

**Washington County Service Authority Board of Commissioners
March 26, 2014 Recessed Meeting Minutes (held April 10, 2014)**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:03 pm.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. Ken Taylor, Vice Chairman
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Mark Nelson

Commissioners Absent:

Mr. Frank Stephon, IV

WCSA Staff Present:

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

Also Present:

Mr. Mark Lawson, Legal Counsel
Mr. Doug Bean, Director of Government Services, Raftelis Financial Consultants, LLC.
Mr. Bart Kreps, Senior Manager, Raftelis Financial Consultants, LLC.

3. Approval of the Agenda

Mr. Cornett had no additions or corrections to the Agenda. Mr. Nelson motioned to approve the Agenda. Mr. Hutchinson seconded the motion and the Board approval voting 6-0-0-1.

**4. Rate and Financial Plan Workshop
– Doug Bean and Bart Kreps**

Mr. Bean started by thanking the Board for the opportunity to work with WCSA. Mr. Bean began by reviewing the Rate Setting Structure and the last steps in the process (Design Rate Structure and

Assess Effectiveness of Addressing Pricing Objectives) would be discussed tonight.

Mr. Bean commended the Board on their choice to allow the Citizens Advisory Task Force Committee (CATF). Mr. Bean said the committee represented a very diverse section of the community and exhibited their dedication to the process. Only one committee member missed one of the three meetings. Mr. Bean said Mr. Cornett did a great job explaining WCSA's system to the committee. After the committee considered and discussed many different options, they came together with a recommendation, which will be discussed later in the meeting said Mr. Bean.

He then turned the meeting over to Bart Kreps, who then discussed the options and recommendations made by the committee.

Mr. Kreps discussed WCSA's current Rate Structure. On the water side it is made up of a minimum charge per month per customer. Residential customers pay a volumetric rate based on gallons of water used per month. Non-residential customers pay a flat volumetric rate. Customers also system fees and tap fees pay.

Sewer customers pay a minimum charge a flat volumetric rate and a set system fee and tap fee.

Some of the pros for the water rate structure is the structure is already in place and understood. It provides for revenue stability and consistency with cost of service principals. One con of the water rate structure is it is more of a conservation focused rate structure and did not align with the recommendation of the CATF. This type of structure is generally more complex due to the class based rate structure. It has potential

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economic development issues due to the up-front costs. The final con Mr. Kreps mentioned was high fixed charges impact low-volume customers.

Mr. Kreps then discussed the pros and cons of the existing sewer rate structure. One pro is it provides revenue stability, is already in place and understood, and it offers consistency with cost of service principals. The cons for the sewer rate structure are basically the same as they were for the water rate structure previously discussed, he said.

Mr. Kreps then discussed options for water rate alternatives.

- Option 1 – Across the Board

This option increases the minimum charge and volume rates by the same percentage each year (5.025%).

- Option 1 – Bill Impacts

This option impacts customer bills with about a 2% annual increase.

- Option 2 – Reduce Upfront Charges

This option will lower upfront charges (a system fee by-in methodology) and move to assessment structure based on meter size. Option 2 requires a 5.75% user charge annual increase, said Mr. Kreps.

- Option 2 – Bill Impacts

- Option 3 – Increase the minimum charge.

This option will lower the upfront charges and increase the minimum charge at a lower rate (2.5% annually) than the volumetric rate (8.75% annually) while leaving the existing system and tap fees.

- Option 3 – Bill Impacts

Option 3 impacts higher volume customers more than lower usage customers.

- Option 4 – Eliminate Tiered Rates

This option would lower the upfront charges and eliminate tiered residential rates which impacts lower volume

customers more. This option was not popular with the CATF said Mr. Kreps.

Mr. Kreps then discussed the committee's recommendation; a hybrid of Option 3. The CATF's recommendation was to lower upfront water charges further based on policy and increase the minimum charge at a lower rate (a 2.5% annual increase) than the volumetric rate increase (9% annually). Basically, this will impact residential rates about \$2.00 per month.

They recommended reducing the System Fee from \$3,360 to \$708 for a ¾ inch meter and reducing the Tap Fee from \$1,100 to \$920.

The proposed rate from the CATF for a one inch meter is \$1,182; a 2 inch meter is \$3,774; a 4 inch meter is \$ 11,802 and the system fee for a 6 inch meter is \$23,576 as recommended by the CAFT.

Mr. Bean said there was a cost associated with the tap and you do not want to lose money for the tap but break even. The proposed charge is a break even for the tap. There is more latitude to change the system fee since it is set more in the policy. Mr. Kreps said they used the national buy in approach methodology to determine the recommended system fee.

Mr. Nelson asked if WCSA's cost for a tap was \$920.00. Mr. Bean confirmed WCSA's cost for a tap was \$920.00.

Mr. Nelson then asked about the system fee methodology saying you used the national methodology to determine the system fee.

Mr. Kreps said yes.

Mr. Nelson then asked if the majority of the system fees charged would be for the ¾ inch line.

Mr. Cornett said the ¾ inch would be about 90% plus of the system fees charged.

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Mr. Kreps said the system fee was set so existing customers would not bear the cost of adding new users. He said you can have a more aggressive approach to the system fees but should have a methodology to defend the system fee. A more conservative approach is the buy in approach. Mr. Kreps said they wanted to tie the fees into a methodology approach and from a policy standpoint, and Mr. Kreps recommended the authority would charge less than that amount. The CATF came up with a 40% decrease.

How did WCSA determine the \$3,360 system fee charge, Mr. Nelson asked.

Mr. Cornett said in the methodology chosen in the 2009 Rate Study was more aggressive, and focused on valuing the growth related assets differently than the buy in approach.

Mr. Kreps said the old approach was defensible and the new rate came from a different strategy. If the growth paying for growth was an important mentality, you see fees ranging from \$5,000 to \$7,000 in some areas. It depends on what the capital program is at the time since this is a forward looking calculation, he explained.

Mr. McCall said growth is caused by increasing family units and Mr. McCall encouraged those family units to stay in Washington County.

Mr. Chase said to Mr. Kreps, you suggested charging \$1,770.

Mr. Kreps said based on the buy in methodology that was our suggestion and charging a percentage of that amount.

Mr. Nelson asked what the CATF's thoughts were relating to the buy in methodology was.

We wanted to be sure that there was sound methodology behind any recommendation we presented, and that

is how we came up with the \$1,770 system fee calculation explained Mr. Kreps. The task force felt those combined upfront costs (the system fee and tap fee charge) were still too high. Some utilities calculate fees based on a methodology that is an industry standard approach, and charge a percentage of that calculated fee.

The CATF wanted to keep both the tap fee and system fee combined charge around \$1,600. Since the tap fee could not be reduced, we recommended charging about 40% of the \$1,770 system fee, thus the \$708 system fee and a combined fee total of \$1,628 (\$708 system fee plus \$920 tap fee).

Mr. Cornett said the CATF considered Southwestern Virginia connections fees in general to get a sense of where we compared. Some of the committee members felt it was fine to be more expensive than neighboring utilities but the committee wanted to target a fee that was closer to other Southwestern Virginia utilities, said Mr. Cornett.

Mr. Kreps said those comparisons were absolutely a part of the CATF's decision making process as thought it would help economic growth in our area.

Mr. Bean said they also recommended WCSA adopt the methodology as policy so there is not just a dollar amount for fees. We adopt this methodology as policy, so in the future the number can change but the methodology is the same. Since policy relates to the methodology policy, there is a defensible reason for rates, fees and charges.

Mr. Nelson said he liked the idea of adopting the methodology approach as policy.

Mr. McCall asked if the committee considered changing the combined fee to \$1,200 for 2015, \$1,300 for 2016;

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raising the fee yearly maxing out at \$1,600?

Mr. Kreps said the committee did not discuss phasing the fee in overtime.

Mr. Nelson said the 5 year plan can be revisited annually based on the methodology. Mr. Nelson said he was not willing to set the fees in place for the next 5 years but wanted the option to revisit the fees annually if the Board felt it was necessary.

Mr. Bean said looking at fees annually could be part of the methodology the Board adopted.

Mr. Chase asked what the reason for not having a commissioner serve on the CATF was.

Mr. Bean said Raftelis recommended not having commissioner representation on the CATF committee so there would be no undue influence from the Board. The intention of the committee was to provide an unbiased opinion from the citizens.

Mr. Chase thought it there was a great group on the committee.

The only fault Mr. Hutchinson said he had with the committee was not having representation from all the Districts. He felt the members were grouped up from only one area. He said there was no representation from his District (Wilson District). Also, there was no one representing young people. There was no opinion from young people graduating from college who may stay in the county and what was important to them, said Mr. Hutchinson.

Mr. Kreps said WCSA reached out to a number of b people and tried to get as good a cross section as possible. It would have been ideal to have a larger cross section and get everyone's ideas but felt there was representation from a large cross section with about 10 representatives on the CATF committee.

Mr. Hutchinson felt it was important to have a young person's perspective about rates. One of the biggest problems we have in this area is trying to keep our young educated population in the area. We do not have industry coming to Washington County and we do not have anything holding our people here, he stated. The Pinnacle and Falls projects will primarily provide low income jobs with low salaries and no benefits. Those individuals will then be dependent on social services which will come from tax payer dollars to help support those families. Young people are looking for jobs that will enable them to pay student loans and support their families. Mr. Hutchinson said he felt like young people should have been represented on the CATF committee.

Mr. Hutchinson continued saying, all in all, the objective the Board had met it's goal. The group of people, from the end of the county that was represented, were able to meet their goal, he stated.

Mr. McCall felt the committee was only for advisory purposes and it was up to the Board to vote on and adopt fees. Mr. McCall said the Board would consider the committees advice but "we have our advice too."

Mr. Nelson said he felt the committee gave their prospective and he did not want to take away from the fact those individuals spent their time to be involved in the process. Only one person missed one meeting and that is to be commended. Mr. Nelson thought those people should be thanked for their time. In Mr. Nelson's opinion, the CATF committee came up with a logical approach with a good basis of how the numbers were determined. Mr. Nelson said he liked their approach. He would have liked to see the fees be a little less. He said this would not drive revenue and

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pay to maintain the system. Mr. Nelson said as bad as he hated to increase monthly user fees, it has to be done because that is what drives the revenue the authority needs to keep moving forward. Mr. Nelson said a 64% decrease and the option to revisit the fees annually is key. We are taking a good swing at it now (reducing system fees) and have the opportunity to revisit it annually if need be.

Mr. Kreps said it is a different philosophy that has been forced upon us as a by-product of the economy. From a risk profile prospective, the new methodology has reduced the financial risk for WCSA because it pushes more of the recovery charge on the monthly user fee.

Mr. Hutchinson said he did not think reducing the system and tap fee would make a significant difference in the number of new users. He said his concern was those people that would be affected by increased monthly user fees in the long run. We (the Board) understand the increases and they make sense to us but to sell this to our constituents is entirely different. To tell someone that is struggling to make ends meet that their water bill is increasing and drive up the amount of bad debt written off monthly. Mr. Hutchinson was concerned that "what we gain on one hand we don't lose on the other." The most difficult task will be selling it to those that are struggling now.

Mr. Nelson said, I do not think it will be an easy task to face but if we don't face it now, it will only get worse. Mr. Nelson said with the methodology discussed, no one group is being punished with the increase. The monthly minimum rate will increase only \$.51 and incrementally the more water used over a 5 year period. "Like most things

in life, you use more, you pay more", stated Mr. Nelson.

Mr. Chase asked if the majority of water users are minimal users.

Mr. Kreps said everyone pays the minimum charge. The typical user is 5,000 to 7,000 gallon users.

Mr. Cornett said our typical residential customer uses around 5,000 gallons per month. Most of our smaller household customers, retired folks, will be in the 2,000 to 3,000 range. A family of 4 will be in the 5,000 gallon range.

Mr. Kreps said the monthly increase will be about \$2.00 for water usage of about 5,000 gallon per month. If you break that down to a per gallon cost, it is less than one penny per gallon, said Mr. Kreps. The key in communication this is to make it simple; a bottle of water may cost \$1.75 and WCSA water is about half a penny for 1,000 gallons.

Mr. Hutchinson said when presenting this to the public, the emphasis needs to be the cost per gallon of water.

Mr. McCall said if we make the fees \$1,200 and add \$100 per year for the next 5 years, we will get to that \$1,600 over time. Mr. McCall said that is what he would like to see and he did not think it would make much difference. Mr. McCall has noticed some activity in subdivisions and thought it would increase the customer base.

Mr. Nelson addressed Mr. McCall saying, from his prospective, he know some people that were working on projects and they felt good about the \$1,600 change. Mr. Nelson said those people were waiting to move forward with their prospective projects until WCSA made a decision on fees. Mr. Nelson does not think there will be any problem selling the \$1,628 (system and tap fees combined) to the public because of the input from the CATF committee.

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Mr. Nelson if we are able to reduce our cost structure, we can re-evaluate those fees next year.

Mr. Chase said the CATF committee and WCSA staff recommends the new fees.

Mr. Nelson made a motion to adopt the recommended water rates made by the Task Force as presented by Raftelis to:

Lower upfront water charges further based on policy and increase the minimum charge at a lower rate (2.5% annually) than the volumetric rates (9.0%). Reduce system fees to \$708 and tap fees to \$920; and revisit the rates on an annual basis.

Mr. Taylor said everyone he talked to about the changes were happy about the changes.

Mr. Miller seconded Mr. Nelson's motion.

Mr. Hutchinson said the important thing is being able to see this to customers who will have to pay the increased monthly user fee. Mr. Hutchinson though it could be sold if the Board approached it in the right manner and are upfront with customers. Mr. Hutchinson suggested having the public hearing in a large place that can accommodate a large group attending.

Mr. Chase said there was a motion on the floor that was seconded by Mr. Miller and asked if there was any further discussion.

Mr. McCall asked about changing the monthly financing.

Mr. Cornett said we offer interest free financing without a lien for 12 months, more than 12 month, we offer financing with a lien and monthly payments are adjusted to \$50 per month. Mr. Cornett said there were very few people that financed past the 12 months.

After a brief discussion, Mr. Chase asked those in favor of the motion to raise their right hand.

The Board voted unanimously 6-0-0-1 approving the motion.

Mr. McCall said he made motions during previous Board Meetings to reduce the connection fee to \$1,200 and was told it could not be done because of having a public hearing. He asked what the difference was in voting on the reduced connection fees at tonight's meeting.

Mr. Hutchinson said the fees the Board voted on tonight were preliminary rates and would not go into effect until the Public Hearing was held.

Mr. Cornett said it was important to remember, after the Public Hearing; the Board had to option review and adjust what the rate schedule that was voted on tonight.

Mr. Nelson said his understanding as to why the rates could not be reduced at the time Mr. McCall made his motion was they could not be reduced unless they held a Public Hearing.

Mr. McCall said his motions were made based on a Public Hearing.

Mr. Nelson said he recalled the motions were made and they want to make the changes right then and there and Mr. Lawson said fees could not be changed until there was a Public Hearing.

Mr. Cornett said legally you must have a rational basis to change fees. Raftelis' Rate Study gave us the rational basis that is legally required in order to change the fee structure. If we changed fees in August for example, we would have changed fee without having the numbers to support how we came up with the fees.

Mr. Kreps then went on to discuss sewer rates.

Option 1 – Raise fees across the board to all classes. This option will increase the minimum charge and the volumetric rates by the same percentage each year

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by 3%. Option 2 – Reducing the system fee. This option will reduce the upfront charge (system fee by-in methodology) and move to assessment structure based no meter size. Option 2 will increase the user charge 3.25% annually while reducing the system fee to \$2,485 and the tap fee to \$750.

Option 3 will reduce the upfront charges and increase the minimum charge at a lower rate (1.0%) than the volumetric rated (4.25%).

Mr. Kreps said the task force recommended an Option 3 hybrid increasing the minimum charge at a lower rate (1.0%) then the volumetric rates (4.25%) and maintain the current system and tap fee.

Mr. Hutchinson said to compare an apple to an apple, it costs more to drill a well then install a septic system. It does not make sense to me that they would consider look at a septic system but now look at the cost to drill a well. Mr. Hutchinson discussed his personal standpoint saying in his neighborhood there are several residents that have septic systems that do not perk and they in desperate need of sewer. A few years ago WCSA tried to solicit that are for potential sewer users and it failed because of the cost of connection and tap fees. There is water available in the subdivision. All the residents will eventually have to have sewer and the recommendation (Option 3) will not help those in my subdivision that need sewer, said Mr. Hutchinson.

There are a lot of residents in this county that need sewer and the lack of sewer is what is hurting the eco system. The number septic tanks located in the county is hurting the eco system, he stated.

Mr. Hutchinson said he was a little disappointed to say the least. He

wondered how it was presented to the CATF committee saying they obviously did not compare an apple to an apple.

Mr. Nelson said he had no complaints about the sewer rates and asked Mr. Hutchinson what he thought may be reasonable fee for sewer. Mr. Nelson said the recommendation was to drop the tap fee by \$150.00. Mr. Nelson said Washington County does not have infrastructure for sewer like they have for water. Mr. Nelson said if he would have been on the task force, he would have thought the sewer infrastructure is not sufficient to support sewer growth and it would cost more to establish the infrastructure. Mr. Nelson said if you feel that system fee should be reduced, I am certainly willing to listen to your recommendation.

Mr. Hutchinson said he did not have a figure I am mind but wanted the Board to know how his constituents felt. Mr. Hutchinson said he was an advocate of the Oak Park Sewer Project and sold that project to individuals in his community and District saying this was something that had to be done to make sewer available in his District. There have been 3 Studies saying a WWTP is needed in that part of the county. Mr. Hutchinson said he explained to his constituents once sewer was available in that part of the county, fees should come down making it more affordable to connect to sewer. Lowering the connection fees is virtually important for this entire county not only for those in my neighborhood. Whether you are affected by the sewer rates directly or indirectly, it will affect you at some point in some way. Beaver Creek displays a sign that say you can't eat the fish because of ecoli; because septic systems feed into Beaver Creek.

Mr. Hutchinson said it would be hard to explain to his constituents why the Oak

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Park Project did not help to reduce connection fees. Mr. Hutchinson said he did not know what the fee should be but felt it should be reasonable and something residents could afford. Mr. Hutchinson also said the fee could not be below WCSA's cost because it was a revenue building cost.

Mr. Nelson said the system fee was really a value cost. His issue was there was a lack of the infrastructure to support a great deal of new sewer customers. He thought the focus should be building the infrastructure to support new customers.

Mr. Nelson said Mr. Hutchinson's response is valid, he just doesn't know how to get there.

Mr. Miller said the task force recommended lowering the fee by \$150 and asked if Option 3 was feasible.

Mr. Kreps said the fees can be changed, but they needed to be able to defend the new rate structure and recommended it be tied to methodology.

As Mr. Miller said, Option 3 reduces the system fee to \$2,485 and the tap fee to \$750 and said he would be in favor of Option 3.

Mr. Miller said there was not a big impact in the monthly user fee between the CATF committee's recommendation and Option 3.

Mr. Nelson asked Mr. Devere if Option 3 would help?

Mr. Hutchinson said he was not there for himself but for his neighbors and everyone he saw every day and for those that really needed sewer.

Mr. Chase asked if the residents had the interest free option when they were solicited for sewer.

Mr. Hutchinson said he thought the interest free option was available.

Mr. Miller asked what the connection fee was at the time sewer was offered to Mr. Hutchinson's neighborhood.

Mr. Cornett thought it around 2000 and the connection fee was around \$1,600 to \$1,900 at that time.

Mr. Nelson made a motion to preliminary adopt Option 3; which recommends system fees be reduced from \$2,900 to \$2,485 and the tap fees be reduced from \$900 to \$750; and the Board may review these fees annually using the same methodology.

Mr. McCall seconded.

Mr. Miller asked how the preliminary fees would affect Damascus.

Mr. Cornett said Damascus' sewer rates would still be increased incrementally. Connection fee rates track with the Option 3 and the monthly user fee rates equalize in 5 years.

The Board unanimously approved voting 6-0-0-1.

Mr. Kreps then discussed reserves. Current reserve balances are adequate, but not excessive. The forecast rebuilds reserves consistent with current levels of operating costs for 250 to 300 days.

Mr. Kreps recommended establishing specific reserve policies. The first policy would establish minimal operating reserves sufficient for 120 days operation and maintenance expenses. Another policy that establishes repair, replacement and renewals depreciation, and lastly, a rate stabilization policy equal to 10% of annual rate revenue.

Mr. Nelson said, now, we have 120 days in operating reserves and close to the recommended rate stabilization reserves.

Mr. Kreps said WCSA had that level of reserves now but it was projected to dip.

Mr. Nelson said we know with the debt, we are going to have the dip but should come out of the decline in 2015 and 2016 at least. He continued saying our reserves could be higher than anticipated in 2014. In three years, we should be

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able to get to this, correct? Mr. Kreps said in three to four years, yes.

Mr. Nelson said he would like the recommendation of adopting reserve policies. Adopting a reserve policy will allow us to make better decisions about projects that do not cash flow. If we do not have the money, we do not have the money based on the reserves, Mr. Nelson said, and we know if we need to look for other monies like grant monies for a project.

Mr. Cornett said a reserve policy will also help the staff when discussing a project that does not cash flow initially, if we have reserve targets set, we know what the reserve position is.

Mr. Nelson asked if there needed to be a motion establishing a policy for reserves. Mr. Cornett said he would like to see a motion establishing it as a policy.

Mr. Nelson motioned to approve Raftelis' reserve policy recommendation. As part of the motion, Mr. Nelson asked that reserves be calculated in a reasonable time frame so the Board would know the current reserve position and it be calculated quarterly. If there are any projects with a negative cash flow, the Board will know how they can affect reserves.

Mr. Cornett said the model was set up for annual evaluation.

Mr. Nelson said he would like to the policy be more transparent from a reserve standpoint and so the Board will know if there are excess monies available when considering approval of a negative cash flow project.

There was a brief discussion between Mr. Nelson and Mr. Kreps.

Mr. Nelson made a motion to approve the reserve policy as recommended by Raftelis. Mr. Taylor seconded and the Board approved with a 6-0-0-1 vote.

Mr. Kreps then discussed the Debt Service Coverage. Bond covenants require at least 1.15% and Mr. Kreps recommended a minimum target of 1.25% to 1.5%.

Debt Service Coverage is based on current debt financing strategies, said Mr. Kreps. It provides revenue financed capital or pay-go, for ongoing system investment and asset repair and replacement.

The next item Mr. Kreps discussed miscellaneous fees and other issues that Raftelis reviewed as part of the Rate Study.

Mr. Kreps recommended discontinuing the water and wastewater line inspection fees and plat review fees. The reasons for his recommendation were costs pools are difficult to identify. Labor costs associated with line inspection fee and plat review fees are difficult are inconsistent. Revenue for both these fees is very low. The line inspection fee and plat review fees does not meet typical criteria for establishing ancillary charges.

Mr. Kreps then discussed financing for connection fees and suggested the Board consider extending interest free financing to 24 months instead of the current 12 month interest free financing offered to customers.

Mr. Nelson made a motion to discontinue the line inspection fees and the plat review fees but keep the 12 month interest free financing as it is currently offered. Mr. Hutchinson seconded and the Board approved voting 6-0-0-1.

Mr. Chase thanked Raftelis for their hard work and thanked them for their efforts in working with the Citizens Task Force Committee.

Mr. Cornett said it was great to work with Mr. Bean and Mr. Kreps and

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thanked them for teaching WCSA more about rates fees and charges. Mr. Cornett said he certainly appreciated their labors. Mr. Cornett said he also appreciated the Citizens Advisory Task Force members and their efforts. Mr. Cornett asked the Board if they may have interest in recognizing the CATF members in some way for their service and efforts.

Mr. Nelson said the CATF members did a great job and felt they should be recognized by a Resolution of the Board. Mr. Nelson made a motion to present each CATF member with a Resolution for the Board thanking them for their service.

Mr. Hutchinson felt using a task force for future needs would be very beneficial.

Mr. Hutchinson seconded the motion and the Board approved voting 6-0-0-1.

Mr. Cornett asked the Board about the connection fees for those that have signed user agreements for line extension projects. Mr. Cornett said there was a total of 62 individuals who have agreed to pay more than the \$1,628. Mr. Cornett asked the Board consider allowing those 62 individuals to pay the \$1,628 for the connection fee. That would be a difference of \$66,794.

Mr. Nelson made a motion to be consistent when the new rates have been adopted. At this point, those rates are preliminary he said.

Mr. Hutchinson seconded the motion.

Mrs. Helbert said she recently priced a tap at \$230,000 and based on the preliminary adopted rates, that tap will be reduced to \$6,220.

Mr. Nelson asked who the tap was for. Mrs. Helbert said it was an agricultural tap. Mrs. Helbert said she tell the person rates were currently under Board review and could change. That person said they could not wait. Mrs. Helbert said the tap

was for a vineyard and the grape vines were ordered and they could not wait for water service.

Mrs. Helbert wanted to bring that to the Board's attention because of the potential difference in the connection fee.

Mr. Kreps asked what size meter the vineyard would need.

Mrs. Helbert said a 2 inch meter.

There was a brief discussion about the connection fees and the possibility they may change on July 1.

Mr. Chase said there was a motion on the floor and asked for a Board vote. The Board approved the motion voting 6-0-0-1.

Mr. Cornett asked the Board when they would like to have a public hearing.

Mr. Cornett said in order to have a public hearing, it had to be advertised in the paper two times with the second advertisement running 6 days after the first, so the week of May 5th will be the first week it can be held.

The Board had a brief discussion about their prospective schedules.

Mr. Hutchinson suggested the Board not rush into having a public hearing so the Board could properly prepare for it. He was also concerned about customers seeing the rate increase on their bill without understanding why rates increased; without knowing about the public hearing. There are several customers that do not receive the paper and Mr. Hutchinson suggested inserting a flyer in the customer's bill notifying them of the public hearing. Mr. Hutchinson also suggested having the public hearing in a place that could accommodate a large group of people.

Mr. Nelson said he felt the Board had good information to present to the public about rates. He also agreed on having

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main talking points that the Board agrees on for the public hearing presentation. Mr. Nelson said he did not think the Board was rushing into a public hearing since they have already spent so much time to get to the point of preliminary adopting rates. Mr. Nelson said no matter how the public hearing is advertised, (in the paper and/or a flyer to customers) there will be still be some individuals that say they would have come to the hearing if they had known about it. Mr. Nelson said you do the best you can to notify customers of the hearing and that is all you can do. Mr. Nelson thought the meeting should be held as soon as possible.

Mr. Cornett felt the Board was ready to present solid information to the public at a public hearing. If the Board choose to send something in the bills, Mr. Cornett said the earliest they could get them out would be in the May bill.

Mr. Nelson mentioned a having special mailing to notify customers about the public hearing.

Mr. Hutchinson said he felt all WCSA customers should be notified of the public hearing and wanted to be sure that happened and did not think advertising only in the paper would be sufficient in notifying customers of the hearing.

So, you want to do more than the minimum as far as notifying customers of the public hearing, Mr. Lawson asked Mr. Hutchinson.

"Absolutely; I want to do more than the minimum" replied Mr. Hutchinson.

Mr. Lawson said posting on the website would be more than the minimum.

Mrs. Harold said they could add a note on the next bill notifying customers of the public hearing and the date and time.

Mr. Nelson thought the individuals that would come to the hearing would come regardless.

Mr. Hutchinson said he had a lot of customers come to him last time saying they did not know about the hearing even if they did receive the paper.

Mr. Nelson suggested having the hearing at the Higher Ed Center to accommodate a large group.

Mr. McCall suggested having it at the Abingdon High School or the Higher Ed Center.

Mr. Nelson made a motion to have the public hearing on or about May 5th to establish rates for WCSA.

Mr. McCall seconded and the Board approved voting 6-0-0-1.


5. Consideration of a Resolution of the Governing Body for the Galvanized Line Phase 2 Project – Kim Harold

At our previous Board meeting, The Board approved the loan resolution from Rural Development, said Mrs. Harold. Due to an oversight of Mrs. Harold and Rural Development, the Resolution of Governing Body was not included which authorizes the Chairman or Secretary to sign loan closing documents.

Mr. Taylor motioned to approve the Resolution of the Governing Body for the Galvanized Line Phase 2 Project. Mr. McCall seconded and the Board voted 6-0-0-1 approving the Resolution.

6. Adjourn

Mr. Nelson motioned to Adjourn at 8:02 pm. Mr. Miller seconded and the Board approved voting 6-0-0-1.


Mr. Joe Chase Chairman


Carol Ann Shaffer, Assistant Secretary