

Washington County Service Authority Board of Commissioners
June 24, 2013 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:01 pm.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. D.L. Stout, Vice Chairman
Mr. Prince Coleman
Mr. Devere Hutchinson
Mr. Dwain Miller
Mr. Frank Stephon, IV
Mr. Kenneth Taylor

WCSA Staff Present:

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

Consultants Present:

Kevin Heath, PE; Adams-Heath Engineering, Inc.
Dennis Amos, Anderson and Associates
Bobby Lane, PE; The Lane Group, 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 had no additions or corrections to the Agenda. Mr. Taylor motioned the approval of the Agenda. Mr. Coleman seconded the motion and the Board approval voting 7-0-0-0.

4. Public Query & Comment

There was no public query or comment.

5. Approval of the Consent Agenda

- Minutes for: May 20, 2013 Regular Meeting
- Routine Reports for May 2013.
- Financial Reports for May 2013.
- Check Register and General Manager Financial Report for May 2013.

Mr. Miller made the motion to approve the Consent Agenda. Mr. Hutchinson seconded the motion and the Board approved voting 7-0-0-0.

6. Engineer's Report and Update

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

• Exit 13 Sewer Project Phase 2A

Work on the PER revision for the Exit 13 Phase is progressing. About half of the agency responses associated with the environmental has been received. A report will be presented to the Staff and the Board members, and then sent to the Rural Development for approval once all agency responses are in hand.

A & A has received all outstanding User Agreements for the Exit 13 Phase 3 Project and is working with Mrs. Helbert to identify Project Areas that meet participation and cost per connection criteria.

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

• Exit 13 Wastewater Project Phase 1 & Exit 13 Force Main Project

Contractors are substantially complete on Contract 1; the Pump Station; Contract 2A and 2B; the Gravity Line and Force main. Mr. Lane hopes to have final Clean-up Change Orders for Board review at the July meeting.

S.B. Construction is substantially complete on the Exit 13 Force main Project and is working to address punch list and clean-up issues. Change Order #1

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which was approved at your May meeting is being processed.

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

All the buildings at the Water Plant are being inspected for substantial completion, said Mr. Lane, with the exception of the main building. Inspection of the main building will be done in early July. Mr. Lane said contractors are winding down on interior finishes.

The Notice to Proceed has been issued for the South Fork Intake and the Contractor is moving on site to begin work there, stated Mr. Lane.

- **Emory Meadowview Sewer Study**

The complete Sewer Model has been submitted to WCSA Staff. The Final Report is being assembled for submission to the WCSA Staff, reported Mr. Lane.

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

Mr. Lane reported that the Virginia Department of Health has approved Plans and Specifications. TLG continues to work with Staff to acquire the necessary easements. The Project will be advertised for Bids once all necessary easements are acquired, he said.

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

Since the May meeting, TLG addressed final PER comments and the PER has now been approved by Staff and the VDH. Mr. Lane also reported the Community Development Block Grant has been approved by the Department of Housing Community Development.

- **Mendota Water System Source Improvements**

Mr. Lane expects the Project to be complete by the end of June.

- **Mid-Mountain Water System Improvements**

Mr. Lane said VDH has approved the Mid-Mountain Study.

- **Nordyke Road Water System Project**

The VDH has given approval to Bid this Project and will advertise for Bids as soon as the necessary easements are obtained, Mr. Lane reported.

- **Oak Park Sewer Project**

According to Mr. Lane, Boring Contractors poured the pad for the package pump station. The pump station package is being shipped and should be on site by the end of the week.

Tipton is substantially complete with Contract 2A.

As of June 9, 2013, Contract 2B is 71% complete with 79% of time spent. There are several weather days which have been listed during the Project. We believe with good weather this Contract will be completed on schedule.

The industrial building, that has been constructed, can be served as soon as the line work is completed, added Mr. Lane.

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

The first Technical Advisory Committee Meeting was held on May 23 at the Higher Education Center in Abingdon and was well attended. MapTech continues with their work on the TMDL revision. We are scheduled to submit the TMDL and the discharge permit application by the end of the summer, stated Mr. Lane.

Mr. Miller said there didn't seem to be much boring activity at Exit 13 for the Oak Park Project and asked if there were any issues.

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Mr. Matthew Lane said there were issues and the Contractors have asked permission from VDOT to open cut a section of the road. VDOT did give permission to do that, said Mr. Lane.

Mr. Chase said To Mr. Lane; you said the Contractor would be moving in shortly to begin work at the Raw Water Intake. Mr. Chase asked what the Contractor would be doing at the Intake since the water was still very high.

Mr. Lane said the Contractor would be working to re-establish erosion and sediment control measures and hopefully begin work on site grading and installing the new access road. The Contractor will also check all the electrical work and check the pumps and motors while they wait for the water levels to drop, Mr. Lane stated.

Mr. Bill Skeen of Maxim Engineering

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

Mr. Skeen said they lack only one easement and continue to work on its acquisition. After that easement is secured, the Project will be ready for Bid,

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

Maxim met with WCSA Staff last month, reported Mr. Skeen. They continue with cost analysis and evaluation of alternatives for public sewer service and will meet again with WCSA Staff to report those findings.

Mr. Taylor asked if there was a way to get around that one easement.

Mr. Skeen said he thought it could be avoided if needed by relocating the pressure reducing valve.

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

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

We had our second progress meeting with the Contractor. Construction is about 40% complete. Tipton is working south of the Creeper Trail continuing to progress north.

- **Route 58 Water Supply Improvements Project**

A Letter of Conditions has been issued from USDA to the Authority for funding, reported Mr. Heath.

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

The Pre-Construction Conference for Hillandale /Red Fox has been held. A Notice to Proceed has been issued to the Contractor; they are scheduled to begin work on both Projects on July 1st.

Mr. Heath said staff continues work to secure easements for Rich Valley Road / Whites Mill Road Project. AHE will advertise Rich Valley/ Whites Mill for construction bids when those easements are secured, reported Mr. Heath

- **Abingdon Water Storage Improvements Study**

Mr. Heath reported the Draft PER has been submitted to WCSA for review.

- **Smyth Chapel Area Water Improvements Study**

AHE continues to work on the Draft PER for WCSA review.

- **Damascus WWTP VPDES Permit Renewal**

The walk through and inspection of the WWTP has been completed. AHE has also obtained copies of the WWTP DMR's and has coordinated water quality sampling with WCSA Staff, reported Mr. Heath.

- **Eastern Washington County Water Study**

At the request of WCSA, this project has also been placed on hold temporarily.

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

This project has been temporarily placed on hold at WCSA's request.

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

According to Mrs. Helbert, WCSA received TDOT approval for the Sutherland Community. This project was advertised for Bids on June 23rd and will be advertised again on June 30th.

After further evaluation of the Phase 2A Sewer Project, we do not believe we will be eligible for grant funding from RD for that Project due to the amount of commercial customers in the area. Mrs. Helbert went on to say there were about 31 residential customers and 20 commercial customers in the Oak Park area. Mrs. Helbert felt it best to seek funding from DEQ, and stated that DEQ funding applications are due July 19th.

For those reasons Mrs. Helbert asked the Board's permission to submit funding applications to DEQ for the Exit 13 Phase 2A Project.

Mr. Stephon motioned to approve the submittal of DEQ funding applications for the Exit 13 Phase 2A Project. Mr. Stout seconded and the Board unanimously approved voting 7-0-0-0.

Unless the Board objects, we are now proceeding with design work for the Route 58 Corridor as part of an Engineering Agreement approved February 27, 2012, stated Mrs. Helbert.

At the May 20th Board Meeting, we requested permission to submit applications for grant money for the Smyth Chapel Project, the Haskell Station Project and the Hidden Valley Road Project. We received a second warning letter from DEQ concerning the Town of Damascus WWTP dated May

30th, explained Mrs. Helbert. We have the proposed project that was part of the original Town of Damascus Study which included upgrades to the Damascus WWTP in the amount of \$440,000. The Board will be presented with an Engineering Agreement to pursue this work as well as an amendment to the Town of Damascus Study, at a later date. Due to the warning letters from DEQ, we have submitted an application for grant money to MRPDC making them aware WCSA would be requesting the Board's permission to proceed at today's meeting. This Project is cash funded in the Budget, she added.

Mr. Hutchinson asked if DEQ gave any deadlines in the last warning letter.

Mrs. Helbert said there were no deadlines. The warning letter said we were exceeding limits in BOD and dissolved oxygen. The letter was strongly worded and discussed potential fines, she added.

Mr. Taylor asked if the warning letter could affect any application already submitted to MRPDC.

Mr. Cornett said MRPDC had a limited pool of funds which could certainly have an effect on their ranking criteria if it is based on spreading the funds among various agencies.

Mr. Hutchinson motioned to allow Staff to pursue grant funding from MRPDC for the Damascus WWTP Operational Improvements Project. Mr. Stout seconded and the Board approved with a 7-0-0-0 vote.

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

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all departments during the month of May:

Water Production

- Produced more than 2215 million gallons of drinking water from WCSA and more than 29 million gallons for the Town of Chilhowie.

Distribution

- In April, we coordinated the outside purchase of 10.6 million gallons of drinking water.
- 6.815 million gallons per day of water was distributed to our customers in the month of April.
- Coordinated the outside purchase of 10.4 million gallons of drinking water.
- 7.288 million gallons per day of water was distributed to our customers for the month.

Meter Department

- 145 customers were telephoned following unusually high usage.
- 514 customers were notified that their water was to be turned off for nonpayment.
- 114 meters were lifted for non-payment.
- 99.24% of all meters were read by radio.

Customer Service

- \$10,184.38 was adapted for 73 customer water leaks.
- More than \$3,700 was written off as bad debt three years old.
- 0 water taps applied for.
- 94 wastewater tap applied for (includes Exit 13).
- 189 reconnections / transfers of service.
- 3,872 accounts with late charges added.
- 1,080 disconnect notices processed.
- 114 disconnects for non-payment.
- 21,005 active water accounts.

- 2,114 active sewer accounts.

Maintenance

- 34 leaks.
- 5 major breaks.
- 9 water tap.
- 0 wastewater taps.
- 47 after hour maintenance call-outs.

Wastewater

- Treated 10.5 million gallons of wastewater at Hall Creek.
- Treated 10.8 million gallons of wastewater at Damascus in May and June, thus far at .018 mgd. If we can stay below 0.25 mgd for June (6 more days), we will avoid two consecutive influent flow violations.
- Staff continues to address Inflow & Infiltration in the King Mill Pike system and prepare specifications for the purchase of equipment that will enable us to address I & I in the Damascus system.

Administrative Items

- I would like to draw your attention to a congratulatory letter received earlier this year from U.S. Senator Mark Warner (see attached). Senator Warner congratulates WCSA for its South Fork Intake and Middle Fork Water Treatment Plant Expansion Project being recognized by Water and Wastes Digest as one of the 10 Top Water & Wastewater Projects for 2012.
- It is my pleasure to announce that Johnny Lester has accepted an offer to become the Maintenance Manager in the Maintenance Department. Johnny brings more than 35 years of experience to the position and has served as Assistant Manager for the past 13+ years.
- I am pleased to report WCSA is to receive \$337,500 in grant funding for the Hidden Valley Water Project. We have applications in to VDH and

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MRPDC for the remaining funds and hope to hear from them soon. We are working with the Russell County Public Service Authority to secure a needed agreement for the provision of water.

- Reservation Spring in Taylor Valley was taken offline two times: May 7 and May 9 for 33 hours and May 25 to May 26 for 27.5 hours due to turbidity.
- The current status of User Agreements for the Exit 13 Phase 3 service area is as follows:

110	Potential	100.00%
51	Agree	46.36%
49	Decline	44.55%
90	Response	90.91%
10	No Response	9.09%

We are working to carve out a smaller project area that meets our service requirements.

Mr. Chase congratulated the Staff for the award they received and to Mr. Johnny Lester in his new position as Maintenance Manager.

9. Consideration of Discontinuing a Portion of the Childress Hollow Water Project Solicitation– April Helbert

As the Board is aware, when a community is interested in water or sewer, user agreements are solicited from all “existing” area residents, stated Mrs. Helbert. If there is sufficient interest in service, we proceed to try and attain funding resulting in a financially feasible project. If there is not sufficient interest, Staff examines the surveyed area and if possible, downsizes the area in an effort to attain the required participation levels.

She continued saying, in June 2007, Teddy White of Childress Hollow Road addressed the board and stated that he had gathered a petition for water service

in the area. Only 9 out of 19 existing homes (47.3%) had agreed to connect to a proposed line.

In April 2008 that resident obtained the two additional signatures on the petition to bring the participation up to the required level, over 50% participation.

In November 2010 we converted the petition signatures to User Agreements. She reported the issuance of certified letters to each existing home along Childress Hollow Road that was not already connected to WCSA water. The total number of existing homes counted in 2010 was 21. We gave a deadline of December 6, 2010 by which residents had to respond. We did not solicit any vacant parcels because they are not counted towards funding totals.

In December 2010 we evaluated the user agreement responses. Only 9 out of the potential 21 (42.8%) signed a user agreement indicating that they would purchase a connection. This was down 2 from the petition signatures.

Mrs. Helbert stated, during the next funding cycle (2012) we recognized that we could downsize the project area and apply for funding to serve at least a portion of Childress Hollow residents. Accordingly, the project was downsized to the area between 17457 and 18121 Childress Hollow Road and funding was sought after the Board’s approval during the March 26, 2012 Board Meeting. WCSA was awarded a grant for this project during 2012.

We began working on the design and other aspects of the project earlier this year, Mrs. Helbert reported. During this time residents in the portion of the project area that is to be discontinued became aware we were proceeding forward with only a portion of the project. Staff began to receive calls in which we explained the situation and

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why we had proceeded with obtaining funding for only a portion of the project and that the remainder would need to be discontinued. We then received the attached letter and petitions. One of the petitions directly relates to the purchase of a water tap; see the 2nd page of the packet from Mr. Hearl. She continues her report saying, though we cannot utilize the attached petition as a binding agreement to purchase a water connection, a breakdown of those who signed it for the Board's information is as follows.

Total signatures – 13:

- 1 of these residents is part of the project area as it exists with the current funding
- The 17253 Childress Hollow Road address was signed for twice
- We have not been able to locate one address (17096 Childress Hollow Road)
- 4 signatures represent vacant property
 - Leaving 6 residents on the petition that were surveyed in 2010 for a user agreement that are not currently part of the project as it exists with the current funding.
 - Of these residents, 3 signed a user agreement in 2010; 3 of the residents did not.

Although it was discussed during the March 26, 2012 meeting that the project had been downsized to 8 potential connections, Staff believes the remaining project area was never formally discontinued. The Project was not eligible for funding without at least 50% + 1 user which we did not have after the user agreement solicitation via certified mail in 2010, according to Mrs. Helbert.

If the signatures on the petition were converted to user agreements, 14 of 24 would be participating (58%). The same was true in 2010 however some residents who signed the petition were unwilling to sign user agreements committing to take a meter. Further, if converted, the 58% is less than the current policy requirement but would, if they were user agreements, have met policy requirements in 2010 when we attempted to convert petition signatures to user agreements via certified mail.

Because the attempt to convert petition signatures to user agreements in 2010 was unsuccessful, Mrs. Helbert suggested the Board consider taking action to formally discontinue the four User Agreements received for the area that will not be served, located between 16473 to 17445 Childress Hollow Road. Mr. Taylor asked what the distance was between 16473 and 17445 Childress Hollow Road.

Mr. Chase said it was about 1.7 miles.

Mrs. Helbert said she was not sure that distance was accurate.

Mr. Cornett said for our financial purposes, we can use vacant lots, but funding agencies will not accept vacant lots in terms of providing project funding. That is why we had to exclude that area; funding agencies would not look at our application.

Mr. Miller asked if there was any chance we would lose funding if we put the project off.

Mr. Cornett said they are not tied together in a funding aspect.

Mr. Hutchinson asked if there was a way to serve those interested in service from Black Hollow Road.

Mrs. Helbert referred to the map and showed Mr. Hutchinson which residents may possibly be able to get service from Black Hollow Road.

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Mr. Miller asked if WCSA could re-contact the residents that did not sign to be included in the Project.

Mr. Cornett said WCSA did send a certified letter to those residents before. Mr. Cornett said that by contacting the residents again, WCSA may be setting a protocol of resending user agreements to residents that do not initially sign. Mr. Cornett said we would be happy to do that but was unsure of what that would establish as protocol for the future.

Mrs. Helbert said they were sent a certified letter in 2010. She was unsure of what connection fee was offered to them in 2010 and said the connection fee was much different now. Residents were given a deadline to sign user agreements to secure the connection fee offered in 2010.

Mr. Taylor would like to see all the available options saying, people need water. "That's our job to try and serve water so let's explore all the options", said Mr. Taylor.

Mr. Taylor motioned to table this agenda item until July so all the options could be explored and allow Staff the opportunity to negotiate user agreements. Mr. Taylor went on to say, if it is possible, he would like to "see it work".

Mr. Chase added, "I think the best thing to do is talk to them (residents), instead of sending another letter."

Mr. Hutchinson said he would also like to give Staff the opportunity to provide the Board with information as to what the cost per connection would be.

Mr. Cornett said one question that may be prudent for the Board to consider is which connection fee you would like Staff to offer to the residents; the 2010 connection fee or our current connection fee.

Mrs. Figueiras asked, "do we re-solicit everyone that hasn't signed a User

Agreement, every property there or just those that signed the petition?"

Mrs. Helbert said the most recent petition was solicited by a property owner that says he was not able to contact everyone.

Mr. Chase said you have a lot of precedence here, not just the connection fee.

We are happy to call folks, but at the same time we need direction from the Board, said Mr. Cornett. If we call folks for this Project, I think the expectation will be that we call residents on other Projects as well. We are happy to do that but with Projects, for Example the Exit 13 Phase 3, with 110 in that service area; where certified letters were sent and deadlines have passed.

Mr. Chase said the question was what connection fee would be offered? Mr. Chase and said his opinion was to offer the current connection fee. If those 3 or 4 residents wanted to sign User Agreements at the current fee, we would then move forward with the Project, he added.

Mr. Hutchinson said he thought it was worth exploring the options to see what we may be able to do. "Maybe we can't do anything, but I think we need to exhaust all the efforts we can to see if it a possibility", said Mr. Hutchinson.

The Board made no motion on Agenda Item 9.

10. Consideration of a Resolution Authorizing and Approving the Issuance, Award, and Sale of Not to Exceed \$1,462,000 Water System Revenue Bonds, Taxable Series 2013 for the 12 MGD Water Plant Expansion Project – Kim Harold

Mrs. Harold said Tab 10 was a copy of the long Resolution provided by WCSA's Bond Counsel, McGuire

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Woods, for the additional funding needed to complete the WTP Intake Expansion that was recently re-bid and awarded to Judy Construction. The shortfall was \$1,462,000. We did receive a funding offer from Rural Development at 2.125% for 40 years, added Mrs. Helbert.

Mrs. Helbert asked the Board to consider approving additional funding for the Intake.

Mr. Stephon motioned to approve the Resolution, Mr. Coleman seconded the motion and the Board approved with a vote of 7-0-0-0.

11. Consideration of Suspending the Water and Wastewater Line Inspection Fee – Robbie Cornett

Since 2009, WCSA has implemented the \$2.50/linear foot water and \$4.50/linear foot sewer inspection fee. This fee was implemented in July 2009, until now, our water and sewer extension projects have not been of the scope that the fee was noticeable by staff or the contractors.

Currently, a project is nearing completion and the inspection fee for water and sewer totals \$41,143.

Mr. Cornett referred to a fee summary for other Authorities in Virginia saying there was only one locally that had Inspection Fees higher than ours, stated Mr. Cornett. For that reason, Mr. Cornett felt it would be appropriate the Board consider:

- Suspend further assessment of the fee;
- Reevaluate the fee in the upcoming rate, fee and charge study; and
- Make the appropriate adjustments, if any, subsequent to the conclusion of the upcoming study.

Mr. Chase asked when the Rate, Fee and Charge Study would begin.

We expect it to be in full swing by the August Board meeting, stated Mr. Cornett.

Mr. Hutchinson motioned to suspend the water and wastewater line inspection fee. Mr. Miller seconded and the Board approved with a 7-0-0-0 vote.

12. Consideration of Insurance Proposals – Kim Harold

Mrs. Harold began her address to the Board saying, in April 2013, WCSA contracted with McNery Insurance and Strategy Solutions to identify specific deficiencies in our current insurance program from a standpoint of limits, scope of coverage, and policy conditions; to review the financial strength of the insurers utilized by WCSA; to provide a benchmark comparison of the cost, limits and deductibles of WCSA insurance to similar Virginia operations; and to provide recommendations related to building values and risk related issues.

McNery provided a comprehensive insurance and risk evaluation report found at your stations and for your take home review. Summarized, WCSA is uninsured, without coverage in some areas, our schedule of values was inconsistent and overall much lower than it should be, and we had coverage in some cases that we could have taken advantage of had the policy been explained to us, explained Mrs. Harold.

Mrs. Harold then discussed Procurement of Insurance Services, saying, subsequently, WCSA contracted McNery to facilitate the issuance of a Request for Proposals for insurance services followed by review of proposals received, qualification of proposers and recommendation. The advertisement for

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proposals ran in the Bristol Herald Courier on May 21, 2013 with proposals due June 13, 2013. Proposals were received from the incumbent agent, Alderson Insurance Agency, in addition to Burke, Powers, and Harty, Virginia Municipal League (VML), and Virginia Association of Counties Risk Management Program (VACoRP).

Mr. McNeary met with WCSA staff and legal counsel on June 20, 2013 to review insurance coverage and proposal. He identified the following:

1.) With the VML proposal, WCSA would be able to secure an additional four coverage's. Those are earthquake, cyber risk, environmental pollutant events, and flood coverage for zones B, C, & X. There is no aggregate, increased coverage in many areas and increase the insurance value of our insured property (from \$29M to \$63M) and equipment for a total of \$72,946. When it is combined with workers compensation, it is \$37,435 less than the current plan year (\$157,137), said Mrs. Harold,

2.) Burke, Powers, and Harty and Selective did not provide quotes on all types of coverage requested.

Staff concurs with the recommendation and asks the Board to consider approval of the proposal submitted by the Virginia Municipal League for \$72,946 for property and casualty, \$46,756 for workers compensation for a total of \$119,702 for the 2013-2014 fiscal year, she added.

Mr. Cornett said this is the first comprehensive review of our property and casualty insurance. Judging by the report, this was a good time for the review and be able to secure the coverage's we need while saving money with this procurement initiative, he added.

Mrs. Figueiras asked if WCSA recommended the \$10 million umbrella policy in addition to the all line.

Mr. Cornett and Mrs. Helbert said the recommendation was for the all line only.

Mr. Stephon motioned to approve the Insurance Proposal as stated. Mr. Stout seconded.

Mr. Taylor spoke up saying, the price for the umbrella policy was very reasonable and asked if WCSA had a need for it.

Mrs. Harold said with the amount of WCSA's assets, we did not see a need for it.

Mr. Taylor said in the event of a catastrophe, it would be very beneficial.

Mr. Stephon then amended his motion to approve the Insurance Proposal including the \$10 million Umbrella Policy. Mr. Stout seconded and the Board approved the amended motion with a unanimous vote of 7-0-0-0.

13. Consideration of WCSA 12 MGD Water Plant Expansion Project – Change Order No. 8 – Bobby Lane

Mr. Lane reviewed the items that make up Change Order No. 8; beginning with: Item No. 1, which provides for a concrete pad to support the fork lift at the Chemical Feed Building totaling \$15,296.

Item No. 3 provides for a wall hydrant at the Chemical Feed Building (CFB) costing \$1,554. The wall hydrant will be used to wash down the pad at the Chemical Feed Building.

Item No. 4 will provide for a fork lift at a cost of \$23,901. The fork lift is needed to handle and manage the bulk chemicals at the Chemical Feed Building.

Item No. 2 is for a mop sink in the men's locker room closet costing \$2,529.

Item No. 5 will provide video surveillance at the WTP, Raw Water

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Intake (South Fork) at a cost of \$116,002.

Item No. 6 will provide an 8' double swing gate to access sign costing \$893.00.

Change Order No. 7 includes an increase in contract price of \$160,175.00, and provides an increase of 14 days for this additional work added Mr. Lane.

Mr. Taylor asked if grant monies were available for the surveillance cameras.

There is nothing available at this point and time but eventually there could be.

Mr. Lane felt it would be beneficial to use the contractor and subcontractor that were on site.

Mr. Miller asked if we would still be within the contingencies with the approval of this Change Order.

Yes, answered Mr. Lane, explaining the Engineering Manager reserved these funds; so we are still within our contingencies.

Mr. Cornett asked if the fork lift would be purchased from contingency agency funds or from equipment funds.

Mr. Lane answered saying the fork lift would be purchased with equipment funds.

Mr. Cornett said we recognized at the onset of the project there would be some equipment needed. Rather than trying to predict what equipment would be needed, Rural Development encourages the development of an equipment budget to be used for the purchase of equipment at the end of a project.

Mr. Cornett said WCSA had a fork lift at the warehouse facility. A fork lift will be needed at the WTP to handle the bulk chemicals. The reason we are requesting a concrete pad at the Chemical Feed Building is to support the fork lift.

Mrs. Helbert said the chemical totes the fork lift would be lofting weighed about 3,500 pounds.

Mr. Hutchinson motioned to approve Change Order No. 8. His motion was seconded by Mr. Stephon and approved by Board vote of 7-0-0-0.

14. Consideration of Task Order No. 2-2013 to the General Engineering Agreement between WCSA and The Lane Group – April Helbert

WCSA has been approached on numerous occasions concerning the available water and sewer capacity for various industrial buildings/sites throughout the county, stated Mrs. Helbert. This Task Order will allow The Lane Group to evaluate the available domestic water capacity, sewer capacity (if WCSA provides sewer to site), and available fire flow for Oak Park, Highlands Park, William A. Cole Industrial Park, and the Washington County Industrial Park also known as the Exit 22 Industrial Park. Mrs. Helbert continued saying, in addition to these, though some of these sites are in the above named Parks, the report will evaluate the available capacities for the sites and buildings listed in the Board packet, she stated.

Task 1 – Highlands Park Infrastructure Capacity Evaluation:

Mrs. Helbert said the evaluation will also identify the improvements necessary to obtain up to and including 1.0 MGD capacity in the water and sewer system. The evaluation will include various points in-between the current capacity and the desired capacity of 1.0 MGD. Additionally the evaluation will include the improvements necessary to obtain this capacity based on an industry producing a high strength waste. The evaluation will look at both pretreatment at the facility and treating at the WWTP and make recommendations on where the

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high-strength waste should be treated, she added.

Task 2 – Remaining Industrial Infrastructure Capacity Evaluation:

An Evaluation of the water and sewer infrastructure at the remaining locations identified previously will be conducted at the completion of Task 1, stated Mrs. Helbert. Identifying the improvements necessary to obtain up to, and including a 1 million gallon capacity in both water and sewer capacity are also included in the report. Additionally, the evaluation will include the improvements necessary to obtain the sewer capacity based on an industry producing a high strength waste with the same characteristics as listed in Task 1 for the Highlands Park area, Mrs. Helbert explained.

Mrs. Helbert stated this Report will also identify improvements necessary to obtain a certain fire flow at any of the identified sites. This may include the necessary improvements to obtain a greater volume, duration, and/or pressure. The desired available fire flow capacity will be identified by WCSA once the Engineer has evaluated the existing available capacity and provided this information to WCSA.

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

Mr. Chase said this is on a not-to-exceed basis; Task 1, not-to-exceed \$21,480 and Task 2 not-to-exceed \$20,500, correct?

Mrs. Helbert said yes.

Mr. Taylor asked how long this would take.

Mr. Bobby Lane said Task 1 would be complete within 90 days and Task 2 in 90 days. There will be some overlap so

we should be able to finish both within 180 days, he added.

Mr. Stephon motioned to approve Task Order No. 2-2013. His motion was seconded by Mr. Taylor and approved by a 7-0-0-0 Board vote.

15. Consideration of the 2013-2014 Fiscal Year Budget – Kim Harold

Mrs. Harold began her explanation of the 2013-2014 discussing changes to the Administration budget since the last budget presentation. Item 1- Cellphone for OM/GM was rolled from FYE 2013 to FYE 2014. Item 23 - Polycom Phone was added to facilitate conferencing capabilities. She then discussed item 29 saying this item was as rolled from FYE 2013 to FYE 2014. Item 38, Fire Suppression for our Server Room, was added to FYE 2014. Items 39 and 40 were added back into the budget with updated numbers for FYE 2014, she added.

Mrs. Harold moved on to discuss page 2, Customer Service saying item 9 for the copier, printer, fax and scanner was added to FYE 2014. Page 3, for Maintenance, was discussed next. Mrs. Harold said item 6, for the radio system upgrade, was rolled from FYE 2013 FYE 2014. Item 20, for the Sewer Jet Vac Truck was added to FYE 2014.

Filter Plant items on page 4, specifically items 2, furniture and item 9, confined space monitoring kit, were rolled from FYE 2013 to FYE 2014. Distribution items on page 5 were discussed next. Item 8, fire flow monitoring equipment and software were rolled from FYE13 to 14. Items 14, 15 and 16; pressure reducing valve strainers, 2" meters for fire hydrant flushing and 2" automatic flush valves were added to the FYE 2014 budget.

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Fencing for Three Springs Abingdon, & Bristol Industrial Park Tanks, item 25, was added.

Mrs. Harold discussed page 6 for Meter items saying, items 1 and 2 for handheld meter readers were added to the FYE 2014 budget.

Hall Creek Wastewater on page 7; item 17, a sign at the Filter Plant was rolled from FYE 2013 to FYE 2014, stated Mrs. Harold.

On page 9, Project 1 for the 12 MGD Plant expansion was updated to the current project funding and existing funding of \$28,728,282 with \$4,100,000 remaining to be spent in FYE 2014, stated Mrs. Harold.

The Galvanized Line Project; Projects 2, 3 and 4; numbers were updated in FYE 2014 and 2015.

Projects 7, 8 and 9 (Nurdyke Road, Rich Valley Road/Whites Mill, and Tumbling Creek South) were updated for FYE 2014 with Rich Valley/Whites Mill total project cost being updated to \$1,643,291 as well Mrs. Harold explained.

Mrs. Harold then discussed projects that were cash funded beginning with the Abingdon Water Storage Tank Improvement Project's saying total project cost and FYE 2015 numbers were updated; listed under Project 13 in the Budget. Project 14 (Abingdon Water Storage Tank Study) FYE 2014 numbers were updated, stated Mrs. Harold. Green Spring Road: Project 19: the FYE 2014 numbers were updated.

Total project costs were updated for Hidden Valley Phase 1 & 2, listed as Projects 21 and 22 in the Budget. The Phase 1's FYE 2015 number and Phase 2's FYE 2016 number were updated.

Project 27 was the next item Mrs. Harold discussed. This item is for the Mid-Mountain Project. The cost and FYE

2016 numbers were updated to \$1,999,710.

The FYE 2014 number for project 30, the North Fork River Road, was updated to \$15,567.

The cost of the Washington County Industrial Infrastructure Evaluation; Project 37; was added to the FYE 2014 budget stated Mrs. Harold.

Cash Funded Projects for Wastewater on page 10 were the next group of items discussed by Mrs. Harold. The Damascus WWTP Project, listed as project 40, was moved into FYE 2014. Project 46 for Exit 13 Wastewater Use Agreement Professional Services was the next item to be report on. Mrs. Harold said the total project was split out of project 45 and the grant money was re-assigned. Larwood Acres I Exit 1's (project 59) FYE 2014 numbers were updated.

The costs for project 63; the Western Washington County Wastewater Study Project; were updated with the Amendment, and FYE 2014 amounts for project 63 also were updated.

Grant anticipated amounts were updated for FYE 2014 on projects 68 through 72; from Hillandale to Sutherland stated Mrs. Harold.

Projects 75 and 76; the Exit 13 Phase 1 and Oak Park grant amounts were updated for FYE 2014.

The total project cost, existing funding, and remaining project costs were updated for project 77, the Western Washington County Wastewater Study.

Mrs. Harold informed the Board that Capital Items on page 11 were updated.

All departmental budgets were updated to actual expenditures. The Administration, Maintenance, and Distribution FYE 2014 were also updated.

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We were projecting an increase in reserves at the March meeting of \$617,473 reflected on page 12, stated Mrs. Harold. This number has been updated to \$936,453 if everything proceeds as projected.

We were anticipating a decrease in reserves of \$3,073,494 for FYE 2014 if all the projects stated were constructed as shown on page 13. We now show \$3,473,904 as a projected decrease in reserves if everything that is stated is constructed. However, \$1,200,055 are projects intended to be funded by some means other than cash, added Mrs. Harold.

Behind the supplemental information page, the first page is the recommendation from the Compensation and Benefits Committee, stated Mrs. Harold. Page 2 shows the anticipated cost to each employee and WCSA based on the 2012 renewal. The 2013 renewal premiums have not been received from Anthem yet. Page 3 of supplemental shows compensation COLA being changed to 1.5% as per the benefits committee recommendation, she stated in her conclusion of the Budget review.

Mr. Stout motioned to approve the 2013-2014 Fiscal Year Budget with a second from Mr. Stephon. With a unanimous vote of 7-0-0-0, the Board approved the Budget.

**16. Agenda Item 16: Informational Presentation Regarding the Eagle Ridge Lift Station Rehabilitation –
*Mark Osborne***

Mark began his presentation discussing inflow saying, inflow is surface water that enters the wastewater system from yard, roof and footing drains from cross connections with storm drains, downspouts and through holes in manhole covers. Infiltrations is ground

water that enters sewer pipes (interceptors, collectors, manhole covers or side sewers) through holes, breaks, joint failures, connection failures and other openings.

Mr. Osborne said areas we looked at primarily have been in the western part of the county; specifically King Mill Pike drainage the flows into the BVUB's sewer system, he explained. He continues saying, to the east is Eagle Ridge and further west is the Virginian and Sinking Creek and continues to the King Mill Pike area where the flow meter is located.

As part of evaluating an issue like inflow and infiltration (I & I) first you determine if there is a problem, what is the problem and third, what are the solutions, said Mr. Osborne.

Mr. Osborne then discussed some problems saying, In January 2013, WCSA discovered a drastic increase in sewer flows from the Sinking Creek due to major rain events. Flows increased from 1.3 million gallons in December 2012 at a cost of approximately \$6,650 to 3.8 million gallons in January 2013 at an approximate cost of \$18,600 according to BVUB's monthly billings. The problem was somewhat from inflow but primarily from infiltration. Mr. Osborne described the problem saying the pipe was not grouted in to the invert allowing water to come in through the manhole in the un-grouted area. We also found inflow problems from broken clean outs, he stated. The new pump station at the Virginian was built where the top of the wet well was at the same level as the adjacent creek. When it rains, the creek goes up over top of the wet well and on into the sewer, stated Mr. Osborne. We added raisers to the wet well so that it is now 18 to 24 inches above stream level. At the head of the

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system, at the Eagle Ridge system, we noticed the pumps were having difficulties keeping up during major rain events. After determining the need to drain the wet well for inspection, we hired Mr. Offield with assistance from BVU to drain the wet well for inspection. That inspection revealed the wet well walls were made of ½ inch fiberglass. The lifespan of fiberglass is about 10 to 12 years. Since the wet well was built around 2000, we have exceeded its life span, stated Mr. Osborne.

During the inspection process, we determined sheets of fiberglass were peeling off the interior walls.

Mr. Osborne then stated, during the construction process, we found a void in the bottom of the wet well that was caused by a false bottom, allowing infiltration from the ground.

After accessing the issues, stated Mr. Osborne, we realized this was a substantial issue that needed to be resolved immediately. So, we proceeded forward with emergency procurement for construction and accessed the alternatives.

The first alternative was a complete change out of the existing wet well, which would cost about \$150,000. Another option was to install a new wet well beside the existing wet well which would cost at least \$175,000. The third option was to shot-crete the interior wall for the wet well which is not applicable due to the condition of the existing fiberglass.

The option we chose was to install a 16 inch concrete base and risers inside of the fiberglass wet well with an epoxy coating; costing about \$73,000, explained Mr. Osborne.

Mr. Osborne then discussed the process of installing the concrete base and risers. This project began with bypass pumping. Demolition of the existing wet well bottom was the next step. After the demolition of the bottom, we installed 10 inches of stone, 4 inches of sand and then poured the concrete. The next step was the installation of a concrete base and risers in the existing wet well. Reinstallation of the pump components and adding the epoxy coating was the last step before the wet well was complete and in service.

Mr. Osborne summarized the Project saying, construction time was about 3 weeks. The Wet Well Improvement Project began on June 3, 2013. The wet well was back in service on June 24, 2013. The construction cost was \$73,000 with the estimated payback period; based on the January 2013 sewer bill; will be 6 to 7 months. Based on the data of the past 6 months, as rain events have decreased, this will pay for itself in 14 to 16 months.

The estimated life expectancy of the new wet well will be at least 40 to 50 years or more if the epoxy coating is maintained and reapplied every 5 to 10 years, stated Mr. Osborne.

Mr. Osborne then acknowledged Mr. Mike Offield of Buchanan Construction, Rain for Rent, BVU and most importantly, stated Mr. Osborne, to the WCSA Maintenance Department for their exceptional cooperation and coordination of the work needed to complete this Project.

17. Closed Meeting

At 9:06 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):

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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) (3): acquisition and disposition of property, 2. To discuss the disposition of real property; Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds, 4. To discuss various inter-municipal and other 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. Stout seconded the Motion of Closed Meeting and the Board approved with a 7-0-0-0.

Return to Public Session:

Mr. Stephon read the following **Return to Public Meeting**; Mr. Chairman, I move that the Board return to Public Session. The motion was seconded by Mr. Miller and approved by Board vote of 7-0-0-0. The Board returned to Public Session at 11:08 pm. 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. Coleman, Mr. Taylor and Mr. Stout confirming that no outside discussion took place other than Closed Meeting topics.

18. Late Items

• **Chairman for the July 22, 2013 Board Meeting - Robbie Cornett**

Mr. Cornett brought to the Board's attention that in Mr. Chases' absence, Mr. Stephon will Chair the July 22, 2013 Board Meeting. The most senior member of the Board with the longest continuous service is the Chair as stated in the By Laws, stated Mr. Cornett.

• **Consideration of an Agreement between WCSA and the IDA according to the Memo reviewed in Closed Meeting - Robbie Cornett**

As the Agreement states, this would allow for 500,000 gallons of sewer capacity for Oak Park.

Mr. Stephon motioned to approve the Agreement between WCSA and the IDA. Mr. Taylor seconded the motion and the Board approved voting 7-0-0-0.

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- **Consideration of a Marketing Agreement between WCSA and Milestone Communication for a cell phone tower to be erected on WCSA property**
Robbie Cornett

Mr. Cornett said the Board has received and had the opportunity to review the Marketing Agreement from Milestone Communication. Mr. Cornett asked the Board to consider approving the Agreement subject to their review of comments from WCSA Counsel and General Manager.

Mr. Miller motioned to approve the Agreement between WCSA and Milestone Communications. Mr. Hutchinson seconded and the Board approved with a 7-0-0-0 vote.

- **2013 Rates, Fees and Charges Study Procurement Summary**
Kim Harold

The request for proposals (RFP) was presented to the Board in November 2012 for review and comment prior to issuance in January 2013, stated Mrs. Harold. WCSA issued the RFP to 27 firms on or about January 4, 2013 with proposals due February 1, 2013. Two firms responded and were interviewed on March 20, 2013.

She continues saying, since one firm responded on January 27, 2013 and suggested they were unable to overcome the ranking criteria in the RFP, WCSA wanted to avoid the appearance of impropriety and decided to revise the RFP and re-issue.

Mrs. Harold said the amended RFP allowed the two firms who submitted proposals to have their original proposal reconsidered, submit a new proposal or they may decide to withdraw. To have their original proposal reconsidered; firms could simply write a letter indicating as much. If either of the two

firms who participated in the interview process were again chosen to interview, they could or allow their first interview to be considered.

According to Mrs. Harold, the amended RFP was issued in April 2013 with proposals due May 10, 2013. Five firms requested a copy of the RFP on the second issuance. Proposals were received from Municipal and Financial Service Group; Smith, Seckman, Reid, Inc. with Raftelis Financial Consultants indicating that they wished to rely on their first proposal.

The Rates, Fee and Charge Committee interviewed Raftelis Financial Consultants and Smith, Seckman, Reid, Inc. Municipal and Financial Services Group elected to rely on their first interview with the availability for additional questions via telephone unless the committee desired another interview. Subsequent to interviews, stated Mrs. Harold, the Rates, Fees and Charges Study Committee chose to begin negotiations with Raftelis Financial Consultants.

Mr. Cornett said Raftelis was the nation's largest rate, fee and charge financial firm. They are very active in the AWWA and Waste Environment Federation in terms of serving on the Rate, Fee and Charge Committees at both organizations. Mr. Cornett said Raftelis would be serving WCSA out of the Charlotte, NC office.

The Committee discussed the feasibility and desirability of having a Citizens Advisory Group that would participate in the Rate, Fee and Charge Study. All three said there were pros and cons to that. Raftelis has someone that is a former utility manager, Mr. Doug Dean. Mr. Dean would be the one who would organize and facilitate the Citizens Advisory Group if we chose to use one.

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Mr. Cornett said Raftelis presented a recent case study done in Maryland and did a nice job of developing guidelines and By-Laws for the Citizens Advisory Group to follow. It was really well organized. The interview with Raftelis and Mr. Dean was outstanding, he added.

The last time a Rates, Fee and Charge Study was conducted; WCSA invited a couple of the Supervisors (from the Board of Supervisors) and IDA members. Mr. Cornett went on to say, one common theme between the consultants that were interviewed was they number of members on the Citizens Advisory Group; between 5 and 9 members having a good cross section of the customer base represented. Mr. Cornett gave an example of this saying you may invite someone from the senior citizens group, someone from agriculture, someone from industry, someone representing local developers and certainly someone from the Board of Supervisors.

Mr. Cornett said having a Citizens Advisory Group is something that needs to be explored further. Mr. Cornett encouraged the Board to be thinking more about the Citizens Advisory Group and how it could impact the Study.

Mr. Cornett continued saying, "I think the real positive of having such a group, is your key groups hopefully in the end become much more educated about rates, fees and charges and they carry that information to the people they represent". In the end we hope the representatives can embrace the Board's decision and be an ambassador to those to those they represent, he added.

Mr. Taylor said "I think we chose a good group."

Mr. Hutchinson said all three companies

were good but Raftelis seemed to be a step ahead.

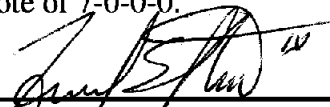
Due to the new Procurement Guidelines previously adopted, no Board action was needed.

- **Consideration of a \$1,600 Performance Bonus and Very Satisfactory Evaluation for the General Manager Joe Chase**

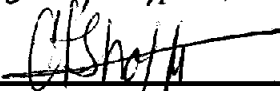
Mr. Stephon made a motion, based on a very satisfactory performance, to issue the General Manager a bonus of \$1,600. Mr. Coleman seconded the motion and the Board approved voting 7-0-0-0.

19. Adjourn

At 11:25 pm, Mr. Hutchinson motioned to Adjourn. His motion was seconded by vote of 7-0-0-0.



Mr. Frank Stephon, Chairman



Carol Ann Shaffer, Assistant Secretary