

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

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. Kenneth Taylor, Chairman
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Frank Stephon, IV
Mr. Mike White

Commissioners Absent:

Mr. Mark Nelson, Vice Chairman

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager
Kimberly Boyd; Treasurer, Controller
Carol Ann Shaffer; Assistant Secretary, Administrative Assistant
Dave Cheek; Operations Manager
April Helbert; Engineering Manager
Mark Osborne, PE; Distribution
Johnny Lester, Maintenance Manager
Ken Perrigan; Meter Manager
Don Cole, Filter Plant Manager
Bobby Gobble, Assistant Maintenance Manager
George Thomas, Utility Coordinator

Consultants Present:

Dennis Amos; Anderson and Associates, Inc.
Kevin Anderson, PE; The Lane Group, Inc.
Matthew Lane, PE; The Lane Group, Inc.
Bill Skeen; Maxim Engineering

Also Present:

Mrs. Dawn Figueiras, General Counsel

3. Approval of the Agenda

Mr. Cornett had no changes to the Agenda. Mr. Hutchinson motioned to approve the Agenda. Mr. McCall seconded and the Board approved with a 6-0-0-1 vote.

4. Public Query and Comment

Mr. Vernon Deel of 13104 Porterfield Highway addressed the Board saying he purchased a water tap on July 7, 2014. The cost for the tap was \$1,628 and was paid in full. Mr. Deel said he has yet to get the tap installed and said he did purchase it on July 7, 2014; almost a year ago.

Mr. Deel asked why it has taken so long to get the service line installed. Mr. Deel said he was not new to the public water works as he has done this type work for 17 years and said he would really love an answer.

Mr. Cornett said WCSA has been looking into alternatives to cross the four lane highway. Due to past efforts in different locations have resulted in the loss of the tamper which was the only device we had to enable us to cross the four-lane. Mr. Cornett said WCSA has also talked to about five contractors about the possibility of boring across; they are in the process of talking to VDOT about that. It has certainly took longer than we expected, said Mr. Cornett. Mr. Cornett hopes to obtain road crossing requirements from VDOT and pricing for that work soon.

Mr. Taylor asked where Mr. Deel was located.

Mr. Deel said it was a half mile below Big John's where the chain link fence was located.

Mr. Dell said he respected what Mr. Cornett said but did have to say; if WCSA has not even contacted VDOT and not contacted the contractor that said

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

they could do the work; Mr. Deel said he had a hard time understanding a year for a water meter. "That's really uncalled for and I would really like for someone to tell me when they are going to get this going because I need water", stated Mr. Deel.

Mr. Cornett said the target to get the work complete was 30 to 45 days. We hoped to be able to install the line ourselves and not have to use a contractor and not have to go through the VDOT process. If we sub the work out to a contractor, the work has to be permitted through VDOT, stated Mr. Cornett. WCSA has a continuing resolution with VDOT allowing us to install taps without having to obtain a permit. If we sub that work to a contractor we have to get a permit through VDOT to have that work bonded, explained Mr. Cornett.

Mr. Hutchinson asked if Mr. Deel was building a home.

Mr. Deel said he was in the process. Mr. Deel said the reason he was here today was everything else is done and he is waiting on water and felt like a year was ample time.

Mr. Taylor said he heard 30 to 45 days to install the line, so we will keep working toward that.

Mr. Deel provided his home and cell numbers to the Board and WCSA staff.

5. Approval of the Consent Agenda

A. Minutes: May 18, 2015 Regular Meeting

B. Routine Reports: May 2015

- Water Production
- Water Distribution
- Meter Department
- Wastewater Operations
- Customer Service
- Maintenance

- Engineering
- Accounting
- Health & Safety Report

C. Financial Reports: May 2015

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

D. Consideration of a Request USDA Rural Development to De-obligate the \$10 Million Galvanized Line Phase 3 Funding - *Robbie Cornett*

E. Consideration of a General Engineering Agreement between WCSA and Maxim Engineering - *Robbie Cornett*

F. Consideration of a General Engineering Agreement between WCSA and The Lane Group - *Robbie Cornett*

G. Consideration of a General Engineering Agreement between WCSA and Anderson & Associates - *Robbie Cornett*

H. Consideration of a General Surveying Services Agreement between WCSA and Terra Tech - *Robbie Cornett*

I. Consideration of a General Surveying Services Agreement between WCSA and The Lane Group - *Robbie Cornett*

Mr. Miller motioned to approve the Consent Agenda with a second from Mr. Stephon. The Board approved the motion voting 6-0-0-1. Mr. McCall voted to approve the Consent Agenda but wanted the record to show he opposed the payment of \$10,944 for legal expenses saying "that is uncalled for."

6. Engineer's Report and Update
Bill Skeen of Maxim Engineering

Mr. Skeen thanked the Board for approving Maxim's Engineering Agreement in the Consent Agenda.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

Mr. Skeen continued saying, the WCSA staff and Board is one of the most professional groups he has been associated with he looks forward to working with them in the future.

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

Tours of the Wise County PSA decentralized wastewater facility has been confirmed for June 30th.

Mr. Skeen said the invitation was open to anyone who would like to attend

Mr. Cornett said anyone interested would meet at the WCSA offices at 8:30am.

Mr. McCall has been working on a road next to the Tusculum College wastewater treatment facility and asked Mr. Skeen if he was familiar with their system. Mr. McCall said it was amazing; you don't even know it is there; there is absolutely no smell he stated.

Mr. Skeen said he was not familiar with that system.

Mr. McCall suggested they contact John Foster at Tusculum College for more information. Mr. McCall said they welcome anyone to look at the facility.

Mr. Skeen said he would check into the facility at Tusculum College.

In conclusion, Mr. Lane said he appreciated the Board extending their engineering agreement with WCSA and he looks forward to working with WCSA on future endeavors.

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

Mr. Amos also thanked the Board for extending their General Services Agreement.

- Exit 13 Sewer Project Phase 2A
A&A received comments from Mrs. Helbert on June 11th and they are working to address those comments and resubmit plans to WCSA. A&A will also submit plans to VDOT, DEQ and the county.

Mr. Amos continues to work on finalizing easement sketches for Phase 2A.

- Exit 13 Sewer Project Phase 3
Mr. Amos is working to develop plans for Phase 3A. Mr. Amos will be presenting a Draft of the Plan Alignment to Mrs. Helbert tonight.

Matthew Lane of The Lane Group (TLG) Chilhowie Office:

- 12 MG Water Treatment Plant

Mr. Essor will be on site June 30 to work on the Cla-Val. On June 23rd a contractor will be onsite to replace a flush valve at the bottom of the wet well that has been problematic. Mr. Lane said TLG continues to meet with WCSA staff every Wednesday about the Project and will continue to do so until everyone is satisfied with the Project.

- Galvanized Waterline Replacement Project - Phase II

Contractors on Phase II are picking up their pace. Mr. Lane said there were a lot of crews working on Phase II and a lot of like going in the ground. Mr. Lane discussed the issue with oversized saddles and said the contractor was working very closely with staff. Mr. Lane said they were able to obtain a special guarantee from the supplier; a 10 year extended warranty on the section of pipe with the oversized saddles. Mr. Lane said all the issues have been resolved and he is happy about a positive resolution.

- Galvanized Waterline Replacement Project – Phase III

Mr. Lane was hopeful to be able to secure additional funding for this much needed project. Mr. Lane said he understands Rural Development approved the preliminary Engineering Report and Environmental Review Report for the Phase III Project. Mr. Lane hopes to receive a funding offer

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

from Rural Development for the Project which is about a \$16 million Project.

- **Hidden Valley Water System Improvement**

Mr. Lane said the tie-in to Russell County line has been made. Contractors lack the installation of about 500 feet of line on Route 19. There has been about 10,000 feet of water line installed on Hidden Valley. The Contractor is about 35% complete with the work and 25% with his time. There have been a couple more residents on Hidden Valley that have requested water.

- **Mid Mountain (Zone 108) Water Improvements**

Tobacco Commission Applications are due July 24. TLG will be working with the Mount Rogers staff to put together and submit a good funding application to the Tobacco Commission for this Project.

- **Mill Creek Water System Source Improvements**

Things are on track for Mill Creek. Mr. Lane said he hoped to have Koch skids back in operation by September. It has taken longer than expected to get the cartridges back from Koch. Mr. Lane hopes to have the Mill Creek Plant operational in September.

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

Mr. Lane said there has been no change. In conclusion Mr. Lane said on behalf of The Lane Group, he is very appreciative to continue working with WCSA.

“It has been a pleasure to work with you Mr. Stephon”, said Mr. Lane and he wished Mr. Stephon his best.

Kevin Anderson of The Lane Group (TLG) Galax Office:

- **Smyth Chapel Water Improvements Study**

TLG staff continues to review the revised PER. Mr. Anderson said TLG has met with WCSA staff about this project and how it relates to WCSA's efforts regarding long service lines.

- **Abingdon Water Storage Improvements Study**

Mr. Anderson continues to work with Rural Development as it relates to the restructuring of Galvanized Line Phase III funding. Mr. Anderson hopes to receive a funding offer for this portion of the Project soon.

- **Route 58 Water Supply Improvements Project**

TLG has received staff review comments of preliminary plans and TLG is working to address those comments. Mr. Amos and WCSA staff met with Mr. Essor of Cla-Val to review the number of control valves included in that Project and then met with staff to review the valve requirements.

- **Rich Valley Road/Whites Mill Road**
TLG received final contract closeout forms and certifications from the Contractor. Mr. Anderson will be reviewing those documents with WCSA's legal counsel to be sure the documents are in order. Mr. Anderson hopes that is the final report on this Project.

7. Water and Waste Construction Projects Update – April Helbert

Mrs. Helbert updated the Board on Childress Hollow saying she did receive permission to re-advertise from VDH. VDH does want Mrs. Helbert to re-advertise for 30 days and is looking to re-advertise the middle of July and provide a Board update at the August meeting.

Mrs. Helbert then asked the Board's permission to re-advertise the Childress Hollow Road Project. Mr. Miller made a

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

motion to re-advertise, Mr. Hutchinson seconded and the Board approved voting 6-0-0-1.

According to Mrs. Helbert, work continues to evaluate the Richie Road Project. Since Richie Road is a very narrow gravel road, Mrs. Helbert expects constriction to be complex. One property owner wants the line to stay on the outside of his property line and there is a gas line there so we expect portions of the project will have to be hand dug.

Mr. Taylor asked how much hand digging would be required for Richie Road.

There are several short sections; 10 feet here then 12 feet on down; that will have to be hand dug. There are sections with only 3 or 4 feet between the property owner's fence and the road and within 24 inches of the gas line, explained Mrs. Helbert.

Mr. McCall asked what size the gas line was.

Mr. Cornett thought it was a 6 inch line and thought it was the line that from feeds the Industrial Park.

Mrs. Helbert referred to a resolution at the Board stations (see attached).

WCSA and the Town of Chilhowie are undertaking a \$3.7 million improvements Project at the Mill Creek Plant. The existing skids, cartridges are capable of 2.5 MGD. The new skids being considered are capable of 4.0 MGD however they will only be outfitted with enough cartridges to produce 2.5 MGD, Mrs. Helbert explained.

After review of other plant and distribution system capabilities, said Mrs. Helbert, it was determined that the plant capacity could easily be expanded from 2.5 to 3.1 MGD if additional cartridges were purchased costing \$75,000, followed by the installation of a

new finished water pump already existing and starter at a cost of \$10,000. No improvements would be needed in the distribution system.

Mrs. Helbert then discussed the following advantages of expanding the plant from 2.5 to 3.1 MGD.

- When the additional production, the overall production cost at Mill Creek would decrease
- Based on current costs at Mill Creek versus the Middle Fork Plant, production costs would be \$0.85 per thousand less resulting in a minimum of \$182,500 in additional annual revenue; and,
- Prolongs capacity improvements needed for the Seven Springs and Mid-Mountain service areas.

Mrs. Helbert then asked the Board approval to seek \$75,000 from Mount Rogers Planning District Commission to purchase the additional cartridges to bring Mill Creek's production to 3.1 MGD.

For \$85,000 total, we will gain 600,000 gallons a day, said Mr. Miller.

Mrs. Helbert said we discussed installing the pump as part of the regular Project which the Town of Chilhowie has RD funding for. With RD funding, you spend the loan first and the grant second. Mrs. Helbert thinks the installation of the pump should be included as part of the Project. Mrs. Helbert said she was not confident there would be enough funding left over to purchase it.

Mr. Cornett said Mount Rogers funds are pure grant funds.

Mr. Stephon motioned to approve Mrs. Helbert request to seek funding from Mount Rogers to purchase additional cartridges and install a pump. Mr. McCall seconded and the Board approved with a 6-0-0-1 vote.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

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

Mr. Cheek reviewed the following Operations Report and Update presentation for May:

Discussion Items:

- Financials (All Excluding Salaries & Benefits, (Does Include Over Time)
 - Over Budget Items
- Department Highlights
- Forward Looking Statement

2015 May Performance Against Plan (\$34,950 Under Budget):

- BVU Sewer Bill Over Budget due to Heavy Rains in April (Billed in May) \$15,000 Over Budget in Wastewater.

Year to Date we are \$420,000 Under Budget:

Year to date, all departments are under budget for the year, said Mr. Cheek.

2015 April Water Production Highlights

- South Fork Intake & MFDWP Issue Resolution
 - Scheduled Weekly Meeting with TLG until we can correct open issues
 - Starting to Make Progress
 - Level Controls Functioning (Replaced with Ultra-Sonic) Final Test during Drawdown on 6-23-1523
 - Flush System Functioning – Logic, Failed Valve Replacement 6-23-15
 - Should Move into 8 MGD Operation from SFI then to 12 MGD after Mill Creek Back on Line
 - Sustained Operation to Identify Limiting Components
- Mill Creek Membrane Plant – Koch Restart
 - Scheduled Weekly Meetings with TLG and TOC to Identify,

Assign and Complete Critical Path Items

- Interconnect
- Cartridge Replacement, Cleaning and Start-Up

Mr. Cheek said he wanted Koch involved with the two above listed items to be sure it is done correctly.

2015 May Wastewater Process Highlights

- System Operation
 - Heavy Rain/Snow Melt Exposed Additional Inflow and Infiltration Issues
 - Damascus did not exceed daily inflow in May
 - Issue at Greenbrier Pump Station
 - Flow Meters in Place to Compare to Pumping Rates to Locate Problem Areas

Employees in the Wastewater Department are using the excel training offered last year to develop spreadsheets tracking flow and pumping rates.

- Inflow and Infiltration
 - Team Approach with Maintenance
 - Aggressively Investigating In-Situ Repair Methods
 - Common Problem across the Country, What can we SWIPE from Others
- Capital Improvements
 - Will Piggy Back with Metering on Energy Reduction Program

2015 May Maintenance Highlights

- Galvanized Phase II Support
 - Bi-Weekly Meetings with TLG to Identify and Correct Issues
 - Try to Immediately Resolve Issues
 - Making Good Progress
- Routine Activities
 - Leaks – 29 (2014 average 34)

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

- Main Line Breaks – 4 (2014 average 6)
- Fire Hydrant Repairs – 4
- After Hours Responses- 34 (2014 average 44)
 - After Hours Responses and Target Area for improvement

The picture below shows employees in the Maintenance Department working on a leak. Notice the water line is just below a gas line making the work to repair the water line much more difficult than normal. Mr. Cheek said in this one part, there have been 6 patches on the water line. Mr. Cheek is looking for help from Atmos experts to find a solution for the corrosion.



2015 May Metering Highlights

- Analyzing Meters for End of Life Replacement
 - Investigating Innovative Methods of Completing this task
 - Division of Mines and Minerals (DMMA) Design. Build and process for Energy Reduction.

Mr. Cheek said Mr. Perrigan has a meeting with DMMA on June 25th.

- Working with DMMA (Charlie Barksdale)

Mr. Cheek said Mr. Barksdale has been very helpful in developing a “road map”. DMMA has also discussed the significant cost advantages associated with using C&G vehicles and guarantee

the cost savings return. Mr. Cheek said DMMA will also provide a project manager 24 hours a day free of charge.

- Will Obtain four proposals from ESCO’s
- Analyzing ROI for Remote Meter Read
 - Completed Initial Zone Map (One Vendor, Second Vendor in Process)
- Analyzing Billable Water Reductions from 2008 to Present

2015 May Distribution Highlights

- Coordinated 195 Distribution System Inquiries and or Adjustments
- Coordinated 266 System Locates
 - 22,004 Ft (0.46% of WCSA System)
- GPSed and or Mapped 10,140 Ft of Waterline & Associated Appurtenances
- Coordinated the Testing, Repair, Replacement of 84 Backflow Prevention Devices with 16 WCSA Customers
- Managed the following Easement/Property Acquisition & Agreements:
 - Lamar Advertisement
 - Jonesboro PS Relocation (BVUB & VDOT)
 - Galvanized WL Phase 2
 - Twin Rivers Trail
 - Exit 13 Sewer Project Phase 2A
- Coordinated the 42” WL Leak Repair at the Middle Fork Plant
- Assisted with the TOC/WCSA Permanent Interconnection Project
- Solidifying Mill Creek Water Delivery System
 - Wise Pump Station
 - Lee Highway Pump Station
- Continued Fire Hydrant Training with Field Demonstrations

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

- Will Begin Additional Training and Inspections in July Working on in-house Data Management
 - Additional In-House Trained Personnel
 - Developing System to align District Meters with District Billable Metering to identify Water Loss Areas
- Mr. Cheek thought water loss is the greatest loss in costs for WCSA.
- Executing PSV/PRV Preventive Maintenance Program
 - Establishing Preventive Maintenance Programs for Pump Stations, Tanks, Gate Valves, & Fire Hydrants

Forward Looking Statement

- Mill Creek
 - Solid Engineering on Replacement Plant
 - Start-Up Planning in Process
- Costs
 - After Hours Call In
 - Base Knowledge and Tracking

Mr. Miller asked if the gas line depicted in the picture above showed any sign of repair.

Mr. Cheek said in that section there were no visible repairs to the gas line.

Mr. Miller said he attended one of the Wednesday meeting regarding the Treatment Plant and Intake. They are doing a good job sorting through everything and cover all the bases to be sure the Intake is working properly. Mr. Miller said he was very confident "they will get it right."

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

Mr. Cornett discussed the General Managers Report & Update. Listed below are the discussion points outlined in his presentation.

Introduction:

- Safety

- Financials
- Customer Service
- Notable
- Ahead

Safety:

- May 2015
 - 11,365 Hours Worked
 - A Backing Accident (jackknife)
 - A Minor Back Injury
- Safety Training
 - Grounds Keeping (Wastewater)
 - Asbestos Abatement (Maintenance)
 - Distribution (Mr. Gobble and Mr. Saltz)

Financials - New Water Connections:

May was the best month for 2015 with 12 connections; 39 total connections or an average of 7.8 connections per month so far this year.

Financials – 2014 New Water Connections:

Mr. Cornett answered a questions question Mr. Hutchinson had about the number of connections since the fee was changed in 2014. Mr. Cornett said, including projects, there were 166 total connections including 105 connections from June 2014 to December 2014. Excluding projects there we had 91 total connections in 2014 including 62 connections from June 2014 to December 2014.

Financials – Water Revenue:

Water Revenue \$56,944 better than projected for May and \$184,700 below year to date projections.

Financials – Expenses:

Excluding compensation and benefits but including overtime, all departments were under Budget for expenses for May and year to date.

Financials - New Wastewater Connections:

There were two new wastewater connections for May.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

Financial - Wastewater Revenue:

Wastewater revenue is better than projected for the month of May and year to date.

Financials - Wastewater Expenses:

Expenses are also better than budgeted for the month of May and for year to date.

Customer Service:

- 21,038 (decreased 2) Active Water Accounts
 - 2014: 117
- 2,337 (increased 4) Active Wastewater Accounts
 - 2014: no change
- 175 Reconnection/Transfers of Service
- 130 Disconnects for Nonpayment
 - 2014 average: 99
- 111 for \$28,435 Abatements
2014: 114 for \$23,584

Mr. Cornett said in an effort to reduce abatements, WCSA recently met with a company called HomeServe. This will be discussed later in the presentation.

- \$4,056 Bad Debt Write-offs
 - 2014: \$4,983

Accounting:

- Debt Set-Off Collection
 - Year to Date - \$132,502

Notables:

- Abatements
 - (Mr. Miller and Mr. Stephon)
 - April 21: Define Problem
 - June 15: HomeServe

HomeServe is an insurance company that insures private service lines from the home to the meter. Once a customer reports a problem, HomeServe states they will have contractors on site within one to three hours. They also find, from their experience, it is often more economical to replace a service line than come back to make other repairs.

- TBD: American Water & Utility Service Partners

- Health Insurance
 - (Mr. Nelson and Mr. Stephon)
 - May 27: Shortlisted
 - June 18: Interviewed
- Ganged Meters & Long Service Lines
 - (Mr. Miller and Mr. Nelson)
 - May 27: Define Problem & Conceptual Program

Ahead:

- New Industry Announcement
 - 3:00 p.m. June 24, 2015 at Highlands Business Park
- Mill Creek Restoration
 - July-September
- Summer Picnic
 - August 15 at the 4-H Center
- Line Extension Program Questions
 - Organizing Information
- Energy Service Companies
 - June 25 BOE Kick-off
- PVC Pipe Bedding
 - Lunch & Learn: Billie Turner Vulcan Plastics?
- Western Washington County Water Reclamation Facility
 - DEQ Discharge Permit
 - BVUA & TOA Talks

Mr. Miller said prior to 2013, our revenue was down about \$45,000 and asked if Mr. Cornett thought that was from not billing as much flow even though rates have increased significantly in the last few years.

Mr. Cornett said as part of evaluating meter accuracy, we have also looked at billing consumption, rain fall; anything that might influence the meters. Other things that might influence the decrease in consumption are water conserving fixtures and appliances such as front loading washers and water conserving toilets. Also, it is well known in the industry, when costs increase, folks use less. Mr. Cornett though customers were more aware of their consumption

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

patterns. The biggest part of our customer base is residential. Mr. Cornett said he hopes to learn more once the audit with the energy services companies.

Mr. McCall said he spoke to gentlemen at Wise, Wise County and Buchanan County and they are facing the same issue. Mr. McCall thought there must be a trend.

Mr. Cornett said it was common topic of conversation in most utility circles. When WCSA replaced meters in 1999, registration at that time went up by 11% said Mr. Cornett. Mr. Cornett though some of the loss in revenue was attributable the meters. Mr. Cornett said staff was looking into the possibility weather patterns attribute to it. Mrs. Boyd is also evaluating our billing system for issues.

Almost 20 years ago, Mr. Stephon joined the WCSA Board of Commissioners. He took a break from the Board from 2003 to 2007. On February 16, 1983 Mr. Stephon was employed by WCSA as our Bookkeeper for almost 3 years said.

In honor of Mr. Stephon's 16 years of service on the WCSA Board of Commissioners, Mr. Cornett discussed the following presentation "Frank Stephon, Twenty Years of Progress".

Introduction:

- Expansion
- Capital
- Financial
- Rates
- Efficiency
- Cooperation

Water Expansion:

WCSA went from 16,295 connections in 1995 to 21,040 in 2015; an increase of 4,745 connections or 237 connections per year, including:

- Rich Valley (Rt. 19 to Saltville):

- Blackwell's Chapel
- Maiden Creek
- Whites Mill
- Litchfield

- Walker Mountain
- Cleveland Road
- Halls Bottom
- Old Mill Road
- Brumley Gap
- Black Hollow
- Golden View
- Goose Creek
- Logan Creek
- Chip Ridge
- Lime Hill

Wastewater Expansion:

WCSA went from 70 connections in 1995 to 2,333 in 2015; an increase of 2,263 connections or 113 connections per year, including:

- Emory
- Meadowview
- Glade Spring
- Virginian
- Sinking Creek
- King Mill Pike
- West Central (Exit 7 to Exit 10)
- Exit 13:
 - Westwood
 - Westwood View
 - Oak Park
 - Lee Highway
- Damascus

Capital Projects

- 200 plus Projects
- \$120 Million Investment
 - \$41 Million Extensions (Excluding Treatment)
- \$6.3 Million Per Year
- 2006 to Present
 - \$83.5 Million Investment
 - \$9.2 Million Per Year
- Nine Funding Agencies

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

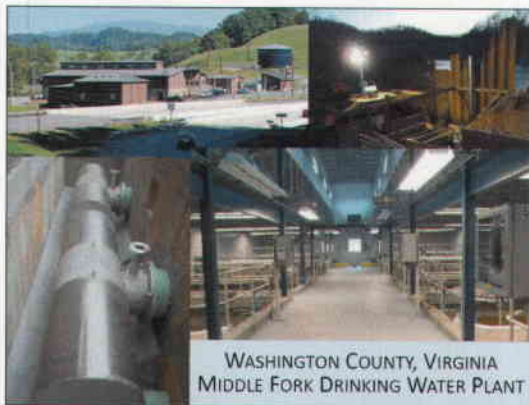
According to experts, 20% to 22% of Water and or Wastewater capital investment is labor (jobs).

If this holds true, WCSA's capital program has invested \$26.3 million in jobs over the 9-year period or \$2.9 million per year on average.

Add that to our payroll of \$4 million per year and WCSA has invested some \$7 million per year in jobs; in the local economy.

Capital Improvements:

- Middle Fork Drinking Water Treatment Plant
- South Fork Intake
- Mill Creek Regional Drinking Water Treatment Plant
- Hall Creek Wastewater Treatment Plant
- Route 58 Water Storage Tank
- Galvanized Water Line Replacement



Financial:

- Revenue
 - Water revenue went from \$5.3 million in 1995 to 12.6 million in 2015; an increase of \$7.3 million.
 - Wastewater revenue was \$23,000 in 1995 compared to \$2.2 million in 2015; an increase of \$2.2 million.
- Operating Budget
 - From \$3.6 million to \$10.6 million in water for an increase of \$7 million
 - Wastewater went from \$18,000 to \$2.1 million, an increase of \$2.1 million

Water/Wastewater Reserves

- Met or Exceed Minimum Coverage Requirements
- Increased Reserves from \$200,000 to \$7.4 Million

Rates

- Cost per Gallon (based on 5,000 Gallon Residential Bill)
 - In 1995, water was .006 cents per gallon and is now .008 cents per gallon based on a 5,000 gallon residential bill (from \$31.05 to \$42.37 a month)
 - Wastewater was .011 cents in 1995 and today is only .013 cents per gallon based on a 5,000 gallon residential bill (from \$53.00 to \$64.54)

Efficiency:

More than \$1 million per year in operational cost savings:

- Automated Meter Reading System
- SCADA System
- PRV/PSV/PCV Additions and Optimization
- Bad Debt Reduction
- Copper to HDPE Service Line
- Property & Casualty
- Water Production

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

THANK YOU FOR YOUR DEDICATED SERVICE TO WCSA, ITS EMPLOYEES, ITS CUSTOMERS, AND WASHINGTON COUNTY!

"I appreciate it, I have enjoyed every minute of it" stated Mr. Stephon.

Mr. Taylor then recognized Mr. Stout and Mr. Chase who were in the audience.

"Frank, we appreciate all you have done", stated Mr. Taylor.

10. Consideration of Mini Excavator Bids – Johnny Lester

Mr. Lester reviewed the following presentation titled "Mini Excavator Bid Update and Decision".

Executive Summary:

- Budgeted in FY 2014/15 Capital for \$69,000
- Structured Bid to Deliver the Best Value to WCSA
- Two Highest Rated, Responsive Bids are \$48,087 & \$45,502

Homework:

- Met with Mr. Miller and Mr. McCall to Collect their thoughts on Wants vs Needs
- Contacted Local Dealers for on-site Demos
 - 4 Demos (Case, Yanmar, Cat & Bobcat)

Established Minimum/Maximum Requirements:

- Minimum Requirements
 - Max. Reasonable Towing with 1 Ton Crew Cabs
 - Dump Heights for Dump Trucks
 - Forces

Established Value:

- Knew from our Homework that the more recognized machines were similar in features and quality.
- Value would come from Dealer supported Warranty, Spare Parts Availability and Loaner

Structured Our Bid:

- Decision will be based on:
- Equipment Must Meet Minimum Equipment Requirements
- Decision Based on
 - Best Value Consideration – 70%
 - Price – 30% (Lowest Offer Price will Receive a Score = 5, Highest Offer Price Will Receive a Score =1, Other Offer Prices Prorated Between).
- In the event of a tie, Coin Flip
- WCSA Reserves the Right to Reject any and All Bids
- Reviewed with Legal Counsel

Bid Results:

The following attached sheets are examples of the bid tally sheets used to determine the best value based on ranking.

Decision:

- Between Bid #8 & Bid #9
- #8 Includes Angle Blade and Quick Attachment Release

The two low bids were for Bob Cat's from Mountain Empire. Bid # 8 includes an angle blade and quick attachment release for a little more than the low bid, Bid #9.

Mr. Cheek asked if it was possible to consider one of the two bids or do we have to accept the lowest bid even though the second lowest bid (Bid # 8) has added features.

The scoring for Bid # 8 was better than the scoring for Bid #9, stated Mr. Cheek. Mr. Hutchinson asked if the third lowest bid included the quick release and tilt blade options like Bid # 8.

Mr. Cheek said it did not.

Mrs. Figueiras said those (quick release and tilt blade options) were above and beyond your (bid) requirements.

Mr. Check said yes, they were above and beyond.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

Mr. Lester said Bid # 8 was still considerably lower than the third bid.

Mr. McCall said from a safety stand point, the tilt blade and quick release were two good features.

Mr. Hutchinson agreed and asked if the Board could accept the Bob Cat with the tilt blade and quick release.

Mrs. Figueiras said she had to find out what the best value consideration factors were in the bid documents. We have to go by what we said we would do in the bid, stated Mrs. Figueiras.

Mr. Taylor said the Board could accept the low bid and add the two options at a later date.

Mr. Miller thought the angle or tilt blade had to be installed at the factory and so could not be added to the mini excavator at a later date.

Mrs. Figueiras offered to look into the issue of accepting the low bid and give the Board an answer on June 23 if the Board wanted to authorize Bid # 8 contingent on her approval.

Mr. Hutchinson motioned to approve Bid # 8 with the two options pending legal counsel approval. Mr. Hutchinson thought the quick release and angle or tilt blade were two good options. Mr. McCall agreed.

The Board had a brief discussion about the process to approve Bid # 8 pending Legal Counsel approval or Bid # 9 if Legal Counsel determined Bid # 8 was not an option.

Mr. Hutchinson made a motion to accept Bid # 8 for the Bob Cat with the added features costing an additional \$2,500 pending Legal counsel approval after their review of the Procurement Policy. Mr. McCall seconded and the Board approved voting 6-0-0-1.

Mr. Hutchinson then made a motion to Amend the motion to accept Bid # 9 in the event Legal Counsel did not approve

Bid # 8. Mr. McCall seconded and the Board approved to amend the motion with a 6-0-0-1 vote. The Board then voted to approve the Amended Motion with a 6-0-0-1 vote.

**Consideration of Trailer Purchase -
Johnny Lester**

Mr. Lester said the utility trailer purposed to haul the mini excavator had 3,500 pound axels and was not heavy enough to haul the mini excavator. Mr. Lester solicited and received three quotes for a 12,000 pound gross weight trailer with a tilt bed to haul the mini excavator. One quote was around \$9,000, another was about \$7,000 and the lowest quote was for \$6,200.

Mr. Lester proposed using some of the unused monies budgeted for the mini excavator toward the purchase the trailer.

Mr. McCall asked if the old trailer at the maintenance shop had been sold at auction, if so, for how much. Mr. Cheek said it was sold at auction but could not remember the price.

Mr. Lester thought the old trailer cost about \$7,800 new and sold for about \$6,800.

Mr. Miller made a motion to approve the purchase of the trailer for \$6,200. Mr. White seconded and the Board approved voting 6-0-0-1.

Mr. Lester then reviewed the following presentation:

**Jet Vac Truck Procurement -
Process:**

- Executive Summary
 - Currently in the FY 2014, 2015 Budget at \$325,000
 - Want to Save Money so placed a Used Equipment Package in the 2015/16 Budget at \$250,000

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

- Have looked at about 100 Vehicle Packages via the Internet and talked with local Sales People to gain better working knowledge
- Need to Develop a Method of being able to move quickly on a Used Equipment Package

Jet Vac Truck Procurement – Homework:

- Met with Neighboring Utilities on their Likes and Dis-Likes
- Sales Presentations
- On Site Demo (Meadowview)
- Site Visits to various suppliers in TN, KY & VA. Talked to Actual Operators without Salesmen Present
- With New Prices above \$300k, Investigated and found large Used Equipment Market

Jet Vac Truck Procurement – Used Equipment Process Proposal

- Similar to Mini-Excavator
- Minimum/Maximum Requirements
- Direct Solicit Quotations from Vendors in the Used Vac Truck Field (At least 4)
- Compare Offers for Best Value to WCSA based on Mileage, Condition, Auxiliary Engine Hours and Equipment Type
- With the Board's Permission be in a Position to Accept/Negotiate after through Equipment Inspection

Minimum Specs:

Item	Minimum Requirements
Year Model	2001 or Newer
Engine	250 HP or Larger
GVW	41,000 or Higher
Auxiliary Engine	Yes
Debris Body	9 Cubic Yards Min/11 Cubic Yard Max
Water Storage Capacity	1,000 gallons min
Boom Type	Telescoping
Transmission Type	Automatic (Preferred)
Make	Vac Con (Preferred)
Vacuum Source	Fan System Preferred
Hydro-Excavation	Preferred
Chassis Mileage	< 100,000 miles
Aux. Engine Hours	< 2,000 Hours
Overall Condition	Good to Excellent

- Contingent on WCSA Team Inspection and Test Operation

Decision:

Mr. White said he sold trucks daily. Mr. White said he was all for saving money, but when you buy a used truck are you really saving money? A used truck does not come with a warranty; what is the parts availability? If you are buying a 10 or 13 year old truck, the service life on a truck is 20 years. He continued saying, the reason you all (Maintenance Department) do a great job is you have good equipment to work with that will last you 20 years. Another thing to consider is who can work on it; who around here can service it, asked Mr. White. When you purchase a new truck from a service or company, they provide service for the 5 or 10 years you own the truck; they come here and work on it as part of the deal. Mr. White said the vac truck was a specialized unit and not just any mechanic could work on that truck. For the reasons discussed above, Mr. White did not think purchasing a used truck would save money.

Mr. White said he talked to a dealer and a new vac truck with a 5 to 10 year warranty would cost about \$325,000. That is only \$75,000 more which is a drop in the bucket with the money we are making up, stated Mr. White.

Mr. White said he used new and used fire trucks daily and "you are buying somebody else's problem when you buy used." I know you are doing the best you can to meet the needs for your personnel, said Mr. White.

Mr. Miller said the truck itself is a basic truck and Good Pasture can work on them. That's not going to be a big deal, he stated. If you purchase a new truck, with the new emission standards; I have a new one that has 200 hours on it and it has already been in the shop, stated Mr.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

Miller. He thought now might not be the best time to buy a new truck because of all the problems with them now.

Mr. Miller asked if Mr. Lester if he would accept a truck without hydro excavation. Mr. Cheek said yes.

Mr. White said it was according to the chase you get. International does not have a DEF (diesel emission fuel) fuel tank; Cummings has a DEF fuel tank that requires a diesel emission fuel.

Mr. Cornett said in the research done by Mr. Gobble and Mr. Lester, they have found if we purchase used or refurbished equipment, time is of the essence in terms of bidding and traveling to look at and test the equipment. If the Board authorize us to purchase that piece of equipment if it meets expectations and lives up to the bid, could we have approval to purchase the truck without coming back to a future Board meeting, explained Mr. Cornett. Ideally, if the truck meets our requirements, we would like to bring it home with us; if the Board would be so willing, stated Mr. Cornett.

Mr. Hutchinson asked what model the truck was that had 558 hours.

Mr. Cornett said 2003.

Mr. Hutchinson then asked how often a jet vac truck would be used in a 5 year period.

Mr. Lester said he could use a jet vac truck with hydro excavation several time a week.

Mr. Hutchinson said he was interested to know how many hours the jet vac truck would be in service, how often it would be used.

Mr. White said Mr. Lester is looking at a jet vac truck that is 13 years old and one that is 10 years old; half its service life is gone.

Mr. Taylor asked if the Board would like to make a motion to allow WCSA to

proceed in a direction to purchase a used truck on the spot.

Mr. Miller motioned to allow WCSA to purchase a used jet vac truck, Mr. Stephon seconded the motion.

Mrs. Figueiras asked that the motion could be restated.

For WCSA staff to execute the procurement of a jet vac truck, stated Mr. Cornett.

Mr. Hutchinson asked what the dollar limit would be to purchase a used jet vac truck.

Mr. Cornett said the budget is \$250,000 but he expected it to be less.

I would hope it would be less since a new one is \$325,000 stated Mr. Hutchinson. The jet vac truck would have to be practically new since a new one in only \$75,000 more.

Mr. McCall asked if WCSA offered more money to Chilhowie for example if we could use one for the next 12 months and keep the \$250,000 in the budget this fiscal year and purchase a new jet vac truck next year. Mr. McCall said "I don't know about this used stuff, we can take a look at it. We have to spend the money right; if we buy it we own it."

Mr. Hutchinson said any good conscientious company that has equipment keeps service logs on their vehicles. He encouraged Mr. Lester and team to request the service logs and maintenance logs, saying, problems will show on the service logs.

Mr. White said a company wants to get rid of the equipment for a reason.

Mr. Hutchinson agreed with Mr. White saying there could be various reasons for it. One think he encouraged the team to look at in the service logs is what has been replaced. Mr. Hutchinson continued saying some equipment problems are self-inflicted by lack of maintenance and improper use.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

Mr. Taylor said some companies automatically sell equipment after a certain length of time. They keep equipment for X years and it is out on the market, regardless of the condition of the equipment. Sometimes you get a brand new truck, stated Mr. Taylor.

But, you have a bad one with a new warranty, stated Mr. White.

Mr. Hutchinson said and the warranty was only as good as the manufacturer that stands behind it.

Mr. Taylor then asked all those in favor of the motion to raise their right hand.

Mr. Miller, Mr. Hutchinson and Mr. Taylor voted in favor of the motion. Mr. Stephon, Mr. White and Mr. McCall opposed. The motion did not carry.

11. Consideration of Insurance Broker/Consultant Services – Kim Boyd

WCSA advertised the Request for Proposals for Broker/Consultant services on April 5, 2015 in the Bristol Herald Courier with proposals due back by May 8th at 2:00 p.m.

WCSA assembled an insurance Broker/Consultant RFP committee; that includes Mr. Nelson and Mr. Stephon; to review the proposals. The committee decided to interview all three firms with responsive proposals. Interviews were held on June 18.

Mrs. Boyd said the committee unanimously recommends Health Care Choice for insurance broker/consultant services.

Mr. Stephon motioned to approve Health Care Choice, Mr. White seconded and the Board approved voting 6-0-0-1.

12. Closed Meeting

At 7:55 pm, Mr. Stephon moved that the Board adjourn to Closed Meeting in

accordance with the Virginia Freedom of Information Act;

Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of Public Funds; 1. To consider and discuss: a. ongoing negotiations with Bristol Virginia Utilities Authority; b. lease of property for a billboard sign with LAMAR Companies; c. sale of property to the Virginia Department of Transportation; d. negotiated water rate and Contract with Intermont Utility District; and e. Amendment No 2 to the Amended Restated Regional Water Agreement between the Town of Chilhowie and WCSA.

Code of Virginia Section 2.2-3711 Paragraph (A) (1): Personnel; 2. To consider and discuss the performance and salary of the General Manager.

In addition to the Board the presence of Mrs. Dawn Figueiras, WCSA Counsel; Mr. Dave Cheek, WCSA Operations Manager; Mrs. Kim Boyd, WCSA Controller and Mr. Robbie Cornett, WCSA General Manager was requested.

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

Return to Public Session:

At 9:07 pm, Mr. Stephon made a motion to Return to Public Session. Mr. Hutchinson seconded and the Board approved with a vote of 6-0-0-1.

Mr. Stephon then read the following:

Certification of Closed Meeting;

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act;

And Whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

in conformity with Virginia Law. Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority. Aye by Mr. Miller, Mr. Hutchinson, Mr. Stephon, Mr. Taylor, Mr. White and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

17. Late Items

1. Ganged Water Meters and Long Service Lines at Tree Top Drive.

Mr. Cornett referred to a correspondence that was sent to the Board regarding ganged meters and long service lines.

Mr. Cornett said on Tree Top Drive there is one existing resident that purchased a water tap and one resident building a home ready to purchase a water tap. These two residents will be extending private service lines from these ganged meters to their homes. Mr. Cornett and staff along with Mr. Miller and Mr. Nelson met to discuss the opportunity from a business standpoint to move away from the ganged meters and long service lines. They create challenges for the customer and WCSA including more leak abatements, easement controversy, pressure and flow issues and everyday meter management, Mr. Cornett discussed.

There are five existing meters on Treetop and at least two land owners have expressed interest in installing the water line if WCSA agrees to provide

the materials, plans and specifications, inspections, pressure testing and bacteriological testing required for the line. The cost estimate is about \$19,804 or \$5.82 per foot.

If this line is installed one land owner has agreed to deed WCSA a 30 by 30 foot piece of property for a future hydro-pneumatic tank site for future WCSA system improvements in the Smyth Chapel area.

If the Board is in favor of this type of program, Mr. Cornett said he would like to be sure to accomplish an understanding between WCSA and landowners undertaking this project. Mr. Cornett said a Memorandum of Understanding has developed to memorialize what the understanding is.

Mr. Cornett said he talked with Mr. Fuller and Dr. Grau, shared the Memorandum of Understanding with them and at this point they are waiting to hear if WCSA approves the project.

The Memorandum of Understanding is not designed to be an agreement. There are no bonds or insurances to obligate the property owners to complete the work; so there is the potential they could stop work half way and WCSA would have somewhat of a stranded investment. Looking back 25 years, we have taken on similar projects in the past with just a letter from WCSA. The Memorandum of Understanding is an improvement since the landowners involved will be signing off on it, explained Mr. Cornett.

Again, the Memorandum of Understanding is not a formal contract or agreement. Mr. Cornett offered to develop a formal agreement or contract if the Board so desires.

Mr. Cornett said he thinks the risk of the project not being completed is low since both property owners have a personal investment in the project.

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

From a business standpoint, there seems to be a reasonable alternative to mediate the risks, Mr. Cornett said.

This is the third time Mr. Cornett has been in discussions about water on Tree Top Drive. For an investment of \$19,800 WCSA will gain two new water taps and have the potential to gain additional customers in the future, he stated.

Mr. Miller said the committee would probably not consider projects that may require more work, like a pump station for example. This project only requires the installation of service line. WCSA could benefit from the project by obtaining more water taps (more customers), stated Mr. Miller.

Mr. Miller said long term for the Authority, this could be money well spent.

Mt. Taylor asked what size line would be installed.

A 4 inch line, said Mr. Miller.

Mr. Cornett said VDH limits the length of 2 inch line to 400 feet without an exemption. We are proposing 2 inch line for the last 1,400 feet because it is a dead end road Mr. Cornett expects VDH to award an exemption to install 2 inch pipe in the last 1,400 feet of the project. Mr. Cornett has explained that to the landowners.

Mr. Taylor asked if each project would be looked at separately.

Mr. Cornett said the projects would be discussed separately. Just as Mr. Miller said, projects that require a pump station or something along those lines will probably not be considered, stated Mr. Cornett. If Tree Top project is successful, WCSA may want to consider this as a program to use in other areas.

Mr. Hutchinson asked what the possibility was the other three residents would connect to water.

Mr. Cornett reviewed the map presented to the Board that shows existing service lines, meters and existing customers on Tree Top Drive and there is a potential for two additional connections. Mr. Cornett thought the 2 inch line would also support any potential new construction.

Mr. Hutchinson motioned to approve the line extension in the amount of \$19,804 to eliminate the gang meters and long service lines on Tree Top Drive. Mr. Stephon seconded.

"It's a good investment", stated Mr. McCall.

The motion carried with a 6-0-0-1 Board vote.

2. VDOT Property Acquisition

As the Board is aware, the Department of Transportation is proposing to purchase WCSA's Jonesborough Road Pump Station property for \$7,000, stated Mr. Cornett. If the Board would consider a motion to sell that property to VDOT, they can move forward with their right of way acquisition.

Mr. McCall made that motion subject to BVU selling their new pump station property. Mr. White seconded and the Board approved voting 6-0-0-1.

3. LAMAR Advertising Company Lease of WCSA's Billboard Sign at the Exit 22 Pump Station Site.

Mr. Miller motioned to approve the LAMAR Lease. Mr. Stephon seconded and the Board voted 6-0-0-1 approving the lease.

4. Amendment No. 2 to the WCSA, Town of Chilhowie Regional Water Agreement

Mr. McCall motioned to approve Amendment No. 2, Mr. Stephon

Washington County Service Authority Board of Commissioners
June 22, 2015 Regular Meeting Minutes

seconded and the Board approved with a 6-0-0-1 vote.

5. Contract Renewal and Bonus for General Manager

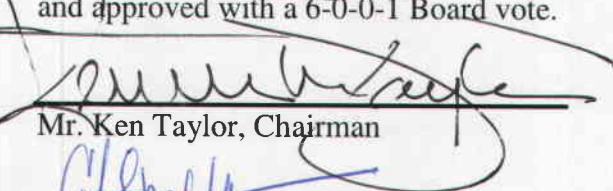
Mr. Taylor asked for a motion regarding Mr. Cornett's contract. Mr. Taylor said he would like to say you (Mr. Cornett) have done a good job in carrying out our (the Board's) mission.

"Mr. Chairman, I would like to make a motion to have a Resolution commending Mr. Cornett that he has met or exceeded all the goals by the Board, and has done everything we've expected and more. In recognizing that, give him a \$1,800 bonus (in lieu of a cost of living adjustment for 2015-2016) and extend his contract through June 30, 2020", stated Mr. Miller. Mr. Hutchinson seconded Mr. Miller's motion and the Board unanimously approved with a 6-0-0-1 vote.

Mr. Cornett thanked the Board.

18. Recess – 9:33 pm.

A motion to recess until Monday, July 27, 2015 at 5:00 pm for a Conflict of Interest Board Seminar was made by Mr. Stephon; seconded by Mr. Hutchinson and approved with a 6-0-0-1 Board vote.


Mr. Ken Taylor, Chairman


Carol Ann Shaffer, Assistant Secretary