  
**6:00 P.M.**

The Honorable Columbus County Commissioners met on the above stated date and at the above stated time in the Dempsey B. Herring Courthouse Annex Building, located at 112 West Smith Street, Whiteville, North Carolina, for the purpose of conducting a **Workshop** for the Uniform Rules for all Water Districts and Retail Water Facilities Operated by Columbus County Public Utilities.

**COMMISSIONERS PRESENT:**

Edwin Russ **Chairman**  
 Giles E. Byrd, **Vice Chairman**  
 Amon E. McKenzie  
 James E. Prevatte  
 Ricky Bullard  
 Ronald Gore

**COMMISSIONER ABSENT:**

Lynwood Norris

**APPOINTEES PRESENT:**

William S. Clark, **County Manager**  
 Mike Stephens, **County Attorney**  
 June B. Hall, **Clerk to Board**

**WATER ADVISORY BOARD:**

Thadus Williams	District II
Randy Britt	District III
Verne Hufham	At Large

**PUBLIC UTILITIES STAFF:**

Kip McClary, Director  
 Danny Fowler  
 Amanda Davis  
 Carmela Williams

**WORKSHOP CALLED to ORDER:**

At 6:00 P.M., Chairman P. Edwin Russ called the Workshop for Uniform Rules for all Water Districts and Retail Water Facilities Operated by Columbus County Public Utilities to order.

**READING of WORKSHOP PROCEDURES:**

Chairman P. Edwin Russ stated the following:

1. First, the workshop meeting is to inform the Board and permit discussion - no final action is taken; **and**
2. Second, the procedures are less formal than at a regular meeting, but such meetings are part of the decision-making process, deliberations are going on, and therefore, they constitute "official meetings".

Chairman Russ requested that Kip McClary, Public Utilities Director, present the requested information to the Board for discussion.

**PRESENTATION and DISCUSSION by KIP McCLARY:**

Kip McClary, Public Utilities Director, stated his staff had conducted several meetings on the recommended changes to these rules. We have prepared an Agenda for this meeting which lists the areas that are affected, with the accompanied page numbers. These areas are as follows.

<b>Agenda Item #1:</b>	<b>Section 13.</b>	<b><u>Adjustment of Overcharges</u></b>	<b>Page 5</b>
		<b>(C) Adjustment for Leaks</b>	

**Present Reading:**

- (C) Adjustments can be given for leaks on amounts exceeding three (3) times the average bill based on a calculation of the preceding six months and only once in any given year.

Example:

For the month of July, the customer had a leak and their bill was \$117.00. The customer’s water bill for January, February, March, April, May and June was \$25.00 for each month. The total bills combined for the preceding six months was \$150.00. When you divide the total dollar amount by six months, it will give you the average, which is \$25.00. The customer will be responsible for three (3) times the average, which is \$75.00. See Section 13 (C). The total adjustment made to this account would be \$42.00.

**Discussion:**

**Commissioner McKenzie:**

1. I would like to see a more standardized method of doing this; **and**
2. You need to average out a period of twelve (12) months, and use that figure.

**Kip McClary:** delivered the following recommendation from his staff:

1. One (1) time, per year, waiver or a grace on a bill if there has been a leak and charge off anything over a twelve (12) month average (using twelve -12- months, not including the month of the leak). Example: if it is January when the leak occurred, then we don’t use January, and we use December to December.
2. Adjust only one (1) bill, the bill that is presently overrun, what the average would be.
3. After the one (1) grace, do that one (1) time in a twelve (12) month period, per account.

**Commissioner Prevatte:**

1. Allow me to point out one (1) thing, and that is, the existing method would be okay if your bill averaged out to be thirty and 00/100 (\$30.00) dollars to thirty-five and 00/100 (\$35.00) dollars per month; **and**
2. The situation that I am aware of went from a forty-five and 00/100 (\$45.00) dollars to one hundred twenty-five and 00/100 (\$125.00) dollars monthly bill before the leak was detected, and this equated to a very small refund.

**Vice Chairman Byrd:** This proposal is the fairest method that could be used.

<b>Agenda Item #2.</b>	<b>Section 26.</b>	<b><u>Billing and Collecting</u></b>	<b>Page 10</b>
		(E) . . . . . If bill is not paid within 5 days of the due date, service may be discontinued by district . . . . .	
	<b>Section 27.</b>	<b><u>Suspension of Service</u></b>	<b>Pages 10 and 11</b>
		(B) A service discontinued for non-payment of bills will be restored only after bills are paid in full, and a service charge determined by the District is paid for each meter reconnected.	
	<b>“Attachment B”</b>	Page 16 of 18	

**Discussion:**

**Kip McClary:**

1. This is related to what is commonly called the cutoff penalty or cutoff reconnect fee;
2. Several different terms have been used in the office; **and**
3. The language actually stated in the policy is an account service charge, and on Attachment B, it is called the cutoff reconnect fee.

**Vice Chairman Byrd:**

1. The problem I have with that is that I think we need to be more in line with Progress Energy, the telephone and cell phone bill, and they will not let you get two (2) months behind;

2. With the timing of some of the citizens' income, the fifteen (15) day threshold is just not enough; **and**
3. This is too demanding and too quick.

**Commissioner Gore:** Kip, are second notices sent out?

**Kip McClary:** The second notices are printed and mailed on the 15<sup>th</sup> of the month. I would like to share the following figures with the Board to allow them to see this from the way we see this:

1. We have approximately four thousand, two hundred (4,200) customers;
2. On an average, month end, month out average, three (3%) percent of those customers are cut off for non-payment, that is one hundred (120) customers average, and in December, 2009, it was one hundred thirteen (113);
3. Of that three (3%) percent, the one hundred twenty (120) average, seventy-two (72%) percent, or approximately eighty 80 customers are repeat turnoffs;
4. So, what that leaves us, is forty (40), out of four thousand two hundred (4,200) who are not repeat offenders, or getting caught in the trap of forgetting to pay the bill, or letting something come up to cause it to slip their mind or just got behind;
5. If they typically get caught in the penalty trap one (1) time, we don't hear from that customer again, they pay their bill, get it caught up, and they don't repeat; **and**
6. That is just an average of what we do.

**Commissioner McKenzie:** One (1) of the issues in this situation, is the cutoff fee, and you have not yet cut the water off.

**Kip McClary:**

1. What we do, on the 20<sup>th</sup> of the month, at 5:00 P.M., when we close our door, after all collections are made for that day, accounts are caught up, Carmela publishes the cutoff sheet or the penalty sheet;
2. After 5:00 P.M., on the 20<sup>th</sup> of the month, they have already been behind for five (5) days, and they are charged that five and 00/100 (\$5.00) dollars late penalty, and after 5:00 P.M. on the 20<sup>th</sup>, they are considered a delinquent account;
3. That is when the cutoff sheet is published, and on the morning of the 21<sup>st</sup> day, it is distributed to the utility crew, and they are sent out to actually do the cutoffs.

**Commissioner Prevatte:**

1. I do not have a problem with the reconnect fee if the water has actually been disconnected;
2. If this information is only listed on a piece of paper, and the water was never actually turned off, I don't think you should charge a customer for something that has never been done; **and**
3. If you have to, change the verbiage.

**Kip McClary:**

1. Changing the verbiage is what we would like to do; **and**
2. This is the scenario that we get into - we send the crew out to cut the water off, and if the customer comes in and pays before they actually cut the water off, then we still have incurred the expense of the truck going to the location and coming back which is basically thirty and 00/100 (\$30.00) dollars in fuel.

**Staff Recommendation:**

**Kip McClary:** My staff states they will be okay with this, and recommends the following: a one (1) time waiver of the account penalty, per history of account.

**Commissioner Prevatte:** Mr. McClary's staff is not the ones that have got to make the decision, it is the Board of Commissioners, and we want to be friendly to the customers. If you have not turned the wrench to cut the water off, I don't think we should charge them.

**Commissioner Gore:** How much notice do we give the customers that we are going to cut the water off.

**Kip McClary:** This information is printed on the bottom of the bill, on every bill that is sent out that it is due by the 15<sup>th</sup>, then they get a second notice after the 15<sup>th</sup> that the water is going to be turned off, but this is printed on the bottom of their bill.

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**Vice Chairman Byrd:** If the bill is mailed on the 15<sup>th</sup>, the mailing time may incur two (2) to three (3) days before it reaches the customer, and if the customer is out of town for any reason, they may not be getting their bill within the five (5) day period of time. I think the five (5) day period of time is too tight of a time frame.

**Commissioner Bullard:** Mr. McClary, let's go back to the billing process, and when did the office actually send the bill out?

**Kip McClary:**

1. The Public Utilities Office sends the water bills out on the 1<sup>st</sup> of the month;
2. The due date is the 15<sup>th</sup>; **and**
3. The turn off date is the 20<sup>th</sup>.

**Commissioner McKenzie:** Would it be fair to go to thirty (30)days?

**Commissioner Gore:** Kip has the office experienced any instances, on the 21<sup>st</sup> day, of more cutoffs than they could take care of in one (1) day?

**Danny Fowler:** It depends on what is going on at the time, and this has occurred.

**Commissioner Gore:** Could we give a forty-eight (48) hours waiver on the 21<sup>st</sup>, and actually cut the water off on the 23<sup>rd</sup>.

**Commissioner Bullard:** How many customers did this happen to. Kip replied stating he did not have a record of more than two to three (2-3) customers a month out of four thousand, two hundred customers.

**Commissioner McKenzie:** Can the one (1) time waiver be given once a year, annually.

**Commissioner Prevatte:** I would be in agreement with that if you change it from reconnect fee to delinquent fee, or something, but don't call it reconnect.

**Kip McClary:**

1. Everyone is in agreement that the verbiage needs to be changed from reconnect fee to delinquent penalty;
2. I do want to recommend that we do this on a rolling 12 method;
3. Our staff has the ability, on the computer, to look at your bill and see what it has done for the past twelve (12) months;
4. If you have this to occur within an eleven (11) month cycle, then you would not get the option of the penalty being waived, but if it happened on the thirteenth month, then you would get the penalty waived;
5. This will be done on a rolling twelve; **and**
6. We are recommending the same on the leak, doing it on a rolling twelve, not on a fixed date.

<b>Agenda Item #3. Section 30.</b>	<b><u>Classifications, Rate, Fees and Charges</u></b>	<b>Pages 12 and 13</b>
	(C) 1. Tap-on Fee: .....This discounted tap fee will be available to all customers up and until the time the final inspection is performed. .... <b>(conflicts with actual construction procedures)</b>	

**Kip McClary:** stated the following:

1. We ran into something with the construction of Water District IV;
2. Everyone in District IV, in the construction zone, has available to them the discounted tap fee, which is an one hundred and 00/100 (\$100.00) dollars fee, plus a fifty and 00/100 (\$50.00) dollars deposit;
3. In the policy here, it states the discounted tap fee will be available to all customers up and until the time the final inspection is performed, and in the comment above, I have stated this

**conflicts with the actual construction procedures;**

4. We are in a situation right now where we have had people sign petitions saying they wanted water who have not come in and signed up;
5. We have sent letters out and we have gone door-to-door, and prior to my employment, there were several community meetings down in that area and some of our Water Board members are still at work trying to get people to sign up;
6. I proposed to the Water Board that we set a deadline to tell people if you want to connect to this water coming to your neighborhood, that by a certain date, you have to come into the Water Office and pay, and if not, then for those residents along the roads that have not yet signed up, water may not be made available to them;
7. The reason for this is we are getting people outside of the construction zone who are signing up who want the water, but we don't have the funds in the construction to pay for them because it would be additional costs, but we are still planning to run water lines to people who have not yet signed up because they signed an original petition;
8. The policy states that we will still make water service available to those customers until the project completion, which in this case, will be somewhere around the end of May, 2010;
9. We are looking for a way to fund additional lines to people in that zone who have signed up, and it would be helpful if we said, now look, if by March 1, 2010, if you have not yet signed up for water, we are going to pull the funding from the road you live on, and put on the road someone else has signed up for; **and**
10. This is in addition to the stated concerns, and you were not aware of it.

**Discussion:**

**Commissioner McKenzie:** Are you saying this is for the future?

**Kip McClary:** This is for the future, and could apply to us now, if we were willing to look at the verbiage that is in this section of the policy and say look, we need to set a deadline in the construction zone earlier than the project completion.

**Commissioner McKenzie:** That is the problem we incurred on Water Districts II and III.

**Kip McClary:** That is inferred to in Item #5. We have approximately one hundred twenty (120), plus, people who signed petitions, and put their signatures on a petition list saying they wanted the water, if the county would go after funding and bring it to their neighborhood, but they have never come in and signed up. The difference between the petition and the signup is the petition is something that is circulated to determine interest. We have gone after millions of dollars of funding to get water brought to that neighborhood based on those petitions. Now, several of these people have said, I really don't want the water, so we are not signing up for it. The signup means that they come into the office, fill out an application and pay the one hundred fifty and 00/100 (\$150.00) dollars to be connected. So, these two (2) kind-of go hand-in-hand. The purpose of setting a deadline date is to go ahead and let those people in that area know that by March 01, 2010, if you have not signed up, then we are going to pull funding and put it another location where people have signed up.

**Commissioner Bullard:** I think that is a good idea to put the pipes where the people are going to use the water, if you are going to put the pipes down.

**Vice Chairman Byrd:** Are you going to knock on every door who have signed up, or on that road, and give them an opportunity, and tell them if you don't sign up now, we are going to move the funding to another location.

**Kip McClary:** That is the plan. If their name is on a petition list, and they have not yet come in, then we are going to knock on the door and either hand them a notice or put a notice on their door letting them know that there is a deadline date set.

**Vice Chairman Byrd:** I would suggest every house, whether they have signed a petition or not, if we are going to work that road to see the eligibility of the number of customers there.

**Kip McClary:** Would it be, in the advice of the Board, to change the verbiage to state that we are not going to the end of a project, we are going to back up to sixty (60) days prior to the completion of the project, and set a deadline, and then we can reallocate funds to the areas where people have

signed up. We had one (1) situation where an entire road had water planned to go down it, there were eight (8) houses on that road who signed petitions, and no one signed up for the water.

**Commissioner Bullard:** That is a waste of the money.

**Kip McClary:** The other thing that ties into this same issue is a refund on the tap fee during or after the construction of the project, which is as follows.

**Agenda Item #4. (Not in Policy) Refund of Tap-on Fee During or After a Construction Project?**

**Agenda Item #5: (Not in Policy) Petitions / Sign-ups**

**Discussion:**

**Kip McClary:**

1. The policy is silent on this issue, totally;
2. If you have a person who signs a petition, comes in and pays the deposit, and an account is set up for them, and two (2) weeks later, they walk back in and say I have changed my mind, I do not want the water, give me my money back; **and**
3. Do we refund the money, or do we say we are not returning any money until the project is complete, and then we will refund money to all who we were not able to serve.

**Commissioner McKenzie:** I do not think we should return the money because we have an agreement.

**Kip McClary:** That has been my position. We have an agreement twice. We have an agreement when they sign the petition, and we based millions of dollars of funding on that petition. Now, our attorney states that the petition is not a binding and legal document. But we have an actual application for an account, and it states on the bottom the following:

**PLEASE READ CAREFULLY:**

By requesting water service and payment of a connection fee, the recipient of water service hereby understands and agrees to pay a minimum monthly water bill if not connected to the system and using water sixty days after such is made available to the dwelling. You will be provided with a blue flag to be placed in the exact location you want your meter placed. If this flag is not here at the time of installation, our service men will place the meter in the best location. The meter will then be moved if necessary at your expense.

Before they sign this application, they have the opportunity to read this, any, in my opinion, they are making a second commitment that they want water. Do we give them the option of getting a refund of this deposit money before the project is complete?

**Commissioner Bullard:** What are you doing for the customers who signed up for the previous projects and paid their one hundred and 00/100 (\$100.00) dollars and never got water?

**Kip McClary:** So far, I am asking those customers to let us hold your money until the end of the project because if funding from these roads that did not sign up is available to you, I have got a commitment, in my heart, to get water to those people.

**Commissioner Bullard:** I am talking about customers several years ago that did this, and still don't have water, and the County has still got their one hundred and 00/100 (\$100.00) dollars, and so you are talking two (2) different languages there.

**Commissioner Gore:** I personally feel like we should give those people back their money if they ask for a refund, unless we got something in this statement that they sign that states there will be no refund. If that language and that verbiage is in there, I can go along with it, but otherwise, I think they are entitled to their money back.

**Commissioner McKenzie:** That verbiage needs to be a part of the statement on the application for water.

**Vice Chairman Byrd:** Your comment is saying now, if you sign the petition, and we include you in the head count to get the numbers to run the line down this road, and we run this line down this road, and we have made the water accessible to you, you are saying still give them the money back, or not give them the money back if the line has been run?

**Commissioner Gore:** I am saying give them their money back if the line has been run, we did not run the line for that one (1) individual there, but we run the line to service the community or this road. Especially during the construction phase, I think we need to give them their money back.

**Commissioner McKenzie:** I agree with you, and if the verbiage is added to the application, the people will think twice before they pay their money if they know it will not be refunded.

**Kip McClary:** Let me point out that in the petition that everyone has signed, there is a statement that says: It is understood that sixty days after construction of the water line, all users who have signed below and who have not paid the \$50.00 deposit shall be billed at the minimum monthly charge. It is also understood that the existing tap fee will be charged.

**Commissioner Gore:** That is a petition, it is not a contract or agreement.

**Kip McClary:** I understand. My only concern is, if we base the construction of a water district on a certain number of signatures which would indicate that we can pay for this district with these customers, and then thirty (30%) percent of these customers back out during the construction phase, or during the building of the project, now we got a district that is just sitting there in jeopardy as to whether the bills can be paid or not.

**Commissioner Bullard:** That is not a good way to do business.

**Kip McClary:** That is the process that was used, and I am bringing this to your attention tonight.

**Vice Chairman Byrd:** That is why we got the problems in Water Districts II and III.

**William S. Clark, County Manager:** Is that the same process that was used in Water Districts II and III?

**Kip McClary:** Yes.

**William S. Clark, County Manager:** My concern is that this is what is going to happen in Water District IV because we have based everything on petition signups, and if these people don't come in and they start backing out, we may have the same problem in Water District IV that we have in Water Districts II and III.

**Commissioner Bullard:** Mayor Britt was on the Board when Water Districts II and III were being established.

**Mayor Randy Britt:** What we based our information on was signups, and that is true that it is not a contract or agreement. That is what was used, and had been used, in counties such as Columbus County, and all around us, by Farmers Home, which it was called at that particular time. They had taken that information and worked it into their formula that if they had got so many signups, a certain percentage, at the start date, then by the completion of the construction, another fifteen (15%) percent to twenty-five (25%) percent would sign up. I agree with you, it is not a good way to do it. It turned out not to be a good way to do it, but that is the standard they went by and that is what engineering firms were using all over this area. We had an economic downturn, and then we had a lot of people who wanted to back out, and we had a lot of people who had cold feelings about it, and would not have anything to do with it.

**Kip McClary:** That is one (1) reason that I am proposing that we set a deadline date. If we state that by, with this project, Water District IV, March 1, 2010, if you have not come in and set up an account with us to get that connection, we still have time, within the contract, to re-evaluate where those lines are plotted to be run and pull back on those areas where people have not signed up, but

maybe did sign the petition, and go into areas where people have signed up. We got about three (3) roads down there now where we got a high number of signups, actual applications, who were hopeful of getting the water, they came on in and paid early, but the project did not cover them. We can take money out of these areas where the folks are not signing up, and put it the areas where people have signed up.

**Commissioner Gore:** Have these areas been engineered?

**Kip McClary:** Yes.

**Commissioner Bullard:** You are asking for sixty (60) days prior to completion date, and would that take care of everything?

**Kip McClary:** Yes, sixty (60) days prior to completion date, and that would help us.

**Vice Chairman Byrd:** I feel like if they were figured in the numbers that we needed to make that business decision to put that water line in, I feel like they should be bound in some way, if it is an accessibility fee, a flat fee, the words -by your door, whether you choose to take it or not-, they should be accessed, even if you have to do it with the Tax Office. Because what we are dealing with is the same thing we got with Water Districts II and III. We had a big signup, and there's people paying assessment taxes who has no way and no chance of ever getting the water. I feel like we need to put some language in there that if they sign, and that project is underway, on their road, that they are going to be forced to take the water or either pay a flat fee, an accessibility fee, or something similar to that.

**Kip McClary:** That is what the petition actually stated, in a round about way, but our attorney states that a petition is not a binding document. Your next binding document is the Application for Public Utilities. If they come in and apply and the water is being run by a property, the application states they will pay a minimum bill. We can change the wording in the application. I just need a recommendation from the Board as to how you would like the wording to be. Another thing that my staff would like for me to mention is on the refund, would that include refunding their money if a tap has been provided?

After discussion, it was the general consensus of the Board that verbiage needed to be added in the **PLEASE READ CAREFULLY** paragraph on the application that there would be no refund, and it was not very clear to the customer that the recipient of water service would pay a minimum monthly water bill even if they were not connected to the system after sixty (60) days of the water being made available.

**Commissioner Bullard:** I think the attorney needs to look at that to make sure everything is included that we need.

**Mr. Clark:** I think you need to amend your policy based on the discussion we have had here tonight, unless you need some clarification, have Mike to review it, and bring it back to the Commissioners at their next meeting, and you can vote on it.

**Commissioner Gore:** How does the Water Board feel about what we have talked about tonight?

**Verne Hufham (At Large Member):** stated the following:

1. Here has been one of the main problems, you have got people on the negative side. They are talking to the other people about the quality of the water, and saying that I am going to keep my well;
2. Knocking on every door is not a good idea;
3. What has happened on these other roads, is the following:
  - What Leo Green, Green Engineering, told us is that it would be some of the other roads;
  - In other words, we had a cut out of roads on account of money;
  - When we took this information and had the roads cut out, the citizens kept coming to me, and I said look, Leo Green says there may be some more roads on the end of this project;
  - I suggest that you get signed up for that road, and turn the information into Kip; **and**
4. That is probably what this is all about.

**Kip McClary:** I have instructed my staff that even if the line is not scheduled to go down their road,

if they want to come in and pay for a connection, don't refuse them, let them pay. That is just adding to the numbers in those areas where we could be putting water lines, and then, at the end of the project, if we can't make it available to them, we will refund their money.

**Vice Chairman Byrd:** I have a question dealing with the two (2) water systems we have between here and Hallsboro, and the cards we sent out coming back in and the numbers were not as favorable as we had hoped for. What can we do to qualify us for grant funding in this area?

**Kip McClary:** There is grant funding available if you can prove there is a bacteria problem, or some other problem existing with the drinking water the person gets.

**Commissioner Prevatte:** Before you start looking for grant funding for Water District IV, let's look back at Water District II. Down Silverspoon Road, we got twenty to thirty (20-30) people that has been wanting water down there.

**Vice Chairman Byrd:** We have two (2) wells already there. One (1) well is on Honeyhill Road and one (1) well on old Highway 74-76. Would those two (2) wells supply enough water to say add on a couple of hundred customers in the vicinity of the Hallsboro area. This is where the numbers that we got were in favor. Most of them came out of the Mill Quarter Section.

**Kip McClary:** You are going to be limited as to how much those two (2) wells can supply because both of those wells are only producing about fifty to seventy (50-70) gallons per minute.

**Vice Chairman Byrd:** The proposal for the one (1) well that we had previously, are the funds available that maybe that well could be put in, and be there for future growth?

**Kip McClary:** We can look at it.

At 7:11 P.M., Chairman Russ stated this workshop was adjourned.

**APPROVED:**

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**JUNE B. HALL, Clerk to Board**

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**P. EDWIN RUSS, Chairman**