

Washington County Service Authority Board of Commissioners
June 23, 2014 Regular Board Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:02 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
Mr. Frank Stephon, IV

WCSA Staff Present:

Robbie Cornett, General Manager
Kimberly Harold, Controller
Mark Osborne, Technical Manager
April Helbert, Engineering Manager
Johnny Lester, Maintenance Manager
Bobby Gobble, Assistant Maintenance Manager
Carol Ann Shaffer, Administrative Assistant

Also Present:

Mr. Mark Lawson, Legal Counsel

3. Approval of the Agenda

Mr. Cornett asked that Item # 10 be stricken from the Agenda. Mr. Nelson motioned to approve the Agenda as recommended by Mr. Cornett. Mr. Hutchinson seconded and the motion passed with a 7-0-0-0 Board vote.

4. Public Query & Comment

There was no public query or comment.

5. Approval of the Consent Agenda

- Minutes for April 23, 2014 Regular Meeting; April 23, 2014 Recessed

Meeting (held May 12, 2004) and May 19, 2014 Regular Meeting.

- Routine Reports for May 2014.
- Financial Reports for May 2014.
- Check Register and General Manager Financial Report for May 2014.

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

6. Engineer's Report and Update

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

• **Exit 13 Sewer Project PER**

Mr. Amos said work to collect financial data continues. Mr. Amos expects to submit a copy of the report to WCSA staff for review before the July meeting.

• **Exit 13 Sewer Project Phases 2A**

Mrs. Helbert and Mr. Osborne had a positive meeting with one property owner with one property owner left to contact. Once they have been contacted, letters will be mailed to all residents informing them of the surveying work. At that point, A&A will be able to collect data and begin designing plans for the Project.

Mr. Bobby Lane of The Lane Group, Inc. (TLG):

- **New Raw Water Intake & Water Treatment Plant- Task Order 9 Final Design of 12 MGD Water Plant Expansion, Raw Water Intake and Raw Water Line Improvements**

The plant is doing well treating a blend of South and Middle Fork water. Judy Construction has completed work on the Middle Fork Intake and is making good progress on remaining punch list items. Change Order # 10 was approved at the May Board meeting and has been forwarded to Rural Development for

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their concurrence. We are working on putting together Change Order # 11 which is expected to be presented at the July Board Meeting. This should be the last Change Order for the Project. Construction of the Raw Water Intake is complete, said Mr. Lane.

- **Damascus Sewer System PER Update**

All WCSA PER comments have been addressed and the final report has been submitted. Mr. Lane reported this Project to be complete.

- **Emory Meadowview Sewer Study**

TLG made revisions requested in WCSA's review and have resubmitted the narrative portion of the study. TLG is working with Mr. Osborne on reviewing potential lift station locations on Cedar Creek.

- **Galvanized Waterline Replacement Project – Phase II**

Bids for Phase II were received and will be discussed later as an Agenda item.

- **Galvanized Waterline Replacement Project – Phase III**

TLG continues to work on the preliminary design of Phase III.

- **Hidden Valley Water System Preliminary Engineering Report**

Mr. Lane requested the Board's permission to advertise this Project, pending the receipt of final easements and Legal Counsel approval.

Mr. Taylor motioned to approve Mr. Lane's request to advertise Hidden Valley. Mr. McCall seconded and the Board approved voting 7-0-0-0.

- **Mendota Water System Source Improvements**

Mr. Lane plans to conduct Pilot Testing June 30 to July 3. Contract Change Orders are expected to be issued on July

28 and Project Close-Out is expected in October 2014.

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

WCSA and TLG representatives met with SWIFA to determine their interest to assist with funding acquisitions for the project. As a result of this meeting, funding applications are being prepared for the Tobacco Commission, Appalachian Regional Commission and Mount Rogers.

- **Mill Creek Water System Source Improvements**

TLG continues to work on funding for the Project. The Rural Development application including the Environmental Assessment is underway. VDH applications have been filed and MRPDC applications are due on June 18, 2014. TLG will also seek funding from the Tobacco Commission for the Project.

- **Nordyke Road Water System Project**

Mr. Lane anticipates this Project to be complete by the July Board Meeting.

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

Mr. Lane will discuss this item in more detail as Agenda Item 16.

Mr. Bill Skeen of Maxim Engineering

- **Tumbling Creek South & North Fork River Road Water Projects**

Mr. Skeen said Contract 1, Tumbling Creek, was nearly complete and Contract 2 is expected to be complete this week. The stream crossing at Tumbling Creek cannot be started until after July 1.

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

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This Study is under staff review and Mr. Tom Taylor continues to evaluate possible funding sources.

Mr. Kevin Heath on behalf of Adams-Heath Engineering (AHE):

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

Mr. Heath said construction was about 2/3 complete with over 26,000 linear feet of 8 inch line installed.

- **Smyth Chapel Area Water Improvements Study**

Mr. Heath has addressed and submitted responses to WCSA staff review PER comments.

- **Abingdon Water Storage Improvements Study**

AHE completed and submitted initial responses to WCSA staff PER review and await additional comments on the PER.

- **Route 58 Water Supply Improvements Project**

A portion of the work on Fisher Hollow was incorporated in the plans for the Galvanized Phase II Project. AHE continues to work with WCSA staff to evaluate potential tank site locations not previously considered.

7. Water & Wastewater Construction Projects Report and Update April Helbert

The Substantial and Final Completion date for Sutherland is June 4th on Contract 1 and June 10th on Contract 2. Mrs. Helbert calculated weather days as of May 23rd. These will extend Contract 1 to June 29th and Contract 2 to July 5th.

Mr. McCall said he spoke to Tim Carter, a Senior Project Manager, a few times and according to Mr. Carter, the contractors are making some progress. Mr. McCall thought WCSA was spending

more money on inspection work than needed to be spent. Mr. McCall happened to be on Route 58 and saw Tipton trucks come in at 4:00 then WCSA people came in at 6:30 or 7:00. Mr. McCall said he did not understand completely why that was happening. Mr. McCall thought Tipton should at least pay WCSA's inspection fees. Mr. McCall asked what the contract allowed for inspection fees; and if that amount was \$200 per day for each contract.

Mrs. Helbert confirmed the contract allowed \$200 per day, per project for inspection fees.

Mr. McCall said "we should at least get that". Mr. McCall said a project in Norton was discussed at a recent OSHA class he attended that was "in the same situation if not worse" he said.

Mr. Chase asked if the situation had been addressed.

Mrs. Helbert said after the last Board Meeting a letter was sent to the contractor regarding the issue. At this time, if weather days are included, Tipton is not out of time on the Project, she added.

Mr. Lawson said based on the current Contract, WCSA was not far from collecting liquid damages.

Mrs. Helbert said weather days could not be added until the Clean-UP Change Order.

Mr. McCall asked what the Board voted on in May for Tipton.

Mr. Lawson reminded Mr. McCall the Board voted to have both contracts end the same time. And so, liquid damages could start on June 29 for Contract 1 and on June 5th on Contract 2, stated Mr. Lawson.

Mrs. Helbert said the difference in this Project and others was the requirements Tennessee funding had on the way

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Contract Documents were written stating the Contractor has to be off site on the date of completion. "The Contractor has to be gone that day", stated Mrs. Helbert. Mr. Miller asked what Mrs. Helbert thought would be the completion time for Contract 1 and Contract 2. Mrs. Helbert felt Contract 1 would be completed on time, "if the Contractor was able to get their paving contractor on site". The paving contractor was requesting up-front payment from Tipton. Mrs. Helbert did not think there was any chance Contract 2 would be finished on time. The Contractor has to do all the boring, they have not received the pressure tanks, they still have to install all the meters, pressure test five service lines and they lack all the paving clean-up work. Mrs. Helbert estimates Contract 2 is at least 30 days out.

Mr. Hutchinson asked what kind of explanation the Contractor was giving as to why they are so behind.

Mrs. Helbert said no explanation was given.

Mr. Lawson said the bonding company needed to be alerted. "We need to do something" stated Mr. Lawson and offered to send a letter to alert the bonding company of the issues.

Mr. McCall said on June 29th and on July 5th, we will start collecting. Mr. Lawson will send the bonding letter a letter regarding the collection dates.

We cannot collect until the Project is completed, said Mrs. Helbert.

Mr. McCall thought a strong letter should be sent informing the bonding company WCSA would collect liquid damages if the contracts were not completed on time. Mr. Lawson said if the Contractor is in bad financial shape, it seems the bonding company will want to know that.

Mrs. Helbert had several complaints from suppliers and sub-contractors regarding Tipton's non-payment on previous projects. Mrs. Helbert understood Tipton was now required to pay up front much of the time.

Mr. Hutchinson agreed that a letter needed to be sent to the bonding company informing them of how serious WCSA is and that we are not going to let it drag on.

8. Operations Manager's Report & Update Presentation Mark Osborne

Discussion Items:

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

2014 May Performance Against Plan:

Mr. Osborne explained the Maintenance Department was the only department that went over budget in planned expenses. Water Production, Distribution, Metering and Wastewater Departments all fell under the budgeted plan.

How Does Maintenance's \$9,697 Over Budget Break Down?

- 24% - Pipe
- 29% - Valves
- 47% - Other Inventory

Year to Date we are \$327k Under Budget

Mr. Osborne said year to date, all departments fell under budget.

2014 May Water Production Highlights:

- Drinking Water Production Month:
 - Middle Fork: 153,972,000 gallons
 - Taylor's Valley: 30,933,682 gallons

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- Chilhowie for WCSA: 34,254,490 gallons
- Chilhowie for Chilhowie: 35,075,570 gallons
- Mendota: 166,000 gallons
- Total: 2 54,401 ,742 gallons
- Working on Final South Fork Intake and Middle Fork Intake Punch List Items
 - Lightening Damage at the South Fork Intake in May

The South Fork Intake experienced a second lightning strike, again causing damage, stated Mr. Osborne

2014 May Waste Water Process

Highlights

- Damascus Within Daily Influent Control Limit, Actual 0.13 MGD, Control Limit 0.25 MGD.
 - Provided Final DEQ Progress Report for Inflow Violation (for 2013).
 - DEQ Accepted, Will have to supply in 2015 as well.
- Process Control:
- Hall Creek: better than 98% Removal Rates
- All Reporting within Control Limits
- Identified & Correcting Significant Damascus Inflow and Infiltration Issues Significant BVU & Abingdon Waste Water Increase
 - Still Working to Identify the Source

WCSA is renting flow metering devices that will help us evaluate issues in the BVU area, specifically in the King Mill Pike area. The flow metering devices will also help to determine I & I issues, explained Mr. Osborne.

2014 May Maintenance Highlights

- Getting Back to Normal

- Leaks: 62 (Well Above 2013 avg. 33)
- Break: 11 (Well Above 2013 avg. 3)
- After Hours Responses: 47 (Well Above 2013 avg. 34)
- 144 Regular Hour Work Orders
- Water Taps: 12 (2013 avg. 3)
- Waste Water Taps: 0 (2013 avg. 1)
- Galvanized Line Replacement:
 - Through switching meters and making tie ins, able to remove about 1,200 feet of galvanized line from service.
- Sewer Camera focused on BVU and Damascus Inflow and Infiltration.

2014 May Distribution Highlights

Departmental Accomplishments:

- Water Purchase:
 - BVU - 0 gallons
 - Saltville- 1,040,000 gallons
 - Water Distribution
 - Orchestrated 437 System Locates
- Mr. Osborne said Mr. George Thomas was very busy with locates.
- 188 Distribution System Adjustments
 - Infrastructure Mapping Improvements
 - Project related - 8,172 LF (Water & Sewer Line) & Associated Appurtenances
 - Mapping Corrections - 3,967 LF (Water) & Associated Appurtenances
 - Cross Connection Control & Backflow Prevention
 - Mr. Wayne Smith has been very busy working with several industries and has subsequently received backflow Prevention Device Reports from 5 customers for 48 devices, said Mr. Osborne.

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Departmental Projects & Programs:

- Formulating Programs for Routine Inspection & Operation of Fire Hydrants, Gate Valves, Pressure,
- Regulating Valves (PSV /PRV) & Air Release Valves,
- Fencing Procurement at Three Springs Water Storage Tank Site and Bristol Industrial Pump Station Site,
- No Trespassing Signs at all Sights,
- Non-Revenue Water Task Force-Data Handling Improvements, Water Blow Off Assessment, & Water Control Valve Assessment.

Real Estate Acquisitions/Easements:

- Western Washington Waste Water-Land Option – In Process,
- Damascus Water Tank- In Process,
- Childress Hollow Road Water Line Extension: 18 of 18 Easements,
- Haskell Station Road Water Line Extension: Will start on the 20 Easements Required,
- Hidden Valley Road Water Line Extension: Started in May 1 with a Community Meeting to start obtaining easements. Staff has obtained 36 of 39 easements.

Mr. Osborne reported Mr. Wayne Smith and Mr. Taylor worked very diligent to secure the easements.

2014 May Metering Highlights:

- 167 customers were telephoned following unusually high usage,
- 73 customers were notified that their water was to be turned off for nonpayment,
- 91 meters lifted for non-payment,
- 99.4% of all meters read with radio with the remainder (138) requiring a manual read.

Forward Looking Statement

- With a 40% Increase in "Lead Free" materials, Maintenance Budget will be a Challenge
- Closer Tie between Operating Departments and Customer Service
 - 3 times per week, Focused Meeting on Customer Issues,
 - Starting to Develop Root Cause Action Items.
- 2014/2015 Final Budget Work in Progress.

Mr. McCall said he met with Mr. Cheek to discuss GPS units. "Mr. Cheek is going to do some research and I would like to see it (GPS software) on the Agenda for the next meeting", said Mr. McCall.

Mr. McCall discussed an instance when he had trouble locating a meter. I understand if we had a bit more software, we could have been able to locate the meter, stated Mr. McCall. Mr. McCall requested an update be given on the GPS software at the July meeting.

Mr. Osborne said they were looking at different GPD technologies and would be meeting soon to discuss options.

Mr. Cheek asked about digging that was taking place on Old Jonesboro Road.

Mr. Osborne said the digging was related to the Exit 13 Project. Ramey made repairs to broken lines, he explained.

Mr. Cornett said the digging was warranty work. Thanks to our sewer camera, we were able to identify lines that needed to be corrected during the warranty period, said Mr. Osborne.

Mr. Hutchinson asked about I & I in the Sinking Creek, King Mill Pike area. Mr. Osborne said he was still investigating the I & I Issue in the King Mill Pike area.

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

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Mr. Cornett discussed his General Managers Report & Update in presentation form. Below are the discussion points as outlined in his presentation.

Safety:

- Two Accidents in May:
 - While repairing a leak, an employee punctured his forearm on a piece of barb wire protruding from the side of the ditch.
 - An employee did not see an oncoming vehicle when pulling out of an intersection. This caused the oncoming car to swerve, hitting a curb and incurring damage to the rim of the car.
- Training:
 - OSHA required Asbestos Supervisory training was conducted in Maintenance.
 - Personal Protective Equipment was conducted in Wastewater.

Water: New Connections

Mr. Cornett referred to a graph showing the number of walk in customer connections versus project connections. This graph showed that 2 of 18 connections were walk-in connections, the other 16 were related to projects

Monthly Water Revenue: Budget vs Actual

Mr. Cornett's said we had an increase in actual monthly water revenue for users, connections and both combined versus what was budgeted.

YTD Water Revenue: Budget vs Actual

The graph Mr. Cornett referred to showed YTD water revenue was below budget for user but above budget for connections and for users and connections combined.

How Much and Why?

- Monthly water user revenue was \$20,387 less than projected but not significant (\$10 million projection).
- Except 2010, billed consumption has decreased each year since 2008 (1.585 billion gallons) to 1.394 billion gallons.
- Why?
 - Over projected? Maybe.
 - Decrease in active accounts? No. Active accounts have increased over the period.
 - Weather? Maybe. Closer look.
 - Meters slowing? Maybe. Studies show that meters slow with age. Meters were replaced in 1999 so meters are about 15 years old.
 - Customer habits? Maybe. New fixtures use less water. Slow economy may lead to greater awareness/reduction in consumption.

Water: YTD Expenses

WCSA is above the budgeted amount for non-departmental expenses for the year. Administration and Customer Service is below the budgeted expense amount for the year.

How Much and Where

- \$304,496 for the year
- Notables:
 - Banking service charges

Mr. Cornett explained WCSA went to a 24/7/365 on line billing option for customer convenience and so the banking service charges were more than budgeted.

○ Surveying fees
Surveying work was for the Route 19 and Mid-Mountain tank sites and fencing, said Mr. Cornett.

- Legal fees (\$427,000, related to the M.B. Kahn litigation)
- Refunds
- Office Supplies

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- Advertising
- Software Maintenance Agreement
- Propane costs increased.

Mr. Nelson asked if the legal fees would be paid by the end of the month so they would not be carried over into 2014.

Mr. Cornett said yes.

New Wastewater Connections

In February, we had 1 walk-in connection and 8 project connections. There were 2 walk-in connections each in March and April.

Monthly Wastewater Revenue: Budget vs Actual

For the month of May, user revenue was above budget. The connection revenue was not as good but overall we are above budget for the year, said Mr. Cornett.

YTD Wastewater Revenue: Budget vs Actual

Year to date, user and connection revenue amounts are above budget.

Wastewater: Monthly Expense

The Wastewater department is very much below the budgeted amount for non-departmental expenses for May.

Customer Service

- Active water accounts increased by 16.
 - (2013 average increase 11 per month).
- Active wastewater accounts decreased by 4.
- 103 customer requested disconnections; 50 were landlord, tenant accounts.
- 152 reconnection/transfers of service
 - (2013 average 188).
- 91 disconnect for nonpayment
 - (2013 average 112).
- \$21,553.54 was abated for 89 customer water leaks.
 - (2013 average 89 abatements per month at \$11,084.76).

- \$4,379.42 was written off as bad debt three years old.
 - (2013 average \$4,654).

Customer Opportunities:

- Most issues are addressed at time of call.
- 17 active cases.
 - Relate to Quality
 - Related to Pressure
 - Related to Damage
- Daisy Helbert dispute resolved favorably for the customer.

Mr. Cornett said he was very thankful for Mr. McCall's and Mr. Hutchinson's efforts and support with recent disputes.

Notables:

- Fire Department:
 - Provided hydrant mapping.
 - Coordinating cooperative flow testing.
 - Developed/provided a uniform procedure for testing.
 - WCSA to repair/replace broken hydrants.
- Billing and Accounting Software Upgrades:
 - Installation, training and testing. May and June.
 - Go live July 2014.
- Microsoft Training: Thanks to the efforts of Mrs. Sheila Poston, WCSA has partnered with VHCC and developed a training opportunity for employees. Our Microsoft training curriculum is held onsite in the Conference Room and is offered to all employees. Mr. Cornett discussed a training success story. After Excel training an employee was able to develop a spreadsheet that detailed information about a 5 year Capital Project. The employee said he would

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not have been able to develop the spreadsheet before the training.

- Employee growth opportunity.
- Tap broader knowledge; new/additional perspectives.
- All training is onsite and provided by VHCC.
- Ongoing...
- Middle Fork Dedication Planning
 - Looking at August 2014
- Lift for Nonpayment Trends:
 - How many times has a customer/address been lifted for non-payment
 - 11 years of data examined.
 - Information:
 - 10,416 customers were notified that service was to be turned "off" or 79/month on average.
 - Some customers have been notified as many as 51 times over the period.
 - 204 service locations have been turned "off" 10 or more times with two service addresses being turned "off" 51 times.

What's Ahead?

- Go Live, Billing/Accounting Software
- Financial Audit
- Insurance Procurement?
- Middle Fork Dedication
- Employee Development
 - Training/Coaching/Encouragement
- Succession Planning
- Consumption Decline

10. General Counsel's Report and Update – Mark Lawson

This Item was stricken from the Agenda.

11. Consideration of the Connection Fee Effective Date – Mark Lawson

Mr. Lawson referred to the memo regarding the Dispute Hearing regarding the Daisy Helbert matter conducted by Mr. Hutchinson and Mr. McCall. Mrs. Helbert fell into a particularly unusual situation where she paid for the connection the day after our Commissioners voted to reduce the connection fee. After hearing Mrs. Helbert's case, the recommendation of the committee was to act favorably on her request for a refund. Going forward, WCSA should have a policy in place. Mr. McCall said having a policy in place just gives a firm date. Mr. McCall said the committee highly recommends the policy and thought the policy was needed.

Mr. Lawson said it may be a rare occurrence but this will give you a policy so you do not have to handle each case individually.

Mr. Cornett said there was only one other customer that would be impacted.

The recommendation is "that applicants who applied for new water service between April 11, 2014 and May 5, 2014, be charged the reduced water connection fee that went into effect on May 6, 2014. Applicants during that time period who paid more than the reduced water connection fee shall be refunded the difference between the fee paid and the reduced water connection fee that became effective May 6, 2014".

Mr. Hutchinson said the Board needed to have solid ground to stand on and so he and Mr. McCall decided on the above recommendation.

Mr. McCall motioned to approve the recommendation, Mr. Hutchinson seconded and the Board unanimously approved voting 7-0-0-0.

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**12. Consideration of a Sewer Line Extension/Betterment at Exit 24 –
Robbie Cornett**

As you may already know, Love's Travel Center is planning to locate on Glenbrook Drive adjacent to I-81 near Meadowview. Public sewer service is not available to the property chosen by Love's. Love's originally planned to construct a pump station and force main to pump the sewer they generate to the existing WCSA manhole on the opposite side of I-81. Additionally, Love's has agreed to locate the pump station across Glenbrook Drive from Meadowview Elementary School, at their cost. This pump station location will require Love's to construct a gravity line from their business to the pump station, about 3,500 feet, and a force main from the pump station back to the existing manhole on the opposite side of I-81. If constructed, this will allow the School to abandon their existing package sewer treatment plant.

You may also remember that Staff, in 2012, solicited user agreements along Glenbrook Drive between the Love's property and the proposed pump station location. However, interest in sewer was low, only 5 out of 14 or 35% agreed. For that reason, the Board decided July 22, 2013 to discontinue that particular solicitation.

We want to be forward thinking, said Mr. Cornett. For that reason, we asked Love's if they would be willing to install a gravity sewer line, with the force main they have to construct, from their property under I-81 to the first property, about 1,300 feet. Love's has agreed if WCSA is willing to pay for this cost.

The estimated cost is \$80,000 to \$100,000.

It appears VDOT is willing to allow the line to be installed under I-81 with the force main by open cut. There is already an 8" water line here as well. With two lines and increased traffic from Love's, it is unlikely that VDOT will allow open cut in the future. The increased cost to bore under I-81 may be \$62,500. For this reason, installing the line now should be much less expensive.

Installing the line now allows WCSA to serve the 12 existing residents/businesses that do not have service without having to install the line under I-81 in the future. We know of no current interest in public sewer from these residents at this time. But, should they become interested, WCSA's ability to serve them due to the cost of the I-81 crossing would present a challenge. Based only on these 12 existing residents/businesses, this would be an investment of about \$8,300 each.

A disadvantage to this approach is the cost is not factored into our Rate and Financial Plan. Depending on how things go over the next year or so, we may be able to manage this cost without increasing rates.

One option for the line is to allow future development (like Love's) to drive installation of the line. If this type of development were to occur, WCSA would have no cost in the line. This would be more similar to how Love's is developing and less like the Trammel investment.

Another option is to wait until there is known interest in public sewer from the 12 existing residents/businesses or other commercial interest. A downside to this may be the cost of getting under I-81.

Should the Board believe this is a worthy investment, Staff believes there may be wisdom in the following approach:

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- Subject to Love's approval, proceed with the betterment until bids are received;
- If WCSA's cost are less than \$100,000, proceed; and
- If WCSA's cost is more than \$100,000, discontinue or reconsider; we would still be liable for the design costs.

Mr. Taylor asked if the line could be placed with an open cut now in that area.

Mr. Cornett said he thought so.

Mr. Taylor asked Mr. Cornett if he knew it could be done open cut or if he thought it could be done open cut at this time. Mr. Cornett said he thought the line could be placed with an open cut. Mr. Taylor thought now would be the only opportunity to lay the line with an open cut. He continued saying he thought the time was right and it would be wise to do the open cut now because this area would experience heavy development in the near future.

Mr. Miller asked who would design the project.

Mr. Cornett said at this point in time, the sewer system would be included in the project design done by Loves. Mr. Hutchinson asked Mr. Cornett if he thought there was a better than 10% chance this project could be completed without having to raise rates. Mr. Cornett said he believed so.

Mr. Taylor motioned to proceed with the project with the option to revisit it if the bids were more than \$100,000. Mr. Nelson seconded and the Board approved with a vote of 7-0-0-0.

13. Consideration of the 2014/2015 WCSA Fiscal Year Budget – Kim Harold, Robbie Cornett

Mr. Cornett began by thanking several staff members for their hard work and diligence to put together the budget. He thanked the department heads in their work considering the budget for their prospective departments. Mr. Cornett thanked April Helbert and Kim Harold for their work to insure the latest data is considered for the Capital Plan. He thanked Dave Cheek for overseeing the Operations Department Budget.

Mr. Cornett then turned the presentation over to Mrs. Harold.

Mrs. Harold began her discussion of the 2014/2015 Budget as follows.

The Administration Budget:

Item # 18 was included for a DVR for video surveillance. WCSA's current DVR being utilized for video surveillance had one of its video inputs malfunction. There are no additional ports on this DVR leaving WCSA without one of its cameras functioning. This replacement will render the current camera back in service plus allow room to add additional cameras if deemed necessary.

Maintenance Capital Budget:

The description for Item #3 was changed from Toughbooks to Field GIS compatible devices.

Item #15, the Pipe locator in 2013-2014 budget of \$2,600 was rolled and added for a total of \$7,100 to purchase a better locator.

Item #22, for a 1 Ton Service Truck was reduced from a quantity of 2 to 1 with a decrease from \$96,000 to \$48,000.

Distribution Capital Budget:

Item # 8, the Fire Flow Monitoring Software was rolled from 2013-2014 budget to 2014-2015 budget.

Item #14, the Pressure Reducing

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Valve Strainers - Purchased 10 strainers this year. This needs to be a recurring expense for around 5 more years until we have installed strainers on all system pressure reducing valves.

Item #15, the 2 inch Meters for Hydrant Flushing was rolled from 2013-2014 budget to 2014-2015 budget.

Item # 16 for 2 inch Automatic Flush Valve was rolled from 2013-2014 budget to 2014-2015 budget.

Item #27, Tank Fencing was rolled from 2013-2014 budget to 2014-2015 budget.

Meter Capital Budget:

Item #11 was added for a Large Meter Replacement. It has been approximately 15 years since WCSA has done the whole system meter change out, with a life expectancy of 15-20 years on the meters. The manufacturer has quit making parts for these larger meters. Meter department is scheduling periodic replacement of the larger meters for the next three years.

Wastewater Capital Budget:

Item # 1 is for the Development of Local Limits, required by our Sewer Use Rules and Regulations and DEQ to determine how much and what type of high strength flow a nonresidential customer can discharge into our sewer system and not negatively affect our treatment process for the Hall Creek and Damascus Wastewater Treatment Plant. Item # 23, grating and safety rails for digester were rolled from 2013-2014 budget to 2014-2015 budget.

Item 24, Painting at Hall Creek- rolled from 2013-2014 budget to 2014-2015 budget.

Capital Improvement Plan:

Project # 28 was added to the Town of Chilhowie Interconnection for \$113,035 with the Town of Chilhowie splitting the cost proportionately at 56%. This leaves WCSA at \$49,735 to be funded. We are seeking grant funds to pay for this cost.

Project # 29 was added for the Middle Fork Water Treatment Plant Withdrawal Permit renewal with JPA at \$38,000. This not only renews the permit for 15 years but is to change the wording. Currently WCSA's withdraw is limited to 12 mgd from all sources.

Project # 30, the Abingdon Water Storage Tank, was updated from \$1,860,100 to \$1,669,700.

Project # 33; Mid-Mountain Zone 108; project cost were updated from \$1,943,210 to \$5,014,358 to accommodate pumping water back to Mill Creek.

Project # 42, the Exit 13 Phase 2 updated debt funding received for \$884,895.

Project # 43, the Exit 13 Wastewater Phase 3. Project costs were from \$1,052,450 to \$1,171,550.

Project # 48, the Exit 13 Phase 2A & 3 Study update and environmental assessment was update from \$13,000 to \$19,140.

Project # 52 for the Western Washington County Discharge Permit & Property Acquisition was updated from \$138,420 to \$167,920.

Project # 55; the project cost for the Hall Creek Expansion project was updated from \$1,485,000 to \$1,732,000.

Project # 65, Larwood Acres Extension Project was updated from \$2,500,000

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to \$1,765,200 and divided into three separate projects, Project # 65, 66 and 67. Project # 66, Exit 1 Gate City Highway Extension project was added as a spin off from Larwood Acres at a cost of \$1,825,020.

Project # 67; the Miller Hill/Dishner Valley Extension project; was added as a spin off from Larwood Acres at \$1,792,590.

The long term debt and principal and interest payments have been updated to reflect the payment of the Blue Ridge debt. It was recommended in the rate study, this debt be paid by the end of the year and was paid in full this Friday, said Mrs. Harold.

According to Mrs. Harold, proceeds from the M.B. Kahn litigation were not included but will be forth coming.

Mr. Nelson asked if WCSA already received the \$800,000.

Mrs. Harold said, the cash has been received and when the secretary returns, that amount will be paid on the note. "Since the note has not been paid yet, it does not reflect it on the actual liability", said Mrs. Harold.

Mr. Nelson said then you are still anticipating a net increase of \$397,000 in reserves.

Mrs. Harold said, "Correct".

"There is nothing included here with the agreement we have with the other party", said Mr. Nelson.

"No", said Mrs. Harold.

Mrs. Harold then discussed the fiscal year end 2015 operating and capital budget summary saying the long term principal and interest payments already had the \$775,000 Blue Ridge debt take out as projected in the rate study.

Page 12 shows a decrease in reserves of \$858,629 and includes a project of \$1,000,068 that is intended to be funded by some other means than cash, stated Mrs. Harold.

Mr. Nelson asked which project was associated with \$1,000,068.

If that project is to be funded by some other means than cash in the fiscal year ending 2015, said Mr. Nelson, there should be an increase in reserves of about \$320,000.

"Correct", said Mrs. Harold.

Mr. Nelson asked when WCSA would know if that project would be funded, because the Board did not intend to fund it from cash.

Mr. Harold said projects are not usually funded by WCSA until funding has been secured and the projects are brought before the Board for approval.

Mrs. Helbert asked what project the \$1,000,068 reflected.

Mrs. Harold continued to search for the project and said it could be a sum of more than one project.

Mr. Nelson said the report that Mrs. Harold and Mr. Cornett are developing will clearly reflect what the point of reserves are and what the increases need to be. Mr. Nelson thought projects should not have been included in the projection if WCSA did not intend to use cash for the projects. He said the \$1,000,068 should have some sort of revenue to offset it. "It makes it looks like we are approving a budget that truly has a negative cash effect", said Mr. Nelson.

Mr. Nelson said he would like to see the money from the M.B. Kahn

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settlement that was paid on the debt be reflected in the 2014-2015 budget.

Mrs. Harold said one of the projects was the Exit 13 Phase 3 Extension Project.

Mr. Nelson said, unless he misunderstood, the Board did not agreed to cash fund that Project.

Mrs. Helbert said, No sir; only to proceed with the application for funding.

Mrs. Harold offered to update the budget accordingly. Mrs. Harold has the Hall Creek Project as being debt funded at \$616,000.

Mr. Nelson thought updating the reserves to show only cash funded projects and not those projects that are grant funded would allow for better information regarding reserves allowing the Board to make better decisions.

Mr. McCall said there were many things that came up such as leaks that needed to be fixed and thought it was important to have contingency funds available.

Mr. Nelson though monies were set aside in the budget for issues that came up like leaks.

Mr. Nelson said he thought Mr. Cornett was being a very good steward of the user's money and he appreciated that.

Mr. Cornett then discussed **Compensation:**

Mr. Cornett said the proposed minimum cost of living adjustment was 1.5%, which is the same percentage the Social Security Administration plans to use for their 2014 plan year. Also proposed is a 1% allowance for performance evaluation

increases; for a total compensation increase of \$17,894.85.

In the recent rate study, compensation was estimated to increase at a rate of 3% per year and overtime at a rate of 1.5% each year. However, Mr. Cornett did not include any additional overtime hours in their budget projections.

Mr. McCall asked for information regarding the cost of living adjustment relative to dependent deductions with health insurance premiums.

Mr. Cornett shared that information with staff at a company-wide benefits meeting. Summarized, an employee making \$30,000 per year, with a 1.5% cost of living adjustment per year; considering an increase in dependent health coverage of 5% a year (20% total over 4 years) would result in an increase of employee take home pay, except for employees enrolled in the family plan. Take home pay will decrease \$900.85 over the 4 year period for employees participating in the family plan. Mr. Cornett offered to go into more detail if the Board wished.

Mr. Nelson said he knew WCSA did not operate at full staff during 2013-2014. He asked what the projected actual total expense for 2013-2014.

Mrs. Harold said she did not have that number on hand.

Mr. Nelson said he was more interested in what the true increase would be for 2014-2015 versus 2013-2014; adding, "It is not going to be \$17,000".

Mr. Cornett offered to compile that information for Mr. Nelson.

Mrs. Harold then discussed:

Benefits:

WCSA transitioned through the RFP

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process from The Local Choice to Mamsi effective July 1, 2004. Akridge Insurance responded as an Agent to WCSA's RFP with the best deemed carrier, rates and services. WCSA reportedly saved a little over \$200K with the change.

Regarding Agent rates, because of the size of group, an Insurance Consultant negotiates a fee for consulting services by the group. Our group size is paid by commission direct from carrier (Agent of Record) that is included in the rates and is not an "add on" to the group premium rates. There is no additional cost to the group. The rates are the same with or without an Agent.

WCSA went through the RFP process a second time in 2004 and transitioned to John Deere (later changed name to United Health Care) October 1, 2004 because Mamsi's lost a lot of participating providers WCSA went through the RFP process again for a October 1, 2007 date and transitioned to Anthem Blue Cross Blue Shield.

Last year, due to the uncertainty of impending changes with the Affordable Care Act, WCSA chose to hold off on procurement of insurance services. This year, WCSA will be issuing a request for proposals for the health and dental insurance. Based on the forthcoming renewal rates, we may consider allowing the employees a choice of dual or even triple health insurance plans from which to choose. Additionally, we are researching ways to make administration of the flexible spending account funds more efficient for both the employees and employer. While our preference

would be to procure insurance agents prior to this renewal, it would prove very difficult to procure insurance during the renewal process and time does not allow for this to be done before our renewal. Our plan is to issue a request for proposals for agent services after the renewal process is completed in October.

Statement of Revenue & Expenses
Revenue:

Water Revenue and Connection fees were adjusted based on the projections provided by Raftelis Financial Services in the 2014 Rate Study and subsequent Rate Model as well as the decrease in connection fees.

The Town of Chilhowie Revenue was updated based on the Town of Chilhowie steering committee budget approval.

Non-Departmental:

Public Relations decreased from \$120,000 to \$50,000 due to the nearing of completion of the updated website by The Corporate Image Group as well as other reductions in their support of WCSA.

Legal Fees decreased from \$400,000 to \$100,000 due to the closure of the M.B. Kahn litigation.

Planning Expense decreased from \$150,000 to 75,000 due to the completion of the rate study.

Short Term Disability Administration Fees were added due to the mandatory addition of Short Term Disability by the Virginia Retirement System.

Maintenance Department:

Inventory parts were not being expensed until year end close and after

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budget preparation, but will now hit expenses throughout the year due to improvements in inventory accounting and reconciliation.

Fire Hydrants- WCSA has around 1,400 hydrants in our system. WCSA will begin inspecting, repairing, and replacing hydrants to make sure they are all functioning properly. After a systematic review, WCSA expects a potential total fiscal year 2015 expenditure of around \$88,000 to begin these repairs.

Production Department:

A Planning Expense was added to help with WCSA's procurement for a firm to develop a Risk Management Plan for the new Middle Fork Drinking Water Plant to be in compliance with the Virginia Department of Health requirements.

Engineering Fees were also added as WCSA will be partnering with The Lane Group and CHA for the development of an Operations and Maintenance manual for the new Middle Fork Drinking Water Plant and its upgrades.

General Electricity was increased to \$400,000 to prepare for the additional expenditure of producing water at the South Fork Intake.

Distribution Department:

Water Purchases Bristol was decreased from \$350,000 to \$0 due to the completion of the South Fork Intake and subsequent expiration of the water purchase agreement with Bristol Virginia Utilities.

Wastewater Department:

A Planning Expense of \$50,000 for a potential study on the regionalization

with the Town of Abingdon and \$70,000 for the development of local limits for the Hall Creek and Damascus Treatment Plants, at \$35,000 each.

Mr. Nelson asked how the \$75,000 for planning expenses was to be used.

Mr. Cornett said a financial advisory service was procured to help WCSA with bond rating but have been able to put that on hold.

Mr. Nelson said basically that money will not have to be spent unless a bond study is done.

Correct; said Mrs. Harold.

Mr. Nelson said, without the M.B. Kahn litigation, legal fees should be around \$70,000 this year. Mr. Nelson said he would like WCSA be diligent and manage that number as much as possible. If there are special projects that need special attention, I would like us to use all the legal fees necessary, he added.

Mr. McCall asked about the status on the Jet Vac Truck.

Mr. Cornett said he proposed leaving the Jet Vac Truck in the budget and wait to see if any regional opportunities develop. If regional opportunities do develop, we will not need the truck, if they do not develop, we will come back to the Board for approval of the Jet Vac Truck.

Mr. McCall said in talking with Floyd Wyatt, "he is the best expert we've got, and real good too." Mr. McCall asked if we could get by for another year or two and do some things and make it work and do the job without a Jet Vac Truck. Wait a couple of years and buy a good truck that is not too small.

Mr. Cornett said there is an accessory

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that would allow the Jet Vac Truck to be used for more than just sewer work. The Jet Vac Truck has a lot of merit, particularly with main line breaks. The Damascus system and around Exit 22 are two areas where the Jet Vac Truck would be particularly useful, said Mr. Cornett. We beg and borrow from the Town of Abingdon Town of Chilhowie, and they have been very kind to help us out without charging for that help. We certainly will try to continue to do that until we are able to purchase a truck, said Mr. Cornett.

Mr. McCall asked about paying the Town of Chilhowie and the Town of Abingdon for use of their truck.

Mr. Cornett said WCSA could work that in the budget if the Board wished.

Mr. McCall asked if the truck would cost about \$400,000.

Mr. Cornett said the Jet Vac Truck would cost about \$325,000.

Mr. Miller thought not having a Jet Vac Truck would hurt the authority in the long run.

It's a matter of whether the regional partnership develops with the Town of Abingdon that will determine the need for a truck; but the truck is in the budget, said Mr. Nelson.

Mr. Chase said we will know in the next few months if the Abingdon reorganization takes place.

The proposal was to budget for the Jet Vac Truck but not move forward with it until we see how things develop with the Town of Abingdon, said Mr. Cornett. Staff would absolutely come back to the Board for approval before advertising for a Jet Vac Truck.

Mr. Stephon motioned to approve the 2014/2015 Budget. Mr. Nelson seconded

the motion and the Board approved voting 7-0-0-0.

14. Consideration of a Resolution for the WCSA to Elect VRS Retirement Contribution Rate for the Upcoming Fiscal Year 2015-2016 Biennium – Kim Harold

The 2013 Appropriation Act, allows employers who participate in the Virginia retirement system to choose whether they want to fully fund the employees' retirement accounts at the rate certified by the VRS Board of Trustees or choose an alternate rate of 80% of the VRS Board Certified Rate for the fiscal year 2015-2016 biennium, said Mrs. Harold.

While underfunding the rate does help employers with current cash flow issues, it will:

- Reduce contributions to your employer account and the investment earnings that it would generate;
- Result in a lower funded ratio on the next Actuarial Valuation, and thus a higher calculated rate at the next assessment; and
- Require that we include the underfunded amount in our Net Pension Obligation in our upcoming financial statements

Staff recommends that the Board continue funding at the rate certified by the VRS Board of Trustees for the fiscal year 2015-2016 biennium of 7.6%.

Without hesitation, Mr. Nelson motioned to approve the VRS funding at the recommended rate of 7.6%. Mr. Hutchinson seconded and the motion carried with a 7-0-0-0 Board vote.

15. Consideration of Galvanized Line Phase 2 Bids – Matthew Lane

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Mr. Lane said bids were received for the Galvanized Line Phase 2 Project Mr. lanes bid review is as follows:

Division 1- Western Washington County:

This Division was bid with a Total Base Bid with one Deductive Alternate for Tracer Wire. The lowest responsible and responsive Bid submitted was that of Little B Enterprises, Inc. with a Base Bid of \$2,134,146.11. The proposed deduct for the tracer wire was \$10,185.00. Mr. Lane recommended the Division 1- Western Washington County be awarded to Little B Enterprises, Inc. for a total Contract Price of \$2,134,146.11.

Division 2- Abingdon/Wyndale Area:

This Division was bid with a Total Base Bid with one Deductive Alternate for Tracer Wire, said Mr. Lane. The lowest responsible and responsive Bid submitted was that of Little Henry Excavating from Pound, Virginia with a total contract Base Bid of \$3,149,018.00. The proposed deduct for the tracer wire was \$14,000.00. Mr. Lane recommend that Division 2, the Abingdon/Wyndale Area, be awarded to Little Henry's Excavating for a total Contract Price of \$3,149,018.00.

Division 3 - Lee Highway/Emory Area

Mr. Lane felt this would be the most difficult phase of the Project, with much of the work being done on Lee Highway. This Division was bid with a Base Bid and three (3) Additive Alternates and included Deducts for the Tracer wire. The lowest responsible and responsive Bidder for the Base Bid and all Additive Alternates is Thomas Construction Company submitted the lowest Base Bid of \$2,362,395. They were also the

lowest Bidder on all the Additive Bids as well. Thomas Construction is the low bidder submitting a total Contract Bid of \$3,006,285, which includes their base bid and all three Additive Alternative Bids. Mr. Lane recommended awarding Division 3 - Lee Highway/Emory Area Base Bid and all Additive Alternates to Thomas Construction Company for a total Contract Price of \$3,006,285.00.

Division 4- Taylor Valley/Fisher Hollow Road:

Mr. Lane said when Bids were opened, it appeared the low bidder was Valley Contractors. After TLG reviewed the math on the Valley Bid, they found an error. This error added \$39,000 to Valley's contract price; and so they were no longer the low bidder. Contract Documents are very specific about how to handle such an issue stating the Unit Price is what governs Bids, explained Mr. Lane. For that reason, Valley Contractors was not the low bidder, making Boyd Construction the low bidder. So, the lowest responsible and responsive Bid submitted was that of Boyd's Construction with a Base Bid of \$183,520.00.

We recommend that Division 4, for Taylor Valley/Fisher Hollow Road, be awarded to Boyd's Construction for a total Contract Price of \$183,520.00, said Mr. Lane.

The amount of the total award is \$8,472,969.11 for the Phase 2 Galvanized Line Phase 2 Project.

Mr. Lane then discussed the Post-Bid Budget which includes additional Project Costs such as land and right of way costs, legal fees, additional engineering fees, a 5% contingency fee, bond counsel, inspection and interest fees. Mr.

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Lane said Rural Development has agreed to allow the use of left over monies from other projects on the Galvanized Line Phase 2 Project. Additional Line Construction of \$700,000 is included in the Project.

The Total Project Cost for the Galvanized Line Phase 2 Project is \$11,442,100.

Mr. Lane addressed the Board saying, Mr. Chairman, it is our recommendation that the Board move to award the Contract to low bidders as recommended, pending Rural Development approval.

Mr. Chase asked the Board if there was a motion to approve the Low Bids as recommended.

"So moved", said Mr. Taylor. Mr. Nelson seconded the motion and the Board unanimously approved with a 7-0-0 vote.

16. Western Washington County Water Reclamation Facility Presentation – Bobby Lane

We are at the point of selecting a site for the proposed Wastewater Treatment Plant, said Mr. Lane. Upon Board approval, in the very near future, TLG will be asking for a Special Exception Permit from the Planning Commission and the Board of Supervisors for this Project. It is crucial for us to obtain that Special Exceptions Permit in order to move forward with this Project, explained Mr. Lane. It is critical that WCSA's Board of Commissioners work with the Board of Supervisors and the Planning Commission to obtain that Special Exceptions Permit for the WWTP, stated Mr. Lane.

Study Purpose:

- Review and Summarize Existing Conditions;
- Clearly Define the Sewer Service Needs of Western Washington County;
- Develop Wastewater Capacity Projections and Effluent Limits within the Study Area;
- Develop an approach to Evaluate and Permit Prospective Industrial and Major Commercial Facilities. *(TM #6);
- Identify Alternatives for Meeting the Present and Future Sewer Needs of the Service Area;
- Perform a Detailed Evaluation of each Alternative;
- Recommend an Alternative and Develop an Implementation Plan.

Existing Facilities - Abingdon Area:

- The Current Agreement Provides up to 1.0 MGD of Capacity in the Town of Abingdon WCWRF.
- By Contract, All Sewer Collected within the "Spring Creek Service Area" must be Treated by The Town of Abingdon.
- Proposed Spring Creek Pump Station and Exit 13 Sewer System and the Oak Park Sewer System are complete.
- The Town of Abingdon WCWRF can be Expanded from its Current Capacity of 5.0 MGD to 6.0 MGD to Meet Projected Sewer Needs of the County and Town.

Existing Facilities - Bristol Area:

- Current Agreement between the County and City of Bristol allocates 0.572 MGD of Sewer Capacity to Washington County.
- BVUA Contends that All Flow, including that from BVUA

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Customers and Infiltration / Inflow within Their Lines in Washington.

- County, is Included in the Allotted Capacity.
- BVUA also Contends that the Infiltration / Inflow within Their Lines in the Bristol / Washington County Industrial Park be Billed to the WCSA.
- BVUA Contends that All Flow, including that from BVUA Customers and Infiltration / Inflow within Their Lines in Washington County, is Included in the Allotted Capacity.
- BVUA also Contends that the Infiltration / Inflow within Their Lines in the Bristol / Washington County Industrial Park be Billed to the WCSA.

Study Alternatives:

- Negotiate expanded capacity with Bristol Virginia Utilities;
- Negotiate expanded capacity with the Town of Abingdon;
- Negotiate capacity with Bristol, Tennessee; Not an Option;
- New WCSA-owned WWTP with discharge to: None of these are viable options:
 - Spring Creek;
 - Sinking Creek;
 - Beaver Creek; and
 - North Fork Holston River.
- Balancing Line;
- Water Reuse;
- Decentralized Wastewater Treatment; and
- No Action.
- Note: Items stricken are no longer "in play".

Bristol Alternative:

- In Order to Accommodate Washington County's Future Sewer Needs, Several Sections of the BVUA Sewer Interceptor Would Require Upsizing. One of These Sections of Line is Located in Downtown Bristol, Virginia and Bristol Tennessee.
- The Estimated Construction Cost Alone to Replace These Sections of Sewer is \$8.1 Million (Best Case).
- The Beaver Creek Interceptor Includes Over 12.5 Miles of Gravity Sewer Line From the Tennessee-Virginia Line to the Regional Wastewater Treatment Plant Located Near the Bristol Motor Speedway.

New WCSA – Owned WWTP Alternative:

- The New Plant would be a 1.5 MGD WWTP Discharging to Beaver Creek.
- The Plant would be Located Adjacent to the Existing Bristol Washington County Industrial Park.

Balancing Line Alternative:

- This Alternative would utilize the existing Agreements with BVUA and the Town of Abingdon and provide a New WCSA – Owned 0.5 MGD WWTP Discharging to Beaver Creek.
- A new 0.5 MGD WWTP would be constructed.
- Conveyance System would be required.
- Existing 1 MGD of capacity in the Town of Abingdon WCWRF would be utilized as necessary.
- Existing 0.572 MGD of capacity in the BVUA system would be utilized as necessary.

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- Would necessitate acquiring a Discharge Permit from DEQ.
- Total Estimated Capital Cost - \$15.6 million
- Total Present Worth - \$32.9 million.

Recommendations:

- Continue on a dual approach to investigate the two viable alternatives:
 - Negotiate Expanded Capacity with the Town of Abingdon
 - Balancing Line with New WCSA-Owned 0.5 MGD WWTP
- Submit VPDES discharge permit application for minimum discharge of 0.5 MGD to Beaver Creek (with a tier permit requirement for 1.5 MGD).
- Initiate Negotiations with the Town of Abingdon for an additional 1 MGD of capacity at the WCWRF and confirm and renew agreement with BVUA.
- Finalize a Schedule of Development for the Study Area and Develop a Phased Approach for the Selected Alternative.

- Pursue Funding for Implementation.

Plant Site Study Purpose:

- Examine all possible locations for new WWTP for Western Washington County.
- Grade locations using quantitative, unbiased scales.
- Present best possible location through both 2D layouts and 3D topographical programs.

Comparing the Proposed Site to Wolf Creek Water Reclamation Facility (Abingdon, VA):

- Similarities:
 - Slope of land (0.26 ; 0.28);

- Strong natural buffers:
 - Amount of development prior to WWTP being built
- Development after Wolf Creek WRF was built:
 - Built in 1979;
 - In 1995, there were approximately 15 houses within one mile to the west of the facility;
 - By 2013, there were over 155 houses within one mile to the west, and over 250 within 1.5 miles west.

Our Proposed Site Compared to Existing Plants in Southwest VA and Northeast TN:

- Knob Creek, Johnson City, TN:
 - Similar to our site: not much development in area prior to construction of treatment plant;
 - Established in 1972;
 - Surrounding neighborhoods developed within the next 10 to 20 years.

Mr. Lane said building a Wastewater Treatment Plant does not hurt nearby property development, but helps with property development because of sewer availability.

TLG believes, after this extensive study and evaluating different plant sites, this site on the Newman property is the best site to build the Wastewater Treatment Plant and not adversely affect the adjacent property.

Mr. McCall asked how many acres the Newman site will provide for the plant.

Mr. Osborne said just over 39 acres.

Mr. Lane explained the plant would be built on the southernmost part of the property on the east side.

Mr. Miller asked how big the WWTP footprint would be.

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Mr. Lane said about 3 to 4 acres.

Mr. Nelson asked if TLG planned to discuss the new site with Mr. Large.

Mr. Lane said offered to talk with Mr. Large if the Board would like.

Mr. Chase thought it would be appropriate to talk to Mr. Large about the new WWTP site location. Mr. McCall also encouraged Mr. Lane to talk with Mr. Large about the new WWTP site.

Mr. Lane said there would be objection to the location of the new WWTP site no matter where it is. Mr. Lane said the new site would be economically sound, environmentally safe and in an area that would be beneficial to everyone and not be detrimental to anyone. Mr. Lane said they owner has agreed to sell this site.

Mr. Hutchinson asked if the WWTP would be out of site to any residential areas.

Mr. Lane said yes.

Mr. Hutchinson said this location ran parallel to Beaver Creek providing easy access. Mr. Hutchinson's opinion is this is the best choice for the WWTP.

Mr. Lane said he took to heart what the adjacent property owners said and did everything possible to address their issues and concerns.

Mr. McCall asked if Mr. Orfield had any objection to the new site.

Mr. Lane did not think Mr. Orfield had any objection.

DEQ has everything needed to process the Discharge Permit with the exception of the county's agreement. In order to have the agreement of the county, we need the Special Exceptions Permit, explained Mr. Lane.

Mr. Hutchinson motioned to proceed with obtaining the Special Exception

Permit for the WWTP on the Newman site. Mr. McCall seconded.

Mr. Nelson said the only thing he would like add to the motion is Mr. Large be informed of the new WWTP site and ask if he has any objection. If so, Mr. Nelson would like the Board to discuss his objections.

Mr. Cornett said Mr. Chase and Mr. Taylor met with Mr. Large previously and Mr. Cornett asked if Mr. Chase and Mr. Taylor would be willing to meet with Mr. Large again.

Mr. Lawson suggested showing Mr. Large the presentation and maps presented to the Board tonight.

Mr. Cornett said he would be happy to present this same information to Mr. Large during their meeting.

Mr. Taylor asked if TLG has rough estimate for construction costs. Mr. Lane said there would be some increased cost because the proposed site is more steep and further from the road.

Mr. Taylor asked if WCSA would be required to hold a Public Hearing for the new WWTP. Mr. Lane said yes, DEQ would require a Public Hearing be held before the Permit is issued.

According to Mr. Lane, the reason for the presentation was to inform the Board of the importance of the Discharge Permit. If we do not receive the Discharge Permit for Beaver Creek, the alternatives for wastewater treatment for Western Washington County are the Town of Abingdon and/or Bristol Virginia Utilities Authority. Having this Discharge Permit allows for an alternative for wastewater treatment for Western Washington County and will give us a position of strength to negotiate with the town or BVUA. Without that Discharge Permit, we are

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not in a position to negotiate with either of them, said Mr. Lane.

Mr. Hutchinson said one issue he had was the BVU A Connection. He said he remembered a few years ago, BVU was asked what capacity they could provide to a certain community and BVU was not sure they had any capacity available. That is still the case, said Mr. Lane.

Mr. Hutchinson said one thing that has been on his mind is all the growth going on from Exit 7 to Exit 10 and the potential for growth in that area and the need for sewer capacity. He thought that should be taken under consideration when building the new WWTP. In Mr. Hutchinson's opinion, he would rather build more than too little a WWTP.

Mr. Lane said the permit application submitted to DEQ was a three tiered permit requesting approval for 500,000 gallons per day (GPD), 1 million GPD and 1.5 million GPD.

Mr. Chase reminded the Board that a motion was made by Mr. Hutchinson (to proceed with obtaining the Special Exception Permit for the WWTP) and seconded by Mr. McCall. The Board unanimously approved the motion with a 7-0-0-0 vote.

17. Consideration of Amendment No. 5 to the Engineering Agreement between WCSA and The Lane Group for the Western Washington County Sewer Study – Bobby Lane

Amendment #5 to the Western Washington County Sewer Study will provide additional property evaluations. During the preparation of the Special Exception Permit application, WCSA became aware of some potential objections in the community. This Amendment allows for additional

evaluations on surrounding properties; attendance of meetings with property owners, Washington County Planning Commission, and the Washington County Board of Supervisors; and preparation work involved with those meetings. The total cost for all tasks is a not-to-exceed amount of \$5,500.

Mr. Nelson motioned to approve Amendment # 5 as presented. Mr. Stephon seconded and the Board approved voting 7-0-0-0.

21. Closed Meeting

At 8:49 pm, Mr. Nelson 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) (1): personnel; 1. To discuss and consider prospective candidates for employment, assignment, appointment, performance, and/or salaries of employees of the public body.

Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds; 2. To discuss various inter-municipal and other agreements and potential agreements. 3. To discuss various agreements existing and proposed related to the South Fork Intake.

Code of Virginia Section 2.2-3711 Paragraph (A) (7): legal advice; 4. To discuss various inter-municipal and other agreements.

In addition to the Board the presence of Mr. Mark Lawson, WCSA Counsel; and Mr. Robbie Cornett, WCSA General Manager, was requested.

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

Return to Public Session:

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Mr. Nelson motioned to Return to Public Session at 9:55 pm. Mr. Stephon seconded and the Board approved voting 7-0-0-0. Mr. Nelson 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 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. Chase, Mr. Nelson, Mr. Taylor and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

16. Late Items:

1. General Manager's Performance Evaluation:

Over the past year and over the past 24 years of Mr. Cornett's service to the Authority, Mr. Cornett continues to exemplify the excellence in the position of General Manager, said Mr. Nelson. We (the Board) give Mr. Cornett an

"Excellent" rating over the last year and, we (the board) would like to provide a two year extension of Mr. Cornett's contract to 2018. Mr. Cornett will also receive a 1% merit raise and a 1.5% cost of living raise, stated Mr. Nelson. Even though Mr. Cornett refused the 2.5% raise; he can be as humble as he wants; we (the Board) believe he also gives a tremendous amount to this organization; he lives and breathes it, said Mr. Nelson. We (the Board) certainly appreciate all the hard work from not only Mr. Cornett; it takes a great leader; but one must have a lot of support from individuals, stated Mr. Nelson, which shows in all the accomplishments and the many more that lie ahead.

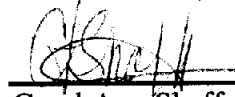
Mr. Nelson motioned to approve an "Excellent" performance evaluation for Mr. Cornett, to extend his contract as General Manager an additional 2 year to 2018 and approve a 1% merit raise and 1.5% cost of living raise. Mr. Stephon seconded and the Board unanimously approved the motion with a 7-0-0-0 vote. Mr. Cornett said he was very humbled and thanked the Board for their kindness.

17. Adjourn

At 10:04 pm, Mr. Nelson made a motion to adjourn, Mr. Stephon seconded and the motion was approved with a 7-0-0-0 Board vote.



Mr. Joe Chase, Chairman



Carol Ann Shaffer, Assistant Secretary