

**Washington County Service Authority Board of Commissioners
July 27, 2015 Regular Meeting Minutes**

The Regular Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:08 pm.

Mr. Taylor welcomed Mr. Campbell to the Board.

ROLL CALL

Commissioners Present:

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

WCSA Staff Present:

Robbie Cornett; Secretary, General Manager
Kimberly Boyd; Treasurer, Controller
Carol Ann Shaffer; Assistant Secretary, Administrative Assistant
Bobby Gobble, Assistant Maintenance Manager
Ryan Kiser, Staff Engineer
George Thomas, Utility Coordinator

Consultants Present:

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

Also Present:

Mr. Mark Lawson, General Counsel

3. Approval of the Agenda

Mr. Cornett knew of no Agenda changes. Mr. Miller motioned to approve the Agenda. Mr. Hutchinson seconded and the Board approved with a 7-0-0-0 vote.

4. Public Query and Comment

There was no public query or comment.

5. Approval of the Consent Agenda

B. Routine Reports: June 2015

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

C. Financial Reports: June 2015

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

Mr. Nelson motioned to approve the Consent Agenda with a second from Mr. Hutchinson. The Board approved the motion voting 7-0-0-0.

6. Engineer's Report and Update

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

- 12 MG Water Treatment Plant

TLG and WCSA staffs continue to meet weekly and work on issues at the water treatment plant and South Fork Intake. TLG met on June 30th to discuss issues with the Cla-Val pressure sustaining valve located on the raw water line from the South Fork Intake. Mr. Lane met with the manufacturer representative for the Cla-Val and reduced the pressure setting. It is working well at a lower pressure. In their review of the Cla-Val operation, TLG discovered it will only pass 11.1 MGD instead of 12 MGD due to an anti-cavitation trim located on the inside of the valve. Mr. Lane is working the pros and cons of removing the trim. The Cla-Val is working well and holding the pressure constant, said Mr. Lane. TLG is working on the energy recovery turbines.

Mr. Taylor asked what the rate of flow was currently.

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Mr. Lane said 11.1 MGD with the trim. If the trim is removed it will pass 12 MGD. Mr. Lane said the trim was in the valve to reduce cavitation, to reduce wear and tear on the valve. Removing the trim will not be an issue if lower pressures are maintained on the valve. It is not too complicated to remove the trim.

Mr. Taylor said for now, 11.1 MGD is all we need.

Mr. Cornett said it was more than we need, for now.

Mr. Tylor asked what effect removing the trim would have on the Cla-Val warranty.

The reason the pressure sustaining valve is on there is to maintain the back pressure so the turbines will operate properly. When the turbines go online, we will not need flow 12 MGD through the Cla-Val because part of the flow will come from the turbines. As long as the turbines are operational, there will not be a need to pass 12MGD through the Cla-Val, stated Mr. Lane. Mr. Lane said the discussion about needing to remove the trim is how often will there be a need to pass 12MGD through the Cla-Val.

Mr. Hutchinson asked if removing the trim would affect the warranty on the valve.

Mr. Lane said it would not.

Mr. Hutchinson asked if removing the trim would affect the longevity of the valve.

Mr. Lane said removing the trim would relate to the life of the valve. Mr. Lane is discussing how much affect removing the trim will have on the life of the Cla-Val; will it last 29 years or 30 years for example.

Mr. Miller asked what the concern in getting the turbines running was.

Mr. Lane said there has been a concern about debris in the line and he has

discussed installing strainers ahead of the turbines to protect them from the debris. Mr. Lane said we noticed when they try to pump 12MGD, running 3 pumps, we see spikes in turbidity. We are not seeing large objects we saw when we first started the raw water line, said Mr. Lane.

Mr. Lane said the question now is, do strainers need to be installed or is have the large objects, rocks and wood, passed through the raw water line. Mr. Lane said he believed those large objects have passed through the line. Mr. Lane said if they decide not to install the strainers, they are ready to turn on the turbines.

Mr. Lane said all this is tied together; when you do one thing it impacts another. Mr. Lane said TLG and WCSA wanted to know exactly what they were doing and what it would impact before it was done.

South Fork Intake:

Mr. Lane said in their testing, TLG ran 1, 2 and 3 of the 4 pumps at the South Fork Intake.

- 1 pump produced about 4.5 MGD
- 2 pumps produced about 8.4 MGD
- 3 pumps produced about 11.5 MGD

The Intake screen functioned well and had no issue getting water into the wet well but TLG could only produce only 11.5 MGD. Mr. Lane has talked with the pump manufacturer and asked if any modification needed to be made to the pumps or if pressure on the Cla-Val needed to be reduced further. That work is ongoing.

The improvements discussed in June that were to be made at the Raw Water Pump Station were scheduled. That work had to be put on hold because of an issue with the pump that was rented to

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dewater the pump station wet well. This work was rescheduled to July 31st.

DEQ Withdrawal Permit: WCSA would like to make some modification to the Withdrawal Permit for the Middle Fork and South Fork. TLG submitted a request for those modifications to the Department of Environmental Quality (DEQ) and are being reviewed at this time, reported Mr. Lane. Mr. Cornett, Mr. Cheek and Lawrence Hoffman have discussed those modifications with DEQ.

- Abingdon Water Storage Improvements Study

TLG continues to work with Rural Development on funding and hopes to receive a funding offer soon.

- Galvanized Waterline Replacement Project - Phase II

Division 1 – Little B – Mr. Lane feels Little B will finish the basic contract in a couple of weeks and be ahead of schedule.

Division 2 – Little Henry's – Little Henry is working toward completion.

Division 3 – Thomas Construction

Thomas is making up ground but is still behind schedule and has added another Main Line Crew since June.

Division 5 – Rural Development

commented on the make-up of Division 5 and is directing that all contingency be used in the next construction cycle. We are working on the final plans

- Galvanized Waterline Replacement Project – Phase III

TLG revised the application for Phase 3 which includes the Abingdon Water Storage Tank Project. Mr. Lane hopes that application will result in significant grant funds. If TLG is successful in obtaining the grant funding, a significant amount of additional galvanized

waterline and the Abingdon tank replacement may be added to the project Hidden Valley Water System Improvement, stated Mr. Lane.

- Hidden Valley Water System Improvements

The Contractor did lose some time this month but Mr. Lane thinks he is still on schedule.

- Mid Mountain (Zone 108) Water Improvements

Mount Rogers Planning District Commission (MRPDC) Staff is taking the lead on finalizing the Tobacco Commission Application in the amount of \$500,000. Mr. Lane will be working with WCSA and MRPDC to prepare a funding application to Appalachian Regional Commission for an additional \$500,000. That application is due in September.

- Mill Creek Water System Source Improvements.

The Town of Chilhowie and WCSA staffs are preparing to receive and install the new KOCH Filters. Mr. Lane expects 40 cartridges (enough for 1 skid) to be shipped on 7/15/2015 with the balance of 80 cartridges to be shipped on 8/26/2015. The design for the permanent interconnect is being submitted to VDH for review and approval and work on this interconnect by the Town of Chilhowie's and WCSA's staff is expected to begin soon. TLG continues to work with the Virginia Department of Health to gain all the necessary approvals for this proposed action.

Final comments on the New Plant design from WCSA and the Town are being compiled. Mr. Lane hopes to get these answered and the plans and specs submitted to VDH later this week.

Mr. Nelson asked Mr. Lane what thought his thoughts were on getting Mill Creek back on schedule.

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Mr. Lane said they would not make the original schedule.

Mr. Nelson said, we are going to be 5 or 6 months out.

Mr. Lane said yes, about 5 or 6 months out. He thought they may be able to make up some time during advertisement and bidding. Mr. Lane said most of the time delay relates to making the decision to replace the Koch filters that failed with new Koch filters.

‘Is it a resource issue; is that the reason we got behind’ (with the Mill Creek Plant), asked Mr. Nelson.

Mr. Lane did not think it was a resource issue but thought the review process took longer than anticipated when the original schedule was created.

Mr. Lane thought the extended review process allowed the Town of Chilhowie and WCSA the opportunity to find ways to save money and to make the system better. The review process was longer than expected, “not bad but longer”, stated Mr. Lane.

- Rich Valley Road / Whites Mill Road

The Close-Out Documents have been submitted to WCSA. The Contractor settled his differences with 2 of the 3 sub-contractors and is working to settle with the third.

- Route 58 Water Supply Improvements Project.

During flow testing and evaluation in that area, we determined what was thought to be a 6 inch line was actually an existing 4 inch line. That will be addressed in a task order amendment at a later date.

- Smyth Chapel area Water Improvements Study

WCSA staff reviewed the revised PER and requested minor revisions to PER addressing the WCSA’s cooperative

efforts with landowners to replace long service lines on Treetop Drive.

TLG will be working to further revise the PER to include Treetop Drive discussion and provide to WCSA for review.

- Western Washington County Sewer Study – Beaver Creek Discharge Permit

DEQ has issued a draft Permit for the three tiers discharge levels (0.5 MGD, 1.0 MGD and 1.5 MGD) requested by WCSA. DEQ has also provided a copy of their fact sheet for WCSA review and comment. Effluent Limits are stringent but as we expected. TLG and CHA staffs are reviewing the Draft Permit and the fact sheet and will make recommendations to WCSA for comments. DEQ has advised that the discharge permit process will likely include a public hearing since objections were voiced at the County meetings.

Mr. Taylor asked if DEQ required anything out of the ordinary in the draft Permit.

Mr. Lane said they did not. DEQ’s Effluent Limits were stringent because of Beaver Creek and the location but the limits are within what we estimated in the Preliminary Engineering Report.

Mr. Lane is looking into ways to reduce the effluent limits and working with WCSA to evaluate the cost benefits to do so.

Mr. Hutchinson asked when the public meeting may be held for this project may be held.

Mr. Lane said his best guess was October.

Bill Skeen of Maxim Engineering

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

Tours of the Wise County PSA decentralized wastewater facility were on June 30th. They had a chance to look

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at several decentralized units and met with the one of the operators and the Director. As a result, we have some feedback from engineering and will allow is to finish the Study. Mr. Skeen plans to present the Board with the final Larwood Acres Sewer Study at the September Meeting.

Mr. Skeen said Maxim recommended effluent delivery at Larwood; septic tanks connected by a small line at each home. Mr. Skeen received feedback from Mrs. Helbert and staff recommending conventional sewer instead of an effluent delivery system. Mr. Skeen said he agreed with Mrs. Helbert's recommendation. If there is a more remote location in the county, for a truly decentralized system, a conventional system will be a better fit, stated Mr. Skeen. He continued saying, it is a matter of getting people comfortable with the concept which is working in Wise County.

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

- Exit 13 Sewer Project Phase 2A:
This Project has been submitted to WCSA staff, DEQ, VDOT and Washington County for comments on plans and specifications. WCSA staff has mailed the easement exhibits and are in the process of working through the easements.

- Exit 13 Sewer Project Phase 3:
Mr. Amos met with WCSA last week to discuss this Project. WCSA is working to coordinating property surveying for this Project and expect to begin surveying the second week of August.

Mr. Miller asked when Mr. Amos thought the Projects would go out for bid.

The critical path for the Phase 2A Project will be obtaining all necessary easements. Mr. Amos thought he would have the

review agencies approval of Phase 2A within the next 30 days Phase 2A. It is a matter of getting all the easements signed and in place before we can move forward with the bidding process, stated Mr. Amos.

7. Water and Waste Construction Projects Update – Ryan Kiser

Mr. Kiser updated the Board on the following In-House Projects:

- Childress Hollow - The pre-bid meeting is scheduled for July 30 and the bid opening is scheduled for August 20th. Mr. Kiser plans present bid opening results to the Board at the September meeting. He expects the Project will be complete in July of 2016.
- Haskell Station - The Joint Permit Application has been submitted as well as the request to VDH for a Categorical Exclusion. Mr. Kiser hopes to have Draft plans complete in October 2015 and hopes to advertise the Project around March 2016.
- Richie Road - Staff continues to meet with remaining property owners to gauge agreeability in providing easements for the project. During the utility locates, staff discovered an issue with a gas line. WCSA staff is also working with a local land owner to secure an easement to make the design of the Project a little easier, reported Mr. Kiser.
- North Fork River Road at Tumbling Creek South – Mr. Kiser commended maintenance for their work to complete this project. The line is in the ground, it has been tested, Back T's passed and the meter has been installed. Mr. Turley has been

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advised and can connect at his leisure.

Mr. Kiser updated the Board on the following Under Review Projects:

- Love's Travel Shop - Construction is underway and WCSA staff has made contact with the Site Contractor. WCSA has approved some drawings and expect the installation of gravity and force main lines to begin soon.
- Exit 19 Development (Shops at Fifteen Mile) – Final plans have been submitted. WCSA staff has completed review and approved project for construction.
- Phippen Sewer Phase 4 –WCSA met with the Contractor to WCSA Project requirements. The Contractor is ready to begin construction in the next couple of weeks, according to Mr. Kiser.
- Fairfield Inn Project – Staff reviewed preliminary comments from the Developer. WCSA and TLG are working on fire flow and hydraulic information.
- Legacy Village – Staff received and reviewed preliminary site plans and provided Mr. Kiser and staff are working with the Developer on fire flow testing.

“In the General Managers year-end review, your name was brought up about how quick you were getting these reviews out and what a good job you are doing, and I would like to personally like to thank you. It can be done it is just a matter of taking the initiative and doing it and you have sure done that”, stated Mr. McCall.

Mr. Kiser thanked Mr. McCall. We are all trying to work together and trying to be a team and get things done, stated Mr. Kiser.

**8. Operations Report and Update –
Robbie Cornett**

In Mr. Cheek's absence, Mr. Cornett reviewed the following Operations Update for June 2015:

Discussion Items:

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

Year to Date we are \$302,000 Under Budget:

- Water Production General Electricity \$176,293 Over Budget (South Fork, Additional Town of Chilhowie Pumping and Extra Month of Electric Bill Accruals)
- Metering – Meter Replacement did not occur due to Department of Mines and Mineral Energy MME Process \$43,435 Under Budget
- Waste Water – BVU Sewer Rents \$97,763 Under Budget, Inflow and Infiltration (I&I) Efforts.

2015 June Water Production Highlights:

- South Fork Intake & Middle Fork Drinking Water Plant Issue Resolution
 - Scheduled Weekly Meeting with TLG until we can correct open issues
 - Should Move into 8 MGD Operation from SFI then to 12 MGD after Mill Creek Back on Line
 - Sustained 12 MGD Operation to Identify Limiting Components
 - Had TLG/CHA & Cla-Val on site to identify Limiting Issues Should Move into 8 MGD Operation from SFI then to 12 MGD after Mill Creek Back on Line

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- Mill Creek Membrane Plant – Koch Restart
 - Scheduled Weekly Meetings with TLG and TOC to Identify, Assign and Complete Critical Path Items
 - Interconnect
 - Targeting to Complete before Plant Re-Start
 - Cartridge Replacement, Cleaning and Start-Up
 - Targeting Start-Up Week of September 14th

Mr. Cornett gave some background on the Mill Creek Plant to update Mr. Campbell.

WCSA is joint owner of a 2.5 MGD water treatment plant with the Town of Chilhowie in Mill Creek. Due to a turbidity issue, on March 5th the Mill Creek Plant went off line. There are 120 cartridges that filter water at that plant and due to the turbidity, the fibers collapsed and we had to take that plant off line, explained Mr. Cornett. From that time until now, we have been back feeding our newly expanded Middle Fork Water Treatment Plant to Mill Creek and on to Chilhowie. We had to make interim improvements to two of our existing water pump stations and installed a third auxiliary pump station in Meadowview. This was done to not only keep our customers in water but to also provide the Town of Chilhowie with water with 1 MGD to 1.5 MGD.

We have been working since that time to identify the problem and how to prevent it going forward and how to get the Mill Creek Plant back on line.

We have a third of the cartridges on hand and other components that will be replaced. That work will start in earnest next week and we expect to have the plant back online and fully operational by September 14th, explained Mr.

Cornett. If this issue had happened a year earlier, the Middle Fork Plant was not in a position to be able to provide water to Chilhowie.

The claim for reimbursement was submitted last week to our liability insurance company; Virginia Municipal League. The preliminary information is the claim is in good shape to be fully reimbursed, stated Mr. Cornett.

2015 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
 - Damascus Did Not Exceed Daily Inflow in June
 - Issue around Greenbrier Pump Station
 - Aggressively Investigating In-Situ Repair Methods
 - Common Problem across the Country, What can we SWIPE from Others

2015 June Maintenance Highlights:

- Galvanized Phase II Support
 - Bi-Weekly Meetings with TLG to Identify and Correct Issues
 - Try to Immediately Resolve Issues
 - Making Good Progress

For Mr. Campbell's benefit, Mr. Cornett gave more detail about the Galvanized Line Replacement Projects.

We are currently in Phase 2 of a 3 phase project to replace 200 miles of 2 inch or smaller galvanized pipe county wide. WCSA has a 900 mile distribution system, 22% is 2 inch or smaller galvanized pipe with 40% or about 8,000 customers are connected to that pipe.

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There are about 4,000 connections tapped directly onto this pipe. Issues include no fire flow, no water and poor water quality. This is a multi-year, multi-phase project to replace all the line. Maintenance has worked extensively with that interface coordinating work, making taps, turning the water on and off, pressure testing, disinfection and those types of things, said Mr. Cornett. Mr. Bobby Gobble has been instrumental in coordinating work with TLG in an effective and efficient manner.

We meet every Tuesday and Thursday morning at 7:00 am to address any issues that arise.

- Routine Activities
 - Leaks – 26
 - Main Line Breaks – 4
 - Fire Hydrant Repairs – 4
 - After Hours Responses- 36
 - After Hours Responses and Target Area for Improvement

2015 June Metering Highlights:

- Analyzing Meters for End of Life Replacement
 - DMME
 - Design/Build Process for Energy Reduction
 - Working with DMME (Charlie Barksdale)
 - Kick Off Meeting Held June 25th
 - Four Potential Suppliers were Present
 - Honeywell, Siemens, Johnson Controls and Wendel
 - BOE Due August 2015

Mr. Cornett recognized Mr. Perrigan for organizing and leading the charge with the Department of Mines Minerals and Energy (DMME) for an energy auditing process. Honeywell, Siemens, Johnson

Controls and Wendel are working on back of the envelope audits for WCSA review. These companies are looking for opportunities that will improve our efficiency, such as replacement of meters, light bulbs, heating and cooling, converting propane to natural gas and process changes.

- Analyzing Billable Water Reductions from 2008 to Present
 - Investigating Innovative Methods of Completing this task
 - Division of Mines and Minerals (DMMA) Design. Build and process for Energy Reduction.

2015 June Distribution Highlights:

- Assisted with the TOC/WCSA Permanent Interconnection Project
- Solidifying Mill Creek Water Delivery System
- Continued Fire Hydrant Training with Field Demonstrations
 - Will Begin Additional Training and Inspections in July Working on in-house Data Management
 - Additional In-House Trained Personnel
- Developing System to align District Meters with District Billable Metering to identify Water Loss Areas

Mr. Cornett said the distribution system has been subdivided into 43 smaller zones that will enable WCSA to better analyze where water losses are occurring within those smaller zones.

We know how much water is going into those zones and how much is being used so we can determine how much is being lost in each zone, said Mr. Cornett

Forward Looking Statement

- Mill Creek
 - Solid Engineering on Replacement Plant
 - Start-Up Planning in Process

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- Customer Relationships
 - Fire Departments
 - Hydrants & Training
 - Water & Sewer Customers
 - More Customer Engagement at Time of Contact
 - Working with Customer Service for more In House Training & Processes to Assist Both our Customers and Our Teams Understand Each Other's Concerns and Issues Better
- Costs
 - Production Costs (Water Loss and I&I)
 - After Hours Call In
 - Base Knowledge and Tracking Ability
 - Hydrants as a Device to "Stress Test" our Water Delivery System to identify Problems Early

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

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

Introduction:

- Safety
- Financials
- Customer Service
- Notable
- Reserves
- Ahead

Safety:

- June 2015
 - 11,972 Hours Worked
 - No Accidents
 - No Injuries
- Safety Training
 - Asbestos Abatement Certification / Recertification
 - Confined Space

Mr. Cornett talked about how much safety training requirements have changed through the years.

Financials - New Water Connections:

There were 10 new water connections for the month of June.

Financials - Water Revenue:

Water Revenue is \$34,658 above projections for the month of June.

Year to date, water revenue is \$150,041 below budget.

Financials - Expense:

For the month of June, excluding compensation and benefit but including overtime; Non Departmental is \$26,497 over budget due to a onetime software maintenance fee due each June of \$28,548. Customer Service is \$8,078 over budget due to a periodic outsourcing fee of \$8,984.

Year to date, all departments are below budget.

Financials - New Wastewater Connections:

There were no new wastewater connections in June.

Mr. Cornett discussed background information Campbell's benefit.

WCSA serves about 90% of the county's population with water; about 21,000 WCSA has about 2,300 active wastewater accounts, about 10% coverage for wastewater.

Financial - Wastewater Revenue:

Wastewater fell below projections by \$901 in June. Year to Date, Wastewater is \$7,243 above projections.

Financials - Wastewater Expenses:

Expenses are better than budgeted for the month of June and for the year.

Did we accrue for the monies received from the Town of Chilhowie for the additional water sales to them, asked Mr. Nelson.

Mrs. Boyd said she has not accrued for them yet as she received those numbers

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today. Mrs. Boyd will be finishing year end accruals by the end of the week.

Mr. Nelson thought the amount Chilhowie owed should bring the financials up to Budget.

Mr. Cornett said the claim was just under \$500,000; that amount is capital.

The monthly water bill for Chilhowie is about \$45,000.

Mr. Nelson thought that amount would be enough to bring water revenue above Budget.

Mr. Taylor asked if the Town of Chilhowie had been billed.

Mrs. Boyd said the Town of Chilhowie has been billed and has paid bills for March, April and May; June is out for payment.

Customer Service:

- 21,085 Active Water Accounts (increase of 47 accounts in June and 19 accounts YTD)
 - 2014: a decrease in 117 accounts
- 2,337 Active Wastewater Accounts (increase of 4 in June and 9 YTD)
 - 2014: no change
- 232 Reconnection / Transfers of Service
 - 2014: 175
- 97 Disconnects for Nonpayment (1,256 Issued)
 - 2014: 99

Each month Customer Service starts with a list of about 1,200 and they call and call customers and do all they can to get customers to pay before their water is cut off. The cut-off list went from 1,256 to 97 actual disconnects due to their efforts. Many times, customers pay more in late fees, penalties and reconnects than their water bill is to begin with, said Mr. Cornett.

- 94 for \$14,318.24 Abatements
 - 2014: 114 for \$23,584
- \$5,937.40 Bad Debt Write-offs
 - 2014: \$4,983

- 4,472 Accounts with Late Fees

Accounting:

Mr. Cornett commended Mrs. Boyd and the accounting team for their efforts in debt collections.

- Debt Set-Off Collection
 - Year to Date – about \$35,000

Notables:

- Abatements Committee
 - Considering Service Line Insurance Partnership
 - Met with American Water; HomeServe; and Utility Service Partners
 - Planning a Request for Proposals
 - Timely Repairs = Savings to Customer / WCSA

Mr. Cornett said the team was looking in to some technology that would notify WCSA the same day the leak occurs so we can notify the customer when the leak occurs, stated Mr. Cornett.

Unfortunately, from the time a customer is notified of a leak until it is repaired is sometimes months, resulting in high water bills.

Many customers struggle with who they should contact for repairs. Mr. Cornett said he has looked into (see above) service line insurance companies for customer service lines such as American Water, HomeServe and Utility Service Partners and are evaluating customer interest. WCSA is working a request for Proposals to get better information on how it might apply to WCSA and our customers.

- Bulk Water Delivery
 - Service Provided Since December 2001
 - 1,600 Gallon Capacity Tanker Truck
 - Service Provided Nationally
 - Should we Promote/Improve?

Water delivery could have a positive impact for people in the county who do

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not have public water access. When they lose their private supply, well or spring, they need help fast.

Bulk water providers across the county can subscribe to this service and it is interesting how wide spread this service is, sated Mr. Cornett. In some states there are particular laws that govern bulk water delivery.

Mr. Cornett is looking into opportunities to service areas that do not have access to public with the bulk water delivery.

Mr. Cornett found through his research for less than the cost of a water tap; less than \$2,000; one could install a 1,000 gallon tank and tie it into the plumbing. WCSA would then deposit water into that tank.

- Health Insurance Procurement
 - Renewal: Out-of-Pocket \$3500 to \$4,500 Individual and \$7,000 to \$9,000 Family plus 8.5% Premium Increase

Mr. Cornett said the newly procured Insurance Broker felt WCSA could procure and get a better health insurance plan for employees and save 6 figures on premiums, so we did so.

- Proposals Due August 3rd
- Committee Meets August 10th and 13th
- Board Recommendation August 24th
- Jobs Created via WCSA Capital Projects
 - 2006 to Present
 - 200 Projects
 - \$83 Million Investment
 - 1,328 Jobs (415 Direct and 913 Indirect)

According to Water Research Foundation, a \$1 Million Investment in projects = 5 jobs + 11 jobs = 16 jobs created due to Capital Projects.

Water Reserves 6/30/2015

- WCSA is about \$1 million above the 5 Year Plan target for 2015.
- We are projected to be ahead for the 2016 projected 5 year plan as well.

Mr. Cornett said WCSA is on target with revenue but doing better than targeted with expenses.

Wastewater Reserves 6/30/2015

- Expected excess funds, capital funds that have not yet been spent
 - \$616,395 for Hall Creek WWTP Improvements
 - \$325,000 for Jet Vacuum Truck
 - \$100,000 for LOVES Betterment
 - \$340,000 for Damascus WWTP Improvements
 - \$1,381,395 Total

Mr. Cornett said if you remove the \$1.3 million in capital, for fiscal year end (June 30), WCSA is still ahead of schedule according to the 5 Year Plan which puts us ahead of schedule for fiscal 2016 as well.

Mr. Nelson asked if we had unfunded water projects that were part of the 5 Year Plan.

Mr. Cornett said everything was shown on the graph.

Ahead:

- Company Picnic
 - August 15 at the 4-H Center
- Mill Creek Restoration
 - September 14
- Energy Service Companies
 - Back of the Envelope August 2015
- Water Withdrawal Permit
 - DEQ VWP (Virginia Water Protection) Permit
- Western Washington County Water Reclamation Facility
 - DEQ VPDES (Discharge Virginia Pollutant Discharge Elimination System) Permit

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- o BVUA & Town of Abingdon talks

For Mr. Campbell's benefit, Mr. Cornett explained WCSA has a 572,000 gallon per day contract with BVU to discharge wastewater to them. WCSA has a contract to discharge 1 million gallons a day of wastewater to the Town of Abingdon. Between those areas we will need additional capacity long term.

One option to do that is our own Waste Water Treatment Plant on Beaver Creek and have obtained a discharge permit from DEQ for that.

Is there an option to discharge more wastewater to BVU? Is there an option to discharge more to the Town of Abingdon? Mr. Cornett is looking into the last two options and which is most economically feasible.

Mr. Cornett expects to have the discharge permit in hand in the next 4 to 6 months. He also expects to have final costs for the Wastewater Treatment at Beaver Creek, final costs to pump sewer back to Abingdon and have a BVU option to consider in the next 6 months.

At that point we analyze the options, chart a plan of action and finally secure funding for the option we chose that will be in the best interest of WCSA and Washington County.

10. Consideration of Billboard Sign Lease between WCSA and LAMAR Companies and Public Hearing – Robbie Cornett:

In accordance with Virginia Law; Va. Code Sec. 15.2-1800(B); the Chairman announced the purpose of the public hearing was to notify the public of the intent to grant the lease.

The Chairman asked Mr. Cornett for his presentation of the LAMAR lease.

Mr. Cornett began his presentation saying, WCSA acquired the Washington

County Industrial Park (Exit 22) Wastewater Collection and Treatment System in 1999 from the Town of Abingdon. On the property where the treatment plant was located (it's now a pump station), there was a billboard sign. If you are traveling I-81 southbound between Meadowview and Abingdon, the billboard will be on your right as you cross Stonybrook Drive and currently has a Cracker Barrel advertisement on it.

WCSA Staff confirms that we have received payment from LAMAR each year in May for \$1,800 since May 2005.

Mr. Cornett proposed and LAMAR agreed to the following notable provisions:

1. Five year term with the possibility of renewing for two additional five year terms (total of fifteen years). LAMAR originally proposed a single fifteen year term.
2. Minimum annual rental of \$2,400 or a percentage of the annual rental equal to 20% of LAMAR's gross receipts (whichever is greater). LAMAR originally offered \$2,000.
3. After the first term (five years) WCSA may terminate the lease at any time with a 90 day notice and if requested by WCSA, LAMAR must dismantle the billboard. LAMAR originally did not offer a termination provision.

The Chairman noted Mr. Cornett's presentation.

The Chairman then OPENED the public hearing and asked if there is anyone present to speak in favor of the proposed lease. No one spoke.

The Chairman asked if there is anyone present to speak in opposition to the proposed lease. No one spoke.

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The Chairman CLOSED the public hearing and asked the Board if they had any questions or discussion.

The Chairman then asked for a Board vote.

Mr. Nelson motioned to approve the LAMAR Lease as presented. Mr. Miller seconded and the Board approved voting 7-0-0-0.

11. Consideration of a Request by the Town of Damascus for a Wastewater Lateral Road Crossing – *Robbie Cornett*

In August 2012, WCSA assumed ownership of the Town of Damascus Wastewater Collection and Treatment System. It is our understanding, when the Town owned the system, their connection fee included the road crossing. WCSA, and most other utility connection fees, do not include the road crossing (unless they are made as part of an extension project).

The Town is constructing a new facility on South Shady Avenue, is in need of public sewer service and the WCSA line is on the opposite side of the road. It is our understanding, when the Town began their project, they did not realize our connection fee (\$3,235) did not include the road crossing (estimated at \$5,500) and did not budget for that. Mr. Cornett said he did not want to hold up the Town's ability to access the sewer connection and hold up construction so WCSA partnered with Damascus; WCSA installed the tap and lateral crossing at a cost of \$4,208.55 and the Town agreed to pay to cost to repave the road.

The Town is asking WCSA to consider providing the road crossing at no additional cost to the Town.

WCSA has enjoyed a good relationship with the Town of Damascus over the years. We have had and will continue to have the opportunity to work together on many projects. In fact, WCSA is scheduled to replace galvanized waterline in the Town during 2018. For these reasons, the Board may desire to participate in helping the Town with the road crossing. A potential drawback is other localities asking for the same consideration and those crossings could be more complex and costly.

Mr. Nelson motioned to adhere to the sewer connection fee policy which does not include the cost of a road crossing.

Mr. Miller asked if the Town of Damascus owned the building.

Mr. Cornett thought they did own the building.

Mr. Nelson asked what Mr. Cornett's recommendation was. Mr. Nelson said the Town of Damascus did not anticipate having to pay for the road crossing and did not ask before they constructed the building. He asked Mr. Cornett, "What do you think is in good faith that we participate if any".

Mr. Nelson said you (Mr. Cornett) will be dealing with the Town going forward and if you feeling is this will come back in the future.

Mr. Taylor asked who the mayor was.

Jack McCready said Mr. Cornett.

Mr. Nelson said he always like to help people that asked before they do it but understands the dilemma they were in.

Mr. McCall said at the same time, you didn't have to move forward and install the line but you felt neighborly and went ahead with the installation.

Mr. Cornett said, yes sir.

Mr. Nelson said the Town did the project without asking.

Mr. Miller said it was shallow.

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Mr. Gobble said the line was installed about 6 to 6.5 foot deep on one side and came up as you went across.

Mr. Miller said the extra costs to WCSA was about equate to about 120 foot of pipe and traffic control.

Mr. Cornett said it was about 40 feet all the way across.

Mr. Miller said that was not a lot extra.

“What do you think”, Mr. Nelson asked Mr. Cornett.

Mr. Cornett said it was a tough call.

“Who asked; did Jack ask”, asked Mr. Taylor.

Mr. Cornett said Mr. McCready asked.

Mr. Hutchinson asked what the Town of Damascus charged for a connection fee.

Mr. Cornett was not sure.

Mr. Miller said today, WCSA would charge the Town \$3,235 plus \$5,500 for a total of \$8,735, Correct?

Mr. Cornett said WCSA has charged the Town for the connection fee of \$3235 which only involves making the tap on the line side. Mr. Cornett thought this was the first time WCSA actually crossed the road to install a sewer line for anyone, ordinarily; we do not do that at all.

There was a brief Board discussion.

Mr. Nelson asked how much of an issue it would be if the Board decided to do nothing.

Mr. Nelson made a motion to hold to policy and move forward with and not accept the costs.

Or you can take no action, stated Mr. Cornett.

Mr. Nelson said he would rather take no action but said he had no problem going on record.

Mr. Hutchinson seconded the motion.

Mr. Hutchinson thought the Board should hold true to policy saying what is fair for one is fair.

We have a motion by Mr. Nelson and a second by Mr. Hutchinson. Any further questions, said Mr. Taylor.

Mr. Miller said WCSA has about \$4,200 in the lateral road crossing.

Mr. Cornett said, yes sir.

Mr. Cornett gave a breakdown of the \$3,235 connection fee cost saying, \$900 for the tap fee and the balance is a system fee, stated

The actual money is \$900 and what asked Mr. McCall of Mr. Cornett.

Mr. Cornett said the tap fee is \$900.

Mr. Hutchinson had a question about the fees.

Mr. Taylor asked Mr. Cornett to clarify the connection fee.

Mr. Cornett said the connection fee is a two part fee; we access \$900 for the tap fee. We do not know if the tap will cost WCSA \$50 or \$2,000 to lay the pipe and clean up. So, WCSA charges a \$900 tap fee and the balance of the \$3,235 is a system fee (\$2,335). That is what any customer will pay for a wastewater tap.

Mr. Nelson said then we had additional costs to go across the road. You are accessing them the normal fee plus the additional costs incurred to cross the road. If you are going to do anything, you could adjust the \$900 from the \$4,208.55. Mr. Nelson said he would adjust his motion.

Mr. Taylor thought that was what Mr. McCall was getting at.

If that is what you are going to do, I will amend my motion for that, stated Mr. Nelson.

Mr. Hutchinson asked if that has been done before.

Mr. Cornett said no sir. Mr. Cornett said he did not think WCSA ever crossed a road for a sewer tap before.

Mr. White said in Brumley Gap, we crossed the road and split the cost with the county.

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Mr. McCall if we split the cost with Damascus, what would the cost be.

Mr. White said the total would be \$2,750.

Mr. Taylor asked if Mr. Nelson was going to adjust his motion.

"No, I am going to stay with my motion", replied Mr. Nelson.

Mr. Hutchinson said he would stay with his second. The motion passed with a 4-3-0-0 Board vote. Mr. Nelson, Mr. Hutchinson, Mr. Taylor and Mr. Campbell voted in favor of the motion and Mr. Miller, Mr. White and Mr. McCall were opposed.

12. Election of Officers for August 2015 through July 2016 – Mr. Ken Taylor

Article III, Section 1 of WCSA's By-laws says that annually, the Board must elect officers. The current officers are Chairman (Mr. Taylor), Vice-Chairman (Mr. Nelson), Treasurer (Kimberly Boyd), Secretary (Robbie Cornett) and Assistant Secretary (Carol Ann Shaffer). Also, the Virginia Water and Waste Authorities Act 15.2-5113 is helpful in this area.

Mr. McCall motioned to elect the current officers, as listed above. His motion was seconded by Mr. Hutchinson and approved with a 7-0-0-0 Board vote.

13. Consideration of Committee Appointments for the 2015-2016 Fiscal Year - Mr. Ken Taylor

Washington County Joint Utilities Committee

Mr. Miller motioned to nominate Mr. Nelson and Mr. Hutchinson for the Joint Utilities Committee. Mr. White seconded and the Board approved voting 7-0-0-0.

Chilhowie/WCSA Regional Water Treatment Plant Steering Committee

Mr. White motioned to elect Mr. Nelson for the Steering Committee. Mr. Hutchinson seconded and the Board approved with a 7-0-0-0 vote.

Dispute Committee

Mr. Nelson motioned that Mr. McCall and Mr. Hutchinson continue their service on the Dispute Committee. Mr. Miller seconded and the Board voted 7-0-0-0 approving the motion.

Leak Adjustment Committee

Mr. Nelson motioned to nominate Mr. Campbell and Mr. Miller to serve on the Leak Adjustment Committee. Mr. Hutchinson seconded and the Board approved voting 7-0-0-0.

Health Insurance Committee

Mr. Hutchinson motioned to nominate Mr. Nelson and Mr. White to serve on the Health Insurance Committee. Mr. Miller seconded and the Board approved voting 7-0-0-0.

14. Consideration of the 2015-2016 WCSA Regular Board Meeting Schedule and 2016-2017 Annual Meeting Schedule – Mr. Ken Taylor

According to the Water and Waste Authorities Act and the WCSA By-laws, WCSA is required to hold Regular monthly meetings, as well as an Annual meeting.

Mr. Hutchinson motioned to approve the 2015-2016 Fiscal Year Board Meeting and 2016-2017 Annual Meeting dates as listed below:

2015-2016 Regular Meetings

- August 24, 2015
- September 28, 2015
- October 26, 2015
- November 23, 2015
- December 21, 2015
- January 25, 2016
- February 22, 2016
- March 28, 2016
- April 25, 2016

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- May 23, 2016
- June 27, 2016

2016-2017 Annual Meeting:

- July 25, 2016

Mr. Nelson seconded Mr. Hutchinson's motion and the Board approved voting 7-0-0-0.

15. Consideration of an Offer of Funding for the Chip Ridge Road Area - Robbie Cornett

In September 2014, Staff presented the Board with background information on the potential project with a request to proceed forward with determining interest in the project. Four of seven potential connections signed a user agreement (57%) agreeing to take water service.

Two options were provided:

- Option 1 – To provide water service to the existing residents who are currently unserved along Chip Ridge Road near the intersection with Hillandale Road toward Rich Valley Road. This proposed system would consist of approximately 2,750 linear feet of 4-inch waterline, a pressure reducing valve, and all related appurtenances. This project is estimated to cost approximately \$182,000 and serve 7 people assuming 100% participation (approximately \$26,000/connection if we assume 100% participation).
- Option 2 – Would also provide water service to the existing residents who are currently unserved along Chip Ridge Road near the intersection with Hillandale Road toward Rich Valley Road. This option would create a loop from the end of our system near Hillandale Road to Rich Valley Road. That proposal would consist of approximately 5,550 linear feet of (either 4" or 6") waterline,

two pressure reducing valves, and all related appurtenances. The project is estimated to cost between \$313,250 and \$358,000 depending on line size.

WCSA received a funding offer from VDH in the form of a loan in the amount of \$183,000 for a term of 20 years and an interest rate of 1% below the prevailing 20 year AA municipal bond market rate (typically between 1.6 and 2.6 percent).

Board established principles for financial feasibility and investment are as follows:

- 50% + 1 minimum participation from existing residents.
- \$20,000/committed connection maximum debt service cost.
- On a case-by-case basis, decide whether or not WCSA has sufficient financial resources to fund the line extension.

Point 1:

To the best of our knowledge, the Board chose 50% + 1 as the minimum participation level for proposed water projects because it matched VDH minimum guidelines and out of concern that if participation requirements were higher, the minority could veto the majority.

Point 2:

\$20,000 per connection was recommended by Staff and chosen by the Board because this is about the amount of revenue we expect to see over the life of the loan and project. The typical residential customer based on current rates will generate about \$16,200 over 30 years (life of loan) or \$27,000 over 50 years (life of the project). Remember, these are very generous numbers as debt service (interest), operation, maintenance and replacement costs are not included. If these costs were included, a project costing \$20,000

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per connection would nearly double over a 30 year period.

Based on the current offer of funding, the proposed Chip Ridge Project costs \$45,750 per connection.

WCSA currently has or has committed to \$67 million (\$54.7 million existing) of bonding funding which appears to be above average for similar utilities based on available information (from our auditor).

In sum, we are doing okay in this area but additional customers without additional debt would greatly help WCSA's business and financial position. Some of the unique characteristics we look for are as follows:

- Part of a broader (phased) project.
- Closing a loop.
- Is the area ripe for growth.

Mr. Cornett recommended the Board consider revisiting VDH and request consideration be given for grant funding for a portion of the project.

Mr. Nelson motioned to approve Mr. Cornett's recommendation, Mr. Miller seconded and the Board approved voting 7-0-0-0.

16. Consideration of the 2015-2016 Fiscal Year Banking Resolutions - *Kim Boyd*

Normally, a corporation's Treasurer and Controller (Kimberly Boyd) would be included on the resolution authorizing endorsement of checks and other instruments. Enough additional people should also be included so as to ensure that the Authority can conduct necessary routine business.

Presently, the following people are authorized to sign checks: the Chairman, Vice-Chairman, General Manager (Robbie Cornett), Controller (Kimberly Boyd), and Customer Service Manager (Holly Edwards).

Therefore, we ask that you consider empowering the Controller (Kimberly Boyd), and at least four additional persons to be included on the HUB resolutions item #3 and #5. It is suggested that the Chairman, Vice Chairman, WCSA General Manager (Robbie Cornett) and WCSA Customer Service Manager (Holly Edwards) serve as the four additional persons authorized to sign checks.

Further, we ask that you consider limiting to two persons the authority to open new accounts, borrow money, or obtain safe deposit boxes (currently represented by Mr. Cornett and Mrs. Boyd). We ask that you consider two of the above persons to be included on the HUB resolution for item #1, #2, #4 and #6 (opening new accounts, borrowing money, safe deposit boxes and "all powers").

Mr. Nelson motioned to approve the 2015-2016 fiscal year Banking Resolution as presented. Mr. White seconded and the Board unanimously approved voting 7-0-0-0.

17. Late Items

Mr. McCall asked what the outcome of the mini excavator purchase was.

Mr. Gobble said they were able to purchase the mini excavator with all the options.

Mr. White asked for a status update on the Deel issue. Mr. Cornett said staff solicited bids from 4 contractors with Crabtree being the only contractor that submitted a bid. Crabtree is current working for WCSA on the Hidden Valley Project and they are trying to work out a schedule to complete the road crossing and line work for Mr. Deel. Mr. Cornett expects Mr. Deel's work to be complete in the next 2 weeks and is

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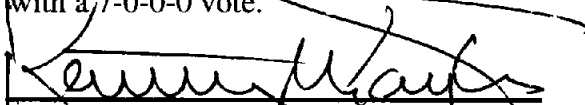
keeping Mr. Deel up to date on the progress.

Mr. McCall said that area was very busy. In lieu of the trouble we have caused Mr. Deel, could WCSA provide the flagging, asked Mr. McCall.

Mr. Cornett said, as part of the bid, WCSA has agreed to handle all the traffic control. The Contractor is to bore the hole and pull the pipe.

18. Adjourn – 8:08 pm.

A motion for adjournment was made by Mr. Nelson, seconded by Mr. Hutchinson and approved by the Board with a 7-0-0-0 vote.



Mr. Ken Taylor, Chairman



Carol Ann Shaffer, Assistant Secretary