Washington County Service Authority Board of Commissioners
November 24, 2008 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:10 PM.

ROLL CALL

Commissioners Present:
Mr. Gerald Cole, Chairman
Mr. Scott Rector, Vice-Chairman
Mr. Sam Blaylock
Mr. Joe Chase
Mr. Frank Stephon, IV
Mr. D.L. Stout
Mr. Kenneth Taylor

Staff Present:
Robbie Cornett, General Manager
Kim Roberts, Controller
Mark Osborne, Engineer-in-Training
Rick Clevenger, Water Treatment Plant Manager
Amanda Paukovitz, Administrative Assistant

Consultants Present:
Randall Hancock, PE, Draper Aden Assoc.
Bobby Lane, PE, The Lane Group
Kevin Heath, Adams Heath Engineering

Also Present:
Mr. Mark Lawson, General Counsel
WCSA Employees

3. Public Query and Comments
Ken Singleton of Rust Hollow Road, Abingdon, VA 24210

Mr. Singleton presented to the Board a petition for 10 residents of Rust Hollow Road; they are in dire need of water service and they want water line access. He gave his petition to Mr. Cornett, with whom he has been in previous contact with. A different petition had been drafted prior, but Mr. Cornett informed him months ago when they met that it needed to be revised. Mr. Cornett provided Mr. Singleton with forms from Richmond. Mr. Singleton came before the Board with those forms completed. Mr. Cornett received them from him. The petition has his signature and those of the residents.

Mr. Singleton explained that their wells and ponds are going dry. They used to get water from Beaver Creek, but it has gone dry; that used to be a huge source of water for his farm. His well went dry this summer. They drilled again this fall, but have muddy water. The water is sufficient for the cattle, but otherwise they are having to haul it in; a similar situation to many residents in the area. They are about ¼ mile from the line, which is something he has talked to Robbie about. Mr. Singleton clarified for the Board that he and the other residents live on Rust Hollow Road, which is off of Wyndale.

Mr. Cornett has explained this to Mr. Singleton, but he wanted to recap; WCSA will take the results of the petition and compile the results through the preliminary cost analysis and the hydraulic analysis. They will do so in the coming weeks; probably the next month or so. Mr. Cornett has a pretty good idea of how the project would rank amongst the other projects we've applied for funding for. He plans to communicate with Mr. Singleton and the Board as well.

Mr. Cornett also asked if the area was near Childress Hollow, to which Mr. Singleton expressed that it is.

4. Approval of the Agenda

Mr. Cornett asked that the Board remove item #11 from the agenda; it is not ready to be considered by the Board. Mr. Rector moved to approve the agenda, and striking item #11. Mr. Rector's motion was seconded by Mr. Stephon and was approved by a unanimous vote.

5.Approval of the Consent Agenda

- Minutes from October 27
- Routine Reports for October 2008
- Financial Statement for September 2008
- Check Register ending 10/31/08

Items removed from Consent Agenda

Mr. Cornett stated that there were no corrections or changes to the Consent Agenda

Mr. Chase made a motion to approve the Consent Agenda. Mr. Chase's motion was seconded by Mr. Rector. The motion was approved by a unanimous vote.

6. Engineer's Report and Update

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

Orchard Hill Road

Mr. Heath shared that they were able to give notice of award for the project. He spoke with the contractor today; King General Contractors. They have completed their notice of award. Their agreement requires their payment bonds and proof of insurance. They are expecting those back very soon, as they were put in the mail today. Once received, they can move forward with the pre-construction.

Whites Mill Road

They are awaiting the final plat on from the surveyor on the Tanksaw Property, at which the final negotiations can move forward with that property owner. They would then be able to proceed to bids for construction.

Mr. Randall Hancock with Draper Aden reported on the following projects:

Watauga Road Waterline Improvements

Mr. Hancock stated that Contract 1, which is Little B Construction, they have completed installing all of the lines. They have completed all of the disinfection and pressure testing on those lines. They are currently installing the water services to those lines. Contract 2 is Boring Contractors. They finished installing all of the lines also and they are currently pressure testing. Hopefully, they should be finishing up in January.

Glove Drive Waterline Improvements

Mr. Hancock reported that the award and contract has been awarded to Crosspointe Construction. They delivered the contract documents to WCSA for their approval tonight and they have scheduled a preconstruction conference in December. Next month, they should be able to begin construction.

Route 58 Water Storage Tank

Mr. Hancock stated that they have completed the site planning portion of that project. They have sent it along to the County and DCR for their approval. They should be finishing up on that and working out some property requests very soon in regard to the road placement.DAA is weighing comments by WCSA staff on the final tank design. Once they do that, the project should be well on its way.

Other projects in the works (they have out for proposal):

Seven Springs Pump Station

They have sent the task order along to staff for legal review. DAA is getting to work on that. They do have some information through staff on acquisition.

That has been one of the big hold ups on this project, so it's good to be making progress on that.

Monte Vista Drive/Crescent Road Waterline Improvement

They are getting the scope of the project to staff and they are reviewing that. The same is true for the **Route 58 Corridor prospect.**

Sewer Project at Exit 13/14

Mr. Hancock reported that he received some correspondence from Rural Development last week, which was not very good news at all. They have requested some money from the reserve fund for the grant for a total of $1.4 million. Because the environmental report that they were preparing was not complete, they kicked us out of that. However, they still do anticipate that they will be able to give us the $1 million. DAA is reworking some budget numbers as they've requested to see where things stand. They are hoping to get something to Mr. Cornett on that next week.

Mr. Bobby Lane with The Lane Group reported on the following projects:

Note: Mr. Lane shared that their reports did not make it in the Books, so they have placed a copy of the report at each station.

Lime Hill/Walker Mountain Road Project (under construction)

Mr. Lane stated that this project is moving along well. Their contractor, S.B. Construction, continues to do a very accurate job on the work. In the Lime Hill portion of that work, the line has been constructed, the pump station has been completed with the exception of a handle, and the specs will be later this week. This means that they can get tie-ins in, and hopefully charge the Lime Hill portion of that project by Christmas. They are beginning to work now on the Walker Mountain portion of the project; working on that waterline by the end of January.

New Raw Water Intake and Water Treatment Plant Expansion Preliminary Engineering Report

As reported at the last meeting, the PER had been submitted to the Health Dept. We had received comments on a portion of that report and now they have all the comments from the Health Dept. They've recently met with WCSA staff to go over those comments and to develop answers to the questions that Health Dept. Engineers have had. They are pushing towards approval of that PER. In addition to working on the PER, they are working on the environmental assessment and are preparing the funding application. They hope to have the environmental assessment approved and the funding application submitted before the end of the year.

7. WCSA In-House Construction Projects Report and Update

Mr. Cornett informed the Board that Mr. Canody is not feeling well today, so Mr. Osborne will be filling them in. Mr. Mark Osborne reported to the Board on the following:

- DWSRF Projects:

  Chestnut Mountain Road

  A meeting was held this last Tuesday evening with residents of the community. Among those was Jack McCreedy, Washington County Board of Supervisor. Mr. D.L. Stout, Doug Canody, Ernie Sutherland and Mr. Osborne were present as well. The meeting was held to inform the community of the project, the status of the project and to discuss the inquires made by residents in respect to refunds for their connections that they had previously paid either in full for the meter or $50 down for the User Agreement. Additional things that were addressed were questions that they could mitigate that the community had. The meeting went very well and the community was very appreciative of the staff's attendance towards the project and look forward with anticipation to receive public water in their community. Things that remain to be accomplished for the project would be the bidding. Prior to bidding would be additional signed petitions by those in the community, and obtaining property ownership for the pump station along with the pressure tank site.

Denton Valley Road
A preconstruction conference has been scheduled for December 2. The notice proceeding will be issued two weeks following.

Maiden Valley Rd. /Rich Valley Rd.
WCSA has begun the environmental notifications for the project and anticipate a public hearing sometime in mid to late January.

Mendota Road
This project is currently under construction by Tipton Construction and they seem to be doing a really good job; very complimentary. They are about 75% complete, and are required to have full completion by mid February.

Walker Mountain/ Lime Hill Road
As reported by Mr. Lane, Mr. Osborne stated that the project is nearly 60% complete. Again, that project should be complete by mid January as well.

Sutherland Project
This is funded by the state of Tennessee and the EPA. They began last week getting the project ready for reauthorization of the Board to bid for that project.

- <u>2008 CIP Projects</u>
  Exit 13 Wastewater Collection Project: Phase 1
  To date, we have received approximately 151 user agreements in total. Of the 151, 136 of them have been in the affirmative, 12 have been in the negative, and three are undecided. We have hopes to receive the remaining user agreements by Monday, December 1, so that we can come up with a recommendation to present to the Board at our upcoming December meeting.
- <u>WCSA Waterline Replacement Projects (utilizing WCSA Staff)</u>
  Wild Cherry Lane
  This main line is in and WCSA is in the process of restoration and jumping the existing taps over to the new line. They expect to have that project complete in the next couple weeks.
  Hawthorne Drive
  The installation of the line is nearly complete.
  Friendship Road
  Waterline improvements are scheduled to begin in the next couple of weeks. They are waiting on the easement for acquisition to come back.
- <u>$1,500 Projects (where WCSA contributes $1,500 of materials)</u>
  *There has been an influx of interest over the last couple months in various locations throughout the County due to the drought. Most of the projects Mr. Osborne will be mentioning, although there are others that have come up in the last couple days (one today in fact),
  Jazzy Lane
  Project construction is complete. Punch list items remain to be completed.
  Scott Ridge Road
  The paperwork for this project is complete. One of the five meter

applications have been received and staff is still awaiting payment from the remaining four residents from that community. They will need to receive all agreements from those potential customers before they release any of our contributions. It seems to be an ongoing process with that community and staff hopes to contact some project champions to pursue the project a little further.

King Mill Pike

This is a sewer line extension. This was a request made by one resident and as to date, there has been no work completed for this project by staff.

Rich Valley Road

This road is located south of Route 19 and this is a $1,500 waterline extension. Again, they have been unable to get to this one and staff hopes to have it complete within the next month or so.

Pike Lane

This project is located on Brumley Gap Road. It has been evaluated and it has been determined that service for the four existing residents can be provided. WCSA had a meeting this past Friday with a project champion to discuss the next steps of the project and those being submitted. will complete meter connection applications and a subsequent $1,500 project participation agreement.

Spring Lake Road

Plans have been prepared and a project champion is in the process of obtaining support for the project by getting user agreements signed.

- Fire Hydrant Projects

Hillman Highway

WCSA has checked hydraulics and it appears that we will be able to provide minimum fire flow, currently set at about 250 gallons per minute (gpi). They need to solicit a project champion to raise funds to acquire and buy materials, whereas WCSA supplies the labor to install those. They have had some contact with Mark Venable, who is the fire chief of the Meadowview Fire Department. Mr. Osborne has made several attempts to contact him via phone and hopes to get in contact with him within the next few days so they can get those funds.

Vances Mill Road

This has been an ongoing project. They have attempted a time or two to get in contact with the entire community. Unfortunately, that was not winsome. So, they opted to take the project champion approach and select several different roads and routes to get particular people in a particular area to go door to door in solicitation. To date, they have met with four project champions and they have already received some of the agreements for the area. WCSA is currently seeking two additional project champions to increase participation. Again, they hope to get two additional project champions by the next meeting.

Mr. Osborne also wanted to make the Board aware that the status of some of their developer related projects. Currently, a number of projects they have under review by Staff. One project is currently under construction. There are several projects that have plans approved and construction pending. Four projects have had construction completed.

- Future Projects

Those would be projects they have submitted applications for funding to DWSRF. Those projects would be: **Childress Hollow, Mendota Road 2, Rich Valley Road/Whites Mill Road, and Rich Valley Road/Litchfield Roads.** As of this afternoon, a letter had been received from the staff of DWSRF;

they are currently reviewing that letter and they will have a recommendation by the next board meeting to review.

- 2008 CIP Projects:
  They have met with Draper Aden Associates for the purpose of defining scope of the projects. WCSA plans to do the same with Lane Engineering and Adams-Heath Engineering in the near future. Draft General Services Contracts have been prepared by Draper Aden and Lane Engineering; they are currently under review by the staff. Individual task orders will be issued to authorize these specific projects. The negotiated task orders and general services contracts will be presented to the Board for final approval.
  One additional project to discuss would be the Chilhowie/WCSA Water Treatment Plant Study. Commissioners Blaylock and Mr. Stout, along with WCSA staff and representatives of the Town of Chilhowie interviewed three prospective engineering firms to do this work. As of today, no decision has been made. They hope to be able to make a recommendation to the Board within the next month or two.
  Mr. Cornett asked the Board if he may add that late today, they did receive one notification from the Health Dept. that they will be receiving an offer of funding for one additional waterline extension project. He believes they had applied for five projects, and he hope they will be able to make a recommendation to the board by the December meeting of whether the offer is agreeable or not. It is the **Rich Valley Road/Litchfield Road** project. The terms look ok, but Mr. Cornett said they look significantly different than those they have seen before as a result of the state of the economy. It's an offer contingent on the funds being available to them [the Health Dept.] when they [WCSA] want it. Mr. Cornett said they will explore that a little bit more and he will try to get that to them.

8. General Manager's Report and Update

Mr. Cornett reported on the following for the month of October:

Water Production

- Produced over 193 million gallons of drinking water

Distribution

- Coordinated the outside purchase of more than 24 million gallons of drinking water

Meter Department

- 107 customers were telephoned following unusually high usage

Customer Service

- Abated 57 water bills, for a total of $7,656.00
- $5,416.53 was written off as bad debt three years old

Maintenance

- Repaired 42 leaks & 9 major breaks
- Constructed 16 water taps & 4 wastewater taps
- Responded to 53 after hour maintenance call-outs

Wastewater

- Treated more than 8 million gallons of wastewater; it was a busy month in each of WCSA's areas

Administrative Items

- Jenny Manuel, WCSA Staff Accountant, who is with us tonight, was promoted to Customer Service Manager.
- Karen Barger, who is not with us tonight, was formally in our Customer Service Department, was promoted to Administrative Assistant with the engineering group.

- We have more vacancies to fill, so we are working on those. WCSA is advertising for the open positions of Information Systems Manager, Staff Accountant and Customer Service Specialist. We have three open positions and are trying to get those filled quickly.
- Mr. Mark Lawson conducted Family and Medical Leave Act training for WCSA Supervisor and Human Resource Staff in October. We were really appreciative of that; it was a big help to us.

9. Consideration of Employee Holiday Gift and Lunch

Mr. Cornett explained to the Board that in the update packet that came along with their Board Books, it explained that for the past 19 years now, the Board has considered a Holiday Cash Gift for its employees. For the past nine years, the Board has considered a Holiday Cash Gift and lunch for WCSA employees. Most recently, last year, as has been the case since 2004, the cash gift has been $200 after taxes and a barbeque lunch. Mr. Cornett asked for the Board's consideration in granting a cash gift and lunch again this year. He thinks overall this year, we have done well in all areas of the Service Authority thus far. Mr. Cornett was happy to answer any questions they may have, but again he asked them to consider this once again this year.

Mr. Stout asked Mr. Cornett if he had any idea how much that total package might be. Mr. Cornett explained that we have 68 employees and he believes the barbeque lunch costs on the border of $650. Mr. Lawson explained that they were looking at a ballpark of about $20,000 for the package.

Mr. Chase made the motion to continue the 2007 Christmas package of $200 cash gift and lunch. Mr. Chase's motion was seconded by Mr. Rector.

Mr. Chairman opened the floor for discussion. Mr. Stephon suggested increasing the gift; "They've had a really good year," he said. Mr. Stout asked if it was a better year than the last. Mr. Stephon's suggestion was that an increase in the gift would make up for the absence of a gift in 2003. Mr. Chase said he thought it was a pretty good package, but if the wanted to discuss an increase, they could. Mr. Blaylock said the current motion is better than what employees received in 2003.

Mr. Chase's motion was still on the floor, to which Mr. Rector had seconded. The motion passed by a unanimous vote.

A Commissioner asked when the lunch was, to which Mr. Cornett responded that the date will is to be determined; he assured that he would make sure to keep the Board informed.

10. WCSA's 2007-2008 Fiscal Year Audit Report

Deanna Cox of Robinson, Farmer, Cox Associates (RFC) introduced herself to the Board; she is the partner who was in charge of WCSA's audit. This was WCSA's first year with their firm; it was WCSA's first audit with RFC. Ms. Cox wanted to give a brief overview of the audit results and she wanted to go over some of the new additions to auditing standards this year. In addition, she wanted to go over some of the comments RFC had in respect to WCSA's audit.

Ms. Cox explained that there are a couple main things in the audit report that the Board should make note of. First of all, WCSA was determined to have an unqualified opinion, meaning there was nothing so significant in the final audit that it had to be noted in their seal of approval. The overall financial condition of the Authority increased very slightly but for an entity of WCSA's size, the Authority remains very financially stable as far as they could tell. On the financial side of things, WCSA did very well.

Another thing that should be noted, Ms. Cox explained, on the last page of the audit, page 25, was that WCSA did have some findings in result of the audit; this was also included in the management letter that she distributed. RFC did find some material adjustments that they needed to recommend. In accordance with the new auditing standard that they needed to implement two years ago, whenever they find something like that, it needs to be reported to the board as a significant deficiency. Part of that is that RFC are new auditors and they are looking at things differently than prior WCSA auditors may have. She explained that WCSA probably had more comments this year than they have in the past and Ms. Cox explained that that is pretty common when you switch auditors because each have different emphasis on the items they look at.

As far as the overall audit, Ms. Cox explained that it looked pretty good and there aren't any big surprises and it should look pretty similar to the audits WCSA has received in the past, other than the significant deficiency, which is new. Other than that, everything else should be pretty familiar to WCSA. If following tonight anyone has any questions, as Ms. Cox acknowledged that the Board, Legal Counsel and Staff were just getting the reports, she said to feel free to give her a call at her office; she'd be happy to answer questions one on one.

Ms. Cox wanted to reference a second document she had distributed; a two page document that explains the full results of the WCSA audit. Only one of the comments they had was significant enough that it had to be included in the audit report. The rest of the comments are management related items and recommendations of areas in which RFC thinks WCSA could improve. The first comment referenced on the document regarding adjustments to the trial balance was in regard to adjustments that needed to be made because they were of significant amount. A majority of the comments related to adjustments in response to the prior year; these were not necessarily things that happened this past year.

Another thing Ms. Cox wanted to mention (she wasn't sure if it had already been discussed internally) was that when going through the test of water billing, it was discovered that the water bills were being calculated incorrectly. She responded that she was pretty sure WCSA had subsequently done something for customers in result for that overbilling. The comment regarding capital assets was really

something to help WCSA out.
Capital assets are the items that they place on our financial report that depreciate over time; to this point, WCSA has been capitalizing just about everything, regardless of dollar amount. For financial reporting purposes, RFC recommends that WCSA sets a threshold for those items that we capitalize so that we are accounting for all the things that are truly material to us. 5,000 is what they recommend in going forward , which is something WCSA would probably have to approve at one of our meetings and utilize in going forward.
The investment policy comment relates back to an auditing standard from a couple years ago. The standard requires that you have an investment policy that addresses things like interest rate risk, custodial credit risk, and concentration of credit risk, which are things that are becoming much more important with the economy. They are recommending that we adopt some type of investment policy that includes these risks associated with those items.
Finally, Ms. Cox addressed the last comment which was minor and in reference to a number of outstanding checks which are over a year old that, according to the Virginia Unclaimed Property Act, should be written off and turned over to unclaimed property annually; this is something WCSA staff is in the process of doing at this time. With exception to the significant differences that they had, that were significant dollar wise, everything went very smoothly for a first year audit. Ms. Cox noted that as the Board probably already knows, WCSA has a very capable staff; they made the audit very easy, especially with RFC coming in for the first time. One thing that she did need to note was that there was a new auditing standard implemented this year (a number of them, which were audit risk assessments). They require auditors to go into a company's internal processes; this requires more detail than auditors have ever had to include before. One thing that is good to know for WCSA is that for an entity of our size, it is very unusual to have no comments in result of these risk assessments and procedures that RFC did; WCSA had no comments in result of the procedures that they did. This is really impressive, Ms. Cox said, and that WCSA staff has done a great job of segregating duties and portioning things out so that one person does not have more responsibilities than they should have in one area. Overall, Ms. Cox said we may have more comments than we've been used to in the past, but it should be a considered a really good audit.
Mr. Cornett expressed his appreciation for Ms. Cox and her staff. They were very helpful to WCSA in gathering data for the audit and helpful during the audit process. RFC was in and out very quickly, and the audit went very smoothly.
Mr. Chairman thanked Ms. Cox also. He thanked WCSA staff and commended them on not getting more comments than they did. Ms. Roberts expressed that Ms. Cox did identify an error in one of the spreadsheets and staff in result corrected that error.

11. Existing Fire Hydrant Policy
Item #11 was removed from the agenda at the motion to approve the agenda.

12. Rates/Fees/Charges Agreement with MFSG
Ms. Roberts stated that at each station, Commissioners would find a copy of the tentative proposed contract between WCSA and Municipal and Financial Services Group (MFSG). After several comments between Mr. Canody, Mr. Lawson and herself, Ms. Roberts explained that they have emailed this contract to MFSG and they agree with it as well. She is presenting the tentative proposed contract to the Board tonight to see if they have any questions, comments, and if not, she recommends that the Board approve the contract so WCSA can allow MFSG to move forward with the rate study.
Mr. Cornett reiterated that the proposed agreement meets staff's approval and Mr. Lawson's approval. Thus far, the firm MFSG has been outstanding to work with and he believes the Rates/Fees/Charges study is going to be very good for us. He does recommend that the Board approves this contract. Mr. Cornett explained that it was on Friday that this tentative contract was finally finalized, otherwise he would have had a copy to them sooner to review. He noted that it is really the second half of Attachment A that discusses what the contract entails and most of the work to be done in detail.
Ms. Roberts expressed that Mr. Cornett, Mr. Canody and herself met and outlined Attachment A in great detail and made note of what they would like to see modified and MFSG had no exception(s) to their requests. Mr. Chase asked whether or not MFSG would be able to work with them and Mr. Cornett referenced that noted as item #15 on the agenda references that MFSG would like to conduct a workshop with the Board; they think it could be instrumental to work with the Board as well. MFSG has already done some work in anticipation of the agreement and workshop next Monday. However, Mr. Cornett explained that it is key for the Board to hear from MFSG and for MFSG to hear from them in the study. If the Board were to approve the contract, MFSG could get to work as soon as December 1. Mr. Cornett hopes to have a draft report by the end of January.
Discussion erupts amongst the Board and Staff.
Mr. Rector asked that if he we agreed upon the contract for the study, would it determine in time what rate adjustments would be in June? Mr. Cornett explained that the document itself sets forth what the work is that MFSG will do for us. He explained that MFSG should be able to report to them in at least draft form by the end of January. Mr. Cornett stated that it should allow ample time between the study's conclusion and when, if necessary, rate adjustments would take place, which is July 1. We would incorporate this into our budget process, which usually begins to take effect in February/March; it should give more than enough time to utilize the study. Mr. Lawson referenced the fourth page of Appendix A which includes a section

called "Schedule", which explains that they shall deliver a draft report eight weeks after notice to proceed as long as they are paid their professional fees and any out-of-pocket expenses. The Board asked if the price referenced was a cap, or a cost that the project could not exceed; Ms. Roberts affirmed that. Mr. Rector asked if the numbers below that were each individual's fees, which are a part of that cap; Mr. Lawson affirmed that. Mr. Blaylock asked about how many meals we would be feeding them, and whether or not that was three meals a day. Ms. Roberts explained that she had a discussion with them earlier that day about out-of-pocket expenses. They said there would not be any additional out-of-pocket regarding their flights because the rates around here were very reasonable, the prices were very reasonable, but she said he did not note the number of meals.
Discussion erupted amongst the Board. Mr. Blaylock asked if the cap price referenced (that they would not exceed) was a number MFSG came up with. Mr. Cornett noted that as with the engineering firms we work with, it would do more damage for their reputation to ask for more money than they originally asked for. He said MFSG seemed very confident that they could do the study for that price. Ms. Roberts explained that is why they were so specific in their outlined bullet points of what they wanted the study to include; MFSG said this gave none of the heartburn that they couldn't do the study for this price.
Discussion erupted amongst the Board.
Mr. Stephon made the motion to approve the contract. Mr. Stephon's motion was seconded by Mr. Blaylock. The motion was passed by a unanimous vote.
Mr. Chairman expressed that he though this study would help us move forward and do better business. He also thanked the staff involved for all their hard work.

13. Closed Meeting: Acquisition and Disposition of Property and Investment of Public Funds
Mr. Chairman asked Mr. Cornett if they needed a Closed Meeting. Mr. Cornett suggested the Board consider items 2, 3 and 4 referenced on the Closed Meeting motion and eliminate 1 from the motion.
Mr. Stephon 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: (2)Possible Sale of WCSA Property, (3)Possible Purchase of Property, Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of public funds: (4)Discussion of Various Inter-municipal and other Agreements.

In addition to the Board the presence of Mr. Mark Lawson WCSA Counsel and Mr. Robbie Cornett WCSA General Manager are requested. The motion by Mr. Stephon was seconded by Mr. Rector. The motion was passed by unanimous vote of the Board. The Board adjourned to Closed meeting at 7:55 p.m.

Return to Public Session

Upon motion by Mr. Rector and a second by Mr. Taylor, the Board returned to Public Session at 9:15 p.m.

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: Mr. Blaylock, Mr. Chase, Mr. Stephon, Mr. Stout, Mr. Taylor, Mr. Rector, Mr. Cole

14. Late Items
Ms. Roberts noted that the information for the printout was compiled today, so she placed it at each station. She knew that the Board wanted an update every so often on how we were doing with the Debt Set-Off Collection. Ms. Roberts shared that Karen Lester, our Staff Accountant, spent the greater part of last week entering in over 529 people. She shared that if you look at the first bullet point, we have over 1900 customers that are inactive, for a total of $206,000 of bad debt. Of those 1900 people, 756 of them had a social security number on file with us prior to the program, which is approximately $77,000 of potential money we could collect. Out of those 756 people, 529 of them were actual legitimate numbers that when we entered them into our tax system came up as the number we had in our system, for a potential collection amount of $53,000. 11 of those had to be written off because of zero usage less than 7 days after their previous bill for approximately $200. 26 of those had debt that would be written by or system by the time it would be able to be collected in January for it being over 3 years old of $1,400. She explained that the system also allows us to identify if they have a new account based on a new address, so they were able to move over 10 accounts to their new accounts for approximately $695. 167 were not found in the tax system at all, which means they could have given us a wrong ID number or they've never filed a state tax return for almost $20,000. 13 were definitely wrong ID numbers that when they pulled them up in the tax system, they belonged to someone else. Ms. Roberts wanted to update the Board that we have a potential after the first of the year (or when everyone is beginning to file their state tax returns) of collecting approximately $53,000; that is if they do refunds or if they win the lottery. She reiterated that it applied only to state tax returns, not federal.

Discussion erupted amongst the Board.

Mr. Rector referenced page 9 of the October 27 minutes, in which he found an error. In the minutes, Mark Venable is referenced as Abingdon's Fire Chief, when he is Meadowview's Fire Chief. He reiterated the error for Ms. Paukovitz. Mr. Chairman asked Legal Counsel if that change required a motion, to which Mr. Lawson said yes.

Mr. Rector made the motion that the referenced change be made to the October minutes. Mr. Rector's motion was seconded by Mr. Stephon. The motion was passed by a unanimous vote.

Mr. Cornett brought to the Board's attention a three ring binder at each of their stations. Many Board members have had questions regarding the Capital Projects that WCSA has going on; 10 of those projects have been referenced in the report/update. He thinks the Board will find the info regarding each of the projects as helpful. Mr. Cornett also asked that if the Board finds there is information they would like to see included to please let us know so it can be updated. He mentioned that one piece of information missing from this is the schedule for each of the projects, which he thinks will be important to include at a later time. Mr. Cornett explained that we hope to keep this document updated regularly and to use it with all of our staff for customers that come in and also to post it on our website; that way prospective customers can keep track of the status of the projects online. He explained that it is an organic document that we hope to update periodically for the Board and for staff. Mr. Cornett also expressed that a month ago he suggested that if the Board was interested, we could take a field trip to visit each of the projects. He said that if the Board is interested to go two at a time, or even in groups, they would have to make it an official meeting; he said it definitely can be done, it just has to be planned far enough in advance. Also, he said they could recess a meeting to take the tours. Mr. Cornett said they could talk about it more tonight, or later at the December meeting they could further discuss some possible dates if the Board is so inclined. He thinks it would take the better part of a day by the time we travel to and talk about each project. Mr. Cornett stated that he, along with staff, is more than willing to take the tours and to better explain the projects and their status. He feels that physically visiting each project sight could be a very valuable. Mr. Cornett also wants to extend the opportunity to Mr. Lawson and Ms. Fiegeras is they would be interested to go. He also wanted to recognize the staff members that were a part of putting the document together, which involved Mr. Osborne, Mr. Canody, himself and Ms. Paukovitz. He also noted that any questions they may have regarding the document or scheduling the field trip, he would be happy to answer at any time.

All board members expressed an interest in going on the tour. Mr. Stout expressed that if they all went two at a time, it would take Mr. Cornett a week or two to complete the tours. Mr. Cornett said that if everyone can coordinate on a day, they could very possibly rent a van for everyone to travel in. The Board agreed it would be best to coordinate a tour together. Mr. Stout thought it would be best to schedule the field trip for the spring due to weather. Mr. Cornett also noted that the Board could wait, plan on recessing a meeting, and scheduling a field trip following that. All agreed it would be best to wait to do the tour in the spring. March was discussed because it would be after the time change. Discussion erupted, and Mr. Cornett asked if they wanted to tentatively schedule the tour for the end of March during the day. Mr. Chairman asked that Mr. Cornett propose some dates, which he agreed to do in the next Board Update.

Mr. Chairman thanked Mr. Cornett, Ms. Paukovitz, Ms. Roberts and other staff members for their updates and for keeping them informed. He said WCSA is taking it to the next level and he expressed the Board's appreciation. Mr. Chairman said they feel very knowledgeable and very confident about what is going on.

Mr. Stephon mentioned that a Mr. Hale confronted him with a rumor that we were going to be connecting water and bringing it up the hill to Russell County. Mr. Cornett mentioned that Mr. Hale called him as well. He explained that Russell County has contacted WCSA about once a year for the last two years. They've asked if we minded if their consultant did an evaluation of that. Mr. Cornett gave permission for them to do that and expressed that WCSA would be more than happy to take a look at that. He thinks it is possible, but in order to send water in both directions, it would take multiple pump stations. In order to bring water back this way from Russell County would require multiple stations. Mr. Cornett stated that it can be done; it may be a good project to do, it would just be pretty expensive.

Discussion erupted amongst the Board. Mr. Cornett expressed that once they met with consultants, we would have additional projects going on.

15. Adjourn or Recess

After discussion by the Board, Mr. Rector made a motion to recess the meeting to 7:00 p.m. on Tuesday, December 2, 2008 for a Rates/Fees/Charges Workshop. Mr. Rector's motion was seconded by Mr. Stout. The motion passed 7-0. The Board recessed at 9:30 p.m.

Gerald Cole

Mr. Gerald Cole, Chairman

Amanda Paukovitz

Amanda Paukovitz, Assistant Secretary