

Washington County Service Authority Board of Commissioners
September 27, 2010 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:05 PM.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. D.L. Stout, Vice Chairman
Mr. Prince Coleman
Mr. Dwain Miller
Mr. Frank Stephon, IV

Commissioners Absent:

Mr. Gerald Cole
Mr. Kenneth Taylor

Staff Present:

Robbie Cornett, General Manager
Kim Harold, Controller
Amanda Paukovitz, Administrative Assistant
Doug Canody, Engineering Services Manager
Mark Osborne, Distribution Manager

Consultants Present:

Randall Hancock, PE, Draper Aden Assoc.
Jeff Spickard, PE, The Lane Group, Inc.
Kevin Heath, PE, Adams-Heath Engineering

Also Present:

Mrs. Dawn Figueiras, General Counsel
WCSA Employees

3. Approval of the Agenda

Mr. Cornett had no additions or corrections to the agenda, other than already noted. Mr. Coleman made the motion to approve the Agenda. Mr. Coleman's motion was seconded by Mr. Stephon and was approved by a 5-0-0-2 vote of the Board.

Note: Agenda Items #4 & #5 were moved to a later point in the meeting.

6. Public Query & Comment

There was no Public Query & Comment.

7. Approval of the Consent Agenda

- Minutes: August 23 Regular Meeting
- Routine Reports for August 2010.
- Financial Statement for August 2010.
- Check Register and General Manager Financial Report for August 2010.

Mr. Stephon made a motion to approve the Consent Agenda with no additions or corrections. Mr. Stephon's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote of the Board.

8. Engineer's Report and Update

Mr. Kevin Heath of Adams-Heath Engineering reported on the following projects:

• **Whites Mill Road Improvements**

Three respective contracts have been awarded and issued. The contracts have been received back and Adams-Heath would like to have them reviewed by Legal Counsel. They are proceeding towards loan closing and construction.

• **Orchard Hill Road Improvements**

The Contractor was able to successfully complete the remaining stream crossing. They made the final tie in on the Creeper Trail side today and will plan to tie in the Mountain City side tomorrow. They hope to finish up restoration and testing within the week.

Mr. Randall Hancock of Draper Aden Associates (DAA) reported on the following projects:

• **Route 58 Water Storage Tank**

DAA is proceeding with construction of Contract 1. The biggest issue is that due to easement conditions, they had to add some items. They are still in the process of negotiating those issues. The other big concern is the schedule. They plan to have a progress meeting with the contractor this Wednesday; DAA is concerned about their progress. Drawings for the tank's construction

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(Contract 2) are being reviewed.

• **Exit 13 Sewer Project, Phase 1**

They had a conference call with Staff today and are working on acquiring easements. Mr. Cornett is concerned about the grant money. DAA thinks we have some of the critical easements involving environmentals, so they can proceed with that portion. They have some meetings scheduled on site. Mr. Hancock asked Mr. Cornett to elaborate. Mr. Cornett met with DHCD recently about the grant funds for the project. WCSA entered into an agreement with DHCD in August 2009; this involved a two year contract for the funds. The project needed to be done before the end of the contract (August of next year). Mr. Cornett expressed that they will be unable to complete the project by that time; an extension is needed. Subsequent to his meeting, Jimmy Wallace of DHCD has written a manager letter to WCSA, asking that 1) a schedule is outlined, and 2) the project is built as soon as possible. Mr. Cornett expressed that he will be outlining a schedule and putting the letter together very soon. The project will be advertised for construction bids in December of this year or January of next year. He asked for an extension that is appropriate with that schedule. Mr. Cornett does not think there is a whole lot of risk with those funds, but things are tight at the State level. He thinks we can demonstrate much progress and at this point, we are at low risk of getting those funds de-obligated.

The first public meeting is going to be held on October 9th with the community at this point; the location of the meeting is still being finalized. Members of the community will be invited to come and sign easements. Mr. Cornett hopes to

secure that meeting and send out a letter this week, encouraging residents to contact WCSA, meet with WCSA via appointment, etc. Mr. Cornett hopes to include a copy of the plans and easement agreement with the letter. This will allow three different alternatives for residents to come on board. WCSA hopes to meet with residents on-site Saturday, October 9th and express their hope for easements by the end of October.

Mr. Jeff Spickard of The Lane Group, Inc. expressed his sympathy to Bobby and Matthew Lane, as they lost their mother/grandmother this past weekend. He distributed The Lane Group's report and spoke on the following projects:

• **Galvanized Line Replacement Project, Phase 1**

Project was advertised for bids and has received VDH and RD approval. The Pre-Bid Conference was held today; there is good interest in the project. It is scheduled for a bid opening on October 12. They request that this meeting be recessed until October 14 to present those bid results. Funding for the final phase was received this week from RD. This brings to completion funding for the entire \$30 million project.

• **Reedy Creek Road Water Improvements**

They are revising plans to adjust the water line locations. The project is on schedule to be advertised for construction bids by next month (possibly in November) with bid opening and award by the end of the year.

• **Western Washington County Sewer Study**

Mr. Cornett, members of The Lane Group Staff and the Town of Abingdon met to discuss the project. They understand that a letter has been submitted for Town Council's

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consideration and they have met with DEQ to discuss a potential new wastewater treatment plant. An inquiry letter was sent to BVU to discuss the possibility of a joint meeting; BVU did not feel a meeting would be productive at this time. The City of Bristol, Tennessee also said they would not meet until the Committee met with BVU. Technical Memorandums (TM) #1 & #2 are being completed for review by staff. They hope to schedule a meeting with the Board of Supervisors and the IDA very soon.

- **Mill Creek**

They have completed and submitted TM #4 (Design Criteria) and TM #5 (Considered Alternatives) to the Town of Chilhowie and WCSA Staff. A joint meeting is scheduled at the request of the Town of Chilhowie. WCSA is to make a presentation of the alternatives that are currently under review. They plan to run the joint meeting concurrently with the Town of Chilhowie's Council Meeting on October 14.

- The last two items for report will be addressed later in the Agenda.

Mr. Chase asked Mr. Spickard to please pass the Board's condolences on to the Lane Family.

9. Water & Wastewater Construction Projects Report and Update

Mr. Canody referenced the Engineering Report behind Tab #7 in the Board Books. He noted the following small changes and project updates:

- **Chestnut Mountain Road**

Bids were opened last week, which will be presented later tonight in the meeting.

- **Rich Valley Road/ Maiden Creek Road**

Project is under construction and the contractor, Crosspointe Contracting, was

issued a Notice to Proceed last week. They have or are on the verge of starting construction.

- **Rich Valley Road/ Litchfield Road** Construction has begun by the contractor, Little B of Castlewood.

- **Sutherland**

They have a meeting with the First Tennessee Development District tomorrow to get some questions answered and to receive some insight regarding the primary funding, which is coming from the Tennessee Department of Economic and Community Development. They have been able to obtain additional funding from the Forest Service and Johnson County from the EPA. There are many groups to satisfy, along with two state agencies. Mr. Canody is hoping to tag team this project with the First Tennessee Development District and get it on the street for bids while prices are still good.

- **Professional Services Procurement** They hope to advertise for such in a logical manner, starting this weekend.

- **Deer Run Estates**

Have received the as-built plans. They have been corrected and WCSA is ready to issue vouchers.

- **New Johnston Memorial Hospital**

They have had trouble with gas availability. JMH requested that WCSA offer insight on where to run the lines; WCSA has responded accordingly.

- Mr. Canody referred to the 11 items on the Engineering Report's last page. They are working on the latest revised version of the Cross-Connection Control and Backflow Prevention Policy and have worked with the various engineering firms on up and coming projects

Mr. Canody offered to answer any questions the Board may have.

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10. General Manager's Report & Update

Mr. Cornett referenced his General Manager's report at the Board's stations. He reported on the following noteworthy WCSA performance and accomplishments from all departments during August:

Water Production

- Produced little more than 210 million gallons of drinking water.

Distribution

- Coordinated the outside purchase of little more than 31 million gallons of water, bringing the total to about 7.8 million gallons distributed per day.

Meter Department

- 160 customers were telephoned following unusually high usage.
- 14 meters were lifted for nonpayment.

Customer Service

- Little more than \$10,000 was abated for 55 customer water leaks.
- More than \$3,700 was written off as bad debt more than three years old.
- 9 water taps and 3 wastewater taps were applied for.
- Handled 224 reconnections/transfer of service requests in the month of August.
- 4,239 accounts with added late charges.

Maintenance

- Repaired 42 leaks and 14 major breaks.
- Constructed 8 water taps & 1 wastewater tap.
- Responded to 53 after hour call-outs.

Wastewater

- Treated little more than 10 million gallons of wastewater in the last month.

Accounting

- Through the Debt Setoff Collection, 21 claims were submitted and matched for little more than \$10,000.
- \$9,900 was collected from the Debt Setoff Program.
- Little more than \$1,500 was paid by customers after they were informed.
- Total Submissions: more than \$94,000.

Administrative Items

- Mr. Cornett is pleased to announce that WCSA is the recipient of the American

Water Works Associations' Safety Award for 2008 (Note: it takes awhile for the award to be processed). Mr. Aden accepted this award on our behalf at Water Jam. WCSA was recognized for continuing to promote an excellent safety awareness and attitude at WCSA; the award is much appreciated.

- He is happy to report that WCSA is the recipient of \$2,450 in grant money from the Virginia Municipal League for a "directional arrow board"; this is a required piece of equipment.
- Last year, WCSA received little more than \$14,000 in grant money for fluoridation equipment; we were able to spend \$5,506 from those funds [before the time restriction expired]. WCSA has applied for a second grant in the amount of \$53,000. Given the status of the Water Plant Expansion, we believe we'll be able to spend all the funds.
- Mr. Cornett referred to his report regarding nonresidential connection fees that are *pending* or *paid* in our water and/or sewer systems for the current fiscal year. Since his last report, two connections have been paid for. In the first quarter of this fiscal year, WCSA has sold 15% of its system capacity through those connections. When pending connections are finalized, that will add another 5% capacity sold.

Mr. Chase commended the WCSA Staff for the Safety Award and for the recently obtained grant funding.

4. Consideration of a Resolution to Study the Desirability and Feasibility of Acquiring the Town of Damascus Wastewater Collection and Treatment System

Mr. McCrady apologized for the Town of Damascus' lack of a quorum, as Mr. Bebber, Mr. Hayes and Mr. Morgan are absent. Because of this, their attendance cannot satisfy the law. Mr. McCrady explained that at the regular meeting of the Town of Damascus, the Council voted unanimously to request for bids for the hiring of a consulting firm to provide insight regarding the joint purchase/ transfer of the Town of

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Damascus' Wastewater Treatment Plant. They have a functioning plant and there is a need to furnish those services. Mr. McCrady expressed that he cannot think of anyone better to do so than WCSA. The Town Council had a unanimous vote to advertise for bids. He wanted to note, for the record, that Mr. Upchurch, Mr. Greer, Mr. Greene and [Mr. McCrady] are present. Although this is not an official meeting, he is happy to answer any questions. Mr. McCrady explained that he, Mr. Greene and Mr. Cornett have met and they are looking at sometime down the road for the [Town of Damascus] Council and the WCSA Board to meet again. They will plan to advertise and move forward.

Mr. Cornett had very little to add. He noted that there have been discussions of the desirability/feasibility of WCSA acquiring the Town's treatment system for little over a decade now. In his opinion, the best thing to do is to perform a study of feasibility. He suggests that each Board appoint two members to sit on the committee. For WCSA, Mr. Stephon and Mr. Miller have already been appointed. Mr. Cornett explained that once the firm has been selected, the respective Board members could be a part of the ongoing meetings and receive up to date reports that provide findings to both Boards. He thinks it has been recognized for quite some time that there may be some economies of scale gain if WCSA owns and operates the system. Mr. Cornett has prepared for the WCSA Board of Commissioners a resolution, found behind Tab #4 of the Board Book, to allow for moving forward. Mr. Chase asked for clarification and if the resolution needs Board approval. Mr. Cornett thinks approval would be

appropriate, as the WCSA Board of Commissioners have already approved future advertising and in light of the Town having approved likewise for advertisement.

Mr. Stephon made the motion to approve the referenced resolution (see attached). Discussion erupted amongst the Boards. Mr. Stephon's motion was seconded by Mr. Coleman, and was approved by a Board vote of 5-0-0-2.

Mr. McCrady thanked the WCSA Board again and apologized for their lack of attendance. He asked Mr. Dene, the Town Attorney for the Town of Damascus, when would be appropriate to continue. Mr. Dene expressed that the Town of Damascus' Regular Meeting would be an ideal time to continue such discussions. Mr. McCrady expressed his appreciation for WCSA's time and also for the Chestnut Mountain Road project.

5. 15 Minute Recess

The Chairman called for a recess at 7:45 PM; the Board of Commissioners reconvened at 8:02 PM.

11. Consideration of a Bond Resolution to secure \$245,000 in Additional Funds for the Whites Mill Road Water System Improvement Project

Mrs. Harold, formerly known as Ms. Roberts, referenced a copy of the Bond Resolution, as found within the Board Book. She noted that at the last meeting, the Loan Resolution was presented and approved. Mrs. Harold explained it is a formality for the Board to approve the Bond Resolution as well.

Mr. Cornett brought to the Board's attention that Ms. Roberts is now Mrs. Harold, as she was recently married.

Mr. Stout made the motion to approve the Bond Resolution (see attached). Mr.

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Stout's motion was seconded by Mr. Coleman, and was approved by a Board vote of 5-0-0-2.

12. Consideration of the Chestnut Mountain Road Water Line Extension Project Construction Bids

Mr. Canody referenced the bid tabulations at the Board's stations. He noted that last week, bids were opened for the project. There are 11 user agreements committed thus far, with a believed potential of maximum 25 connections. Mr. Canody recapped that WCSA asked VDH in 2005 for \$221,000 towards the project. The Board committed in 2005 to contributing \$16,500 (\$1,500 for each of the 11 connections). DWSRF and VDH awarded \$205,792. However, it has been difficult to acquire land for this project. Mr. Canody expressed that they were under a strict timeline to get the Board to take action on bids in August. When running into one additional troublesome property acquisition, they begged VDH for an additional month; they obliged. Today, Mr. Canody is presenting the bid tabulation results. He noted that Contract 1 is for the waterline. Again, there are 11 connections that have agreed to be served. The low bidder for Contract 1 is Farmers' Construction of Damascus, with a low bid of \$114,294.15. Staff recommends the Board award Contract 1 accordingly. WCSA Staff chose to divide the project into two contracts, allowing for work by a waterline contractor and a pump station contractor. For Contract 2, there was only one bid, which came from Boggs Municipal Services. Staff thought they would have at least two pump station contractors bidding. In fact, they actively tried to recruit additional pump station bidders.

However, Boggs did not have any additional competition or bidders. Their bid is excessive, and WCSA has not worked with them in awhile, but Boggs' work has always been good. Thus far, they have negotiated down 10%. If the Board chooses to award accordingly, Contract 2 would be for \$199,000. WCSA has asked VDH about aiding with the project's \$106,000 shortfall. Mr. Canody recommends that the Board concur with the Staff's recommendation. If VDH agrees to provide an additional \$106,002.15, Staff would award the project. VDH's feedback to Mr. Canody seemed to be positive in nature. If they do not respond accordingly, Mr. Canody will come back to the Board next month. Mr. Stout asked about the pricing. Mr. Canody clarified. He believes he just needs to write a letter to VDH for funds. Mr. Stout made the motion to approve Contracts 1 & 2 for Chestnut Mountain Road [erroneously referred to by Mr. Chase as Chestnut Ridge], contingent upon VDH awarding the additional \$106,002.15. Mr. Stout's motion was seconded by Mr. Stephon and was approved by a Board vote of 5-0-0-2.

13. Consideration of the New Raw Water Intake, New Raw Water Line & 6.6 to 12.0 Million Gallons Per Day Expansion of the Middle Fork of the Holston River Drinking Water Treatment Plant Construction Bids

Mr. Spickard distributed some handouts to the Board. He noted that this project has seen many hurdles, and The Lane Group has been happy to overcome them. He noted that the bids came in within budget and referred to the bid tabulation packet he distributed to the Board. The project consists of three parts, including: the Raw Water Line,

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the Raw Water Intake and the Water Treatment Plant Expansion to 12 MGD. Mr. Spickard expressed that the Interim Expansion to 6.6 MGD has progressed to 20% completion at this time. He noted the very favorable current bidding climate. However, he expressed that all bid recommendations are subject to the Board's approval prior to approval by the funding agency, Rural Development. For the Raw Waterline portion of the project, they received 14 bids from local and nonlocal firms. The low bid came from State Utility of North Carolina in the amount of \$2.184 million for the parallel 18" waterlines, with a deductive bid alternate of \$642,852.50 to switch to a 24" single line. Mr. Spickard explained that they would like to take advantage of the latter amount. Therefore, he expressed that it is The Lane Group's recommendation that the Board accept State Utility's deductive price of \$1,541,807.50 for one 24" pipe. Mr. Cornett noted that the WCSA Staff has reviewed the bid and concurs with The Lane Group's recommendation. He thinks the money [saved via the deductive bid alternate] is better kept within the project budget, if needed. Mr. Stout asked if the pipe has been purchased yet; Mr. Cornett clarified that it has not.

Mr. Miller made the motion to accept the low deductive bid alternate from State Utility in the amount of \$1,541,807.50, pending approval from the funding agency. Mr. Miller's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote of the Board. Mr. Spickard thanked the Board, and moved onto the bid results for the second portion. For the Raw Water Intake, they received six bids; he referred to the bid tabulation. The low bid was

received from MB Kahn Construction of South Carolina. MB Kahn's base bid totaled \$3,108,000. Their base bid plus an additive bid alternate (for the addition of an emergency generator) totaled \$3,340,000; this is what Mr. Spickard recommended to the Board for their consideration.

Mr. Stout made the motion to approve the low base bid plus the additive alternate from MB Kahn Construction in the amount of \$3,340,000, pending approval from the funding agency. Mr. Stout's motion was seconded by Mr. Coleman and was approved by a Board vote of 5-0-0-2.

The bids for the Water Treatment Plant Upgrade were introduced by Mr. Spickard. He noted that there were many bids, spanning a \$1.3 million difference. The low bid was received from Judy Construction. Their base bid was for \$9,045,200. Several additive alternates, including the addition of: a chlorine scrubber, Middle Fork Intake improvements, caustic bulk storage facilities, existing rapid and flocculation mixer improvements, and energy recovery improvements. Their base bid, along with the multiple additive alternates totals \$9,974,575 [erroneously noted as \$9,994,575]. He expressed that The Lane Group is recommending the base bid, along with the multiple additive alternates, be awarded to Judy Construction. Mr. Spickard opened up the floor for questions. The Board asked for confirmation of the cost for the base bid along with the additive alternates. Mr. Stout asked who Judy Construction is. Mr. Spickard expressed that Judy Construction has done a lot of work in this area. Mr. Canody explained that Judy Construction has completed many projects for WCSA, such as: the 2.3

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MGD to 4.6 MGD upgrade on the Middle Fork Water Treatment Plant, the Membrane Filtration Plant, work for the Town of Chilhowie, along with the Wastewater Treatment Plant Upgrade. He added that Judy Construction has a good reputation with WCSA.

Mrs. Paukovitz asked for clarification of the cost of the recommended low bid. Mr. Stout made the motion to approve the Water Treatment Plant low base bid along with the additive alternates from Judy Construction in the amount of \$9,974,575 [erroneously noted as \$9,994,575], pending approval from the funding agency. Mr. Stout's motion was seconded by Mr. Miller, and was approved by a 5-0-0-2 Board vote. Mr. Cornett expressed that WCSA has reached a notable milestone with this project, which dates back to 1990 with the Water System Master Plan. Mr. Cornett provided a brief project summary and noted that WCSA began acquiring properties for this project dating back to 1993, 1994 and 1995. Work was suspended to a great degree from 1995-2005, as WCSA entered into an agreement with the City of Bristol, Virginia Utilities in 1995. WCSA renewed its efforts to consider this project through the completion of a Water Supply Master Plan. This was completed by The Lane Group partnered with Olver Inc. in February 2008. Since then, the Master Plan project has been completed, funding has been secured, final plans have been completed and Phase 1 is currently under construction. We have now received bids that are within the project budget. He thanked the WCSA Board, Staff, The Lane Group and Olver Inc. for a great deal of hard work completed in a short period of time. He expressed there is still an

upcoming 20-22 month construction period ahead. However, much has been accomplished at this time. Mr. Cornett expressed his appreciation and thankfulness, and Mr. Chase expressed the Board's gratitude. Mr. Spickard closed by presenting The Lane Group's budget for the project. This is the budget they would like to present to Rural Development for approval. He noted that the budget reflects the Interim project, Phase 2 funding and the bids that were awarded tonight. Mr. Spickard requested the Board's approval of this budget. Mr. Stout made the motion to approve the abovementioned budget. Mr. Stout's motion was seconded by Mr. Stephon and was approved by a Board vote of 5-0-0-2.

Mr. Spickard thanked the Board on behalf of The Lane Group.

14. Consideration of the WCSA Administrative Building Renovation Construction Bids

Mr. Spickard distributed bid tabulations for the WCSA Administrative Building Renovation Construction Bids that were received today at 2 PM. There were four bids submitted. The low bid was received from Trademark of Virginia for \$278,000. The engineers' estimate for the project had been about \$300,000. The Lane Group and WCSA Staff recommend that the Board approve the low bid. There is not a funding agency requiring review of this project. Mr. Chase asked where Trademark of Virginia is located. Mr. Cornett noted that they are from Bristol, Virginia. He also explained that the money approved in the budget was \$302,000 or \$303,000; the low bid is within the appropriated budget amount. Mr. Cornett feels we received good bids for the project.

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Mr. Miller made the motion to award the low bid to Trademark of Virginia. Mr. Miller's motion was seconded by Mr. Coleman and was approved by a Board vote of 5-0-0-2.

Mr. Cornett thanked the Board. He also recognized the efforts of Legal Counsel in the success of the Water Treatment Plant Expansion Project.

15. Closed Meeting: Acquisition and Disposition of Property, Investment of Public Funds & Legal Advice

Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia § 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property, 2. To Discuss and Consider the Acquisition of Real Property, Code of Virginia § 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. To Discuss Various Inter-municipal and Other Agreements, Code of Virginia § 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Potential Litigation, 5. To Discuss Various Inter-municipal and Other Agreements.

In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager, are requested.

Mr. Stephon's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote of the Board. The Board adjourned to Closed meeting at 8:35 PM.

Return to Public Session

Upon a motion by Mr. Stephon, a second by Mr. Stout, and a 5-0-0-2 vote by the Commissioners, the Board returned to Public Session at 10:40 PM.

Mr. Stephon read the following:

Certification of Closed Meeting

Whereas, the Washington County

Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; And whereas, § 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.

AYE: Mr. Miller, Mr. Stephon, Mr. Chase, Mr. Coleman and Mr. Stout.

16. Late Items

Mr. Cornett had a couple late items. The first of which was in regards to the Disposition of Island Road Property. Mr. Cornett asked that the following be inserted into the minutes, for the record: WCSA has been asked by Bobby (Rusty) Sproles Jr. to consider selling property owned by WCSA on Island Road in Bristol. The property has approximately 50' of road frontage on Island Road and is approximately 85' deep (Note: he referenced a map, located at the Board's stations). Moreover, the property appears to have been cut out of the property now owned by Mr. Sproles. GIS does not show this, but Mr. Sproles has recently acquired the land; [Parcel] 22477 was a market owned by the Sproles family for quite some time.

A title search has not been performed on the

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property to determine when it was acquired or what we paid for it. However, we do know that the property was used by the Goodson-Kinderhook Water Authority (before WCSA was chartered in 1976) as an office and maintenance shop. After WCSA was formed, the property was used mostly for supply storage. Approximately 15 years ago, the structures that were on the property (an old house and garage) were demolished due to their poor condition.

Soon after the demolition of the office and shop, due to a reported conflict with a landowner, the property was fenced with a 6' high chain link fence with three strands of barbed wire. For the better part of 15 years, WCSA has very rarely used the property and when it has been used, it has primarily been for the storage of stone.

Last month, key WCSA Staff were consulted about the future use of this property. The only reasonable future use that we can think of is that of a pressure reducing valve (PRV) station when we move customers from the Bristol Virginia Utility's system to our own.

The statutory requirements that the Authority has to follow when disposing of real property are as follows:

VA Code 15.2-1800 (B) Subject to any applicable requirements of Article VII, Section 9 of the Constitution, any locality may sell, at public or private sale, exchange, lease as lessor, mortgage, pledge, subordinate interest in or otherwise dispose of real property, which includes the superjacent airspace (except as provided for in §15.2-2030), which may be subdivided and conveyed separate from the subjacent land surface, provided that no such real property, whether improved or unimproved, shall be disposed of until the governing body has held a public hearing concerning such disposal.

The statutory requirement for notices of public hearings is as follows:

VA Code 15.2-1813: Notice when public hearing required. Any public hearing required by this chapter shall be

advertised once in a newspaper having general circulation in the locality at least seven days prior to the date set for the hearing.

About two years ago, WCSA disposed of an old water storage tank site in Emory to Mary Johnson by private sale subsequent to a public hearing.

Presently, other than for a possible PRV station, this property is of no real use to WCSA. For that reason, and because the property would appear to be of no interest to anyone except Mr. Sproles, and subject to a title search, I would propose that the Board consider selling this property and reserving an easement for a possible PRV station. If you agree, I would propose that WCSA Legal Counsel perform a title search on the property in an effort to determine when we acquired the property and for what amount.

The next step is to hold a public hearing. That hearing could be held during our regular October meeting or as soon thereafter as is practical. At the hearing, I would brief the Board and the Public on the property in question. Subject to any public query or comment, I would likely propose that you consider authorizing the General Manager to dispose of this property by private sale and to engage in negotiations for the private sale of this property with Mr. Sproles.

Preliminarily, items which would be taken into consideration in determining the value would include, but not necessarily be limited to:

- Cost of title work.
- Cost to prepare a deed.
- Cost paid for property.
- Present value of property with chain link fence and large diameter concrete pipe, which may or may not be WCSA's. (Note: there was some activity taking place on the property and to prevent further activity, the fence was installed.)

Mrs. Figueiras inquired if there has been any recent activity on the property. Mr. Cornett expressed that there was some

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activity 15 years ago or so. Mr. Miller clarified that there was field work that took place on the property about seven years ago. Mr. Cornett believes there are some Board Meeting minutes, which he will locate, that document the authorization of the fence installation. He expressed that selling property is one thing, but we need to work out whose personal property is on the property. Mr. Cornett offered to answer any questions the Board may currently have. Mr. Chase asked how we will determine cost information, in respect to the value of the property. Mr. Cornett is not sure if the property, considering the size, could be sold otherwise. Mr. Miller affirmed that a septic system would not fit on the lot. Mr. Cornett expressed that if we get rid of the property, considering what it has cost WCSA to keep it for the past 15 years, the sale itself may be worthwhile. Mr. Miller made the motion to authorize Mr. Cornett to negotiate private sale of this land, contingent upon a public hearing. Mr. Miller's motion was seconded by Mr. Coleman, and was approved by a Board vote of 5-0-0-2. Mr. Cornett distributed envelopes to the Board and summarized Late Item #2: To enhance security of our building during Board meetings, we have installed locks that lead from the foyer to the interior hallways of the building and from the board room to the interior of the building.

In the envelopes that were just passed out are keys that will allow [the Board] to access the interior of the building through these doors AND allow [the Board] to access the building through the "front" and "side" exterior Board Room doors. Additionally, there is a map of the building that shows on which doors these keys work (Note: he demonstrated the use of the keys). A code to the security system is NOT required to use these keys. However, if we enter through these doors and the alarm is

set, it will go "off". In other words, [the Board] would not want to enter the building if someone is not already in the building and since they would be here to visit someone, that should not present a problem. Mrs. Harold reminded the Board that in May, they requested fuel bid information be presented at the June Meeting, using the OPIS or Lundberg report. She shared the following research:

- VDOT makes purchases in Richmond. Locally, they are unaware how goods are procured.
- Mr. Taylor offered information from W & L Construction's practices. Since they have such a large fleet, they receive faxes daily from their suppliers. They have an employee watching the statistics and when they can get the best deal, they purchase.
- BVU receives four quotes from four different vendors. They purchase fuel once a month from that month's best priced quote. Typically, quotes are received from: Highlands Petroleum, Mansfield Oil, Rogers Petroleum and Greenville Oil.
- The County purchases fuel from Highlands Petroleum at a special government rate. They do not procure or receive quotes.

Mrs. Roberts did some investigating and none of the abovementioned entities use either report. WCSA's providers are familiar with them, but requiring use of the reports is up to the Board's discretion. She inquired how the Board would like WCSA to write the RFP for fuel bids. In the meantime, the current contract has been extended 90 days. Mr. Stout asked if WCSA usually receives bids once a year for 12 months; Mrs. Harold affirmed this. Mr. Stout asked if the rates could change every month. Mr. Cornett noted that rates

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could change each delivery. Mrs. Figueiras clarified that "rack" does not have a real, defined meaning.

Mr. Stout explained that W & L buys a lot of fuel; a lot of costs and savings may be involved with their purchase process. Mr. Chase asked why we cannot use the Lundberg report. Mr. Cornett affirmed that we can. The RFP will have to specify a location and in what relation to the "rack" price (i.e. over or under rack). Mr. Stephon noted that if the providers use the same location for rack price, that is all they can do. Mr. Cornett noted that the fuel does not necessarily have to come from the specified location, but the pricing does. He suggested that if Lundberg or OPIS is used, we use the closest Virginia location, as we are a Virginia utility. However, this decision is up to the Board's discretion. Discussion erupted amongst the Board regarding W & L Construction's fuel purchasing practices.

Mr. Cornett asked if the Board would like to rebid fuel based on an over rack price; Mr. Stephon and Mr. Chase affirmed this. The Board suggested Knoxville for the location, as it is closest in proximity. Mr. Cornett affirmed that WCSA can procure using OPIS or Lundberg, over the rack from Knoxville. Mr. Stout inquired of the previous low bidders. Mrs. Harold clarified that when fuel was bid in May, Addington Oil was the low bidder for diesel fuel and James River was the low bidder for [unleaded] gas. This was the first time James River ever submitted WCSA fuel bids. Usually, the only bidders for WCSA are Addington Oil and Buck Oil.

Mr. Chase encouraged Staff to go back to the way we used to acquire fuel bids. Mr. Stephon asked that the process not be made too complicated. Mr. Cornett

expressed that maybe WCSA can incorporate the OPIS or Lundberg reports for next year's fuel bids. WCSA can further gather research to better the process and acquire the best pricing. Mr. Miller asked if WCSA has storage for a month's worth of fuel. Mr. Cornett explained that storage probably does not last quite a month; WCSA receives fuel deliveries about every three weeks or so. Mr. Chase asked if the Board needed to make a motion regarding fuel bids; Mr. Cornett affirmed that a consensus is fine. For the final late item, Mr. Coleman made the motion to authorize Mr. Cornett to take appropriate action to amend or file a new Certificate of Take to resolve the issue of ingress & egress on the Gray property. Mr. Coleman's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 Board vote.

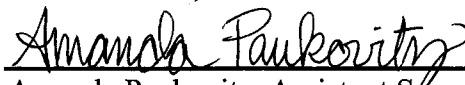
17. Adjourn or Recess

Mr. Cornett requested that the Board consider recessing this meeting until Thursday, October 14, 2010 at 7:00 PM at the Chilhowie Town Hall (upper level in the Community Room), located at 325 East Lee Highway, Chilhowie, Virginia, to hear and consider: 1) A Presentation by The Lane Group on the Status of the Mill Creek Drinking Water Plant Study, and 2) Galvanized Water Line Replacement Project Phase 1 Construction Bids.

Mr. Stephon made the motion to recess the meeting. Mr. Stephon's motion was seconded by Mr. Miller and was approved by a 5-0-0-2 vote of the Board. The meeting was recessed at 11:12 PM.



Mr. Joe Chase, Chairman



Amanda Paukovitz, Assistant Secretary