

Washington County Service Authority Board of Commissioners
September 22, 2014 Regular Meeting Minutes

The Annual Meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 6:01 pm.

ROLL CALL

Commissioners Present:

Mr. Kenneth Taylor, Chairman
Mr. Joe Chase
Mr. Jim McCall
Mr. Frank Stephon, IV
Mr. Devere Hutchinson arrived at 6:48 pm.

Commissioners Absent:

Mr. Mark Nelson, Vice Chairman
Mr. Dwain Miller

WCSA Staff Present:

Robbie Cornett, General Manager
Dave Cheek, Operations Manager
Kimberly Harold, Controller
April Helbert, Engineering Manager
Johnny Lester, Maintenance Manager
Kenneth Perrigan, Meter Manager
Tommy Dotson, Wastewater Treatment Plant Manager
Bobby Gobble, Maintenance Assistant Manager
Carol Ann Shaffer, Administrative Assistant

Consultants Present:

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

Also Present:

Mr. Mark Lawson, General Counsel

3. Approval of the Agenda

Mr. Cornett presented the Board with an Amended Agenda. Mr. Stephon moved to approve the Amended Agenda. Mr.

Chase seconded and the Board approved with a 4-0-0-3 vote.

4. Public Query and Comment

There was no public query or comment.

5. Consideration of Budget Amendments – Kim Harold

In working through the system conversion and reviewing the Budget, Mrs. Harold noticed the depreciation expenses were not budgeted correctly. This is partly due to the new additions of galvanized line; Green Springs, Hillandale and Red Fox; as of June 30, she explained. Mrs. Harold said some of the assets were set up incorrectly in the old system and were being depreciated incorrectly but has been corrected. Those expenses are now being depreciated under the regular expenses. We wanted to reallocate the Budget for those items, Mrs. Harold stated.

In the Budget, under Customer Service, we have \$130,000 allocated for outsource mailing. This amount was under allocated in the June Budget because both the May and June bills were paid in in June.

Mrs. Harold recommended updating the depreciation schedule for Sewer as well. Mr. Chase motioned to approve the corrected Budget. Mr. McCall seconded and the Board approved voting 4-0-0-3.

6. Approval of the Amended Consent Agenda

- Minutes: August 25, 2014 Regular Meeting Minutes
- Routine Reports: July and August 2014.
- Balance Sheet: July and August 2014
- Income Statement: July and August 2014
- Check Register: August 2014.

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Mr. McCall motioned to approve the Amended Consent Agenda. The motion was seconded by Mr. Stephon and approved by a 4-0-0-3 Board vote.

7. Engineer's Report and Update

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

• Galvanized Waterline Replacement Project – Phase II

Mr. Lane presented the Board with Change Order 1 for the Phase II, Division 4 Project.

Mr. Lane said the Change Order is for line on Fischer Hollow. If possible, one of the Project Goals is to increase the size of the galvanized line to meet demand and fire protection. On Fischer Hollow Road, the existing water line was thought to be a 4 inch line with a section of 2 inch line. TLG found the existing line is actually a 6 inch water line. That will allow TLG to replace the old 2 inch line with 6 inch line and will allow WCSA to provide fire protection when the Route 58 Project is completed in the Fischer Hollow area. This Change Order proposes to upgrade the 4 inch line to a 6 inch line and allow the installation of three gate valves and three fire hydrants.

Mr. Lane finds the pricing to be reasonable and recommends the Authority approve this Change Order.

Mr. McCall motioned to approve Change Order 1. Mr. Chase seconded and the Board approved voting 4-0-0-3.

Mr. Lane then presented Change Order 2 for the Mendota Project for the addition of a re-chlorination station at Mendota. Mr. Lane proposed adding a \$7,500 allowance to the Change Order 2 for electrical work. Mr. Lane said he felt that amount would be adequate but did not have an exact cost for the electrical work. Mr. Lane said they were facing a

deadline and TLG has asked the contract with the Department of Housing be extended to the end of the year. Mr. Lane brought this to the Board attention tonight to allow enough time for the work to be completed before the end of the year. In Mrs. Helbert thought it would be 473 days to substantial completion instead of 460 days.

Mr. Lane recommends the Authority favorable consider Change Order 2.

Mr. Chase motioned to approve Change Order 2, Mr. Stephon seconded and the Board approved voting 4-0-0-3.

• Mill Creek Water System Source Improvements

Rural Development offered a \$1.8 million grant and \$1.8 million loan for the Mill Creek Project. Mr. Lane said he was very happy with their funding offer.

• Galvanized Waterline Replacement Project

This Project is under construction, reported Mr. Lane.

• Hidden Valley Water System Preliminary Engineering Report

TLG is only lacking a couple of small items before the Project can be advertised for bids. TLG lacks a bidability review from the Health Department and hopes to have that completed very soon.

• Western Washington County Sewer Study – Beaver Creek Discharge Permit

Mr. Lane and Mr. Cornett will be presenting the Western Washington County Sewer Study to the Board of Supervisors on Tuesday, September 23rd to discuss the Special Exceptions Permit.

Mr. Bill Skeen of Maxim Engineering

• Tumbling Creek South & North Fork River Road Water Projects

According to Mr. Skeen, the Tumbling Creek Project is complete. The contractor

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is working to complete a few punch list items and Mr. Skeen expects to present the final Change Order at the October meeting.

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

Maxim is working to address WCSA staff comments on the Study and expects to meet with WCSA staff in early October for review.

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

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

The contractor is working to pressure test the lines before the lines are connected, stated Mr. Heath.

- **Route 58 Water Supply Improvements Project**

AHE continues to work with WCSA staff to evaluate alternative tank site locations.

- **Smyth Chapel Area Water Improvements Study**

Mr. Heath received WCSA staff comments on the PER and is working to address those comments.

- **Abingdon Water Storage Improvements Study**

AHE received staff comments on the PER and they are working to address WCSA's comments.

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

- **Exit 13 Sewer Project PER**

A&A is looking forward to receiving WCSA staff comments on the PER and finalizing the report.

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

A&A received permission to be onsite on September 15 to begin survey work and expect to complete the surveying by the end of the week.

8. Water and Waste Construction Projects Update – April Helbert

The Sutherland Project was almost complete, reported Mrs. Helbert. The new Road Superintendent did grant permission to attach the water line to the bridge decking. The contractor is working to fill, flush and chlorinate the line this week. The contractor has started tying in the service to the meter and will be working on punch list items, she reported. According to the contractor, September 30th will be the final completion date. Mrs. Helbert thinks the first week of October will be more reasonable for the final completion date. Childress Hollow has been submitted for permits. Mrs. Helbert expects the Childress Hollow Project to be advertised by the October Board Meeting.

After Childress Hollow is advertised for bids, the design phase for Haskell Station will begin.

9. Operations Report and Update – Johnny Lester, Dave Cheek

Mr. Lester was the first to address the Board to review a presentation regarding the need for a straw storage container. Mr. Lester felt it was important to:

Keep Us All on the Same Page:

- Present Situation
- Proposed Solution
- Make Sure We All Understand Our Path Forward

Our Current Storage Area:

Mr. Lester referred to a slide showing damage to the current shed caused by rodents. Mr. Lester said there were 20 to 30 straw bales damaged and they worked to salvage as much of the damaged straw as possible.

Mr. Lester said in addition to storing straw, equipment could also be stored in the storage unit.

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Mr. Lester expressed the need for a storage container that was more air tight and secure. Mr. Lester discussed prices for the storage container he would recommend. The cost for a storage container 8 feet wide, 8.5 feet tall and 20 feet long is \$3,200 plus a \$150.00 delivery fee.

The cost for a storage container 8 feet wide, 8.5 feet tall and 40 feet long is \$3,600 plus a \$150.00 delivery fee, he stated.

According to Mr. Lester, the Maintenance Department use 200 to 250 bales of straw a year.

Mr. Lester would like to place the new storage container would be placed next to the existing storage building.

Mr. McCall said the plastic pipe laying outside was being damaged by the sun and suggested storing it inside the existing building.

Mr. Lester agreed and said he would like to store that pipe in the existing building.

Mr. Chase asked how many bales of straw they kept on hand and if the straw was purchased locally.

Mr. Lester said they had about 80 bales on hand now and it was purchased locally.

Mr. Taylor said it was hard to keep mice out of the straw unless it is kept in a metal air tight container.

Mr. McCall said, if you have storage, you can buy local straw in the spring and save money. Mr. McCall said straw from Lowes was \$6.50 a bale.

According to Mr. Lester, the straw they had on hand now was \$4.50 a bale.

Mr. Cheek said they he would like to look into purchasing wheat straw in the spring and thought it could be purchased for about \$2.50 a bale.

Mr. Taylor recommended they get the 40 foot storage container for extra storage space.

Mr. Chase said he agreed with purchasing the 40 foot container, considering the price difference.

Mr. Cheek was the next to address the Board to discuss the Operations Report; beginning with:

Discussion Items:

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

2014 August Performance Against Plan (\$8,259 Under Budget):

Mr. Cheek explained Water Production was over budget because of sludge disposal a one-time expense against amortized budget.

How Does the \$166,318 Over Budget Break Down?

- BVU Sewer - \$45,546
- Electricity - \$66,309
- Inventory - \$55,325

Year to Date we are \$77k Under Budget:

- Opportunities for Improvement
 - Sludge and Water Production
- Issued Boil Water Notice for Taylor's Valley
 - Start: Saturday September 13
 - End: Monday September 15
 - Root Cause:
 - Vacuum Line on Taylor's Valley Chlorination System developed Small Leak
 - No Contact Tank
 - Countermeasures
 - Employee Driven Improved Shift Check List
 - Employee Driven Improved SCADA Alarming Functions
 - Statistical Component Failure Preventive Maintenance Procedure

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2014 August Waste Water Process Highlights:

Mr. Cheek welcomed Mr. Dotson, the Wastewater Manager, to address the Board regarding the BVU bill and flow meters.

Mr. Dotson said he received a bill from BVU that was much higher than normal. The information from the pump stations did not show support such a high BVU bill. Mr. Dotson and the Sewer Department worked with Mr. Lester and the Maintenance Department to get some answers. Mr. Dotson also worked with office staff reviewing bills and data to determine daily, weekly and monthly usage. Mr. Dotson said all that work analyzing data showed no issue on the side of WCSA. Mr. Dotson talked with BVU about the issue and they were more than willing to work with WCSA to resolve the issue. In the end, BVU found a billing error caused by one of their deduct meters that amounted to about \$33,000.

In working to resolve the issue, WCSA leased a flow monitor from BVU that proved to be an invaluable tool, said Mr. Dotson. The flow meter was used to monitor sewer lines ranging in size from 8 inch to 15 inch. The flow monitor was so helpful, said Mr. Dotson, WCSA purchased it from BVU.

Mr. Cheek said Mr. Dotson was successful in getting the price down where he was comfortable approving the purchase of the flow meter.

Mr. Chase asked what the cost of the flow meter was.

Mr. Cheek said a new flow meter would cost about \$6,000. WCSA was able to purchase it for \$2,200 with warranty.

Mr. Cheek said they were currently using the flow meter in Damascus.

Normally inflow in Damascus occurs when the river level is around 3.5 feet.

Mr. Dotson said things at the Damascus Plant have come a long way. A little rain used to wipe the plant out. Mr. Dotson said he was proud of the operators in Damascus. Mr. Dotson thought the regulators and DEQ were also aware of the reason for inflow at the Damascus Plant.

Mr. Cheek then discussed inflow issues at the Abingdon Jail. Mr. Dotson and Mrs. Helbert met with T&L and the Abingdon Jail to identify and correct overflow issues and how the new jail will impact the Abingdon pump station. As a result of that meeting, T&L will install valves at the new jail to help with the inflow issues.

2014 August Distribution Highlights:

- Conducted Fire Hydrant Training with Field Demonstrations
 - Town of Abingdon Fire Department
 - Brumley Gap Fire Department
 - Building Relationships with Common Interests
- Developing System to align District Meters with District Billable Metering to identify Water Loss Areas
- Real Estate Acquisitions/Easements
- Expansion Projects

2014 August Meter Highlights:

- 112 customers were telephoned following unusually high usage
- 449 customers were notified that their water was to be turned off for nonpayment
- 124 meters lifted for non-payment
- 99.3% (21,730) of all (21,881) meters read with radio with the remainder (151) requiring a manual read
- Analyzing Meters for End of Life Replacement

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Mr. Perrigan said most all meters were now 17 years old and some smaller meters were 25 years old.

Compound meters used to be the best technology but now, technology is moving toward mag meters or socket meters that have no moving parts. So, about 5 years companies stopped manufacturing parts for meters. Now, if there is a meter failure, we cannot repair them so we must replace the meters, explained Mr. Perrigan. Old meters are 5/8 inch meters and we currently have about 200 new 2 inch meters. If you have a 10% water loss on a new 2 inch or larger meter, you have lost 50,000 to 60,000 gallons of water. If you lose 10% of a 5/8 meter, the loss is about 200 gallons.

Mr. Perrigan said the Meter Department used to schedule meter testing, but about 5 years ago had to stop since they could not repair broken meters. The Meter Department now only tests meters under the top 10%.

Mr. Perrigan explained, when the Meter Department needs to replace meters, some of the older valves will not work well enough to kill the water to the meter. When the valves will not work, Maintenance has to manually shut off the water and install new valves. Mr. Perrigan said the big meters needed to be addressed since they provided a lot of revenue. Mr. Perrigan felt they were at the point where as many of the big meters needed to be replaced as possible.

Forward Looking Statement:

- Working to get more Cost Information to the Department Heads so they can better run their "businesses"
- Working to Build Better Relationships to help minimize issues, especially with Fire Departments and Waste Water

- Departmental Capital Spending Plan – Continually Review & Execute per our Schedule

Mr. Taylor commended the Operations Departments on their hard work and felt they were all moving in the right direction. Mr. Taylor encouraged them to keep up the good work!

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

Mr. Cornett commended the Operations Department on their team work not only among their department but with other stakeholders.

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

Review Items:

- Safety
- Financials – July and August
- Customer Service
- Notables
- What's Ahead

Safety:

- **Zero Accidents and or Injuries in August:**
 - No injuries for Three Months in a row!
- Training:
 - Microsoft Intermediate WORD and PowerPoint
 - Planning next Management Training
 - The Principles & Qualities of Genuine Leadership
 - Essential Skills of Communication
 - Resolving Conflicts Within Your Team
 - Building Team Pride and Purpose
 - Generations in the Workplace
 - Creative Problem Solving
 - Delegation of Work

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- Identifying Your Supervisory Style (July 2014)
- Finding Success as a New Supervisor
- Correcting Performance Problems

Water: New Connections:

There were 6 new water connections in August, Mr. Cornett reported.

Monthly Water Revenue: Budget vs. Actual:

Water Revenue for July and August was better than budgeted. It is also better than the budgeted amount year to date.

Water: July Monthly Expenses

Non Departmental and Administration fell under the budgeted amount. Customer Service was over budget due to a very large mailing related to Galvanized Line Phase II.

Water: August Monthly Expenses

Non Departmental was under budget while Administration and Customer Service were above budget. Administration had a contingency expense related to the summer picnic.

Water: Year to Date Expenses

Administration was over budget year to date in overtime. Overtime was over in Administration because an employee was moved from Administration to Maintenance but that change had not yet been made in our payroll system. Mr. Cornett said that change has since been made and the overtime expense was transferred to Maintenance.

Wastewater: New Connections

There were no new wastewater connections in July or August.

Monthly Wastewater Revenue: Budget vs. Actual

Revenue for July was \$11,127 below budget. July sewer revenue is accurate however, during the software conversion, our software vendor inadvertently keyed

the Damascus sewer rate code incorrectly and it was hitting the overall rents. This has since been corrected, stated Mr. Cornett.

For the same reason, wastewater revenue was also down for the month August.

Year to Date Wastewater Revenue: Budget versus Actual

Wastewater revenue year to date, through August is down \$11,378.

Wastewater: Monthly Expenses

Actual July expenses are \$10,682 less than budgeted and \$9,585 less than budgeted for August. Year to date, expenses are \$20,266 less than budgeted.

Customer Service:

- Active water accounts decreased by 1 to 21,042
- Active wastewater accounts decreased by 7
- 123 customer requested disconnections; 79 were landlord/tenant accounts
- 210 reconnection/transfers of service
- 73 disconnect for nonpayment
- \$11,698.96 was abated for 61 customer water leaks of the
- \$2,844.58 was written off for bad debt three years old

Notables:

- Customer Feedback
 - Newsletter

Having read our newsletter, a customer took the time to contact WCSA to compliment us on explaining how our water and wastewater treatment processes work and for the tips related to water. They asked if we could provide tips on what was okay or not okay to deposit into the sewer. We are working on that now, said Mr. Cornett.

- Future Newsletter
 - A day in the life of...

Staff is working on the next series of articles that will chronicle what it is like to work in various positions at WCSA.

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Tentatively, explained Mr. Cornett, someone from another department will spend a day with the employee (position) that is being featured and they will record what a day in the life of that employee is like. This should help the employee who is recording the information as well as our customers to get a better sense of what our folks do.

- New Website (www.wcsa-water.com)

- Went live September 16th

Thanks to our Staff and Corporate Image, WCSA launched its new website on September 15th. In an ever growing virtual age, a website represents the public face of a company, as well as a forum for interaction with our customers. The WCSA site has been redesigned with a fresh new look, user-friendly navigation, and updated information. Updating of the former site was limited however the new site is fully updatable by Staff.

- Draper Aden Associates Rate Report
 - 26th Annual Review of Water and Wastewater Rates

Statewide, WCSA residential water and wastewater connection fee is below the Median and Average; and the 5,000 gallon residential water and wastewater bill is above average. Within 50 miles of WCSA, the residential water and wastewater connection fee are above average and the average 5,000 gallon residential bill is near average in water and above average in wastewater.

- Mill Creek Funding
 - 50% (\$1,852,000) GRANT!!!

USDA RD delivered a Letter of Conditions to the Town of Chilhowie on September 10th. Total project cost is estimated at \$3,704,000. RD has offered a \$1,852,000 grant and \$1,852,000 loan at 2.375% interest for up to 40 years.

This offer is better than projected in our budget and rates.

- Succession Planning
- 38% (27) eligible to retire with 10 years

Mr. Cornett explained, 27 of 72 employees are eligible to retire over the next 10 years. Who will be their successors? Do we need to be identifying replacements and providing training? Who wants to come back and work part-time and how many can we keep busy? These and other questions are being considered by our management team.

- Open Enrollment
 - August 27th

Annually, we offer an opportunity for Staff to participate in Open Enrollment. As we learned this year from our Insurance Broker, Patsy Akridge, fewer employers are providing this opportunity. Thank you for allowing us to provide this benefit. During Open Enrollment, our HR team and Patsy summarize our health, dental and vision insurance as well as our flexible spending account alternatives and Virginia Retirement benefits and offer a time for questions and answers.

- Board of Supervisor – Planning Commission Joint Meeting
 - Western Washington County Water Reclamation Facility
 - Tuesday, September 23rd at 6:30 pm
 - Presentation and Request for Special Exception Permit Public Hearing
 - Request for Easement

What's Ahead:

- Accounting Software Implementation Continues
- Financial Audit Pending
- Employee Development

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- Training/Coaching/
Encouragement
- Succession Planning
- Consumption Decline
- Procure for Banking and Networking
Services

**11. Consideration of a Request to
Extend Water Along Mendota Road –
April Helbert**

Residents along a portion of Mendota Road from 14075 to 12242 expressed interest in water in 2007 by signing a petition. At the time of the request, WCSA had procured The Lane Group to undertake the Western Washington County Water Study which included this area. The study was complete in 2011 however, the petition was not immediately moved on due to concern of financial feasibility of the project explained Mrs. Helbert.

At the time the petition was circulated, there were 15 potential connections and 8 of those committed to purchasing a connection as shown.

According to Mrs. Helbert, the proposed project would consist of approximately 10,400 linear feet of 8-inch water line and all related appurtenances. The project is estimated to cost \$466,180 and serve approximately 15 people assuming 100% participation (\$31,079 per connection). This estimate, she explained, is based on construction costs plus contingency costs with WCSA Staff providing the engineering and inspection services.

After further review, Mrs. Helbert felt the best opportunity for a successful project is to seek Department of Housing and Community Development (DHCD) grant funding. If we qualify for DHCD grant funding, they will provide up to \$12,500 per connection (up to \$187,500 with 100% participation). Based on these assumptions, \$278,680 in loan or grant

would need to come from another sources. If all 15 residents became users of the system and paid a 5,000 gallon monthly bill, , we would generate \$7,626 in annual revenue (not including operation and maintenance costs) which would finance approximately \$159,500 in loan (assuming 2.5% interest for 3.. From this initial analysis, in addition to DHCD grant, \$119,180 in additional grant is necessary for the project to cash flow; not including O&M cost, Mrs. Helbert explained.

With the Board's approval, Mrs. Helbert proposed to proceed as follows:

1. Solicit User Agreements in the proposed project area. We have a petition now however funding agencies and WCSA rely on User Agreements to confirm the actual number of residents agreeing to take the service. (WCSA must certify the number of users of the new system and could have to repay monies if few connect than we report.)

a. Provide information about a possible project and mail User Agreements.

b. Conduct a Project Information Meeting (PIM).

c. Allow all 15 residents the opportunity to complete a User Agreement at \$1,150. The 8 residents who signed the petition in 2007 did so at the advertised rate of \$1,150. Staff is unable to confirm that the other 7 residents were contacted. When there is uncertainty, Mrs. Helbert said the practice has been to allow everyone an opportunity to apply at the rate in place during the original solicitation if it was not discontinued.

2. If adequate response (greater than 50%), Contact Mount Rogers Planning District Commission (MRPDC) to let them know of the interest in water and

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see if they can assess the area for DHCD Program Guidelines.

a. If MRPDC says yes, request they perform the income surveys.

b. Can involve MRPDC in the PIM if we receive a positive response from the initial project mailing.

c. MRPDC goes door-to-door after the PIM to collect income surveys and possibly User Agreements. Can have a second PIM if MRPDC so desires.

3. Assuming all is positive, request Washington County apply for DHCD for funding by March 2015 and WCSA would apply to VDH, MRPDC and SERCAP, explained Mrs. Helbert.

Mrs. Helbert brings this proposed project to the Boards attention now to provide a sense of the potential financially feasibility. Resident participation; which we are unsure of at this time; and financial feasibility are two key factors for continuing with a proposed project. Financially, as is outlined above, this project is going to be challenging, stated Mrs. Helbert. Before proceeding, Mrs. Helbert wanted to report what is known and gauge the Board's interest in pursuing funding, conducting project meetings and securing user agreements as outlined above.

Mr. Taylor said, "you know how I feel about this; I like water". Mr. Taylor knows many residents in this area who have had iron in their water. Mr. Taylor said, there have been changes in property ownership since 2007 and so there may be more interest in the project. Mrs. Helbert said she checked the property ownership since 2007 and the most of the property owners in this area was still the same.

Mr. Taylor said he felt they should take step 1; go back to the residents and see

who may be interested now in water service.

Mrs. Helbert said they developed a user agreement and cover letter for potential DHCD Projects, such as this one, giving the resident a choice of three options:

- The resident agrees to service no matter what; whether the Project is DHCD funded or not;
- The resident declines service no matter what; whether the Project is DHCD funded or not
- The resident agrees to Project under the condition the Project is DHCD funded and they meet DHCD guidelines to receive connection and service line at no cost to the resident.

This will allow us to determine if the Project can move forward under DHCD funding, she said. If the Project is not DHCD eligible it could be VDH eligible and the information provided on the new user agreements will allow us to have the numbers available without having to resolicit user agreements, explained Mrs. Helbert.

Mr. Taylor said some will understand the letter and some will not.

Mrs. Helbert said that was the reason they wanted to have a Public Hearing.

Mr. Taylor agreed, saying he a public forum should be held.

Mr. McCall recommended charging residents the current connection fee of \$1,628 instead of the \$1,100 connection fee offered in 2007. He said he felt this was fair.

Mr. Chase asked what the recent interest was.

Mrs. Helbert said one resident called two times.

Mr. Chase agreed with charging residents the current fee of \$1,628.

WCSA is depending on those 15 residents averaging 5,000 gallons of water usage per month to generate

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\$7,262 annually revenue, said Mr. Hutchinson. He thought it was unlikely residents in this area would use an average of 5,000 gallons per month in water and said using less water would have an effect on the annual revenue.

Mrs. Helbert agreed. If residents use less than 5,000 gallons a month, more grant money will be needed or the Board would approve a project that will not initially cash flow, said Mrs. Helbert.

Mr. Taylor thought WCSA should solicit area residents for user agreements in order to determine their interest in water service.

Mr. McCall asked Mrs. Helbert to look into extending the line all the way to the Mendota line (about 10 miles) and analyze the project over a long period of time.

Mr. Cornett said it was very hard to secure funding for such a large project but will be glad to survey the entire distance and calculate the cost in its entirety.

Mr. Chase motioned to approve WCSA to take the necessary steps to solicit User Agreements and funding for Phase 2. Mr. Hutchinson seconded and the Board approved voting 5-0-0-2.

Mr. McCall then made a motion to complete an in-house cost evaluation to extend the line to Mendota (about 10 miles). Mr. Chase seconded and the Board approved with a 5-0-0-2 vote.

12. Consideration of a Request to Extend Water Along Chip Ridge Road – April Helbert

Earlier this year, a resident of Chip Ridge Road contacted WCSA regarding the potential for water service in that area.

Staff has reviewed the request and the potential options are:

- Option 1; To provide water service to the residents who are currently not served along Chip Ridge Road, a water line would need to be extended from the end of our system. This proposed system would consist of approximately 2,750 linear feet of 6-inch waterline, a pressure reducing valve, and all related appurtenances. This project is estimated to cost \$180,070 and serve 8 people assuming 100% participation (\$22,509/connection).

- Option 2; If WCSA so desired, a complete loop could be made from the end of our system near 12574 Chip Ridge Road to the intersection with Rich Valley Road. That proposal would consist of approximately 5,550 linear feet of 6-inch waterline, two pressure reducing valves, and all related appurtenances. This project is estimated to cost \$338,613 and serve 8 people assuming 100% participation (\$42,327 per connection).

These estimates are based on construction costs plus contingency costs with WCSA Staff providing the engineering and inspection services.

Staff does not expect this area to be eligible for Department of Housing and Community Development (DHCD) grant funding, thus funding from other sources will be needed, Mrs. Helbert stated. If we proceed with Option 1, \$180,070 in loan and grant would need to come from another sources, probably VDH. If all 8 residents became users of the system and paid a 5,000 gallon monthly bill, we would generate \$4,067 in annual revenue (not including operation and maintenance costs) which would finance approximately \$85,000 in loan. From this initial analysis, approximately \$95,070 in grant is necessary for the project to cash flow.

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If we proceed with Option 2 with all 8 residents could generate \$4,067 in annual revenue. Approximately \$253,613 in grant is necessary for the project to cash flow (not including O&M costs).

With the Board's approval, we propose to proceed as follows:

1. Solicit for User Agreements in the proposed project area.

a. Provide information about a possible project and mail User Agreements.

b. Conduct a Project Information Meeting (PIM)

2. Assuming a positive response with more than 50% participation, seek funding from VDH based on Option 2 and reconsider based on an offer of funding.

Mrs. Helbert said any funding offers would be presented to the Board for approval so no decisions needed to be made by the Board tonight.

Mr. Hutchinson asked what advantage Option 2 had over Option 1.

Mr. Helbert said, the advantage to Option 2 is not having any dead ends in the line connection. In this area, we typically have ways to back feed the line if there are line breaks, stated Mrs. Helbert.

Mr. Hutchinson said Option 2 was about \$160,000 more than Option 1.

Mr. Taylor asked what Mrs. Helbert thought long term growth in this area would be.

Mr. Cornett said there is very steep terrain where the line starts and ends on Chip Ridge Road and did not think there would be much opportunity for developing those areas.

Mr. Hutchinson motioned to approve the solicitation of User Agreements. Mr. Stephon seconded and the Board approved voting 5-0-0-2.

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

Mrs. Helbert said she received a new User Agreement for the resident who previously submitted an incomplete agreement. Mrs. Helbert has 2 of the 3 potential User Agreements and so there is enough project participation to proceed with the Ritchie Road Project.

Project costs are estimated to be \$146,139, stated Mrs. Helbert. WCSA agreed to provide a total of \$3,000 or \$1,500 per connection for the Project. VDH provided a funding offer 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 the current rate, 4 new connections would be required to cover the debt service costs (not including operation and maintenance). It's conceivable that we may obtain 2 additional connections over time, stated Mrs. Helbert.

This Project was included in the 2014 Rate and Financial Plan but was shown to as being unfunded. Though we have a funding offer, the Project will require more revenue than it generates. Proceeding with the Project will create a new Debt Service requirement or will need additional cash funding, she explained.

Mr. Hutchinson thought obtaining 4 connections in that area would be almost impossible since it was so difficult to obtain only 2 agreements.

Mrs. Helbert said the third resident was not going to agree to service, so 2 new homes would be needed for the project to be financially feasible.

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With VDH offering \$100,000, in grant funds, Mr. Cornett thought if the Board was so inclined to provide service to Richie Road now would be the time. Mr. Cornett did not know if WCSA would ever receive a better funding offer for this Project.

Mrs. Helbert agreed with Mr. Cornett saying, she did not think they would ever receive better funding for Richie Road. She recommended the Board proceed with the Richie Road Project now if they ever intend to provide service to that area.

Mr. Chase asked what the potential for development in that area was. Mr. Cornett said the area was open farm land and could be easily developed. There is also the potential for the purchase of farm meters or water trough meters. There is also the potential the 2 connections could be purchased for farm operations or new home construction, added Mr. Cornett.

Mr. Hutchinson asked if the farm on Richie Road was operational.

Mr. Cornett said it was an operating farm.

Mr. Chase motioned to proceed with Richie Road Project.

Mr. McCall said he did not see the potential for growth on Richie Road. He felt if growth were going to occur there it would have occurred years ago but said he would like to see those two residents have water service.

Mr. Cornett said there were several meters at the end of the existing water line where residents ran private water lines. The issue in running lines to these two residents is their distance from the meters and not being able to run the line across the gas line.

Mr. Chase asked if proceeding with this project would benefit existing customers.

Mrs. Helbert said yes sir; \$41,325 of the total project costs (\$146,138) will be used for the replacement and upgrade of old 2 inch line.

Mr. Cornett said 10 existing customers would benefit as a result of upgrading the old 2 inch cast iron line to a 4 inch line by either a new meter location or improved service.

Mr. McCall seconded Mr. Chase's motion and the Board unanimously approved with a 5-0-0-2 vote.

14. Closed Meeting

At 7:55 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 acquisition of property related to the Route 58 Corridor Project.

Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds. 2. To discuss various inter-municipal agreements and potential agreements.

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

Mr. Hutchinson seconded the Motion of Closed Meeting and the Board approved voting 5-0-0-2.

Return to Public Session:

Mr. Stephon motioned to Return to Public Session at 8:56 pm. Mr. Hutchinson seconded the motion to Return to Public Session and the Board approved voting 5-0-0-2. 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

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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. Hutchinson, Mr. Stephon, Mr. Taylor, Mr. Chase and Mr. McCall confirming no outside discussion took place other than Closed Meeting topics.

15. Late Items

1. 2015 Company Picnic Budget – Mr. McCall

Mr. McCall made a motion to allocate \$3,500 for the 2015 Company Picnic. Mr. Hutchinson seconded and the Board approved voting 5-0-0-2. Mr. Taylor will continue to serve on the Picnic Committee.

2. Consensus Building/Brainstorming Teams – Mr. Cornett

Based on the Board's expertise and availability, Mr. Cornett would like to call on Board members in groups of two, to participate in brainstorming sessions with staff from time-to-time.

For example, Mr. Miller and Mr. McCall met with staff to look at the mini excavator and Maintenance Department 5 Year Capital Plan. If we are considering a financial policy, for

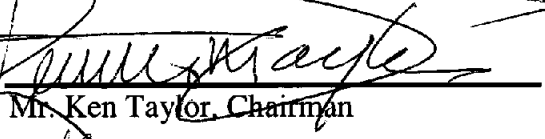
example, we would reach out to Mr. Nelson and Mr. Stephon, explained Mr. Cornett.

We are not suggesting we call the Board every time something is being evaluated, but for matters that may or will impact the budget, said Mr. Cornett.


The Board felt this was a good idea and all Commissioners agreed with the request.

16. Adjourn

At 8:59 pm, Mr. Stephon motioned to Adjourn. Mr. Hutchinson seconded the motion and the Board approved voting 5-0-0-2.



Mr. Ken Taylor, Chairman



Carol Ann Shaffer, Assistant Secretary