

**Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes**

The Annual Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:02 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

WCSA Staff Present:

Robbie Cornett, General Manager
Kimberly Harold, Controller
April Helbert, Engineering Manager
Mark Osborne, Distribution Manager
Tommy Dotson, Wastewater Treatment Plant Manager
Johnny Lester, Maintenance Manager
Kenneth Perrigan, Meter Manager
Holly Edwards, Customer Service Manager
Carol Ann Shaffer, Administrative Assistant

Consultants Present:

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

Also Present:

Mrs. Dawn Figueiras; General Counsel
Ms. Deanna Cox; Robinson, Farmer Cox Associates

3. Approval of the Agenda

Mr. Cornett had no changes to the agenda. Mr. Miller moved to approve the Agenda. Mr. Hutchinson seconded and the Board approved with a 6-0-0-0 vote.

4. Public Query and Comment

Mitzi Schrader of Pine Hill Road was the first to address the Board. Ms. Schrader said she understood things were moving forward with the Pine Hill Road Project but was at the meeting to check on the status of the project.

Mrs. Helbert updated the Board and members of the audience on the Pine Hill Road Project saying she was still waiting on user agreements. Even though the deadline has passed, Mrs. Helbert said WCSA staff and Mount Rodgers staff were still trying to personally notify everyone. Of the 27 potential users, 9 have agreed to service, 7 have agreed only if they meet income requirements for service to be VHCD funded. If that is the case, the total is 6 or 59% meeting the participation requirements. Mount Rodgers has made several unsuccessful attempts going door to door to collect income surveys. Residents did not answer their doors.

Ms. Schrader asked if there was enough interest to proceed with the project.

Mrs. Helbert said only if the 7 residents meet and receive VHCD funding. Mrs. Helbert continued to explain the process saying, in order to know for sure if the project meets participation requirements, VHCD must obtain the income surveys, so residents need to answer their doors.

Ms. Schrader offered to go door to door and help collect the income surveys.

Mrs. Helbert said Angela Wolfe with Mount Rodgers Planning District is working to collect the income surveys. Mrs. Helbert will provide Ms. Schrader with Ms. Wolfe's contact information.

Ms. Gwen Robbins, of Government Road in Damascus, was the next to address the Board. Ms. Gwen said she lives about 2 acres from the road and has a long water line. Ms. Robbins said she

<p align="center">Washington County Service Authority Board of Commissioners November 24, 2014 Regular Meeting Minutes</p>

has had a series of line breaks resulting in water bill of over \$3,000. Ms. Robbins said she had to install a new line.

WCSA set Mrs. Robbins up on a 12 month payment plan and did an assessment which reduced her water bill by about \$1,000.

Ms. Robbins stated she could not meet the requirements of the payment plan because of her very limited monthly income; saying she could not afford it.

Mr. Taylor asked Mr. Cornett if he had could add any information.

Mr. Cornett said what Ms. Robbins shared was accurate. WCSA made an abatement to the account and the balance was on a payment plan based on WCSA's approved guidelines.

Mrs. Cornett said the outstanding balance and payment plan could be disputed to the Dispute Committee to take a further look, if the Board so desired.

Mr. Hutchinson asked if the \$3,000 included the abatement.

Mr. Cornett said the \$3,000 was before the abatement.

Ms. Robbins said she finally received a normal water bill of around \$47.00. Ms. Robbins said she received help from her neighbor "since it is me and my three grandchildren". She said another man bought her line and she has to repay him. Mr. Hutchinson asked if she was told about the dispute process and filling out the form.

Ms. Robbins said she filled out a form for the abatement.

Mr. Taylor offered to have the Dispute Committee review the matter.

Mr. Cornett said based on Ms. Robbins comments tonight, it could be considered a dispute. He offered to work with her and the members of the Committee to schedule a meeting in the near future.

Ms. Robbins asked when she could expect to hear from WCSA. Mr. Cornett said the Authority would contact her tomorrow or Wednesday (November 25 or 26) to set up a meeting so they could better understand what options and opportunities may be available.

5. Approval of the Consent Agenda

- Minutes: October 27, 2014 Regular Meeting Minutes
- Routine Reports: October 2014
- Balance Sheet: October 2014
- Income Statement: October 2014
- Check Register: October 2014
- General Manager Financial Report: October 2014

Mr. Nelson motioned to approve the Consent Agenda. The motion was seconded by Mr. Stephon and approved by a 6-0-0-0 Board vote.

6. Engineer's Report and Update

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

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

All of the main water lines in the project have been pressure tested and the lines are being disinfected with BAC-T sampling to follow. Approximately four service connections remain to be installed. A Draft Change Order to add service to a customer on Millers Way Road was submitted to WCSA for review, reported Mr. Heath.

- **Abingdon Water Storage Improvements Study**

The PER was submitted to the Health Department and review comments have been received. AHE is working on responding to those comments.

- **Smyth Chapel Area Water Improvements Study**

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

Mr. Heath received WCSA staff comments on the PER. AHE was asked to do a life cycle cost analysis on the two alternatives that were closest together. Mr. Heath will be making those revisions to the PER and resubmitting it for WCSA staff review.

- **Route 58 Water Supply Improvements Project**

Once the Purchase Option for the tank site has been acquired, a survey will need to be completed to establish the tank lot boundary and easement locations, and geotechnical investigations. AHE completed draft plan sheets for the tank and related work then submit draft plans for entire project to WCSA staff for review.

Mr. Miller asked if the Rich Valley Road Project was on schedule.

The contract date for Substantial Completion was October 24, so we are about 1 month behind.

Mr. Taylor asked if the delay was due to weather.

Mr. Heath said "no sir." The bulk of their delays, over the past 3 months, were spent trying to get the pressure testing done. The pressure testing is now complete and now it is a matter of how quickly they can get the results of the bacteriological completed before the lines can be turned on, explained Mr. Heath.

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

- **Exit 13 Sewer Project PER**

A&A made the requested PER revisions and resubmitted the PER to WCSA for final approval.

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

Mr. Amos continues to work on preparing a set of specifications and draft plans for WCSA review. A&A intends to have a draft set of specifications and plans for initial review by November 30.

Mr. Miller asked when Phase 2A would be ready for bid.

Mr. Amos said DEQ would like it to be ready for bid by the first of the year and ready to move to construction by spring of 2015. Mr. Amos said they were on schedule to be able to do that.

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

- **1 MGD Water Plant and Raw Water Intake**

Mr. Lane said they were working to complete the I Triple E testing on the energy recovery system at the treatment plant. The Contractor, TLG and WCSA have been working with American Electric Power. The procedure is approved and the contractor has scheduled the testing for the first week in December, reported Mr. Lane. Once the testing is complete the goal is to close out the treatment plant and intake by the end of 2014, stated Mr. Lane.

- **Galvanized Waterline**

- **Replacement Project – Phase II**

All divisions are working, reported Mr. Lane. Division 4, the smallest Division, is complete and Mr. Lane expects to have a Clean-Up Change Order for Board approval at the December meeting. Mr. Lane said the contractor did a good job on Division 4.

- **Galvanized Waterline**

- **Replacement Project – Phase III**

Preliminary designs have been submitted for WCSA comments.

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

Mr. Lane received permission from VDH to advertise this Project, and will be advertised Sunday, November 30th.

- **Mendota Water System Source Improvements**

<p align="center">Washington County Service Authority Board of Commissioners November 24, 2014 Regular Meeting Minutes</p>	
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The contractor is waiting on equipment to arrive and hopes to be complete by the end of 2014.

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

SWIFA is ready to make another application to the Tobacco Commission. TLG will be meeting with Tobacco Commission representatives about the application.

- **Mill Creek Water System Source Improvements**

Mr. Lane said they had a technology tour last week. TLG is working with the Town of Chilhowie and WCSA staff very closely.

Mr. Lane then discussed the upcoming schedule:

December 15: Submit the completed Preliminary Design

December 16: Meeting scheduled to discuss the submittal with WCSA staff.

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

The City of Bristol did oppose the Special Exception Permit and submitted information for the Authority to review, stated Mr. Lane.

Since the October meeting, TLG has been working to review issues the City of Bristol has with the location of the wastewater plant.

Mr. Miller asked if TLG was able to obtain the easement for Mendota.

Mr. Lane said they did not have the easement yet but thought the property owner was in agreement but was researching to be sure there was only one property owner involved.

Mr. Bill Skeen of Maxim Engineering

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

Mr. Skeen reported this project to be complete. Mr. Turley's request last month

for the line to be extended will be discussed later tonight as an Agenda Item.

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

According to Mr. Skeen, Rural Development is very interested in funding this project. Rural Development asked for alternatives, specifically pressure sewers, and Mr. Skeen is working to address their request.

7. Water and Waste Construction Projects Update – April Helbert

Mrs. Helbert was very pleased to report the Sutherland Project is complete.

Mrs. Helbert did not receive permission to advertise the Childress Hollow Project today but expects to be given approval in the next few days and hopes to present Construction Bids for Board consideration at the January meeting.

Design on Haskell Station will begin once Childress Hollow is advertised. Mrs. Helbert held the Community Meeting. There were complaints from some residents about the now \$1,628 connection fee. The residents said they signed a petition in 2007 for a \$1,150 connection fee and thought it the connection fee should still be \$1,150. Mrs. Helbert reminded the Board they decided in September the connection fee would be at the current \$1,628 connection fee rate.

Mr. Cornett said there could be a total of 16 connections on this Project.

Mr. Miller and Mr. Taylor were at the community meeting, stated Mr. Cornett. The Project Champion, Mr. Holmes and another resident questioned the \$1,628 connection fee and asked that the Board would reconsider approving the 2007 connection fee of \$1,150 for the proposed Project.

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

Mr. Hutchinson asked how many residents were opposed the connection fee.

Mrs. Helbert said she talked with only a couple of residents about the connection fee. Mrs. Helbert said she was not here when the Project first began. Considering the amount of time that has gone by, it is hard to be sure the other seven were even contacted in 2007. Mrs. Helbert said asked the Board to consideration of connection fees for this project in September and the Board chose the current \$1,628 connection fee.

Mr. Hutchinson asked if all residents were contacted this time.

Mrs. Helbert said "yes."

Mr. Hutchinson asked if residents would be given a grace period to sign the user agreement.

Mr. Cornett said one reason WCSA switched from using a petition to a user agreement is because a user agreement is much clearer about time constraints than a petition. A petition doesn't mention time constraints one way or another.

Mrs. Helbert said a petition is very short and is used to indicate interest in a project only.

A petition is not a binding agreement like a user agreement, Mr. Hutchinson added.

Mr. Lawson then spoke up saying, a user agreement states the project's shelf life and states if a project does not move forward then the agreement is null.

Mr. Taylor asked how many residents originally signed the petition.

Mrs. Helbert said eight residents originally signed.

Mr. Taylor asked how many of the original eight residents to sign were current residents.

For Mendota Road Phase II Two Project, two residents and three properties have changed since 2007.

There was a brief discussion among the Board about who owned two large farms in the Project area.

Mr. Miller said we need to decide if we go with the \$1,150 connection fee as indicated in the petition they signed years ago or the current connection fee of \$1,628 we approved in September.

Currently, only three residents have signed user agreements so this Project falls below the 50% participation requirement.

Mr. Taylor said the Board's goal originally was to provide service to Mendota.

Mr. McCall asked if anyone analyzed the cost to install a water line from Route 58 to Mendota.

Mr. Cornett said he looked at that today and need to update and refine the numbers to better understand what some of the opportunities may be. We may need to look at Mendota alone and see if makes sense to run the line in sections and how those sections may need to be broken up, he stated.

Mrs. Helbert said one of the three residents that agreed to service, marked through the \$1628 and wrote in \$1,150. So, there are actually only two residents that have agreed to service.

Mr. Cornett said the Mendota Road Phase II can discussed further another time.

Mr. McCall said the first thing that needs to be done for the Project is to identify the Project Champion. Mrs. Helbert said they have a Project Champion for Mendota Road Phase II.

Mr. McCall thought identifying the Project Champion should be the first step with any project.

Mr. Hutchins asked if one of the reasons this project was needed in Mendota was because the well's poor water condition.

**Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes**

Mrs. Helbert thought that was indeed the case. At one time Mendota Road was a 5 Phase Project. Mrs. Helbert said she would be looking into each Phase separately, as well as the Project as a whole.

It seems clean, safe drinking water isn't an important issue for the residents there, stated Mr. Hutchinson. If I lived in the area where there was sulfa in the water, stated Mr. Hutchinson, I would pay \$3,000 for safe drinking water. With the connection fee at \$1,600 as opposed to what it was last year, it seems they just aren't that interested in having clean drinking water, said Mr. Hutchinson. Mr. Hutchinson also thought different water options for Mendota should be evaluated.

Mrs. Helbert plans to present options for the Mendota Project in January.

Mrs. Helbert then discussed Richie Road saying, she received a letter from VDH revising their Richie Road funding offer. Construction Funding Applications used to be due to VDH once a year, but are now due twice a year, stated Mrs. Helbert. VDH reviewed the Richie Road application a second time this year. VDH's first funding offer for Richie Road was \$100,000 grant funds and \$43,139 in loan. Upon their second review, VDH offered \$143,139 in grant funds for the Richie Road Project.

Mr. Nelson motioned to accept VDH's revised funding offer of \$143,139 in grant funds for the Richie Road Project. Mr. Miller seconded the motion and the Board unanimously approved the motion to with a 6-0-0-0 vote.

**8. Operations Report and Update –
Mark Osborne**

Mr. Osborne discussed the following items in the Operations Report and Update:

Discussion Items

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

2014 October Performance Against Plan (\$3,200 Over Budget)

- Water Production \$8,700 Sludge (Timing will be under budget by year end)
- Mill Creek: \$2k (Major Concern due to Component Failures, Well Above Annual Target)
- Water Production Electrical: \$4.8k, Will Start Francis Turbines in December
- Metering: \$5k, Much Higher than expected Hot Rod Transmitter Failures

Year to Date we are \$94.4k Under Budget

2014 October Water Production Highlights

- South Fork Intake
 - Continued to Work Through Operational Issues with Level Controls
 - Identified and Corrected Wiring Issue with Wet Well Level Sensor
 - River Level Sensors appear to have failed
- Middle Fork Drinking Water Plant
 - Continued to Work Through Operational Issues
 - Numerous Construction Related Items such as Chemical Feed Pumps
 - Met with TLG, CHA & Judy on these issues
- Mill Creek Membrane Plant
 - Concerned with Replacement Spare Parts Spend Rate

2014 October Wastewater Process Highlights

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

- Met with the Abingdon Regional Jail and Thompson & Litton:
 - Determined Course of Action to Address frequent Over flows
 - Successfully shut down and restarted the Jail without overflow
 - Determined Method to calculate Jail expansion on WCSA's Abingdon Steel Pump Station
 - Collected Actual Flow Data and Forwarded to Thompson & Litton
- Damascus Inflow & Infiltration
 - Continued to make huge improvements.
 - Team Effort
 - Using Data to Drive Work
 - Did shut down during 1 major rain event (greater than 7 inches) for 30 hours. Much less than expected due to rain event

2014 October Maintenance Highlights

- Galvanized Phase II Support
 - 3rd RPR in Place
 - All 3 RPR's are now RD Approved
 - Bi-Weekly Meetings with TLG to Identify and Correct Issues
 - WCSA RPR's Prospecting, Locating and Auditing Each Division on a Daily Basis
- Waste Water I&I
 - Meeting Once per Week with Waste Water Team to align efforts
 - Data Based
 - Starting to Investigate Pipe Lining Technologies

2014 October Distribution Highlights

- Conducted Fire Hydrant Training with Field Demonstrations
 - Town of Abingdon FD
 - Brumley Gap FD
 - Building Relationships with Common Interests

- Developing System to align District Meters with District Billable Metering to identify Water Loss Areas
- Executing PSV/PRV Preventive Maintenance Program
- Worked with the TLG and MFWTP to work out issues with the South Fork intake, raw water line and 18" control valve to improve raw water conveyance from the South Fork intake
- Real Estate Acquisitions/Easements
 - Western Washington Waste Water – Land Option – 100%
 - Mendota: Chlorination Station Easement
 - Stonegate Project 9 of 18 Easements
 - Haskell Station Road Water Line Extension: Will start on the 20 Easements Required

2014 October 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
- Analyzing ROI for Remote Meter Read
 - Cost versus Adjustments

Forward Looking Statement

- Working to get more Cost Information to the Department Heads so they can better run their "businesses"
- Working to Build Better Relationships to help minimize issues, especially with Fire Departments and Waste Water
- Departmental Capital Spending Plan – Continually Review & Execute per our Schedule

**Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes**

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

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

Review Items:

- Safety
- Professional Development
- Financials
- Customer Service
- Notables
- What's Ahead

Safety:

- Zero Accidents and or Injuries in October:
 - No injuries for Five Months in a row!
- Ebola
 - Emphasizing the proper use of Personnel Protective Equipment
 - Staying abreast of the latest guidance from WEF, NRW, CDC, WHO and VML
 - CDC: Interim Guidance for Managers and Workers Handling Untreated Sewage from Individuals with Ebola in the United States – November 20, 2014
 - Emphasizes the importance of PPE

Professional Development:

- Training Opportunities
 - Microsoft Publisher
 - Planning Microsoft Advanced Excel and WORD
 - Planning next Leadership Training
 - Fraud, Ethics and Harassment Training

Water - New Connections:

According to Mr. Cornett, year to date there were 83 walk-in connections. In 2013 there were 93 connections.

Monthly Water Revenue: Budget vs. Actual:

For the month of October, water revenue is \$41,112 above budget.

YTD Water Revenue: Budget versus Actual:

Year to date, through the month of October, water revenue is \$122,409 above budget.

Water – Monthly Expenses:

Mr. Cornett was very pleased to report that Non-Departmental, Administration and Customer Service were all under Budget for October.

- Excludes depreciation, compensation and benefits; includes overtime
 - October: -\$1,208 Administration (bulk toner and onetime maintenance expense);
 - -\$4,849 Customer Service (onetime telephone expense & delayed Polar Vortex mailing invoice)

Water – YTD Expenses:

Mr. Cornett was just as pleased to report that Non-Departmental, Administration and Customer Service were all under Budget YTD.

- Excludes depreciation, compensation and benefits; includes overtime
 - Through October: Achieved budget or better in each area.

New Wastewater Connections:

According to Mr. Cornett, there were 7 new wastewater connections year to date.

Monthly Wastewater Revenue: Budget vs. Actual

In the month of October, wastewater revenue was \$11,578 more than budgeted.

YTD Wastewater Revenue - Budget versus Actual:

Year to date, through the month of October, wastewater revenue is \$6,917 above budget

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

Wastewater - Monthly Expenses:

Wastewater expenses for October were below the budgeted amount.

Wastewater - YTD Expenses:

YTD, expenses are \$675 more than budget.

Cash/Reserve Analysis:

- Under Development
 - Enlisted Mr. Nelson's and Mr. Stephon's help
 - Crux:
 - Unfunded Capital Improvement Projects
 - Funding (cash, loan or grant)
 - Priority
 - Benefit:
 - Monitor our five year financial plan
 - Inform capital project analysis/decision
- Five Year Plan:
 - Reserves projected to decrease FYE 2015 but increase through FYE 2019
 - Build 120 days O&M reserve
 - Build a 10% rate stabilization reserve
 - Build a Repair and Replacement reserve with target equal to asset management goals
 - Revenue: up or down from projections?
 - Expenses: up or down from projections?
- Capital Projects
 - Funded (cash, grant or loan) with current rates
 - Funded (cash, grant or loan) with rates to be implemented over five years
 - Unfunded by current or to be implemented rates
 - Water \$9.3M for 8 projects

- Wastewater \$43.7M for 22 projects
- Recently moved one water project (Ritchie Road) from unfunded to funded
- Added and moved one wastewater project (LOVES betterment) from unfunded to funded

Customer Service:

- Active water accounts increased by 56
 - Active wastewater accounts increased by 7
 - Reconnection, disconnections and abatements were typical for October
- A team of WCSA Staff noticed the William A. Cole Industrial Park sign was in need of cleaning. They took the initiative to pressure wash the sign and paint the foundation and molding at the top. IDA was grateful they took the effort to clean up the sign, said Mr. Cornett.

Key Items:

- Board of Supervisor – Planning Commission Joint Meeting and Public Hearing
 - Western Washington County Water Reclamation Facility
 - Continued to Tuesday, January 27th at 6:30 pm
 - Presentation and Request for Special Exception Permit
 - TLG and WCSA addressing City of Bristol comments
 - Met on November 6th and 14th
 - Future meetings planned
- VA DEQ Water Withdrawal Request
 - Permit set to expire within 5 years
 - Meeting December 17 (Richmond)
 - Addressing multiple source withdraw stipulations

Washington County Service Authority Board of Commissioners November 24, 2014 Regular Meeting Minutes

- Reminder: Regular December Board of Commissioners Meeting
 - December 15th (third Monday)
- South Fork Intake Lessons Learned
 - Met October 29th
 - Developing a report to share with the Board
- Valve "On/Off"
 - Enlisted Mr. Miller and Mr. McCall's help
 - Preparing and publishing guidelines currently
- Joint Utilities Committee Meeting
 - December 1, 2014

What's Ahead:

- Employee Development/Engagement
 - Holiday Luncheon – December 16th at noon
 - Bi-Annual Meeting – January
- Western Washington County Wastewater Options and Opportunity
- Procure of Banking and Networking Services

Mr. Cornett asked for two Board volunteers to serve on the Banking and Networking Services Procurement Committee. Mr. Nelson said he would like to abstain from any discussion related to the Banking Services Procurement because the firm that employees him will probably participate in the RFP. Mt. Taylor asked for two volunteers. Mr. Stephon and Mr. Taylor volunteered to serve.

- Succession Planning
- Consumption Decline

10. Consideration of an Amendment No. 1 to the WCSA Town of Chilhowie Regional Water Agreement – Mark Nelson, Robbie Cornett

Mr. Nelson motioned to table Item 10 until the December Board Meeting. Mr. Hutchinson seconded and the Board approved voting 6-0-0-0.

11: Consideration of a Bonus and Luncheon for WCSA Employees - Robbie Cornett

It was Mr. Cornett's sincerer pleasure to ask the Board to kindly consider an employee bonus and Christmas luncheon. Mr. Cornett said, we humbly outline some of our accomplishments or ongoing efforts for the Boards consideration:

1. Awards. Attained the VDH Gold Award for the fourth year in a row. This means water produced is at least three times better than the standards require.
2. Safety. Thankfully, we have only experienced seven minor accidents or injuries during 2014. Have had no accidents or injuries in the past five months.
3. Budget. Companywide, we performed better than budget for the FYE 2014.
4. Customer and community engagement.
 - Landlord meeting
 - Citizen Advisory Task Force
 - Water Treatment Plant Dedication
 - Facility Tours
 - News Letter
 - New Website
5. Quality Improvement Strategy. A team of 5 to 7 employees will be looking at how we can improve our afterhours callouts and overtime.
6. Savings.
 - By closing the loan before October 1, 2014, we were able to save \$7,200/year or \$288,000 over the life of the loan.
 - Changes made to our health insurance premiums are resulting in more than \$35,000 in annual savings.

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

- Though seasonal and project related events can influence overtime, overtime compensation decreased by \$71,737 in the FYE 2014.
- On-call compensation decreased by \$6,800 during the FYE 2014.

Mr. Cornett kindly asked the Board to consider providing a bonus based on the 2013 format and employee luncheon. The two combined would be \$37,000.

As an employer, said Mr. Taylor, this is the time of year employees look for rewards they may have earned throughout the year.

I would like to see WCSA have a decent good lunch, stated Mr. Taylor. I am not hung up on BBQ and I know beef is up but let's have a good meal even if it costs more. Mr. Taylor went on to say, all we have is our employees. Our goal is to furnish this county with water and I want to reward everyone that makes that attempt. Sometimes it is hard to stay within policy when there is a need. If you need it, I think it is our (the Board's) goal to find out a way to do it, said Mr. Taylor.

Mr. Taylor said he would like to see a motion made that we not exceed \$39,000 for the bonus as outlined and Christmas luncheon.

Mr. McCall said he would like to make that motion.

Mr. Hutchinson said, due to the fact that myself and another Board member spent a lot of time formulating the bonus last year, he would like to second the motion.

Mr. Nelson said from his prospective it is all about rewarding people who are doing the right thing. When Mr. Cornett discussed all the things that are being done, it is the right thing to do. Mr. Nelson's opinion was the luncheon is a reward for doing the right thing. Mr.

Nelson also agreed with Mr. Taylor saying, we are talking a couple of hundred dollars more to make the luncheon something the employees something enjoy coming to and look forward to; it is a right thing to do. Look at the monies that have been saved by doing the right thing, stated Mr. Nelson. Mr. Hutchinson said "I think the Staff and employees of WCSA should be commended for what they have done. This past year has really been outstanding."

"I think I speak for all and am very humbled and appreciative of your (the Board's) thoughtfulness", said Mr. Cornett, and he thanked the Board.

Mr. Taylor asked all those in favor to raise their right hand. The Board unanimously approved the motion with a 6-0-0-0 vote.

12. 2013-2014 Fiscal Year Audit Report – Deanna Cox

Mrs. Cox discussed the audit results. The overall results were good. The audit opinion was again an unmodified opinion which is good. The Federal Program showed no issue and was a clean audit.

Mrs. Cox wanted to point out the Management Discussions and Analysis Report written by the Finance Officer. This report gives an overall summary of the Audit results.

There were no significant changes in the recoding this year. The overall financial condition of the Authority did improve with a net increase in net position which is good, offered Mrs. Cox.

As far as disclosures and changes in the recording; there was one change in the VRS reporting this year. The VRS disclosures used to be about four pages in the Audit Report and are now about ten pages in the report. It now includes

Washington County Service Authority Board of Commissioners November 24, 2014 Regular Meeting Minutes	
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information about every plan you could be eligible for as an employee of the Authority.

The audit of public accounts required additional audit procedures related to VRS. The auditor had to file a separate report just based on the results of procedures they performed. These procedures included things like checking the personnel information in the VRS system with WCSA's personnel files for selected employees. Mrs. Cox said they found no exception with data recorded at WCSA and that recorded at VRS. Mrs. Cox said there were other reporting comparisons that had to be checked related to the VRS Credible Contributions and the reporting that goes along with it. There were no exceptions as a result of that procedure, Mrs. Cox explained. That additional report had a clean result and has been submitted to the APA on behalf of the Authority.

The only thing new for is the implementation of GASB 68 next year. GASB 68 will require the actuarial accrued liability for the pension plan based on financial statements. Mrs. Cox said to expect net position to take a hit next year. The liability this year is about \$10 million and something along those lines is what will hit your statement of net position next year.

Mr. Nelson asked Mrs. Cox to explain how the \$10 million she mentioned earlier will be recorded.

Mrs. Cox said it would be recorded as a liability in net position.

Mr. Nelson asked if the \$10 million would be an adjustment through the current position or will it be reflected through the income.

Mrs. Cox began saying, typically at the beginning you do not hit net income...

Mr. Nelson said correct.

Mrs. Cox continued saying it will show the first year as a liability.

Mr. Nelson explained the \$10 million would come out of net position and not affect the cash position.

Or net income, explained Mrs. Cox. Going forward, any adjustment will hit incrementally each year.

Mr. Nelson asked about Mrs. Cox's comment saying "there were no additional management comments" and asked if there were any comments at all.

Mrs. Cox said there were none. She explained they typically have reporting within the text of the report if there is a significant deficiency or material weakness; there is nothing within the report text. Sometimes we may have minor recommendations and comments presented in a separate letter and we had none of those as well, explained Mrs. Cox.

Mr. Nelson said as he recalled there was an adjustment in net position and asked Mrs. Cox to explain.

She said there was another accounting standard we had to implement this year was one where the governmental Accounting Standards Board determined that bond issuance costs were no longer to be amortized, going forward they are to be expensed. Last year you had about \$156,000 in unamortized bond issuance costs. Mrs. Cox explained, this year the auditors had to close that out to retained earnings. Going forward, related costs will be expensed.

Mr. Nelson asked if they could expect that when the capitalization occurs for the South Fork Intake, there will be some costs that flow through for expenses originally capitalized.

Mrs. Cox said "yes."

Mr. Nelson thanked Mrs. Cox and said "you did a great job."

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

"You have a very capable finance department and I appreciate the fact they give things to us in good order," stated Mrs. Cox. Mrs. Cox thanked Mrs. Harold and the rest of the accounting staff for doing a good job; making her job easier.

Mrs. Stephon commended Mrs. Harold and the whole department saying they do a wonderful job and I appreciate it.

Mr. Taylor said "Kim, I echo that; we all echo that."

13. Consideration of a Resolution Commending Joe Chase – Ken Taylor

Mr. Nelson made a motion to approve the Resolution commending Mr. Chase's service to WCSA. Mr. McCall seconded Mr. Nelson's motion.

Mr. Taylor then read a "Thank You" card Mr. Chase sent to the Board.

The Resolution Commending Joe Chase was unanimously approved by a 6-0-0-0 Board vote.

14. Consideration of North Fork River Road at Tumbling Creek South-Extension – April Helbert

The Board asked staff review the options for extending service to a more accessible location on the property with a 1 inch, 2 inch, or 4 inch water line. Staff, along with assistance from Maxim, has reviewed the situation and offers the following for consideration.

- The cost estimate for each option is summarized as follows and enclosed in more detail:
 - 1-inch & 2-inch combination water line – ≈ \$13,900
 - 2-inch water line – ≈ \$17,200
 - 4-inch water line – ≈ \$21,000
- A 1-inch water line will have to be replaced if the line is ever extended or additional meters are added.

- A 2 inch or 4inch water line would not have to be replaced for a future extension.

To save time and money, using the Small Purchases Procedure, Staff proposes to directly solicit bids from at least four Contractors instead of publically advertising project, said Mrs. Helbert. Staff will compare bids received with the estimated cost of doing work internally based on resource availability and ability, if feasible. We are considering the desirability and feasibility of bidding the work with a base bid of 4inch or 2inch and a deductive alternate for the 1 inch and 2 inch combination.

Mrs. Helbert reminded the Board that WCSA previously agreed to cash fund on the Tumbling Creek South Water Project and on the North Fork River Road at Tumbling Creek South Water Project. Of that previously committed cash, there is currently approximately \$7,757.40 that has not yet been spent.

Mrs. Helbert recommended the Board consider establishing a budget not-to-exceed \$21,000 to perform the work and allow Staff to proceed and make the final decision based on best value to WCSA.

In light of the revised VDH funding offer for Richie Road, Mr. Nelson made a motion to approve the extension as recommended.

Mr. McCall asked if the work could be completed by the contractor.

Mrs. Helbert said the contract is closed, so the contractor cannot do any additional work on the project.

Mr. Hutchinson asked why a 1 inch and 2 inch combination line was cheaper than the 2 inch line.

Mrs. Helbert said of the combined line, only 75 feet is 2 inch line and the remaining 475 feet is 1 inch line.

**Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes**

Is there any possibility a 4 inch line would ever be required, asked Mr. Hutchinson.

Mrs. Helbert said a 2 inch line would be sufficient but thought a 4 inch line would be best because a 4 inch line would prevent a bottleneck in the system.

Mr. Miller asked if the other possible customer signed a user agreement.

Mrs. Helbert said that potential customer has yet to sign a user agreement but the customer did want service. Mrs. Helbert went on to explain, the resident thought the line would be installed by his home. And so, he completed an application and paid the connect fee, which had to be refunded.

Mr. Hutchinson's impression from Mr. Turley's discussion last month was, the possibility of anyone building beyond him was very slim.

Mr. Cornett said there were dozens of homes from Mr. Turley's property to Route 80, though the homes were a good distance away from Mr. Turley's property. Solicitation for User Agreement took place all the way to Route 80. Residents who live just past Mr. Turley's property were interested in water, but participation levels fell below the 50% requirement in that area. That is why the Project ended at Mr. Turley's property, explained Mr. Cornett.

Mr. Hutchinson seconded Mr. Nelson's motion and the Board approved voting 6-0-0-0.

15. Consideration of Rich Valley Road/Whites Mill Road Water Project- Change Order No. 1 – Kevin Heath

The Authority had a request for service to a home on Millers Way Road. In order to serve that home it would require

a short line extension of approximately 330 linear feet.

The total increase of this Change Order is to install 330 linear feet of 2 inch line, gate valve, flow off valve and service connection for that home. The total cost is \$11,370.00 and an increase of 30 calendar days to Contract Time.

Mr. Taylor asked how long it would take to complete the work.

Mr. Heath said it would be done in the next 30 days.

Mrs. Helbert said the additional Contract Time was revised to 45 days because of the amount of rock in that area.

Mr. Nelson asked if there was a reason this was left out of the original proposal.

Mr. Helbert said this person signed up for service for the Rich Valley Road, Litchfield Road Project. His information was left in the Litchfield Road Project folder and was just discovered months ago.

Mr. Miller motioned to approve the Change Order, Mr. Hutchinson seconded and the Board approved with a 6-0-0-0 vote.

16. Closed Meeting

At 7:34 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) (3): acquisition and disposition of property; 1. To discuss the acquisition of property related to the Western Washington County Water Reclamation Facility.

Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds. 2. To discuss various inter-municipal agreements and potential agreements.

In addition to the Board the presence of Mr. Mark Lawson, WCSA Counsel and

Washington County Service Authority Board of Commissioners
November 24, 2014 Regular Meeting Minutes

Mr. Robbie Cornett, WCSA General Manager, was requested.

Mr. Stephon seconded the Motion of Closed Meeting and the Board approved voting 6-0-0-0.

Return to Public Session:

Mr. Nelson motioned to Return to Public Session at 8:29 pm. Mr. Hutchinson seconded the motion to Return to Public Session and the Board approved voting 6-0-0-0. Mr. Nelson read the following:

Certification of Closed Meeting:

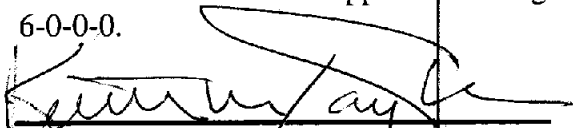
Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; And Whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification 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. Taylor, Mr. Nelson and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

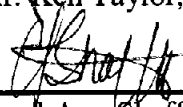
15. Late Items

There were no late items to discuss.

16. Adjourn

At 8:30 pm, Mr. Stephon motioned to Adjourn. Mr. Chase seconded the motion and the Board approved voting 6-0-0-0.


Mr. Ken Taylor, Chairman


Carol Ann Shaffer, Assistant Secretary