

**Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Vice Chairman at 6:04 pm.

ROLL CALL

Commissioners Present:

Mr. Mark Nelson, Vice Chairman
Mr. Wayne Campbell
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Mike White

Commissioners Absent:

Mr. Ken Taylor, Chairman

WCSA Staff Present:

Robbie Cornett, General Manager
Dave Cheek, Operations Manager
Kimberly Boyd, Controller
Mark Osborne, Distribution Manager
Don Cole, Water Treatment Plant Manager
Holly Edwards, Customer Service Manager
Carol Ann Shaffer, Administrative Assistant

3. Approval of the Agenda

Mr. Campbell made a motion to approve the Agenda. Mr. Hutchinson seconded the motion and the Board approval voting 6-0-0-1.

The Board broke at 6:05 and reconvened the meeting at 6:11 pm.

4. 2015 - 2016 WCSA Budget Workshop

Mr. Cornett thanked the Board for meeting to discuss the Budget. He asked the Commissioners to ask questions as they move along. Mr. Cornett thanked Mrs. Boyd for her hard work and the hours in putting the Budget. He also

thanked the Department Managers for their help providing Budget information. Mrs. Boyd began her discussion of the 2016/2017 Budget. The first items Mrs. Boyd discussed were changes from the first proposed Budget presented to the Board at the March Board Meeting.

Administration Budget:

- Change to Item 11: Shows on spreadsheet twice but was not double entered into expenses.
- Change to Item 23: Board Room Video budget increase was approved at the March 2016 meeting to \$3,300. This item was removed from the 2016-2017 Budget.

Mrs. Boyd mentioned other notable items in the Administrative Budget:

- Items 12 and 13: Field Hawk and IGeoTrak is Enhance's software for wireless work orders.

This software will allow WCSA to deliver work orders directly to iPad's located in service trucks. Mrs. Boyd said she is looking at demonstrations to determine if that will suit WCSA's current needs. The new software cannot be tested until the app is available in June. The difference between current and new software is the new software is live and will update in the field. With current software, one has to come back to a base station for updates, explained Mrs. Boyd.

Customer Service Budget:

Mrs. Boyd said WCSA has some rollover from last year's Budget, for example the sound panels and PCs.

Mr. Cornett said tonight was not the last opportunity to review the Budget. He invited the Commissioners to contact himself or Mrs. Boyd if they had any questions.

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

Maintenance Budget:

- Change to Item 23: Typo on amount spent. Should be \$2,000 not \$200,000 but does not affect numbers since it was already accounted for in expenditures as \$2,000.
- Change to Item 6: addition of a laptop for the new Electrician.
- Budget includes a Field Hawk and IGeoTrak
- Budget includes iPads and cases
- Budget includes standard maintenance items
- Budget includes a ¾ Ton Truck

Production Budget: No Changes

Mrs. Boyd mentioned the following notable items included in Filter Plant's budget.

- Chemical feed pumps that rolled to the next year
- A desk to computer
- A laptop computer
- Spare RPZ for the Chlorine Room
- Touch screen control panel for sludge vac
- Chlorine analyzer for Taylor's Valley

Mr. Cornett discussed Item 16, the finished water pump upgrade costing \$200,000. Mr. Cornett explained why this was not included in the original scope of work for Mill Creek. It was through the course of the project we recognized an opportunity to expand the capacity of the plant from 2.5 MGD to 3.1 MGD. Last year, WCSA applied to Mount Rogers for funding to secure the cartridges and were successful in a \$75,000 grant to purchase the cartridge in order to expand. Finished water pumping may be necessary to get the flow out of the facility. WCSA will become the owner of the additional water produced at Mill Creek which costs much less than Middle Fork water. Mr.

Cornett said it was money wisely spent and thought there was a possibility to apply to Mount Rogers for funding of the finished water pump improvements.

Mr. Miller said that would be money that WCSA is responsible for.

Mr. Cornett said that was correct. Currently the ownership at Mill Creek is split with 1.1 MGD to the Town of Chilhowie and 1.4 MGD to WCSA. WCSA can share that capacity with the Town of Chilhowie and they can share the cost, but at this time, they have no interest in any additional capacity.

Mr. Cole said the Town of Chilhowie currently uses around 1 MGD of water.

Mr. Cornett said they currently have excess capacity. Mr. Cornett felt the pumps would pay for themselves.

Mr. Nelson asked if WCSA used the Town of Chilhowie's excess capacity. We do, said Mr. Cornett. Any remaining water from the Mill Creek Plant the Town of Chilhowie does not use we use, about 1.4 MGD.

At this point, the Town of Chilhowie has no interest in expanding the Mill Creek Plant. They voice no objection to WCSA expanding the plant and using the water. There is up to 1.4 MGD of water for the Town of Chilhowie's use if they need it. Mr. Cole said if the water is not treated and used, it runs back in the creek. Mr. Nelson asked what year we were in with the CIP plan at Mill Creek and how much was set aside.

Mr. Cornett said if the Town and WCSA contributed like we supposed to back in 1999, there would be about \$3.8 million set aside now that would have cash funded the Mill Creek Improvements Project. Mr. Cornett thought we were in the fourth year of the set aside plan and thought there was about \$360,000 in the fund.

**Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)**

Mr. Nelson asked if those funds would stay separate for future improvements and not be used for the construction of the new plant.

Correct; said Mr. Cornett.

Mr. Miller asked if the new Mill Creek Plant would change the way expenses are shared by WCSA and the Town of Chilhowie.

Operation expenses and monthly expenses are shared based on water consumption. The current Rural Development financing was based on 2.5 MGD with no change in capacity. Mr. Cornett said at this point there has been no discussion about the loan repayment structure. Mr. Cornett thought there would be no change in the repayment structure since it is based on the original capacity of 2.5 MGD and since WCSA is completely funding the finished water pump improvements and the cartridge upgrades. Currently the split or ownership is 56% for the Town of Chilhowie and 44% for WCSA. Moving forward, WCSA's ownership or stake will be greater and so our capital payment may also be greater, explained Mr. Cornett.

There will be an increase in ownership based on capital improvements so the split will change from 56%, 44% to a new number, stated Mr. Nelson.

The Mill Creek Steering Committee has not officially taken action on ownership at this point, stated Mr. Cornett. He was sure ownership would be discussed more by the committee this year. The Regional Water Agreement states the Steering Committee makes a recommendation to the respective Board(s) to officially change the capacity of ownership, explained Mr. Cornett. It has been a topic of discussion for the past year and there has been no objection to the approach we have taken

or with anything that has been done to this point. Mr. Cornett said he had no reason to believe the committee would object in the future.

Distribution Department Budget:

- Change to Item 11: Truck budget changed to \$27,500 each instead of \$25,000 each for a total of \$55,000.
- Budget includes pressure reducing valve strainers
- Budget includes fire line auditing equipment and software
- Budget includes the IGeoTrak for GPS capabilities in the field

Meter Department Budget:

- Includes IGeoTrak
- Includes iPads
- Includes \$45,000 in expenses for the large meter replacement

Sewer Maintenance Budget:

- The only expense in this budget was for the Sewer Jet Vac Truck and was increased from \$250,000 to \$277,849

Hall Creek Sewer Plant Budget:

- Includes the addition of a lap top to be used for inflow and infiltration research in the field

Mrs. Boyd mentioned the following small projects listed in the Sewer Department's budget:

- Oxidation ditch aeration drive
- Replace small digester blower
- Exit 22 bioxide
- Digester building sludge transfer pump rebuild
- Cardinal lane repairs to the control panel

Damascus Sewer Plant Budget:

Mrs. Boyd reviewed the following improvements to the Damascus plant listed in their budget:

- DeChlorination
- Fine bubble screen
- Grit screen
- Fine screen

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

- Dissolved oxygen monitoring

Mrs. Boyd then discussed changes that would be made budget expenditures.

- Russel County water expenditures: from \$1,346 to \$5,400 annually.

Mr. Cheek noticed there were only a few months of data for the Russel County water purchases and so the product expenditures has been updated to a more reasonable number.

- Sewer rent to BVU is expected to increase their wastewater rates

Mr. Cornett said BVU has not taken action on a rate increase at this point but are forecasting a 10% rate increase over the next 2 to 3 years. At this point they are looking at a 5% rate increase this year and a 5% rate increase next year but not sure what the ratio will be. BVU needs a rate increase of 10% in order to pay financing they have with DEQ used for wastewater system improvements.

Mr. Cornett the review a presentation on the Capital Improvements Plan summary.

Legend Explained

- Water:
 - Colors:
 - Green – Added Projects (6)
 - Tree Top (Budget is Board approved)
 - Lee Highway Transite Elimination – Exit 10 to Lowry Hills

Mr. Cornett elaborated on this project saying there was a stretch of 6 inch transite line with 12 inch duct line on the opposite side of the road. The transite line is prone to break and is very problematic. We do not have a dollar amount for this project yet but working to develop a budget. One of the customers impacted by the line breaking is the county's Health Department.

When there is a line break, the Health Department has to close the clinic and send people home.

- Rattle Creek Line Extension Project

There seems to be more than 50% interest at Rattle Creek. Mr. Cornett said the team is working to develop hydraulics for this project to better understand what the needs are to develop a budget.

- Walker Mountain

WCSA extended service to part of Walker Mountain several years ago. There are about 13 homes without water on Walker Mountain that has interest in water service, explained Mr. Cornett

- Industrial Park Road – Tank to Railroad

We find there are about three breaks a year that impacts the county's industry, having no water service when this line breaks. It is creates a great disruption to the industries. This line is particularly problematic right on top of under this line. This line is a 12 inch cast iron line that is prone to break, said Mr. Cornett.

- South Fork Intake

The funds for projects costs is \$300,000 is for the capacity analysis being done by Gannett Flemming and for raw water pump improvements. Part will be in the next fiscal year budget.

- Brown – Deleted Projects (all 5 projects are complete)
 - Hidden Valley Phase 1
 - Smyth Chapel Study
 - Abingdon Water Storage Study
 - Route 58 Widening Betterment
 - Town of Chilhowie Interconnect
- Red – Amount / Name Changes From Prior Year (4)
 - Galvanized Phase 3

**Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)**

- Mill Creek Improvements
- Withdrawal Permit
- Abingdon Water Storage Tank
- Blue – Projects That Have or May Need to Move to Funded Category (6)
 - Please Include Project # 29
 - Moving Explained Next Slide

Water Capital Improvement Plan

- Three Funding Headings Explained
 - Water Funding Approved With Current Rate Plan (Prior Five Year Rate and Financial Plan)
 - 4 Projects Totaling \$2,638,353
 - To be Funded by 2015-2019 Rates (Current Rate and Financial Plan)
 - 7 Projects Totaling \$31,376,539
 - Unfunded by 2015-2019 Rates and Proposed Potential Projects (Wish List)
 - Proposing Six Projects be Moved to Funded Category
 - 6 Projects Totaling \$4,902,375
 - #12 Abingdon Water Storage Tanks Funded With Galvanized Line Phase 3 (Approved)
 - #15 Lee Highway/Clear Creek Funded With Galvanized Line Phase 3 Leftover Funds

Mr. Cornett explained the way Rural Development (RD) program guidelines are now set up, if there are any remaining funds after bid advertisement, RD will withdraw those funds. Though the project budget was set up specifically for Galvanized Line Phase 3 and Abingdon Water Storage Tank, RD said

we could not go back after bids and ask to use remaining money for another project and advised us to make the scope of the project bigger.

The line on Clear Creek Road is a 6 inch transite line that is deep and on the edge of and under the road making it very difficult to fix. Motel 6 is affected when this line breaks. Mr. Cornett was optimistic that those funds would be used completely for the Abingdon Water Storage Tank and Galvanized Line Phase 3 project but this was included in the scope of that project just in case there were remaining funds.

- #18 Mid-Mountain (Zone 108) 50% Grant Funding in Place and 50% Balance Pending Appalachian Regional Commission (ARC) Decision

About 50% of the funding for this project is secured. Mr. Cornett explained the Smyth Washington Industrial Facilities Authority (SWIFA) has agreed to contribute \$250,000 if the Tobacco Commission will contribute \$250,000. The Tobacco Commission agreed to commit \$250,000 if the ARC agreed to commit \$500,000. ARC will make a decision on the application once the Governor approves the budget. Mr. Cornett hopes to hear about that soon.

- #22 Smyth Chapel Road Line Work Included in Galvanized Line Phase 3; Pump Station Needs to be Pulled Out and Funded

This project ties into the Tree Top Drive Project. Once the galvanized line replacement is taken out of the budget for this project, it should be reduced from \$511,000 to around \$150,000.

- #24 Tree Top Drive (Approved)

**Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)**

- #29 South Fork Intake - Raw Water Pumps and Capacity Assessment (Should be Blue)
- Total Projects Funded or to be Funded
 - 17 Projects Totaling \$38,917,267

(Option 1 or WCSA Option)

- 65-68 Western Washington County (Option 2 or Town of Abingdon Option)

The WCSA option is \$14,505,162. The Town of Abingdon option is \$11,082,950. The WCSA option involves the construction of a wastewater treatment plant for \$8 million. The Town of Abingdon involves the development of a collection system and improvements to existing systems on Lee Highway from Sugar Hollow to Oak Park at about \$5.6 million. Otherwise, the figures are similar, explained Mr. Cornett.

The advantage the Town of Abingdon option offers is not only having the Lee Highway corridor sewerer but the addition of about 180 new residential and business customers on Lee Highway. If there is a disadvantage, it would be dependent on someone else's treatment. The history with the Town of Abingdon has been good with customer's rates actually decreasing.

Wastewater Capital Improvement Plan

- Three Funding Headings
 - Wastewater Funding Approved With Current Rate Plan (Prior Five Year Rate and Financial Plan)
 - 3 Projects Totaling \$2,354,065
 - To be Funded by 2015-2019 Rates (Current Rate and Financial Plan)
 - 5 (8) Projects Totaling \$2,523,320
 - Pencil in \$23,000 in "Project Cost" for "Property Acquisition"

Legend Explained

- Wastewater:
 - Colors:
 - Green – Added Projects (0)
 - Brown – Deleted Projects (2)
 - Larwood Acres / Exit 1 Study - Complete
 - LOVES / Exit 24 Betterment – Did not take place
 - Red – Amount/Name Changes From Prior Year (5)
 - Exit 13 Phase 2A
 - Western Washington County Wastewater Discharge Permit:

There are cost revisions due to property acquisition and engineering fees. Mr. Cornett said \$23,000 would be added under the line for Project Costs for property acquisition.

- Exit 1 Gate City Highway
- Larwood Acres
- Miller Hill / Dishner Valley
- Blue – Projects That Have or May Need to Move to Funded Category (0)
- Other Colors – Geographic Grouping
 - 43-45 Damascus Area
 - 46-49 Exit 13 Area
 - 50-54 Meadowview-Emory Area
 - 55-57 Exit 1 Area
 - 60-64 Western Washington County

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

- Unfunded by 2015-2019 Rates and Proposed Potential Projects (Wish List)
 - Proposing Zero Projects be Moved to Funded Category
 - 19 Projects (Totaling \$45,240,347 w/WCSA Option or \$41,818,135 w/TOA Option)
- Total Projects Funded or to be Funded
 - 8 (11) Projects Totaling \$4,877,385

Mrs. Boyd continued her review of the proposed budget discussing the operating and capital projection summary saying things look really good at this point but these figures are based on February numbers. Much of the departmental capital items that have gone through procurement will hit the books in the third or fourth quarter. Mrs. Boyd said these figures will be updated and current for each workshop.

Mrs. Boyd discussed the current projections for fiscal year ending 2016 as follows:

Total Projected Income:

- Water - \$14 million
- Sewer - \$2.27 million
- Total - \$16.3 million

Total projected Expense before Debt Service:

- Water - \$10.76 million
- Sewer - \$1.77 million
- Total - \$12.5 million

Net Income Before Debt Service:

- Water - \$3.26 million (without depreciation)
- Sewer - \$497,000 (without depreciation)
- Total - \$3.76 million

Mrs. Boyd explained she calculates net income before debt services without

depreciation because that is the way the funding agencies calculate it.

Mrs. Boyd said calculating debt service coverage this way the ratios are very good at this point, better than at any time before. Those ratios are 2.08% for water, 2.33% for sewer and 2.12% total. Mrs. Boyd cautioned but cautioned it was very early in the budget process.

Mr. Nelson said these numbers are projected numbers so they should be close.

Mrs. Boyd said the only thing she thought may impact the figures is if WCSA spends more on capital projects than the \$300,000 budgeted for the South Fork Intake. She said it would not affect the ratios since it is a capital project that will be depreciated but would affect cash.

Mr. Nelson questioned if the work at the South Fork Intake was a capital item or maintenance item.

We may not be able to fully answer that question until the capacity analysis report comes back and the health report, said Mr. Cornett.

C.R. Underwood pulled one of the pumps on March 29th. Mr. Cornett and Mr. Check went to their facility on March 31st. Once we better understand if the pump performance issue is premature wear on the pump or something else, we can better understand if this should be capitalized or expensed, stated Mr. Cornett.

Mr. Nelson said it is cash either way.

It is cash either way, said Mr. Cornett.

The question is if it will affect our debt service coverage as an expense said Mrs. Boyd.

You still have room in your debt service ratios and are in the best position you've been in, stated Mr. Nelson.

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

Mr. Nelson said he would like to see the reserves be placed in an investment account to be segregated from the general operating fund. As rates rise, you could pick up some interest income on those reserves sitting in the general account and it would be easy for the Board to see how much in hard dollars are in those reserves, stated Mr. Nelson.

Mrs. Boyd said she and Mr. Cornett discussed that last month. Mrs. Boyd said monies WCSA had in CD's several years ago were cashed in to fund the water treatment plant expenditures. She and Mr. Cornett discussed putting the reserves in investments and removing the funds from an operating account as it could be susceptible to theft, fraud and, or a bank closing.

Mr. Nelson said WCSA's bank entity is under the Virginia Public Deposits Act (VPDA). All the banks Mr. Nelson knows of that WCSA does business with are members of the VPDA. If WCSA ever were in a situation of bank going out of business, all other banks that are members of the VPDA would be required to cover the monies to make the public entity as a whole, so you are protected, explained Mr. Nelson.

Mr. Nelson said his concern was the Board being able to see month to month how much money is actually in reserves; how much is set aside that could be used for projects.

Mr. Nelson applauded Mrs. Boyd and Mr. Cornett for looking into investing the monies in reserves.

Currently, we keep \$25,000 in an operating account. Highlands Union Bank has a sweep account that daily takes the remainder and invests it. Mrs. Boyd said WCSA does earn interest on that money but probably not as much interest as could be earned in an investment market. Mrs. Boyd said

WCSA earns about \$7,000 in interest a month.

Mr. Hutchinson asked if there was a penalty for early withdrawal from an investment account.

It is according to what product one has. In an LGIP, which is a local government investment pool, there are no penalties. You can also leverage the penalties by borrowing against the money; there are lots of ways to avoid penalties, explained Mr. Nelson.

Mr. Nelson said his issue was not as much the investment of the reserves but to separate them so the Board can clearly see just how much is in reserves. As we move forward with projects, the issue is how people view the amount of available cash. If you do not disclose how the cash is allocated, it paints a picture that may not be accurate, stated Mr. Nelson. It is unrestricted funds, unless the Board chooses to restrict those funds, so it can be used.

As we move forward with reserves, Mr. Nelson said he would like to see the Board consider setting aside a portion of reserves to be used to cash fund projects. When evaluating cash funded projects and deciding if WCSA has the money to cash fund them, investing reserves is a way we could build funds to pay for projects. Mr. Nelson thought this would be very beneficial to WCSA.

Mr. Nelson said the increase in reserves, allows the Board the opportunity to do these things (projects) that may not be able to be done next year.

"I like that; a lot", stated Mr. Cornett.

Mrs. Boyd continued her discussion of the proposed budget saying, the projected debt service coverage ratios for fiscal year ending 2017 are 1.40 % for water, 1.49% for wastewater; and 1.41% overall.

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

That tells us what we already know; it will be much more difficult a couple of years down the road, she stated.

Mr. Cornett said the magic number for debt coverage is 1.15% with water and sewer being independent.

Mrs. Boyd said VRA doesn't consider sewer debt as much since WCSA does not have much sewer debt with VRA; sewer debt is mostly with DEQ.

Mrs. Boyd said as WCSA moves through the budget process debt services ratios will be updated accordingly.

In looking at expenses, Mr. Nelson noticed revenue is projected to increase about 1.62% over 2016 and expenses are going to grow at a higher pace. Mr. Nelson said what he thought was happening; when comparing the budgeted to actual numbers, there seems to have been a significant savings in the maintenance area. Is there some room to further reduce the operational expenses, he asked. He said reducing operating expenses is something he would like the team to spend some time on.

Mr. Nelson said considering the money spent on line replacements, he did not want to see us allow the budget to creep back up.

Mrs. Boyd explained the budget process saying she took actuals and projected them forward. Mr. Cheek looks at individual departmental budgets with the managers and tries to anticipate any expenses that have not been paid. Mrs. Boyd offered to review the budget for any items that may have been missed in the budget process.

Coming from the public's side, growing the revenue at a slower pace than expenses are growing, you really have to understand why that is happening, stated Mr. Nelson.

The next part of the budget review is supplemental information that leads into compensation and benefits, said Mrs. Boyd.

Mr. Cornett then reviewed the following presentation:

WCSA Compensation and Benefits Background

- Goal: Attract and Retain Quality Workforce
- Cost of Living Adjustment (COLA)
 - Benchmark: Consumer Price Index
- Performance
 - Amount Equal to 1% of Total Compensation since 2009
 - Applied Based on Annual Appraisals Performed by Supervisor
- Proposed FYE 2017 COLAs
 - 1.7% Federal
 - 0.0% County?
 - 2.00% Stat

Mr. Cornett said he did not list the above organizations necessarily for comparison to WCSA as we are different enough from these organizations a comparison may not be fair but listed them for background information.

- County:
 - 1.5% in 2015 and 3% in 2013 (0% 2009 – 2012 and 2014)
- 2016 average inflation is 1.2%
- Based on totals since 2009, WCSA is 1.08% behind inflation
- Based on averages since 2009, WCSA is 0.18% behind inflation

FYE 2016 & FYE 2017

- 78 fulltime positions; 72 are filled
NOTE: 74 were listed in the packet
 - Currently, 6 open positions (3 sewer maintenance, 2 wastewater, a Manager of Engineering)
 - NOTE: 4 was listed in your packet

Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)

- 6 part-time positions
- Fiscal Year Ending (FYE) 2016 Projected through yearend is \$905,247 less than budget due to open positions and overtime (\$22,353 less than budget) reductions.
- FYE 2017 budget is \$53,030 less than what we projected in the five year plan adopted by the Board 2.5 years ago.

In all fairness because we are never at full staff; stated Mr. Nelson, there is about \$400,000 to \$500,000 in real monies that could be extracted from the expenses.

That's right, said Mr. Cornett. He explained saying, when we put the budget together, our assumptions are to have a full staff by July 1. In Mr. Cornett's 10 years of being in the position of General Manager, he said he has not known a time when WCSA was at full staff a full 12 months.

Mr. Hutchinson asked if the Christmas Bonus was included in the total compensation.

Mr. Cornett said no.

Mr. Nelson said his point is, in looking at the budget, there are some monies the Board can squeeze out of the budget if necessary.

Mr. Cornett offered to look at the historical budget versus projection to determine if there is a factor that can be applied to give the Board a better since of the actuals.

Insurance

- Plan Year October 1-September 30
- Renewal Expected July/August 2016
- Budgeting 10% Increase
 - Average Increase Below 10%
- Employees Portion Scheduled to Move From 10% to 15% for Dependent Coverage

- \$27,903 increase from \$55,806 to \$83,709
- Thank You for Suspending Last Years the 5% Increase Last Year!!!
- 2015 Insurance Procurement Saved WCSA \$32,902 YTD and Projected \$78,965 in Premiums!!!

Proposed Compensation and Benefits

- 1.4% COLA Increase (Truing Up & Inflation) \$58,827.
- Performance Increase Budget Equal to 1.0% of Compensation and Awarded Based on Performance \$42,608.
- Suspend 5% Employee Contribution to Health Insurance for 1 Year (\$27,903) and Reevaluate:
 - \$78,956 projected in Savings from Procurement.
 - Expect More Savings if we Convert to, Partially Self-Funded Plan.
 - Affordable Care Act – Compliant to Avoid Cadillac Tax.
 - Operational Cost Reductions While Maintaining Quality (Continued).

Operational Cost Reductions

- Reoccurring Savings from 2009 - \$505,000 Annually
- Total Savings Since 2009 - \$1.7 million

Mrs. Boyd did not discuss the remaining supplemental information in the Budget packet but offered to answer any questions the Board may have.

5. Consideration of Authorization to Advertise the Exit 13 Phase 2A Project for Construction Bids

Mr. Cornett said the Exit 13 Phase 2A Project, with the exception of one easement is ready for bid advertisement. Mr. Cornett said he hoped to secure the only reaming easement before the award of the project. Anderson and Associates

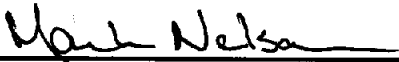
**Washington County Service Authority Board of Commissioners
March 28, 2016 Recessed Meeting Minutes (held April 5, 2016)**

is ready to advertise the project, he stated.

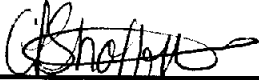
Mr. Miller made a motion to approve the advertisement of the Exit 13 Phase 2A for bids. Mr. White seconded Mr. Miller's motion and the motion carries with a 6-0-0-1 Board vote.

6. Adjourn

At 7:28 pm, Mr. Hutchinson made a motion to adjourn. Mr. White seconded and the Board approved voting 6-0-0-1.



Mr. Mark Nelson, Acting Chairman



Carol Ann Shaffer, Assistant Secretary