

## MINUTES

Regular Meeting  
Cleveland County Water Board Room

February 14, 2017  
Tuesday, 7: 00 P.M.

Present: Chairman Donald O. Melton, presiding; Treasurer Pete Pedersen, Secretary Bill Cameron, Commissioners John Taylor and Tony Brooks, General Manager Brad Cornwell and Attorney Tim Moore. Vice Chairman Dewey Cook and Amy Bridges were absent.

Chairman Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Tony Brooks who gave the invocation and Pete Pedersen led the *Pledge of Allegiance*.

### A. Approval of agenda:

Chairman Melton asked Commissioners if anyone had any questions related to the adoption of the agenda. With no questions, he requested a motion to approve the agenda.

#### 1) Motion to adopt the proposed agenda

ACTION TAKEN: Upon a motion by Mr. Pedersen and second by Mr. Brooks, the Board of Commissioners voted unanimously to approve the agenda as presented.

### B. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Cameron second by Mr. Brooks, the Board of Commissioners voted unanimously to approve the Consent Agenda. The Consent Agenda consisted of the following items:

- 1) Approval of the Minutes of the Regular Meeting of January 10, 2017
- 2) Approval of the Minutes of the Special Meeting of February 4, 2017

### C. Special Presentations:

- 1) Presentation of Resolution Number 1-2017 A Resolution Honoring Justin K. Brackett as District Attorney for Cleveland County Water, Lawndale, North Carolina

Mr. Melton read and presented Attorney, Justin K. Brackett, with a framed official copy of Resolution Number 1-2017. Justin Brackett expressed appreciation for the opportunity.

- 2) Presentation of CCW Collections Policies and Practices by Michelle Alexander, Customer Services Director and Ginger Fern, Finance Director

Mr. Cornwell and Ginger Fern gave a special presentation that was scheduled for the retreat however due to time limitations, could not be presented. Mr. Cornwell explained that there were some customer related issues that needed to be updated and discussed before the budgeting process begins. Some of the items up for discussion include the updating of the water service application that customers fill out when applying for service, increasing the amount of the deposit paid by customers that do not release their social security number and the collections process for outstanding collections and unclaimed cash. Legal counsel has already been consulted with the changes being proposed. Michelle Alexander attended a class held at the UNC School of Government to learn about policies and procedures currently in effect. The proposed application and corresponding general statues were shared for review. The application process has not been changed since the early 1990's. The average water consumption for a residential customer for a month is \$26.10 which is the equivalent to 5,000 gallons of water. The current deposit for an owner is \$15.00. Once the deposit is applied to the final bill the owner is either issued a refund for any outstanding deposit or they are responsible to pay the remaining outstanding balance. Mr. Cornwell read the application statement on the new proposed application. The statement reads that the customer social security number is used for collections purposes only and that they may or may not disclose their social security number. The North Carolina law allows a utility to charge a higher deposit when the social security number is not provided for collection purposes. The proposal is to increase the current \$15.00 deposit to \$25.00 for customers applying for water service with the disclosure of their social security number for debt collecting purposes. If the customer is unwilling to share their social security number their new deposit would be \$50.00. The rental deposit would also be increased but only if the customer does not disclose their social security number. The current rental deposit is \$100.00 because a renter is less likely to stay at the location they are receiving service. The proposed deposit change for the renter would be

\$150.00 if the renter does not disclose their social security number. Mr. Cornwell called for questions concerning the deposit proposals before continuing the presentation with the debt collections. Mr. Brooks asked if we currently have social security numbers. Mr. Cornwell explained that we have some social security numbers. We also have a place on the application for social security numbers however most customers leave this space blank because they know that number is used for collection efforts. Mr. Brooks questioned if our computer system was secure to contain social security numbers. Mr. Cornwell replied that the system is very secure and can also be password protected at the customer request. Ginger Fern, Finance Director, began her presentation about the accounts receivable and collection of outstanding debt. Accounts receivable are the outstanding balances owed to CCW. General Statutes does not allow collections on any accounts more than three years old. At the end of 2016 there was \$589,000.00 in outstanding debt older than the three-year threshold. Once an account reaches that three-year age CCW has no recourse to collect on that account. A customer can be provided the information of an old outstanding balance and elect to pay it or not pay it. There is \$58,000.00 that has not reached the three-year window and could still be collected. The collection process is currently done with a company called DataMax. A customer account can be referred to DataMax with the following account criteria, the account needs to be over \$25.00 and over 60 days old. Mrs. Fern explained that DataMax does not require a social security number however it is harder to collect without the number. On accounts collected within the window of six months from the last day of service DataMax keeps 30% of the balance. If the account is older than the six-month window DataMax retains 47%. Accounts paid prior to placement are assessed a 15% fee. NC League of Municipalities offers a Debt Set Off Clearing House to assist local governments by offsetting outstanding debt from state tax refunds and NC Education Lottery winnings. This service is free of charge with the debtor paying off their outstanding debt and any fees incurred. There are no costs associated with this program. The necessary customer information must be provided with social security number to participate in the program. The only requirement is to have a bank account with the NC Capital Management Trust to deposit the collected funds. Once the funds are deposited into the NC Capital Management Trust account they can then be transferred to the Hometryst Bank account within a couple of days. This program was started by the League in 2002 and there were thirty-one participants and

debt collections in the amount of \$234,000.00. In 2016 there were 425 participants with \$19.3 million collected on outstanding debt. Mrs. Fern continued her presentation with money owed to customers. The North Carolina Department of Revenue has an unclaimed cash program. The unclaimed property law requires all companies to examine their accounting for any dormant unclaimed property. This property or money is then remitted back to the NC Department of Revenue. At the end of 2016 there was \$8,500.00 on the financial statements in outstanding customer deposit refunds that were never cashed. These refund checks were mailed to customers but may have been lost or never taken to the bank. The refunds span several years. North Carolina Department of Revenue requires unclaimed property to be over a year old before it is referred to them. Customers with checks over \$50.00 will be notified by letter that there is an outstanding refund check and asked if a replacement check is needed. Mrs. Fern informed everyone on how to check to see if they had unclaimed cash in their name. Mr. Cornwell gave some examples of situations that the staff has encountered over outstanding balances and attempting to collect old debt. Mr. Cornwell explained that statute of limitations for collecting old debt is three years, anything older than three years a customer can apply for service and not be mandated to pay the old outstanding balance. The staff can try to initiate payments on the old balance because if a payment is made the statute of limitation starts over again. Mr. Brooks asked if there was any interest in that. Mr. Cornwell explained that if the social security number is available our fees with DataMax may be reduced. Mr. Pedersen questioned if as a public utility we couldn't require a social security number. Mr. Cornwell replied that we can't require it but we can encourage it with the higher deposit amount. Mr. Cornwell explained that he has heard several good reviews with local governments with the debt set off program. Mr. Pedersen asked if we could try to collect the outstanding debt older than three years. Mrs. Fern responded that we could not try to collect on that larger older debt, however the \$58,000.00 could be collected if we have social security numbers.

#### D. Public Comment:

Chairman Melton requested the time for Public Comment and Mr. Cornwell noted that no one had signed up for Public Comment.

D. Unfinished Business:

- 1) Consideration of Resolution Number 5-2017 A Resolution Approving a Financing Agreement Authorized by North Carolina General Statute 160A-20

Mrs. Fern summarized the six proposals received from banks for the installment financing in the amount of \$399,000.00. Carter Bank & Trust was the lowest interest rate with 1.75%. Mrs. Fern also shared the other proposals along with those banks that elected not to bid and the banks with no response. The recommendation was made to accept the proposal from Carter Bank & Trust.

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Taylor, the Board of Commissioners voted unanimously to adopt Resolution Number 5-2017 *A Resolution Approving a Financing Agreement Authorized by North Carolina General Statute 160A-20*

F. New Business:

No new business was presented.

G. General Manager's Report:

Mr. Cornwell began with the financial statements. Mr. Cornwell noted that the Cleveland County tax check for January was significantly lower than previous year. Last year's check was \$141,000.00 last year and this year's check was \$117,000.00. Mr. Cornwell asked Mrs. Fern to call the Cleveland County Finance Director. The response from the county office was that there was a large utility that elected not to pay their taxes until February so the difference would offset on the February check. The land purchase on Big Broad River is also reflected in the January numbers. The maintenance report was presented and Mr. Cornwell informed that the 6" water line main extension for Lee Cornwell Road was completed. The installation called for 625 feet of pipe to be installed. The water plant average was 4.25 million gallons a day. The billing report shows increases in billing and revenue from the previous month and the previous year. January was a dry month. Mr.

Cornwell updated on the progress of the timber management plan. The tract of timber on Knob Creek is currently being cleared. The winning bid was awarded to Fulbright Lumber in the amount of \$6,840.00. Fulbright Lumber will have the job completed within the week. Next winter this tract of land will be re-planted in pine trees. Mr. Cornwell has an appointment with the NC Forestry Department to begin the forestry plan for the Big Broad River land. Mr. Cornwell is working on the resolution for the Retreat Goals from February 4, 2017 for later presentation. Mr. Cornwell presented an employee compliment for employee Shaun Stroup from a lady that called into the office. Shaun stopped to help her son pick up trash on the side of the road after the container dumped the trash out on a windy day. She was very appreciative and emotional that Shaun had stopped to assist in the clean-up. Mr. Cornwell asked Attorney Tim Moore to update and inform the Board on House Bill 64. This bill would eliminate the off-year elections. This bill, if passed, would begin with the election in 2022. Mr. Cornwell explained that this bill would not eliminate the staggered terms. The commissioners effected during this change would only serve a three-year term instead of a four-year term. Once the change was made the terms served would continue with the existing four-year term. Even year elections would eliminate costs due to the elections being at the same time as presidential, legislative and state elections. The previous board election was billed with a cost of \$25,150.00.

#### I. Board Members Announcement and Remarks

There were no Board member announcements or remarks.

#### K. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Pedersen, second by Mr. Brooks, the Board of Commissions voted unanimously to adjourn at 7:49 PM.



Respectfully submitted,  
*Bill Cameron*  
Bill Cameron  
Secretary