

Washington County Service Authority Board of Commissioners
August 25, 2014 Regular Meeting Minutes

The Annual Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:00 pm.

ROLL CALL

Commissioners Present:

Mr. Kenneth Taylor, Chairman
Mr. Joe Chase
Mr. Devere Hutchinson
Mr. Jim McCall
Mr. Dwain Miller
Mr. Frank Stephon, IV

Commissioners Absent:

Mr. Mark Nelson, Vice Chairman

WCSA Staff Present:

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

Consultants Present:

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

Also Present:

Mrs. Dawn Figueiras, General Counsel

3. Approval of the Agenda

There were no additions or corrections to the Agenda. Mr. Stephon motioned to approve the Agenda, Mr. Miller seconded and the Board approval voting 6-0-0-1.

4. Public Query and Comment

There was no public query or comment.

5. Approval of the Consent Agenda

- Minutes: July 28, 2014 Annual Meeting Minutes
- Routine Reports for July 2014.
- Check Register for July 2014.

Mr. Chase motioned to approve the Consent Agenda. The motion was seconded by Mr. Hutchinson and approved by a 6-0-0-1.

6. Engineer's Report and Update

Mrs. Helbert and Mr. Bill Skeen of Maxim Engineering

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

Mrs. Helbert addressed Board saying the project was wrapping up; vault testing is complete and the final step will be submitting everything to VDH for approval. The final progress meeting will be held this week.

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

According to Mr. Skeen, WCSA submitted comments on the Study and Maxim is working to address those comments. Robert Hilt from Rural Development said Washington County is eligible for grant funding for a wastewater project. Mr. Skeen and Mr. Hilt will pursue funding options.

Mr. Miller asked Mr. Skeen if the Larwood Acres Project would be eligible for grant funding.

Mrs. Skeen said according to Mr. Hilt there was a different environment associated with sewer and water projects in Washington County. Sewer projects are eligible for grant funding but the county did not indicate what percent of the project may be grant funded.

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

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

The majority of line has been installed. The contractor is working to pressure test the lines and then to connect service, stated Mr. Heath.

- **Route 58 Water Supply Improvements Project**

AHE continues to work with WCSA staff to evaluate potential tank site alternatives.

- **Smyth Chapel Area Water Improvements Study**

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

- **Abingdon Water Storage Improvements Study**

AHE completed and submitted initial responses to WCSA staff for review and is waiting on additional PER comments from WCSA staff.

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

- **Exit 13 Sewer Project PER**

A&A received the additional information needed from WCSA staff needed to finalize the draft PER for review.

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

Mr. Amos met with Mrs. Helbert and Mr. Osborne in early August. They were able to finalize the last alignment issue and all agreed on the line location. WCSA staff mailed letters to the residents in the project area. The week of September 8, A&A expects to collect the survey data needed for base mapping.

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

Mr. Lane mentioned the Dedication and said he was very pleased with the way things went.

TLG is working on Change Order # 11 which will be presented for Board approval at the September meeting.

There have been some issues at the Intake with the wet well and river level transmitters as well as some issues with lightening damage at the plant. TLG will be meeting with the contractor and WCSA to discuss those issues further.

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

Mr. Lane said this Contract has been approved. The Project Closing and Pre-Construction Conference will be held the week of September 8, 2014.

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

TLG continues to work on preliminary drawings and Mr. Lane hopes to submit the drawings to WCSA by September 20, 2014.

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

TLG received additional comments from VDH and they are working to address those comments. The target date to advertise the Hidden Valley Project is September 14, 2014.

- **Mendota Water System Source Improvements**

Mr. Lane received preliminary costs estimates for the re-chlorination station which will be submitted to WCSA for review. Mr. Lane expects to have a Final Clean-up Change Order, which will include the re-chlorination station, for the Authorities review in September.

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

WCSA and TLG submitted a second funding application to the Tobacco

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Commission for the Zone 108 Water System Improvements Project. TLG is waiting for the Tobacco Commission to respond to the funding application.

- **Mill Creek Water System Source Improvements**

Mr. Lane is waiting for a response from Rural Development on the funding application submitted for the Mill Creek Project.

- **Nordyke Road Water System Project**

This Project is complete. A Final Clean-up Change Order will be discussed tonight as an Agenda item.

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

Mr. Lane said TLG is waiting a meeting confirmation from the Planning Commission and the Board of Supervisors to discuss the Special Exceptions Permit.

Mr. Lane offered to address questions.

Referring back to the Intake, Mr. Chase said, the information in the Board Book indicated the issues at the Intake were complicated. Mr. Chase asked what Mr. Lanes thoughts were on those issues.

Mr. Lane said, since the report was issued, the contractor has addressed some of the issues and is working to address the rest. Mr. Lane said he would have to work with the contractor to insure appropriate grounding was in place, which should take care of the problem.

Mr. Taylor asked if any of the work needed to ensure appropriate grounding would be under warranty.

Mr. Lane said some of the work would be under warranty. We also need to purchase some additional lightening protection and surge protection equipment, stated Mr. Lane. Mr. Lane said the lightening issue would be discussed in the upcoming progress meeting.

Mr. Taylor commended Mr. Lane for his efforts with the Dedication. Mr. Taylor said the event went smooth and he appreciated Mr. Lanes and TLG's efforts.

7. Water and Waste Construction Projects Update – April Helbert

Construction on the Sutherland Project continues, reported Mrs. Helbert. Contract 1 is complete including all punch list items and a Final Clean-up Change Order will be presented later in the meeting, she added.

Tanks have been installed on Contract 2. The contractor plans to test the tanks tomorrow, stated Mrs. Helbert.

There is an issue with Additive Alternative # 5; the stream crossing. It appears the stream crossing will be cut from the project as the contractor is out of time. We have researched every way we may be able to get across the stream and we are basically left with two options, said Mrs. Helbert. One option is to eliminate that part of the Contract. Another option is to install a meter on the resident's brother's property and connect from the meter.

Construction was to be complete by August 31 and the funding agency is not willing to extend funding to allow additional time to complete the stream crossing.

As part of this project, the resident was to have a service line installed, and because of that, the funding agency may not allow anything other than the stream crossing to and installation of the service line for this resident. We are waiting for an answer from the funding agency.

Mrs. Helbert offered to answer and questions the Board may have on the Sutherland Project.

Mr. Chase asked if the stream crossing would only affect one person getting service.

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The stream crossing will provide service for two residents but one person said no to water service.

Mr. Chase thought cutting out the stream crossing may help the contractor.

Mrs. Helbert felt it would reflect badly on the Authority not to complete the stream crossing. The contractor did not complete the work they were supposed to do as required by the Environmental Agency. The contractor was to complete the bore before December 31, 2013 and they did not. The contractor was able to get permission from the Environmental Agency to complete the stream crossing at any time. Meaning, the Environmental Agency waived the time of year restrictions for the stream crossing. Now the stream crossing has been pushed out to the end of the contract. The contractor will not complain if the stream crossing is cut out of the contract.

Mr. Chase asked if the residents were upset about the stream crossing. Mrs. Helbert said the one resident was upset. Mrs. Helbert wanted to wait to talk to that particular resident until she had all the facts. Rumors spread quickly and the contractor talked to the resident before Mrs. Helbert was able to. Mrs. Helbert said, at this point, we still do not know what options that resident has. We still do not know if the funding agency will allow us to set a meter to provide service to that resident as that was not part of the Project Bid that the funding agency approved for funding, explained Mrs. Helbert.

Mr. McCall asked if there was any way possible to hang the line on the bridge, because TDOT agreed.

Mrs. Helbert explained the bridge was not a VDOT bridge but rather a Johnson County bridge. Also, a structural engineer would need to design how to hang the line from the bridge.

Mr. McCall asked what size water line would be hung on the bridge.

Mrs. Helbert said it would be a 2 inch water line with 8 inch casing. The issue is with hanging the line on the bridge is the line would have to be placed in areas where boulders are placed for structural bridge support. The only way to get around the boulders is to install line on private property that we have been denied access to by the property owner.

Mr. McCall asked if the boulders could be moved and put back.

Mrs. Helbert said a structural engineer would have to approve moving the boulders.

Mr. Cornett hopes the funding agency will allow the installation of a meter on the brother's property so we service the resident from the existing line. We are down to the wire with the agency pulling project funding; otherwise we could hold the contractor to boring under the stream for the crossing. At this point we are running out of options, stated Mr. Cornett.

Mrs. Helbert said this resident was guaranteed a service line as part of the project.

Mr. McCall asked if the contractor could be forced to install the line.

Mr. Cornett said the funding agency would pull project funding once the contract is closed out.

Mr. Hutchinson asked how much it would cost to connect to the brother's line.

Mrs. Helbert recommended the Authority not run service across the stream as an aerial crossing without the proper environmental permits. She then explained; to install about 1400 feet of new line (not using existing line) across the brother's property the cost would be about \$25,000 to provide service to only one resident. Mr. Hutchinson asked how

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much it would cost to use the brother's existing line for service.

Mrs. Helbert thought it would cost about \$3,000 to \$5,000 for the line only. This resident's connection fee is being paid for entirely by the funding agency; that is the reason the funding agency can govern her service agreement. In order for the resident to have a tap, they must have a service line. We can't give the resident a tap unless she gets a service line because the resident met the funding agency's requirements, said Mrs. Helbert. As part of the funding, the resident is to be connected from the meter to the home by the end of this project by August 31st, stated Mrs. Helbert. The funding agency will close the project in October so we have about 1.5 months to complete the paperwork. Construction was to be complete on August 31st.

Mr. Cornett said we would do what we could to try and ensure the resident has public water when the project is finished, without creating a bigger problem by getting into the boulders that are part of the bridge foundation. Mr. Cornett thinks the best option is try and set the meters on the brother's property using some or all of his existing service line. If the funding situation were different, we would have more leverage with the contractor to complete the job he agreed to do. But if the funding agency says the contractor has to be off the project in October, we have limited options, stated Mr. Cornett.

Mrs. Helbert said the Authority was doing everything possible to provide service to the resident but we are just out of time.

We are going to move forward and do the best we can, stated Mr. Taylor.

Mr. Cornett said the only two options is the funding agency allows us to add a change order to the contract or they allow us to set a meter on the brothers property

to provide service. We are hopeful we can provide service to the individual from the brother's property. The contractor is willing to help, outside the contract, to make sure that happens as well. At this point, we are driving toward that option and hope the ECD will agree to provide the connection as part of the project cost.

Mr. Taylor said we only have four days.

Mr. Hutchinson asked what size line the brother had.

Mrs. Helbert thought it was a 1.5 or 2 inch line that was connected by high strength wire ad is un-chlorinated water, she added.

Mr. Chase asked if the brother was interested in public water.

Mrs. Helbert said he was interested; he was one of the project champions who fought for this Project, she added.

Mr. Lawson asked if not providing service to this resident would risk any funding provided by the EPA or Tennessee.

Mrs. Helbert said EPA funds were not at risk. Mrs. Helbert is unsure if the US Forestry funds were at risk. Johnson County is using the EPA and First Tennessee money as matching funds, and would have to collect first from Johnson County.

If the resident gets a tap, that tap is to be paid for as part of the project. She is to get a service line and hook on to the system on day one, Mrs. Helbert said

Mr. Cornett said he did not think there was any danger in DCD withdrawing funds if the resident does not receive service.

Mr. Helbert was concerned about setting a meter for the resident without the funding agencies permission.

Mr. McCall asked how much it would cost to tie into the brother's line.

Mrs. Helbert thought the cost would be from \$3,000 to \$5,000 just for the service

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line. There will be additional costs for the meter, the pressure reducing and shut off valves and the connection fee.

At this point, Mr. Cornett said, we are driving for the funding agency to fully pay for the resident's service.

Mr. McCall asked, worst case, the most it will cost us is what.

Mr. Cornett said the cost of setting a meter on her brother's property.

Mr. McCall thought the contractor would set the meter at no cost to WCSA in order to get the project to completion.

Mr. Cornett said the contractor's willingness to help is based on them getting paid for the cost of the connection, per the contract.

Mr. McCall said to get this project complete, the most it would cost WCSA is \$3,000 to \$5,000 and suggested asking the contractor to pay that cost, "and I think they will," stated Mr. McCall.

Mrs. Helbert said the \$3,000 to \$5,000 would cover the cost of the service line only and there would be additional costs associated with the connecting this resident to the system. Mrs. Helbert said it is not just the cost of setting the meter, but as part of the original project funding, the connection fee was to be paid as well.

Mr. Miller asked what the cost of the Change Order would be to set the meter.

Mrs. Helbert said it would be over \$21,000.

Mr. Cornett said, going back when we advertised the project, this was one of the last of the project's additive alternatives.

If there had not been an error in the bid, this would have never been accepted. The reason this was included in the project is because of a bid error on the contractor's part, explained Mrs. Helbert.

Everyone thought this section of line would never be feasible due to the amount of money available for the project, said Mr. Cornett. The contractor

made a math error, we pointed that error out to the contractor and the contractor accepted the math error. In the final analysis, we now see the contractor was not able to perform the work. So, in a sense, we are back to the beginning in thinking this line would never be built. Despite the challenges faced with this project, specifically with this additive alternate, we are still trying to provide water to this resident, Mr. Cornett explained.

Mr. Hutchinson asked if the contractor's error was documented.

Mrs. Helbert said the cost should have been \$210,000 and the contractor bid \$21,000.

Mr. McCall said he had no problem asking the contractor to provide the labor and more in order to complete this project.

Some of the contractor's labor may be outside the permits available to do the work, stated Mr. Cornett.

Mrs. Helbert said, currently, the only work that is permitted is a bore.

Mr. McCall asked what permit would be re to hook on to her brother's existing line.

Mrs. Helbert said the issue was the water was non-chlorinated spring water.

Mr. McCall said "we are going to chlorinate it."

No, we are not, stated Mrs. Helbert. Currently, the water is non-chlorinated spring water and it is washed out more than once a year into a natural trout stream. So, when the line is washed out, the water that is fed into that natural trout stream is non-chlorinated spring water, added Mrs. Helbert.

Mr. Cornett then spoke up saying, we are trying to work to meet all the agency requirements and expectations, and at the same time, provide public water to this resident. If something does not

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materialize by the September meeting, we may present additional options, said Mr. Cornett.

Mr. Chase asked if any action needed to be taken tonight.

Mrs. Helbert said no Board action was needed tonight.

The next Project Mrs. Helbert discussed was the Childress Hollow Project. Project design is being finalized and she expects that to be in hand before the September meeting. Mrs. Helbert requested the Board's permission to advertise the Childress Hollow Project once all the required permits were in hand.

Mr. Hutchinson motioned to approve the advertisement of the Childress Hollow Project, once all required permits were obtained. Mr. Chase seconded the motion and the motion carried with a 6-0-0-1 Board vote.

The base bid will be for 4 inch line with an additive alternative for a 6 inch line and for fire hydrants located at certain stations, Mrs. Helbert stated. Once the Childress Hollow Project has been advertised, she then plans to proceed with design of the Haskell Station Project.

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

Fiscal Year 2014, 2015 Vision:

- Safety
 - Continue with Personalization & Accountability
 - Focus on Stop – Think – Act
 - Expand Audit
- Engagement
 - Root Cause Problem Solving
 - Participation in Decisions
 - Training
 - Customer Interaction
 - WCSA Pride

Some things being done to help build WCSA pride are, ordering new

employee uniforms, new equipment, new vehicles and having the first Employee Company Picnic, stated Mr. Cheek.

- Costs
 - Feedback to Department Heads on Spending
 - More Accountability
 - Have our 2014/15 Approved Budget, Now Focus on Longer Term Cost Drivers
 - Yield
 - Quality

2014 Water Production Yield:

Mr. Cheek referred to a chart showing the amount of water invoiced year to date was about 50% of the amount of water produced.

Long Term Issue with Long Term Solutions:

- During FY 14/15 Will Update the Board on Progress with
 - Non-Revenue Water (Mark Osborne)
 - Metering Inaccuracies (Ken Perrigan)
 - System Flushing (Don Cole)
 - Pipe Failure/Leaks (Johnny Lester)
- Same Program Being Established for Wastewater

**RPR Program and Update
Phase I:**

- 6-25-14 to 7-1-14
 - RPR report to Maintenance Department (completed)
- 7-1-14 to 7-9-14
 - Filled 3 Full-Time RPR Positions (completed)
- 7-9-14 to 8-6-14
 - Defined Full-Time RPR Positions (discuss at August meeting)
- 7-9-14 to 8-25-14
 - Engineer Work Order Directive

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- Specifications and Standards Tests for RPR
- Owner Standard Audit

Forward Looking Statement:

- Closer ties between Operating Departments and Customer Service
 - 3 times per week, focused meeting on customer issues
 - Starting to Develop Root Cause Action Items
- Instituting more formal Preventive Maintenance Routines

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

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

Review Items:

- Safety
- Financials - due to a software issue, financials are not included.
- Customer Service
- Notables
- What's Ahead

Safety:

- **Zero Accidents and or Injuries in June:**
 - Thankful to report zero accidents or injuries!
- Training:
 - Microsoft Basic EXCEL in lieu of safety training during June.
 - Identify your Supervisory Style for Managers

Mr. Cornett discussed the Managers training saying, this training helps us identify our likes and dislikes and what motivates us as managers.

Water - New Connections:

There were 10 new water connections associated with Projects and 11 walk in connections in July, Mr. Cornett reported.

Cash/Reserve Analysis:

The projected amount in cash reserves for both water and sewer combined is \$4.7 million. The actual amount in cash reserves for both is \$5.7 million as of June 30. Mr. Cornett plans to present the Cash/Reserve Analysis quarterly but will monitor it throughout the year. If we go below the projected reserve balance, we need to reevaluate. If we have a surplus in reserves and are performing better than expected, we may need to consider alternatives, explained Mr. Cornett.

The Cash Reserves for water was \$131,951 better than projected. Cash Reserves for wastewater was \$883,537 better than projected. We are looking into why we performed so much better than projected, stated Mr. Cornett.

Customer Service:

- Active water accounts increased by 25
 - Active wastewater accounts decreased by 1
 - 116 customer requested disconnections; 68 were landlord/tenant accounts
 - 216 reconnection/transfers of service
 - 89 disconnect for nonpayment
 - \$20,480.72 was abated for 90 customer water leaks of the
- Mr. Cornett explained the amount abated was over \$500 each for 8 of the 90 accounts. One account was abated for more than \$3,000 and another was more than \$2,000.
- \$5,291.35 was written off for bad debt three years old

Notables:

- Summer Picnic
 - Thank you!
- Quality Improvement Strategy (QIS) Team

Mr. Cornett reminded the Board that QIS was discussed during the Budget meetings earlier this year. He explained the QIS Team would work to resolve an

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issue within the Authority. Employees would bid to be part of the QIS Team, consisting of about 5 to 7 members. The Team would develop goals and check against the goals. Incentive money would be appropriated from the budget for the QIS program. One area Mr. Cornett would like to present to the QIS Team is callouts after hours.

- 2015 Department/Employee Goals
 - Developing this Fall
 - Safety
 - Quality
 - Cost
 - Non-Revenue Water and Sewer
- Galvanized Line Phase II Funding
 - Close by October 1 and save \$7,200/year with a better interest rate
- WCSA's FYE 2014 Audit
 - Initial report from auditors is good!
- New South Fork Intake & Middle Fork Drinking Water Plant Dedication

Mr. and Mrs. Don Holmes are doing well after their accident that day, stated Mr. Cornett. He said a little over 100 people attended the Dedication. Mr. Cornett thanked the speakers who participated, he thanked Bobby Lane and The Lane Group for their work in planning the Dedication and their efforts in developing and producing the South Fork Intake Virtual Tour. Mr. Cornett thanked Judy construction for providing the tent. He thanked Mrs. Carol Ann Shaffer for all her help and efforts in planning the event. Mr. Cornett thanked Mr. Don Cole, the Water Treatment Plant Staff and Maintenance Department for all their hard work and efforts preparing the plant and grounds for the event. The plant was "spic and span" he stated. He had many comments about

how clean the facility was and how nice the grounds looked, said Mr. Cornett.

- What Does Fulltime Resident Project Representation Mean?

Mr. Cornett said He, Mr. Lester, Mr. Gobble, Mrs. Helbert and, Mr. Cheek reviewed the Memorandum of Understanding for the RPR and all agreed:

- There is no one size fits all answer

The Engineer, RPR and supervisor must exercise good judgment daily to know when the RPR must be onsite. Anytime anything is being done that impacts the quality of the water system or sewer system, the RPR should be onsite. "Work" may include but not be limited to, trench excavation and backfill, placing of pipe, installation of appurtenances and all testing. On the other hand, anytime anything is being done that does not impact the quality of work, the RPR may not be needed onsite. If we are receiving customer calls or complaints about activities going on, the RPR should then be onsite, explained Mr. Cornett. There will be additional Memorandums of Understanding for the RPR to follow.

- Senator Water Recognition
 - VDH Gold Award
- Consumption Decline
 - Residential vs. Nonresidential
 - Rainfall
- Customer Service Operations Training

In order to better serve customer's concerns, we must determine how to better educate the customer service team to better understand what is going on operationally so they can ask the customer the initial set of questions the operations team would ask. That will also give the customer service team a better understanding of what is going on

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operationally and they will feel more connected overall, explained Mr. Cornett.

- MRPDC Grant approved
 - Mill Creek - \$56,517.50
 - Damascus \$100,000

Mr. Cornett said WCSA is on the list to receive grant funding for these two projects, however, Mount Rogers has not received their monies from the State of Virginia.

Speaking of grant, said Mr. Cornett, in reviewing all of our funding over the past 8.5 years, I learned that we have secured over \$8 Million (not including the two grants mentioned above) in grant from 9 different sources. Humbly, this is significant for a small utility like WCSA. We have worked diligently to become acquainted with funding agency guidelines and how those match up with our projects and to develop relationships with our funding agencies and other stakeholders in an effort to obtain these funds. I thought you might like to know.

What's Ahead:

- Accounting Software
- Implementation Continues
- Financial Audit
- Employee Development
 - Training/Coaching/Encouragement
- Succession Planning
- Consumption Decline

10. Consideration of Amendment #1 to the Engineering Agreement between WCSA and The Lane Group for the Hidden Valley Water Project – April Helbert

Design of the Hidden Valley Water Project is nearing completion, stated Mrs. Helbert. The original Engineering Agreement with The Lane Group provided for \$15,000 in Additional Engineering, said Mrs. Helbert.

This proposed Amendment provides for an adjustment in the line items of Additional Engineering. Mrs. Helbert said Staff kindly recommends the Board favorably consider the Amendment.

Mr. Chase motioned to approve Amendment 1. Mr. Miller seconded and the motion carried with a 6-0-0-1 vote.

11. Consideration of Amendment #1 to the Engineering Agreement between WCSA and The Lane Group for the Nordyke Water Project – April Helbert

Construction of the Nordyke Water Project is complete, said Mrs. Helbert. The original Engineering Agreement with The Lane Group provided for \$20,100 in Additional Engineering and \$44,000 in Inspection Services.

This proposed Amendment provides for an adjustment in the line items of Additional Engineering.

Additional Engineering Services were decreased by \$5,443.05 and Inspection Services were increased by \$1,705. The overall contract decreased by \$3,738.05, stated Mrs. Helbert.

Mr. Miller motioned to approve Amendment 1, Mr. Hutchinson seconded and the Board vote approving the motion was 6-0-0-1.

12. Consideration of an Offer of Funding from the Virginia Department of Health for Ritchie Road - April Helbert

Mrs. Helbert began saying, in 2012 WCSA was approached concerning water service on Ritchie Road. Residents were solicited for user agreements and two of the three existing residents signed up for water service.

During the funding application process we discovered that one of the two applicants who submitted a user

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agreement had not completed the document, as the applicant failed to check the appropriate box agreeing to water service. Staff followed up with the resident who said that when they completed the application in 2012, they wanted water service; however, since that time they had changed their mind and no longer wanted water service because of the associated cost. She continues saying, before applying for service, we explained that there may be opportunity for some assistance with the connection fee. They said those things, if they come to fruition, may make the service affordable. Staff proceeded with the funding application so no deadlines were missed.

We received a funding offer from VDH in June 2014. By this point, the decision had also been made to lower connection fees to \$1,628 (were \$3,920 when the residents of Ritchie Road signed user agreements). We again made contact with the resident. They were happy to hear about the change but remained hesitant about the cost of the connection and the cost of her private service line. Staff discussed potential funding options available for residents who meet certain guidelines through such agencies as People, Inc. and Southeast Rural Community Assistance Project, Inc. (SERCAP). Staff contacted both agencies and learned that while People, Inc. did not have any potential funding available at this time, SERCAP did. Staff worked with the resident and SERCAP to get the appropriate paperwork to the resident. Staff followed up with the resident several times after they received the SERCAP paperwork. On Tuesday, August 12, 2014, Mrs. Helbert talked to the resident and they said they were not interested in the water service.

Recognizing that the proposed project needed the second applicant to have an opportunity to meet VDH and WCSA guidelines, and having exhausted conceivable options, Mrs. Helbert contacted Mr. Nelson to provide a report and update. Mr. Nelson is currently exploring possible avenues for gaining participation from this resident, stated Mrs. Helbert.

The funding offer from VDH (see attached) is in the amount of \$100,000 in grant and \$43,139 in loan to be paid back over 30 years at 2.25% interest and would result in an annual debt service payment of \$1,992.99 per year. Based on a 5,000 gallon water bill at today's rates, this would require 4 new connections to cover the debt service costs (not including operation and maintenance), Mrs. Helbert explained. It's conceivable that we may obtain 2 additional connections over time. We should also consider the positive impact of the proposed project as it pertains to the 10 existing customers who will be positively impacted by the project.

As Mrs. Helbert explained, this project does not meet the requirement of less than \$20,000 connection, even with the inclusion of the large funding offer. If you take away the cost of the replacement portion of the project and only consider the extension portion of the project, it does meet the less than \$20,000 per connection requirement. According to Mrs. Helbert, Mr. Nelson has talked with the resident. Mrs. Helbert understands the resident has not agreed to service but did request additional information. Staff requested an extension from VDH until September 23rd to make a final decision.

Mrs. Helbert reminded the Board that this project was not included in the new

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five-year Rate and Financial Plan that began on July 1, 2014.

Mrs. Helbert recommended the Board consider accepting the funding offer pending on the receipt of a second user agreement for water service. Staff and Mr. Nelson have been in contact with the one resident who originally did agree to service and they continue to try and contact another potential user who originally adamantly denied service, and according to Mrs. Helbert, have had no success contacting them.

Mr. McCall asked if the line was old galvanized line.

Mrs. Helbert said it was old 2 inch cast iron.

Mr. McCall asked if replacing the cast iron line could be included in the Galvanized Replacement Projects.

Mr. Cornett said, because it is cast iron and not galvanized line, it could not be included as part of the Galvanized Line Replacement Projects.

Mr. McCall thought the replacement of cast iron line should be included in the Galvanized Line Replacement Projects.

Mrs. Helbert said if WCSA is unable to secure a second user, VDH will not provide funding for the project because it will not meet funding requirements.

Mr. Cornett said Mr. Nelson was in contact with the resident who was undecided. Staff continues efforts to contact the resident who so adamantly opposed service and said they would not allow the line to even cross their property. Who knows, said Mr. Cornett, they may have had recent issues with their water supply.

Mr. Chase made a motioned to accept the recommendation made by Mrs. Helbert. Mr. McCall seconded the motion and the Board approved with a vote of 6-0-0-1.

Mrs. Helbert said if we cannot obtain the second user and funding is declined, we do request the Board allow staff to move forward and discontinue the project due to insufficient participation.

Mr. Miller would like to wait until the September meeting to vote on discontinuing the project and the Board took no action to do so.

13. Sutherland Community Water Line Extension Project, Contract 1 – Change Order No. 2 – April Helbert

This Change Order provides for a final clean-up for all quantities installed versus quantities bid in Contract 1. The Change Order also adds 26 weather days to the Contract. With these days added, the contract completion date (both substantial and final) was June 30, 2014. The Contractor achieved final completion on July 22, 2014, which was 22 days after the contract completion date, once weather days were added, explained Mrs. Helbert. The liquidated damages for this project were \$200 per calendar day. Thus, this Change Order also includes Liquidated Damages in the amount of \$4,400.

The total decrease of Change Order No. 2 is \$10,761.30. The contract price including this change order for Contract 1 (Base Bid) is \$209,200.30.

Mrs. Helbert is in talks with the funding agency to determine who will receive the liquidated damages; the funding agency or WCSA. She has not received an answer.

Mr. Stephon motioned to approve Change Order No. 2 for Contract 1, Mr. McCall seconded and with a vote of 6-0-0-1, the Board agreed.

15. WCSA Employee Health Vision and Dental Insurance Procurement – Kim Harold

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During July, 2014, WCSA issued a Request for Proposals to 38 area providers and publically advertised for fully insured Health Insurance, stated Mrs. Harold. Proposals were due August 18, 2014. We received 4 proposals. Two (Anthem Local Choice and MCA) were not fully insured plans and must be deemed nonresponsive. However, the "level funded" plan proposed by MCA is one worth looking at more closely prior to the next procurement.

We have a unique opportunity, which may never happen again, explained Mrs. Harold. This year when we solicited Health Insurance Proposals and received two, nearly identical proposals, from two very well respected National Companies; Anthem Blue Cross Blue Shield and Cigna. The two proposals are within \$1,000 in total annual premiums and within budget. We realize that Health Insurance is very important and personal to each employee. As a result, and because the cost to WCSA is roughly the same, Mrs. Harold asked the Board to consider allowing the employees to provide their input on whether Cigna or Anthem Blue Cross is the better fit for WCSA. Unfortunately the time is short as we must provide all WCSA employees with a Schedule of Benefits by September 01, 2014 to comply with Federal Law. As you may have noticed we have our Benefits Meetings on Thursday, August 28 to comply with this deadline. If the recommendation is approved by the Board, explained Mrs. Harold, this means that employees will need to make our decision by Wednesday, August 27. We are prepared to provide employees with this information on Tuesday, August 26th, to provide time for discussions with family members and to complete any additional research.

As the costs are nearly identical, we will use employee input in the final negotiations and decisions. For this reason, stated Mrs. Harold, we need to have a reporting system that complies with Procurement, is easy and fair so that we can proceed within the required timeline.

Our plan is to provide employees with a Schedule of Benefits Fact Sheet and reference to the provider networks for both policies on Tuesday, August 26th. Employees will also receive an Evaluation Form for to complete. On Wednesday, August 27, we will have Kim Harold and Sheila Poston available in the Board Room at 10:00 am and at 1:00 pm to answer questions, she explained. Employees may drop by to ask them questions throughout the day as well.

There will be a box in the Board Room for employees to place their evaluation forms. No forms will be accepted after 2:00 pm on Wednesday, August 26th. We will then take and review all the forms in the Board Room. Anyone is welcome to watch, Mrs. Harold stated. We will review results and final decision with employees during the Open Enrollment Meeting on Thursday, August 28th.

Mrs. Harold kindly asked the Board to consider authorizing Kim Harold, Dave Cheek and Robbie Cornett the authority, based on employee evaluations, to decide between the Anthem and Cigna proposals.

Mr. Stephon motioned to authorize Kim Harold, Dave Cheek and Robbie Cornett the authority to decide between the Anthem and Cigna proposals, based on employee evaluations. Mr. Hutchinson seconded and the Board unanimously approved voting 6-0-0-1.

Mrs. Harold then discussed the Dental Insurance procurement, in which 6

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companies submitted bids. The cheapest bid was from Anthem. Mrs. Harold recommended the Board award the bid for Dental Insurance to Anthem.

Mr. Chase motioned to approve Anthem's Dental Insurance bid. Mr. Stephon seconded and the Board approved voting 6-0-0-1.

Mrs. Harold then discussed the two bids received as a result of procurement of the HRA/FSA Flex Spending Account. Ameriflex was the low bidder for the Flex Spending Account. Mrs. Harold recommended awarding the bid to Ameriflex.

She continued saying, currently, WCSA contributes \$500 into the HRA to be used for employee deductibles only, and \$500 into a FSA plan that covers other medical expenses. We found it was difficult for employees to administer both the HRA and FSA plans this past year, explained Mrs. Harold. For that reason, Mrs. Harold asked the Board consider contributing the full \$1,000 to the FSA plan to ease plan administration.

Mr. Hutchinson motioned to approve Mrs. Harold's recommendation, Mr. Stephon seconded and the Board approved voting 6-0-0-1.

14. Consideration of Amendment #2 to the Engineering Agreement between WCSA and The Lane Group for the Mendota Community Water Supply Project – April Helbert

Mrs. Helbert then presented Agenda Item 14 since it was accidentally passed over. She began saying, construction of the original Mendota Community Water Supply Project is complete, but has not been placed into service at this time. As you are aware, the water source from the Scott County Public Service Authority (SCPSA) has experienced high

concentrations of DBPs (disinfection byproducts) Trihalomethanes (THMMs) and Haloacetic Acids (HAA5s) exceeding the Maximum Contaminant Level (MCL) concentrations in waterworks. The Lane Group (TLG) evaluated various possibilities of reducing TTHMs and HAA5s. The proposed solution was a granular activated carbon (GAC) filtration system, explained Mrs. Helbert. After much research and design work, TLG and WCSA staff determined that GAC was not the most feasible solution. Flushing the system is believed to be the most cost effective solution, she stated.

According to Mrs. Helbert, one aspect of the design was the addition of a re-chlorination facility at the county line. Due to the results of recent testing, we have determined that re-chlorination is going to be necessary as the chlorine levels are near undetectable.

Previously approved Amendment #1 provided for a total of \$4,200 in additional engineering related to the GAC and re-chlorination system. The original Engineering Agreement provided for a total of \$10,200 in Additional Engineering.

This Amendment adjusted some line items and increases the overall Additional Engineering by \$9,810 for a total of \$24,210. This Amendment also allows TLG to continue with the proposed re-chlorination facility including the final design and construction administration. Mrs. Helbert is in hopes the TTHM and HAA5s have dropped to meet the VDH required levels and no additional flushing or treatment will be required. Mrs. Helbert plans to monitor for those contaminants as soon as the system is switched over to SCPSA to determine what, if anything,

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we need to do to meet TTHM and HAA limits.

The project was included in our most recent rate study as \$50,000 in cash funding. Currently, said Mrs. Helbert, the project is also funded by outside agencies, including \$356,800 in grant from Department of Housing and Community Development and \$50,000 in grant from Mont Rogers Planning District Commission.

Currently the total project budget is \$224,435.10.

Mrs. Helbert reported, since the report was produced, WCSA received a quote from Mitchell that will need to be revised due to Staff Comments on the Preliminary Design. Mrs. Helbert expects to be able to complete the remaining work required for the Mendota Project without needing any additional cash contributions from WCSA. Mrs. Helbert also believes the total Contract Costs will fall under the maximum amount allowed as stated in the original Contract Documents.

Mr. Miller made a motion to approve Amendment 2, Mr. Hutchinson seconded and the Board approved voting 6-0-0-1.

16. Consideration of Water Production/Water Distribution Fiscal Year Budget Revision – Mark Osborne

In June, the Board approved the 2014/2015 Fiscal Year Budget. Two fencing projects were included in that Budget. One was to be done under the Water Production Department and the other under the Distribution Department, he explained. Fencing around the Three Springs Water Storage Tank, the Bristol Industrial Park Pump Station and the Abingdon Water Storage Tank were all included in the Budget for Water Distribution. Also, fencing for Cole Springs was included in the Mill Creek

2014/2015 Budget for \$4,000. According to Mr. Osborne, that amount was misappropriated. The Committee approved the Mill Creek Project and did not include the \$4,000 for the Cole Springs fencing. Mr. Osborne asked the Board consider reallocating the \$4,000 to the Water Productions section of the Budget.

He continued saying; for efficiency, both the Production and Distribution Departments Procured for fencing at all the above mentioned sites.

Untied won the bid for fencing at two of the sites and the other fencing project went to P&F Fencing. As part of VDH comments, said Mr. Osborne, fencing at Cole Springs will need to be replaced and will require tree removal. The cost of fencing is \$3,250 and the cost for tree removal is \$4,000, leaving us about \$3,200 short. explained, Mr. Osborne.

Adams-Heath Engineering provided a PER proposing the construction of a new Abingdon Water Storage Tank including new fencing. For that reason, WCSA elected not to install fencing at the Abingdon Water Storage Tank at this time.

Mr. Osborne asked the Board to consider the reallocation of \$4,000 from the Mill Creek section of the Water Production budget to the Water Production budget. He also asked that \$4,000 of the \$31,200 surplus from the Water Distribution budget; for the Abingdon Water Storage Tank Fencing budget item; be redirected to the Water Production budget to cover the shortfall incurred by the tree trimming and removal required for fence replacement at the Cole Springs site. Mr. Stephon motioned to approve Mr. Osborne's recommendation. Mr. McCall seconded the motion and with a 6-0-0-1 vote, the Board approved.

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17. Nordyke Road Water System Extension Project Change Order No. 2 – Bobby Lane

Construction of the Nordyke Road Water System Extension Project is complete. This Change Order provides for a final clean-up for all quantities of items installed versus quantities bid, explained Mr. Lane. The total decrease for Change Order No. 2 is \$18,662.60, making the total contract price \$260,812.52. Change Order 2 also includes an increase in contract time of 35 days for Substantial Completion.

Mr. Hutchinson motioned to approve Change Order No 2. His motion was seconded by Mr. Miller and approved by a 6-0-0-1 Board vote.

18. Closed Meeting

At 7:54 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) (3): acquisition and disposition of property; 1. To discuss the disposition of real property.

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

Mr. Miller seconded the Motion of Closed Meeting and the Board approved voting 6-0-0-1.

Return to Public Session:

Mr. Stephon motioned to Return to Public Session at 8:24 pm. Mr. Chase seconded the motion to Return to Public Session and the Board approved voting 6-0-0-1. Mr. Stephon then read the following: **Certification of Closed Meeting;**

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to

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

19. Late Items

There were no late items to be discussed.

20. Adjourn

At 8:26 pm, Mr. Stephon motioned to Adjourn. Mr. Miller seconded the motion and the Board approved voting 6-0-0-1.


Mr. Ken Taylor, Chairman


Carol Ann Shaffer, Assistant Secretary