

**Washington County Service Authority Board of Commissioners**  
**January 26, 2015 Regular Meeting Minutes**

The Annual Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 5:59 pm.

**ROLL CALL**

Commissioners Present:

Mr. Kenneth Taylor, Chairman  
Mr. Mark Nelson, Vice Chairman  
Mr. Devere Hutchinson  
Mr. Jim McCall  
Mr. Dwain Miller  
Mr. Frank Stephon, IV  
Mr. Mike White

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager  
Kimberly Boyd; Treasurer, Controller  
Carol Ann Shaffer; Assistant Secretary, Administrative Assistant  
Dave Check; Operations Manager  
April Helbert; Engineering Manager  
Mark Osborne; Distribution Manager  
Ken Perrigan; Meter Manager  
Tommy Dotson; Wastewater Manager  
Johnny Lester, Maintenance Manager  
Bobby Gobble, Assistant Maintenance Manager

Consultants Present:

Dennis Amos; Anderson and Associates, Inc.  
Kevin Heath; Adams-Heath Engineering  
Bobby Lane; The Lane Group, Inc.  
Matthew Lane, PE; The Lane Group, Inc.

Also Present:

Mrs. Dawn Figueiras; General Counsel

**3. Approval of the Agenda**

Mr. Cornett had no changes to the agenda. Mr. Stephon motioned to approve the Agenda. Mr. Hutchinson

seconded and the Board approved with a 7-0-0 vote.

**4. Public Query and Comment**

John Garrett of Fisher Hollow Road in Damascus spoke asking the Board to consider additional abatements for a water leak caused by faulty valves at a farm he leases on Lindell Road.

John Garrett first commented on the work done on the Middle Fork Project saying, WCSA is on the move.

Mr. Garrett leases the Bordwine farm on 11411 Windale Road. He gave a description of the farm saying it was a beautiful farm and has a large creek in the middle.

With a bit of persuasion, said Mr. Garrett, a water system was put in. His water bill went from \$95.00 one month to \$5863.71 the next. There was a major malfunction with the valve blowing out due to too much pressure and I have already replaced 10, Mr. Garrett stated.

Mr. Garrett said Mr. Bordwine purchased an industrial regulator from McMaster Car for \$529.00. Mr. Bordwine also installed reduction valves at each of the five water stations reducing the water pressure, which was not required by NRCS. There are check valves to eliminate any problems with the hydraulics or back pressure.

Mr. Garrett thanked WCSA for the abatement and said the system was installed correctly, and may be over kill a bit. It is not like one of these things and is unusual, he stated.

The reason for the leak was not because an outside faucet was left running; this could not be helped. Because the grass was so thick and the water did not come to ground surface, you could not see the leak. When the leak was discovered, it was taken care of immediately, stated Mr. Garrett.

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NRCS paid \$21,000 for the system with an additional \$6,800 spent to try to make the system full-proof, stated Mr. Garrett. Mr. Garrett then showed a faulty value to the Board.

Mr. Garrett said he would appreciate any consideration the Board would give. Mr. Garrett said in the cattle business, a \$5,800 water bill for one month will bring you down fast.

Mr. Garrett asked if there were some type of alarm system for agricultural use that detects water leaks. Mr. Garrett said there were over 5 miles of water line and 40 water troughs on the farm and they could not all be checked daily.

According to Mr. Garrett, when discovered, the leak was attended to immediately. Mr. Garrett said anything the Board could do would be greatly appreciated.

Mr. Garrett then mentioned the Galvanized Line Replacement Project on Fisher Hollow Road saying Boyd Construction did a fantastic job as far as taking care of the residents.

Mr. Garrett thanked the Board for their time and consideration.

Mr. Vernon Holmes was the next to speak, asking the Board to proceed with the Mendota Road Project at the connection fee in place when the petition was circulated several years ago of \$1,150 and instead the current rate, \$1,628.

Mr. Holmes is the Project Champion for the Mendota Project and said he has done everything he can to encourage residents to agree to service.

Mr. Holmes said his big issue was the connection fee for the Project. Mr. Holmes said he agreed to service at the \$1,150 rate and now the connection fee has increased to \$1,680. Mr. Holmes said he "wanted to hold your (the

Board's) feet to the fire if and when we do get water."

We would like to get water for those that need it, Mr. Holmes said. According to Mr. Holmes, the water on Mendota Road contains iron water it isn't fit to drink, "We just need water, we really need it", stated Mr. Holmes.

Mr. Holmes disagreed with requiring residents to fill out income surveys if they were willing to pay for the water line that connects their home to the WCSA line.

Mr. Holmes said all he wanted was for WCSA to install the water line. Mr. Holmes said some residents are not interested in receiving a grant to pay for the installation of line from WCSA's line to their home. We will install the line and pay the bill if it is a fair one, stated Mr. Holmes.

He then thanked the Board for their time.

#### **5. Approval of the Consent Agenda**

- Minutes: November 24, 2014 Regular Meeting Minutes
- Routine Reports: November 2014
- Balance Sheet: November 2014
- Income Statement: November 2014
- Check Register: November 2014
- General Manager Financial Report: November 2014

Mr. Nelson made a motion to amend the Consent Agenda to include the following Agenda Items and accept the staff recommendation for each item:

- Agenda Item 11: Consideration of DEQ Funding for the Exit 13 Wastewater Project Phase 3
  - Staff recommends the Board favorably consider the DEQ offer of funding: \$1,171,550 loan at 0% interest for 20 years.
- Agenda Item 12: Consideration of an Amendment to the High Bill Abatement Policy

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- Staff recommends the Board favorably consider the amended policy. The amendment adds the following to paragraph e. The wastewater adjustment is not limited to only one abatement within a 12 month period as found in paragraph d.
- Agenda Item 15: Consideration of an Engineering Agreement Between WCSA and the Town of Chilhowie and The Lane Group for the Mill Creek Regional Water Treatment Plant Improvements Project
  - Staff recommends the Board favorably approve the Engineering Agreement.
- Agenda Item 16: Consideration of Amendment No. 1 to the Engineering Agreement between WCSA and The Lane Group for the Rich Valley Road/Whites Mill Road Water Project
  - Staff recommends the Board favorably consider Amendment No. 1.
- Agenda Item 20: Consideration of Mendota Community Water Supply Project – Change Order No. 3
  - Staff recommends the Board favorable consider proposed Change Order No. 3.
- Agenda Item 21: Consideration of Galvanized Line Phase 2 Division 4 – Change Order No. 2
  - WCSA Staff has reviewed and concurs with this Change Order and recommends the Board favorably consider the proposed Change Order.

Mr. Hutchinson seconded Mr. Nelson's motion and the Board approved to amend the Consent Agenda voting 7-0-0-0.

Mr. Stephon then made a motion to approve the Amended Consent Agenda.

Mr. McCall seconded and the Board approved the motion with a 7-0-0-0 vote.

**6. Engineer's Report and Update**

***Mr. Bobby Lane of The Lane Group, Inc. (TLG):***

● **12 MGD Water Plant and Raw Water Intake**

Mr. Lane said when the energy recover units were started and tested, TLG found some issues with alignment and start-up procedures and are waiting on approval from American Electric Power on the test reports. Mr. Lane plans to submit Change Order No. 12 to the Board in February for Board consideration.

TLG is retesting for 12 MGD production capability during riverine conditions at the South Fork Intake since intake box #3 was partially clogged with debris. The withdrawal modification application is making its way through DEQ. Mr. Cornett, Mr. Cheek and Lawrence Hoffman met with DEQ in Richmond on December 17, 2014 to discuss modifications to the DEQ withdrawal permit, reported Mr. Lane. A follow-up meeting with DEQ is scheduled for Wednesday, January 29<sup>th</sup>.

Mr. Lane also reported the coffer dam has been removed.

● **Galvanized Waterline Replacement Project – Phase III**

Preliminary design has been submitted to WCSA for comments.

● **Hidden Valley Water System Preliminary Engineering Report**

Mr. Lane said the Bid Opening was held on January 13<sup>th</sup>. Recommendations will be discussed tonight as an Agenda Item.

● **Mendota Water System Source Improvements**

Mr. Lane was pleased to report the Contractor is working final paperwork items. Scott County water is now being used at Mendota, reported Mr. Lane.

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- **Mid-Mountain (Zone 108) Water System Improvements**

TLG is reviewing the application that is to be submitted to the Tobacco Commission and ARC and hopes to receive funding for the Mid-Mountain Project this funding round.

- **Mill Creek Water System Source Improvements**

Mr. Lane said the design team composed of TLG, WCSA and the Town of Chilhowie staff are meeting periodically. The team has collectively found several areas to reduce capital outlay and operations and maintenance costs. The Project was on schedule, reported Mr. Lane.

- **Western Washington County Sewer Study – Beaver Creek Discharge Permit**

TLG will be making a presentation to the Board of Supervisors and the Planning Commission on January 27<sup>th</sup> to request the Special Exceptions Permit for the Wastewater Plant. Mr. Lane emphasized the importance that the Special Exceptions Permit be reviewed and issued to ensure there is ample wastewater treatment capacity for Western Washington County.

- **Galvanized Waterline Replacement Project – Phase II**

Contractors for all the divisions of Phase II are working, reported Mr. Lane.

Mr. Taylor asked if work on Galvanized Line, Phase II was on schedule.

Mr. Lane said overall the Project is a little behind schedule. With some cooperation from the Contractor, they can get back on schedule. Mr. Lane said they are meeting with the Contractor weekly and TLG and WCSA staff is doing all they can to keep the Contractor on schedule.

*Mrs. April Helbert on behalf of Maxim Engineering*

- **Larwood Acres / Exit 1 Wastewater Feasibility Study**

Maxim will be presenting the final Project to WCSA staff on Thursday, January 29<sup>th</sup>.

*Mr. Kevin Heath of Adams-Heath Engineering (AHE):*

- **Rich Valley Road/Whites Mill Road/ Water Extension Project**

Mr. Heath said construction was substantially complete. VDH has authorized AHE to begin system operations. The Contractor is working to complete Punch List items. Mr. Heath expects to present a small Clean-up Change Order for Board consideration at the February meeting.

- **Abingdon Water Storage Improvements Study**

AHE is working to address VDH comments on the PER.

- **Smyth Chapel Area Water Improvements Study**

Mr. Heath is working to address WCSA staff review comments on the Draft PER that was submitted.

- **Route 58 Water Supply Improvements Project**

The boundary survey field work for the tank site is complete. Boring for the tank site geotechnical investigation has been completed. Preliminary indications of the geotechnical report indicate the site is suitable for the tank, Mr. Heath reported.

*Mr. Dennis Amos of Anderson and Associates (A&A):*

- **Exit 13 Sewer Project Phases 2A**

Mr. Amos continues to work on plans for this Project. A&A discovered an unmarked BVU water line located in the right of way A&A planned to use along

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Route 11 from the intersection of Spring Creek Road toward the airport. Mr. Amos, Mrs. Helbert and Mr. Osborne met on-site to review the situation. They are currently working to redesign that portion of the Project.

Mr. Taylor asked, what was the size of the BVU line they discovered?

Mr. Amos said it was a 24 inch line.

Mr. Taylor asked how the 24 inch line could have been missed.

Mr. Cornett said the line locate was called in east and BVU located the line west. The line locate was called back in at northeast, BVU again located west.

Mrs. Helbert said the line was located east of the intersection and BVU said the line was west of the intersection.

**7. Water and Waste Construction Projects Update – April Helbert**

Mrs. Helbert reported the Sutherland Project to be complete.

The Childress Hollow Project Bid Opening is scheduled for February 12, 2015. Mrs. Helbert expects to present Bid recommendations for Board consideration at the February Board meeting.

Design on the Haskell Station Road Project will begin soon, reported Mrs. Helbert.

Mrs. Helbert then discussed was the North Fork River Road at Tumbling Creek South Project. Various departments plan to meet in January to discuss and determine how best to move forward with the extension.

Mrs. Helbert then discussed the Mendota Project. As Mr. Holmes stated, said Mrs. Helbert, he has been assisting with the Project as the Project Champion. Mr. Holmes has talked with all the residents in the Project Area expect one person who lives out of town.

Right now, said Mrs. Helbert, we do not have the participation levels needed to move forward with this Project.

There are 16 potential residential connections for this Project. All 16 residents have been solicited for user agreements and 13 residents have replied, stated Mrs. Helbert. Of the 13 that replied, seven have agreed to service, one resident agreed conditionally (only if the Project is DHCD funded and they meet guidelines for a connection at no personal cost), and five residents declined service and three have not responded.

Of the seven who agreed, one person agreed only if the connection fee is to be \$1150. Three other residents said they would agree to service at the \$1,150 rate. Mrs. Helbert said nine residents have completed income surveys and seven residents have not. As of now, Mrs. Helbert said, this Project does not meet DHCD guidelines.

Mr. Miller asked if there were other avenues for grant funding that could be pursued for this Project.

Mrs. Helbert said this Project would be eligible for grant funding if two additional residents would agree to service.

Mr. White asked if Mrs. Helbert knew who has not responded. She offered to share their names.

She continued saying, three residents did not respond. Of those three, one verbally declined and the second was undecided and the third said they would agree to service at the \$1,150 rate.

Mr. Taylor asked Mr. Holmes if he was able to talk with all the residents.

Mr. Holmes said he spoke to everyone except Mr. Stanley who lives out of state. The residents who declined have artisan wells and will decline service regardless, Mr. Holmes stated.

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Mr. Hutchinson asked if the five that declined were included in the potential 16 residents.

Mrs. Helbert said four of those five residents that declined were located at the very beginning of the Project.

Mr. Taylor said "you have seven and need two."

There was a brief discussion about potential residents and residents that own more than one dwelling.

Mrs. Helbert said, unfortunately, empty properties could not be counted toward funding applications.

Mrs. Helbert said if one resident has two dwellings, both should have been counted.

There was brief discussion about which residents that have completed user agreements, residents that have not completed user agreements and which residents declined service.

Mr. Miller thought other funding avenues should be explored before a decision on the Mendota Project is made.

Mr. Taylor said, our (the Board) goal is to provide water whenever possible; it is our job and everyone deserves quality water. Mr. Taylor said we (the Board) will make it work (the Mendota Project) if there is a way to make it work.

For clarification, said Mrs. Helbert, are we still pursuing the Mendota Project at the \$1,628 rate? She said there were less than seven residents agreeing to service at the \$1,628 rate.

Mr. Taylor said the Board would look at the rate at a different time.

#### **8. Operations Report and Update – *Dave Cheek***

Mr. Cheek reviewed the following presentation in his Operations Report and Update:

Mr. Cheek first took a moment recognized Mr. J. L. Lunsford who passed away on January 19<sup>th</sup>. Mr. Lunsford was a 23.5 year veteran of WCSA and served as Crew Chief in the Maintenance department.

Mr. Lester said he worked with Mr. Lunsford on his first day at WCSA. Mr. Lunsford was a good employee; he knew his job and did his job; he will be missed, said Mr. Lester.

#### **Discussion Items:**

- Financials (All Excluding Salaries & Benefits, Does Include Over Time)
  - Over Budget Items
- Department Highlights
- Forward Looking Statement

#### **2014 December Performance Against Plan (\$59,871 Under Budget):**

Mr. Cheek said spending would increase due to fire hydrant and meter replacements.

#### **Year to Date we are \$191.700 Under Budget:**

Mr. Cheek said all departments were under budget for the year.

#### **2014 Operational Department Overtime:**

- Down in the Control Range
  - Each Department Head has developed and executed an OT Control Plan
- Next Goal is to Work on Reducing Call In Events
  - Full Team Effort
    - Customer Service
    - Operational Department
    - Management
    - Board

#### **2014 Water Production Highlights:**

- South Fork Intake
  - Continued to Work Through Operational Issues with Level Controls, Flushing & Initial Icing
- Middle Fork Drinking Water Plant

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- Continued to Work Through Operational Issues
  - Numerous Construction Related Items such as Chemical Feed Pumps
    - Met with TLG, CHA & Judy on these issues
  - Hydro-Turbine Start-Up
    - Issues with Water Flow Regulation & Possible Bearing
    - Awaiting Trip Report
  - Mill Creek Membrane Plant Quiet Month
- Working with TOC & TLG on New Plant Design

**2014 December Wastewater Process Highlights:**

- System Operation
  - Both Plants Operating Well Within Control Limits
  - Have Designated Damascus Capital Improvements
- Making Extra Effort to Confirm that we have a Solid Spec.
- Inflow and Infiltration
  - Team Approach with Maintenance
  - Developing Spring Rain Inspection and Reaction Plan
  - Focus Areas
    - Oak Park Industrial Park
    - Damascus

**2014 December Maintenance Highlights:**

- Galvanized Phase II Support
  - Bi-Weekly Meetings with TLG to Identify and Correct Issues
  - WCSA RPR's Prospecting, Locating and Auditing Each Division on a Daily Basis
- System Operation
  - Water Leaks 30
  - Wastewater 5
  - Breaks 4
  - After Hours Responses 22

**2014 December Distribution Highlights:**

- Conducted Fire Hydrant Training with Field Demonstrations
  - Will Begin Additional Training and Inspections in April (Better Weather)
  - Working on in-house Data Management Developing System to align District Meters with District Billable Metering to identify Water Loss Areas
- Developing System to align District Meters with District Billable Metering to identify Water Loss Areas
- Executing PSV/PRV Preventive Maintenance Program
- Real Estate Acquisitions/Easements

**2014 December Metering Highlights:**

- Analyzing Meters for End of Life Replacement
  - Investigating Innovative Methods of Completing this task
  - Have Presentations set with Companies that Finance Meter Replacement

Mr. Ken Perrigan said in December, 16 meters read nothing; 0.

- Analyzing ROI for Remote Meter Read
  - Cost versus Adjustments
- Analyzing Billable Water Reductions from 2008 to Present

**Forward Looking Statement:**

- Working to get more Cost Information to the Department Heads so they can better run their "businesses"
  - Unit Cost per 1,000 gal
  - How Each Department Contributes to this
- Working to Build Better Relationships to help minimize issues, especially with Fire Departments and Waste Water

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- Departmental Capital Spending Plan – Continually Review & Execute per our Schedule will Update at February Meeting

Mr. McCall asked about the telemetry study.

Mr. Cheek said the initial information indicated the system could cover about 50% of the county.

Mr. Perrigan said the system could serve about 10,000 to 11,000 customers and provide meter readings every hour.

Mr. McCall asked if the Meter department considered satellite meter reading technology.

Mr. Perrigan said the trouble with a satellite system was the cost and it is not as effective in rural areas like Washington County. Mr. Perrigan said a satellite system would require the installation of many towers. Each tower is \$35,000 to \$45,000, he stated.

Mr. Nelson said it may not be a one size fits all answer and asked how many customers could be serviced from the first option (telemetry). Mr. Perrigan said the company guaranteed service for 11,000 with ten towers; about 50% of WCSA's customer base.

Mr. Nelson found that interesting and equated that service to cell phone service. He said if we try to get 100% service from one method, you will be waiting for years. Mr. Nelson said he thought you had to look at the available technology in a very strong way

Mr. Nelson likes the idea of looking at telemetry and considering it for part of the area.

Mr. McCall asked if Mr. Perrigan talked to Appalachian Power since they changed meters. Mr. Perrigan said Appalachian Power has a positive power source.

The company is going to show topographically what the covered areas

will be and Mr. Cheek is interested to learn what percentage of the WCSA's customer base can be serviced for the cost.

Mr. Cheek said another company offered software that could be read anytime. Mr. Cheek said another thing to consider when replacing meters is to be sure they are replaced with meters that can take us to the next step otherwise, they are of minimal value.

Mr. Nelson said the Meter department was going down the right path but hoped they were not looking for a one size fits all answer. If that's where you are going, you will be on the path a long time, he said.

### **9. General Manager's Report & Update - Robbie Cornett**

Mr. Cornett discussed the General Managers Report & Update. Listed below are the discussion points outlined in his presentation.

#### **Review Items:**

- Safety
- Financials
- Customer Service
- Notable
- What's Ahead

#### **Safety:**

- No accidents or injuries in December.

#### **Water - New Connections:**

For the month of December, there were two new walk-in connections, and one project related connection. There were 116 total connections in 2014; 91 walk-ins and 75 project related connections.

Mr. Cornett then referred to a graph showing water connections since 2007 with 391 total water connections. The low year was 2013 with 93 connections. There were 166 connections in 2014.

#### **Monthly Water Revenue: Budget vs. Actual:**



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Water revenue fell below budget in December by \$112,519; about 10%.

**Year to Date Water Revenue: Budget versus Actual:**

Water Revenue is \$91,588 below the year-to-date projection or about 1.44%.

**Water – Monthly Expenses:**

Excluding depreciation, compensation and benefits but including overtime, we are performing better than projections in all three departments, stated Mr. Cornett.

**Water – Year to Date Expenses:**

Mr. Cornett was pleased to report that all departments are under budget year to date.

**Water Cash Reserves:**

Mr. Cornett referred to the Water Cash Reserve Slide saying, this slides is the first of two that make up our water cash reserve report. To develop the report, we utilized our five year plan (in the first year), our fiscal year budget, our Fiscal Year End (FYE) 2014 audit and expenses YTD.

The idea is to take a look at the plan, see how we are doing, and if necessary, develop counter measures.

- Water Revenue: \$91,588 (1.4%) below budget
- Operations and Maintenance Costs: expenses without depreciation, we are \$83,237 better than budgeted.
- Fixed Assets: \$296,724 better than budgeted.
- Capital Improvements Projects and Debt: \$880,608 over budget.

Reserves are funded at 100% already (restricted and building of a 120 Operations and Maintenance over five years), Mr. Cornett explained.

In 2020 WCSA will start a repair and replacement and 10% rate stabilization reserve.

**Water Cash Reserves:**

Mr. Cornett began saying, we started this fiscal year \$450,081 better than

projected. This was due in large part to some unbudgeted settlement money that early in this fiscal year was applied to the principal of our DWP loan.

Our current cash balance is \$4,073,677 (lower than audit due to revenue/CIP/debt & reserves).

Our estimated ending cash balance for water after restricted reserves is \$3,084,845 and is \$459,182 better than projected in our five year plan.

At times, said Mr. Cornett, folks outside WCSA want to know what are we going to do with all that money (\$4.6 million or 3.0 million)? Remember, \$1.6 million is restricted. WCSA is only a tenth of the way into our five year plan.

Weather (rain/temperature/disaster), consumption and meter replacement should be expected to cost about \$4 to \$5 million.

You are saying, the reserves needed are \$1.6 million; is that correct, asked Mr. Nelson.

Mr. Cornett said that was correct.

Mr. Nelson said the cash reserves number was the number he has been trying to get to all this time. What is the amount of cash that is unallocated; the cash and the receivables? Mr. Nelson said he wanted to understand how much cash was available when considering projects.

Are their approved projects that would make up part of that difference between the amount of cash in receivables and this reserve, asked Mr. Nelson?

Mr. Cornett answered saying; that is planned over the course of the five year plan assuming additional receivables come in. As far as this calendar year, we have allocated all the reserves to this cost.

So I can feel comfortable that the total reserves this year are \$1.6 million and

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you have accounted for all of them, asked Mr. Nelson.

Mr. Cornett said, yes sir; that is correct. Mrs. Boyd said, for water.

For water, you have \$5 million plus the \$1.7 million coming in. Technically, we have about \$7 million in current assets and according to this number, the reserves only need to be about 1.6 million?

Mrs. Boyd said, yes, for this year.

Mr. Cornett said WCSA also has about \$9.4 million in unfunded capital projects on Capital Improvements Projects (CIP) Interest in water along Pine Hill Road, Mendota Road and Chip Ridge Road which combined may cost \$2 to \$3 million more. Other needs and requests will crop up. Summarized, overall we are doing better than projected, but have more in the way of projects than we have funds to address them, Mr. Cornett stated. If agreeable, we propose to take a more in-depth look at our finances and capital projects at our upcoming budget workshop proposed for March.

**New Wastewater Connections:**

For the month of December, there were no new wastewater connections. Currently there are 15 new wastewater connections year to date; 7 walk-ins and 8 related to projects.

Mr. Cornett then referred to a graph showing wastewater connections since 2007. The high year was 2008 with 45 connections. There were only 4 connections in 2011. There were 15 new connections in 2014. These figures do not include the 255 wastewater connections related to Exit 13 Phase 1 Project, Mr. Cornett stated.

**Monthly Wastewater Revenue: Budget vs. Actual:**

In the month of November, wastewater revenue was below budget.

**Year to Date Wastewater Revenue - Budget versus Actual:**

December's revenue fell below projection 4.28% or \$7,943.

**YTD Wastewater Revenue: Budget versus Actual:**

Year to date, through the month of December, wastewater revenue was \$11,452 or 1.03% below budget.

**Wastewater - Monthly Expenses:**

Wastewater expenses for December were \$673 or 40% better than budgeted.

**Wastewater - Year to Date Expenses:**

Year to date, Wastewater monthly expenses were \$27,143 or 66% better than projected, reported Mr. Cornett.

**Wastewater Cash Reserves:**

Mr. Cornett referred to the first of two slides that made up the wastewater cash reserve report.

Like water, said Mr. Cornett, to develop the report, we utilized our five year plan (in the first year), our fiscal year budget, the FYE 2014 audit and expenses year to date. Again, the idea is to take a look at the plan, see how we are doing, and if necessary, develop counter measures.

- Wastewater Revenue: \$11,439 (1%) below projections.
- Operations and Maintenance Costs without depreciation: \$263,804 (48%) better than projected.
- Fixed Assets: \$4,879 (78%) better than our projections.
- Capital Improvements Projects and Debt: \$371,195 better than projected.

Reserves: Funded at 100% already (restricted and building of a 120 Operations and Maintenance over five years). 2020: start a repair and replacement and 10% rate stabilization reserve.

**Wastewater Cash Reserves:**

We started this fiscal year \$947,359 better than projected, reported Mr. Cornett.

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Our current cash balance is \$2,480,147 (more than audit due to all expenses being less YTD).

Our estimated ending cash balance for wastewater after restricted reserves is \$1,44,299 and in total is \$764,151 better than projected in our five year plan, he stated.

Mr. Cornett explained that at times, folks outside WCSA want to know what we are going to do with all that money (\$1.6 million or \$1.4 million). Remember, stated Mr. Cornett, \$158,517 is restricted. WCSA is only a tenth of the way into our five year plan. WCSA has earmarked \$100,000 for the LOVES, Exit 24 Betterment.

We have \$43.6 million in unfunded capital on our CIP, Mr. Cornett stated. Other projects and needs will crop up over the coming years.

Mr. Cornett said we have not begun to fund our repair and replacement reserve or our rate stabilization reserve. This is yet another area that we need to be preparing for. If agreeable, Mr. Cornett proposed taking a more in-depth look at the finances and capital projects at the upcoming budget workshop proposed for March.

**Customer Service:**

- Active water accounts increased by 44, totaling 117 for the year.
- Active wastewater accounts decreased by 6
- \$16,474.52 was abated for 75 customer water leaks
  - (2013 average 89 abatements/month at \$11,084.76)
- 10,618.54 bad debt written-off
  - (2013 average \$4,654/month)

**Notable Items:**

- Congratulations to Ryan Kiser for earning his PE.

Mr. Cornett said Mr. Kiser studied very hard for his Professional Engineering

license, spending many nights and weekends studying at the Authority.

- 2015 Legislative Session Underway
  - Tracking/monitoring 40 bills – letter of support for two bills (SB 863 small purchases construction and 868 repeals 90 day limitation on collections) from Senator Chafin
- WCSA's Request for Special Exception Permit
  - WCSA meets with the Board of Supervisors at 6:30 on January 27 to request the Special Exceptions Permit.
- Shifting in State Budget
  - 8 years ago DEQ funding was 35% from fees and 65% from general fund/EPA
  - 2015 DEQ funding is 82% from fees and 18% general fund/EPA
  - State is using the word sustainable.
  - Proposed Tobacco Commission legislation includes mention of "loan" funding.
- Door Hangers
- In the Pipe Newsletter

Mr. Cornett mentioned a new series that will be featured in the Newsletter; "A Day in the Life Of". This series will describe what a typical day for the featured employee is like.

- Transaction Count
  - WCSA Uses iWebMS Transactions
  - We went online March 2013
  - Tracks payments made electronically by phone or website (no person-to-person interaction)
  - The second month we had 2,150 transactions and about 2,700/month now.
  - WCSA had \$115,992 the second month collected through the

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iWEBMS system and now collect about \$160,000 or about 14% of our revenue through the system.

**What's Ahead:**

- 2015-2016 Fiscal Year Budget
  - Board Workshop March 9, 2015?
- Employee Development/Engagement
  - Bi-Annual Meeting – 10:00 am and 2:00 pm on February 24, 2015
  - Chili Cook-off - 11:00 am on February 24, 2015
- Western Washington County Wastewater Options and Opportunity

**10. Consideration of a High Bill Abatement Brainstorming Team – Robbie Cornett**

As many of you are aware, the number and amount of Bill Abatements since 2007 continue to increase from 600 to 1,400, stated Mr. Cornett. The amount for abatements went from about \$75,000 a year to about \$275,000 a year.

Not only are the abatements very costly to WCSA but also leave the customer with a sizeable bill to pay.

Given the cost to WCSA and its customers, Mr. Cornett proposed assembling a team of two Board Members and Staff to look at this issue more closely and opportunities to address this problem.

Mr. Miller and Mr. Stephon volunteered to serve on the High Bill Abatement Brainstorming Team.

**13. Consideration Networking Services Procurement – Kim Boyd**

WCSA's Networking Service Provider, Computer Resource Solutions, William Godsey, retired after 30 years of service. For this reason, stated Mrs. Boyd, we are procured for networking services.

A Request for Proposals (RFP) for Networking Services was publically advertised on November 2, 2014. Staff directly solicited proposals from four local Network Providers and upon request, provided the RFP to five companies. Proposals were due on November 28, 2014. Mrs. Boyd said only one proposal from Saratoga Technologies Inc. was received.

Saratoga is the company that Mr. Godsey sold his business to and they have been providing our Networking Service needs in the interim, she said.

Staff recommended the Board accept Saratoga's proposal for a one year contract that is renewable annually, up to 9 additional years; subject to review and approval by WCSA.

There was only one response to the proposal, Mr. Nelson asked,

Mr. Cornett said there was a newspaper advertisement and WCSA directly solicited proposals and Saratoga was the only company that submitted a bid.

Though the contract with Saratoga is for multiple years, it is renewable each year. If for performance reasons or other reasons, we will have the opportunity to procure for services if needed, said Mr. Cornett.

It is a 10 year agreement with a 1 year contract, asked Mr. Taylor.

Mrs. Figueiras said it is a 1 year contract with 9 yearly renewable contract options.

Mr. Stephon motioned to accept Saratoga's proposal for networking services. Mr. McCall seconded and the Board approved voting 7-0-0-0.

**14. Consideration Banking Services Procurement - Kim Boyd**

Mrs. Boyd began saying, Robinson, Farmer and Cox at a Virginia Government Finance Officers seminar

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suggested that banking services procurement happen about every 10 years. WCSA last procured banking services in 1998.

The request for proposals for banking services was publically advertised. WCSA staff directly solicited proposals from seven local banks with offices in Abingdon.

Mr. Boyd said the Banking Services Procurement Committee (Mr. Stephon, Mr. Taylor, Kim Boyd, Holly Edwards and Robbie Cornett) reviewed, shortlisted and interviewed prospective offers'. The Committee unanimously recommended Highlands Union Bank as WCSA's banking services provider, stated Mrs. Boyd.

For the record, Mr. Nelson abstained from any discussion or voting related to this Agenda Item.

Mr. Stephon motioned to continue with Highlands Union Bank. Mr. Hutchinson seconded the motion.

Mr. Taylor said the he thought the Committee interviewed two professional groups. If we were looking for services to support a very large company, Mr. Taylor said he would have looked at things a little different. Mr. Taylor said there was no default to the second bidder.

The Board approved the motion with a 6-0-1-0. Mr. Nelson abstained.

**17. Consideration Pine Hill Road Area Water System Extension Update - April Helbert**

Mrs. Helbert said the participation levels are not where they needed to be to provide service for the entire Pine Hill Road Project area.

Mrs. Helbert then reviewed participation levels saying, nine residents agreed to service, nine residents agreed

conditionally and eight residents have not responded.

Mrs. Helbert said one additional income survey was received. There are 11 residents (44%) that meet income guidelines for DHCD, six residents (24%) do not meet LMI status and eight residents (32%) did not respond.

Combined, there are 13 residents (52%) that either agreed to service or agreed conditionally and met LMI status. There are four residents (16%) who declined service or agreed conditionally and did not meet LMI status. We are missing some piece of documentation from eight residents, Mrs. Helbert reported.

Mrs. Helbert said staff reviewed the Project to determine if the Project could be scaled back, which is a possibility. If you eliminate Peacock Valley and consider Pine Hill Road only, there are 20 residents, stated Mrs. Helbert. Of those residents, 11 residents (52%) meet LMI status and 12 residents have agreed or agreed conditionally to service and meet LMI status. That brings us just above the 50% participation levels per DHCD guidelines, said Mrs. Helbert. DHCD does require above 50% participation.

Mrs. Helbert said Mount Rogers stands by their recommendation not to submit a Project for funding with less than 60% participation levels. Mrs. Helbert said Mount Rogers did say WCSA could score extra points by agreeing to pay for part of the project.

Mt. Rogers also told Mrs. Helbert Peacock Valley could not be eliminated from the Project as any side roads must be constructed. Mrs. Helbert will verify that with DHCD.

Mr. Miller asked about the resident that lived far away.

Mr. Cornett thought that resident could be excluded.

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Including Peacock Valley, we have better than 50% participation said Mrs. Helbert. We have not received the DHCD required income surveys with LMI status for the Peacock Valley area. Mr. Cornett said the recommendation is the Board consider a request to Washington County to apply for DHCD funding for this project with the following conditions:

- Exclude Peacock Valley to boost participation levels to minimum required by DHCD.
- Retain funding application assistance from Mt. Rogers Planning District Commission.
- Confirm DHCD minimum requirements for application.

The Board had a brief discussion regarding the participation levels.

Mrs. Helbert said participations levels were at 55%.

Mr. Cornett thought the Project was worth the effort. He said if we can't provide service to Peacock Valley this round, it will be that much closer next time if we extend water on Pine Hill Road.

Mrs. Helbert said it would be about 1,200 feet of line.

Mr. Miller made a motion to approve Mr. Cornett's recommendation, Mr. White seconded and the Board approved voting 7-0-0-0.

**18. Mendota Road Water Presentation  
- April Helbert**

Mrs. Helbert discussed the following presentation regarding the cost and possible funding and financial feasibility of extending public water along Mendota Road to connect both ends of WCSA's existing system.

**Mendota Road Potential Project  
Evaluation**

- During the September Board Meeting, the Board requested Staff
  - evaluate the cost and feasibility of a project that serves all of Mendota Road from the end of our existing system near Roebuck Road to the Mendota Community
  - phasing approach
  - cost of WCSA serving Mendota Community vs. cost of water purchase from Scott County Public Service Authority (SCPSA)

**Entire Road:**

- Approximately 58,600 Linear Feet
- Approximately 113 potential connections
- Includes 8 inch water line, water storage tank, pump station, PRV/PSV valve, control valve
- Estimated costs
  - Construction - \$2,673,195
  - Non-construction (engineering; legal; administration; contingency) - \$906,405
  - TOTAL - \$3,579,600
  - Cost per connection - \$31,678
- Total project costs - \$3,579,600
- Potential funding –
  - Department of Housing and Community Development (DHCD) –
    - Max funding available \$12,500/committed connection; cannot exceed \$1,000,000 per project
    - Must meet income guidelines
  - Rural Development (RD) –
    - Recently changed;
    - WCSA now grant eligible in some districts
    - Estimate up to 30% grant
  - Virginia Department of Health (VDH) –

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- Received both grant and loan in past
- Total project costs - \$3,579,600
- Potential funding – assuming optimum case
  - DHCD –
    - \$1,000,000
  - Rural Development –
    - Estimate 30% grant + 70% loan on remaining project cost
    - Grant - \$773,880
    - Loan - \$1,805,720
- Cash Flow?
  - Assuming 100% connection; current rates based on 5,000 gallons per month usage; 2.5% interest loan for 40 years; not considering Operation and Maintenance or replacement of system – project would not cash flow.
    - Annual revenue estimated - \$57,454
    - Loan payment - \$71,933
  - The estimated annual revenue above would pay for a loan of approximately \$1,442,248. We need loan of approximately \$1,805,720. This assumes we are successful in grant funding from DHCD and RD.

**Phasing Approach:**

- If we divide into two phases –
  - Extension 1 – from intersection of Roebuck Road to intersection of Rivera Drive
  - Extension 2 – from intersection of Rivera Drive to end of Mendota Community Water System

**Extension 1 -**

- Approximately 30,625 Linear Feet
- Approximately 53 potential connections
- Includes 8 inch water line

- Estimated costs –
  - Construction - \$1,159,720
  - Non-construction (engineering; legal; administration; contingency) - \$409,722
  - TOTAL - \$1,569,44
- Potential funding – assuming optimum case
  - DHCD –
    - \$662,500
  - Rural Development –
    - Estimate 30% grant + 70% loan on remaining project cost
    - Grant - \$272,082
    - Loan - \$634,859
- Cash Flow?
  - Assuming 100% connection; current rates based on 5,000 gallons per month usage; 2.5% interest loan for 40 years; not considering operation and maintenance or replacement of system – project will cash flow.
    - Annual revenue estimated - \$26,947
    - Loan payment - \$25,290
  - The estimated annual revenue above would pay for a loan of up to approximately \$676,453.
- If we divide into two phases –
  - Extension 1 – from intersection of Roebuck Road to intersection of Rivera Drive
  - Extension 2 – from intersection of Rivera Drive to end of Mendota Community Water System

**Extension 2 -**

- Approximately 27,975 Linear Feet
- Approximately 60 potential connections
- Includes 8 -inch water line, water storage tank, pump station, PRV/PSV valve, control valve
- Estimated costs –

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- Construction - \$1,513,680
- Non-construction (engineering; legal; administration; contingency) - \$537,590
- TOTAL - \$2,051,270
- Potential funding – assuming optimum case
  - DHCD –
    - \$750,000
  - Rural Development –
    - Estimate 30% grant + 70% loan on remaining project cost
    - Grant - \$390,381
    - Loan - \$910,889
- Cash Flow?
  - Assuming 100% connection; current rates based on 5,000 gallons per month usage; 2.5% interest loan for 40 years; not considering operation and maintenance or replacement of system – project will not cash flow.
    - Annual revenue estimated - \$30,506
    - Loan payment - \$36,286
  - The estimated annual revenue above would pay for a loan of approximately \$765,795. We would need loan of approximately \$910,889. This assumes we are successful in grant funding from DHCD and RD.

**Conclusion:**

- Cash Flow?
  - Assuming maximum grant from DHCD and 30% grant from RD.
  - Assuming 100% connection; current rates based on 5,000 gallons per month usage; 2.5% interest loan for 40 years; not considering operation and maintenance or replacement of system – overall project will not

cash flow whether completed in a single phase or two phases.

- Question becomes
  - Should WCSA invest in the shortfall?
  - Should also keep in mind that this assumes...
    - Maximum grant from DHCD
    - 30% grant from RD
    - 100% participation level
    - 5,000 gallons per month usage;
  - And does not take into account
    - Operations and Maintenance costs
    - Replacement costs

**Mendota Community – Purchase vs. Produce/Transport:**

- Purchase
  - Agreement – allows for buy & sell with SCPSA
    - utility who utilizes most water paying for difference
  - \$5.00 / thousand
  - Existing Mendota system consumes about 204,000 gallons per month or \$1,020 at \$5.00 / thousand.
    - \$12,240/year
  - Operations and maintenance and replacement costs for existing water line in community not calculated
- Produce
  - Approximately \$4,123.07 per year Loan
    - assuming phased approach; 100% connection; current rates; 5,000 gal/month usage; 100% of monthly user fees toward loan
    - Typically monthly user fees for operations and maintenance costs
  - Production & Transportation approximately \$24,300



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- About 30% or \$7,290 of this for Mendota Community
- Operations and maintenance costs approximately \$16,020
- Replacement costs (calculated as an annual reserve needed) approximately \$73,745

**Mendota Community – Purchase vs. Produce/Transport for Mendota Community:**

**In Summary -**

- Cost to Purchase = \$12,240/year
- Cost to Produce & Transport = \$7,290/year
- Difference = \$4,950
- This could be utilized to pay the shortfall on debt service (shortfall if project completed in 2 phases = \$4,123.07)
- Does not take into account the Production & Transportation costs of water for residents along Mendota Road; operation and maintenance costs of new system; Replacement costs of new system.
- Additional areas of concern –
  - Disinfection By-Products (DBPs)
    - Approximate age of water at end of existing system - 18 days
    - Water Line extension along Mendota Road would add between 6 and 11 days estimated.
- A phased approach would be slightly more costly, but would be potentially eligible for more grant money. Thus, a phased approach would be a more economical consideration.
- If successful in maximum grant funding and 100% residents agree to service, project could potentially cash flow with an annual net income of \$826.93
- Does not take into account the Production & Transportation costs of

water for residents along Mendota Road (approximately \$17,010); Operations and Maintenance costs of new system (approximately \$16,020); Replacement costs of new system (approximately \$73,745).

- Does not evaluate DBP issues

**Staff Recommendation -**

- Consider potential project(s) along Mendota Road when Board and Staff meet, discuss, and prioritize potential DHCD projects in Spring 2015.

Mr. McCall asked if it was feasible to install a 6 inch line instead an 8 inch line.

It is feasible as long as you do not want to offer fire flow, said Mrs. Helbert.

Mr. McCall said fire flow is good and fire hydrants are good but water is better. He continued saying, when you consider this could be once in a life time to get water to an area that needs water. Mr. White said that community has used water from the river for 50 years to fight fires.

Mrs. McCall though if going to a 6 inch line would allow WCSA to provide water to the community, it was worth a look.

Mr. Cornett offered to update their analysis and revisit this Project in the Spring.

If you expand from the current system, will pumps and tanks still be needed; if you pull water from Scott County, asked Mr. Miller.

Mrs. Helbert said she has not looked into purchasing water from Scott County for this project yet.

Mr. Miller asked if there was a potential to use Scott County water for this area and if a tank would be required to do so.

Mr. Matthew Lane said using Scott County water could be done up to a certain point. He continued saying, about

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half a mile past the current line where the tank would need to be located.

Mrs. Helbert said in that location, the tank would be at the highest point.

Mr. Taylor asked what size the existing line was.

Mrs. Helbert said, the line servicing the Mendota Community is mostly 6 inch line but does include some 4 inch line.

Mrs. Helbert said 6 inch line would be fine for the Mendota area. The Route 19 side has 8 inch line for fire flow and we would have to keep 8 inch on the Route 19 side, she stated.

Let's look at every potential to provide water, said Mr. Taylor.

Mr. Cornett offered to look at the potential to install 6 inch line instead of 8 inch line for the Project. .

**19. Consideration of Hidden Valley Water System Extension Phase 1 Construction Bids - Matthew Lane**

Mr. Matthew Lane provided the Board with an award recommendation and bid tab sheet.

Mr. Lane said the Bid Opening was held at the Authority on January 22<sup>nd</sup> at 2:00 pm. He was pleased to report they received very good bids for this Project.

Mr. Lane said Boring Contractors was the low bidder with a bid of \$654,450.

Mr. Lane said TLG reviewed Boring Contractor's bid and everything appeared to be in order. He then recommended the Bid be awarded to lowest bidder, Boring Contractors with a bid of \$654,450 and submitting the Notice of Award pending funding agency concurrence. Mr. Lane said the contingency for this Project would be about 5% which is what DHCD allows for the Project.

Mr. McCall motioned to approve Boring Contractors bid of \$654,450. Mr. McCall

said the Bids received were very competitive. Mr. Miller seconded.

Mr. Taylor thanked everyone for their work on this Project as this much needed Project is in Mr. Taylor's area. There are many people who need water in this area and they are happy to hear the bids were so that water could be provided to this area, stated Mr. Taylor.

It has been a long time since November of 2009 when we first met at the church about this Project, said Mr. Cornett.

Mr. Cornett thanked Mr. Martin, Mr. Taylor and others that have been so kind as to help WCSA work with folks in the community with user agreements, easements and other things. It is what makes these Projects possible, he stated.

Mr. Taylor said if you want water, you have to have partners that are willing to work with the community. Mr. Taylor thanked the Board for their support.

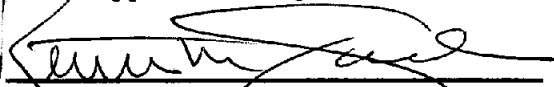
Mr. Taylor asked for the Board to vote on the motion at hand. The Board unanimously approved the motion with a 7-0-0-0 vote.

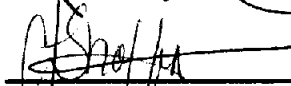
**22. Late Items**

There were no late items to discuss.

**23. Adjourn**

At 8:11 pm, Mr. Miller motioned to Adjourn. Mr. McCall seconded and the Board approved voting 7-0-0-0.

  
Mr. Ken Taylor, Chairman

  
Carol Ann Shaffer, Assistant Secretary