

**Washington County Service Authority Board of Commissioners
December 18, 2013 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:01pm.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. Ken Taylor, Vice Chairman (arrived at 6:05pm and departed at 7:18pm)
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Mark Nelson
Mr. Frank Stephon, IV

WCSA Staff Present:

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

Consultants Present:

Bobby Lane PE; The Lane Group, Inc.
Matthew Lane, PE; The Lane Group, Inc.
Bill Skeen, Maxim Engineering, Inc.

Also Present:

Mrs. Dawn Figueiras, Legal Counsel

3. Approval of the Agenda

There were no additions or corrections to the minutes.

Mr. Nelson motioned to approve the Agenda. Mr. Hutchinson seconded the motion and the Board approval voting 6-0-0-1.

4. Public Query & Comment

Mr. J.W. Harmon addressed the Board. Mr. Harmon is a member of Painter Creek Church of Christ. Mr. Harmon said he was appointed to ask the Board's

consideration to provide water to the church. Mr. Harmon said the Church had been there 25 years and was still on a well. Mr. Harmon said he was not sure how far the water line ran but didn't think it was far from the Church.

Mr. Cornett discussed the location and discussed three potential routes to service that area. He said when WCSA entered into a water purchase contract with Intermont Utility District on 2005, Mr. Harmon again asked the Board to consider extending water service to the Painter Creek Church of Christ.

Mr. Chase thanked Mr. Harmon for his time.

5. Approval of the Consent Agenda

- Minutes for October 23, 2013 Regular Meeting, October 23, 2013 Recessed Meeting (held November 14, 2013) and November 20, 2013 Regular Meeting.
- Routine Reports for November 2013.
- Financial Reports for November 2013.
- Check Register and General Manager Financial Report for November 2013.

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

Mr. Taylor arrived at 6:05 pm.

6. Engineer's Report and Update

Mr. Bill Skeen of Maxim Engineering

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

Mr. Skeen said he received a call from Mrs. Figueiras saying there was a problem with the low bidder for the Project.

Me. Skeen explained the low bidder; Zeppa Excavating; did not submit all the

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required documentation such as their good faith effort toward securing other VDH participation, said Mr. Skeen. Mr. Skeen continued saying, stated in the contract inserts that would be grounds for a bid rejection.

Mr. Skeen presented a Recommendation of Award letter to the Board (see attached).

Mrs. Helbert said WCSA would be asking the Board to consideration construction bids for this project as Agenda Item 12.

Mr. Skeen said his recommendation was to rebid this Project.

Mr. Skeen said there were five other bids for the Project and only one of those met the requirements stated in the Contract.

Maxim has discussed the bid requirements with Zeppa and Mr. Skeen feels Zeppa understands the requirements and can meet those requirements if they choose to rebid the Project.

Mr. Skeen suggested shortening the bid time since nothing had changed in the original Contract and due to the stream crossing at Tumbling Creek since contractors will need to be in the stream from March 1 to June 30 because of the time limit.

It is a VDH requirement highlighted on the second page of the letter from Mr. Skeen, added Mrs. Figueiras.

Mr. Cornett said even though this was to be covered under Agenda Item 12 but felt Mr. Skeen did a good job updating the Board, the Board could take action now if they wished.

Mr. McCall asked which bidder met all the contract requirements.

Mr. Skeen said Teater's Trucking met all the requirements but only bid on Contract 1.

Mr. Cornett said on Contract 2 there were five bidders and none met all the requirements.

Mrs. Figueiras said they could recommend award of Contract 1 to Teater's but their bid was for \$20,000 more than the available funds, but felt due to financial feasibility, Mrs. Figueiras said she concurred with Mr. Skeen's recommendation to rebid the Project.

Mrs. Helbert said there was nothing unusual with these contract requirements and the requirements were discussed in detail at the pre-bid.

Mr. Hutchinson asked if they elected to rebid the Project, if Zeppa could rebid.

Mrs. Figueiras said anyone could rebid the Project.

Mr. Stephon motioned to reject these bids and authorize Maxim to rebid the Project as soon as possible. Mr. Hutchinson seconded and the Board approved voting 6-0-1-0 with Mr. McCall obtaining.

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

Mr. Skeen discussed the Larwood Acres Project saying he hoped to have a presentation discussing the study results at the next Board meeting.

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

- **Smyth Chapel Area Water
Improvements Study**

AHE has received and is working to address WCSA comments on the Draft PER.

- **Abingdon Water Storage
Improvements Study**

AHE has received WCSA staff review comments for draft PER and they are working on their response.

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

The application has been filed with DEQ for review. AHE is waiting to receive the draft permit limits for review.

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• **Route 58 Water Supply Improvements Project**

Mr. Heath they continue to wait on the Purchase Option Agreement on the water storage tank site. Staff is currently working on the water purchase agreement with Intermont Utility District.

• **Rich Valley Road/Whites Mill Road/ Hillendale Road/ Red Fox Land Water Extension Project**

AHE has submitted the Blank Construction Agreement to the contractor, Tipton Construction and have received Tipton's signed copy with acceptable performance and payment bonds. Mr. Heath said AHE received certificates of insurance and are revising those for acceptance.

Mrs. Helbert on behalf of Anderson and Associates (A&A):

• **Exit 13 Sewer Project Phases 2A**

A&A addressed all the Rural Development comments on the Environmental Assessment and PER and submitted their final drafts. A funding application was submitted to DEQ for Phase 2A and we are waiting on their reply, she stated. Mrs. Helbert hopes to present a Phase 2A funding offer at the January meeting for Board consideration.

A&A provided a Draft Engineering Agreement which will be presented for Board consideration at the January meeting.

At the November meeting, the Board requested additional documentation regarding Phase 3, including the cost per connection for the Project as well as information form VDH. Mrs. Helbert said she was still waiting on the VDH to respond and will present those findings to the Board as soon as possible.

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 the Contractor was continuing to work on punch list items at the 12 MGD Water Plant but was concentrating his efforts at the Intake.

Mr. Lane said the new steel coffer dam at the Intake was complete. The Contractor began excavation of the bore pit on December 16th and is currently nearing completing of the bore pit. The Contractors are scheduled to commence boring the first week of January, 2014, stated Mr. Lane.

The Contractor has formed and poured two of the vaults for the Intake screens and hopes to pour the third soon.

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

Mr. Lane said Mr. Matthew Lane would be making a presentation to the Board on this Project later this evening.

• **Galvanized Waterline Replacement Project**

TLG continues to work on Phase 2 for advertisement. Surveying and field location working continues for Phase 3.

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

TLG is working to address WCSA comments on the preliminary drawings. Final plans and specifications are complete and will be submitted for WCSA review on December 19th.

• **Mendota Water System Source Improvements**

TLG continues to sample and analyze the water at Mendota. They are working on an onsite treatment method that would be done at the county line to eliminate any disinfection by products

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not taken care of at the Scott County plant.

Mr. McCall asked about the monies we were withholding from the Contractors and how they felt about it.

Mr. Lane said the reason TLG recommended WCSA withhold the money, is to keep the contract open in order to be able to finish without additional procurement. The Contractor understands and agrees to hold the contract open.

- **Nordyke Road Water System Project**

TLG has received Bonds from Tipton and is ready to issue a notice to proceed. They are having issues with the insurance certificate from the Contractor. Mrs. Figueiras is working with the Contractor's insurance company to remedy those issues.

- **Oak Park Sewer Project**

The Contractor is working on punch list items otherwise, the project is complete.

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

Maptech sent the completed TMDL draft report to Mrs. Helbert for review. The next step is to schedule the public meeting and TLG is working with DEQ on the discharge permit. WCSA staff is working to finalize property options and DEQ is processing the permit, said Mr. Lane.

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

Mrs. Helbert said the Sutherland Project was under construction and things were going well.

Mrs. Helbert then reported on Childress Hollow saying this project will be discussed in Agenda Item 10.

Mr. McCall asked about the Sutherland Project. He asked if there was a problem with Sutherland saying the Contractor was having an issue with one of the crossings.

Mrs. Helbert discussed the stream crossing issue. There is a major stream crossing bore at Beaver Dam Creek. No work can occur at the stream crossing between January 1 and June 30. If the Contractor is not able to complete the stream crossing by December 31, 2013, they can't begin again until July 1, 2014 without a waiver from the permitting agencies.

Mr. McCall asked if the Contractor had a crew on site to do the directional boring.

Mrs. Helbert said the Contractor talked to various bore contractors but decided to do the work themselves. She said they were supposed to have a new boring machine they purchased on its way.

The Contractor would rather work on the other side of the stream so we are working on a revised easement for that, said Mrs. Helbert. Mrs. Helbert does not expect to have an issue in obtaining the necessary easement.

Mr. McCall said, if we can't get this easement, then we just allowed them another 6 months on the project.

Mrs. Helbert said we have not guaranteed the Contractors a revised easement. She continued saying, the Contractor bid the Project boring on this side of the stream, but we said we would do what we could to help them be able to bore on the other side of the stream.

Mrs. Helbert said she did not have experience asking the agencies to grant an extension but did not think such a request would be granted in this instance since the stream is a natural trout stream.

Mr. Chase asked if the Contractors would be able to still meet all the contract requirements.

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Mrs. Helbert said they had several months on the contract.

Mr. Cornett said there have been several discussion with Legal Counsel about all the different projects awarded to Tipton and we are doing all we can to ensure a good outcome for WCSA.

8. Operations Manager's Report & Update *Dave Cheek*

The first topic of Mr. Cheek's presentation discussed was:

What Does Operations Include?

Drinking Water Plants

- Middle Fork DWP
- Chilhowie Membrane Plant

Waste Water Plants

- Hall Creek
- Damascus

Water Distribution

Water Metering

Maintenance

He then discussed:

Simple Philosophy

Safety

- Greatest Respect we can Provide

Engagement

- Engaged Employees.

Customers

- Product Quality
- Financial Steward

Safety was the next topic discussed.

Safety

No First Aids Reported. No work reportable injuries and no lost time accidents.

100% Global Harmonization Standard Training. All employees had to be and were trained by December 1, 2013.

Renewed Focus on OSHA Training with efforts to make it Personal & Relevant.

Mr. Cheek then discussed the path to:

Engagement

Mr. Cheek said the path to employee engagement would be a path called LEAN and would take about 4 to 5 years.

Engagement Basic Strategy

Nike

- Identifying things that can be done now.

Root Cause Analysis

- Fact Driven Analysis

8 D Team Approach

- Developed by the Military
- Team Concept for Problem Solving
- Adopted by Major Automotive Companies Worldwide
- Refined by Toyota

Six Sigma

- Very Difficult Process
- Very High Level of Problem Solving
- Requires Years of Training

Mr. Cheek then discussed the "Equipment Inspection Station" designed by Bobby Gobble and JL Lunsford in the Maintenance Department. Vehicle inspection sheets are displayed at this Station showing daily, weekly and monthly inspections performed on each vehicle.

Mr. Cheek then discussed items that affect the customer.

Quality - WCSA Received the following Awards:

- VDH Gold Award for Water Treatment Plant Performance in November
- Received 0 Customer Complaints at the Drinking Water Plants
- Ran 117 Compliance Bacteria Samples – 100% Coliform Absent
- Heavy Rain Event of November 26 and 27 Handled Well:
 - Finished Water Quality Maintained Throughout

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- o Very Small Damascus Waste Water Plant Over Design

Due to a computer issue, Mr. Cheek concluded his presentation.

Mr. Cheek said going forward there would be a heightened awareness on OSHA. Mr. Cheek is also working through the evaluation procedures with employees with more training going forward.

Mr. McCall asked if the supervisors understood their level of responsibility for correcting issues in the field. Mr. McCall said, if supervisors in the field do not correct an issue and something happens, they could go to jail.

Mr. McCall said it is something he saw every day and wanted to be sure supervisors understood their liability.

Mr. Cheek said he has discussed who the responsible person is on each of the jobs but not personal liability. Mr. Cheek said "that is a good point".

Mr. Cheek then turned the meeting over to Mr. Cornett.

9. 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 October:

Water Production

- Produced more than 179 million gallons of drinking water from WCSA and more than 28 million gallons of water for the Town of Chilhowie.

Distribution

- Coordinated the outside purchase of more than 10 million gallons of drinking water.

- In total, 6.3 million gallons per day of drinking water was distributed to our customers for the month.

Meter Department

- Mr. Cornett was pleased to introduce Mr. Ken Perrigan, Meter Manager, who was in the audience.
- 108 customers were telephoned following unusually high usage.
- 383 customers were notified that their water was to be turned off for nonpayment.
- 93 meters were lifted for non-payment.
- Radio read rates are over 99%.

Customer Service

- 21,016 active water accounts.
- 2,336 active sewer accounts.
- 8 water taps applied for.
- 0 wastewater taps applied for
- 3,893 accounts with late charges added.
- 163 reconnections/transfers of service.
- 93 disconnect notices processed.
- More than \$9,800 was adapted for 141 customer water leaks.
- \$3,124.17 was written off as bad debt three years old.

Maintenance

- Mr. Cornett introduced Johnny Lester; Maintenance Manager; and Bobby Gobble; Assistant Maintenance Manager; who are in the audience.
- 30 leaks.
- 4 major breaks.
- 7 water taps
- 1 wastewater tap
- 26 after hour maintenance call-outs.

Wastewater

- Treated 8.1 million gallons of wastewater at Hall Creek.

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- Treated 3.3 million gallons of wastewater at Damascus.

Other Items

- Pleased to report that our I & I work in the King Mill Pike and Town of Damascus sewer systems are paying off. Though no two rain events are the same, influent flow following these events was much less than we had been seeing.
- A meeting was held with representatives of the Intermont Utility District (IUD) regarding the possibility of WCSA selling water to IUD. We are working on the terms and conditions of that agreement now. When a DRAFT agreement is reached, we would present that to the Board for consideration.
- Maintenance and Customer Service are teaming up to streamline communication in the event of an emergency resulting in improved communication with customers.
- Maintenance, after leaks/breaks are repaired, is to start placing door hangers on residents' doors.
- First Rate and Financial Plan Citizens Advisory Task Force meeting was held December 11, 2013 and went well.
- Rate and Financial Plan Report, Update and Schedule:
 - Proposed Board Workshop on January 23, 2014 at 6:30 pm
 - Presentation of DRAFT five year Rate and Financial Plan by Raftelis
 - Receive Board feedback
 - Conduct third Citizens Advisory Task Force February 2014
 - Proposed Board workshop in March 2014
 - Presentation of Task Force Recommendations and

second DRAFT Rate and Financial Plan

- Board to consider preliminary adoption of the Rate and Financial Plan
 - Rate, Fee and Charge Public hearing in April or May 2014
 - Necessary revisions are made to the Rate and Financial Plan in May or June 2014
 - Board considers adoption of the final Rate and Financial Plan June 2014.

Mr. Nelson requested a Draft of the five Year Rate Plan for Board to review before they meet in January.

**10. Consideration of Funding Offer from VDH for the Water Service Extension to Childress Hollow Road
*April Helbert***

At the November 2013 meeting, in light of additional participation from three area residents, the Board authorized Staff to proceed with Childress Hollow Road as one whole project and to solicit the additional funds from the Virginia Department of Health (VDH), Mrs. Helbert stated.

VDH's revised funding offer includes \$90,000 in grant money (increased from \$80,656) and a 30-year loan at 2.5% interest for \$235,035. WCSA would contribute \$1,500 per committed connection (\$18,000). The current plan is to solicit construction bids for both a 6-inch water line and a 4-inch water line. The funding offer was requested for the 6 - inch line so it should be lower for a 4-inch line, Mrs. Helbert explained.

Mrs. Helbert then discussed the financial feasibility for 3 Project Scenarios. Scenario 1 is the original project; the scaled back version of the Project, she stated. Scenario 2 is the entire Project

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with a 6-inch line and Scenario 3 is the entire Project with a 4-inch line. Mrs. Helbert said Scenario 1 would be the only Project to cash flow based on a 30 year life span. Both the 4-inch waterline and the 6-inch waterline for the entire length of Childress Hollow Road will result in an operating deficit. The deficit will require new revenue (increases) to customer rates, explained Mrs. Helbert.

Mr. Nelson asked if there were any other potential funding sources available that have not been explored.

Mrs. Helbert said she did not think this Project was DHCD eligible. She said sometimes, we can get a small grant for Mount Rogers and thought they had applied for funding from them for this Project originally and were declined.

Mr. Chase said there was not much projected growth in that area for new connections.

Mrs. Helbert analyzed new growth in that area by evaluating overall growth of the county as a whole. The evaluation did not show potential for new residences so potential new connections were not taken into account.

Mr. Nelson said; to make it cash flow neutral we would have to have initial cash funding from WCSA of \$75,000 for Scenario 2.

Mr. Cornett confirmed that.

Mr. Nelson asked if we that money was available. He said he did not want to borrow money if WCSA had the cash position to fund Scenario 2. He then asked what the whole real amount WCSA had available for those types of projects.

Mrs. Helbert corrected Mr. Nelson saying the \$75,000 is for Scenario 3.

Mr. Nelson asked if WCSA recommended Scenario 2.

Mr. Cornett Said we would bid both the 4-inch and 6-inch line and have to

opportunity to make the final decision after the bidding process.

Mr. Cornett said it was a very good question about using reserves to pick up the short fall to make a project cash flow. One thing we have never established is what level of cash reserves we should have on hand. Mr. Cornett said there are a number of things that would be considered in determining that amount and there would be variability in what kind of catastrophic event we should cover and how much of litigation expenses to have available.

To answer the question about having enough to cover the \$75,000, the answer is yes but could we apply that to upcoming projects?

Mr. Nelson said it is difficult. I am opposed to borrowing money for a project. If it is project we believe in and will help the citizens of the county, if the money is there, it is the right thing to do in my opinion, said Mr. Nelson.

You could never have enough money in reserves to cover everything that could ever happen. If we can't do it with cash, it comes back to my concern; the debt service ratio, Mr. Nelson added.

Mrs. Helbert explained the cash contribution of \$18,000 for Scenario 2 and 3 has been taken out of the revenue on year 1.

Mr. Nelson said in his estimation, the number show WCSA would be at a negative \$153,000 by doing this Project.

Mr. Cornett said yes sir.

Mrs. Helbert said by cash funding the project, the only amount you are saving is the interest paid on the loan.

Mr. Nelson said the only way to make this project neutral in his opinion is to cash fund it. The only way to make a project neutral or positive is to find that money in cash from somewhere. So we have to find that \$153,000 over time, it

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does not have to be done today but have to find it over time.

Mr. Cornett said he thought the Board was on target saying the only way to make up the money was to increase revenue.

Increase revenue or use existing cash, stated Mr. Nelson.

Mr. Cornett agreed with Mr. Nelson.

Mr. Nelson said the question is, are we willing to fund \$5,000 a year on this project for the next 30 years to bring water to this area.

Mr. Chase asked if Mr. Cornett was suggesting the Board wait on the findings of the Rate Study to determine how much money should be kept in reserves.

Mr. Cornett said he we have the money in reserves to cover this cost. Mr. Cornett said what has not been established is 1) what reserves should be and 2) the ability to apply this principal to any project that comes along.

Mr. Nelson said he felt the Chairman was asking if "by making the decision tonight, could that have a negative impact on what we need to do with Raftelis".

Mr. Nelson asked if WCSA was changing their commitment to move forward with the project.

Mrs. Helbert said last month, the Board decided to move forward with the project and seek additional VDH funding. Mrs. Helbert said when VDH does that, VDH does put a lot of work into revising the offer. Mrs. Helbert said depending on the decision tonight's, she would need direction on when to go back to VDH.

Mr. Nelson said he did not think there was one answer for that question.

He continued saying he based on the fact the money is available, he was not uncomfortable moving forward with the

\$5,000 per year additional expense. Mr. Nelson said he would be uncomfortable not keeping up with projects to determine how they affect us long term.

Mr. Cornett said we have a lot of projects like this one and sooner or later the reserve numbers will come down where we can't keep up with them.

Mr. McCall thought all this needed to be done before "we get this deep in a project". Mr. McCall's thought is since we are this deep in the Project, the Board believes in the Project and Raftelis can add the money for the Project in the Study; Mr. McCall thought the Project should be advertised for bids. If the bids are too high, we can stop the Project and feel better about it, said Mr. McCall.

Mr. McCall motioned to move forward with the Project, take bids for the 4-inch and 6-inch line and accept the revised VDH funding offer. Mr. Hutchinson seconded and the Board approved voting 7-0-0-0.

11. Consideration of Amendment #3 to the WCSA Lane Group Western Washington County Sewer Study Engineering Agreement April Helbert

Amendment # 3 to the WCSA Lane Group Western Washington County Sewer Study Engineering Agreement is and addition for Amendment 2 which provided for the development of a revised Beaver Creek TMDL utilizing a sub-contractor, MapTech, that specializes in the preparation of TMDLs, Mrs. Helbert Explained.

Amendment 3 provides for additional field investigation work due to a significant bacterial load that was discovered in the Bristol area and could not be accounted for by the TMDL model. The total lump sum of this Amendment is \$6,220, stated Mrs. Helbert.

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The original amount was \$85,000 and was to be shared between WCSA and Washington County. We obtained \$61,808 in grant funding for our portion. The remaining funding for this Projector for the Study is being funded by WCSA cash reserves. Including the grant and contributions from the County, WCSA has expended \$115,878.70 for the study, discharge permit and TMDL work, assed Mrs. Helbert.

WCSA Staff negotiated this Agreement with The Lane Group over the past month. WCSA Legal Counsel have also reviewed, commented, and approved this Agreement Sewer Study Engineering Agreement.

Mr. Nelson asked if the County's part; the \$85,000 has been funded.

Mr. Cornett said yes sir.

Mr. McCall asked if the county would share half of Amendment 3; \$6,220. He said, "this affects the county and would not feel a bit bad asking for it because it affects the future of Washington County".

Mrs. Helbert did not think the county has shared the costs associated with any of the amendment work on any project.

Mr. Nelson said after the grant of \$61,808 so we have paid just over \$23,000.

Mr. Stephon motioned to approve Amendment 3 in the amount of \$6,220.

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

Mr. Taylor left the Board Meeting at 7:18 pm.

12. Consideration of Tumbling Creek Road South and North Fork River Road Construction Bids *Bill Skeen*

This item was discussed and approved during the Engineer's Report and Update; Agenda Item 6.

13. Consideration of Oak Park Contract 2B Change Order No. 2 *Bobby Lane*

Mr. Lane began saying this Change Order includes changes for quantities installed vs. quantities bid.

Mr. Lane said the Contractor was asked to complete an 8-inch stream crossing to allow easier hook-up for future phases to the Oak Park Sewer System. TLG also added manhole clean-out assemblies to establish a break point in the system where customer lines end and County's line begins, added Mr. Lane.

The total increase for this change order was \$19,425.00. The contract times were increased by 38 days to substantial completion and 79 days to final completion moving the Final Completion Date to December 13, 2013.

Mr. Lane recommended approval of Change Order No. 2.

Mr. Nelson motioned to approve Change Order No. 2; Mr. Hutchinson approved and the Board approved voting 6-0-0-1.

14. Exit 13 Phase 1 Wastewater Collection Project Presentation *Matthew Lane*

Mr. Matthew Lane directed the Board's attention to the screen reviewing the Phase 1 Wastewater Collection Project Presentation. The presentation is as follows:

Project Conception

- The WCSA commissioned a Preliminary Engineering Report (PER) to evaluate the extension of public sewer service to the I-81, Exit 13 area of Washington County in response to citizen inquiries dating back to the 1980s. Draper Aden Associates completed the PER in January 2008.

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- The PER noted that the Exit 13 area includes approximately 551 residences, 38 businesses, 2 churches and 1 airport.
- The PER identified three (3) primary reasons for providing public sewer service to the Exit 13 area:
 1. The area has a high density of residences on smaller lots that are served by septic systems. The soils in the area are considered poor to severe for septic systems. Accordingly, the Virginia Department of Health has issued numerous repair permits and permit rejections in the area.
 2. The Virginia Department of Environmental Quality (VDEQ) has listed Spring Creek as an impaired water based upon the presence of fecal coliform due at least partly to the failing septic systems.
 3. Providing a sewer system in the Exit 13 area will allow for future development of this area and for future extension of sewer service to other areas of Washington County.
- The PER recommended a multiphase project. The majority of the Phase 1 service area was originally the Town of Abingdon's by agreement. WCSA worked with the Town from 2006 until the inter-municipal agreement was signed in Feb. 2010. That agreement not only conveyed the service area to WCSA but reserved 1.0 MGD of capacity in the Town's treatment plant. Phase 1 included the collection system for the "Westwood Area" and the proposed Spring Creek Pump Station and estimated the construction cost at \$3,030,202 and a total project cost of \$4,088,550.

Project Funding

- Funding was secured for the project from the following sources:
 - RD Grant - \$1,000,000
 - Southern Rivers Grant - \$980,000
 - RD Loan - \$1,579,000
 - Local Funds - \$310,000
 - Total Project Funding - \$3,869,000
- Then design work began.

Project Design

- For various reasons, by early 2011 the project was in trouble. The deadline for the Southern Rivers Grant was approaching and the WCSA was in danger of losing this funding.
- The WCSA procured The Lane Group I CHA team (TLG) to finish the project.
- The TLG Team began work on the project in May 2011.

Project Challenges

- The project design was nearly complete, but not finished. Several issues with line locations and with the proposed pump station required resolution.
- The nature of a gravity sewer project requires the acquisition of private easements. Over 280 easements were necessary for construction of the Exit 13 Wastewater Project.
- The funding agencies had informed the WCSA that the Southern Rivers funds must be expended by June 30, 2012. This required that the project be advertised by the summer of 2011.
- The force main necessary to convey the sewage from the Exit 13 area to the

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- Abingdon WWTP had not been designed or funded.
- This monumental task required an enormous amount of effort and coordination from the WCSA Staff, WCSA Legal Council and the TLG/CHA team.
- In May 2011, the TLG team began reviewing and revising the project plans. The WCSA Staff, Legal Counsel and TLG worked on securing the necessary easements. Only one (1) condemnation was necessary.

Mr. Lane said obtaining all the necessary easements was a monumental task. He commended Mr. Mark Osborne, Mr. George Thomas and that entire team for their work in obtaining all the required easements for this Project.

With 281 easements, there was only one condemnation, said Mr. Lane.

Mrs. Figueiras elaborated on the commendation saying 87 % of the property interest was owned by the resident and 13% of the property was owned by various heirs; some living in New Zealand and it was impossible to obtain all the required signatures.

- The project was advertised for bids on July 24, 2011.

Project Bids

- Bids were received on August 22, 2011. The low bidders were:
 - Contract 1 - Frizzell Construction - Pump Station - \$747,000
 - Contract 2A- Ramey, Inc. - Lines and Force Main- \$1,980,659
 - Contract 2B- Mendon Pipeline - Lines and Force Main- \$1,765,370
- The Bids were significantly higher than the cost estimated in the
- PER and resulted in a project funding shortfall of \$1,676,231.

- TLG worked with the WCSA Staff and Rural Development to secure the additional funding in the form of low interest loan.
- The project was awarded to the low bidders on October 18, 2011 (5 months after TLG began work) and construction began on December 19, 2011.

Project Construction

- By April 27, 2012, 99% or \$967,400 of the \$980,000 Southern Rivers Grant had been spent on project construction.
- In a Final Compliance Review letter to Mark Reeter from DHCD associate director Denise H. Ambrose, Ms. Ambrose states: "Due to the problems related to the design work and lengthy time to acquire easements, this project began almost two years after announcement of the SRWEP funding. Since the project has been under construction, there have been no major issues. The contractors are to be commended for maintaining a good reputation with the property owners. The County and WCSA are also to be commended for their efforts to provide public sewer service and improve the water quality for area residents."
- All three (3) contractors performed well in the face of adverse construction conditions:
 - Rock
 - Majority of work on private property
 - Wet weather
 - Rock
- Substantial Completion was issued for Contract 2B on October 25, 2012; Contract 1 on April 9, 2013 and Contract 2A on April 12, 2013.

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Total Project Construction Cost "as-bid" - \$4,493,729.00

- Total Project Construction Cost "actual"- \$4,507,970.00 (<0.5%)
Project is Complete and fully operational!

Exit 13 Force Main

- At the time that the Exit 13 Wastewater project was bid, the force main necessary to connect that project area with the Abingdon WWTP had not been designed.
- Preliminary routes had been evaluated, but all required crossing private property resulting in potentially expensive easement issues.
- TLG identified a new route along existing rights-of-way and was procured by the WCSA to design the force main.
- TLG designed the force main and the project was bid in March 2012.
- Bids were received on May 3, 2012. The low bidder was S.B. Construction with a cost of \$1,124,150. TLG assisted WCSA Staff in obtaining
- \$1,604,126 in low interest loan funding from DEQ for the project.
- Substantial Completion was issued on April 26, 2013. Total actual construction cost was \$1,113,843.61.

Project Accomplishments

- Provided public sewer service to over 200 residential homes in the
- Westwood I Exit 13 area.
- Many of these residents had failing or inadequate septic systems and would have faced significant problems in the future.
- Maintained outstanding relationships with funding agencies. Provided the backbone for future sewer system

extensions not only in the Exit 13 area, but throughout the entire Western Washington County area.

- Made possible the Oak Park Sewer System which included \$3,892,700 in grant funding.
- This project benefited not just the WCSA but also the IDA and all residents of Washington County by opening up Lee Highway, Spring Creek Road and the Oak Park Industrial Park to future development.
- The Oak Park Project and the associate grant money would not have been possible without the forward thinking of WCSA Staff and the construction of the Exit 13 Wastewater Phase 1 Project.
- The Exit 13 Wastewater, Exit 13 Force Main and Oak Park projects totaled \$11,042,829 in cost of which over 53% (\$5,852,260) was constructed with grant funds.

Mr. Lane concluded his presentation saying The Lane Group is proud to have served as the WCSA's engineer for these important projects!

15. Consideration of Revisions to WCSA's Sick Leave Policy *Robbie Cornett*

As the Board is aware, WCSA, like all other governmental agencies in Virginia, is required to provide short-and long-term disability insurance for employees beginning January 1, 2014, Mr. Cornett said. For some time now, WCSA has provided long-term disability therefore the change really relates to the addition of short-term disability (STD).

We have learned that most entities that did not provide STD previously, had generous sick leave accruals to address not only STD but other absences. With

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the addition of STD insurance, most agencies are changing their sick leave policies.

He continued saying, WCSA's current sick leave policy is to accrue 10 hours of sick leave/month with no limit or cap. At separation of employment, with less than 20 year employee is paid 25% of their accrued sick leave and with more than 20 year employee is paid 50% of their accrued sick leave.

The compensation and benefits committee, composed of Mr. Chase and Mr. Stephon, met to consider changes to WCSA's sick leave policy that would complement the addition of STD insurance. The goal, said Mr. Cornett, was to identify changes that would protect both the employee and WCSA. The recommendation to the Board from the committee is as follows:

1. Continue with the current policy but cap the accrual at 120 days effective March 31 each year. March 31 is the anniversary date for our vacation accruals.
2. Effective March 31, 2014, pay employees who would have a sick leave balance greater than 120 days (960 hours), for the hours above 960 based on their years of service.
 - a. The options of paying for time over 960 hours at 100% for employees and making no changes to the sick leave policy were considered. Neither of these options was favored said Mr. Cornett.

Another option the committee did not discuss but Mr. Cornett felt was worth considering was to include the 5 employees with more than 120 days accrued but with less than 20 years of service in this recommendation. Mr. Cornett said these 5 employees have been blessed with good health and have taken good care of their sick leave. Mr.

Cornett said he would hate to see those employees miss that benefit they have been working hard to preserve.

3. Prohibit the use of sick leave and STD concurrently, but allow employees the option to use sick leave in lieu of STD.
4. At the end of each accrual year, March 31, sick leave accruals greater than 120 days (960 hours) will be forfeited by the employee at no cost to WCSA.

MR. Cornett stated 120 days was chosen as it affords the employee to manage as many as two FMLA (12 week) absences or one FMLA absence and absences such as routine doctor's appointments, viruses, flu etc. For an employee to build 120 days, they would have to work 10 years without using any sick leave.

According to Mr. Cornett, the proposed changes were presented to the Staff compensation and benefit committee. As of the time of this report, feedback has been mixed. For newer employees without sick leave, the addition of STD is a great benefit. For longtime employees who have saved their sick leave, it is not as positive among some.

It is not possible to know if the proposed policy will help or hurt a particular employee. If we have a newer employee with little sick leave built up, and a qualifying event occurs, the STD plan will help. If we have a newer or longtime employee who uses little sick leave over a 30 year career, their reward will be diminished by the proposed policy. However, if the 30 year career employee gets sick and needs to use sick leave or STD or both for multiple events, then it should help rather than hurt.

Mr. Chase began the Board's discussion saying this wasn't easy. We knew everyone wouldn't be happy but we (Mr.

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Chase and Mr. Stephon) tried to be as fair as we could.

Mr. Nelson asked about how the financials reflected accruals.

Mrs. Harold said there were accruals on the books yearly for compensated absences.

Mr. Nelson said this (paying the accruals) would be just a cash loss.

Mrs. Harold said yes sir.

Mr. McCall said his thought was the Board just voted to change the Christmas bonus to award long term employees. For the employees who have worked hard, saved us a lot of money and came in when they were sick, we shouldn't hit them. Mr. McCall suggested grandfathering them in.

Mr. Nelson said in this recommendation; other than the ones with less than 20 years; employees will be paid what they would receive when they retire. This recommendation will basically them what they would receive at retirement early; pay them now, said Mr. Nelson. If this recommendation did not pay what they would receive when they retire, I would have a problem with it. "Like all companies, benefits change over time and this is giving them the money they would get if they left", said Mr. Nelson.

Mr. Cornett said one potential issue is, for example, a 25 year employees who stays another they have incurred more years has accrued more sick leave at a higher pay rate.

Mr. Nelson said you are complying with the same policy but paying them now instead of sometime in the future when the separate from WCSA.

Mr. Nelson said his concern was with the people that were close to the years of service mark.

Mr. Cornett said there would be about a \$14,000 difference to add those five

individuals that are close to their years of service date.

Mr. Chase said they did not consider the employees that would be close to the cutoff when we met and after looking in to it, those 5 employees are a concern to us as well.

Mr. Nelson asked if there were others close to their service mark.

Mr. Cornett said there were 5 employees with more than 120 days but less than 20 years.

Mr. Nelson said, instead of \$157,000 it would cost \$171,000.

Mr. Stephon motioned to accept the Committee's proposal including the additional 5 employees.

There was no second to Mr. Stephon's motion.

Mr. McCall asked the WCSA employees in the audience to speak up. Mr. McCall said you all are the ones that are being affected, speak up.

The Chairman opened the floor for those to speak in favor of or opposed to the proposed sick leave policy.

Mr. Perrigan was the first to speak. He spoke in opposition to the to the proposed sick leave policy.

Mr. Perrigan he was one of the five and has been with WCSA for 17 years and has also accrued 1875 in sick leave. Mr. Perrigan said he has worked very hard for that. Mr. Perrigan said having one year sick leave was peace of mind to be able to be paid 1 full year at 100% if something bad ever happened. Mr. Perrigan continued saying he lived through this the past year. Mr. Perrigan's brother recently passed away and he had one year of sick time at 100%. When you are sick, 60% is far from 100% and he struggled at 100% pay. Mr. Perrigan said if something bad happens, my family has one year to do something different. Mr. Perrigan said he has been

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luck not have had sicknesses and have been able to accrue my sick time.

Mr. Van Huss spoke next in opposition of the sick leave policy change. Mr. Van Hus said he felt this change would be rewarding those that have abused their sick leave. Mr. Van Huss said someone that has a large sick leave bank will only get 50% after 20 years when he could have used his sick leave and been paid at 100%. Mr. Van Huss said he started his 37th year the first of October and said he will be paid about \$20,000 for his sick leave. He said he could have used his sick leave and been paid at 100%. Mr. Van Huss asked if employees would be paid their sick time or would they be required to use STD if they were out for a long period of time.

Mr. Cornett said if you have a qualifying disability, the employee has the option to select sick leave or STD, if they have the time.

Mr. McCall said comments made about those that burns up that sick time every day or month, I'm sorry we have to give them anything.

That is a different disciplinary issue, said Mr. Nelson. He continued saying he would like to have some extra time to think about this before making a decision, based on the comments.

Mr. Stephon then asked that his motion be withdrawn.

Mr. Hutchinson said he would also like to have more time to review and have some input from the committee on how they arrived at this recommendation.

There are 13 employees with greater than 20 years and 5 employees with less than 20 years for a total of 18 employees, said Mr. Cornett. I know these 18 employees have looked at this as a 401K, planning for the future. The goal is to implement something that is

good for the WCSA and the employees, said Mr. Cornett.

Mr. Nelson asked how many would not be effected. What we decide will determine hoe employees use their leave going forward.

We need to think through it carefully. Sometimes we save a few dollars and it costs you a lot of dollars, Mr. Nelson added.

Mr. Hutchinson said I would also like us to take in consideration, like these two gentleman said, they have worked hard to accomplish this (their sick leave bank) and I am sure you came to work days when you didn't feel like it, and you should get full advantage of it.

Mr. Nelson said what he heard was this was their sick leave was an in insurance policy for them and that is something to be commended. Mr. Nelson said they wanted to be prepared if something happened. Mr. Nelson said benefits are hard to change and this is a difficult decision.

Mr. Miller asked what the cost of the STD was.

Mr. Cornett said if someone goes out on STD, WCSA pays 60% of compensation for up to 5 years.

Mr. Nelson asked if the 60% paid thorough STD was taxable and said that could make a big difference in evaluating this.

Mrs. Harold offered to find out if the 60% paid through STD was taxable.

Mr. Nelson said he like to readdress this at the January meeting.

Mr. Hutchinson said he would like to hear more about how the committee arrived at their recommendation.

Mr. McCall said he thought the committee did a good job and said changing benefits was one of those things he did not feel comfortable with.

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Mr. Cornett corrected the background information provided earlier. There are 13 total employees, 8 with over 20 years and 5 with less than 20 years.

So, 13 of the 70 employees will be affected by this, said Mr. Nelson.

Mrs. Figueiras said everyone would be affected with the cap on sick leave accrual.

16. Closed Meeting

At 8:07 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) (1): 1. To discuss and consider prospective candidates for employment, assignment, appointment, performance, demotion, salaries, disciplining or resignation of employees of the public body.

Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds; 2. To discuss various inter-municipal and other agreements and potential agreements and 3. 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; 4. To discuss potential litigation, contract litigation or both related to the South Fork Intake and 5. To discuss various inter-municipal and other agreements.

In addition to the Board the presence of Mrs. Dawn Figueiras and Mr. Robbie Cornett WCSA General Manager are requested.

Mr. Stephon seconded the Motion of Closed Meeting and the Board approved voting 6-0-0-1.

Return to Public Session:

Mr. Stephon motioned to return to Public Session at 8:50 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 6-0-0-1. Mr. Nelson then 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 and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

17. Late Items:

There were no late items

16. Adjourn

At 8:53pm, Mr. Stephon motioned to adjourn. Mr. Nelson seconded and the Board approved voting 6-0-0-1.



Mr. Joe Chase Chairman

Carol Ann Shaffer, Assistant Secretary



December 6, 2013

Ms. April Helbert, P.E.
Washington County Service Authority
25122 Regal Drive
Abingdon, Virginia 24212-1447

**RE: TUMBLING CREEK SOUTH - CONTRACT I
NORTH FORK RIVER ROAD - CONTRACT II**

Dear Ms. Helbert:

This letter is to revise my previous Recommendation of Award letter to you dated December 6, 2013 on the above referenced projects.

In light of recent developments, and discussions with your legal counsel, I am recommending that all bids be rejected, and that the projects be re-advertised for bids as soon as possible.

The reason for this change is that the apparent low bidder on both contracts, Zeppa Excavating, did not fully comply with the MBE/WBE bidding requirements, which is just cause for rejection of their bid. This is in accordance with the *Instructions to Bidders/Offerors* of the VDH Contract Inserts (page 6, attached).

Furthermore, of the other five bidders on the project, only one was deemed in full compliance of the MBE/WBE requirements, and they were approximately \$20,000 higher on Contract I and they did not submit a bid on Contract II. Therefore, re-bidding both contracts would seem to be the best course of action.

If you have any questions, or need anything else from us at this time, just let us know.

Sincerely,

A handwritten signature in black ink that reads "W. M. Skeen". The signature is written in a cursive style with a large initial "W".

W. M. Skeen, P.E.
Senior Project Manager

Enclosure

pc: Keith Kornegay, VDH-FCAP

4. Description of contacts to DBE organizations, agencies and associations which service DBEs, including names of organizations, agencies and associations and dates of contacts;
 5. Descriptions of contacts to DBEs, including number of contacts, fields (i.e., equipment or material supplier, excavators, transport services, electrical subcontractors, plumbers, etc.) and dates of contacts.
- C. Successful bidders/offerors should make reasonable good faith efforts to subcontract with DBE firms whenever additional subcontracting opportunities arise during the performance of the contract.
 - D. All bidders/offerors will submit EPA Form 6100-4 DBE Program Subcontractor Utilization Form as part of the bid package.
 - E. All bidders/offerors will have their DBE subcontractors complete EPA Form 6100-3 DBE Program Subcontractor Performance Form and include the completed Form 6100-3 as part of the bid package.
 - F. The successful bidder/offeror will provide EPA Form 6100-2 DBE Program Subcontractor Participation Form to all of its DBE subcontractors. DBE subcontractors may send completed EPA Form 6100-2 directly to the appropriate EPA DBE Coordinator

Failure to comply with the submission of appropriate DBE documentation may result in the determination of bidder as non responsible and shall be cause for the bid to be rejected.