

**Washington County Service Authority Board of Commissioners**  
**January 23, 2017 Regular Meeting Minutes**

The Regular Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:00 pm.

**ROLL CALL**

Commissioners Present:

Mr. Kenneth Taylor, Chairman  
Mr. Mark Nelson, Vice Chairman  
Mr. Wayne Campbell  
Mr. Jim McCall  
Mr. Dwain Miller  
Mr. Mike White

Commissioners Absent:

Mr. Vernon Smith

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager  
Melinda Jett; Treasurer, Controller  
Carol Ann Shaffer; Assistant Secretary  
Dave Cheek; Operations Manager  
Holly Edwards, Customer Service Manager  
Mark Osborne, Distribution Manager  
Johnny Lester, Maintenance Manager  
Kenneth Perrigan, Meter Manager

Consultants Present:

Dennis Amos; Anderson and Associates, Inc.  
Bobby Lane, PE; The Lane Group, Inc.

General Counsel Present:

Mark Lawson; Elliott, Lawson & Minor

**3. Approval of the Agenda**

Mr. Nelson motioned to approve the Agenda, Mr. Campbell seconded and the Board approved voting 6-0-0-1.

**4. Public Query and Comment**

There was no public query or comment.

**5. Approval of the Consent Agenda**

A. Approval of Minutes:

- December 19, 2016 Regular Meeting Minutes

B. Routine Reports: December 2016

- Water Production
- Water Distribution
- Meter Department
- Wastewater Operations
- Customer Service
- Maintenance
- Engineering
- Accounting
- Health & Safety Report

C. Financial Reports: December 2016

- Balance Sheet
- Income Statement
- Check Register / General Manager Financial Statement

D. Consideration of a Request to Consider Consent of Assignments for Contracts with Anderson & Associates - *Ryan Kiser*

Mr. Nelson motioned to approve the Consent Agenda, Mr. McCall seconded and the Board approved voting 6-0-0-1.

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

Mr. Cornett discussed the following information for December 2016.

**Introduction:**

- Safety
- Financials
- Customer Service
- Accounting
- Field Communications
- Notables
- Looking Ahead

**Safety:**

- December 2016
  - OSHA Recordable Incidents
    - One. Pipe saw Kicked Back and cut Lower Lip Requiring Stiches.

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- Preventable Vehicular Accidents
  - None.
- Safety Training
  - Slips, Trips and Falls
    - Maintenance, Meter & Distribution
  - Driving in Adverse Weather
    - Wastewater

**Financials - New Water Connections:**

- 3 new water connections
- YDT 109 new connections

**Financials – Year to Date Water Revenue:**

- \$418,809 above projections.

**Financials – Year to Date Expenses:**

- Non-Departmental \$31,616 Under Budget
- Administration \$9,505 Under Budget
- Customer Service \$4,075 Under Budget

**Financials - New Wastewater Connections:**

- No new connections
  - 7 new connections year to date

**Financials – Year to Date Wastewater Revenue:**

- \$95,551 above projections.

**Financials – Year to Date Wastewater Expenses:**

- Non-Departmental \$6,301 Over Budget
  - Exit 13 Phase 2A and 3 Legal Expense is more than budgeted
- In October of 2016, Staff Requested \$5,000 be Moved From Water to Wastewater Budget to Address Easement Negotiations for Exit 13 Phase 2A.
- \$5,542 Current Budget
- Bond Counsel (McGuire Woods) was not but Should Have Been Included in new Budget
  - Exit 13 Phase 2A \$7,000
  - Exit 13 Phase 3 (TBD)
- YTD Expenses: \$9,771

- Request: Amend Budget From \$5,542 to \$20,000

Mr. Cornett asked the Board's consideration to amend the Wastewater budget from \$5,542 to \$20,000 for the Exit 13 Project.

Mr. Nelson motioned to amend the budget based on the excellent financial results of the Service Authority. Mr. Campbell seconded and the Board approved with a vote of 6-0-0-1.

**Customer Service:**

- 21,287 Active Water Accounts
  - Down 60 from December
- 2,345 Active Wastewater Accounts
  - Down 10 from December
- Customer Policy Under Consideration:
  - High Bill Financing (DRAFT Developed and at the Board's stations)
  - HomeServe Implementation Underway
  - Remit Plus Implementation Ongoing

**Accounting**

- Internal Controls and Fringe Benefit Audit
  - Cell Phone Policy: DRAFT Circulating
  - Adding Plan C; Confirming Taxation

Mr. Cornett explained the cell phone options that have been discussed. Plan A is strictly for WCSA use. WCSA will provide \$40 stipend for employees to secure data with Plan B. With Plan C, WCSA will provide the service and employee pays half the cost. Unless tax codes prove otherwise, Plan C may be the most cost effective option for both WCSA and the employees. As a governmental entity, WCSA is able to get a better cell phone rate; unlimited voice, text and data for about \$70 per month. Mr. Cornett hopes to present the

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policy to the Board for approval it is reviewed and approved by Blackburn, Childress and Steagall.

- Uniform Taxing: To be Considered by Uniform Committee
- Controller Training & Transition
- 2017 - 2018 Budget in Full Swing

**Notables:**

Mr. Cornett discussed a slide that showed water line extension projects that WCSA was actively pursuing.

- Projects with greater than 50% interest in the funding phase:
  - Hidden Valley Phase 2
    - 7,500 feet
    - Includes a Pump and Tank
    - 25 Potential Connections
    - Cost - \$550,000
    - Cost per connection - \$22,000
  - Rattle Creek
    - 6,000 feet
    - 12 Potential Connections
    - Cost - \$227,000
    - Cost per Connection - \$18,917
  - Chip Ridge
    - 2,900 feet
    - 4 Potential Connections
    - Cost - \$173,000
    - Cost per Connection - \$43,250

- Projects with less than 50% interest currently:

Mr. Cornett said WCSA staff is working to secure user agreements for greater than 50% of residents in the following areas:

- Mendota Road
  - 58,600 feet
  - Includes a Tank
  - 113 Potential Connections
  - Cost - \$3,579,600
  - Cost per Connection - \$31,678

Mr. Hernandez is hosting a Town Hall Meeting in Mendota on Friday, January 27 at 6:00 pm. The meeting will include chili and Bingo.

- Rich Valley Road
  - 55,561 feet
  - Includes a Line Imp
  - 99 Potential Connections
  - Cost - \$3,972,039
  - Cost per Connection - \$40,122
- Sugar Cove Road
  - 7,603 feet
  - Includes a Pump and Tank
  - 34 Potential Connections
  - Cost - \$454,120
  - Cost per Connection \$13,356
- Walker/Archery/ Mary's Chapel
  - 16,031 feet
  - 50 potential connections
  - Cost - \$967,890
  - Cost per Connection - \$19,358

The Virginia Department of Health (VDH) state wide has a budget of \$22 million. VDH is probably WCSA's primary funding agency for line extension projects, said Mr. Cornett.

The VDH tends to prefers projects to be in the \$1 million range and in the range of \$17,000 per connection.

Mr. Nelson asked what other funding options were available.

Rural Development (RD) has loan funds available. WCSA would need to partner with other funding agencies to get the cost per connection down to the \$17,000 range so RD would participate.

Mr. Nelson asked about grant funding that could come as a result of infrastructure being rebuilt on the federal side such as Community Block Grant monies.

It will depend on how funding programs change, said Mr., Cornett. With the stimulus from 2009 to 2010, WCSA saw

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a lot of additional monies available but RD requirements got more stringent so WCSA went from being grant eligible to grant ineligible do to those requirements. Mr. Cornett will meet with RD on February 6<sup>th</sup> to discuss grant eligibility for each district and the county as a whole for both water and sewer.

The participation requirements for CDBG projects increased to about 75%. That means 75% of residents that agree to a project in their service area must have a certain income to qualify.

To be grant eligible, some of the program requirements must change, stated Mr. Cornett.

Mr. Cornett recognized the efforts of Mr. Kiser and Mrs. Browning saying they are the front lines for each of these projects working through user agreements and funding. The amount of work that goes into this in pretty incredible; from mailings to customers, working with project champions and attending community meetings there is a lot of work that goes on, stated Mr. Cornett.

- Lee Highway Sewer Engineering Procurement
  - Advertised January 8, 2017
  - 27 Direct Solicitations Made
  - 13 Firms Requested a Statement of Qualifications to Date
  - Qualifications Due February 17, 2016
- Legal Counsel Procurement
  - Advertised January 15, 2017
  - Directly Solicited Bar Association January 16, 2017
  - 3 Firms Requested RFP to Date
  - Proposals Due March 3, 2017
- Field Communications
  - UHF FCC Application Signed January 18, 2017
  - January 25, 2017, WCSA / WC Sheriff Office Meeting

- Department of Game and Inland Fisheries and Attorney General: Board Resolution to Authorize Cornett to Sign

Mr. Cornett requested the Board approve a Resolution authorizing Mr. Cornett to sign the lease agreement between WCSA and the Virginia Department of Game and Inland Fisheries for the Brumley tower and trailer.

Mr. Campbell motioned to approve, Mr. White seconded and the Board approved voting 6-0-0-1 (see attached).

- 2017 - 2018 Budget Workshop
  - February 27, 2017 DRAFT Budget
  - March Workshop Date?

Mr. Cornett requested the Board's consideration of a 2017 - 2018 Budget Workshop. After a short discussion, the Board chose to meet on March 27, 2017 at 4:00 pm.

- Virginia General Assembly Session
- \$1 Billion Shortfall in the State Budget
- VWWAA Tracking about 50 Bills of interest:
  - Procurement
  - Imminent domain
  - Freedom of Information Act and more
- Monitor, Support or Oppose Bills Based on What is Best for Authorities

Mr. Cornett said on January 20<sup>th</sup> he spoke to a customer who asked him to present a request to the Board on their behalf. That request is to waive the minimum monthly usage bill of \$22.09 based on the customers' disposition, be it health, finances or such.

This particular customer is having health issues that will keep her out of home and away from home for about 6 months. Mr. Cornett explained to her she could have the water disconnected while she is

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away and may be better in the winter time due to pipes freezing. The customer said electricity was off in the home.

Mr. Cornett explained the cost to reconnect would be \$40.

The customer said coming home to check the water gives her a reason to come home.

Mr. Cornett explained to her the minimum bill is set based on WCSA's fixed cost, whether we sell water or not. The fixed cost is for debt service payments and such. Mr. Cornett said the customer recognized that but felt WCSA should consider a hardship type arrangement.

Mr. Cornett said he explained to her that on a given month, about 500 or more meters read 0 each month. Administratively, having to screen 500 to 600 customers to see if a hardship applies or not.

In the end, Mr. Cornett said he thought the customer recognized WCSA's challenges but wanted him to present her request to the Board.

The Board took no action.

#### **7. Water and Wastewater Construction Projects Update – Ryan Kiser**

Mr. Kiser updated the Board on the following projects.

##### **Inside Engineering Projects:**

- Ritchie Road Water Line Project
  - Railroad permit has been submitted and staff has responded to comments.
  - Plans are to complete the hydraulics and submit plans and specifications to VDH for review in February.
- Haskell Station Road Extension Project
  - WCSA is working with VDH to award project.

- Staff is also working with VDH to replace an additional 2,500 feet of galvanized line. This work will fall within the funding received for the project and staff will present a Change Order for your review to add the additional work.

- Bradley Sewer Relocation in Glade Spring

- Staff is waiting on Mr. Bradley Jr. to sign the easement documents.
- After easement is secured, staff will complete design of the sewer relocation.

##### **Potential New Water Line Extensions:**

- Rattle Creek Road – 6,000 feet of 8 inch line
  - Staff is finalizing project plans and working on two necessary easements for the project.
  - Continuing to work with Mount Rogers to complete income surveys for DHCD funding.
  - Preparing VDH funding application to submit in April.
- Chip Ridge Road - 2,800 feet of 4 inch line
  - Staff is finalizing project plans and working on one necessary easement for the project.
  - Preparing VDH funding application to submit in April.
- Rich Valley Road - Providence Road to Nordyke
  - Community Meeting on January 17<sup>th</sup> with residents. Mrs. Browning, Mr. Miller, Mr. Pennington and Mr. Hernandez were also in attendance.
  - 50 residents in attendance.
  - Continued work with residents on User Agreements. Soft deadline of January 27<sup>th</sup>.

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- Mrs. Browning has really been working hard tracking agreements and updating residents.
- User Agreements – 27% or 19 Agree
- Interest Surveys Indication – 59%
- Mendota Road
  - Interest surveys have been mailed out.
  - Follow up with user Agreements if participation levels look encouraging. Currently have 24% from surveys received
  - Community Meeting on 1-27-17 in Mendota where Mr. Cornett will discuss the project and Staff will help with questions.
- Sugar Cove Road
  - Met with Mrs. Kennedy; she is working with the community on User Agreements.
  - 4 Agrees or 17%.
- Hidden Valley Phase 2
  - Met with TLG this morning to discuss working on an Amendment to the Preliminary Engineering Report (PER).
  - Required to be able to add in Swiss Lane and Field Lane for DHCD funding.
  - Mount Rogers Planning District (MRPDC) continues to perform income surveys and Staff will submit VDH Funding Application in April.
  - 36 Potential Connections and have received 16 User Agreements, so we are at 44% Including Swiss and Field Lane.

- This past December – Board approved WCSA to apply for funding with VDH and DHCD
- MRPDC is conducting surveys to determine which resident qualify for Low to Moderate Income (LMI).
- DHCD requires that a connection be provided at no cost to LMI residents
- In Phase 1 the Board graciously voted to apply contributed cash towards the connection fee \$1,500 per connection
- At this time we have 20 committed connection so the number of committed funds at this point could most likely be \$30,000

Mr. Kiser asked the Board's consideration to contribute up to \$1,500 per connection for 20 connections totaling \$30,000 for the Hidden Valley Phase 2 Project for low to moderate income (LMI) connection fees if the Department of Housing and Community Development funds the project.

Mr. Cornett referred to a memo at the Board stations with the options considered for Phase 1.

Option 1 was DCHD grant funds, if received, can be received by WCSA in lieu of LMI connection fees.

Option 2 was using cash money that WCSA must contribute as matching funds of \$1,500 per connection or \$30,000 for this project, can be used to resolve the LMI connection fees. Due to our Bond Covenants, WCSA may not provide free connections. Connection fees must be paid by grant funds or by monies set aside as a matter of policy by WCSA.

WCSA took option 2 with Phase 1, using WCSA cash contributions to pay for the connection fees.

**Hidden Valley Phase 2 Added Agenda Item:**

- 2016 Phase 1 was completed.

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Mr. Cornett recommended using the same option; option 2; for Phase 2.

Mr. Nelson motioned to move forward with the Hidden Valley Phase 2 Project based on WCSA applying \$1,500 per connection. Mr. McCall seconded.

Mr. Miller said WCSA normally committed \$1,500 per connection this is just in a different fashion.

That's right, said Mr. Cornett. If funding were only from VDH, they still require a contribution from the Authority. Our standard is \$1,500 per connection regardless of the funding source, said Mr. Cornett.

Mr. Taylor called for a Board vote.

The Board approved the motion voting 6-0-0-1.

**Private Development Projects:**

- Plans are under staff review for the following projects:
  - Century Village Phase 1 Subdivision
  - Exit 7 Jefferson Trace
- Staff has reviewed plans and provided comments for the following projects:
  - Meadows Project
- The following projects have been approved:
  - Green Springs Road Realignment
  - Chris Renee Cosmetics Oak Park (project on hold)
- The following projects are under construction:
  - Fairfield Inn
  - Highlands Community Services Baugh Lane
  - Emory and Henry Villages
  - Bojangles Exit 19
- The following projects are in the project closeout stage:
  - Virginia Pavilion Extension

Mr. Taylor asked if the Meadows Project would be done in 2 Phases.

Mr. Kiser said that was his understanding. Currently, Mr. Kiser has plans from the Green Springs Road tie in to the back of the box store developments. Mr. Kiser thought the second phase will include the ball fields. Mr. Kiser has requested the project VDH submittals and will follow up on receiving them.

Mr. Miller asked about the Sugar Cove Road Project.

Mr. Cornett said staff explained to Ms. Kennedy that if more than one resident shares a driveway, if residents are interested, the water line can extend to where they split. If there happens to be a lot of interest concentrated on a private driveway or lane, it could still work.

We have offered to hold a public meeting at the fire hall but at this point, Ms. Kennedy prefers to go door to door and talk to residents stated, Mr. Cornett. One gentleman that attended the Rich Valley Community Meeting thought connections were mandatory if a water line was installed. There is no mandatory connection for water. Mr. Cornett thought it helped this individual and many more to know that if the project was approved, we do not have mandatory connection for water, stated Mr. Cornett.

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

Mr. Cheek's reviewed the following Operations Update for December 2016:

**Discussion Items:**

- Financials less Compensation and Benefits
- Department Highlights
- Forward Looking Statement

**Year to Date We are Tracking under Budget**

- Tracking \$350,000 under budget year to date.

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Mr. Cheek reported all departments were under budget.

- Overtime was Higher due to:
  - Many Main Line Breaks
  - Overtime to cover for employees out on FMLA
  - Holiday Pay
- Mr. Osborne spent time changing pumps at the South Fork Intake
- Fire Flow Testing
- Focus on Customers
- Focus on Costs

Mr. Miller asked about the water spike at the Town of Saltville.

Mr. Cheek said the spike was due to a tank overflow because the SCADA system went out. There was also a spike at Hidden Valley due to a line break.

Mr. Miller noticed WCSA paid Scott County in December and asked if they were still using WCSA water on Gate City Highway.

Mr. Cornett said no yet.

WCSA and Scott County currently have quarterly billing. Scott County asked if WCSA would be interested in monthly billing. Mr. Cornett thought monthly billing would work fine for WCSA. Scott County is working on an Amendment to the Inter-Municipal Agreement. Mr. Cornett will present the Amendment to the Board when it becomes available.

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

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

- Exit 13 Sewer Project Phase 2A  
A&A had a progress meeting on January 5, 2017. The contractor is making good progress on the project with no known complaints from the public on that work.
- Exit 13 Sewer Project Phase 3  
A&A is working on completing the plan to be sent to the county for the EMS

review and to VDOT, DEQ and WCSA for review.

Mr. Cornett added one of the three easements needed for this project has been secured.

***Bobby Lane of The Lane Group (TLG):***

- Abingdon Tank Improvements  
The field survey first draft of preliminary plans is complete, reported Mr. Lane.

- Galvanized Line Replacement Project – Phase II

This project is close to completion.

- Mill Creek Water System Improvements

The contracts and bonds have been revised and the Town of Chilhowie's attorney is in a position to approve them. TLG continues to work though the warranty with the contractors and membrane supplier.

- Route 58 Water Supply Improvements Project

WCSA has been authorized to submit Route 58 to the VDH and TLG is working toward submitting that information

Mr. McCall asked if fire flow had any effect on the fire at Columbus McKinnon. Columbus McKinnon was a good employer. If WCSA needs to move this project forward to keep Columbus McKinnon in the county, we should do that, said Mr. McCall.

Mr. Osborne said he spoke to the Assistant Fire Chief at the Town of Abingdon and WCSA's fire flows at that location were plenty substantial for them to take care of the fire. The fire was out of control by the time the fire departments arrived but WCSA had plenty of provisions to assist the fire department with that.

Mr. McCall wanted to be sure Columbus McKinnon knew about the Route 58



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Improvements Project and how it would help them.

Mr. Lane said he felt sure Columbus McKinnon was aware of the project.

- Western Washington County Sewer – Beaver Creek Discharge Permit

This work is complete and Mr. Lane said this would be his last report on the project.

When we looked at Western Washington County in an attempt to provide sewer service from the area between Abingdon and Bristol, we were told by some that we would not be able to obtain a Discharge Permit on Beaver Creek and the only option we had was to negotiate with our neighbors for sewer service, stated Mr. Lane. Mr. Cornett and I took that as a challenge and we obtained the Discharge Permit.

The importance of that going forward I, the Discharge Permit and the ability to build a wastewater treatment plant is a very important option. Because of that Discharge Permit, we now do not have to negotiate with our neighbors. We can negotiate with them and will be doing so from a point of strength and not of weakness, stated Mr. Lane.

Mr. Lane said it was certainly his pleasure to work with WCSA staff and the Board to do something that was impossible to do. Mr. Lane thinks it will be good for the county. Mr. Lane commended the Board for their view of the future and for being persistence until the Discharge Permit was acquired.

Mr. Miller said obtaining the Discharge Permit was really something Mr. Hutchinson wanted the Board to accomplish.

Mr. Cornett said we were told we could not obtain a Discharge Permit for Beaver Creek. We were told the next best option was to build a plant at the top of Nordyke and build a conveyance system

to pump sewer to the North Fork for discharge. The cost to do that was far beyond anything that would have been financially feasible.

Mr. Taylor thought this project put WCSA in a good position.

Mr. Lane said the goal has always been for this project to put the county in a position where they had a choice. And when you negotiate, you would be negotiating from a position of strength. Because of the Board's persistence and And willingness, Mr. Lane said he thought the Authority had a position of strength.

Mr. Taylor thanked The Lane Group for their dedication and persistence.

**10. Consideration of Haskell Station Road Water Line Extension Project Bond Resolution – Melinda Jett**

Mrs. Jett said the loan terms for this project are 2% interest for 30 years. This project was included in the 2016 - 2017 Budget and the current rate model.

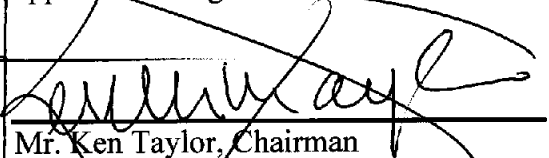
Mr. Nelson motioned to approve the Bond Resolution. Mr. Miller seconded and the Board approved with a 6-0-0-1 vote.

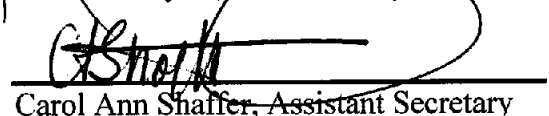
**11. Late Items**

No late items were discussed.

**12. Adjourn – 7:09 pm**

Mr. Miller made a motion to Adjourn, Mr. McCall seconded and the Board approved voting 6-0-0-1

  
Mr. Ken Taylor, Chairman

  
Carol Ann Shaffer, Assistant Secretary

Washington County Service Authority

RESOLUTION

**WHEREAS**, the Washington County Service Authority is a water and wastewater utility operating in Washington County Virginia;

**WHEREAS**, the Washington County Service Authority's water distribution system covers some 300 square miles;

**WHEREAS**, the Washington County Service Authority has resolved to develop field communications to address current and future voice and data needs;

**WHEREAS**, the Washington County Service Authority with the help of various experts in the field has determined that an integral part of a system capable of field communications is acquisition of a tower and communications trailer on Brumley Mountain which WCSA purchased in 2016;

**WHEREAS**, the Virginia Department of Game and Inland Fisheries owns the property where the tower is located;

**WHEREAS**, the Virginia Department of Game and Inland Fisheries and Washington County Service Authority must enter into a lease agreement for the tower and trailer;

**WHEREAS**, the Virginia Department of Game and Inland Fisheries and Virginia Attorney General's Office requires the Washington County Service Authority, Board of Commissioners, to authorize its General Manager to sign the lease;

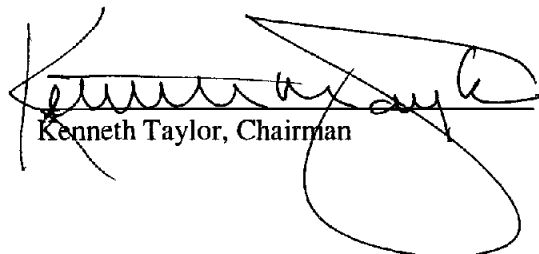
**THEREFORE, BE IT RESOLVED**, the Washington County Service Authority's Board of Commissioners hereby authorizes the General Manager to sign the lease

Motion by: M. Campbell


Seconded by: M. White

Aye 6 Nay 0 Absent 1

This 23rd day of January 2011 2017

  
Kenneth Taylor, Chairman

Attest:

  
\_\_\_\_\_  
Carol Ann Schaffer, Assistant Secretary/Treasurer