

**Washington County Service Authority Board of Commissioners**  
**October 23, 2013 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:18 pm.

**ROLL CALL**

Commissioners Present:

Mr. Joe Chase, Chairman  
Mr. Ken Taylor, Vice Chairman  
Mr. Devere Hutchinson  
Mr. Jim McCall  
Mr. Dwain Miller  
Mr. Mark Nelson  
Mr. Frank Stephon, IV

WCSA Staff Present:

Robbie Cornett, General Manager  
Kimberly Harold, Controller  
April Helbert, Engineering Manager  
Mark Osborne, Technical Manager  
Carol Ann Shaffer, Administrative Assistant

Consultants Present:

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

Also Present:

Mrs. Dawn Figueiras, General Counsel

**3. Approval of the Agenda**

There were no additions or corrections to the minutes.

Mr. Nelson motioned to approve the Agenda. Mr. Taylor seconded the motion and the Board approval voting 7-0-0-0.

**4. Public Query & Comment**

There was no public query or comment.

**5. Approval of the Consent Agenda**

- Routine Reports for September 2013.

- Financial Reports for September 2013.
- Check Register and General Manager Financial Report for September 2013.

Mr. Stephon motioned to approve the Consent Agenda. Mr. Miller seconded the motion and the Board approved voting 7-0-0-0.

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

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

- **Exit 13 Sewer Project Phases 2A**  
Within in the past month, A&A met with WCSA staff and DEQ staff to discuss the funding offer for Phase 2A. Mr. Amos expects and official funding offer to be made by December of 2013. A&A prepared and delivered a Draft of scope services and a fee proposal to Mrs. Helbert for review.

Mr. Amos reported work continues to finalize the scope of the Phase 3 Project and has provided revised mapping to Mrs. Helbert. Mr. Amos plans to present that information to the Board in November.

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

- **New Raw Water Intake & Water Treatment Plant- Task Order 9 Final Design of 12 MGD Water Plant Expansion, Raw Water Intake and Raw Water Line Improvements**

Mr. Lane said work at the Water Treatment Plant was substantially complete.

The contractor is within one foot of the 17.5 elevation; the point at which they will start work in the coffer dam. TVA's operation guide is rapidly approaching the same level in 2012.

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- **Exit 13 Wastewater Project – Phase 1 and Exit 13 Force main Project**

Mendon has finished the last of their warranty cleanup items for this project. Mr. Lane said the project was complete with the exception of final cleanup paperwork and TLG is working with WCSA staff to wrap that up.

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

Mr. Lane said all necessary easements have been acquired. TLG is working to update the Environmental Review and will seek permission to advertise the project from Rural Development once the update is complete.

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

TLG is working to identify all affected property owners so that Staff can notify them of the upcoming project and surveying. Mr. Lane said TLG would be working closely with WCSA Staff, particularly the water crews, to accurately locate the galvanized waterline. TLG will survey those lines once they are located by the WCSA water crews.

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

Mr. Lane said preliminary design of this project was well underway.

- **Mendota Water System Source Improvements**

TLG continues to work with Scott County's Engineers and Director conducting additional disinfection byproduct testing and analysis. This project will be complete once the disinfection byproducts issues are resolved.

- **Nordyke Road Water System Project**

Earlier this week, VDH gave TLG permission to award the project to the

low bidder. Mr. Lane will be working with WCSA legal counsel and staff to prepare the construction contracts for approval.

- **Oak Park Sewer Project**

Project construction is substantially complete and the contractor is finishing up a few items on the punch list reported Mr. Lane.

TLG met with representatives of the Tobacco Commission to discuss use of the remaining funds. TLG will be assisting WCSA and the IDA to identify needs and obtain approval for reallocating those funds.

Mr. Nelson asked how much money was remaining.

Mr. Lane said about \$700,000.

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

The TMDL contractor finished his work in the City of Bristol, reported Mr. Lane. The updated VPDES Permit application has been submitted to DEQ for review and approval with the reuse application and improved treatment modifications identified and confirmed. Mr. Lane said DEQ was happy with the work being done on this project.

TLG plans to have a second Technical Advisory Committee Meeting on November 15, 2013. TLG expects to receive the Discharge Permit by the end of this year or early 2014.

Mr. Miller asked what the time frame for getting the Mendota system online would be.

Mr. Lane said there were things Scott County needed to do and has agreed to do at the Moccasins Gap facility that TLG believes will solve the problem. By the time that is done and new samples are taken and analyzed, Mr. Lane expects it to be at least 30 to 45 days.

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Mrs. Helbert said she expected to have rights to turn on the system by the end of 2013. Mrs. Helbert said the TAC meeting was confirmed for November 13, 2013 at 9:00 am at the Higher Ed Center.

**Mr. Bill Skeen of Maxim Engineering**

- **Tumbling Creek South & North Fork River Road Water Projects**

Mr. Skeen said they were lacking one easement from an out of state property owner who has promised to sign. Once that easement is obtained, the project will be ready for advertisement, added Mr. Skeen.

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

Mr. Skeen discussed the Larwood Acres area saying he preferred the system be located in Virginia. He said the system would be a 25,000 gallon per day filter plant that discharged into a small stream. Mr. Skeen said this system would be capable of handling future growth. According to Mr. Skeen, a small filter plant would be more feasible than a gravity line that would have to be laid across the interstate. Mr. Skeen expects this to be about a \$2 million dollar project. Mr. Skeen said he would have a Study Draft available for Staff review around November 15<sup>th</sup> and would begin solicitation agencies for funding.

The Exit 1 area would be fed through gravity collection. Mr. Skeen said they continue to evaluate whether they can keep it on the Virginia side or if the line has to be laid under the interstate.

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

- **Rich Valley Road/Whites Mill Road/ Hillandale Road/ Red Fox Land Water Extension Project**

Construction is complete on Red Fox Lane and Hillandale. Cleanup Change Orders to closeout both projects will be discussed as an Agenda Item, stated Mr. Heath.

- **Route 58 Water Supply Improvements Project**

Preliminary tank site and access road drawings have been prepared and provided for review.

- **Green Springs Road Water Line Replacement Project**

Mr. Heath reported that Tipton Construction has reached substantial completion and Mr. Heath will discuss this as a final Change Order as an Agenda Item.

- **Abingdon Water Storage Improvements Study**

AHE is working to address and reply to the authorities comments on the Draft PER they provided to WCSA.

- **Smyth Chapel Area Water Improvements Study**

AHE has submitted a Draft PER to WCSA for their review and comment.

- **Town of Damascus WWTP VPDES Permit Renewal**

The Final Application has been submitted to DEQ and is being processed, stated Mr. Heath. AHE is waiting to receive the DEQ draft permit for review.

- **Eastern Washington County Water Study**

This Project has temporarily been placed on hold by WCSA.

- **Monte Vista/Crescent Drive Water Line Improvements**

At the request of WCSA, stated Mr. Heath, this project has been temporarily placed on hold.

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**7. Water & Wastewater Construction Projects Report and Update *April Helbert***

Mrs. Helbert said the Sutherland Project was under construction. Since construction began, several new customers have signed user agreements to connect to that system.

The last remaining easement needed for the Childress Hollow Project has been obtained and so the project will now be submitted to DEQ for approval.

**8. General Manager's Report & Update *Robbie Cornett***

Mr. Cornett referred to his General Manager's Report and Update at the Board's stations. He reported on the following noteworthy WCSA performance & accomplishments from all departments during the month of September:

**Water Production**

- Produced more than 197 million gallons of drinking water from WCSA and more than 27 million gallons of water for the Town of Chilhowie.

**Distribution**

- Coordinated the outside purchase of 10.2 million gallons of drinking water.
- In total, 6.9 million gallons per day of drinking water was distributed to our customers for the month.

**Meter Department**

- 148 customers were telephoned following unusually high usage.
- 518 customers were notified that their water was to be turned off for nonpayment.
- 111 meters were lifted for nonpayment.
- 99.34% of all meters read with radio.

**Customer Service**

- 21,108 active water accounts.

- 2,318 active sewer accounts.
- 7 water taps applied for
- 0 wastewater taps applied for
- 4,537 accounts with late charges added.
- 184 reconnections/transfers of service.
- 1,297 disconnect notices processed with 111 requiring disconnection.
- A little more than \$11,000 was adapted for 99 customer water leaks.
- \$3,624.97 was written off as bad debt three years old.

**Maintenance**

- 35 leaks.
- 3 major breaks.
- 1 water tap.
- 20 after hour maintenance call-outs.

**Wastewater**

- Treated more than 9 million gallons of wastewater at Hall Creek.
- Treated more than 3 million gallons of wastewater at Damascus.

**Administrative Items**

- In working with AEP, we recently learned that if we changed the tariff rate from medium to large at the South Fork Intake it would save about 15% (\$505/year). That isn't a lot now because we aren't pumping water but the savings should be much greater once pumping begins.
- Inflow and Infiltration work continues in Damascus. Smoke testing is complete and a number of problems have been corrected. Currently, we are working in the river to replace unsealed manhole frames and covers with watertight devices.

**9. Consideration of Employees Years of Service Recognition *Robbie Cornett***

Mr. Cornett asked the Board's consideration in recognizing WCSA

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employees who have reached a five year increment service milestone. Mr. Cornett recognized Mr. Johnny Lester; who was in the audience. Mr. Cornett thanked Mr. Lester for his 35 years of service saying Mr. Lester was someone who he personally looked up to and had been a fine example for the Authority. Mr. Cornett thanked Mr. Lester for his commitment and dedication to the Authority along with the other employees with a 5 year milestone. Mr. Chase also thanked Mr. Lester and the other employees for their service.

**10. Consideration of Sewer Line Video Camera Bids April Helbert**

Mrs. Helbert began saying, bids for the above referenced equipment were received until 2:00 PM on October 17, 2013 at the Washington County Service Authority then publicly opened and read aloud. A total of seven vendors were solicited for bids and two bids were received for this equipment. The bid results are as follows:

Atlantic Machinery, Inc. (CUES Camera) bid \$109,600.

MCS Equipment, Inc. (Aries Camera) bid \$87,960.

MSC Equipment, Inc. is the low bidder for this equipment. Mrs. Helbert said it was her opinion that the low Bidder, MSC Equipment, Inc. is a responsive, responsible bidder who met all of the specifications of the equipment.

As part of the funding for the Exit 13 Force Main Sewer Project, WCSA included \$83,776.00 in the budget for the purchase of sewer camera equipment, she stated. The low bidder was \$4,184.00 over the original budgeted amount. We do however have additional funding available in other categories within the project budget to fund the entire \$87,960.00. Mrs. Helbert

spoke to Bill Spencer with DEQ and he felt it will be looked on favorably by DEQ, but nothing has been approved at this time. With Board approval, I will submit the entire bid package to DEQ for review and approval, stated Mrs. Helbert.

Mrs. Helbert recommended that the contract for this equipment be awarded to MSC Equipment, Inc. for the total amount of \$87,960.00 contingent upon additional funding (\$4,184.00) from DEQ. If DEQ does not approve the additional funding, Mrs. Helbert will represent to the Board during the November Board Meeting.

Mr. McCall motioned to award the Sewer Line Video Camera Bid to MSC Equipment, Inc. for \$87,960, contingent on \$4,184.00 in funding from DEQ. Mr. Stephon seconded the motion and the Board approved voting 7-0-0-0.

**11. Consideration of Hillandale Road Water System Extension Project Change Order No. 1 Kevin Heath**

Mr. Heath said this Change Order provides for a final clean-up of all quantities of items installed versus quantities bid for Hillandale Road. This Change Order is a decrease in contract price in the amount of \$32.00 with no change in contract time.

Mr. Taylor motioned to approve Change Order No. 1. Mr. Nelson seconded and the Board approved the motion with a 7-0-0-0 vote.

**12. Consideration of Red Fox Lane Water System Extension Project Change Order No. 1 Kevin Heath**

This Change Order provides for a final clean-up for quantities installed versus quantities bid, said Mr. Heath. Also included in the Change Order is an increase in cost due to additional work

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associated with groundwater that was encountered during construction, he explained.

The Change Order includes a decrease in contract price of \$2,848.00.

Mr. Heath recommended approval of the Change Order.

Mr. Hutchinson motioned to approve this change order. His motion was seconded by Mr. Miller and approved by the Board with a unanimous vote of 7-0-0.

**13. Consideration of Green Springs Road Change Order No. Kevin Heath**

This Change Order includes an increase in contract price in the amount of \$3,666.25 and an additional 17 days to contract time. Mr. Heath recommended approval of this Change Order, which totals about 1.3% of the total contract price.

Mr. Stephon motioned to approve the Change order, Mr. McCall seconded and the Board approved voting 7-0-0-0.

**14. Consideration of Whites Mill / Rich Valley Road Water System Extension Construction Bids Kevin Heath**

Tipton Construction was the low bidder for this project, with a bid of \$1,437,857.50. With the recommended 5% construction contingency fee, the total project costs amounts to \$1,683,000.00. The total cost of the project is \$210,898 higher than the current approved funds from the VDH, stated Mr. Heath. AHE requested additional funds from the VDH in that amount. Mr. Heath did receive a favorable response from VDH indicating the additional funds would be offered at the same terms; 1% below the current market rate.

Mr. Heath said there were about 50 potential customers in this project area and about 29 have signed user agreements. Additionally, this project will interconnect three WCSA sub-systems; Route 19, Rich Valley Road and the Whites Mill system. The original project funding amount of \$1,472,102 is included in the 2009 Rate Study so that amount of debt services is taken into account in WCSA's current rates; but the additional \$210,898 would need to be factored into the current rate study; amounting to about \$12,300 per year, said Mr. Heath.

Mr. McCall asked if the service lines would be copper or plastic.

Mr. Heath said the service lines were HDP.

Mr. Chase asked if there were any questions and if there was a motion.

The Board asked what the alternatives were.

Mr. Heath said if the Board does not agree to accept the additional funds; the only way to make the project work is to "cut off one of the legs essentially". Mr. Heath said either the Route 19 connection or the Whites Mill connection could be made; assuming the low bidder would agree to cut that part of the project.

Mr. Nelson asked if there were monies available that have not been allocated that could be used to fund the \$210,898.

Mr. Nelson said, going forward, he would like to know the amount of money available in cash funds that could be used for such projects to keep from increasing the overall debt load.

Mr. Cornett said Mrs. Harold confirmed that WCSA did have enough money available in cash to cover the amount of the shortfall.

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Mr. Nelson said he was a believer in pay as you go, "if you have the money, don't borrow it".

Mr. McCall asked if there was enough benefit to the overall water system to justify spending the additional monies.

Mr. Cornett said it was very important to have the ability to manipulate water between the three systems.

Mr. Nelson motioned to utilize WCSA funds to pay the shortfall amount. Mr. Hutchinson seconded and the Board approved with a vote of 7-0-0-0.

**15. Consideration of Long and Short Term Disability Coverage *Kim Harold***

The Virginia Retirement System (VRS) has modified their retirement classifications and benefit calculations. As of January 1, 2014 new employees will be classified as being in the VRS Hybrid Retirement plan and will receive a defined benefit amount once they retire. It is mandated via legislation that hybrid employees receive short (STD) and long term disability (STD) coverage as well. VRS offers the Virginia Local Disability Plan that provides STD as "advice to pay", Long Term Disability as fully insured, and Long Term Care.

Before November 1, 2013, employers must make a decision on whether to participate in the VRS Virginia Local Disability Plan or provide a comparable plan. VRS's new rate went from \$.91 per 100 to \$.60 per 100, said Mrs. Harold.

The Standard then revised their rate to \$.59 per 100, she added.

After thorough review, Mrs. Harold recommended the Board approve the VML rate of \$.49 per 100 which provides all employees with the same long term disability and short term disability benefits. Mrs. Harold said she did not think it would be in the best interest of WCSA to opt into the VRS

plan since the ability to have access to a competitive market ceases. Once you opt into VRS you cannot opt out, she added.

Mr. Stephon motioned to opt out of VRS and choose VML for long and short term disability benefits.

Mr. Nelson asked what the additional costs to WCSA would be opting out of VRS.

Mrs. Harold said VLDP was \$.60 per 100 but the amount was unknown until new employees were hired since they would determine the cost of the new plan.

Mr. Nelson said the grand total cost of VML is \$17,679; \$.49 per 100 currently.

Mrs. Harold said correct.

Mr. Nelson then stated; the cost is .60 per 100 under the VLDP plan.

Mr. Cornett said the VLDP was a closed pool, once you opt in, you cannot get out.

Mr. Nelson asked how the costs compared to what we pay currently.

Mrs. Harold said it was about \$1,000 per year.

Mr. Nelson seconded and the Board approved voting 7-0-0-0.

**16. Consideration of a Resolution Authorizing and Approving the Issuance, Award, and Sale of Not to Exceed \$387,829 Water System Revenue Bond and Setting Forth the Form, Details, and Provisions for the Payment Thereof *Kim Harold***

At the September meeting, the Board approved the award of the construction and funding offer of \$387,829 for the Nordyke Road Project. Mrs. Harold asked the Board to approve a Resolution approving the issuance of the Bond to finance \$387,829 from VRA with terms of 2.5% in 20 years.

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Mr. McCall motioned, Mr. Stephon seconded and the Board approved with a 7-0-0-0 vote.

**17. Closed Meeting**

At 7:07 pm, Mr. Nelson moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds, 4. To discuss various inter-municipal and other agreements and potential agreements; 5. To discuss various agreements existing and proposed related to the South Fork Intake; Code of Virginia Section 2.2-3711 Paragraph (A) (7): legal advice, 6. To discuss potential litigation, contract litigation or both related to the South Fork Intake; 7. 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 was requested.

Mr. Miller seconded the Motion of Closed Meeting and the Board approved voting 7-0-0-0.

**Return to Public Session:**

Mr. Miller motioned to return to Public Session at 8:31 pm. Mr. Nelson seconded and read the following **Return to Public Meeting**; Mr. Chairman, I move that the Board return to Public Session. The Board approved voting 7-0-0-0. Mr. Nelson 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, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority

that such Closed Meeting was conducted in conformity with Virginia Law. Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority. Aye by Mr. Miller, Mr. Hutchinson, Mr. Stephon, Mr. Chase, Mr. Nelson, Mr. Taylor and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

**18. Late Items**

**1. Citizens Advisory Task Force Nominees:**

Mr. Cornett asked for Board nominees who would serve on the Citizens Advisory Task Force. He also asked that two Commissioners volunteer to serve on a committee to rank those nominated to serve on the Citizens Advisory Task Force.

Mr. Taylor and Mr. Stephon volunteered to serve on the committee to rank those nominated for the Citizens Advisory Task Force.

After a brief discussion, the Board agreed to send their Task Force nominees to Mrs. Shaffer or Mr. Cornett.

**2. System Fee Revenue since 2009"**

In response to a previous request from Mr. Taylor; Mrs. Harold presented the Board with a sheet detailing System Fee Revenue since 2009 (see attached).

Mr. Taylor asked what the big event in 2009 was to generate so much revenue.

Mrs. Harold said building JMH.



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The Exit 13 Project was the increase in sewer revenue in 2013, she explained.

Mrs. Figueiras asked if the amounts listed were amounts actually collected.

Mrs. Harold said the amounts listed were billed amounts.

After a brief Board discussion, Mr. Taylor asked how much money in system fee revenue since 2009 was actual revenue and how much was deferred revenue.

Mrs. Harold said she would be happy to compile that information for the Board.

**3. Consideration for an Agreement between WCSA, IDA and Washington County to Provide 250,000 Gallons Per Day of Water Capacity to Oak Park for a Period of 10 Years.**

Mr. Nelson made a motion that WCSA reserve 250,000 gallons of water per day of water capacity for the IDA's and Washington Counties use at Oak Park for a period of 10 years. The 250,000 gallons of water per day of water capacity may or may not require further study. The 250,000 gallons per day of water capacity is provided at an initial cost to WCSA for the capacity of \$6 million dollars and is already in place and no additional fees will be required for this capacity.

This agreement is subject to contracts being entered into between the Washington County IDA and the Washington County Service Authority.

Mr. Taylor asked if WCSA would be locked into 250,000 gallons per day.

Mr. Chase said we can change the wording if needed.

Mr. Hutchinson felt 250,000 gallons per day would be adequate now but later on we could revisit it and adjusted if necessary.

Mr. Nelson said "Mr. Cornett can speak with IDA and let them know this is the

initial resolution that we're approving and if they have any prospects that may need individual attention by the Service Authority that we want to know about those as soon as possible to take action to help in any way we can."

WCSA, contract and if they have any Mr. Hutchinson seconded the motion and the Board Approved voting 7-0-0-0.

**19. Recess to Thursday, November 14, 2012 at 7:00 p.m. for a Joint Meeting with the Town of Chilhowie for a Presentation of the Mill Creek Drinking Water Plant Upgrade Study**

At 8:45 pm, Mr. Stephon motioned to recess until November 14, 2013 at 7:00 pm for a Joint Meeting with the Town of Chilhowie at the Chilhowie Town Hall. Mr. McCall seconded and the Board approved with a 7-0-0-0 vote.



Mr. Joe Chase, Chairman



Carol Ann Shaffer, Assistant Secretary

**System Fee Revenue Since 2009**

	Residential		Commercial		Industrial		Total by Year
	Water		Water		Water		
2009	\$ 190,180	\$ 76,760	\$ 12,063	\$ 279,003	\$ 30,532	\$ 30,532	\$ 309,535
2010	\$ 232,860	\$ 473,098	\$ 1,440	\$ 707,398	\$ 64,759	\$ 64,759	\$ 772,157
2011	\$ 230,620	\$ 268,160		\$ 498,780	\$ 11,167	\$ 11,167	\$ 509,947
2012	\$ 204,080	\$ 26,400	\$ 5,440	\$ 235,920	\$ 20,300	\$ 5,800	\$ 262,020
2013	\$ 168,240	\$ 10,080		\$ 178,320	\$ 473,834	\$ 2,900	\$ 655,054
<b>Total</b>	<b>\$ 1,025,980</b>	<b>\$ 854,498</b>	<b>\$ 18,943</b>	<b>\$ 1,899,421</b>	<b>\$ 600,592</b>	<b>\$ 5,800</b>	<b>\$ 2,508,713</b>
<b>AVG.</b>				<b>\$ 379,884</b>		<b>\$ 121,858</b>	

Annual Rev. \$ 12,000,000  
3%

Annual Rev. \$ 2,000,000  
6%