

**Washington County Service Authority Board of Commissioners
December 19, 2016 Regular Meeting Minutes**

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

ROLL CALL

Commissioners Present:

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

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager
Melinda Jett; Treasurer, Controller
Carol Ann Shaffer; Assistant Secretary
Dave Cheek; Operations Manager
Mark Osborne, Distribution Manager
Kenneth Perrigan, Meter Manager

Consultants Present:

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

General Counsel Present:

Dawn Figueiras; Elliott, Lawson & Minor

3. Approval of the Agenda

Mr. Nelson motioned to approve the Agenda, Mr. Miller seconded and the Board approved voting 7-0-0-0.

4. Public Query and Comment

There was no public query or comment.

5. Approval of the Consent Agenda

A. Approval of Minutes:

- November 18, 2016 Special Called Meeting

- November 28, 2016 Regular Meeting Minutes

B. Routine Reports: November 2016

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

C. Financial Reports: November 2016

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

D. Consideration of Surplus Items for Landfill Disposal – Robbie Cornett.

Mr. Taylor asked if there was anything that should be done different with landfill disposal. He thought there was more time spent to get items ready than the items were worth.

Mr. Cornett said two items did receive bids and were sold. The items that did not sell will go to the landfill. Mr. Cornett said we looked at the possibility of donating the items but were unable to find a technical group that could use them.

Mr. Nelson motioned to approve the Consent Agenda, Mr. Campbell seconded and the Board approved voting 7-0-0-0.

6. Water and Wastewater Construction Projects Update – Ryan Kiser

Mr. Kiser updated the Board on the following projects.

Inside Engineering Projects:

- Ritchie Road Water Line Project
 - Staff has submitted Categorical Exclusion Request to VDH.

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- Staff will be submitting the railroad crossing permit this week.
 - Staff is 80% complete on plans.
 - Plan to submit plans and specification to VDH in February after the Environmental Clearance.
 - Haskell Station Road Extension Project
 - WCSA has received bids
 - Will be discussing further tonight in Agenda Item 13.
 - Bradley Sewer Relocation in Glade Spring
 - Staff is waiting on Mr. Bradley Jr. to sign the easement documents.
 - After easement is secured, staff will complete design of the sewer relocation.
- Potential New Water Line Extensions:**
- Rattle Creek Road
 - Staff is working towards completing the plans and specs for the project in hopes that VDH will see the project as being as close to “shovel ready” as possible and be more apt to fund the project.
 - Plans are 60% complete.
 - Will be discussed as Agenda Item 12
 - Archery Range and Mary’s Chapel Road
 - Participation levels remain below 50%.
 - Will be working with Mr. Miller to determine next steps.
 - Rich Valley Road - Providence Road to Nordyke
 - Project Champion Neal Mullins has worked very hard completing surveys.
 - Our surveys indicate we have a little above 50% participation.
- Next step will be to solicit User Agreements and have a Community Meeting after the first of the year.
 - Mendota Road
 - After first of year perform a similar process like that of Rich Valley Road.
 - Send out interest surveys and follow up with User Agreements if participation levels look encouraging.
 - Sugar Cove Road
 - Solicit User Agreement
- Mr. Kiser asked the Board’s approval to solicit User Agreements for Rich Valley Road and Sugar Grove Road and to mail customer surveys for those on Mendota Road.
- Mr. Miller motioned to approve Mr. Kiser’s request. Mr. White seconded and the Board approved voting 7-0-0-0.
- Private Development Projects:**
- The following Projects have been closed out:
 - Pippin Sewer Phase 5
 - Farm Credit
 - Plans have been received for the following Projects:
 - Center Village Phase 1 Subdivision
 - Exit 7 Jefferson Trace
 - Staff has reviewed plans and provided comments for the following Projects:
 - Meadows Project
 - The following Projects have been approved:
 - Green Springs Road Realignment
 - Chris Renee Cosmetics Oak Park (project on hold)
 - Pre-Constriction is complete on the following Projects:
 - Emory and Henry Villages – Project under construction

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- The following Projects are under construction:
 - Fairfield Inn
 - Highlands Community Services Baugh Lane
 - Bojangles Exit 19
 - Virginia Pavilion Extension
- The following Projects are in the project closeout stage:
 - Exit 19 Development
 - Loves Travel Stop

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

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

Discussion Items:

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

Year to Date We are Tracking under Budget

- Tracking \$298,000 under budget year to date.

Mr. Cheek said on area of concern is billing has been up at BVU. After BVU recalibrated a meter at Clear Creek, the electric bill shot way up so BVU is going back with the vendor to recalibrate the meter again.

2016 November Water Production Highlights:

- South Fork Intake (SFI) & Middle Fork Drinking Water Plant (MFDWP) Issue Resolution
 - Installed 3rd Rebuilt Raw Water Pump
 - Will Remove and Rebuild 4th Pump After Jan 1st
 - Ran through a Couple of Heavy Rain Events
 - Scheduling 12 MGD Operation at low river levels
- System Operation

- Extended Hot Weather made maintaining adequate Residual Chlorine Levels a Challenge
 - Data was Inconsistent, focused on getting repeatable data
 - With Good Data shows that Brumley Tank Water is not mixing, looking at simple ways to mix the water
- A Boil Water Notice was issued to Taylor's Valley Customers.

Mr. Cheek explained a storm knocked down the SCADA system at Taylor's Valley. At that same time, there was a fault in the pump logic so the pump did not come on pulling the system down. As a result, a boil water notice was issued but cleared two days later.

Mr. Cheek said he is working on duplicate methods to determine tank levels. Mr. Cheek said one method is to compare the pump discharge pressure to tank levels. If the pump is about 52 pounds of pressure, the water in the tank is about 16 feet. At about 54 pounds, the tanks are about 22 feet and the pumps should turn off. This same method has been also been used at the Route 19 tank.

2016 November Water Production Highlights – South Fork Intake:

- Proposed DEQ Withdrawal Permit
 - Evaluating how it would work in the current low water conditions
 - Awaiting to document how it will work when heavy rain develops
- Short Term Plan:
 - Form a diversion in the river with left over Jersey Barriers
 - Army Corp of Engineers Permit Application in Process
 - Perform a Draw down test with the low water levels

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2016 November Metering Highlights:

- Meter Replacement
 - Working to Understand Value of the Proposals
 - Met with Johnson Controls and fleshed out proposal
 - Working to Understand How this Process Really works
 - Investigating Different Metering Options

2016 November Wastewater Process Highlights:

- System Operation
 - Continue to Focus on Process Stability
 - Both Hall Creek & Damascus well within Control Limits
- Inflow and Infiltration (I&I)
 - Team Approach with Maintenance
 - Prioritized and Categorized I&I Issues
- Capital
 - Scoping Equipment needs for Hall Creek Headworks
 - Plan is to utilize RFP Process

2016 November Water Maintenance Highlights:

- Galvanized Phase II Support
 - Tuesday Morning Meetings with TLG
 - Good Progress, Minimal Issues
- Routine Activities
 - Leaks – 319
 - Main Line Breaks – 116

The ground has been so dry for so long, it has shifted causing more line breaks than usual and resulting in more after hours responses as well, explained Mr. Cheek.

- After Hours Responses – 38
- Costs
 - Preventive Maintenance
 - Mobile Equipment
 - Tanks
 - Pump Stations

- Fire Hydrants – American Darling Recall

2016 November Distribution Highlights:

- Non-Revenue Water
 - Focusing on Fundamentals
- Executing PSV/PRV Preventive Maintenance Program
- Establishing Preventive Maintenance Programs for Pump Stations, Tanks, Gate Valves, & Fire Hydrants
- Continued with Customer Education & Inspections of Cross Connections and Back Flow Prevention
- Investigating and Correcting System Pressure/Flow Issues
- Providing Technical Support to SFI and MFDWP Issues
 - Tremendous Effort with SFI

Forward Looking Statement:

- Customer Relationships
- South Fork Intake
 - Complete Low Water Level Work
- Costs
 - Current Budget Information Available to Department Heads
 - Production Costs (Water Loss and I&I)

Mr. Miller asked if the PRV on Lee Highway was online.

Yes, said Mr. Cheek. We also have an isolation valve below BVU that can be used to keep BVU and the Health Department supplied if there is an emergency.

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

Mr. Cornett discussed the following information for November 2016.

Introduction:

- Safety
- Financials
- Customer Service
- Accounting

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- Field Communications
- Notables
- Looking Ahead

Safety:

- November 2016
 - 11,230 Hours Worked
 - No OSHA Recordable Incidents
 - No Vehicular Accidents
- Safety Training
 - Personal Protective Equipment
 - Maintenance, & Meter
 - Avoiding the Crush Zone
 - Wastewater

Financials - New Water Connections:

- 13 new water connections
- During periods of hot dry weather, water consumption increases while inflow and infiltration in the wastewater system decreases, explained Mr. Cornett.

Financials – Year to Date Water Revenue:

- \$445,877 above projections.

Financials – Year to Date Expenses:

- Non-Departmental \$3,189 Under Budget
- Administration \$81,667 Under Budget
- Customer Service \$25,251 Under Budget

Financials - New Wastewater Connections:

- No new connections
 - 7 new connections year to date
 - 10 new connections in 2015

Financials – Year to Date Wastewater Revenue:

- \$82,246 above projections.

Financials – Year to Date Wastewater Expenses:

- Non-Departmental \$670 Under Budget

Customer Service:

- 21,347 Active Water Accounts
 - Down 10 from October
- 2,355 Active Wastewater Accounts
 - Down 6 from October

- Customer Policy Under Consideration
 - High Bill Financing
- WCSA HomeServe Contract Complete, Implementation Underway
- Remit Plus Implementation Ongoing
 - WCSA is currently working through issues.
 - Remit Plus has taken ownership of those and working to correct system issues.

Accounting

- Internal Controls and Fringe Benefit Audit
 - Cell Phone Policy: DRAFT Circulating
 - Uniform Taxing: To be Considered by Uniform Committee
 - Cash Receipts/Disbursements: In Progress
 - Inventory Cycle Counts: In Progress

• Controller Training & Transition

Information Systems:

- Jennifer Ball: Primary
- Mr. Cornett said Mrs. Ball was a one person show.
- Saratoga: Backup and Servers
 - Servers (12; 8 Physical & 4 Virtual)
 - Billing, Accounting, E-mail, SCADA, GIS, CAD, General Files, Virus/Malware etc.
 - Phase 3 of 5; Goal: 10 Servers; 4 Physical & 6 Virtual
 - Laptops (29)
 - Desktops (39)
 - Security
 - SCADA Data
 - Networks: WAN/LAN/Office
 - Telephone Systems (all Facilities Including SCADA and Cell Phones)
 - Mobile Communications (58 Including SCADA and iPads)

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- Internet (Customer Payment/Website/etc.)

Notables:

- Recently Hosted a School Group Tour of the Middle Fork Drinking Water Plant
- Water Withdraw Permit Renewal
 - In Progress...
 - Positives 2000-2015:
 - MFI (Middle Fork Intake) Screens Remain 2.0mm
 - MFI Withdraw Increases Above 4.6 MGD 95% of the Time
 - Negatives 2000-2015:
 - MFI Below 4.6 MGD 5% of the Time to as low as 3.04 MGD
 - SFI (South Fork Intake) Below 12 MGD 53 Days to as low as 10.28 MGD
 - Effectively Limits Future Middle Fork Drinking Water Plant (MFDWP) Capacity to 13.32 MGD
 - Vision/Plan for MFDWP was 15 to 18 MGD
 - The Proposed Permit is a 15 Year Permit
- Beaver Creek Wastewater Discharge Permit
 - State Water Control Board (SWCB) Approved the TMDL December 12, 2016
 - DEQ Issued Permit December 15, 2016
 - WCSA Received Permit December 16, 2016
 - Next Step, Agenda Item 10

Looking Ahead

- Water Quality
- Water Withdrawal Permit
- Beaver Creek Discharge Permit
- Energy Audit/Meter Replacement
- 2017-2018 Budget
- Strategic Planning

**9. Engineer's Report and Update
Matthew Lane of The Lane Group (TLG):**

- Galvanized Line Replacement Project – Phase 2
 - The Contractor plans to begin work on Change Order No. 1 the week after Christmas.
 - Mill Creek Water System Improvements
 - Mr. Lane hopes construction will begin as early as February 2017.
- Mr. Miller asked how long the Mill Creek contract was for.
Mr. Lane said it was an 18 month contract.
Mr. McCall asked if the Route 58 Corridor Project would be advertised after the first of 2017.
Yes sir, answered Mr. Lane. Staff was working to address a few items. We've had some good ideas about how the project may work better by doing some modifications to the tank.

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

- Exit 13 Sewer Project Phase 2A
The contractor has two full crews and a partial crew working on the project. They are making good progress on the project.
- Exit 13 Sewer Project Phase 3
We lack only three easements and a pump station site for this project, stated Mr. Amos. Once those are acquired A&A will work to submit plans and specifications to DEQ for approval for bid advertisement.

10. Consideration to Advertise for a Request for Statement of Qualifications for the Lee Highway Corridor Sewer (Between Oak Park and John Battle) Preliminary Engineering Report – Robbie Cornett

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On March 17, 2009, WCSA and the Washington County Board of Supervisors resolved to study future sewer service requirements for the western portion of Washington County. The Lane Group and Oliver (now CHA) were procured to perform this study. The Engineer's, on April 21, 2011 presented their findings and recommendations to the two Boards and the Industrial Development Authority Board. Enclosed are the resolutions adopted by all three Boards.

Subsequent to the joint meeting on April 21, 2011, concerning the resolutions passed, WCSA has made the following progress:

- Negotiated 1 MGD of sewer treatment capacity with the Town of Abingdon in February of 2012.
 - WCSA has also talked with the Town about a more encompassing partnership however, though positive, that has not come to fruition.
- Began implementation of the variable-flow system by constructing the Spring Creek pump station and force main and the Oak Park pump station, force main and interceptor. Two of five parts of the variable-flow/conveyance system have since been installed.
 - Spring Creek Pump Station on Jonesboro Road with a force main back to the Abingdon Treatment Plant
 - Oak Park Pump Station with a force main conveying the flow to the Town of Abingdon.
- Reopened discussions regarding the 1993 Agreement with BVU. Although the most recent discussions were positive, they did not result in a formal (written) understanding or change.

- Renewed discussions with BVU, Bristol, Virginia and Bristol Tennessee regarding the possibility of joint ownership in a treatment plant at Boone Lake. Bristol, Tennessee wished us well but indicated they were not interested in WCSA and or Washington County becoming part owner.
- Submission of the VPDES discharge permit for Beaver Creek. The permit was obtained in December 2016.

Now that we have the discharge permit, we need to develop a strategy for providing public sewer service to this area.

This plan should address: 1) source(s) of treatment, 2) means of collection and conveyance, 3) funding strategies that are realistic from an access and cash flow standpoint, 4) securing user agreements, 5) acquiring easements and properties and 6) what is attainable within five years (Lee Highway corridor) and ten years (remainder) from completion of this preliminary engineering report (PER). Among other reasons for the PER, funding agencies such as Rural Development will require one before a funding application is considered complete.

WCSA has traditionally:

- Solicited Statement of Qualifications (SOQ's),
- Interviewed several firms and rank firms
- Selected the one top ranked Offeror to perform the work.

Staff proposes WCSA:

- Solicited SOQ's,
- Interviewed several firms, and
- Selected the top ranked Offeror OR Offerors (option to select more than one firm) to develop the PER (to say the 50% or DRAFT stage);

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- Negotiate separate Contracts with each firm for this scope of work; and
- Assuming more than one Offeror is selected; WCSA would consider further narrowing the field before completing the PER.

Why do we propose to follow this process, asked Mr. Cornett?

First, from past experience, different Engineers have brought forward different, good ideas, having different strengths and or weaknesses in the SOQ stage. However, because we traditionally select only one Engineer to proceed with the work, the validity of the different ideas may not get a fair evaluation by the selected firm, especially if it was his competitors' idea. Given the scope of this project and a number of anticipated ideas and alternatives, Staff believes this project is ideally suited for multiple Engineers to begin working on this problem before we narrow the field to the design engineers. And, competition has a way of producing a better result than none at all.

Second, it is likely that some firms will only have interest in the treatment element of the work while others will only have interest in the collection and conveyance component and some may have interest in both.

For these reasons, more than one firm would be expected to be recommended for the initial phase of the PER development.

Mr. Cornett said we would like to reserve the right to select more than one firm to work with in the end. We may find there is one firm that stands above all others for both components, both treatment and collection and conveyance.

Once we are able to develop the areas along the corridor from Oak Park to John Battle, including the neighborhoods

and subdivisions adjacent to Route 11, there would be over 1,000 connections. Including the treatment plant and collection and conveyance system, the project would cost about \$20 million.

Mr. Cornett asked the Board to consider two volunteers to serve on the procurement committee and to entertain contracts with more than one Engineering Firm at the end.

Mr. Cornett plans to advertise for proposals in January and receive proposals in February. The committee could review proposals into March and make a recommendation to the Board at the March meeting.

Mr. Cornett said the study done by The Lane Group was very good and provides good information and we now have the permit. We have a lot of data that needs to be pulled together. We know what Abingdon charges WCSA for treatment and have a good idea what it will cost to build a new treatment plant and need to confirm those numbers.

There are rumblings on new technology. At least one company is engaging WCSA about a new treatment technology that would cost about half what we project it will cost to build a new treatment plant; and the list goes on, stated Mr. Cornett.

Mr. McCall said "we need to move on it." He said there were some subdivisions that have a terrible problem.

There is not one there that does not need it, stated Mr. Miller.

Mr. Miller and Mr. McCall agreed to serve on the committee.

11. Consideration of Proper Legal Counsel – Robbie Cornett

Mr. Cornett reviewed the following presentation; Proper WCSA Legal Counsel Committee Study.

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Overview

Mr. Cornett thanked Mr. McCall and Mr. Campbell for their willingness to serve on the committee. Mr. Cornett said the committee worked very well together with a lot of good discussion.

Meeting #1

- Brainstorming
- Current Hours
- Action Item
- Committee Meeting #2
 - VWWAA Survey
 - LGA Survey
 - AWWA Survey
 - WCSA Cost
 - Virginia Public Procurement Act
 - Summary/Conclusions
 - Next Steps

Counsel Hours Excluding Litigation

- 2013 - 687 Hours
- 2014 - 712 hours
- 2015 - 428 hours
- 2016 - 423 hours; 8.13 hours per week or 20% of a full time position

Mr. Cornett said the decrease in hours is in part due to in-house talent development, he expects this to continue.

Action Item

- Solicit Inside Counsel Compensation Information From Other Utilities and Similar Sources

VA Water & Waste Authorities Association Survey

Mr. Cornett conducted a survey of 20 water and wastewater authorities in Virginia. None of the authorities contacted had inside legal counsel, they all retain outside legal counsel.

2016 BVUA Legislation

- C. The Board shall vote annually to retain outside legal counsel to advise the Authority on legal matters. The legal counsel shall be licensed to practice law in the Commonwealth, shall not be an employee of the

Authority, and shall be separate from and independent of any legal counsel for the City of Bristol, Scott County, or Washington County. The legal counsel shall provide annual training to the Board on the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.).

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VA Local Government Association Compensation Survey

- Areas with a population of 15,000 to 50,000 – Solo Counsel made from \$126,096 to \$138,000 per year with an average pay of \$130,699.
- Areas with a population of 50,001 to 100,000 – Solo Counsel made from \$93,000 to \$137,838 per year with an average pay of \$112,279.

American Water Works Association

- 2010 Compensation Survey
- 544 Small to Medium Utilities Surveyed Nationwide
- 10 Employee Inside Counsel
- \$125,000 to \$127,000

WCSA Burden Cost

- Committee Estimate
 - Salary - \$80,000
 - Benefits - \$22,591
 - Total - \$102,591
- Lowest in Local Government Survey
 - Salary - \$93,000
 - Benefits - \$23,556

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- Total - \$116,556
- Average Solo Counsel Population 50,000 to 100,000
 - Salary - \$112,279
 - Benefits - \$24,986
 - Total - \$137,265
- Average Solo Counsel Population 15,000 to 50,000
 - Salary - \$130,699
 - Benefits - \$26,353
 - Total - \$157,052
- Does Not Include Library Subscriptions, Continuing Education etc. Cost
- Need for Special Counsel May Increase With Inside Counsel
- WCSA Outside Counsel Without Litigation less than \$100,000 – Average \$75,000 Per Year

Virginia Public Procurement Act

- VPPA Governs Purchase of all Goods and Services, Including Legal Services
- Disclaimer
 - I am not an Attorney
- Industry Professionals
 - Do Not Have to Procure for Legal Services
 - Do Have to Procure for Legal Services
 - Litigation Exception
- My Appraisal: Except for Litigation, VPPA Appears to Indicate Procurement of Legal Services is Proper

Summary & Conclusion

- How to Address: Tartness, Confidence and Over Reaction?
- 425 Hours – Average Annual Hours Without Litigation (20% Fulltime)
- No Virginia Authorities Employ Inside Counsel
- BVUA Legislation Requires Outside Counsel Separate From City/County
- \$93,000 to \$138,000 – Locality Solo Counsel Range

- 10 of 544 Small to Midsized Nationwide Employee Inside Counsel in 2010 With Range From \$125,000 to \$127,000
- WCSA Burden Cost - \$102,000 to \$157,000 (more than current cost)
- Conservative VPPA Reading is to Procure
- Inside Counsel – Not Enough Work, Would Cost More, Out of Step With Other VA Authorities, BVU Legislation and Could Sacrifice Checks/Balances

Committee Recommendation to Board:

- Procure Outside Counsel (Firm or Individual)
- 1 Year Term With Option to Renew/Extend 4 Times (Max 5 Years)
 - Re-procure at end of 5 Years
 - Subject to Review of VPPA
- Reserve Right to Terminate
- Implement Annual Report Card
 - Developed by Board and General Manager (Staff)
 - Chairman and General Manager Review Report Card With Counsel

Mr. Nelson asked when the last time legal counsel was procured.

In 2006, around June or July of 2006, answered Mr. Cornett. The current contract with Elliott & Minor is open ended.

According to Mrs. Figueiras there has been only one rate change in the contract since 2006.

The minutes reflect there was discussion in 2006 for a one year term with the option to renew. The pleasure of the Board at that time was not to have a one year contract and leave it open ended, explained Mr. Cornett.

You are reserving the right to terminate, stated Mr. Nelson.

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Mr. Nelson said he liked what the committee recommended. I think it is good to go out for bids. Everyone has the right to a fair playing field. Mr. Nelson said he also liked that the board would have an annual review of counsel so everyone know exactly where they stood.

We like that too said Mrs. Figueiras. It is hard to make changes improvements when you do not know what the direction is, she explained.

Mr. McCall said the committee also discussed as far as an individual is someone who was semi-retired, with knowledge. Mr. McCall said Mr. Cornett talked to John Jessie about the possibility of advertising both ways; either a firm full-time or part-time.

The hard part is how much you would have to spend on outside counsel if you hired inside counsel for other work that would need to be done. I know I am a minority on this, but if we are going to do anything on the legal side in-house, I would rather us consider having a paralegal that could help Mr. Cornett, stated Mr. Nelson.

Mr. Nelson continued saying, if I were in Mr. Cornett's shoes, I guarantee there would be times I would call legal counsel to help me because I need a second opinion about something. It's not that I am uncomfortable with making a decision and having that could help him.

Mr. Nelson said it was well thought out.

Mr. Nelson said "I certainly agreed with moving forward with the recommendation and I make that motion."

How much do we budget now, asked Mr. Smith?

Mr. Cornett answered saying, \$100,000.

In-house is what, asked Mr. Smith.

Mr. Cornett said the range for WCSA's burden cost is from \$102,000 to \$157,000.

Mr. Smith asked how many hours a week the \$102,000 was based on.

Mr. Cornett said that would be a full-time...

Would outside counsel be based on the same amount of hours, asked Mr. Smith? We are currently consuming about 8 hours a week for outside counsel, said Mr. Cornett.

You are really getting more for your buck if you hire in-house, said Mr. Smith.

Mr. Nelson began saying, you are not taking into consideration the burden of...

I would like him (Mr. Cornett) to answer that question first, stated Mr. Smith.

Mr. Cornett thought in-house counsel would have about 30 hours down time a week.

Mr. Smith said, so you are saying it would probably be better to have someone part-time, if we were going to go with hiring someone in-house.

There certainly are not the hours to support hiring a full-time person, said Mr. Cornett.

Mr. Taylor said having a one year contract can sometimes cause problems, perhaps not as much on the legal side as the construction side. There could be a problem if we have a one year contract and are in the middle of a big issue at the end of that year. Mr. Taylor said he had a problem with a one year contract. Mr. Taylor said when his company has claims, they can last for 18 or 24 months or more, and an attorney is working on those claims, he did not want to hire a new attorney in the middle of a claim and start over.

Mr. Nelson said he wasn't as interested in the one year term as he was the right

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to terminate. When the score card is done, we can make a decision based on where we are and if we are going to give counsel an opportunity to correct any deficiencies they may have or if we are going to terminate. Mr. Nelson said the right to terminate was the most important piece to him.

Mr. Taylor said Board's change and people look at things different.

Mr. McCall said new Board members deserve to have input. If an Engineering firm messes up really bad, we are going to fire them on the spot, no matter the consequences. You don't wait two years to do it; they are fired on the spot, stated Mr. McCall.

Mr. McCall continued saying he thought any Board in the middle of litigation would extend the contract rather than loose a case.

Mr. Taylor said the entire committee did a good job.

Mr. McCall said staff put a lot of time into this.

Mr. Cornett asked if the two Commissioners who served on the committee would agree to serve on the Legal Services Procurement Committee as well. They agreed.

Mr. Nelson said he stayed with his motion to accept the recommendation and that Commissioners on the committee work on the procurement as well. Mr. McCall seconded.

Mr. Smith asked for an overview of the motion so he fully understood it.

Mr. Nelson clarified his motion saying, my motion is we procure outside counsel and Mr. McCall and Mr. Campbell are on that committee. We procure a one year term with the option to renew up to 4 times, for a maximum of 5 years. At the end of 5 years, there will be a re-procurement. It is subject to review of the Virginia Public Procurement Act.

Mr. Nelson continued saying it was important, that in the contract it is clear the right is reserved to terminate anytime for any cause. To implement an annual report card; because I think we all deserve it; developed by the Board and the General Manager. This is so we not just surprise someone and tell them they are doing something wrong but to tell them what is going on. It is not fair to people who are professionals not to have that courtesy, stated Mr. Nelson. The Chairman and General Manager will review the report card with counsel.

Mr. Nelson said that is exactly what the committee recommended and that is the motion.

The one year term with the option to renew, that is for us (WCSA) right, asked Mr. Smith?

That is for the Board's protection, in my opinion, stated Mr. Nelson. It is for any Board. If a new Board were here, they reserve the right to terminate this agreement with counsel. That is the big piece here. When you reserve the right to terminate with or without cause, you can take action and there is not repercussion, stated Mr. Nelson.

Mr. Cornett elaborated on the "term" saying there is a 5 year mile stone. Even if everything has gone fine for 5years, WCSA will go through the procurement process again just like we do with our engineering service providers. The annual part of the contract regarding the term, it will coincide with the annual review. If the report card is satisfactory, logically, the contract would renew. If it is not satisfactory, one of two things could happen. A notice to address weaknesses in whatever period of time the Board deems necessary to see results and if not, then you reserve the right to terminate. If the Board comes to a point

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to terminate, it allows time to find someone else.

Mr. Smith asked about a timeline for procurement.

Mr. Cornett said we would advertise in January, receive proposal in around February and be in a position to make a Board recommendation in terms of how the process went and who the committee recommends to hire as early as the March meeting. The one year term will begin once the Board approves a firm. If the Board votes to approve Firm X in March, Firm X will be up for review in March the next year.

Mr. Taylor called for the Board to vote on the motion. The Board approved the motion voting 7-0-0-0.

12. Consideration of Consideration of a Request to Pursue Funding for a Water Line Extension Along Chip Ridge Road, Rattle Creek Road and Hidden Valley Phase 2 – Ryan Kiser

Some time ago, residents of Chip Ridge Road contacted WCSA regarding the potential for water service. Staff held a community meeting to solicit User Agreements and determined participation levels were above 50%. Previously, WCSA has applied for funding with VDH and Mount Rogers Planning District (MRPDC). WCSA was successful in receiving a funding offer from VDH in 2015, but the project was not financially feasible with the funding proposal received, so the offer was declined by WCSA. In 2016, Staff applied for funding with MRPDC, but was unable to get an offer of funding due to competitiveness of other projects.

Chip Ridge Road is estimated to cost approximately \$173,000 and a cost per connection would be \$43,250.

Rattle Creek Road has 75% participation. The project would cost

approximately \$227,000 and a cost per connection would be \$18,916.

Cost per connection for Hidden Valley is approximately \$36,666, without substantial grant funding, and would also be above WCSA's program limit of \$20,000 per connection. Phase 2 costs are estimated at \$550,000. Staff is working with the MRPDC on potential DHCD funding and proposes to apply for VDH funding as well

In hopes of receiving funding, Staff is being proactive and starting the Engineering on both the Chip Ridge Road and Rattle Creek Road Water Line Extension Projects. If funded, we will likely request the Board consider outsourcing Engineering related to Hidden Valley Phase 2.

Mr. McCall said there were a lot of wells that went bad in the dry weather. Because of this, residents in Wythe County were receiving grant funds from the Health Department, some receiving as much as 100% grant funds. He thought providing VDH information about bad wells may help secure grant funds.

Mr. Kiser said the information presented to VDH in the packet had more to do with quality. He thought emphasizing the quantity of water in the packet would be a good idea.

Mr. Kiser said in summary WCSA is looking for grant funding to supplement the cost per connection and applying for DHCD funds through MRPDC. Mr. Sizemore has been surveying residents and updating income surveys. Once we know the funds available through MRPDC, we plan to apply to VDH for the remaining funds needed.

Mr. Kiser requested the Board's permission to apply for funding for Rattle Creek, Chip Ridge and Hidden Valley and apply for additional DHCD

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funding for Rattle Creek and Hidden Valley Phase 2.

Mr. McCall said he would personally like to see the Hidden Valley Phase 2 project taken care of before the others.

Mr. Nelson said he thought all three projects were very important. Richie Road is very important too, he Mr. Nelson. Mr. Nelson thought WCSA should apply for funding of all three projects discussed in item 12.

Mr. Kiser said they were planning to apply for funding for all three projects simultaneously.

Mr. Cornett said that is what we are proposing. It is certainly at the Board's discretion.

Mr. McCall thought if they only had so much money and couldn't give funds for all three projects.

Mr. Nelson said there are three different elements for all three of these projects and we need grant funding to try and make them work.

Mr. Taylor said I am for water for everyone in the county and I am not changing. Mr. Taylor said he thought that was the Board's job. It is this Commissions job and your job (WCSA staff) to find the funds. All the good fruits have been picked. Everything left will cost money, stated Mr. Taylor. He continued saying, I want you to push these three projects. There is money out there and will be more money out there, let's get on board, said Mr. Taylor. It is just like design build. Get the plans ready, when the money comes, we are ready. If we don't, someone will beat us there, stated Mr. Taylor.

Mr. Taylor then discussed the wells at Taylor's Valley saying some residents ran out of water during the recent drought.

Mr. Nelson agreed saying he wanted to request funding for all three projects. He

said he was glad staff was preparing. I agree with Mr. Taylor, I think there is going to be some grant money available and if you have projects ready to go, you are going to get the money, stated Mr. Nelson.

Mr. Cornett recognized Mr. Kiser for his foresight and starting work on project design. The further along these projects are the more it will mean to the funding agencies. We are actively engaging the head of the VDH funding group in Richmond and working closely with Mr. Sizemore with DHCD. He is not only who we need to help with the DCHD application but he also sits on the committee that ranks applicants for funding. Sometime in the future, we may need to seek support from local legislators, said Mr. Cornett.

Mr. White thought it would be good when soliciting new customers to tell them WCSA is not only providing water for their homes but water for fire protection.

Mr. Campbell motioned to approve Mr. Kiser's request. Mr. Nelson seconded and the Board approved voting 7-0-0-0.

13. Consideration of Haskell Station Road Water Line Extension Project Bids – Ryan Kiser

Mr. McCall abstained from discussions or voting as he is an employee of King General Contractors, submitted a bid for this project.

WCSA received bids for Haskell Station. The lowest responsive bid was from Little B Enterprises with a bid of \$138,104. The total construction budget is \$159,259.50. We expect to receive \$2,150 in annual revenue. The difference between annual revenue and annual debt service is \$1,334.

Approximately 1,400 feet of galvanized line will be replaced and about 4 new

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connections will be added with this project.

Mr. Kiser recommended the Board award the project to Little B Enterprises Inc.

Mr. Nelson said the total project is \$159,259.50. We have grant funds available for the project in the amount of \$120,000.

Mr. Kiser said the draw down for the payments, is 49% to 51%.

So, we can only sue a portion of those grant funds, said Mr. Nelson.

Yes, answered Mr. Kiser

We are replacing almost 1,400 feet of galvanized line for less than \$2,000 per year. That is much cheaper than the other projects.

Mr. Cornett said WCSA may also pick up a couple of customers.

Mr. Miller motioned to award the bid of \$159,529.50 to Little B Enterprises. Mr. Campbell seconded and the Board voted 6-0-1-0 approving the motion. Mr. McCall abstained.

14. Closed Meeting – 7:57 pm

Mr. Nelson moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act;

1. Code of Virginia Section 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Public Funds:
 - a. Discussion and consideration of the acquisition of real property for a public purpose, where discussion of such acquisition of property in open meeting would adversely affect the bargaining position of WCSA.
 - i. Easement and property acquisition related to Exit 13 Phase 3 Project

2. Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of Public Funds:

- a. Discussion and consideration of public funds where bargaining is involved and if made known publically at this time, would adversely impact the bargaining position of WCSA.

- i. Negotiation of tower leases.

In addition to the Board the presence of Dawn Figueiras, WCSA Legal Counsel, Dave Cheek, WCSA Operations Manager and Robbie Cornett, WCSA General Manager was requested.

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

15. Return to Open Meeting – 8:58 pm

Mr. McCall motioned to return to Public Session. Mr. Miller seconded and the Board approved voting 7-0-0-0.

Mr. Nelson read the following Certification of Closed Meeting;

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; And Whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted in conformity with Virginia Law. Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the

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motion convening the Closed Meeting were heard, discussed or considered by the Authority. Aye by Mr. Miller, Mr. Smith, Mr. Campbell, Mr. Taylor, Mr. Nelson, Mr. White and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

16. Late Items

1. Mr. Cornett asked the Board's consideration to authorize staff to proceed with the lease of tower space on the Brumley Tower to Virginia Kentucky Communications and IGO.

Mr. Nelson made a motion to proceed with the lease. Mr. White seconded and the Board approved with a 7-0-0-0 vote.

2. Mr. Cornett asked the Board's consideration to move forward with exercising the purchase option for the Exit 13 Phase 3 pump station.

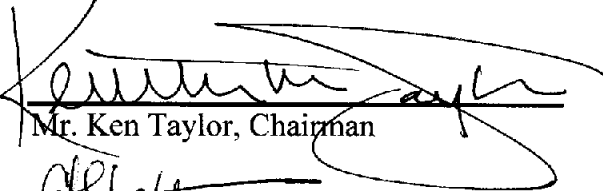
Mr. Nelson motioned to proceed with the property purchase to establish the pump station. Mr. Campbell seconded and the Board approved voting 7-0-0-0.

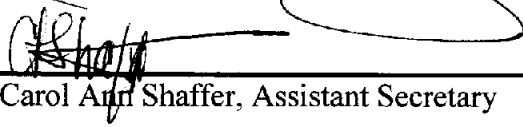
3. Mr. Cornett asked the Board's consideration to begin the condemnation process in order to obtain the 3 remaining easements related to the Exit 13 Phase 3 Sewer Project.

Mr. Campbell motioned to approve the request, seconded by Mr. McCall and approved by a 7-0-0-0 Board Vote.

17. Adjourn – 9:01 pm

Mr. Nelson made a motion to Adjourn, Mr. Miller seconded and the Board approved voting 7-0-0-0.


Mr. Ken Taylor, Chairman


Carol Ann Shaffer, Assistant Secretary