

**Washington County Service Authority Board of Commissioners
August 22, 2013 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:02 pm.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Mark Nelson
Mr. Frank Stephon, IV

Commissioners Absent:

Mr. Ken Taylor, Vice Chairman

WCSA Staff Present:

Robbie Cornett, General Manager
Kimberly Harold, Controller
Mark Osborne, Distribution Manager
April Helbert, Engineering Manager
Carol Ann Shaffer, Administrative Assistant

Consultants Present:

Kevin Heath, PE; Adams-Heath Engineering, Inc.
Matthew Lane, PE; The Lane Group, Inc.
Bill Skeen, Maxim Engineering, Inc.

Also Present:

Mrs. Dawn Figueiras, General Counsel

3. Approval of the Agenda

Mr. Cornett asked the Board consideration to replace Agenda Item 13 with: Report and Update Use of High – Density Polyethylene (HDPE) vs. Copper Service Line presented by Mr. Mark Osborne. Mr. Nelson motioned to approve the replacement of Agenda Item 13 with Mr. Cornett suggested Report and Update. Mr. Hutchinson seconded and the Board approved voting 6-0-0-1.

4. Public Query & Comment

There was no public query or comment.

Mr. Taylor arrived at 6:04 pm.

5. Approval of the Consent Agenda

- Routine Reports for July 2013.
- Financial Reports for July 2013.
- Check Register and General Manager Financial Report for July 2013.

Mrs. Harold presented the Board with a modified Balance Sheet and Customer Service Report for July 2013.

Mr. Stephon motioned to approve the Consent Agenda including the modified Balance Sheet and Customer Service Report. Mr. Miller seconded and the Board voted 7-0-0-0 approving the motion.

6. Engineer's Report and Update

Mr. Bill Skeen of Maxim Engineering

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

Mr. Skeen reported lacking only one easement from an out of state property owner. Mr. Skeen said Mr. Osborne has been in contact with the property owner, who has agreed to sign the easement and hope to have the signed easement in hand very soon. At that point, the Project will be advertised.

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

Maxim has performed soil evaluations for onsite wastewater disposal alternative for Larwood Acres. The soil evaluations show soils are not suitable for the volume of wastewater, so Maxim is looking for an alternative site. DEQ has agreed to the possibility of an alternative treatment and discharge on site.

Mr. Miller asked if Maxim was looking into a drip system.

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Mr. Skeen said they were looking into a drip system but was questionable at that site.

Mr. Miller asked if they were looking to doing away with that site. Mr. Skeen said they were looking at different sites and felt the soils may be a reason there is such an issue with failing septic systems in Larwood Acres.

Mr. Cornett spoke up and said Christie Parker, Economic Development Coordinator for Washington County, reached out to WCSA interested in knowing the outcome of this Study for the Virginia portion of Clinical Development.

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

- **Green Springs Road Water Line Replacement Project**

Mr. Heath reported that Tipton has completed installation of all main lines and they have been tested by VDH to be placed in service. The contractor is working on clean-up items and on switching meters. Project construction continues with a target Substantial Completion date on August 28th. Mr. Heath said the contractor appears to be on target to meet Substantial Completion.

- **Rich Valley Road/Whites Mill Road/ Hillandale Road/ Red Fox Land Water Extension Project**

Mr. Heath reported construction of Hillandale was approximately 90% complete. The lines have been tested and have been released to be placed in service.

Red Fox Lane is about 40% complete. Advertisements were issued for construction bids on the Rich Valley/Whites Mill Road project. The Pre-Bid Conference for the Rich Valley/Whites Mill Road project was

held on August 20th with the bid opening scheduled for September 10th.

- **Smyth Chapel Area Water Improvements Study**

AHE continues to work on cost estimates and a draft PER for this project, reported Mr. Heath.

- **Town of Damascus WWTP VPDES Permit Renewal**

The Permit Application has been completed and submitted to DEQ for approval, stated Mr. Heath.

- **Route 58 Water Supply Improvements Project**

AHE held the scheduled kickoff meeting with WCSA Staff and Staff is in negotiations with potential tank site land owners, stated Mr. Heath.

- **Abingdon Water Storage Improvements Study**

Mr. Heath said the Draft PER was submitted to WCSA Staff for review.

- **Eastern Washington County Water Study**

This Project has temporarily been placed on hold by WCSA.

- **Monte Vista/Crescent Drive Water Line Improvements**

At the request of WCSA, stated Mr. Heath, this project has been temporarily placed on hold.

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

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

A&A is working to revise the PER. The Environmental Review has been submitted to Rural Development for comment and approval. Robert Hilt with Rural Development has provided preliminary comments. A&A, along with WCSA Staff, is working to address those comments. Mr. Heath said they have developed a revised service area for Phase 3 that could have up to 80% participation depending on the Board's

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approval tonight. Mr. Heath said they plan to present a Draft Per to WCSA by the first of September.

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

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

Substantial Completion paperwork is being completed and TLG feels the Plant is very close to producing 12 MGD. Mr. Lane said there was a very nice article in the Bristol Herald Courier about the Water Treatment Plant.

For the next 45 days, the Contractor will be completing items that can be finished before the completion of the Intake.

Judy Construction began work on the access road for the Raw Water Intake.

- **Emory Meadowview Sewer Study**
The final Draft Report has been submitted to WCSA Staff for review. A Mr. Lane said the Draft Implementation Schedule requested by Mr. Cornett is also included in the packet for review.

- **Exit 13 Wastewater Project Phase 1 & Exit 13 Force Main Project**

Ramey (Contract 2A) has returned to the site to complete clean-up issues, and in the process, other issues which require attention have been identified, reported Mr. Lane.

S.B. Construction has addressed the punch list and clean-up issues. A final clean-up change order will be presented as an Agenda Item.

- **Galvanized Waterline Replacement Project – Phase 1 & 2**

TLG Continues to work with WCSA Staff to acquire the necessary easements. TLG has completed design of a section

of galvanized waterline replacement in Taylor's Valley that is to be included in the Phase 2 Project. This line was problematic and has been included in Phase 2, stated Mr. Lane.

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

The Board will be updated on this project, after a discussion with Mr. Cornett regarding its feasibility, said Mr. Lane.

- **Mendota Water System Source Improvements**

Mr. Lane reported work on the Mendota Water System is substantially complete.

We are proposing to purchase water through the newly constructed Mendota water line from Scott County. The analysis show disinfection by-product levels are higher than we would like to see them, stated Mr. Lane. WCSA Staff and TLG continue to work with Scott County to correct the issue. There will be another round of samples collected in the near future. Mr. Lane said he feels sure that sampling will be successful and the system will be on line soon.

- **Nordyke Road Water System Project**

This Project has been advertised for bids. Bid Opening is scheduled for September 12th and results will be available for Board consideration at the September meeting.

- **Oak Park Sewer Project**

All three Contracts are in the Substantial Completion Inspection stages. WCSA and TLG completed an inspection of Boring's gravity line and are working with the Contractor to correct final punch list items.

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

Mr. Lane said they TMDL Contractor was on schedule to have the Beaver

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Creek Discharge Permit meetings later this year. Mr. Lane hopes to receive the permit before year end.

Mr. Miller asked when Mendota would be operational once tests were favorable. Mr. Lane said as soon as WCSA Staff reviewed the results and gave the "ok". Mrs. Helbert said VDH did not need any further information.

Mr. Miller asked if our usage would help the numbers once the system was running.

Mr. Lane said our usage would help. Disinfection by-products numbers at the meter will improve when the system is in use. In the best interest of WCSA, we need to insure Scott County has done what they can to make the numbers as good as they can be. This situation is true of any system where surface water is treated and sent through a long system and is in the system for a long period of time, explained Mr. Lane.

Mr. Hutchinson asked if this would be an ongoing problem once the system was running.

Mr. Lane said he did not anticipate it would be an ongoing problem. We will have to continue testing, not only in Mendota but other parts of the system to ensure our system is in compliance with the limits, stated Mr. Lane.

Mr. Cornett added, currently, the end of the Scott County system is at the Scott, Washington County line. The test results over the last couple of years show a continuous reduction of disinfection by-products, which is what lead all those involved to move forward with the project. More recently, and somewhat unexplained, those numbers have gone back up, said Mr. Cornett. From a waterworks regulations standpoint, it is almost certain that VDH will require WCSA to test at the opposite end of the

Mendota system. What will actually happen when we start purchasing water is the disinfection by-product levels at the meter will not be the concern. The concern will be at the end of the Mendota system which will add more time and the numbers will be higher than what we see at the meter now. The Scott County Agreement requires them to meet or exceed regulations at the meter, and the most recent results do not meet regulations, explained Mr. Cornett.

Scott County is taking steps not only meet but to exceed regulations so that when we receive their water, we will not be in violation.

As part of our agreement with Scott County, are we going to lend our expertise and knowledge to aid them in improving the water quality, asked Mr. Hutchinson.

Mr. Cornett said he was not sure if it was part of the agreement but WCSA has done that. Crossroads Engineering heads up much of Scott County's work, stated Mr. Cornett, and they are in contact with TLG. We are working cooperatively to do everything we can to provide resources to help solve this problem, said Mr. Cornett.

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

Mrs. Helbert reported on the Sutherland Project saying Tipton Construction was the low bidder for the project. We are waiting on approval from EPA before we can award the Project to Tipton, but Mrs. Helbert expects approval from EPA by the end of the August.

Mrs. Helbert requested the Board's consideration to approve the submittal of two funding applications for VDH Grant Planning Funds for the Eastern Washington County Water Study. This

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Study would produce results much like the Western Washington County Study in looking at the number of residents who do not have safe, dependable drinking water. The Study would also identify one or more possible relationships with neighboring entities such as Russell, Smith and Grayson Counties. The Study will evaluate the feasibility of providing public drinking water to un-served areas of Washington County, north of Route 58 and east of I-81 and Route 11 and will include about 750 homes in the Konnarock, Green Cove and White Top area and along Kelly Chapel, Friendship, and Flat Woods Acres roads. Additionally it will include North Fork River Road. The cost of the Study is \$20,000; the amount WCSA will request from VDH, explained Mrs. Helbert. This Study is currently on hold.

The Smyth Chapel Road Water Systems PER is determine causes and potential solutions for hydraulic problems in that area. Basically, the Study will re-evaluate the existing water system and any improvements that will need to be made to eliminate the substandard pump station in that area, and evaluate the existing fire hydrants, any alternatives and the financial feasibility of the alternatives, she explained. The PER for this Study will cost \$7,000. We currently have \$3,750 for MRPDC and will be requesting \$3,750 from VDH.

Mr. Hutchinson motioned, approving the submittal of funding applications to VDH, Mr. McCall seconded and the Board approved voting 7-0-0-0.

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

Mr. Cornett referred to his General Manager's Report and Update at the Board's stations. He reported on the

following noteworthy WCSA performance & accomplishments from all departments during the month of July:

Water Production

- Produced more than 208 million gallons of drinking water from WCSA and more than 30 million gallons of water for the Town of Chilhowie.

Distribution

- Coordinated the outside purchase of 10 million gallons of drinking water.
- In total, more than 7 million gallons per day of drinking water was distributed to our customers for the month.

Meter Department

- 176 customers were telephoned following unusually high usage.
- 736 customers were notified that their water was to be turned off for nonpayment.
- 103 meters were lifted for non-payment.
- Over 98% of all meters read with radio with the remaining 134 requiring a manual read.

Customer Service

- More than \$11,000 was adapted for 72 customer water leaks.
- \$3,867.34 was written off as bad debt three years old; current water sales revenue was a little over 1 million dollars resulting in a loss of .037%.
- 6 individual water taps applied for.
- 0 wastewater taps applied for.
- 245 reconnections/transfers of service.
- 4,655 accounts with late charges added.
- 1,277 disconnect notices processed with 103 requiring disconnection.
- 21,007 active water accounts.

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- 2,316 active sewer accounts.

Maintenance

- 43 leaks.
- 1 major breaks.
- 9 water tap.
- 37 after hour maintenance call-outs.

Wastewater

- Treated more than 10 million gallons of wastewater at Hall Creek
- Treated more than 8.6 million gallons of wastewater at Damascus
- Staff continues to address inflow and infiltration in the Damascus system. Smoke testing began in August with a number of problems identified and corrected to date.

Administrative Items

- We wish to welcome Harry Frye, Curtis Rowe and Steve Barton to our Maintenance Team

Mr. McCall asked if WCSA was screening after hours call outs saying he heard we were.

Mr. Cornett said we were screening calls and said more details would be discussed as a Late Item.

9. Consideration of Exit 13 Phase 1 Sewer Project Contract 1 – Change Order No. 2 Bobby Lane

Mr. Lane said this would be the last Change Order for the Project and is for the adjustment of the quantities and allowances associated with Contract 1 (pump station) of the Exit 13 Phase 1 Sewer Project.

This Change Order is for a decrease of \$791.00 and an increase of 60 days to substantial completion. In all, there were \$10,737 in deductions and \$9,946 in additions, giving a net deduction of \$791.00, explained Mr. Lane.

The Engineer has recommended approval of the Change Order. WCSA Staff has reviewed and concurs with

Change Order and Engineers recommendation.

Mr. Taylor motioned to approve the Change Order. Mr. McCall seconded and the Board approved 7-0-0-0.

10. Exit 13 Force Main Sewer Project - Change Order No. 2 Bobby Lane

This is the final clean-up Change Order for the Exit 13 Force Main Project, said Mr. Lane.

This Change Order is for adjustments required by VDOT. There was a decrease in asphalt paving and an increase in asphalt milling; a decrease in the amount of \$1,217.16.

TLG recommended approval of the Change Order.

Mr. Stephon motioned to approve Change Order No 2, Mr. Hutchinson seconded and with a unanimous vote of 7-0-0-0, the Board approved.

11. Consideration of Mendota Water Line Extension Project – Change order No. 1 Bobby Lane

This Change Order is for an adjustment of contract quantities. There were no fire hydrants included on this line in the beginning and TLG proposed to add a fire hydrant assembly. There were funds in the budget to add the fire hydrant. This Change Order brings the total change increase on the Mendota Project to \$3,435.60, stated Mr. Lane.

TLG recommended approval of the Change Order.

Mr. Hutchinson asked if there was only one fire hydrant on the system. Mr. Lane said it was the only one on the line under construction.

There is one or two existing fire hydrants in Mendota, this is an additional hydrant, said Mr. Cornett. This hydrant is paid for from grant funds.

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Mr. Miller motioned to approve Change Order No. 1. Mr. Nelson seconded and the Board approved with a 7-0-0-0 vote.

12. Consideration of Sewer Project Downsizing in Procedure General and Specifically for Exit 13 Phase 3 April Helbert

Both water and sewer projects that do not meet participation requirements are considered for downsizing, said Mrs. Helbert. Typically, the extremities of service areas where few residents expressed service are discontinued in an effort to increase participation.

For sewer projects, mandatory connection in essence requires all residents who can achieve gravity flow, are within 300 feet of a sewer line, and who do not have to obtain a private easement or cross an obstruction, such as a road. In the case of the Phase 3 Project area, discontinuing only the extremities to find an area where there is at least 75% participation, if we cross roads to service residents who have not signed, will limit the Project to a very small area and will not include a central pump station that would later be able to serve all of Fox Fire.

Mrs. Helbert then reviewed the following presentation to the Board.

QUESTION –

- When considering a sewer project, should all residents within the servable area of the new sewer line be served by the project and subject to mandatory connection?
- In particular, those residents who declined the sewer service that will be located opposite an obstruction. Typically the obstruction being a paved street.
- Should we extend sewer laterals across these obstructions to serve everyone within the servable area?

HISTORY –

- Limited recent new sewer projects constructed.
- Exit 13 Phase 1 Project – all residents within the servable area were served by the project; crossed obstructions with service laterals for all residents, including those who declined sewer service on the initial user agreement.
- Question didn't really come up during this project as we had excellent participation rates (213 of 256 or 83% agreed to sewer service on user agreements).
- Began to question once user agreement phase complete on Exit 13 Phase 3 Project.
- User Agreement Results for Exit 13 Phase 3 Project –
 - Potential – 110,
 - Agree – 51 (46%),
 - Decline – 49 (45%),
 - No response – 10 (9%) (those who didn't respond are now considered a declination, increasing those numbers to 59 or 54%).
- Project must be scaled back to have required 75% participation minimums.
- Before scaling back, need to know answer to question.

DOES IT MAKE A DIFFERENCE –

- Yes
- Following slides show an example of the Exit 13 Phase 3 Project scaled back and the impact this decision can make on this project as well as future projects.
- First map - Exit 13 Phase 3 Project area as a whole.
- Second map (See attached) – shows a scaled back project area; providing service to all residents within the

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servable area; does not meet 75% participation requirements.

Mr. Chase asked if there would be a pump station with this scenario.

Mrs. Helbert said we would not have a pump station that could potentially provide service to the entire drainage area. The pump station would have to be located in the subdivision itself, which may be unpopular, said Mrs. Helbert.

The third map (see attached) , shows a scaled back project area; providing service only to those residents who are adjacent to the proposed sewer line and those agreed to the service; does meet 75% participation requirements and not crossing the road.

OTHERS THINGS TO CONSIDER –

- Residents who declined service and are opposite an obstruction would be cut from the project area and the obstruction would not be crossed for them to connect. If/When they decided they (or a future owner of property) would like to connect, the cost to cross the obstruction would be covered by the property owner.
- Residents sometimes change their mind and may wish to connect once project area has been set. Depending on stage of project (funding, design, construction, and post-construction), complexity of adding residents opposite obstructions may be difficult/more costly to add to a project area.
- Those residents who are adjacent to the proposed line and declined service are still going to be subject to mandatory connection and required to pay the connection fee and the monthly availability fee for as long as they remain non-users, whereas their neighbor across the street may not be subject to mandatory

connection. How will this be perceived?

Mrs. Helbert brought up additional things for consideration:

- This could cause the cost per connection to rise above the \$20,000 per connection limit.

By not crossing a road, it would eliminate the need for easements from those residents who have not signed a user agreement for service and those residents are typically in the group that does not want to sign easements.

Within that area, has the VDH had many failures, asked Mr. McCall.

On the McCray Drive section there have been a number of failures, stated Mr. Cornett. Mr. Chase said he did not know of anyone in Fox Fire who has experienced failures. He continued saying the soil in Fox Fire was not good and wouldn't perk and he know several who had two sets of fill lines.

Mr. Cornett said there were 12 connections on McCray Drive and all those residents have signed for service. Mr. Cornett continued saying he talked to at least three residents who have installed a second system to get through the rest of the year. McCray is desperate for service, stated Mr. Cornett. One of the vacant lot land owners in Fox Fire has expressed interest in sewer and Mr. Cornett thought it would be reasonable to expect those vacant lots to connect soon after if the project goes through.

Mr. Chase said, we are asking for an option to downsize.

Mr. Cornett said the specific question is whether or not it is ok to not cross the street to serve residents who have declined service. With sewer projects in the past it has been done both ways. In the Emory; Meadowview, Glade and Exit 13 Phase 1 projects, everyone in the project area got a service lateral and was

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subject to mandatory connection. The sewer project coming out of Bristol to Exit 10, we did not cross all the roads to serve all the residents. It is easier to not provide service to the extremities of a project because you can stop the line. In this case, if we cross the road to service residents, the project area will be narrowed down to serve McCray Drive, provided we find property for a pump station to serve that area. If we do not cross the road, we have a larger service area with a central pump station; there will be 8 residents who will not have a service line under the road it takes 8 people out of the service area bringing the participation up to 80%.

That is the question that is a matter of policy that would help us. Should we always cross the road in sewer projects providing service to residents who said they were not interested, asked Mr. Cornett.

Mr. Nelson asked if the project is downsized, you will be in excess of 75% participation?

Mr. Cornett said yes, if we do not cross the road to serve those that said no.

My concern, said Mr. Nelson, is the long term implications. You are downsizing to get the numbers, but long term we are not prepared to go to Fox Fire and will have to spend more money in the long run. Is the funding there to do the project either way?

Until we know the extent of the project area and the scope of the project, we have not applied for funding yet, stated Mr. Cornett. The one thing we tried to do with downsizing option 1, is to keep a central pump station and line arrangements so that as other parts of Fox Fire desire service in the future, we can provide it. This is the backbone infrastructure of a larger project. It is difficult to know if there is so much

opposition in the service area, would it result in additional costs that the project cost becomes too great, said Mr. Cornett. Mr. Nelson said I don't think there is a hard fast rule I would be in favor of making because circumstances may be different.

I don't think you can not cross the road, stated Mr. Miller, adding, as the neighbor across the road won't be very happy.

Mr. Chase said there would be people not happy no matter what we do.

Mrs. Helbert said the last page of the presentations gave, in her opinion, the two possible resolutions.

Mr. Chase said, with option 1, you would have 80% participation with 11 people being impacted and asked for clarification. Mrs. Helbert said option 1 would cut out those the laterals; those who did not sign a user agreement.

Will option 1 will provide sewer service to Fox Fire, asked Mr. Chase.

Mrs. Helbert answered, yes and option 1 will also provide for a centralized pump station.

The centralized pump station could be utilized by the whole subdivision at some point of necessary, said Mr. Chase. There are 44 with option 1 that want sewer, 11 that either did not want sewer or did not respond, stated Mr. Chase.

Mrs. Helbert said the project area was not set in stone. Anderson and Associates is to re-evaluate the project area.

Mr. Chase said I think this will create a lot of interest and I think the numbers will increase. I am in favor of option 1.

Mrs. Helbert said a decision needed to be made so Anderson could move forward with defining the Project Area.

Mr. Nelson said, the only question we have is if we cross the road?

Mr. Cornett said yes.

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Mr. Nelson then made the motion to move forward and cross the road.

If we cross the road, said Mr. Cornett, we do not have the required participation.

Mr. Miller said I think we have to cross the road because, financially, it will only make sense.

If we do not cross those roads now what will happen later as far as costs are concerned if residents decide to connect, asked Mr. Hutchinson.

According to our current policy, residents will have to pay the connection fee and our fee to cross the road, stated Mrs. Helbert.

Mr. Cornett said WCSA did not have the equipment to cross the street.

Mr. Chase asked, crossing the road now, we only have 75% participation? Mr. Cornett confirmed saying, yes sir but limits it to McCray Drive.

Mr. McCall asked if a pump station could be put on McCray Drive.

We don't know yet, stated Mr. Cornett. Another option for McCray Drive, instead of a single pump station, is a common force main they all pump into, said Mr. Cornett. Mr. Skeen and Maxim Engineering have pioneered that type of system. We would have two pumping options. One would be a pump station that we own, operate and maintain. Replacing the existing septic system with new tanks and pumps may be another option.

Considering that option, asked Mrs. Figueiras, are there 11 who have either declined service or have not responded that would be subject to mandatory connection?

Mr. Cornett said he didn't think there was anyone who said "no" that would be impacted.

Mrs. Figueiras asked if there were any easements that were needed from those

that declined service? Mrs. Helbert said there were not.

Mr. Nelson asked, "Did I hear correctly that this study is not completed and these numbers are subject to change"?

We have collected all user agreements and given last chance notices. People still have to option to change their minds. For planning purposes we are considering these as final numbers, said Mrs. Helbert.

Mr. Cornett said option 1 numbers could change by a 1 or 2 and option 2 (yes to crossing the road) participation levels go down due to the number of "no's"

Mrs. Helbert described the maps and said the maps were for comparison purposes only.

Mr. Nelson asked if there could be additional homes in the study. Mrs. Helbert said there could be additional homes.

There was a brief discussion regarding the participation numbers and how they were reflected on the maps.

Anderson will define the Project Area based on our decision to cross the road or not, Mr. Miller explained.

Mr. Nelson made a motion to cross the road. Mr. Taylor seconded the motion. Mr. Chase asked if there was any further discussion. At that point, Mr. Stephon spoke up asking if A&A could do the Study showing both options and make a recommendation based on that information?

Mrs. Helbert said the current Engineering Agreement with A&A is for them to scale back the Project according to the numbers we receive. That may be something we can add to their Agreement.

Mr. Hutchinson asked if the decision made tonight would be a firm decision moving forward or is our decision for this project alone?

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Mr. Nelson said, "My motion is for this project."

Mr. Nelson's motion is to cross the road and Mr. Chase said he did he did not want to limit the project to the people in Westwood unless there would be more participation.

Mr. Cornett said he believed there would be more participation based on the preliminarily mapping. Anderson will certainly do the evaluation and if there is any way to make the service area larger, we would make every effort to do that.

Mr. Chase then asked for the Board to vote on the motion at hand. The Board approved Mr. Nelson's motion to cross the road with a 5-1-1-0 vote; with Mr. Stephon opposing the motion and Mr. Chase abstaining from the vote.

13. Report and Update Use of High - Density Polyethylene (HDPE) vs. Copper Service Line *Mark Osborne*

This report is informative of things Staff has been investigating recently done on the comparison of using HDPE pipe in light of copper, said Mr. Osborne. The majority of WCSA's line is ¾ inch and 1 inch copper line, with the exception of small amounts of galvanized line that hasn't been used in more than 30 years and HDPE line along Lee Highway around Exit 10 which was part of a replacement project done in 2004. The Lane Group proposed using HDPE pipe for that project because of the cost. At that time, the prices for copper were so high, we used HDPE pipe for the project. As we proceeded on, raises in copper prices have caused us to reconsider our stance on using HDPE line in place of copper. Copper is an excellent material for service line. We have very few issues with it. For Galvanized Phase 2, we have re-evaluated the use of HPDE because the

cost of copper keeps increasing. Many neighboring utilities have started using HDPE and WCSA has more than 10 years of experience utilizing HDPE pipe. Mr. Osborne then listed some "pros" of using HDPE pipe. They are:

- It has a life expectancy of 50 + years, with some records have indicated 100 years.
- HDPE is light weight,
- It has excellent corrosion resistance against corrosive soil or water conditions.

Mr. Osborne then mentioned the main "con" for HDPE pipe is that HDPE pipe is almost impossible to trace. That can be augmented if you use a tracer wire. The tracer wire is wrapped around the pipe. You can also lay ground wire in the ground with the HDPE pipe. The locators are connected to the wire which gives off a frequency enabling you to trace a further distance than you can with copper line, explained Mr. Osborne. The issues with using trace wire is if it is broken or disconnected, there will be sections of pipe that cannot be located. Something we must be careful as we move forward with HDPE, is to reconnect those wires for tracing and locating purposes.

Mr. Osborne discussed additional "pros" for using HDPE pipe.

Current cost for copper:

- ¾ inch line 0 \$3.50/foot,
- 1 inch - \$5.00/foot.

Current cost for HDPE:

- ¾ inch (no wire) - \$.25/foot
- 1 inch (no wire) - \$.41/foot
- ¾ inch, with tracing wire (current price \$.40/foot) - \$.75/foot
- 1 inch, with tracing wire (current price \$.56/foot) - \$.88/foot

Last year we purchased 4,720 feet of ¾ inch copper at a cost just under \$17,000; which averages \$3.56/foot. If HDPE had

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been used, the costs would have been around \$1,900 without the tracing wire, stated Mr. Osborne. For Galvanized Phase 1, the cost of copper pipe was \$196,747. HDPE pipe would have only been around \$22,000 for Galvanized Line Phase 1; a substantial savings of more than \$174,000, stated Mr. Osborne.

Beginning 2014, EPA is requiring us to remove any lead materials from our inventory. Using HDPE pipe will be part of that effort. Funding agencies are also much more receptive to HDPE pipe given the cost differential, added Mr. Osborne.

Most supplies will not quote copper more than a week out because copper prices are so volatile, stated Mr. Osborne.

After staff completed the evaluation, it was determined that moving forward, HDPE pipe for service line from the main to the meter would be allowed on WCSA projects.

Mr. McCall said all copper had to be kept under lock and key, and in some cases, double lock and key. We had a whole trailer of copper stolen, Mr. McCall stated. On the Reedy Creek Project, we uncovered some copper that was there for 11 years and was pitted badly, said Mr. McCall.

Mr. Nelson commended Mr. Osborne on finding the savings saying, "that's what we need to do." Anything we can reduce the cost of will help us overall to meet the needs of the citizens and continue to grow the system, he stated.

"I reflect that statement for Mr. Cornett and Mrs. Helbert as well as Johnny Lester as this has been a cooperative effort", stated Mr. Osborne.

The fact that you have looked into this and the law is changing where you can't use anything that requires the use of

solder or flux. We are stepping up and taking care of that now. I agree with Mr. Nelson, you should be commended on looking at ways to cut costs drastically, not only now but for our future, said Mr. Hutchinson.

14. Consideration of an Engineering Agreement between WCSA and The Lane Group for the Galvanized Line Phase 3 Project April Helbert

Mrs. Helbert reported Phase 1 of the Project to be complete. Design is complete on Phase 2 and the project is to be advertised as soon as all easements are obtained. Due to the time constraints of the project, particularly with Rural Developments, request to have the Phase 3 Project advertised for construction bids no later than end of 2014. The design of Phase 3 needs to begin as soon as possible, added Mrs. Helbert.

She continued saying, Phase 3 is to replace the remaining portions of galvanized line within the WCSA system, at least to the extent that funding will allow which should be almost all, if not all known, galvanized line. Construction costs for Phase 3 are estimated to be approximately \$7,750,000.

A scoping meeting will be held for Phase 3 once the engineering agreement is approved.

WCSA Staff negotiated this agreement with The Lane Group over the past month. WCSA Legal Counsel also reviewed, commented, and approved this Agreement, Added Mrs. Helbert.

Mr. Nelson asked if there was an issue with the engineering of a project, could we consolidate to see what their coverage or bonding is to ensure they have enough bond coverage over all their projects.

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Mrs. Figueiras said there was always a schedule of required insurance with all projects.

Mr. Nelson said that was for individual projects. But consolidated for all their projects, do the engineers have to have individual coverage for each project?

Mrs. Figueiras said that was the engineer's required insurance coverage.

Mr. Nelson said "I'm talking about everything they are doing for us, are we ensuring we have enough coverage to be able to take care should there be situations for the entire scope that they are doing for the Service Authority, that's my question?"

Mrs. Figueiras was unsure what Mr. Nelson question was.

Mr. Nelson said he was asking what the consolidated coverage has to be.

Mrs. Figueiras said, "We have not looked into that." Mrs. Figueiras said to her knowledge that has never been looked at. Each of the requirements from the funding agencies have been reviewed, she explained.

Mr. Taylor discussed the requirements for those in his field saying they were required to have combined coverage for all ongoing projects.

Mrs. Figueiras continues saying it was worth looking into.

Mr. Nelson said "If you are willing to take the risk and you know you are taking the risk, that's one thing. I asked the question to determine if that risk was out there and obviously it is."

It hasn't been addressed yet, stated Mrs. Figueiras.

Mr. Lane said all engineers provide the insurance requested by the Authority.

Mr. Lane said he would estimate that the required amount of \$2 million for errors in emissions and required liability coverage of \$5 million, under the umbrella, would cover ongoing projects.

If the Authority wishes us to get additional insurance coverage, we will be happy to do that, said Mr. Lane.

Mr. Chase asked Mr. Cornett if he would need to work with legal counsel on that.

Mr. Cornett said, "Yes sir."

Mr. Miller asked about RPR services, saying you have "hourly not to exceed", is there a hard number for that?

Mr. Helbert said, no, but we tried to increase RPR with Phase 2 and 3 to allow for multiple inspectors.

Mr. McCall motioned to approve the Engineering Agreement. Mr. Stephon seconded and the Board approved voting 6-1-0-0 with a nay from Mr. Nelson.

15. Consideration of Financial Feasibility of Haskell Station Road and Hidden Valley Water System Extensions *April Helbert*

Regarding VDH funds, EPA has set a cap of 30% grant relative to total project cost, said Mrs. Helbert. VDH typically caps grant funds at 20% of total project cost. VDH has \$4.0 million in grant this year to be spread over all applications. EPA/VDH are migrating away from grant and promoting financially self-supporting projects. VDH complimented WCSA on how financially stable we are and they are seeing utility monthly user fees increase at the rate of 4-5% annually.

Mrs. Helbert then discussed Hidden Valley saying, the financial feasibility handout (see attached) includes two scenarios. Scenario 1 assumes 36 connections (all those who signed a user agreement) and scenario 2 assumes all 48 residents plus 7 future residents purchase a connection over the 30 year life of the loan.

For the project to be fully self-supporting from day 1 without using monthly user fee revenue, scenario 1,

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line 15, should be 0 or a negative number shown in brackets, explained Mrs. Helbert. It is not, which means this scenario demands more revenue than will be generated from the connection fees alone.

For the project to be fully self-supporting over the 30 year period without using monthly user fee revenue, scenario 2, line 15, should be a negative number shown in brackets. Again, it is not, stated Mrs. Helbert.

For the project to be fully self-supporting using connection and monthly user fee revenue, assuming only those residents who have signed a user agreement; for scenario 1; line 17 should be 0 or a bracketed number to show the project is generating more revenue than it demands. Again, stated Mrs. Helbert, it is not.

For the project to be fully self-supporting over the 30 year period using connection and monthly user fee revenue from all existing residents and a 0.5% growth rate, scenario 2, line 17 should be 0 or a negative number. This scenario does show that, said Mrs. Helbert; it does provide negative \$32,000. This scenario leaves \$32,000 for operation, maintenance or replacement at the end of 30 years. According to Mrs. Helbert, this system should not need replacement for at least 50 to possibly as long as 70 years.

In light of the grants we were able to achieve (DHCD \$337,500, MRPDC \$39,875, SERCAP \$29,000 and VDH \$200,000 for a total of \$606,375). Staff believes this may be the best funding solution we can attain, said Mrs. Helbert. Additionally, DHCD requires that WCSA not collect a connection fee from LMI applicants. This totals \$52,800 and Mrs. Helbert included in the Total Cost of the Project (line 4b). When we

reported on this in March, we indicated that two options may exist without violating our bond covenants. The first is to use other project funding such as MRPDC or SERCAP funds. The second, explained Mrs. Helbert, would be to consider the grant contributed capital in lieu of the connection fee. And third; to consider WCSA Cash Contribution in lieu of the connection fee. Mrs. Helbert has confirmed that the first option is unacceptable to MRPDC and SERCAP leaving only option 2 or 3.

Mrs. Helbert then asked the Board to consider the two following questions:

Is the current level of grant and loan funding and relative financial feasibility acceptable to the Board? Should we proceed forward and provide funding, asked Mrs. Helbert?

Secondly, is it acceptable to the Board to consider the grant contributed capital or the WCSA Cash Contribution in lieu of the connection fee for DHCD funded projects which require no connection fee for LMI residents?

Mr. Taylor address the Board saying, as a representative of Hidden Valley, he want to do what was necessary to provide water to Hidden Valley. "I am asking for your help, the people there need water", exclaimed Mr. Taylor. Things do not line up financially, but I am asking for your help and appreciate your consideration, he said.

Mrs. Helbert said, that is a good point and I think this statement has been made before, but the "low lying fruit has been picked."

Mr. Taylor responded, "It has been picked and I have paid my share and now I am asking you to pay your share". Whether it is growth paying for growth or not, sometimes you have to do something good, Mr. Taylor stated.

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Mr. McCall said this Authority has always done that.

Mr. Nelson agreed with Mr. Taylor saying a lot of people have been paying a lot of years. "That's how the reserves have been built and they should be used, they shouldn't stay as reserves for ever. They should be used for projects like this", stated Mr. Nelson.

Mr. McCall asked "So, there is no problem now with Russell County?"

Mr. Cornett said that was the only hurdle. Russell County did receive a Draft Agreement from WCSA that they were fine with, said Mr. Cornett.

Mrs. Helbert said they were very open to it.

"So, they have water and are willing to sell water, that's the bottom line", stated Mr. McCall.

Mrs. Helbert and Mr. Cornett confirmed Mr. McCall's statement.

This will tie the line in from Brumley Gap to the Russell County Line.

Mr. Cornett said there would be only one gap in the line by the John Douglas Wayside. As soon as that line is built, the line will go from Bluefield to Bristol.

Mr. Taylor felt that was almost as important in building the line, the distance it would cover, serving three or four counties.

Mr. Hutchinson said he totally agreed with Mr. Taylor. Mr. Hutchinson said he and Mr. Taylor met residents, at a recent meeting, that were desperate for water. He then commended Mrs. Helbert and Mr. Ryan Kiser for taking their time to attend the meeting for Childress Hollow Road residents. Mr. Hutchinson said the residents on Childress Hollow did not have water if there was a power outage. He continued saying "The primary function of this Authority is to provide water for those that are

desperate for it and I think that applies here."

Mr. McCall made a motion to approve the Hidden Valley Water System Extension. Mr. Nelson seconded and the Board approved voting 7-0-0-0.

Mrs. Helbert then discussed Haskell Station. In VDH's reconsideration of this Project, they offered \$120,000 in grand funding and \$114,009 in loan.

The financial feasibility handout (see attached) includes two scenarios. Scenario one assumes 4 connections (all those who signed a user agreement) and scenario 2 assumes all 5 residents plus 0 future residents purchase a connection over the 30 year life of the loan.

For the project to be fully self-supporting from day 1 without using monthly user fee revenue, scenario 1, line 15 should be 0 or a negative number, and it is not, said Mrs. Helbert.

For the project to be fully self-supporting over the 30 year period without using monthly user fee revenue, scenario 2, line 15 should be 0 or a negative number and again, it is not, she stated.

For the project to be fully self-supporting using connection and monthly fee revenue assuming only those residents who have signed user agreements (4 residents), scenario 1, line 17 should be 0 or a negative, bracketed, number. This scenario does show generating more revenue than the demand on the loan, stated Mrs. Helbert, leaving about \$13,500 for operation, maintenance or replacement. The system should not need replacement for at least 50 to possibly as long as 70 years.

In light of the grant we were able to achieve \$120,000 from VDH. Staff believes this may be the best funding solution we can attain.

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Is the current level of grant and loan funding and relative financial feasibility acceptable to the Board to move forward on this Project, asked Mrs. Helbert.

Mrs. Helbert thought a decision was not made on the second item for Hidden Valley.

Mr. Nelson clarified the Board's vote for Hidden Valley Project saying "We did cross the bridge on the previous one on the issue of the fees because we said we would take whatever money we needed to make the Project work."

Mr. Miller asked what part of Haskell Station would be served.

Mrs. Helbert said it was the northern part and the Project would include line replacement (about 30%) and line extension (about 70%).

Mr. Nelson motioned to move forward with Haskell Station Road and utilize the needed funds to make the Project feasible. Mr. Taylor seconded and the Board approved voting 7-0-0-0.

16. Consideration of a Revision of WCSA's Personnel Policies and Procedures Manual *Robbie Cornett*

Random testing currently only applies to "safety sensitive positions", stated Mr. Cornett. Safety sensitive positions have historically been thought of as the Maintenance, Water and Wastewater Treatment Departments. However, all WCSA employees can and do drive a WCSA vehicles either daily or occasionally. For this reason, we propose the random testing should extend to all departments.

Mr. Cornett asked the Board's consideration on another item. The Department of Transportation (DOT) and Federal Motor Carrier Safety Act (FMCSA) regulations require specific testing for employees with a

Commercial Driver's License. For that reason, we also wish to clarify this in our policies, stated Mr. Cornett.

Enclosed is the current policy with proposed changes tracked for consideration.

Mr. McCall asked if WCSA was a drug free company.

Mr. Taylor and Mr. Cornett said we were a drug free company.

Mr. Taylor asked if we currently tested all employees.

Mr. Cornett said WCSA tested for safety sensitive positions.

Mrs. Figueiras clarified his statement, saying the policy applies for random drug testing. WCSA has always had drug testing for reasonable suspicion and for new hires, but random testing has only been applied to those in safety sensitive positions. The proposal is to include all employees in the random drug testing policy.

Mr. Nelson made a motion to approve the proposed revision of WCSA's Personnel Policies and Procedures manual. Mr. Hutchinson seconded and the Board approved voting 7-0-0-0.

17. Consideration of Rate Fee and Charge Study Delivery Schedule Options *Robbie Cornett, Kim Harold*

Mr. Cornett said he talked with Raftelis Financial Consultants about shorten the schedule. Raftelis indicated they could shorten the schedule by 3 to 4 months, ending the schedule in March as opposed to the July 1, 2014 implementation.

The shorter schedule would not allow time for the Citizens Advisory Committee outreach, stated Mr. Cornett. Mr. Cornett added, this subject came up at the Joint Rate Committee with Mr. Pennings, Mr. Stevens, Mr. Chase, Mr. Stephon, Mrs. Culberson and Mr. Cornett. The two Board of Supervisors

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members strongly encouraged the Board to consider accepting the longer schedule which would include Citizens Advisory Committee, said Mr. Cornett.

Mr. Chase said Mrs. Culberson also felt it would be a good idea to include the Citizens Advisory Committee review even if the study took longer.

Based on the Joint Rate Committee meeting, Mr. Stephon motioned to approve the longer delivery schedule for the Rate, Fee and Charge Study which would include the Citizens Advisory Committee. Mr. Hutchinson seconded and the Board approved voting 7-0-0-0.

Mr. McCall then asked the Board to consider temporarily changing the water connection fee to \$1,200.

At the last meeting, we discussed the connection fees and we did not vote on my proposal, stated Mr. McCall.

Mr. McCall motioned to temporarily; until the committee does their work and makes a suggestion; change the water connection fee to \$1,200.

Mr. McCall said, until the committee makes a recommendation, we only collect the \$1,200 connection fee and not the additional \$3,360 fee for water only. "When we formed the Authority in 1976, we discussed it at length. If you look at other counties in our area and other large corporations, they want all the customers they can get; we need all the customers we can get. I would rather personally pay \$5.00 or \$10.00 more a month" than to have to come up with the \$4,600, said Mr. McCall.

Mr. McCall said he was glad to approve the longer schedule, because he thought the public needs to be involved in the process. Mr. McCall said "my motion would be, to temporarily, until the committee makes their recommendation,

that we do not collect that fee, just for water"

Mr. Nelson seconded the motion.

Mr. Chase said he thought the Joint Rate Committee was making very good progress. He said everyone on the committee was positive and thought they would be able to come up with a recommendation that would be acceptable to the Board of Supervisors and the WCSA Board. For that reason, Mr. Chase said he would like to keep the water connection fees, until the study is completed to know exactly what WCSA's costs are and "where we need to go."

Mr. McCall said; we funded it (\$1,200 water connection fee) with the savings discussed tonight from the reduction of overtime.

Mr. Stephon asked what procedures the Board had to follow to change the fees.

Mrs. Figueiras said it would be discussed as a late item and the Board would have a take home memo from legal counsel discussing the procedures for changing rates, fees and charges. A change tonight would not comply with the statutory requirements for advertising in advance and for holding a Public Hearing, she added.

At the last meeting, Mr. Hutchinson said he asked legal counsel to look at the feasibility of changing the fees without following the necessary steps. Mr. Nelson asked if the Board could make a motion to freeze the fee.

Mrs. Figueiras said the fee is set.

Then, we can't make any change to the fee without having a Public Hearing stated Mr. Nelson.

"That is what the statute requires, yes sir" stated Mrs. Figueiras

Mr. McCall asked how WCSA put a freeze on the fifth year rate increase without a Public Hearing.

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Mr. Figueiras said one thing went through recently that did not go through the proper procedure.

Mr. Cornett said "I made a mistake there, in that I proposed something that did not go through the Public Hearing process in respect to sewer inspection fees."

Mr. Hutchinson said in regards to the Joint Rate Committee, he would like to see that process work its way through. He said he did not know of any urgency to reduce the fee to that measure, unless there were projects that were in jeopardy because of connection fees. He said he only know of one contractor in the area that was currently building homes in the price range discussed for those who could not afford the connection fees. Mr. Hutchinson said he would personally like to see what fee the committee recommends and have the Board of Supervisors "on board" with that decision.

Mr. Stephon said he thought the committee was making "good progress". He said he felt this had been a source of contention between the Board of Supervisors and the WCSA Board for a long time. "If we can work out something in the committee that will satisfy both Boards, it might put this problem to rest once and for all" Mr. Stephon stated.

Mr. Hutchinson said our hands are tied in making the decision tonight if we can't follow the proper procedures.

Mr. McCall said his concern was for the individuals, not for a contractor.

Mr. Hutchinson agreed with Mr. McCall saying, he was also concerned about the citizens.

Mr. McCall continued saying, "The economy is bad and people are suffering." It is tough when people have to pay \$4,500 for a connection. I am all

for the study committee, once the committee is done, I will be sitting here to make the final decision. I will vote how I believe I should. "The Board of Supervisor member that nominated me to this Board has not discussed this with me" stated Mr. McCall.

Mr. Nelson said he wanted to drive down the fixed costs. The more people that utilize the system, the more it "drives down all the overhead." "We are counter intuitive to that with some of the fees that we have." stated Mr. Nelson. He continued saying, "We are trying to make ourselves believe that the fee we are collecting at the front is truly pay as you go and it's not going to work." Mr. Nelson said that fee was only a component of the part and WCSA needed to continuously build the system. We need to figure out how to get more people on the system, he stated. Mr. Nelson said the numbers showed those fees were a very small part of the overall financial picture. Mr. Nelson said he believed those fees needed to be more representative of the costs.

Mr. Chase asked who was in favor of the motion. There was a brief discussion about the specifics of the motion. It was clarified the motion was to charge only the \$1,200 tap fee; freezing the \$3,360 system fee until the committee makes its recommendation.

The motion was made by Mr. McCall and seconded by Mr. Nelson. The Board declined the motion with a 3-4-0-0 vote. Mr. Miller, Mr. Hutchinson, Mr. Stephon and Mr. Chase voted against the motion while Mr. Nelson, Mr. Taylor and Mr. McCall voted in favor of the motion.

Mr. Cornett suggested discussing this further as a late item.