

**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 28<sup>th</sup>. Mr. Heath said the contractor appears to be on target to meet Substantial Completion.

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

Mr. Heath reported construction of Hillendale 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 20<sup>th</sup> with the bid opening scheduled for September 10<sup>th</sup>.

- **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 12<sup>th</sup> 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.

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**18. Closed Meeting**

At 8:15 pm, Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph (A) (1): personnel, 1. To discuss and consider prospective candidates for employment, assignment, appointment, performance, demotion, salaries, disciplining, or resignation of employees of the public body; Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds, 4. To discuss various inter-municipal and other agreements and potential agreements; 5. To discuss various agreements existing and proposed related to the South Fork Intake; Code of Virginia Section 2.2-3711 Paragraph (A) (7): legal advice, 6. To discuss potential litigation, contract litigation or both related to the South Fork Intake and Exit 13 Phase 1 Projects; 7. To discuss various inter-municipal and other agreements.

In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager was requested.

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

**Return to Public Session:**

Mr. McCall motioned to return to Public Session at 8:40 pm. Mr. Stout seconded and read the following **Return to Public Meeting**; Mr. Chairman, I move that the Board return to Public Session. The Board approved voting 7-0-0-0. Mr. Stephon read the following:

**Certification of Closed Meeting:**

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in

accordance with the provisions of the Virginia Freedom of Information Act;

And Whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted in conformity with Virginia Law. Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority. Aye by Mr. Miller, Mr. Hutchinson, Mr. Stephon, Mr. Chase, Mr. Nelson, Mr. Taylor and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

**19. Late Items**

**Late Item 1: Report and Update Regarding 1977 201 Facilities Plan and Planned Sewer Capacity for Washington County - Robbie Cornett**

Thanks to WCSA and Washington County Staff, particularly Washington County Executive Assistant Naoma Norris, we are able to provide a report and update on the status of sewer capacity for Washington County from the 201 Facilities Plan. The handout is Board of Supervisor (BOS) meeting minute excerpts from February 2 and 23, 1977. From this, we can see that the BOS were looking forward to approving the 201 Plan and negotiating an agreement with the two Cities, Bristol VA and/or Bristol TN, for sewer capacity. We have requested additional research.

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**Late Item 2: Report and Update Regarding the Wise Use of WCSA Resources *Robbie Cornett***

The handout in your packet is take-home material that should provide additional background on the past, present and future use of WCSA resources, said Mr. Cornett.

**Late Agenda Item 3: Report and Update Regarding Recent Rate Questions and Answers *Robbie Cornett***

The handout in your packet is take-home material that should provide background for all Board members regarding recent rate questions asked by some, said Mr. Cornett.

**Late Agenda Item 4: Report and Update Regarding WCSA Washington County Joint Rate Committee *Robbie Cornett***

Mr. Cornett said the Joint Rate Committee had a very good meeting last night. Mr. Cornett reported the outcome of that meeting was as follows:

Mr. Pennington proposed and Mr. Stevens concurred with a residential water connection fee in the \$1,800 to \$2,400 range for water and \$3,500 to \$4,000 for sewer. This information will be relayed to Raftelis to be factored into their Study.

To address new industry issues, Mr. Chase and Mr. Stephon, suggested we allocate 250,000 gallons per day of water capacity to the County/IDA for the next 10 years at the presently available flow and pressure, subject to Commissioner approval. Mr. Pennington and Mr. Steven's thought that was reasonable, stated Mr. Cornett.

As mentioned earlier, Mr. Pennington and Mr. Stevens strongly encouraged

WCSA to consider employing a Citizens Advisory Committee (CAC) to participate in the rate study, said Mr. Cornett. Mr. Cornett reported that Washington County is going to explore use of the severance tax to fund water system extensions, primarily in the Tyler District, in an effort to address concerns over natural gas drilling.

Our next meeting is to be the last week of October.

**Late Agenda Item 5: Consideration of a Dispute Committee to Hear User Nonuser Disputes from the Exit 13 Phase 1 Project *Robbie Cornett***

One dispute was filed this week and is awaiting a response from Holly and I, said Mr. Cornett. At least two other dispute forms are out and we are anticipating another dispute soon. Assuming Holly and I are unable to resolve the dispute, the dispute would be appealed to a committee of two Commissioners, he stated.

After a brief discussion by the Board, Mr. McCall and Mr. Chase volunteered to serve on the Exit 13 Phase 1 Dispute Committee. Mr. Nelson volunteered to serve as an alternate.

**Late Agenda Item 6: Reconsideration of the Regular WCSA Board of Commissioner Meetings *Joe Chase***

Mr. Chase asked if there would be any other day suitable for Board Meetings, other than Thursdays. Mr. Chase said Thursdays were not good for him for several reasons one of those being travel. Several Board Members said they previously discussed meeting on Wednesdays and the forth Wednesday would be fine; except for November and December and would meet the third Wednesday for those months.

Mr. Hutchinson said it was discussed by the Board that individuals who may want

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to come to Public Query and Comment may find Wednesday's to be offensive because of church and being an interference with their church meetings. Mr. Chase said since the meetings were now at 6:00 pm, and Public Query and Comment was very early in the meeting, he thought those individuals should be able to make it to church in time.

Mr. Nelson suggested moving the meeting to 5:30 pm.

After a very brief discussion, the Board decided 5:30 pm would be too early to meet.

Mr. Stephon motioned to change the Board Meeting dates to the fourth Wednesday of the month at 6:00 pm starting in September; except November and December which will be the third Wednesday at 6:00 pm. Mr. Nelson seconded and the Board approved voting 7-0-0-0.

**Late Agenda Item 7: Report and Update Regarding the Procedure for Adopting or Amending Rates, Fees and Charges Dawn Figueiras**

Mrs. Figueiras described the handout saying, the front page defines an explanation of what the statute requires and a list of dates required by the statutes and what the steps are.

When we did away with the sewer inspection fees, said Mr. McCall, we left the water in tacked.

Mr. Cornett said "Yes sir."

Mrs. Helbert disagreed saying the inspection fee was for both water and sewer.

Mr. Cornett said he thought they were to revisit what a reasonable fee would be.

Mr. Miller agreed with Mrs. Helbert, saying the inspection fee that was suspended was for both water and sewer projects.

**Late Agenda Item 8: August 2013 Capital Improvement Project Report Robbie Cornett**

This report is published annually to show all of WCSA's capital projects with a brief explanation of those projects, and mapping to show their locations, explained Mr. Cornett.

**Late Agenda Item 9: A report at the request of the customer they wanted to find out how many taps we sold from 2009 to 2013 by year. Kim Harold**

This report was prepared at the request of a customer and provided to the Board for information purposes, said Mrs. Harold.

Mrs. Harold said the customer asked how many residential, commercial and industrial taps we sold from 2009 to 2013 by year.

Mr. Taylor said he had received several calls from customers saying their water bills had gone up.

Mr. Cornett said this past July marked the annual 5% rate increase.

Mr. Hutchinson said at last month's meeting, he asked withdraw his request to review the 75% participation requirement for sewer projects. It was decided that issue would be discussed at this month's meeting but has, yet again, been overlooked, he stated.

"I would like to go on record that I am officially requesting that my request be withdrawn as a topic of discussion", Mr. Hutchinson said. He continued saying, it keeps getting pushed back and I want to make that request official today.

Mr. Nelson said, on his part, it was inadvertent this was not on the Agenda. "I think your point comes in well. It comes back to what Mr. Taylor was

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saying that sometimes you have to do the right thing", said Mr. Nelson.

Mr. Nelson continued saying sometimes, when you set the hard and fast rules, it gets you into a situation where you good solid decision. Mr. Nelson said his position that each situation needed to be evaluated independently. There are situation where you need to do the right thing and you are putting yourself in a position where you can hide behind the rule, stated Mr. Nelson.

Mr. Nelson said he and Mr. Taylor both did not want Mr. Hutchinson to take that topic off the table. Mr. Nelson said he hoped Mr. Hutchinson would accept his apology in not adding the topic to the agenda and asked that the topic be on the agenda for the September meeting.

Mr. Hutchinson said it has been one year in May since he requested this topic be discussed and didn't think any topic should be held for a year without discussion.

Mr. Hutchinson said he felt this issue was not as important to the rest of the Board as it was him and said, "I have a problem with a minority number of people preventing the majority from getting their will granted by this Board."

Mr. Hutchinson said he understood costs and feasibility factored into this decision and the 75% participation requirement would also reduce the chances of claiming immanent domain, but feels the 75% requirement is too steep. "I have had a problem thinking that was not the way this country was founded, on a democratic vote, and therefore I respectfully request this Board allow me to withdraw that request", stated Mr. Hutchinson. At least I have made the effort, said Mr. Hutchinson.

Mr. Chase requested this item be added to next month's (September) agenda for discussion.

Mr. Taylor asked Mr. Hutchinson to resend his motion and allow this to be added to next month's agenda. It is a concern for everyone, stated Mr. Chase. Mr. Nelson said he failed to ask Mr. Cornett to add this item to this month's agenda.

Mr. Cornett addressed the Board saying; he owed the Board an apology. Mr. Cornett said his understanding, from the last meeting was, Mr. Cornett would supply the back ground information and note it as Point 1. He said he thought Mr. Hutchinson wished to revisit this matter as a late item instead of an agenda item. Mr. Cornett said he apologized for any misunderstanding and he was happy do what the Board wanted.

Mr. Hutchinson said he just wanted to be sure the Board was doing the democratic thing and that is why he wanted to revisit this issue.

Mr. Nelson said he thinks these things need to be looked at on a case by case basis and he would like to see this on the agenda at a time that is not late so the Board can think it through and make a good decision.

Mr. McCall asked what percent of participation the funding agencies required.

Mr. Cornett said VDH required 50% plus 1.

Mr. Hutchinson was not saying WCSA needed to go back to 50% but thought 75% required participation was too steep. He thought the 75% participation levels requirements had the potential to discontinue projects where residents were desperate for clean, safe drinking water.

Mr. McCall asked what residents were most concerned about; connection fees, rate fees or they just do not want water service?

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

Mrs. Helbert thought their concerns were the connection fees and not wanting the service.

Mr. McCall said he thought one big issue was LMI'S.

Mr. Hutchinson said one thing he found to prevalent in meeting with the residents of Childress Hollow, was the lack of information. Once they thought about how much it costs for a well, pump head, lines, pump house, filtration system, and electricity to run the pump and not having water during a power outage; they were talking about spending several thousands of dollars. "And we are talking about a \$4,600 connection fee; they can't drill a well for that", stated Mr. Hutchinson.

Mr. Hutchinson then discussed an instance where someone spent over \$7,000 to drill a well and had contaminated water and another who could not drill a well because there no water to tap into.

Mr. Hutchinson said he thought it would if people would consider the costs of drilling a well with no guarantee they will have safe, clean drinking water, and thought about having reliable water during a power outage, it would make a big difference.

Regarding Mr. McCall's question about customer concerns, Mrs. Figueiras wanted pointed out that there were not many disputes filled by customers but have had several recently with the Exit 13 Sewer Project. All those disputes were regarding the user fee versus the availability fees.

Mrs. Helbert asked if this would be a topic of discussion next month (September).

Mr. Cornett said "Yes."

Mrs. Helbert then asked the Board to consider making a decision on what should be done with the user agreements

that were collected while the participation requirements were 75%. She also asked that the Board consider the projects that were declined because of the 75% participation requirements; Richie Road for example; and asked if those should be re-evaluated.

Mr. Nelson said "We are thinking about moving to a better situation. We are not going to hurt these people, we are going to help them".

Mr. Cornett concurred with Mr. Nelson. Mrs. Helbert makes a good point and that was the reason I asked, in May of 2012, that this issue be discussed by the Board; before the end of the year; before we reached this point, said Mr. Hutchinson. At that time there were no projects on the table that required 75% participation, he said.

Mr. Chase said he was very concerned about the percent, particularly about changing that percent after it has been voted on. He continued saying, if you go back to 50% plus one, there will be more instances where property is being condemned, upsetting more people.

Mr. Nelson again stated he did not agree with setting a hard percent for participation requirements but instead, evaluating each situation individually and making the decision accordingly.

Mr. Stephon disagreed with Mr. Nelson's philosophy, saying "I think you need to make hard, fast rules and that's what we stick with. If the rules change; they change".

Mr. Nelson said "Not everything can be absolute; black and white, I wish it could, it makes it easy. You can hide behind it and move on down the road."

Mr. Nelson said sometimes you have to make a decision based on the facts that are presented. Mr. Nelson thinks there are exceptions to every rule.

**Washington County Service Authority Board of Commissioners**  
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Mr. McCall said we need all the customers we can get, even if we need to loop the system.

Mr. Chase asked that this topic be on the Agenda for September meeting.

**20. Adjournment**

At 9:19 pm, Mr. Stephon motioned to adjourn. His motion was seconded by Mr. Nelson and the Board approved with a 7-0-0-0 vote.

  
\_\_\_\_\_  
Mr. Joe Chase, Chairman

  
\_\_\_\_\_  
Carol Ann Shaffer, Assistant Secretary





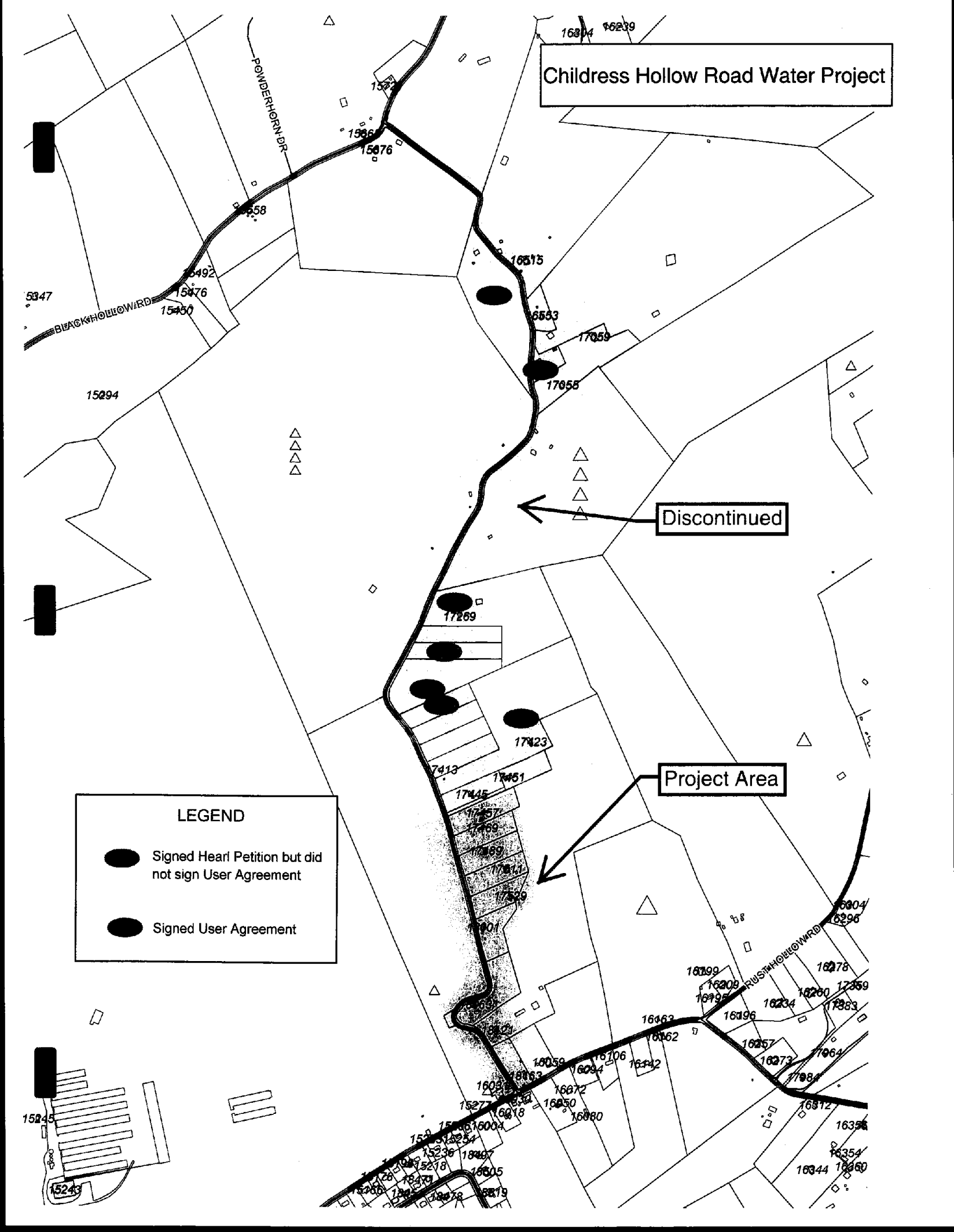
# Childress Hollow Road Water Project

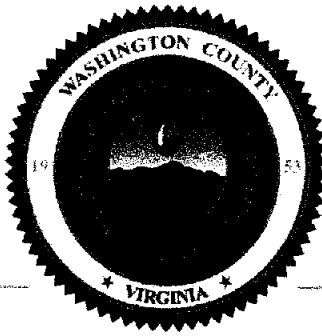
Discontinued

Project Area

## LEGEND

-  Signed Hearl Petition but did not sign User Agreement
-  Signed User Agreement





## Washington County Service Authority

July 19, 2013

Mayor Larry Potter  
Johnson County, Tennessee  
222 West Main Street  
Mountain City, TN 37683

Washington County Service Authority  
Board of Commissioners  
25122 Regal Drive  
Abingdon, VA 24211

Re: Sutherland Community Water System Extension Project  
CDBG Project – 2002 Johnson Co. Waterline Extension, GG-03-10118-00

Dear Mayor Potter and WCSA Board of Commissioners:

Bids for the above referenced project were received until 2:00 PM on July 18, 2013 at the Washington County Service Authority then publicly opened and read aloud. An itemized tabulation of all bids received is attached.

A total of five bids were received for Contract 1 and a total of two bids were received for Contract 2. Contract 1 was structured to include a Base Bid and one Additive Alternate Bid. Contract 2 was structured to include a Base Bid and five Additive Alternate Bids. In tabulation of the bids, there were no errors found which changed the bid results. One bid was deemed non-responsive because the bid packet included duplicate bid forms for the Contract 1 Base Bid with different bid prices on the forms and no bid form for the Additive Alternate. The bid results are summarized below:

### Contract 1 –

<u>Contractor:</u>	<u>Base Bid:</u>	<u>Add. Alt. 1:</u>
Frizzell Construction	\$379,500.00	\$31,351.00
Iron Mountain Construction	\$288,171.00	\$26,151.00
Judy Construction	\$427,000.00	\$28,400.00
Tipton Construction	\$219,961.60	\$42,651.00
Boring Contractors	Bid deemed Non-Responsive	

### Contract 2 –


<u>Contractor:</u>	<u>Base Bid:</u>	<u>Add. Alt. 1:</u>	<u>Add. Alt. 2:</u>	<u>Add. Alt. 3:</u>	<u>Add. Alt. 4:</u>	<u>Add. Alt. 5:</u>
Iron Mountain Construction	\$349,115.00	\$61,435.00	\$76,104.00	\$59,891.00	\$76,662.00	\$62,903.00
Tipton Construction	\$307,442.00	\$44,336.50	\$65,430.50	\$47,713.50	\$68,186.00	\$20,086.00

Under either bid combination, Tipton Construction is the low Bidder for both Contract 1 and Contract 2. It is my opinion that the low Bidder, Tipton Construction, is a responsive, responsible Bidder. We have requested additional documentation required by the Environmental Protection Agency (EPA) and the

Tennessee Department of Economic and Community Development (ECD) and will be requesting EPA, ECD, and the United States Forest Service (USFS) approval of the same once all documents are received.

Based on the amount of construction funding available, \$287,000 from EPA, \$423,300 from ECD (of the total grant fund of \$498,500), and \$65,577 from USFS (of the total grant fund of \$69,746), approximately \$39,930 in additional funds would be needed to accomplish the entire project (both Base Bids and all six Additive Alternates). Due to the shortfall, it is my recommendation that Contract 1, Additive Alternate #1 not be awarded at this time. If sufficient funding is available once the remaining project is complete or if additional funding is sought and received, Additive Alternate #1 could be added into the project via Change Order at a later date. At this time, it is recommended that the contract for Contract 1, Base Bid; Contract 2, Base Bid; and Contract 2, Additive Alternates 1 – 5 be awarded to Tipton Construction for the total amount of \$773,156.10.

Sincerely,




April Helbert, PE  
Manager of Engineering Services  
Washington County Service Authority

cc: Bill Forrester, First Tennessee Development District  
Karla Nicodemus, Grant Analyst III, ECD  
Lynn DiFiore, PE, North Zone Engineer, Cherokee National Forest, USFS  
Nina Barrow, Contracting Officer, Cherokee National Forest, USFS  
Thomas Cooney, PE, Environment Engineer, EPA

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The above is a true representation of the bids received on this date.

Signature 

WCSA Manager of Engineering Services

Title

7/19/2013

Date

Note [1] Bid for Boring Contractors deemed non-responsive due to following: duplicate bid forms for Contract 1 Base Bid were submitted with different Bid Prices and no bid form for Contract 1 Additive Alternate was submitted.

Item No.	Description	Unit	Estimated Quantity	Frizzell Construction 1501 Bluff City Highway Bristol, TN 37620		Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Boring Contractors P.O. Box 697 17380 Lee Highway Abingdon, VA 24212	Judy Construction 103 South Church Street Cynthiana, KY 41031		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
				Unit Price	Total Price	Unit Price	Total Price		Unit Price	Total Price	Unit Price	Total Price
1	Supply Generator and all appurtenances as specified (please see attached Bill of Materials for additional information)	EA	1	\$ 21,351.00	\$ 21,351.00	\$ 21,351.00	\$ 21,351.00		\$ 21,351.00	\$ 21,351.00	\$ 21,351.00	\$ 21,351.00
2	Install Generator and all appurtenances, including off-loading and setting in place of generator	EA	1	\$ 5,000.00	\$ 5,000.00	\$ 3,000.00	\$ 3,000.00		\$ 5,400.00	\$ 5,400.00	\$ 15,900.00	\$ 15,900.00
3	Supply and Install concrete pad	EA	1	\$ 5,000.00	\$ 5,000.00	\$ 1,800.00	\$ 1,800.00		\$ 1,649.00	\$ 1,649.00	\$ 5,400.00	\$ 5,400.00
<b>Total Base Bid</b>					<b>\$ 31,351.00</b>		<b>\$ 26,151.00</b>			<b>\$ 28,400.00</b>		<b>\$ 42,651.00</b>

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WCSEA Manager of Engineering Services

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7/19/2013

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Note [1] Bid for Boring Contractors deemed non-responsive due to following: duplicate bid forms for Contract 1 Base Bid were submitted with different Bid Prices and no bid form for Contract 1 Additive Alternate was submitted.

07/18/2013 2:00 PM

				Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Price	Unit Price	Total Price
1	Supply and Install 4" Class C-900 PVC pipe	L.F.	6,053	\$ 28.00	\$ 169,484.00	\$ 21.50	\$ 130,139.50
2	Supply and Install 4" Class C-151 DI pipe	L.F.	1,835	\$ 37.00	\$ 67,895.00	\$ 34.10	\$ 62,573.50
3	Supply and Install 4" gate valve	EA	12	\$ 843.00	\$ 10,116.00	\$ 742.00	\$ 8,904.00
4	Supply and Install 2" gate valve	EA	1	\$ 650.00	\$ 650.00	\$ 670.00	\$ 670.00
5	Supply and Install 4" Class C-151 MJDI Pipe and concrete encasement for stream crossing	L.F.	35	\$ 150.00	\$ 5,250.00	\$ 114.00	\$ 3,990.00
6	Supply and Install 4" Class C-151 MJDI Pipe and steel encasement for stream crossing	L.F.	40	\$ 186.00	\$ 7,440.00	\$ 155.00	\$ 6,200.00
7	Supply and Install 2-inch Air/Vacuum Relief Valve	EA	2	\$ 1,895.00	\$ 3,792.00	\$ 1,950.00	\$ 3,900.00
8	Supply and Install connection to new 6" water line, including 6" to 4" reducer	EA	1	\$ 750.00	\$ 750.00	\$ 950.00	\$ 950.00
9	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	15	\$ 1,020.00	\$ 15,300.00	\$ 840.00	\$ 12,600.00
10	Supply and Install new 3/4" off-side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	9	\$ 1,620.00	\$ 14,580.00	\$ 1,100.00	\$ 9,900.00
11	Supply and Install Hydropneumatic Tank Station	EA	1	\$ 30,500.00	\$ 30,500.00	\$ 54,300.00	\$ 54,300.00
12	Supply and Install residential service line	L.F.	1,425	\$ 10.00	\$ 14,250.00	\$ 4.00	\$ 5,700.00
13	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	17	\$ 324.00	\$ 5,508.00	\$ 295.00	\$ 5,015.00
14	Well Abandonment	EA	1	\$ 3,600.00	\$ 3,600.00	\$ 2,600.00	\$ 2,600.00
Total Base Bid					\$ 349,115.00		\$ 307,442.00

The above is a true representation of the bids received on this date.

Signature

WCSEA Manager of Engineering Services

Title

7/19/2013

Date

				Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Price	Unit Price	Total Price
1	Supply and Install 4" Class C-900 PVC pipe	L.F.	1265	\$ 33.00	\$ 41,745.00	\$ 21.50	\$ 27,197.50
2	Supply and Install 4" MJD pipe in 12" steel casing	L.F.	30	\$ 96.00	\$ 2,880.00	\$ 155.00	\$ 4,650.00
3	Supply and Install 12" steel casing bore under road	L.F.	25	\$ 266.00	\$ 6,650.00	\$ 125.00	\$ 3,125.00
4	Supply and Install 4" gate valve	EA	2	\$ 843.00	\$ 1,686.00	\$ 742.00	\$ 1,484.00
5	Supply and Install 2-inch Air/Vacuum Relief Valve	EA	1	\$ 1,896.00	\$ 1,896.00	\$ 1,950.00	\$ 1,950.00
6	Supply and Install 2-inch line side connection with meter box and setter for blow-off assembly	EA	1	\$ 2,490.00	\$ 2,490.00	\$ 3,100.00	\$ 3,100.00
7	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	2	\$ 1,020.00	\$ 2,040.00	\$ 840.00	\$ 1,680.00
8	Supply and Install residential service line	L.F.	140	\$ 10.00	\$ 1,400.00	\$ 4.00	\$ 560.00
9	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	2	\$ 324.00	\$ 648.00	\$ 295.00	\$ 590.00
<b>Total Base Bid</b>					<b>\$ 61,435.00</b>		<b>\$ 44,336.50</b>

The above is a true representation of the bids received on this date.

Signature

WCSEA Manager of Engineering Services

Title

7/19/2013

Date

Item No.	Description	Unit	Estimated Quantity	Iron Mtn. Construction		Tipton Construction	
				Unit Price	Total Price	Unit Price	Total Price
1	Supply and Install 4" Class C-900 PVC pipe	L.F.	1893	\$ 27.00	\$ 45,711.00	\$ 21.50	\$ 36,399.50
2	Supply and Install 4" MJD pipe in 12" steel casing	L.F.	50	\$ 90.00	\$ 4,500.00	\$ 155.00	\$ 7,750.00
3	Supply and Install 12" steel casing bore under road	L.F.	45	\$ 206.00	\$ 9,270.00	\$ 125.00	\$ 5,625.00
4	Supply and Install 4" gate valve	EA	3	\$ 843.00	\$ 2,529.00	\$ 742.00	\$ 2,226.00
5	Supply and Install 2-inch Air/Vacuum Relief Valve	EA	1	\$ 1,896.00	\$ 1,896.00	\$ 1,950.00	\$ 1,950.00
6	Supply and Install 2-inch line side connection with meter box and setter for blow-off assembly	EA	1	\$ 2,490.00	\$ 2,490.00	\$ 3,100.00	\$ 3,100.00
7	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	2	\$ 1,020.00	\$ 2,040.00	\$ 840.00	\$ 1,680.00
8	Supply and Install new 3/4" off-side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	1	\$ 1,620.00	\$ 1,620.00	\$ 1,100.00	\$ 1,100.00
9	Supply and Install residential service line	L.F.	90	\$ 10.00	\$ 900.00	\$ 4.00	\$ 360.00
10	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	2	\$ 324.00	\$ 648.00	\$ 295.00	\$ 590.00
11	Supply and Install 4" Class C-151 MJD Pipe and concrete encasement for stream crossing	L.F.	30	\$ 150.00	\$ 4,500.00	\$ 155.00	\$ 4,650.00
<b>Total Base Bid</b>					<b>\$ 76,104.00</b>		<b>\$ 65,430.50</b>

The above is a true representation of the bids received on this date.

Signature

WCSEA Manager of Engineering Services

Title

7/19/2013

Date



07/18/2013 2:00 PM

			Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Price	Total Price
1	Supply and Install 4" Class C-900 PVC pipe	L.F.	1633	\$ 27.00	\$ 44,091.00	\$ 35,109.50
2	Supply and Install 4" gate valve	EA	2	\$ 843.00	\$ 1,686.00	\$ 1,484.00
3	Supply and Install 2-inch Air/Vacuum Relief Valve	EA	1	\$ 1,896.00	\$ 1,896.00	\$ 1,950.00
4	Supply and Install 2-inch line side connection with meter box and setter for blow-off assembly	EA	1	\$ 2,490.00	\$ 2,490.00	\$ 3,100.00
5	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	4	\$ 1,020.00	\$ 4,080.00	\$ 3,480.00
6	Supply and Install residential service line	L.F.	500	\$ 10.00	\$ 5,000.00	\$ 2,000.00
7	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	2	\$ 324.00	\$ 648.00	\$ 590.00
<b>Total Base Bid</b>					<b>\$ 59,891.00</b>	<b>\$ 47,713.50</b>

The above is a true representation of the bids received on this date.

Signature

WCSA Manager of Engineering Services


Title

7/19/2013

Date

			Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Price	Total Price
1	Supply and Install 4" Class C-900 PVC pipe	L.F.	1628	\$ 27.00	\$ 43,956.00	\$ 21.50 \$ 35,002.00
2	Supply and Install 4" MJD pipe in 12" steel casing	L.F.	80	\$ 90.00	\$ 7,200.00	\$ 155.00 \$ 12,400.00
3	Supply and Install 12" steel casing bore under road	L.F.	75	\$ 145.00	\$ 10,950.00	\$ 125.00 \$ 9,375.00
4	Supply and Install 4" gate valve	EA	2	\$ 843.00	\$ 1,686.00	\$ 742.00 \$ 1,484.00
5	Supply and Install 2-inch Air/Vacuum Relief Valve	EA	1	\$ 1,896.00	\$ 1,896.00	\$ 1,950.00 \$ 1,950.00
6	Supply and Install 2-inch line side connection with meter box and setter for blow-off assembly	EA	1	\$ 2,490.00	\$ 2,490.00	\$ 3,100.00 \$ 3,100.00
7	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	2	\$ 1,020.00	\$ 2,040.00	\$ 840.00 \$ 1,680.00
8	Supply and Install new 3/4" off-side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	1	\$ 1,620.00	\$ 1,620.00	\$ 1,100.00 \$ 1,100.00
9	Supply and Install residential service line	L.F.	450	\$ 10.00	\$ 4,500.00	\$ 4.00 \$ 1,800.00
10	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	1	\$ 324.00	\$ 324.00	\$ 295.00 \$ 295.00
<b>Total Base Bid</b>					<b>\$ 76,662.00</b>	<b>\$ 68,186.00</b>

The above is a true representation of the bids received on this date.

Signature   
WCSA Manager of Engineering Services  
Title  
7/19/2013  
Date

07/18/2013 2:00 PM

				Iron Mtn. Construction P.O. Box 24 601 Hospital Road Mountain City, TN 37683		Tipton Construction P.O. Box 3188 119 Cedar Valley Rd. Bristol, TN 37625	
Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Price	Unit Price	Total Price
1	Supply and Install 2" Class C-900 PVC pipe	L.F.	168	\$ 26.00	\$ 4,368.00	\$ 17.00	\$ 2,856.00
2	Supply and Install Directional Bore with 2-inch PE carrier pipe (SEE NOTES BELOW)	L.F.	120	\$ 396.00	\$ 47,520.00	\$ 32.00	\$ 3,840.00
3	Supply and Install 2" gate valve	EA	2	\$ 650.00	\$ 1,300.00	\$ 550.00	\$ 1,100.00
4	Supply and Install 1-inch Air/Vacuum Relief Valve	EA	1	\$ 1,465.00	\$ 1,465.00	\$ 1,600.00	\$ 1,600.00
5	Supply and Install 2-inch line side connection with meter box and setter for blow-off assembly	EA	1	\$ 2,166.00	\$ 2,166.00	\$ 3,100.00	\$ 3,100.00
6	Supply and Install new 3/4" line side residential water connection, 3/4" copper water line, meter box, meter setter, and 3/4" pigtail	EA	2	\$ 818.00	\$ 1,636.00	\$ 840.00	\$ 1,680.00
7	Supply and Install residential service line	L.F.	360	\$ 10.00	\$ 3,600.00	\$ 14.00	\$ 5,040.00
8	Supply and Install residential pressure reducing valve and shut-off valve on service line	EA	2	\$ 324.00	\$ 648.00	\$ 295.00	\$ 590.00
<b>Total Base Bid</b>					<b>\$ 62,903.00</b>		<b>\$ 20,086.00</b>

The above is a true representation of the bids received on this date.

Signature

WCSA Manager of Engineering Services

Title

7/19/2013

Date

**From:** Robbie Cornett  
**Sent:** Wednesday, July 17, 2013 1:44 PM  
**To:** Pellei, Steven (VDH)  
**Subject:** Haskell Station and Hidden Valley

Steve,

I hope you are well. I planned to call ahead of an e-mail but recognizing the complexity of one project, I decided to e-mail and then call.

I wanted to first thank you for the offer of funding for Haskell Station Road and Hidden Valley. Both areas need public water and we hope to deliver that service soon. There have been developments since our funding applications were made in March that I would like to bring to your attention and, if feasible, ask for your help.

**Haskell Station Road:**

In addition to the \$6,000 in cash contribution provided by WCSA, we applied to both VDH and the PDC for funding assistance. The VDH offer was of course \$234,009 in loan. This week, we were informed that PDC funding was not approved. We have ran financial feasibility analysis based on the VDH offer and show that the project will not cash flow. Over the life of the loan, we show a deficit of between \$143,501 and \$157,685. Additionally, the analysis was ran assuming 100% of the monthly user fees would be used to pay the Principal & Interest of the loan and did not take into account the Production or O&M Costs for this addition to our system.

**Hidden Valley Area:**

In addition to the \$54,000 in cash contribution provided by WCSA, we applied to VDH, DHCD, and the PDC for funding assistance. The VDH offer was of course \$496,475 in loan. On or about June 6<sup>th</sup>, we received notice of DHCD's intention to provide \$337,500 in grant. This week, we were informed that a PDC grant of \$39,875 was approved.

Over the course of the last few weeks, we've learned that 3,500' of additional water line is required. The water supply for this project is the Russell County PSA (RCPSA). Their consultant assured our consultant that the Russell County water line was to the Washington / Russell County line. We now know it is not. We believe the construction of this line will add up to \$140,000 in additional cost to the project. RCPSA is considering a proposal to construct the 3,500' section of line by force account and pass the cost on to WCSA. Early estimates are, the force account price could be half as much (\$70,000). In any event, we are now faced with additional cost.

We had a follow-up meeting with the RCPSA last week regarding an inter-municipal agreement for the purchase/sell of water. The RCPSA remains interested in providing the water and plans to seek their Board's approval of the DRAFT agreement soon. We learned at last weeks meeting however that their cost for the water is about \$4.00/k gallon. That is significantly higher than WCSA's cost. For a typically residential bill, the RCPSA cost for water will consume 50% of the revenue leaving little for operation, maintenance, replacement or debt service.

We have ran financial feasibility analysis based on the above offers, the addition of \$70,000 for the 3,500' section of line (assuming force account is permissible), included a 50% decrease in monthly revenue to cover water supply and show that the project will not cash flow. Over the life of the loan, we show a deficit of approximately \$421,045.

Again, the analysis was ran assuming 100% of the monthly user fees would be used to pay the Principal & Interest of the loan though 50% will go to RCPSA. In addition, the total funding available for the project would be approximately \$72,925 short of the updated cost estimate. WCSA would either need to cash fund this additional amount or seek funding for it. This brings the deficit up to approximately \$493,970.

I am writing to make you aware of the latest developments and ask if VDH is able to revise its offer for Haskell Station or Hidden Valley.

If a revised offer for Hidden Valley is feasible, I would further ask if it is permissible to use VDH funds to pay for force account work. Haskell Station needs between \$111,850 and \$122,900 in grant (and leaving the remaining offer in loan) (Note - grant funding needed does not match current deficit because of interest) to be financially feasible. Hidden Valley needs \$401,100 in grant and \$168,300 in loan to be financially feasible (taking the same interest repayment into consideration). This request for Hidden Valley includes a request for some grant as well as a request for additional funding.

Both projects are important to WCSA. However, having multiple sources of funding in place and a willing water supply utility makes the Hidden Valley project a unique opportunity that may be difficult to replicate during a future funding cycle. Further, once the Hidden Valley Phase 1 Project is complete, it would only require a short 3,000' extension and the main WCSA system would be interconnected with the RCPSA system. And, I am told this will create an interconnected system from Bluefield to Bristol.

The WCSA Board of Commissioners is set to meet on July 22<sup>nd</sup> to consider both VDH offers. We can delay a decision until a later date if more time is needed to consider a revised offer of funding. Finally, if your schedule allows, I would be delighted to talk about these projects by phone. Please let me know of your availability.

Thanks and I look forward to talking with you soon.

Kindly,

*Robbie Cornett*

General Manager  
Washington County Service Authority  
25122 Regal Drive  
Abingdon, Virginia 24211  
(276) 676-6771  
(276) 628-3594 fax

This email, including attachments, is confidential and may be privileged. If you are not an intended recipient, please notify the sender, then delete and destroy the original message and all copies. You should not copy, forward and/or disclose this message or attachments, in whole or in part, without permission of the sender. If you receive this e-mail message in error, please notify us immediately.

**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Washington County Service AuthorityAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Washington County Service Authority

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

One Million Four Hundred Sixty-Two Thousandpursuant to the provisions of Chapter 28, Title 15.1, Code of VA, 1950; and**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture,  
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921  
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event  
that no other acceptable purchaser for such bonds is found by the Association:**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ \_\_\_\_\_

under the terms offered by the Government; that the Chairperson

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Absent \_\_\_\_\_

IN WITNESS WHEREOF, the Board of Directors of the

Washington County Service Authority has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this \_\_\_\_\_ day of \_\_\_\_\_

Washington County Service Authority

(SEAL)

By Robbie Cornett  
Title Executive Director

Attest:

Kim Harold  
Title Controller

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Kim Harold of the Washington County Service Authority  
hereby certify that the Board of Directors of such Association is composed of  
\_\_\_\_\_ members, of whom, \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
held on the \_\_\_\_\_ day of \_\_\_\_\_; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of \_\_\_\_\_  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_

Kim Harold  
Title Controller