

MINUTES OF THE
KREBS UTILITY AUTHORITY
COUNCIL MEETING
KREBS CITY HALL
APRIL 21, 2015
7:35 P.M.

1. Mayor Bobby Watkins called the meeting to order.
2. ROLL CALL. Office Manager W Kay Scott called the Roll. Mayor Bobby Watkins – Present, Tommy Walker – Absent, Connie Poole – Present, Jason Wagnon – Present, Daulfin Bennett – Present.
3. CONSIDER AND ACT TO APPROVE THE MINUTES OF THE MARCH 17, 2015 KUA MEETING. Chairman Bobby Watkins asked for a motion. Daulfin Bennett made a motion to approve the Minutes of the March 17, 2015 Council Meeting. Connie Poole seconded the motion. Chairman Watkins called for a vote. Tommy Walker –yes, Connie Poole – yes, Jason Wagnon – yes, Daulfin Bennett - yes. Motion passes.
4. Ed Klink recognized a Government Class from Eastern Oklahoma State College that came to observe the Council proceedings and government in action. Mayor Watkins signed agendas for the class members.
5. CONSIDER AND ACT TO APPROVE THE CLAIMS. Chairman Watkins asked for a motion. Tommy Walker made the motion. Daulfin Bennett seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.
6. REVIEW KREBS UTILITIES AUTHORITY FINANCIAL STATEMENT WITH MIKE KERN. Mike Kern stated if you'll turn to the Income Statement. Revenues for the month of March are \$81,178.57. Expenses are \$74,333.12 for a Profit of \$6,845.45. Year to date Revenues of \$736,539.35 and expenditures of \$741,833.56. For 9 months ending we have a Loss of \$5,294.21. If you will turn to the very last page for the Cash Flow. The notes that we pay on are listed under the Cash flows by capital and related financing activities. We have paid \$41,363.60 on the Principal of the note and the Interest we have paid is \$24,140.19. That's \$65,000 total. The Net cash provided (used) by operating activities, we've generated \$94,070.67 so the ratios that lending institutions look at, as long as you have operating monies of 125%. We are operating fairly well because we are more than the 125% even though we have a lot of expenditures. If you look at Net increase in cash of almost \$19,000. We still need to look at continuing to raise the rates for sewer because that's where we are spending most of our money. We have to continue to raise our rates because our costs increase and we can't absorb all of it. We are making progress. We have not enacted a sewer increase since last year. Audit and Finance meeting on Tuesday of next week and we can start putting together our budget for next fiscal year. We have 3 quarters of the year and I can make some projections. I would like to have from the Police Chief, Fire Chief, Administration some budget requests so we can start putting that together. Open to questions or comments. Tommy Walker stated its good to see we are making money 2 out of 3 parts.

7. PUBLIC COMMENTS, QUESTIONS AND ANSWERS CONCERNING THE KREBS UTILITIES AUTHORITY BUSINESS.

Michael Bailey addressed the board regarding a tinhorn or another driveway off of Katy/5. About 1 year ago to a gentleman that is no longer here. What are the guidelines/ordinances to install a tinhorn? Chairman Watkins answered the City charges you for the tinhorn at our cost. We put it in and put 1 load of gravel on top but we will need someone to look at it. Ed Klink was told by Mr. Mick that the sewer line is rather shallow in that area and to put a tinhorn on top may cause a collapse the sewer line. We cannot accept the responsibility of the collapsing of a sewer line. I told Mr. Mick to relay to Mr. Bailey that we could not accept responsibility for the collapse of the sewer line. Today I received a call from Ms. Poole and she told me that Mr. Bailey was willing to accept the liability of a collapse of a sewer line. I told her that if he is, I will come up with a very simple agreement that states that that's what he is willing to do and we will go from there. Before this meeting commenced, I spoke with Mr. Bailey and told him that after the meeting I would be happy to come up with a written agreement that he would have to sign and the City would sign that if his placement of a tinhorn, in some manner or another, that is collapsed or deteriorated the sewer line that he would be responsible for that portion of it. What I understood was the sewer line dead ends at his property, so basically had the sewer line not ended at his property, there would be no way that the City could agree to allow a tinhorn to be put on top of a sewer line that could potentially be destroyed. If he is at the end of the sewer line and he is the only one impacted and he accepts responsibility for the sewer line. Mr. Bailey asked if there were ordinances for how deep the line should be and the placement of it. Is there any way that we can dig it up to see what the line is? If it's Schedule 80, for sewer lines, with a foot of gravel it should be able to support a vehicle driving back and forth. I'm not parking anything on it on a daily basis. One of the problems is Katy or 5th is narrow and people come to the house, they get ticketed for parking the wrong way. Chairman Watkins asked Rick Petricek, Engineer with Poe & Associates, what he thought about the issue. Mr. Petricek asked what time frame have you narrowed it down to that the sewer line was installed. Chairman Watkins stated 60's maybe. Mr. Petricek stated maybe clay tiles. Mr. Bailey stated that in the last couple of years from repairs and the smoke testing that it's all PVC in that area. Mr. Bailey stated his house was built in 2006. Mr. Walker asked if we can dig it up to see what type of pipe it is. Mr. Bailey stated he just wants it on record.

7. BUSINESS PREVIOUSLY CONSIDERED.

None

8. BUSINESS NOT PREVIOUSLY CONSIDERED.

A. CONSIDER AND ACT TO REPLACE THE 7 STAGE PUMP AT LAKE EUFAULA IN THE AMOUNT OF \$35,000. Ed Klink addressed the board. Since the last meeting, I have contacted Tenaska about the transfer of water from Lake Eufaula to Krebs Lake. The latest email, which you have a copy of, gives a list of things that we would need, especially in the summer time, the Tenaska plant does not operate 24 hours a day 7 days a week. They simply could not allow us to have water 365 days a year. The KUA needs to retain a portion of our water rights. I have gotten an estimate on replacing the pump at Lake Eufaula with a submersible pump in the amount of \$23,000 excluding a crane to remove the pump which is estimated at \$35,000. Funds can be available from the County in the form of a REAP Grant in the event that our pump fails causing an emergency. Our funds are limited and we have not had an increase in rates since last year. We are in desperate need of a rate adjustment whether or not we replace this pump. We are facing a rate increase of 20% with our decision to not increase rates last year. We would like to publish an invitation to bid in the News Capital so we can prepare ourselves when this pump fails. We would not purchase anything until we bring it before you the governing board. Mr. Kern stated that we have monies available to cover this in the Meter Deposit account which has

\$95,000 in liabilities in deposits but when we go through and check the amount of deposits in the account we should really have about \$65,000. We've got about \$30,000 that we can work with. The General Fund, we have Capital Improvement money approximately \$25,000 that we can use. Mr. Walker asked you said 20% increase. Mr. Kern stated 10% on both sides (water, trash, and sewer). Mr. Klink stated this won't fix everything so I don't want to mislead you. Mr. Walker asked so we've got the money covered. Mr. Klink stated what we are asking tonight is to accept bids for this water pump. It's tough to find anyone who wants to come here. We want to advertise for bids only.

Tommy Walker made a motion to accept bids for the 7 stage pump at Lake Eufaula. Connie Poole seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.

- B. CONSIDER AND ACT TO ACCEPT THE REVISIONS TO THE ENGINEERING REPORT FOR THE WATER TREATMENT PLANT IMPROVEMENTS AND AUTHORIZE THE REVISED REPORT TO BE TRANSMITTED TO DEQ FOR REVIEW. Rick Petricek addressed the board. In October, the chemicals that you were using to coagulate were switched and it is working better but that change was not noted in the last report. This report is to update those chemical changes, clarify the demo of the office building and chemical building that are on top of the plant, and they had a question about the carbon you use and a question about the buffer tank. I have brought extra copies of the engineering report. There were 19 Federal and State agencies that were contacted. The engineering report distribution: 3 for ODEQ; 3 for Phil Ross; 3 for the KUA. Also need EID for Phil Ross (Rural Development). In the form letter for requesting a variance on the sludge lagoon. Mr. Petricek will email the form letter and it needs to be put on letterhead. I'm recommending that you accept the engineering report. Mr. Klink stated we are going to a FACT meeting in OKC on Friday. We will take the reports and letters to OKC when we go on Friday.

Chairman Watkins asked for a motion. Tommy Walker made a motion to accept the engineering report. Connie Poole seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.

9. COMMENTS FROM THE BOARD AND CHAIRMAN. None.
10. ADJOURN MEETING. Chairman Watkins asked for a motion to adjourn the meeting. Tommy Walker made a motion to Adjourn. Daulfin Bennett seconded the motion. Chairman Watkins called for a vote. Tommy Walker – yes, Connie Poole – yes, Jason Wagnon – yes, Daulfin Bennett – yes. Motion passes.