

Washington County Service Authority Board of Commissioners
July 25, 2016 Annual Meeting Minutes

The Regular Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 5:59 pm.

ROLL CALL

Commissioners Present:

Mr. Kenneth Taylor, Chairman
Mr. Mark Nelson, Vice Chairman
Mr. Wayne Campbell
Mr. Jim McCall
Mr. Dwain Miller
Mr. Vernon Smith
Mr. Mike White

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager
Kimberly Boyd; Treasurer, Controller
Carol Ann Shaffer; Assistant Secretary, Administrative Assistant
Dave Cheek; Operations Manager
Mark Osborne; Technical Manager
Holly Edwards, Customer Service Manager
George Thomas, Utility Coordinator

Consultants Present:

Dennis Amos; Anderson and Associates, Inc.
Bobby Lane, PE; The Lane Group, Inc.

General Counsel Present:

Mark Lawson; Elliott, Lawson & Minor

3. Approval of the Agenda

Mr. Cornett presented an Amended Agenda for consideration. Mr. Nelson motioned to approve the Agenda as presented. Mr. Campbell seconded and the Board approved voting 7-0-0-0.

4. Public Query and Comment

Mr. Howell Chaney of 21065 Nassau Drive in Abingdon made a third request to relocate his meter from Buckhaven

to his property as he does not have access to Buckhaven.

Mr. Chaney showed pictures of a gate located at Cedarwood and Nassau that was vandalized. Since then, a new steel gate has been installed by the landowners of Buckhaven.

Mr. Chaney said a neighbor, Mr. Davis, agreed to connect to WCSA water if a line was installed.

Mr. Chaney said he wanted to come back one more time to see what could be done.

Mrs. Linda Chaney, Mr. Chaney's wife was the next to speak.

She began saying when Washington County first allowed Buckhaven to form as a subdivision. County maps do not show that Buckhaven owns the property lines. In speaking to lawyers, there have been ongoing issues for years between Washington County and the land owners of Buckhaven. Mrs. Chaney felt this issue should have been anticipated when the subdivision was formed and the meters were placed on the Buckhaven property. She said it was a conflict to place the meters for those on Nassau Drive in Buckhaven and future problems should have been anticipated. This has been an ongoing issue for the adjacent land owners. It is such an issue that we have been served with notices to Cease and Desist, not being able to come in the Buckhaven subdivision but those residents continue to travel on Nassau Drive, stated Mrs. Chaney.

Mrs. Chaney said in the event we have to check our meters, we have to call the Washington County Sheriff's Department for an escort to prevent any issues with Buckhaven.

Mrs. Chaney said she would like to try and resolve the issue as amicably as possible. Mrs. Chaney said she hoped to

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retire soon and couldn't afford to pay to have the meters moved.

Mr. Chaney addressed the Board again saying Buckhaven installed rebar in the ditch and asked if Mr. George Thomas could speak about the difficulty in accessing the meters due to the rebar.

Mr. George Thomas said it was bad accessing the meters because of the gate issue. The issue is worse than the Chaney's are saying. In the ditch line, which is actually considered State property, there is rebar that sticks up like spikes; and it is worse than the Chaney's were saying. They do not have access to the gate to get in or out.

Mr. Cornett said the Board did ask for a cost estimate and map of the Nassau area that was provided to the Board.

Mr. Cornett said he did not know exactly where the service lines were but did know where the meters are located.

The water line extension is estimated to be about 960 feet long. It would come from Cedarwood to as opposed to extending the line from Buckhaven which would require easements. If this line extension would go into service, it would add one additional water customer.

Mr. Cornett continued saying, there are two cost estimates. About a year ago, the Board considered a trial policy for several areas where there were ganged meters and long service lines. We took a look at the issues this creates for both our customers and WCSA. In looking at that, what the Board decided to do for Tree Top Drive was to entertain a trial policy where WCSA would provide the materials for the water line extension, we would provide the engineering services necessary to get the line designed and approved by VDH and also undertake the inspection and testing of the line if the residents would pay the

construction part of the project. The Tree Top line was completed about two months ago. The residents undertook the construction of the project and overall it turned out to be a fairly successful project, explained Mr. Cornett.

This is a shared problem. Both the customer and WCSA share in the challenges long service lines and ganged meters present. In the case of Tree Top Drive, it was a shared solution.

If we employed a similar approach on Nassau the cost would be about \$12,170 in materials and about \$10,000 in labor. There seem to be questions about a new policy where WCSA would provide all the services necessary for the line extension. In this case that cost would be about \$22,170 if the Board were so inclined.

As we have discussed in the past, we could go on at length about areas in the county with the similar situation of long service lines and ganged meters, stated Mr. Cornett.

Were there any issues that came up in the joint effort at Tree Top Drive, asked Mr. Nelson?

Mr. Cornett said there was one land owner on Tree Top that objected to the project. As a result, WCSA spent about two or three months working with and talking to that landowner. That issue was resolved amicably and we were able to move forward.

Mr. Taylor asked if he foresaw any issue with property owners if the Board did move forward with Nassau Drive.

The existing 6 inch water line is located on Mr. Chaney's relative's property. The participation would be subject to easements being provided and as far as he knows, easements should be available for this project stated Mr. Cornett.

Mr. Nelson asked how many similar situations existed throughout the county.

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He said it sounded like this was a prevalent issue throughout the county and asked if the galvanized line replacement would remedy of these types of issues.

Mr. Cornett said he did not have them numbered but believes there are many where areas with ganged meters and long service. It has been common in the past where the line does not extend all the way to the property. Rather than extending the line, we would install a meter or run a service line. The first one is not bad, the trouble is when a second one cuts through the service line and as the meters increase in numbers, so do the problems.

Mr. Nelson thought the trial policy worked out well. How many landowners will be involved if we decide to continue with the trial policy, asked Mr. Nelson.

Mr. Cornett said six landowners would be involved.

Mr. Chaney said when he moved to Nassau, he tried then to have the meters relocated to his property and offered to pay to have the lines moved. I just can't afford to pay anymore, stated Mr. Chaney. He said he was afraid he would have trouble from Buckhaven, and it happened. He again said he just could not afford to pay anymore.

Mr. Miller asked if the Ryan's and Miller's would be served with the new line.

If we extend the line through Cedarwood, they would, said Mr. Cornett.

I assume the Ryan's and Miller's driveway comes in through Buckhaven, said Mr. Miller.

It does, said Mr. Cornett.

Mr. Chaney said the Ryans and Millers were the ones that started the issue of no trespassing.

Mr. Chaney said initially, his deed stated they had access to the meters through Buckhaven. His attorney advised him then that he did not have a right of way through Buckhaven so his lawyer removed it from Mr. Chaney's deed.

Mr. Miller said this situation kind of fits the Board's trial policy.

Mr. Nelson said that was his issue. He said he felt for Mr. Chaney. The reason the Board created the trial policy was to deal with situations where there were issues with the meters or landowners. Mr. Nelson's concern in creating a new policy is the Board doesn't know what he overall exposure will be. .

Mr. Taylor asked Mr. Chaney if this was his only source of water. Mr. and Mrs. Chaney said yes, that is the only source we have for water. If we have to access our meter, we have to call the county Sheriff's Department to escort us to our meter, stated Mr. Chaney.

Mr. Miller said the only other option he could see to do away with the long service lines would be to get easements and gang the meters at the end of Nassau.

Mr. McCall asked how long the line had been in; legally, after you have been over a property for 16 years....

Mr. Lawson said you are talking about adverse possession. You have to prove it is adverse, meaning that someone knew you were claiming it was yours. Mr. Lawson said it was a good question; how long has it gone on.

The Stenson's line was installed a year ago. Mr. Chaney's line has been there since 1996, stated Mr. Cornett.

Mr. Chaney said he has been trying to get the meters moved since 1996.

Who is the person that is trying to restrict traffic, asked Mr. Lawson?

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The Burckhaven organization said Mr. Chaney.

You mean the homeowners association, said Mr. Lawson.

Yes, Buckhaven homeowners association, said Mr. Chaney.

Have they said why they have the right to do that (restrict traffic), asked Mr. Lawson?

Mr. Chaney said he walked over one day and Danny Ryan told him he was trespassing.

Is he a landowner in Buck haven, asked Mr. Lawson.

Yes sir, said Mr. Chaney

Mr. Lawson asked who owned the land where the meters were.

Mr. Cornett said it appears it is in the Buckhaven right of way. It is a private drive and the meters are in the private drive right of way.

But not on an individual's land, said Mr. Lawson.

Right, said Mr. Cornett.

Mr. Chaney said he tried to join the Buckhaven homeowners association so he could have access to his meter and they refused.

So, Buckhaven does not want you going in or out of their subdivision where the meters are located, said Mr. Lawson.

No sir. That is the issue; we have to get the Sheriff to go with us if we go over there, said Mr. Chaney.

Mr. Lawson asked if anyone in Buckhaven was interfering with WCSA going out there, like the meter readers and such.

No, answered Mr. Chaney.

Mr. Miller said WCSA had meters all through Buckhaven.

What is the difference in cost if we went with Mr. Miller's idea; to move the meters to Nassau, asked Mr. Nelson?

The cost to relocate the meters is fairly low. Mr. Cornett thought it would be less than \$1,000 per meter.

The cost would be to the landowners, said Mr. Nelson.

To run new service lines, approximately 960 feet said Mr. Campbell. The one furthest away is about 960 feet. To the Stenson's it would be a little less, Mr. Chaney is about half way said Mr. Cornett.

About what size line asked Mr. Campbell?

Most people are using 1 inch service lines answered Mr. Cornett.

And what kind of pipe would they use, asked Mr. Campbell?

That would be up to their discretion on their side of the meter but most use PEX pipe, answered Mr. Cornett.

Mr. Campbell thought PEX would be relatively inexpensive.

It would be less expensive in terms of the capital cost but they would still have long service lines and ganged meters, but in a different place said Mr. Cornett. It would be in a place where they might not have the issues they have today, stated Mr. Nelson.

Mr. Campbell agreed.

Mr. Nelson asked if it would be possible to talk to the landowners about both the trial policy and Mr. Miller's option.

Yes, said Mr. Cornett.

Mr. Nelson then motioned to proceed with two options to address the issues at Nassau Drive:

- Utilize the Trial Policy used at Tree Top Drive.
- Relocate the meters to a location that would allow the landowners of Nassau Drive to install service lines and ask that WCSA talk with the landowners to determine if either option is acceptable to them and if so, move forward.

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Mr. Campbell seconded and the Board approved voting 7-0-0-0.

5. Approval of the Consent Agenda

A. Approval of Minutes:

- May 23, 2016 Regular Meeting Minutes
- May 23, 2016 Recessed Meeting Minutes (held June 16, 2016)
- June 27, 2016 Regular Meeting Minutes

B. Routine Reports: June 2016

- Water Production
- Water Distribution
- Meter Department
- Wastewater Operations
- Customer Service
- Maintenance
- Engineering
- Accounting
- Health & Safety Report

C. Financial Reports: June 2016

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

D. Consideration of the Galvanized Line Phase 2 Water Project Change Order No. 4 for Division 3 - *The Lane Group*

Due to a possible conflict of interest, Mr. Taylor asked for a motion to remove the check register from the Consent Agenda to be voted on separately. Mr. Nelson made that motion, Mr. Miller seconded and the Board approved voting 7-0-0-0.

Mr. Taylor asked for a motion to accept the check register as presented with the option of any conflicts. Mr. Nelson motioned to approve the check register as presented subject to anyone with a conflict of interest related to the check register acknowledging such and abstaining from voting on the check register. Mr. Campbell seconded.

Mr. Taylor asked that Mr. Lawson explain the \$5,000 rule for conflict of interest to the Board.

In a situation in which any Commissioner has income, salary, commission, contract work or any income received from a company, there is a potential for conflict of interest. With respect to any checks shown in the register that are check drawn to an entity from which you have received \$5,000 or more, that Commissioner should abstain from participating in this particular vote, explained Mr. Lawson.

Mr. Lawson continued saying, he understood there may be a check that is cut to an entity that Mr. Taylor receives income from. Mr. White, I understand you receive income from one of the entities; not saying you received commission for this particular contract, stated Mr. Lawson. Mr. Lawson said if a Board member has income of \$5,000 per year from an entity then the Board member needs to abstain from this vote, stated Mr. Lawson.

Mr. Nelson asked if there was a written opinion. Mr. Nelson said he knew there were new rules concerning conflict of interest. We are now taking it to the numeration of checks, said Mr. Nelson. Mr. Nelson said, my concern is; are we absolutely correct that creates a conflict of interest. "Yes; in our opinion, yes", stated Mr. Lawson.

Mr. Smith said he disagreed with Mr. Lawson. It does say that you can maybe not participate in discussion but not abstain from voting, stated Mr. Smith. He proceeded to give an example. On the Board of Supervisors, Mrs. Mays works at the Barter Theater. The Board of Supervisors gave the Barter \$35,000. According to the County Attorney, Mrs. Mays "just read a thing that she could

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make a vote and be honest about it and it would not affect her in any way", stated Mr. Smith.

Mr. Smith said the Board of Supervisors has this all the time. Mr. Smith said he did not see where you would have to abstain. He thought there was an Attorney General's opinion because the County Attorney sent a letter to the Board of Supervisors about it, stated Mr. Smith.

Mr. Lawson said, our recommendation is that the Commissioner that is involved with respect to the entity that is receiving the check, should not participate in and abstain from voting; that is our opinion; that is our advice to the Board.

Our Board couldn't vote, stated Mr. Smith.

You can still conduct business because in the situation where you have a potential COIA (Conflict of Interest Act) violation, you do not have to count those that abstain from voting, explained Mr. Lawson

So, you don't have to worry about a quorum, said Mr. Nelson.

You do not have to worry about a quorum, stated Mr. Lawson.

Mr. Nelson said his concern is someone would have the opportunity to air on the issue.

There is absolutely no doubt about that said Mr. Lawson.

Mr. Nelson said that is why he asked Mr. Lawson if he was absolutely sure.

Yes, stated Mr. Lawson.

If there has been an opinion written on it, Mr. Nelson said he wanted to be sure the Board was not going above and beyond what the law is so the Board does not get into a situation, where a Commissioner is put in a situation where they make a judgement error and do not abstain.

Our fear is to have an inadvertent mistake and that is the last thing we want, stated Mr. Lawson.

Mr. White said, when I joined the WCSA Board, my company; any business done with WCSA is a house account and I get no commission and no credit and it has nothing to do with me. So under the Code of Violation in Virginia, which I have here; I can still vote and do not have any conflict of interest, stated Mr. White.

I have to disagree with you Mr. White, said Mr. Lawson

That is your opinion, Mr. White said to Mr. Lawson.

And the Board wants our opinion and that is what our opinion is. I am just saying that in our opinion you need to do that; based on our analysis of the law, stated Mr. Lawson.

Mr. Taylor asked that going forward, the check register be removed from the Consent Agenda and added as a separate Agenda item.

Mr. Taylor asked if there was any further discussion.

Mr. Smith said if you want to put this to rest, you might request the Attorney General's opinion to go on file, because I don't think you have one, do you?

Not in my pocket, said Mr. Lawson.

I didn't ask for that; did you look at the Attorney General's opinion, asked Mr. Smith.

I haven't today, said Mr. Lawson.

Are you just quoting the Virginia code, Mr. Smith asked Mr. Lawson?

Mr. Lawson said he was basing his opinion on the research he did previously.

Mr. McCall said, I was involved in this thing (conflict of interest) a while back and I was advised to hire an attorney. If I had hired one it would have cost me

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about \$1,000 to \$5,000, stated Mr. McCall.

“I talked to my attorney and I was very close, but I didn’t go over that line; but I was close, and I admit I was close”, stated Mr. McCall. Mr. McCall said if there was another opinion, he would like to hear it. Mr. McCall said he was not questioning Mr. Lawson’s opinion, “because everybody’s got one”.

Everyone needs to have the latest information available, I totally concur with that, stated Mr. Lawson. He said if there was some opinion that came out in the last month or two, he would be interested to know about that too. Mr. Lawson said, in this particular instance, he did not think there was any question that the recording of the checks would be approved. Mr. Lawson said it was a simple matter of making sure our “skirts are clean” in our opinion and that the Commissioner; even if indirectly involved; is not involved in participation because in the end it is only that Commissioner that is going to be potentially in trouble.

Mr. Taylor asked if there was any further discussion.

Mr. Nelson asked if anyone was going to abstain.

Due to the situation and understanding I now have, I am going to abstain from voting because I am part of the whole entity of Oldcastle (Oldcastel Materials, Inc.) which makes me a clientele of this conflict of interest; if that be the case, stated Mr. Taylor

Mr. Smith said, what you just did is what we do on the Board of Supervisors; you stated that but you can also vote right after.

Mr. Taylor said he was going to abstain and not vote tonight.

Mr. Taylor asked for those in favor to raise their right hand. The final vote was

5-0-2-0 with Mr. Miller, Mr. Campbell, Mr. Smith, Mr. Nelson and Mr. White voting to approve the check register. Mr. Taylor and Mr. McCall abstained.

Mr. Nelson then made a motioned that legal counsel obtain an Attorney General’s opinion on the issue related to checks in excess of \$5,000 being paid to an entity that a Commissioner receives \$5,000 or more in enumeration requires them to abstain from votes on items related to that company.

Mr. Lawson said just for point of clarification, I don’t think you mean the check from the register is \$5,000 or more. I think you mean if the Commissioner receives income from the company entity of \$5,000 or more.

That is correct, said Mr. Nelson.

Mr. McCall seconded and the Board approved voting 7-0-0-0.

Mr. Taylor then asked for a motion to approve the remainder of the Consent Agenda. Mr. Miller made the motion, seconded by Mr. Nelson and the Board approved voting 7-0-0-0.

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

Mr. Taylor asked if the Board’s screen could be raised up or be hung from the ceiling and be moved closer to the Board.

Mr. Cornett said he would be happy to move the screen.

Mr. Cheek’s reviewed the following Operations Update for June 2016:

Discussion Items:

- Skip Financials until have Final Year End Numbers
- Department Highlights
- Forward Looking Statement
- 2014 and 2015 there was a slight increase in overtime hours

2016 June Water Production Highlights:

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- South Fork Intake (SFI) & Middle Fork Drinking Water Plant (MFDWP) Issue Resolution
 - Working with all to Place Pump Rebuild Orders
 - Sized and Obtaining Quotes on Larger Air Tanks
- Mill Creek Membrane Plant – Koch Restart
 - Have Taken Some downtime due to high Turbidity more than 0.5 NTU
- System Operation
 - Addressing System Time, Temperature Relationship as it Impacts Quality
 - Completed Phase I Water Aging Study
 - Better Understanding of What Impacts our DBP's at Brumley Gap
 - Just Received VDH Results for Q3 which are very good
 - Develop a process to get a better understand and control disinfection by products.

2016 June Metering Highlights:

- Meter Replacement
 - Meter Failures
 - Investigating Different Metering Options
 - Neptune Meters

2016 June Wastewater Process Highlights:

- System Operation
 - Continue to Focus on Process Stability
 - Both Hall Creek & Damascus well within Control Limits
- Inflow and Infiltration (I & I)
 - Team Approach with Maintenance
 - Prioritized and Categorized I & I Issues

- Suitable for Pipe Lining – Have Quotes (Damascus River Crossing)
- Manhole Sealing – Met on Site and Delivering
- Internal Slip Lining
- Capital Improvements
 - Developing a Procurement Strategy to Obtain Competitive Concepts and Costs
 - Abingdon Steel

2016 June Water Maintenance Highlights:

- Routine Activities
 - Leaks –36 (2015 Avg. 30)
 - Main Line Breaks – 0 (2015 Avg. 6)
 - After Hours Responses – 43 (2015 Avg. 38)
- Cost
 - Preventative Maintenance
 - Mobile Equipment
 - Tanks
 - Pump Stations
- Watching Overtime.

Mr. McCall said you are doing a good job, keep it up.

Each department head is doing an outstanding job watching overtime. There are a number of people out, some out on FMLA and out on vacation. You have to have coverage at the plant, by permit, you have to cover it, said Mr. Cheek.

2016 June Distribution Highlights:

- Beaver Removal at Sugar Hollow Park

Forward Looking Statement:

- Customer Relationships
- Costs
- Quality

8. General Manager's Report & Update - *Robbie Cornett*

Mr. Cornett discussed the following information for June, 2016.

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Introduction:

- Safety
- Financials
- Customer Service
- Accounting
- Notables
- Looking Ahead

Safety:

- June 2016
 - 11,970 Hours Worked
 - OSHA Recordable Incidents
 - None
 - Preventable Vehicular Accidents
 - Backed into Basketball Goal
- Safety Training
 - Chlorine Safety-Filter Plant, Maintenance & Distribution
 - Working Outdoors in Warm Weather-Wastewater

Financials - New Water Connections:

There were 6 new water connections in June. There were 100 new water connections for 2015.

Financials - Water Revenue:

Water revenue year to date is \$24,226 above projections.

Financials – Expenses:

Excluding compensation and benefits but includes overtime, year to date Mr. Cornett reported all departments were under budgeted numbers.

Financials - New Wastewater Connections:

There were 2 new wastewater connections for the month of June. There were 10 new connections in 2015.

Financials - Wastewater Revenue:

Wastewater revenue year to date is \$10,948 below projections.

Financials – Expenses:

Excludes \$150,000 Local Limits

- \$2,526 Under Budget

Customer Service:

- Class 2 Gallons Billed and Water Charges Correction Due to a Meter Reading Error.

- 21,276 Active Water Accounts
- 2,354 Active Wastewater Accounts
- 258 Reconnection/Transfers of Service
- 140 Disconnects for Nonpayment
- 76 for \$13,700 Abatements
- Water and Sewer Service Line Insurance Request for Proposals

Accounting

- Controller Search
Mr. Cornett said Mrs. Boyd has been pursuing her nursing degree over the past three years. She graduated top of her class and passed her boards on her first attempt. She will be leaving the Authority in near future.
- Audit Preparations
 - Jim Fern-Financial Statement (August 16)
 - RFC-Audit (August 30 Start)
- Internal Controls and Fringe Benefit Audit
 - Developing and Prioritizing an Implementation Plan
- Cash Reserve Report
 - August 22, 2016 Blackburn Childress & Steagall

Notables:

- Total Addressed Buildings:
The addresses are both residential and business along with WCSA existing pump stations as they also have a physical address.
 - Harrison – 5,825
 - Jefferson – 2,441
 - Madison – 6,387
 - Monroe – 3,584
 - Taylor – 3,404
 - Tyler – 2,973
 - Wilson – 4,012
 - Total – 28,626
- Total Water Meters:
 - Harrison – 5,023
 - Jefferson – 1,335
 - Madison – 5,639
 - Monroe – 3,350

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- Taylor – 2,454
- Tyler – 1,551
- Wilson – 3,402
- Total – 22,754
- Addressed Buildings Serviceable but not Connected:
 - Harrison – 401
 - Jefferson – 335
 - Madison – 518
 - Monroe - 135
 - Taylor – 71
 - Tyler – 223
 - Wilson – 415
 - Total – 2,098
- Addressed Buildings Currently not Serviceable:
 - Harrison – 401
 - Jefferson – 771
 - Madison – 230
 - Monroe - 63
 - Taylor – 868
 - Tyler – 1,199
 - Wilson – 195
 - Total – 3,727

In our 90 year history, WCSA is serving about 90% of county with water. The question is how do we provide service to the other 10%? In a meeting with Me. Hernandez, Mr. Cornett and Mr. Miller brainstormed about how to get water to those in the Tyler District as they have the greatest number of residence without public water. One idea is surveying all the residents that do not have access to public water to determine where the interest is in public water. One step might be a mailing done by an intern for example or perhaps retirees.

One thing Mr. Cornett cautioned was to temper expectations. At the same time, we want to go where the interest is. Mr. Cornett said this one way to strategically, over time, determine interest. This will be a marathon not a sprint.

The Lane Group helped with a study of the Western Washington County area, primarily the Tyler District and it was determined the extend water service to those folks was about \$33 to \$35 million. The price tag is big but we really have to start where the interest is, stated Mr. Cornett.

As discussed a year or two ago, when we have a resident or two interested in water, how can we go about helping them. One thing that is being done in other places is a water haul program. Using a tanker truck to haul municipal water to a customer's holding tank and pump. Mr. Cornett said he wanted to revisit this for Mr. Smith's benefit and to plant the seed for the feasibility of a county wide survey.

Mr. Cornett then reviewed a map of the Oak Park Industrial Park. The map showed lot 13 (vacant), lot 14 (Blue Ridge Beverage) and lot 15 (Chris Renee Cosmetics). These three lots are provided sewer service by way of a force main, not gravity. If these tenants wish to connect to sewer they have to build a pump station which is not terribly complicated. The IDA contacted Mr. Cornett expressing interest in a project that would bring gravity sewer service to all three lots so these businesses would not have to build the pump stations, own operate and maintain them. In talking with the IDA, we discussed a project that would serve more than just lots 13, 14 and 15 and provide options for wastewater treatment.

The IDA is considering the notion of partnering with WCSA to seek funding for sewer project that would bring gravity flow sewer from Oak Park, down Route 11, down Halls Bottom Road to a new pump station next to Interstate 81 and Halls Bottom Road. With that pump station, we would have that section of

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Route 11 corridor sewer and the ability to pump it to Abingdon, BVU or the new wastewater treatment plant.

Mr. Cornett believes in partnering with the IDA, it will give WCSA access to grant monies we would otherwise not have access to.

- WCSA Intermont Utility District Agreement
 - Signed
- Water Withdraw Permit
 - Pending
 - DEQ is Revising their Modeling
 - Richmond Meeting
- Beaver Creek Wastewater Discharge Permit
 - Second Advertisement by DEQ is Done

There were no comments on the second advertisement. Mr. Cornett expects to have our Beaver Creek Discharge Permit after DEQ's September Board Meeting.

Mr. Lane said DEQ now sees no need for a Public Hearing.

Looking Ahead

- Annual Audit

Mr. Cornett said he could not say how pleased he was with the outcome of the latest Disinfection By-Product testing; outstanding work. We have set a new standard.

- Field Communications
- Water Withdrawal Permit
- Beaver Creek Discharge Permit
- 3rd Annual Picnic (August 6, 2016)

Mr. McCall said he was disturbed about not having Bings because winnings had to be reported to the IRS. Not on behalf of WCSA, but I would tell them where to stick it. This is getting ridiculous and somebody needs to stand up to these ignorant people that is doing this stuff, and if we don't do it...Stated Mr. McCall

He continued saying last year it worked out perfect. He said he never saw kids and adults having such as much fun and enjoying themselves.

Mr. Nelson said WCSA can gross up it up and pay the taxes but the rules are the rules. He said his company grossed employee income up to pay the taxes so you don't impose the taxes on the individuals that win the prize. It is the rules.

Mr. Lawson said if the winnings are under a certain amount, isn't it irrelevant.

There is a de minimis amount, Mr. Nelson thought it was for items under \$25.00.

Mr. McCall asked how the Picnic Committee felt about it. Mr. Taylor said he did not attend the last meeting.

Mr. McCall said he was willing to make a motion to cover the taxes if the board was willing to do that.

When the auditors issued the report, they said they would issue the findings of the IRS rules and it is up to WCSA's discretion how it is implemented, said Mrs. Boyd. The law is the law and WCSA can choose to gross up an employee's pay to cover the taxes. We have to keep record of the winnings and who won. Mrs. Boyd said she questioned the auditor's three times to be sure they understood what we were asking and that was their findings. The Picnic Committee was disappointed said Mrs. Boyd.

Mr. Taylor said Bingo was always a highlight of the picnic.

It is one way we show the employees appreciation, said Mr. White.

Mr. McCall and Mr. Nelson agreed.

If I may Mr. Chairman, said Mrs. Shaffer, the committee has already spent those monies; we hired a magician and a

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Mrs. Shaffer said she would recalculate the picnic budget to be sure how much money was left..

Mr. McCall said you all have made a lot of good plans and the picnic is getting close.

Mr. Nelson said grossing the income up was the right way to go; you do not have to discontinue the practice you just have to account for it (winnings).

Mr. Taylor asked if we were too deep in the game to change.

Mrs. Shaffer said she would check the numbers. We do have some money left on the table but not sure how much; possibly \$500 to \$1000.

Mr. Cornett said if the Board would like to adjust the budget, I think we can make Bingo happen.

The Bingo was a highlight of the picnic, said Mrs. Shaffer.

Mr. Taylor said let's plan on Bingo.

Mr. White said I so move.

Do you need more money, asked Mr. McCall?

How much do you need; \$1000 Mr. White asked Mrs. Shaffer.

Mrs. Shaffer said she did not know.

Money is no problem with this bunch (the Board) said Mr. Taylor

Mrs. Shaffer said she would crunch the numbers (picnic budget) and report back to the Board.

9. Water and Wastewater Construction Projects Update – Ryan Kiser

Mr. Kiser updated the Board on the following projects.

Inside Engineering Projects

- Childress Hollow Road Water Line Project:

Complete, Mrs. Browning worked with VDH for compliance audit. Findings were good. Final Pay Application for

retainage has been received and is being reviewed.

- Haskell Station Road

Plans are complete, contract documents are 90% complete and staff is working on the hydraulics for submittal of plans to VDH.

- Ritchie Road Water Line Project:

WCSA met with landowner and the landowner is reviewing the easement document. WCSA has begun looking into an alternative of bringing water from Old Saltworks Road. WCSA has talked with property owners. The hydraulics will be evaluated to see if this is a viable option. It would eliminate about 800 feet of 1 – railroad bore and Hillman Highway bore

Potential New Water Line Extensions

- Rattle Creek Road

Staff met with Mount Rogers Planning District. They are performing income surveys to determine possible funding options. Staff has been working on alignment of proposed line. Staff received 12 of 16 User Agreements.

- Walker Mountain Road

Staff has been working with members of the community and Mr. Miller to discuss interest in public water. Thus far, we have received 10 of 26 surveys, they are Yes'.

- Chip Ridge

Staff has started looking at the alignment for a water line extension on Chip Ridge Road and also exploring options for funding with Mount Rodgers Planning District.

Private Development Projects

- Glade Spring Industrial Park – 750' sewer relocation:

Project is Work is complete and closed out.

- Love's Travel Stop:

Staff is working to close this project out.

- Exit 19 Development:

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Construction continues onsite and RPR continues to monitor work.

- Pippin Sewer Phase 5:

Construction is underway and RPR is monitoring work.

- Fairfield Inn Project:

Work on is complete and staff will be closing out this project and getting final documents from the Engineer.

- Legacy Village:

No further development.

- Farm Credit:

Work is nearing completion and Staff will be closing out the project.

- Meadows Project (Abingdon Exit 17):

Staff received revised plans from the Engineer.

- Green Springs Road Re-Alignment

Staff has reviewed plans and approved project for construction.

- Restaurant Exit 19

Staff has reviewed preliminary set of plans and provided comments. Staff is waiting on final plans for review.

- Dollar General Store Lee Highway/Halls Bottom Road

Staff received a call from the developer and expects to receive project plans this week.

- Dollar General Store Benhams

The project has been approved for construction. Maintenance has installed the water line taps.

- Dollar General Store Wautaga

Staff continues to monitor work for cross connection control.

- Chris Renee Cosmetics Oak Park:

The RPR will continue to monitor work as project progresses.

- Highlands Community Services Baugh Lane:

No changes. Staff is waiting on final plans.

- Virginian Water Line Extension

Staff is waiting on revised plans.

- Emory and Henry College Extension Project

Staff has provided fire flow and pressure results to Engineer and is waiting on revised plans.

10. Engineer's Report and Update
Bobby Lane of The Lane Group (TLG)

- **Galvanized Waterline**

Replacement Project – Phase II

Contractor Little B has added a second crew to Division 5 and work has really progressed there. They are working on Hawthorn Road and Honey Locust. Little B has picked up progress as far as line installation. To date, they have installed about 7,800 feet of line.

- **Galvanized Waterline**

Replacement Project – Phase II

TLG is working on hydraulic modeling of the system and on the Final Design of portions of Phase III.

- **Mill Creek Water System Improvements**

Robert Hilt of Rural Development reports he has received all the items from the Town of Chilhowie, necessary to meet the letter of condition and is taking that information to Richmond on July 26th.

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

- **Exit 13 Sewer Project Phase 2A**

The funding request for Phase 2A has been approved. A&A will move forward with Phase 2A when they receive the official letter for funding approval.

- **Exit 13 Sewer Project Phase 3**

A&A continues to support WCSA staff with easement acquisition. A&A is also working on reviewing the pump station site WCSA signed an agreement for.

Mr. Miller asked if the acquisition of easements was going any better.

We have about 40%. We have indications there is at least one property owners are

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willing to sign and we have to have internal discussion about that easement. It is really the only place the line can be installed and we are working on that, said Mr. Kiser.

11. Consideration of Meadowview Elementary School Sewer Connection Fee – Robbie Cornett

This item was stricken during the approval of the Agenda.

12. Consideration of Abingdon Water Storage Tanks Procurement Committee Recommendation – Ryan Kiser

This item was stricken during the approval of the Agenda.

13. Election of Officers for August 2016 through July 2017 – Ken Taylor

Mr. McCall motioned to approve the following WCSA Officers:

Chairman – Ken Taylor

Vice Chairman – Mark Nelson

Treasurer – Kim Boyd

Secretary – Robbie Cornett

Assistant Secretary – Carol Ann Shaffer

Mr. Taylor seconded and asked if there was any further discussion.

Mr. Taylor said he would be glad to stay on as Chairman but the Board knew where he stood on water. I am going to fight for water, because people need water! There is a remedy somewhere, stated Mr. Taylor. There are grants available and political people. Mr. Taylor said to the Board, let's fight for water. If you don't have water, you are an unsatisfied resident of Washington County in most cases, said Mr. Taylor.

The good pickings have already been picked and it will cost to get water out there. Mr. Taylor said his desire was to push water and if you don't back me,

don't put me in (as Chairman), stated Mr. Taylor.

We are going to back you up, and push you forward, said Mr. Nelson.

Mr. Nelson agreed with Mr. Taylor in that the easy pickings are gone and it will cost more to do what we need to do to provide water.

Mr. Miller said that is what the meeting with Mr. Hernandez was about; brainstorming to find ways to get interest and get funding. We are open to any suggestions the Board may have.

Mr. Nelson said now we have a Supervisor on our Board. One idea is if the Supervisors will consider partnering with us on some of these projects, said Mr. Nelson.

Mr. Taylor said, did you notice he (Mr. Smith) shook his head.

Mr. Nelson said many citizens of Washington County believe that part of their tax money is used to build the infrastructure for water and sewer in this county. It is actually the users and our customers that are building the infrastructure. As costs increase, it may be of the county's best interest to reallocate some of those funds to be able to reach some of the citizens who do not have access to public water.

Mr. Taylor asked for a Board vote. The Board approved voting 7-0-0-0.

14. Consideration of Committee Appointments for the 2016 -2017 Fiscal Year – Ken Taylor

Mr. Nelson motioned to approve the following Committee Appointments:

- ESCO Committee – Dwain Miller, Wayne Campbell
- Washington County Joint Utilities Committee – Mark Nelson, Vernon Smith

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- Chilhowie/WCSA Regional Water Treatment Plant Steering Committee – Mark Nelson, Robbie Cornett
- Dispute Committee – Jim McCall, Mike White
- Leak Adjustment Committee – Dwain Miller, Ken Taylor
- South Fork Intake Committee – Dwain Miller, Jim McCall
- Abingdon Water Storage Tank Procurement Committee – Ken Taylor, Jim McCall

Mr. White seconded and the Board approved with a 7-0-0-0 vote.

15. Consideration of the 2016-2017 WCSA Regular Board Meeting Schedule and 2017-2018 Annual Meeting Schedule – Ken Taylor

Mr. Nelson motioned to approve the following 2016-2017 Regular Meeting and 2017-2018 Annual Meeting dates:

- August 22, 2016
- September 26, 2016
- October 24, 2016
- November 28, 2016 (week after Thanksgiving)
- December 19, 2016 (third Monday)
- January 23, 2017
- February 27, 2017
- March 27, 2017
- April 24, 2017
- May 22, 2017
- June 26, 2017
- July 24, 2017 (Annual Meeting)

Mr. White seconded and the Board approved voting 7-0-0-0.

16. Consideration of the 2016-2017 Fiscal Year Banking Resolution – Kin Boyd

Mr. Nelson made a motion to approve the Banking Resolution as presented. Mr. Campbell seconded and the Board approved with a 7-0-0-0 vote.

17. Consideration to Proceed with Radio Frequency and Department of Game and Inland Fisheries Application for Field Communications – Robbie Cornett

Mr. Cornett said field communications is something WCSA has been working on for some time. We began looking for ways to improve our two way radio system. As far back as 2004, we talked to other companies such as American Electric Power but did not go that route due to the expense.

Since October of 2015 we have been looking more earnestly on how to improve our field communications. From 2011 to now we have relied exclusively on cell phones to be able to communicate with our employees in the field. Mr. Cornett said the service can be very unreliable in the county. There are a number of benefits, the most prevalent is the ability to communicate with our employees in the field in areas where there is no cell service.

The Field Communications Committee met recently to review two RFP's. Mr. Cornett hopes to meet again to discuss the request for proposals from different service providers, and be able to present those proposals to the Board.

There are a few time sensitive issues. One is applying to the Federal Communications Commission for a radio frequency. In talking with those at Two Way Radio and Mr. White who has experience with this, we know it could take about 6 months to obtain a radio frequency.

The second is for a tower and equipment located at Brumley Mountain. We entered into a purchase option with Ms. Epperson back in March that is good until September 1st. This would enable the Authority to own the tower and equipment. This would also involve a

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lease from the Department of Game and Inland Fisheries (DGIF). We have been corresponding with DGIF for months and are at a point where that appears that they are will look favorably on it if we apply. DGIF indicates that process takes between 6 and 12 months.

Lastly, would the Board like to exercise the option to purchase the land from Ms. Epperson now or explore the possibility of extending the lease. Mr. Cornett Is confident WCSA will not have time to give a recommendation on RPR before the September meeting.

Mr. Cornett offered to answer any questions the Board may have.

Mr. Campbell said his concern was being able to educate Commissioner on what will be needed and that will be done. We need to act on the license and probably need to move forward with getting the Epperson property and equipment under contract. At that time, we will review Mr. Cheek's proposals.

For clarification, Mr. Nelson said we are talking about spending the \$2,940.11; the quote from Two Way Radio, the \$15,000 for the purchase of the Epperson property and equipment or try to renegotiate an extension to the agreement and the \$1,500.

Mr. White said we have to have the tower and equipment before we begin the process of licensing. We have to have a longitude and latitude for the paperwork required by FCC. We need to move forward with the purchase of the Epperson site in order to have the longitude and latitude of that site required for the licensing process, explained Mr. White.

This is a safety issue, correct asked Mr. Smith?

Yes sir, answered Mr. Lawson.

Is there any way to apply for an emergency license to get it faster, asked Mr. Smith?

Mr. Cornett said he did not know the process but would certainly ask.

Mr. Miller asked if the license could be sold if we do not use it?

Mr. White said we could do a transfer of licensing and the tower also. Currently, there is a company that is using the tower and they pay a monthly fee to be on the tower. We have the option to rent space on the tower to other entities to recuperate some money. The company currently renting space is out of Virginia, Kentucky Communications and has three antennas and a microwave system on the tower. They pay about \$330 to \$400 per month and want to continue to rent space. That company has the radio system for the Regional Jail and a private ambulance service.

Can we get the information needed to move forward with the licensing without owning the site if Ms. Epperson is willing to extend the purchase option, asked Mr. Nelson?

Mr. White said the site is currently her site, not our site. We have to apply for the licensing under our site. She is the owner of the site. We have to apply as the owner of the site to get the license.

Mr. Lawson asked what the odds were the license would be rejected.

Mr. White said slim to none.

The lease agreement is non-transferable from the Epperson's to WCSA, correct, asked Mr. Nelson?

Mr. Cornett said more than once DGIF he has been told that Ms. Epperson has to terminate her lease with them and we have to apply. DGIF has indicated they would look favorably on our lease when we apply for it.

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Mr. Campbell pointed out a section in the lease agreement that says the lease is non-transferable.

Mr. Taylor asked if anyone wanted to make a motion.

Mr. White motioned to move forward with the purchase of the tower site from Ms. Epperson and proceed with obtaining the licensing and lease with the Department of Game and Inland Fishery and licensing with the FCC and move forward with the field communications program. Mr. Campbell seconded.

What is the predicted coverage; 90%, 95%, asked Mr. McCall.

Mr. White said probably 95% to 98%. The fire, police and EMS of Washington County are on the same mountain and they use it constantly every day all over the county.

Mr. McCall asked if they had looked at satellite as well.

Mr. Nelson said we will look at that in the RFP's. We are putting the cart before the horse here but we have to do that based on Mr. White's expertise. We don't have a choice but to move forward with the purchase of the site if we want to apply for the licensing. Mr. Nelson said I hear you saying it is required. That's right said Mr. Campbell.

The piece Mr. Nelson said he still goes back to is the lease in no longer enforced once we become owners of this property. Mr. Cornett said he has in writing from DGIF; it is a process we have to go through but they will grant the lease.

The Board approved voting 7-0-0-0.

18. Closed Meeting – 8:03 pm

Mr. Nelson moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act;

1. Code of Virginia Section 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Public Funds:
 - a. Discussion and consideration of the acquisition of real property for a public purpose, where discussion of such acquisition of property in open meeting would adversely affect the bargaining position of WCSA.
 - i. Easement acquisition related to the Exit 13 Project.
2. Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of Public Funds:
 - a. Discussion and consideration of public funds where bargaining is involved and if made known publically at this time, would adversely impact the bargaining position of WCSA.
 - i. Easement acquisition related to the Exit 13 Project.
3. Code of Virginia Section 2.2-3711 Paragraph (A) (7): Legal Advice:
 - a. Consultation with legal counsel and briefings by staff pertaining to possible litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigation posture of WCSA.

In addition to the Board the presence of Mark Lawson, Arnie Mason and Melisa Roy, WCSA Legal Counsel, Dave Cheek, WCSA Operations Manager and Robbie Cornett, WCSA General Manager was requested.

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

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19. Return to Open Meeting – 10:13 pm

Mr. Nelson motioned to return to Public Session. Mr. Miller seconded and the Board approved voting 7-0-0-0.

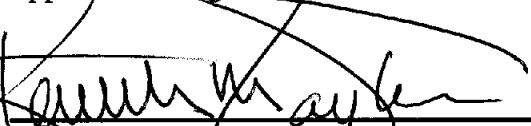
Mr. Nelson read the following Certification of Closed Meeting;

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. Smith, Mr. Campbell, Mr. Taylor, Mr. Nelson, Mr. White and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

21. Adjourn – 10:15 pm

Mr. Nelson made a motion to Adjourn, Mr. Campbell seconded and the Board approved voting 7-0-0-0.



Mr. Ken Taylor, Chairman



Carol Ann Shaffer, Assistant Secretary

20. Late Items

Resolution of Commendation for Mr. Hutchinson:

Mr. Nelson made a motion to commend Mr. Devere Hutchinson and have the document placed in the permanent records of WCSA as signed by the Chairman and Commissioners.

Mr. Campbell seconded and the Board unanimously approved voting 7-0-0-0.