

Washington County Service Authority Board of Commissioners
June 25, 2007 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Vice-Chairman at 7:00 PM.

ROLL CALL

Commissioners Present:

Mr. Phil McCall
Mr. Gerald Cole, Chairman
Mr. Daniel Reynolds
Mr. Scott Rector, Vice-Chairman
Mr. D.L. Stout

Commissioners Absent

Mr. Sam Kiser
Mr. Sam Blaylock

Staff Present:

Robbie Cornett, Interim General Manager
Kim Roberts, Controller
Ella Ratcliffe, Information Systems Manager

Consultants Present:

Bill Aden, PE, Draper Aden Associates
Randall Hancock, PE, Draper Aden Associates
Bobby Lane, PE, Lane Engineering
Kevin Heath, PE, Adams-Heath Engineering

Also Present:

Mr. Mark Lawson, General Counsel
Ms. Dawn Figueiras, General Counsel
Caitlin Sullivan, Washington County News
WCSA Employees

3. Public Query and Comments

Mr. Teddy White from Jonesboro, TN stated that he had recently purchased some property on Childress Hollow Road in the Wyndale community. Mr. White had obtained a petition to request water service. He stated that he had received 19 signatures on the petition but 3 did not sign. Mr. Cole questioned whether there could be potential problems with right-of-ways

from the signatures on the petition. Mr. White stated that out of the 19 signatures that he had received that he felt that everyone that had signed was agreeable to signing a right-of-way agreement. Mr. Cole requested that Mr. White leave the petition with Mr. Cornett and they typically put them in the order of the need for service and do a cost estimate to see if the project would be feasible. Mr. Cole also questioned whether any of the potential customers were having problems with their wells. Mr. White stated that as far as he knew that they were all fine to use. Mr. Cornett stated that he would be glad to evaluate the petition and let Mr. White know the results.

4. Approval of Agenda

Mr. Cornett requested that the Board approve switching Items 8 & 9 on the agenda before approval.

Mr. Rector made a motion to approve the agenda. Mr. Stout seconded. The motion passed 5-0-2.

5. Consent Agenda

- Minutes from May 21, 2007
- Routine Reports
- Financial Statements for April 2007
- Check Register ending 05/31/07

Items removed from Consent Agenda

None

Mr. McCall made a motion to approve the Consent Agenda. Mr. McCall's motion was seconded by Mr. Rector. The motion was approved by a 5-0-2 vote.

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6. Engineer's Report and Update

Mr. Bill Aden and Mr. Randall Hancock with Draper-Aden reported on the following projects:

Sewer O & M Analysis

Mr. Hancock reported that they had previously submitted some O & M costs and some updated construction costs for the Exit 13 and 14 area and were planning on having a meeting with the WCSA to discuss. They had met with the WCSA staff, 2 Committee members of the Board of Commissioners and the Board of Supervisors about two weeks ago and provided as needed assistance on negotiations with the agreement that had been proposed with the Town of Abingdon and the City of Bristol.

Seven Springs Secondary Supply

Mr. Aden reported that they had submitted the PER to the staff for review and then would be sending the PER to the Health Department for approval. They are waiting to hear comments from the staff.

Glove Drive Waterline Improvements

Mr. Aden reported that they had submitted the PER to the staff to review and they would be sending it to the Health Department. They have already completed the preliminary design and are working on the final design. They are waiting to hear comments from the staff.

Route 58 Water Storage Facilities

Mr. Aden reported that they had submitted the preliminary grading plan and draft of an easement. They are still waiting to get with Bob Jones. Mr. Cornett stated that he had met with Mr.

Jones in the last week and he took the plans with him and met with the surveyor to stake out the road and told him he would get back to him in the next two weeks.

Route 58/Watauga Road Waterline Improvements

Mr. Aden reported that they had all the easements in place but they needed to coordinate on where some of the easements needed to be. He stated that Mr. Ernie Sutherland may come to Blacksburg to go over these easements with his staff. He hoped this would take place within the next two weeks.

He also stated that they were also working with the Authority staff on some water pressure problems on Remington Drive. They also were working with Mr. Cornett and Mr. Canody on some issues with the Bristol Industrial Park pump station.

Mr. Bobby Lane with Lane Engineering reported on the following projects:

Lime Hill/Walker Mountain Road Project

Mr. Lane reported that they had completed the final design and had submitted the project to the Health Department. He stated that Mr. Eric Herold had reviewed the plans and had given them the first round of comments which they had answered and they are expecting to be approved. He stated that they had identified properties for easement acquisitions and the Authority staff were working to obtain them. He said that they had requested from the Health Department a categorical exclusion for the water line and they reported that they could try but it may

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not happen. They had submitted letters to the environmental agencies and are proceeding to collect all the data they need for the environmental assessment so this will not hold up the project.

Clear Creek/Lee Highway Project

Mr. Lane reported that this project has been completed and in service. They had issued the substantial completion letter. He also reported that all the punch list items had been completed and all work had been completed on time.

Mr. Kevin Heath reported on the following projects:

White's Mill Road

Mr. Heath stated that that he had learned that the WCSA staff had made an offer to the landowner of the tank site. They are still in the process of evaluating the sites. Mr. McCall questioned whether they had identified any other sites. Mr. Heath stated that they had identified two other sites but he was not aware if anyone had been approached yet. Mr. Cornett stated that they were researching all of their options before they approached anyone. Mr. Stout questioned on whether the number one tank site option was still not an option. Mr. Cornett stated that he felt like it would not be an option but they are still keeping in contact with the landowner in case he might change his mind.

Orchard Hill Road

Mr. Heath stated that they had submitted preliminary plans to the Health Department. He stated that he had spoken to Mr. Herold and has worked on the review but they had not received a comment letter. He stated that he had heard from the funding through DHCD and the funding was not successful.

7. General Manager's Report and Update

Mr. Cornett reported on the following:

Significant Field Work

- 35 leaks were repaired
- 14 breaks were repaired
- 31 water taps made
- 2 wastewater taps made
- 68 after hours maintenance call-outs
- 154 customers were telephoned following unusually high usage
- 368 customers were notified that their water was to be turned off
- \$3,957.00 was abated for 24 customers with water leaks

Construction in Progress

- **Blackwell Chapel** – SB Construction has completed their contract and has a short punch list remaining. Crosspoint Contracting has one road and creek bore remaining to complete. All remaining line is complete and a portion of the line is in service.
- **Twin Oaks Road**- SB Construction has begun this project and is moving quickly with over 5600' of water line installed out of a total of 6800'.

Projects in Design or Pre-Construction Phase

Water Line Expansion

- WCSA plans to have a advertisement requesting proposals from interested engineering firms for the construction of our new raw water intake and the expansion of our water treatment plant within the coming week.
- WCSA is preparing to solicit the remaining raw water line easements needed to construct the raw water line from the South Fork to the existing Treatment plant. In 1995 WCSA obtained about 1/3 of the needed easements for this project.
- **Green Valley Poultry Waterline and Fire Hydrant**

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- We plan to draft minimum plans and use the small purchases procurement policy to solicit contractors to construct the project later this spring/summer.
- **Mendota Road (Phase 1)**
- Preparing to begin design
- **Denton Valley Road**
- Preparing to begin design
- **Tumbling Creek Road**
- Preparing to begin design

- **Administrative Items**
 - Staffing Update- WCSA currently has five open positions which include the General Manager, Engineer in Training, Chief Operator at the Middle Fork Water Treatment Facility, and two Maintenance Crew positions.
 - Orchard Hill Road; the Town of Damascus was unsuccessful in obtaining its DHCD grant for the Orchard Hill Road section of the Town. Of this grant money WCSA was scheduled to receive \$400,000 for water line improvements which we plan to make in the area.

8. Closed Meeting, Personnel and Investment of Public Funds and Acquisition and Disposition of Property

Mr. Rector moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph A (1): Personnel: Discussion, consideration or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specified public officers, appointees, or employees of any public body; and evaluation of the performance of

departments where such evaluation of performance of departments necessarily involve discussed specific individuals; and Code of Virginia Section 2.2-3711 Paragraph A (6): Investment of Public Funds, Discussion or Consideration of the investment of public funds where competition or bargaining is involved where if made public initially the financial interest of the governmental unit could be adversely affected and Code of Virginia Section 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property; the discussion or consideration of the acquisition of real property for public purposes, or of the disposition of publicly held property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

In addition to the Board, the presence of Mr. Mark Lawson, and Ms. Dawn Figueiras, WCSA Counsel and Mr. Robbie Cornett, WCSA Interim General Manager are requested. The motion by Mr. Rector was seconded by Mr. Reynolds. The motion passed (5-0-2). The Board adjourned to Closed meeting at 7:20 p.m.

Return to Public Session

Upon motion by Mr. McCall and second by Mr. Rector, the Board returned to Public Session at 09:30 p.m.

Certification of Closed Meeting

Whereas, the Washington County Service Authority has convened to a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of

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Information Act; and Whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted in conformity with Virginia law; Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority. The motion passed 5-0-2.

AYE: Mr. Cole, Mr. McCall, Mr. Rector, Mr. Reynolds, Mr. Stout,

NAY: none

Absent: Mr. Kiser, Mr Blaylock

9. Adoption of WCSA's 2007/2008 Budget and Rates

Mr. Cornett stated that since the last meeting on June 11th for the purpose of reviewing the Budget they had nothing new to offer to the Board on the proposed Budget but they would be providing a couple of different scenarios for a potential rate increase that the Board had requested. Mr. Cornett stated that after taking a look at customer rates they were presenting 3 different rate study scenarios for the Board to consider. Mr. Cornett stated that Scenario #3 was the one that he felt like the Board may consider for approval. He stated that this scenario involved increases that

were based on the designed function of monthly user and connection fees. He stated that the monthly user fees should be earmarked largely for operation, maintenance and departmental needs and to a lesser degree water supply expansion and infrastructure replacement. Connection fees are a two part fee with part one covering the physical connection and part two, the system fee, covering treatment capacity and infrastructure improvements including replacement and expansion. The theory is that new connections require water supply and infrastructure expansion therefore connection fees should support capital needs related to water supply and infrastructure needs particularly relating to growth. Connection fees should pay for the water supply project and a small portion of the line replacement cost since it is not directly related to growth but to aging infrastructure. For this reason the staff feels that this scenario is more equitable than the other two presented.

This scenario applies an increase of 3% to monthly user fees. He felt that given the increase we have realized costs such as fuel and electricity, which effect the entire operation. This scenario also applies a 10% increase to sprinkler charges. This also would increase the construction cost of each meter size by \$150, the system fee doubles from \$300 to \$600 and they would also recommend the cap on the system fee of \$50,000 increase by a 10% per year for a period of 10 years at which there would no longer be a cap. These changes would result in an additional \$394,204.63 in revenue

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with \$200,000 coming from monthly user fees and a conservative \$195,000 coming from connection fees.

These fee changes include no change to the monthly minimum (1000 gallon) for \$15.50, the per thousand gallon charge of \$2.80 is increased to \$2.90 for up to 3,999 gallons. Then usage after 4000 gallons increases from \$3.00 to \$3.30 per thousand gallons. This would change a user with a 5000 gallons bill from \$24.10 per month to a bill of \$27.50. This would also include a monthly sprinkler charge that would increase from \$6.00 per inch fee to \$6.60 per inch. The monthly sprinkler line minimum fee would change from \$15.00 to \$16.50. This would also affect the meter size connection fees based on meter size. Ms. Roberts presented a slide presentation showing each Scenario and the effects of revenue generated by the changes. After the Board reviewed all options of the presentation Mr. Cornett requested the Board consider approving Scenario #3 which would be in line with the future needs of WCSA. Mr. Rector questioned on whether the connection fees could be raised more so this would not be a burden on the customers that had been paying for the system in the past 25 years. Mr. Rector stated that he felt like the customers of the Authority that had been in the system for a long time should not have to continue carrying the burden of developing the system. Mr. Rector also stated the Service Authority should not be used as a tool for Economic Development in this county that it was put here to provide

drinking water for the residents of this county. Mr. McCall commented that he felt that Mr. Rector should come to the Board of Supervisors meeting and make a presentation to the Board about this because the Service Authority is a major tool in helping with Economic Development so jobs can be brought to this county. Mr. Rector also stated that he felt that the County government should help with tax revenue money in supporting and funding of upgrading the intake and Water Treatment Plant.

A motion was made by Mr. Stout to approve the Scenario #3 presented to the Board for the rate increase and fee changes. Mr. Stout's motion was seconded by Mr. McCall and passed by a unanimous vote.

Mr. Cornett acknowledged and commended Ms. Kim Roberts and Ms. Ella Ratcliffe with the preparation of the rate study and budget.

10. Late Items

Mr. Cornett mentioned to the Board that Mr. Kiser had contacted him prior to the meeting to let him know that he would not be able to attend tonight's meeting and also wanted him to express his appreciation and his pleasure of being able to serve on the Authority Board for the time he did because he would not be reappointed for another term to serve as a Commissioner.

Mr. Lawson informed the Chairman that they had made a motion to accept the proposed rate increase, but had not approved the budget as a whole. This would require another motion. Mr. McCall made a motion to

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approve the 2007/2008 Budget as it was presented two weeks ago. Mr. McCall's motion was seconded by Mr. Rector and approved by a unanimous vote.

Mr. McCall moved that the Board accept Mr. Cornett's application for the Assistant General Manager/Operations Maintenance Manager position as advertised internally beginning May 24th through June 10, 2007. This position will have an annual salary of \$77,000 per year plus use of a company vehicle and benefits described in the advertisement. As discussed during the June 11, 2007 Special Called Meeting, this position shall report to the General Manager and shall be appointed by a Committee consisting of the General Manager and representatives of the Board of Commissioners. Mr. McCall's motion was seconded by Mr. Reynolds and passed by a unanimous vote. Mr. Cole showed his appreciation to Mr. Cornett for accepting this position.

11. Adjournment

Mr. Rector made a motion to adjourn. Mr. Stout seconded. The motion passed 5-0-2. The Board adjourned at 10:28 p.m.

Mr. Gerald Cole, Chairman

Ella Ratcliffe, Assistant Secretary