

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:22 pm.

**ROLL CALL**

Commissioners Present:

Mr. Ken Taylor, Chairman  
Mr. Devere Hutchinson  
Mr. Jim McCall  
Mr. Dwain Miller  
Mr. Frank Stephon, IV

Commissioners Absent:

Mr. Mark Nelson, Vice Chairman  
Mr. Mike White

WCSA Staff Present:

Robbie Cornett, General Manager  
Dave Cheek, Operations Manager  
April Helbert, Engineering Manager  
Mark Osborne, Distribution Manager  
Kimberly Boyd, Controller  
Holly Edwards, Customer Service Manager  
Carol Ann Shaffer, Administrative Assistant

**3. Approval of the Agenda**

Mr. Cornett had not corrections to the Agenda. Mr. Miller motioned to approve the Agenda. Mr. Hutchinson seconded the motion and the Board approval voting 5-0-0-2.

**4. 2015-2016 WCSA Budget Workshop**

RC thanked the board for their attendance.

Mr. Cornett spoke of his appreciation for all the hard work and effort that went into preparing the Budget. Each Department head labored diligently, working with Mrs. Boyd. Mr. Cornett and Mr. Cheek to prepare what Mr. Cornett hopes the Board will agree to be a reasonable 2015-2016 Budget.

Mr. Cornett then turned the Budget review over to Mrs. Boyd.

Mrs. Boyd began saying the Budget was composed of departmental and operational expenditures, capital needs per department and line and repair projects.

She discussed the Budget as follows:

**Administrative Budget** - Capital and Non- Reoccurring Expenditures:

Line item 23 is incomplete as we do not have a cost for the Board Room sound system.

**Customer Service Budget**

Line Item 3 the cost for a picnic table needs to be updated.

Item 7 – Out Calling System There will be no cost associated with this system since we do not see any added benefit from it.

Item 9 – Video Monitor for the Lobby Mrs. Boyd is waiting on a cost for the video monitor to be used in the lobby.

Mr. Taylor asked if Mrs. Boyd had an idea of the cost for the video monitor. Mrs. Edwards said she received that information but had not reviewed it.

Mrs. Boyd thought it would cost about \$875 for the TV, wall mount and USB drive.

Item 5 – Sound Panels for the Lobby Mrs. Edwards is getting quotes for sound panels for the lobby to reduce the noise level due to the tile and open space.

Mr. Taylor asked if she sound panels they were looking into were wall panels.

Mrs. Edwards said talked to two companies. One suggested wall panels and the other suggested installing sound ceiling panels for the lobby and wall panels in the customer service area.

Mrs. Edwards more research was needed to determine what type of panels would work best to reduce the noise and echo in the lobby.

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

Mrs. Boyd said one company also suggested installing carpet in the lobby and we do not want to do that.

Mr. Hutchinson asked about acoustical panels.

Basically, that is what we are looking into, said Mrs. Edwards.

Item 8 – Check Scanning and Remote Deposit. Mrs. Boyd said this was a significant item for the Customer Service Department. The check scanning software can be integrated with our current billing system. Mrs. Boyd said this system would allow her to post checks to customer's account and deposit checks at the same time, making it a very efficient system. The system can be easily intergraded to the banks system.

Mr. Cornett asked how much time she thought the check scanning system would save.

Mrs. Boyd said two employees spent about 8 hours a day processing mail. The time it takes to count and key in deposits, endorse checks and post payments to customer accounts would be significantly reduced if not eliminated.

Mrs. Boyd said the system would also prevent keying and transposition errors.

Does this software also spot bad checks, asked Mr. Cornett?

We do not accept checks from customers with two bad checks in our system and this new system will recognize checks from those customers. The check scanning system also verifies the amount written on the check to the amount in the boxed area; it verifies the payment on the customer's coupon number with the payment on the check; it offers triple verification, stated Mrs. Boyd.

**Maintenance Budget**

Item 4 – Tough Books with GPS.

We are still waiting on maintenance to decide whether they will purchase this

item during the 2015-2016 Budget year or the next. They are still looking at demonstrations for this item.

Item 7 – Tag-along trailer.

Mrs. Boyd said Mrs. Ball and Mr. Cheek are researching better alternatives to the current radio system. That item continues to roll over until we find a better solution.

Maintenance has some items budgeted for pump station improvements and also two service trucks.

Mr. McCall asked Mr. Cornett if he heard any information that VDOT was going to stop boring under roads.

Mr. Cornett said Tennessee has stopped the use of pumpers and now requires boring under roads. Mr. Cornett thought it was only a matter of time until it was the case in Virginia as well.

**Water Treatment Plant Budget**

They have computers and printers budgeted. They also have a feed pump and filter pump which are spare pumps for the treatment plant. The filter plant is reviewing some additional items to be included in the 2015-2016 Budget.

**Distribution Budget**

The Distribution Department included employee training in their Budget. They also have renewal on Auto Cad subscription. They also included are pressure reducing PRV strainers.

Mark Osborne said there were currently 43 valves in the system and most do not have strainers. Mr. Osborne said they have taken several valves apart and found items ranging from 2X4's, rocks and even a pair of binoculars keeping the valves from closing. The debris causes issues such as preventing line pressures from increasing or decreasing and causing damage to the valve.

**Meter Budget**

This department has a computer and printer as well as employee training in

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

their budget. The Meter Department is also looking into a large meter replacement campaign this year and next.

Mr. Cheek said the Meter Department may purchase a Mobile Data System for the meter readers soon. Currently, the computers are in the passenger seat of the truck and we need to find a solution so the meter readers can keep their eyes on the road.

Mr. Hutchinson asked if Mr. Cheek had any solutions.

Mr. Cheek said the software did not work well on the system he was considering. That system did not transfer data to our current software system well.

Mr. McCall asked Mrs. Edwards what she had for locking the meters.

Mrs. Edwards said that was more Mr. Cheek's department.

Mr. Cheek said we have a few options. One option is to install a cover and seal on the meter. Another option is a cover that clamps on the top of the meter with a tie wrap through the lock. Mr. Cheek said there were issues with the option and he continues to look for better alternatives.

Mr. McCall said the only alternative he knows of, was to pull a meter.

Mrs. Boyd said he spoke to Mr. Perrigan about pulling meters and the problem with no meter is we have no way of monitoring water flow. A customer can straight pipe the water and without the meter, we have no way of knowing there is water flow.

Mr. McCall said "It will be a court problem before it is over."

In one dispute case, a lady said we should have locked the meter so she could not tamper with it, said Mr. McCall.

Mr. Hutchinson said depending on the circumstances and if a person has the

funds to go the court system. Mr. Hutchinson said he was inclined to believe that most people that go to those extremes to turn on the water probably do not have the funds to peruse it in court. The last case, the bill was around \$600.00 so it would not be worth the cost for an individual to pursue it legally. Mr. Hutchinson said he could see instances where having locks on the meters would be beneficial and thought it was worth looking into.

Mr. McCall said meters would be replaced one day and new meters should be lockable.

**Wastewater Maintenance Department**

Mrs. Boyd said this is a new department that has been created for the service of the wastewater line in Damascus and Exit 13. The sewer jet vac truck was moved from Maintenance to this department.

**Hall Creek Wastewater Budget**

The engineers are developing local limits at Hall Creek for Damascus and Hall Creek facilities, stated Mrs. Boyd.

Hall creek will be purchasing computers and lap tops. New items for the year are, Oxidation Ditch Aeration Drive, replace Small Digester Blower, VFD Drive with Control Panel for Glade Pump Station 2, 4 X 4 Lawn Mower, Bacterial Stain Kit for sample analysis and Inflow Wet Well Level Transducer for Hall Creek.

The Incubator for the Lab was replaced at no cost.

Mr. Osborne asked how we replaced the incubator at no cost.

Mr. Cheek said it was a surplus item from the state.

Mr. McCall asked how much we were mowing at Hall Creek to need an \$11,000 mower.

Mr. Cheek said the area to be mowed was not level. We did not purchase the mower for Damascus this year so we

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

saved that expense. We plan to move the 2 wheel drive mower from Hall Creek to Damascus and buy a 4 wheel drive lawn mower for Hall Creek.

Mr. McCall said his yard was not level and he did not need a 4X4 mower. Mr. McCall said it was a lot of mower to sit there a while.

Mr. Cornett said the area that needed to be mowed at Hall Creek was a little longer than a football field. The Lane Group took an aerial photo using their drone and superimposed a football field on the image. About 90% of the property is on a steep bank.

Mr. Cheek said he argued the need of a 4 wheel drive mower with Mr. Dotson. Mr. Cheek changed his mind when he went to the plant and looked at the terrain and the amount of mowing that had to be done, he agreed they needed a 4 wheel drive mower for safety reasons. Mr. Hutchinson asked what kind of mower they were looking at.

Mr. Cheek said it the new mower would be offered to bid.

Mr. Osborne asked how much the mowing service charged to mow Hall Creek.

Mrs. Boyd said the mowing service only did the office.

Mr. Miller suggested getting a quote to mow the Hall Creek facility.

Mr. Cheek said he would get a quote.

Mr. Miller thought an \$11,000 mower will last. It will not take long to eat that up if you hire a service, but would like Mr. Cheek to look into a service he stated.

#### **Damascus Wastewater Plant**

Mrs. Boyd said the 2 wheel drive mower would be removed from their budget if the Hall Creek mower is approved.

Mr. McCall asked the small tractor at Damascus.

Mr. Cheek said the small tractor in the budget for Damascus would cost a little more than expected. The new tractor will be used for sludge on the aeration beds. The current small tractor at the Damascus facility is not in good working order and has transmission issues. The plan is to overhaul the current tractor for occasional use at the Maintenance Department and for a back up if needed. The tractor in Damascus is used daily; it has to be used every day, Mr. Cheek stated. Mr. Cheek said the weight limitation was about 3,800 pounds.

Mr. Cornett then reviewed, Water Capital Improvements Projects:

#### **Water Projects approved with current Rate Plan:**

- 12 MGD Water Plant Expansion, South Fork Intake & New Water Line Project – This Project is wrapping up and will be dropping off the CIP

The following Projects will remain on the CIP:

- East Washington County Water Study – will remain on the Budget
- Haskell Station Water Line Extension Project - will remain on the Budget
- Hidden Valley Water System Extension Project Phase 1 - will remain on the Budget
- Hidden Valley Water System Extension Project Phase 2 will remain on the Budget -

The following Projects are complete or being wrapped up and will be removed from the CIP:

- Mendota Community Water System Improvements
- Nordyke Road Water Line Extension Project
- North Fork River Road at Tumbling South Creek Road Water Project

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

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

**Project Under Design:**

- Route 58 Corridor Water Supply Improvements Project

**Completed Projects:**

- Smyth Chapel Road Water System Improvements Study
- Sutherland Community Water System Improvements Study
- Tumbling Creek Road South Water Line Extension Project

**Projects to be Funded by 2015-2019**

**Rates Plan:**

- Abingdon Water Storage Tank Study – Wrapping up
- Galvanized Water Line Replacement Project Phase 2
- Galvanized Water Line Replacement Project Phase 3
- Childress Hollow Road Project
- Mill Creek Water Treatment Plant Upgrade Project
- Route 58 Road Widening Betterment – can be removed from CIP
- Town of Chilhowie Interconnect – 50% grant funded; funds have been released
- Ritchie Road Waterline Extension – 100% grant funded
- MFWTP Withdrawal Permit.

**Projects Unfunded by 2015-2019**

**Rates and Proposed Potential New Water Projects:**

- Abingdon Water Storage Tank Improvements Project – Not yet funded
- Chip Ridge Road – New Project, have enough customer participation but not yet funded
- Demolition of the old Route 58 Storage Tank
- Lee Highway/Clear Creek Water Line Upgrade Project

- Mendota Road Phase 2 – New Project

- Mendota Road – New Project
- Mid-Mountain (Zone 108) Water System Improvements Project Phase 1 – Funded 50% from the Tobacco Commission, 50% from
- Mid-Mountain (Zone 108) Water System Improvements Project Phase 2 – Future Project for a new 1.5 Million Gallon Storage Tank
- Monte Vista Drive/Crescent Road Water Distribution System Improvements Project – Future Project
- Pine Hill Road
- Smyth Chapel Road Water System Improvements Project
- Washington county Industrial Infrastructure Evaluation

**Wastewater Capital Improvements  
Projects:**

**Wastewater Projects approved with current Rate Plan:**

- Damascus WWTP Study and Update – Project compete and to be removed from CIP
- Emory/Meadowview/Glade Spring Wastewater Capacity Study - Project compete and to be removed from CIP
- Exit 13 Wastewater Collection System Project Phase 2A
- Exit 13 Wastewater Collection System Project Phase 3
- Oak Park Wastewater Expansion - Project compete and to be removed from CIP

**Projects to be Funded by the 2015-2019 Rates Plan:**

**Replacement Projects:**

- Damascus WWTP Operational Improvements Project
- Emergency Wastewater Projects

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

- Hall Creek WWTP Operational Rehabilitation

This project is broken into 4 individual projects so they will be easier to follow.

- New Design Blowers and New Screen and Compaction Equipment
- Hazardous Liquid Containment Area and Replace Grit Removal
- RAS Pump Modifications
- New Post Aeration Blowers with Enclosures

The first project, Mr. Cornett explained, will be to replace the blowers and screens were nearing their end of life as they are on their 15<sup>th</sup> year of operation. These Projects are being paid for from Cash and that is another reason they are being staggered.

- Exit 13 Wastewater Phase 2A and 3 Study Update and Environmental Assessment
- Exit 13 Wastewater Phase 2 and 3 User Agreement Professional Services
- Larwood Acres/Exit 1 Wastewater Feasibility Study – Study remains on CIP but may be removed
- Western Washington County Wastewater Discharge Permit and Property Acquisition

Extension Projects:

- Loves (Exit 24) Betterment Extension Project

**Projects to be Unfunded by the 2015-2019 Rates Plan and Proposed New Potential Wastewater Projects:**

Replacement Projects:

- Damascus Wastewater Collection System Improvements

This project is broken down into 3 individual extension projects:

- Deerfield Holston High School Area Extension Project
- Hollyfield Community Extension Project

- McCann/Vails Mill Road Area Extension

Extension Projects:

- Exit 13 Wastewater Collection System Project Phase 2B
- Exit 13 Wastewater Collection System Project Phase 2C
- Exit 13 Wastewater Collection System Project Phase 2D
- Exit 13 Wastewater Collection System Project Phase 2E
- Exit 22 Wastewater Extension Project
- Exit 24 Wastewater Extension Project
- Exit 26 Wastewater Extension Project
- Exit 29 Wastewater Extension Project

Completing the above four projects will extend sewer service on the entire Lee Highway corridor between Abingdon and Glade Spring.

- Hall Creek Extension to .96 MGD
- This project will support the sewer extensions that provide service to the Lee Highway corridor. At some point, said Mr. Cornett, we should strategically evaluate which extension project to start with. He thought it would be harder to begin with the Exit 22 extension because is it farthest away, but it is the area thought to have most interest. Mr. Cornett said another thing to consider is if we come to a long term agreement made with the Town of Abingdon, the sewer flow could be treated at their facility. This would allow for significant cost savings not having to upgrade the Hall Creek Plant, he stated.

- Exit 1/ Gate City Highway Extension Project
- Larwood Acres Extension Project
- Miller Hill/Dishner Valley Extension Project – This would provide service to the Pinnacle development.

**Washington County Service Authority Board of Commissioners  
February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

Mr. Cornett said a key component for the three projects listed above is what we are doing for wastewater capacity for Western Washington County.

- Lowery Hills Sewer

Lowery Hill residents have asked for service for a long time and Mr. Cornett would love to provide sewer service to this area.

Improvements Projects:

- Greenbriar Sewer System Rehabilitation

This was inherited from Mr. Newcaster in 2002. WCSA may be able to address some of the issues with this system, other issues will need to be addressed by experts. This project is unfunded.

Mr. Cornett then discussed the WCSA option to provide sewer service to Western Washington County.

- Western Washington County Water Reclamation Facility

If we go that route we inherit the Industrial Park wastewater treatment system. Improvements to this system will cost about \$1.2 million. It would elevate 250,000 gallons of flow that is currently flowing into the BVU system. Mr. Cornett said WCSA now has 572,000 gallons of sewer capacity with BVU.

- Sugar Hollow Pump Station and Force Main (Pumps to Greenbriar)

This pump station would intercept flow at Sugar Hollow through a force main back to Greenbriar. This flow would also be taken off the BVU system.

- Greenbriar Pump Station and Force Main Upgrade

The Greenbriar pump Station will need to be upgraded to handle the flow from Sugar Hollow to the Washington County Industrial Park System.

- King Mill Pike Pump Station and Force Main (Pumps to Greenbriar)

This option pumps from the Virginian to the Greenbriar Pump Station.

These options allow us to reduce sewer flow to BVU which can be used in other areas such as Exit 1.

An alternative to a wastewater treatment plant is the possibility of having a long term contract with the Town of Abingdon. If we build the Sugar Hollow and Greenbriar Pump Station, we can pump through a force main along the Lee Highway corridor from the Target shopping center to Oak Park at a cost of \$5.6 million.

- Lee Highway: Sugar Hollow to Oak Park Conveyance System

- Bristol Washington County Conveyance System

The two above listed options are the two options we are looking into, stated Mr. Cornett.

If we build a new wastewater treatment plant we have reserve capacity for new industry at Oak Park. One option with the Town of Abingdon option is we have the whole Lee Highway corridor from Virginia Highlands Airport to Target providing about 180 new connections.

Mr. Hutchinson asked if anything came from the meeting with BVU that would affect the wastewater treatment plant.

Mr. Cornett said he could broadly categorize it as a continuation of the talks that already occurred. BVU is working on a plan to create capacity they could sell or make available to us. They are far enough along to give us the proposal. Mr. Cornett said BVU still has an interest in providing an alternative to the Western Washington County Treatment Plant but are not far enough along in their decision making process to make a proposal.

Mr. Cornett did convey our interest in proceeding with the Special Exceptions

**Washington County Service Authority Board of Commissioners**  
**February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

Permit. For us to be good stewards of our customer's money, we should continue with all three avenues until we can rule some out and that allows BVU some time.

Mr. Cornett said he was sure some feel the permit should not be issued until BVU makes their options available. Continuing with the permit keeps folks earnest, focused in a timely fashion keeps the pencil sharp on costs, added Mr. Cornett said he and Mr. Taylor met with Mr. McCall of the Board of Supervisors and Jason Berry. We shared with them our desire to walk step in step with the Board of Supervisors. If the Board of Supervisors believes they should not move forward with the permit, we ask it not be added to the agenda. They did add it on the agenda. Mr. McCall of the Board of Supervisors said it was time to move forward.

Mr. Hutchinson asked if the Special Exemptions Permit would be discussed at the next Board of Supervisors meeting or if it would be tabled again.

Mr. Cornett hopes the Washington County Service Authority Board members will have an opportunity to talk with their Board of Supervisors member. Mr. Cornett said all indications are the permit will be discussed at the next Board of Supervisors meeting

Mr. Hutchinson asked if any Board of Supervisors members have toured the Hall Creek facility.

No sir, answered Mr. Cornett.

Mr. McCall said he felt the Board of Supervisors was starting to realize the only bargaining chip we have is the permit.

Mr. Cornett agreed with Mr. McCall.

It is the permit that is drawing all the attention to the City and BVU and if the permit goes away the attention is gone.

Mr. Hutchinson said he felt let there was a shift in WCSA's favor because of that.

Mr. Cornett then turned the meeting back over to Mrs. Boyd.

Mrs. Boyd then discussed:

**FYE 2015 Operating and Capital Projections**

The total projected income for water is projected to be \$12.9 million and wastewater it is \$2.7 million for a combined income of \$15.6 million.

Net income before Debt Service is \$2.7 million for water and \$1 million for sewer for a total combined total of \$3.8 million

Income available after Debt Service for water is \$2.2 million and \$1.1 million for sewer for a total combined total of \$3.3 million.

In looking at Capital Projects, the total projected increase in reserves is \$870,000 and the increase in sewer is \$764,000 for a total increase of \$1.6 million.

**FYE 2016 Operating and Capital Projections**

Mrs. Boyd said this information is based on the upcoming year that has been prepared for the Budget.

Total Operation Income for water is \$13.3 million and \$2.2 million for sewer, totaling \$15.6 million.

Income after Debt Services is \$1.2 million for water and \$273,000 for sewer, totaling \$1.5 million.

There is a need of \$1.2 million in cash for wastewater Capital Improvements Projects, of which \$600,000 is for the Hall Creek Improvements that may be Debt funded. Of the \$379,000 for Capital Equipment, \$325,000 is for a jet vac truck.

We are projecting an increase in Reserves of \$362,500 for water. On the sewer side, we are projecting a decrease



**Washington County Service Authority Board of Commissioners**  
**February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

of \$1.3 million in Reserves if the items discussed above for Capital Projects and Capital Equipment are cash funded. The total impact in Reserves is \$1 million.

Mr. McCall discussed the intent of using the vac truck for both water and sewer and asked if the Capital cost should be shared between water and sewer.

Mr. Cornett said that was a good suggestion and would look into that and thought it would be fair to share the expense between water and sewer.

He continued saying the big picture with the finances this year and next is water and wastewater revenue is a little lower YTD than projected. With the cold weather in February, that revenue will be coming in this month and with the spring growing season, Mr. Cornett thinks water and wastewater revenues will increase. Expenses are below projections. Considering all this, we are still hitting our 5 year plan projection marks and does not see a need to change rates this upcoming year, said Mr. Cornett.

Mr. Cornett discussed the following presentation on Reserves as follows:

**Restricted Reserves**

- Required by Bond Covenants
- Rural Development:
  - 10%/Month Until One Annual Debt Service Payment is Established.
  - Used for Emergency Maintenance, Repairs and Debt Service Payment Should the Need Arise.
  - Audited Annually.

**General Operating Reserves**

- 120 Days of Operating Expense
- Uses
  - Unplanned Expense
  - Plant Goes Down
  - Line Fails

- Pump Station Breakdown
- Litigation

General Operating Reserve (minimum target of 120 days O&M expenses) – Fund of unrestricted reserves to accommodate the short-term cycles of revenues and expenses.

**Repair and Replacement Reserves**

- Recover Non-recurring Expenses for Aging Infrastructure
- Initial Target Equal to Depreciation
- Could be Revised Over Time to Align with Asset Management Goals
- Summarized: Capital Projects Related to Improvements

Capital Repair and Replacement Reserve (initial target equal to annual depreciation) – Fund to recover non-recurring expenses for the replacement of aging infrastructure. The target for this fund could be revised over time to be consistent with asset management goals.

**Rate Stabilization Reserves**

- 10% of Annual Revenue
- Uses:
  - Mitigate Large One-time Increases
- Causes:
  - Reduction in Revenue
  - Increased Expense
    - Fuel
    - Chemicals

**Water Reserves**

- Reserves from FY 15 to FY 16 stay about the same.
- We are about \$1 million ahead of projections in FY 15 and FY 16.

In 5 yrs have to have \$5.5 million in restricted reserves to meet bond covenants

We are tracking \$913,354 and will make that target. The upcoming year shows little chance from this year to next.

**Washington County Service Authority Board of Commissioners**  
**February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

**Wastewater Reserves**

- Reserves from FY 2015 to FY 2016 decrease by about \$1.4 million. Why? Timing of capital.
  - \$616,395 for Hall Creek WWTP Improvements
  - \$325,000 for Jet Vacuum Truck
  - \$100,000 for LOVES Betterment
  - \$340,000 for Damascus WWTP Improvements
  - \$1,381,395 Total

- As you can see, we are projected to be about \$100,000 below our five year plan by the end of FY 2016.

The 5 year projection is \$1.5 million; we are already there.

We have some cash funded capital that has not hit but will in 2016 so the reserves reduced significantly.

Jet vac truck betterment: when you take \$1.4 million out of this we end up with \$1.074 and project \$1.1 million.

That puts us just slightly under where we expect to be in year 2 of the 5 year plan.

We would like to do better than projected.

Financing for Hall Creek or the Damascus system improvements is expected to increase reserves, explained Mr. Cornett.

Mr. Cornett then reviewed his presentation on, **Compensation and Benefits**, as follows:

**Background:**

- Goal: Attract and Retain Quality Workforce
- Cost of Living Adjustment (COLA)
  - Benchmark: Consumer Price Index
- Performance
  - Amount Equal to 1% of Total Compensation
  - Applied Based on Annual Appraisals Performed by Supervisor

- Proposed FYE 2016 COLAs
    - 1.23% Federal
    - 1.50% County
    - 2.00% State
    - County
  - 3% 2013 (0% 2009 – 2012 & 2014)
- Mr. Cornett said it was hard to compare WCSA to any other entity because we do not know what types of changes they had in other benefits (health insurance coverage or premiums or both).

Two years ago, WCSA employees began picking up 5% per year of dependent health premiums to a total of 20%. We will be at 15% in FYE 2016. During this same time, our deductible has increased and coverage has decreased. Again, it is too tough to compare us to other organizations, stated Mr. Cornett.

**FYE 2015-2016**

**Total Compensation:**

- 78 fulltime positions
- 7 open positions currently
- 7 part-time positions
- Proposing 0.50% COLA (\$20,000) and 1.0% (\$40,000) Performance increase. We think the inflation numbers will come “up” and the aggregate of our COLA increases since 2009 have been below total and average.
- FYE 2015: Projected through year end is \$594,337 less than budget due to open positions and overtime (\$70,433) reductions.
- FYE 2016 budget is \$30,260 less than what we projected in the five year plan adopted by the Board a year ago.

**Insurance:**

- Plan Year October 1 to September 30
- Renewal Expected July/August 2015
- Budgeting 8% Increase

**Washington County Service Authority Board of Commissioners**  
**February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

- Employees Portion Moves From 10% to 15% for Dependent Coverage

Mr. Cornett said we have committed to Procure for Insurance Agent Services. Mr. Cornett said we also needed to look at the type of coverage we have for example, a self funded plan. There was legislation in the General Assembly this year that passed by the Senate but did not pass the House was to make the State of Virginia's insurance plan available to local Authorities. Mr. Cornett hopes that will option come available to WCSA.

Mrs. Boyd then referred to the Compensation and Benefits pages of the Budget saying Mr. Cornett discussed the specifics in his Compensation and Benefits presentation.

In closing, Mr. Cornett offered to hold as many workshops as the Board would like, either as a separate meeting or in the regular meetings.

Mr. Taylor said the team did a good job with the Budget. There are still a couple of holes but said they did not amount to anything. Mr. Taylor asked that copies of the information presented to the Board tonight be mailed to Mr. Nelson and Mr. White.

Mr. Miller said on the unfunded water department could include the whole county.

Mr. Cornett said unfunded projects included replacement or improvement projects as well as line extensions. In the western part of the county, we have about 1,000 existing residents that do not have access to public water and a \$30 million project.

The Eastern Washington County Study, funded at \$20,000, is to look at the eastern end of the county and identify who is without access public to water

and how best to serve them. This study area includes North Fork River Road, Konnarock and Green Cove. Mr. Cornett expects to find that about 1,000 residents in those areas do not have access to public water in that study area.

Mr. Cornett expects the cost to provide service to the east of the county will be at least as much as the cost to provide water to the western end, because there is no water source at Konnarock or Green Cove.

Mr. Lawson asked if the biggest takeaway from the meeting is the decrease in reserves; which was planned of course, he stated; as the rest of the material looks like standard projections.

Mr. Cornett said the drop in reserves was planned and that is the big takeaway. We historically find with cold weather and the upcoming spring weather, revenues will increase. Expenses are below projections. The hit to reserves that were forecasted is coming soon but will be no more than expected, stated Mr. Cornett. Mr. Lawson recalls Mr. Nelson, at one time, being concerned about the ratio which appears to be recovering. The ratio will especially be better when you exclude Debt Services, stated Mr. Lawson.


Mrs. Boyd said, yes, when Debt Services interest is excluded. Mrs. Boyd said Debt Services was to be calculated without interest.

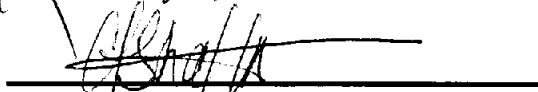
When the audited financials from FYE 2014 were presented in October, it showed we made our coverage ratios, stated Mr. Cornett. We knew it was going to be close. We made our coverage ratio last year and it looks like we will this year. Mr. Cornett continued saying, we know in our 5 year plan that last year and this year would be tough but the coverage ratio will build back up nicely.

**Washington County Service Authority Board of Commissioners**  
**February 23, 2015 Recessed Meeting Minutes (held March 19, 2015)**

**5. Adjourn**

Mr. Stephon made a motion to adjourn the meeting at 8:14 pm. Mr. Hutchinson seconded and the Board approved voting 5-0-0-2.

  
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Mr. Ken Taylor, Chairman

  
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Carol Ann Shaffer, Assistant Secretary