

Mount Sherman Water Association (MSWA)
OPERATING POLICY – Revised 7/14/2014

SECTION I – Rate Structure

1. **Membership Fee:** for a single *residential* water meter a non-refundable fee of \$500.00, payable to MSWA, shall be assessed. Any excess expenses for special parts for additional line required for a new tap that are incurred by the MSWA at the time of installation will be paid by the applicant. Membership fees for commercial meters will be determined by the Board of Directors based on a fully itemized cost estimate of the commercial installation project.
2. **Meter Deposit:** for a residential member a deposit of \$75.00 shall be assessed. The deposit shall be returned to the applicant at the termination of service provided all account balances are paid in full.
3. **Meter Re-Connect Fee:** shall be \$25.00 should service be terminated then re-instated.
4. **Monthly Water Rates (Residential):** new water rates were adapted by the Board of Directors on February 11, 2013 in anticipation of connection of the Mt. Sherman Water System to the Ozark Mountain Regional Public Water Authority. Those water rates are a minimum of \$14.50 for the first 1,000 gallons delivered. Additional water rates are scheduled at \$6.00 for each additional 1,000 gallons.
5. **Monthly Water Rates (Commercial):** are based on meter size as follows. Water usage over the base amounts will be billed at \$6.00 per thousand on a pro-rated basis:
 - a. 1" to 2" meter - \$50.00 for the 1st 5,000 gallons or portion thereof
 - b. 3" meter - \$70.00 for the 1st 7,500 gallons or portion thereof
 - c. 4" meter - \$105.00 for the 1st 10,000 gallons or portion thereof
6. **Members Who Leave the System:** with an outstanding account balance then return and request their service be re-connected will be required to pay any past due balances, plus a \$100.00 meter deposit before their service is re-installed.
7. **Cost of Repair to Property Owned by the MSWA:** that is damaged or destroyed, whether accidentally or willfully, will be recovered from the responsible party.
8. **Member Requesting Additional Line:** required for a new tap will pay the expense of all parts used for the tap. Installation costs will be paid to the installer and/or backhoe operator.
9. **Water Testing Fees:** shall be set by the Arkansas Department of Health and passed on to the MSWA members on a pro-rated basis.

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10. **Connecting Water to Rental Property:** *as of December 12, 2011 by resolution of the Mount Sherman Water Association Board of Directors:* If a primary owner of a rental property does not furnish water to the property as a part of their rental agreement, the following policy will apply: The tenant who occupies the rented property must pay the meter deposit fees before a meter will be installed. The tenant must pay for water consumed at the property during their occupancy. The owner of the rental property must co-sign an agreement with the MSWA that states that should a tenant vacate the property and leaves an outstanding balance owed to the MSWA then the property owner is responsible for that outstanding balance. If the property owner elects to not co-sign the agreement then water service to the rented property will not be installed. If the situation arises where a balance is not paid when the property is vacated, the MSWA will remove the meter at the rental property and will not re-install a new meter until the outstanding balance is fully paid. Should a disconnect notice be mailed to a tenant for non-payment, the property owner will also receive a disconnect notice alerting them to the fact that water service to the rental property will be discontinued for non-payment. This will allow the property owner to take action and settle the account with the tenant before water service is disconnected at the rented property.

SECTION II – Billing and Payment

1. **Payment of Monthly Water Bills:** without a penalty is the 22nd day of each month following that for which the charges are applicable. The postmark is evidence of the date mailed and payment must be postmarked on or before the 22nd day of the month to avoid a late payment penalty of 10%.
2. **Late Payment Notices:** will be sent out on the 24th day of the month and payment must be received by the last day of the due month or the meter will be pulled on the 1st day of the next month unless prior arrangements have been made through the MSWA office.
3. **Late Payment:** may be paid when the Water Operator arrives to pull a meter, the member may pay the bill in full (including the late fee) and pay the Water Operator a fee of \$25.00 and the meter will not be pulled. Repeated occurrences may result in an increased meter deposit, at the discretion of the Board of Directors.
4. **Delinquent Accounts:** *as of August 8, 2010 by resolution of the Mount Sherman Water Association Board of Directors:* when an account has a delinquent balance the member is required to pay a minimum of \$50.00 per month toward the delinquent amount due plus the member must pay for water used during the normal monthly billing cycle. Failure to pay the

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- minimum of \$50.00 toward the delinquent balance plus the amount due during the normal monthly billing cycle will result in the water meter being pulled. Should service be discontinued for failure to pay it will not be reinstated until the unpaid balance has been paid in full. The delinquent account will be charged a \$25.00 fee for pulling the meter and the Board of Directors will determine the cost of reinstating service after the outstanding balance due on the account has been paid in full.
5. **Circumstances Preventing MSWA from Providing Water:** will entitle an applicant to a full refund of the membership and deposit. Refunds will be made within 15 days of the submission of the application.
 6. **Billing Adjustments for Water Leakage:** where a water leak on a member's line and the leak is buried so as to be difficult to detect, MSWA will adjust the price of water to the amount it cost MSWA to provide the water. In order to receive this adjustment the member must have the leak repaired by a licensed plumber and the plumber must attest that the leak was such that detection without excavation would have been difficult, especially if there is not noticeable water on the ground surface. This policy does not apply to plumbing within a structure or visible leakage above the ground.
 7. **Billing Adjustments for Excessive Water Usage or Loss Due to Leakage:** The Board of Directors **will not** automatically adjust water bills from the retail rate to the cost rate nor forgive any penalty charges for large bills resulting from excessive water usage or water loss due to leakage. Instead, the Board asks the customer who experiences larger than normal water bills to petition the Board on a case by case basis to determine if excessive water usage can be adjusted to a cost basis and/or penalty charges forgiven in the event of higher than normal water bills. The Board will require each customer who petitions the Board to present evidence that the cause of excessive water usage or loss have been properly addressed by the customer to prevent such excessive water usage or loss from recurring in the future.

SECTION III – Installation and Termination of Service

1. **Installations Requiring Road Bores:** must be approved by and permitted by the Arkansas Highway and Transportation Department and a refundable bonding fee to the MSWA must be pre-approved by the Board of Directors to insure proper construction.
2. **Installations Requiring Easements:** must be resolved by the applicant and all easements must be obtained by the applicant. The MSWA bears no responsibility for easement infringement and all easements are subject to approval by the Board before installation can be initiated.

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3. **Meters Shall be Set and Removed by Authorized Personnel of the MSWA:** Before any action is taken to either set or remove a meter the MSWA must obtain a written and approved service request. The request will contain a signature of both the authorized requestor and the authorized MSWA representative. This document will become a part of the account file. Violation of this policy shall be subject to an immediate removal of the meter and a re-connect fee of \$25.00, payable before the meter is re-installed.
4. **Discontinuance of Service:** will be followed by a removal of all meters and the closing and locking of the water valves. Service will not be restored until a deposit is paid by the new applicant.
5. **Meters Shall be Numbered:** with a location code and a serial number separate from the account number.
6. **Location of Meters, Valves, Fire Hydrants, Blowoffs:** and other fixtures will be designated on 7-1/2 minute USGS quad maps and maintained current by the Water Operator.
7. **Placement of Meters:** will be determined by the MSWA and will be for convenience of maintenance and access for the Water Operator. The installation fee includes placement of the water meter within 5 feet of the water line. Additional materials required to place the meter a greater distance from the line will be at the customer's expense.
8. **MSWA Requirements:** will be presented to all applicants for signature. Applicants will retain a copy of the signed requirements statement before a meter can be installed.
9. **Cross Connections:** are grounds for refusing or discontinuing service to a member. A cross connection is any system where water may enter the members water lines and flow back into the MSWA lines, including when a pressure failure occurs and creates a vacuum. By Arkansas State law, cross connections cannot be grand fathered into the system. They are an immediate health hazard or potentially so. There are several methods of preventing a cross connection. After one of these methods have been implemented, the water system must be inspected and approved by a State Inspector and a report provided to the MSWA. This rule was adopted by the MSWA on March 11, 1996 and is retroactive to comply with State Law. Members will have 30 days from the date of notification in which to make repairs to their system should a cross connection be discovered.

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SECTION IV – Vendors and Purchase Orders

1. **Vendors Must Have a Purchase Order:** for the MSWA to be liable for a purchase. The Billing Clerk will notify all vendors of this requirement.
2. **Signed Purchase Orders:** must be presented by the Water Operator before any purchases can be made on behalf of the MSWA. An Officer of the Board of Directors must sign Purchase Orders. In an emergency the Water Operator may make only those purchases necessary to correct the emergency and must get the proper approval from an Officer of the Board of Directors within 24 hours of the emergency.

SECTION IV – Financial Management

1. **Regular Meetings of the Board of Directors:** will be conducted on the 2nd Monday of each month at a time agreed upon by the members of the Board.
2. **Special Meetings of the Board of Directors:** will be call in accordance with the By-Laws which govern the MSWA Board of Directors.

SECTION IV – Pro-Rata of Original Water Line Installation Expense

1. **Pro-Rata Charge Calculations:** In the event that a landowner applies to the MSWA for water service to the land, which would require such land to be connected to an already existing water line, then the landowner may be required to pay a proportionate share of the original cost of installing such already existing water line which said owner would have been required to pay at the time of such installation, if his lands had been connected to the water line at that time. If one or more other landowners have previously paid all or part of the original cost of installation of said line, then the said proportionate share paid by the new user shall be paid as reimbursement to such other landowner(s) or their successors (heirs), in interest, in the same proportion that such other landowner(s) contributed to the original cost of installation.

The foregoing pro-rata charge shall be in addition to the other regular cost of connecting such parcel of land to the existing water line.

2. **Exceptions:** An agreement must be made between the original installers of the water line and any landowners who furnish an easement to them as to pro-rata payments. Such an agreement should be in writing, and a copy must be given to the MSWA.
3. **Forfeiture:** If a landowner who was involved in the original cost of the installation of the water line sells the property, then the right to

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reimbursement for the cost of the water line is forfeited, both to the original landowner and to the new landowner.

4. **Time Limit:** A time limit of 15 years shall be imposed on the collection and disbursement of pro-rata charges by the MSWA.
5. **Bookkeeping:** Records of transactions, collections and disbursements of pro-rata money is to be done by the Bookkeeper for the MSWA.
6. **Disclosure:** Every landowner involved in the installation of a water line subject to pro-rata fees MUST be given a copy of this policy statement and sign a copy to be kept on file by the MSWA bookkeeper.
7. **Example:**
 - a. Assume 4 landowners install a water line, with an original cost of \$10,000.00.
 - b. A 5th person wishes to tie on to the line. Then the pro-rata cost to the 5th person would be 1/5th of the original cost of the water line, or \$2,000.00
 - c. The \$2,000.00 would then be split between the 4 original landowners (\$500.00) each). This would make the total investment of \$2,000.00 by each of the 5.
 - d. If a 6th landowner ties on, then his cost would be \$1,666.67, which would be split by the previous five landowners (\$333.33 each), making the total investment by each landowner \$1,666.67.
 - e. If a 7th tied on then the pro-rata cost would be (\$10,000.00 divided by 7) of \$1,428.57 that would be split by the previous 6 landowners.
 - f. This would continue for all new connections until the time period for pro-rata cost has expired.