

Washington County Service Authority Board of Commissioners
June 25, 2012 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
(arrived late)
Mr. Prince Coleman
Mr. Devere Hutchinson
Mr. Dwain Miller
Mr. Kenneth Taylor
Mr. Frank Stephon, IV

WCSA Staff Present:

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

Consultants Present:

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

Also Present:

Mr. Mark Lawson, General Counsel

3. Approval of the Agenda

Mr. Cornett had no corrections or additions to the agenda. Mr. Coleman motioned to approve the Agenda, Mr. Miller seconded followed by Board approval voting 6-0-0-1.

4. Public Query & Comment

There was no Public Query & Comment.

5. Approval of the Consent Agenda

- Minutes: May 21, 2012 Regular Meeting Minutes; June 4, 2012 Public Hearing Minutes.

- Routine Reports for May 2012.
- Financial Statement for May 2012.
- Check Register and General Manager Financial Report for May 2012.

Mr. Taylor made the motion to approve the Consent Agenda. The motion was seconded by Mr. Stephon and was approved by a 6-0-0-1 Board vote.

6. Engineer's Report and Update

Mr. Dennis Amos of Anderson and Associates:

• **Exit 13 Sewer Project Phases 2A**

Mr. Amos stated they were in the process of obtaining user agreements. Next month, they plan on sending user agreements via certified mail to those who have not yet responded. Anderson and Associates plans to re-evaluate the area in August if the required 75% user agreements has not been met by then. Mrs. Helbert reported the participation was now 35% to 40%. She also said there was one individual who was counted as one connection but would have 21 connections and raising the required participation requirement significantly. Mr. Cornett added Anderson and Associates is working to get responses from those who have not yet responded to the user agreements.

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

• **Drinking Water Treatment Plant Expansion (6.6 MGD to 12 MGD) and Raw Water Intake**

Mr. Lane reported the masonry work is now underway on the filter building. Interior work is being done on the chemical storage and energy recovery building. The contractor is on schedule. TLG is working with the contractor to add security cameras for the Raw Water Intake and the Water Treatment Plant to

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the contract and expects the information to be available for Board consideration at the July meeting. The contractor plans to be back in the lake in September and will demobilize during that time. The Recovery Plan from the contractor has been reviewed by TLG and Legal Council. Both the contractor and TLG have made responses regarding the Recovery Plan. TLG recommends changing the access road at the Raw Water intake and they are working with the contractor on change orders for that.

- **Bristol Area Water Restructuring Project**

Mr. Lane said installation of the main line is now complete. The contractor is working on the cost for extending the water line to Terrace Drive. Crosspoint's contract has been extended until September, but they expect to be complete before then.

- **Exit 13 Wastewater Project**

Mr. Lane reported to the Board that Frizzelle Construction is 65% complete with the pump station and should finish in the next two months. Mendon is working on final testing. Raimey Construction is working two crews and have completed the most difficult part of their construction.

- **Exit 13 Force Main Project Phase 1 (formally Exit 14 Project)**

Mr. Lane said this project has been awarded and construction should start after July 4th.

- **Galvanized Line Replacement Project**

Mr. Lane reported work on Division 1 and 2 are complete. Division 3 is expected to be complete in September. TLG is working on final clean-up change orders for Division 1 and 2, available for Board review at the July meeting.

- **Reedy Creek Water System**

According to Mr. Lane, installation of the main line is 90% complete. They expect to have the finalized contract available in the next 4 to 6 weeks.

Mr. Bill Skeen of Maxim Engineering

Mr. Skeen reported on Tumbling Creek South Water Project and the North Fork River Road Water Project saying these two projects have been combined into one project with two separate construction contracts for funding purposes. Progress to date includes preparation of drawings and water system hydraulics for submittal to the Health Department, preparation of the Joint Permit Application for the Tumbling Creek stream crossing, preparation of the VDOT Land Use Permit and the preparation of the Erosion and Sediment Control Plan and the Stormwater Pollution Prevention Plan. Their schedule is to submit plans and meet with the Health Department before the end of June. They plan to have the Task Order for the Exit 1 Sewer Project available for review at the July Board Meeting.

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

- **Whites Mill**

Mr. Heath reported they are still working with Tipton Construction on closing out that project. AHE plans to have the final Clean-up Change Order available for Board review at the July meeting. Mr. Heath said they have received the field report from the tank inspection and are working on a draft study to have available for Board review in the near future.

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- **Green Spring Water Line Replacement**

Mr. Heath said they have responded to review comments from the Town of Abingdon and E&S. AHE has also received comments from the rail road, which are being addressed and hopes to be in a position to advertise this project very soon.

- **Abingdon Storage Tank Study**

Mr. Heath reported they are working on a report draft and hope to have it available for staff review very soon.

- **Route 58 Water Supply Improvements Project**

AHE is addressing environmental comments. Mr. Heath reported the only agency they have outstanding is the Fish and Wildlife Service. They expect to have their comments satisfied in the near future.

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

Mr. Heath said they have received aerial mapping, have completed field markups and are working on a draft set of plans for the project.

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

Mrs. Helbert reported on the Sutherland Community Project, saying she hoped to have everything submitted to the various agencies for this project very soon.

The funding requests approved by the Board last month have been submitted and approved, but the funding agencies would like to delay funding for those projects until bids have been received.

Mrs. Helbert then addressed the Board requesting the Board's permission to seek grant funding for the following:

- Green Springs Road Water Line Replacement Project for \$100,000

from Mount Rogers Planning District Commission (MRPDC). The total estimated cost of the project is \$200,000 since MRPDC requires WCSA to match grand funding for construction projects.

- Mendota Community Water System Improvements Project for \$50,000 from MRPDC. Even though CBDG funding has been received, Mrs. Helbert is concerned funding may be short for this project.
- Eastern Washington County Water Study for \$20,000 from MRPDC and the Virginia Department of Health (VDH).
- Emory/Meadowview/Glade Spring Wastewater Capacity Study for \$85,500 from MRPDC.
- Hidden Valley Road Area Water Study for \$29,000 from MRPDC and VDH.
- Exit 13 Phase 2A and 3 Interest Survey for \$25,000 from MRPDC.
- Smyth Chapel Road Water Improvements Study for \$7,500 from MRPDC and VDH.
- Larwood Acres/Exit 1 Wastewater Feasibility Study for \$30,000.

A motion to allow WCSA to seek funding for the said projects was made by Mr. Stephon. Mr. Stout seconded the motion and the Board approved with a vote of 7-0-0-0.

8. General Manager's Report & Update Robbie Cornett

Mr. Cornett referred to his General Manager's Report and Update at the Board's stations. He reported on the following noteworthy WCSA performance & accomplishments from all departments during the month of May:

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Water Production

- Produced over 215 million gallons of drinking water from WCSA and more than 29 million gallons of water for the Town of Abingdon.
- Continued coordination and support of the expansion of our Middle Fork Drinking Water Plant.

Distribution

- Coordinated the outside purchase of more than 16 million gallons of drinking water.
- In total, 7.4 million gallons per day (MGD) of drinking water was distributed to our customers in May.

Meter Department

- 139 customers were telephoned following unusually high usage.
- 857 customers were notified that their water was to be turned off for nonpayment.
- 150 meters were lifted for non-payment.

Customer Service

- \$22,967.16 was adapted for 135 customer water leaks.
- \$4,675.22 was written off as bad debt three years old.
- 9 water taps applied for.
- 220 reconnections/transfers of service.
- 4,420 accounts with late charges added.
- 1,250 disconnect notices processed.
- 150 disconnects for non-payment.

Maintenance

- 42 leaks.
- 7 major breaks repaired.
- 12 water taps.
- 3 wastewater taps.
- 35 after hour maintenance call-outs.
- Assisting Galvanized Line and Reedy Creek Road contractors with mainline taps.

- Managed the replacement of our gasoline and diesel fuel storage tanks and pumps.
- Installed an automatic flush valve on Prices Bridge Road to improve water quality in galvanized line.

Wastewater

- Treated more than 9 million gallons of wastewater.

Administrative Items

- On May 26, 2012 I represented WCSA at the Washington County Board of Supervisors Meeting and made a presentation regarding the 1993 Sewer Agreement between Washington County and the City of Bristol to WCSA. Unanimously, the Board of Supervisors took action to assign the agreement to WCSA.

9. Consideration of 2012-2013 Fiscal Year Budget *Kim Harold*

Mrs. Harold reviewed the changes in the 2012-2013 Proposed Budget since the last budget presentation to the Board.

Mrs. Harold discussed the changes on page one; the Capital Expenditures Plan for the Administrative Department. The cost for refrigerator/shelving went from \$1,500 to \$2,000 since the \$500 was not expended in the current year. The coats racks were not expended, current year, that cost is \$300. There is an increase of \$500.00 for the GM and Operations Managers (OM) office furniture. We budgeted an iPad for the GM at a cost of \$800. We rolled the Board Room sound system forward. With the addition of hydraulic software, the sound system increased \$5,000. The Board Room screen and monitor was rolled forward at a cost of \$2,800. We increased the amount for the OM vehicle by \$8,000.

Next, Mrs. Harold reviewed the Customer Service Budget. We allocated \$1,500 for lobby furniture and displays

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and increased the allocation for filing cabinets, desks and bookshelves by \$500.00.

Mrs. Harold then discussed the changes in the Maintenance Budget. \$17,300 was added for the purchase of radios for the Maintenance Department since our current radios are obsolete. The Board had a brief discussion regarding the need to change from a low frequency to a high frequency radio asking if cell phones would be sufficient. Since there are several areas in our service area where cell phones will not work due to lack of cell service, the need for high frequency radios is there, answered Mr. Cornett.

An addition of \$8,500 was made for Jones Fencing, \$15,000 for Mid-Mountain Water Storage Tank fencing and \$10,000 for Rt. 58 Water Storage Tank fencing was rolled to the Distribution Department's Budget. Mr. Cornett added, Jones Fencing is something we are obligated to do as part of the agreement we reached with Mr. Jones allowing us property access to the Rt. 58 Water Storage Tank.

The SCADA system was rolled forward to the budget. Allocation for the replacement vehicle was also added to the budget. HVAC replacement, grating and safety rails for the Digester, painting at Hall Creek and a Treatment Plant sign was also rolled forward to the 2012-2013 Budget.

Mrs. Harold referred to the updated figures that were rolled forward for Bond Funded Projects. She then discussed the 2012-2013 Betterments that were allocated for this year. Next she pointed out the Capital Expenditures figures that were updated which brings our projections of Income after Debt Services to \$2.6 million. After Capital Projects and Capital Equipment, we show an increase in reserves of

\$760,000, she added. After everything was rolled forward to the 2012-2013 Budget, we show a decrease in reserves of \$3.6 million. According to Mrs. Harold, the decrease in reserves does take into account that some of the Capital Funded Projects have not yet be funded, and will not proceed until those projects are funded.

Mrs. Harold then discussed the updates listed on the Compensation Schedule including the mandatory retirement increase of 5%, a 2% cost of living raise and 1% overall average performance raise.

Next Mrs. Harold referred to sheet showing the VRS rates, then to the Budget Summary showing all the changes to the Budget. She explained that BVU was expecting a 10% water increase and 18% sewer increase; and we are also expecting a 9% electricity increase from AEP. The Virginia Office of Drinking Water has increased our per customer rate from \$2.05 to \$3.00, increasing our membership fee to \$61,000. We are also expecting the VRS benefits increase of 5% to the compensation package. The Exit 13 revenue and expenses is also budgeted for the Town of Abingdon sewer treatment.

Mr. Chase asked about the eight passenger vehicle that was budgeted for the 2012-2013 year, asking if it would be possible to get by with a smaller vehicle. Mr. Cornett stated it would be possible to get by with a smaller vehicle as the Authority could take more than one vehicle or rent a larger vehicle when the need arises. Currently, we can take at most five passengers in one service vehicle.

Mr. Miller motioned to approve the 2012-2013 Fiscal Year Budget. Mr.

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Hutchinson seconded the motion and the Board approved voting 7-0-0-0.

10. Consideration of Policy Regarding Lien Legislation *Robbie Cornett*

Mr. Cornett began by giving the Board background information on the Lien Legislation. He stated the Water and Wastewater Authorities Act (the legislation we are chartered under) provides WCSA with the right to file liens on property for the collection of monies owed. Two years ago, legislation was proposed that would repeal our (and localities) lien rights. The Virginia Water and Waste Authorities Association along with locality associations have negotiated with the stakeholders who proposed this legislation. The result was a compromise bill that has passed both houses and has been signed by the governor, taking effect July 1, 2012.

Those who sought to repeal lien rights were interested in doing so when it came to rental property (it was Barbara Mandrel's lead guitarist, who is also a landlord who proposed the legislation). Localities and authorities are able to file for liens for unpaid bills of the tenant and these liens are of course applied to the landowner's property. The compromise bill says that the locality/authority can still file liens against the landowner if we do the following:

1. Require a deposit from the tenant for not less than 3 or more than 5 months service charges.
2. Receive a form from the tenant signed by the landowner authorizing service.
3. Make reasonable and ordinary collection efforts with tenants; like we do for everyone else.
4. Provide the landowner 30 days notice before we apply the lien. (This gives the

landowner the opportunity to pay, and collect from the tenant, before we file the lien).

5. The lien cannot be for more than 60 days worth of bad debt and can only be the balance that is greater than the deposit. In other words, if we have a \$100 deposit and the balance owed is \$150, all we can file a lien for is \$50.

6. The lien may not be for less than \$25.

7. Return any moneys collected after payment by the landowner to the landowner.

Mr. Cornett went on to say, WCSA has not used liens for collections in the past. I recommend we adopt the proposed policy so that we do not forfeit our right to file liens if we should decide to do so in the future. Further, I recommend we implement all of the steps necessary to file a lien as outlined above and found in the proposed policy. I am confident that following this procedure will improve collections significantly. Finally, though I propose we adopt this procedure and implement the proposed policy, at this time, I recommend that we use discretion as to its application and not immediately file liens against landowners for tenant bad debt.

Mr. Cornett added, the amount of bad debt written off monthly is around \$4,000. Since most of our bad debt is from renters leaving a property, I feel this will significantly reduce the amount of bad debt we are trying to collect.

Mr. Chase asked if there would be an issue getting landowners to sign the required documents. Mr. Cornett said he didn't think there would be a problem since it was already passed into law. It would be up to WCSA's discretion to require it, if we don't we forfeit our rights to file liens. Mr. Cornett said many landowners may not know about the legislation at this point. The form

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they need to fill out is simple and should be easy to endorse and provide to the tenant, Mr. Cornett added. Mr. Stout stated this legislation gives us the right to put a lien on a property if we so desire. If we do not endorse the resolution, we forfeit that right. The Board had a brief discussion about collecting deposits, something WCSA has not done that in the past.

Mr. Lawson said this law resulted from negotiations between a lobby for landlords and the authorities. There are certain provisions put in the legislation to serve both parties interests. Mr. Cornett added that even though WCSA has not used liens in the past, this law offers a means of added protection for the landlord since we have to go through each of the above steps if we file a lien.

The Board then had a brief discussion about how to determine who the "landowner" would be in certain circumstances such as companies that own property.

Mr. Cornett then offered that there were 1,700 inactive accounts, we were able to collect on 228 of those accounts. Last year we collected \$11,000 and have collected \$23,000 this year on bad debt accounts, added Mrs. Helbert. Mr. Lawson said this would be another tool to aid in bad debt collection.

Mr. Stephon motioned to approve the Resolution (see attached), Mr. Stout seconded the motion and the Board approved voting 7-0-0-0.

11. Consideration of a Resolution Authorizing and Approving the Assumption of Debt Previously Incurred by the Town of Damascus, Virginia with Respect to its Sewer System, Which is to be Acquired by WCSA Kim Harold

Mrs. Harold said WCSA did not have the final Resolution back from Bond Council, and so this item will be on the agenda for July's meeting; no action was taken on this item.

24. Closed Meeting

Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph (A) (1): personnel, 1. To discuss and consider prospective candidates for employment, assignment, appointment, performance, demotion, salaries, disciplining or resignation of employees of the public body; Code of Virginia Section 2.2-3711 Paragraph (A) (6): investment of public funds, 4. To discuss various Inter-municipal and other agreements, 5. To consider possible impacts of proposed annexation; Code of Virginia Section 2.2-3711 Paragraph (A) (7): legal advice, 6. To discuss potential litigation, 7. To discuss various Inter-municipal and other agreements, 8. To discuss potential contract litigation. In addition to the Board, the presence of Mr. Mark Lawson, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager was requested. A second to the Motion of Closed Meeting was made by Mr. Coleman and was approved by Board vote of 7-0-0-0. The Board adjourned to Closed Meeting at 8:01 PM.

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. Stout and approved by Board vote of 7-0-0-0. The Board returned from Closed Meeting at 9:34 PM. Mr. Stephon read the following:

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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.

25. Late Items

Late Item #1: Boards Consideration of a Letter from a Customer Mr. Cornett

Mr. Cornett reminded the Board of the Joint Utilities Meeting scheduled Monday at 4:00 PM while handing out the letter to the Board.

Mr. Cornett then referred to the letter stating Mr. Chase received the letter asking for Board consideration. Mr. Cornett said he would like to provide the Board with a letter or a report by the July meeting detailing information that may enable them to make a decision on the request. Mr. Chase asked Mr.

Cornett to respond to the letter, letting the individual know we were considering the request.

Late Item #2: Consideration of the General Manager's Employment Agreement for Robbie Cornett. Mr. Chase

Mr. Stephon motioned to approve the General Manager's Employment Agreement for Mr. Cornett. Mr. Stout seconded the motion and the Board approved voting 7-0-0-0.

Late Item #2: Reappointment of Board Members Mr. Stout

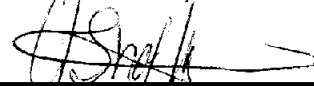
Mr. Stout asked when the Board of Commissioners would be notified of their appointments on the WCSA Board. Mr. Lawson asked if there was ever a case where an appointment was not made. Mr. Cornett said that has not happened to his knowledge. Mr. Cornett added, in some cases the Board of Supervisors may not get a commitment form a member until the last minute.

26. Adjourn or Recess

At 9:44 PM, Mr. Stout motioned to Adjourn. Mr. Miller seconded the motion and the Board voted 7-0-0-0 approving the motion.



Mr. Joe Chase, Chairman



Carol Ann Shaffer, Assistant Secretary

Washington County Service Authority

RESOLUTION

WHEREAS, effective July 1, 2012, the Virginia General Assembly is amending Code of Virginia Section 15.2-2119 pertaining to fees and charges for water and sewer services, and 15.2-5139 pertaining to lien for charges for water and sewer services; and

WHEREAS, in light of said amendments, the Board of Commissioners of Washington County Service Authority wants to provide timely guidance to Authority staff and to Authority customers about Authority policy with respect to liens for charges related to water and sewer services provided by the Authority;

NOW, THEREFORE, the Board of Commissioners adopts the following:

POLICY REGARDING LIENS FOR WATER AND SEWER SERVICES
PROVIDED TO LESSEE OR TENANT
BY WASHINGTON COUNTY SERVICE AUTHORITY

I. General Policy as to Fees and Charges.

A. Fees and charges may be charged to and collected from

- (1) any person contracting for the same, or
- (2) the owner who is the occupant of the real property or where a single meter serves multiple units, or
- (3) a lessee or tenant, provided that the lessee or tenant has written authorization from the owner of the real property to obtain in the name of such lessee or tenant service for water, sewer, or both with such fees and charges applicable for any such services. For purposes of this section, authorization may be electronic or hard copy substantially in the form as follows:

DATE

Washington County Service Authority
25122 Regal Drive
Abingdon, Virginia 24211

RE: [INSERT FULL TENANT NAME AND ADDRESS]

To Whom It May Concern:

[INSERT TENANT NAME] has entered into a lease for the real property located at [INSERT ADDRESS] and is authorized to obtain services at this address as a tenant of [INSERT REAL PROPERTY OWNER NAME].

Signed: _____
REAL PROPERTY OWNER

Nothing contained in Section I.(A)(3) shall be construed to authorize the Authority to

require (i) the owner of the real property to put water and sewer services in the name of the owner, except in the case where a single meter serves multiple tenant units, or (ii) a security deposit or a guarantee of payment from an owner of real property.

II. Security Deposit for Lessee or Tenant. With respect to water and sewer services requested by a lessee or tenant, the Authority shall collect a security deposit from the lessee or tenant as reasonably determined by the Authority to be sufficient to collateralize the locality for not less than three and no more than five months of water and sewer charges. The Authority shall not require a security deposit from a lessee or tenant to obtain water and sewer services in the name of such lessee or tenant if such lessee or tenant presents to the Authority a landlord authorization letter which has valid attached documentation showing such lessee or tenant receives need-based local, state, or federal rental assistance, and the absence of a security deposit shall not prevent a locality from exercising its lien rights as authorized in this policy.

III. Denial of Service for Non-Payment of Fees and Charges. If the fees and charges charged for water service or the use and services of the sewage disposal system by or in connection with any real property are not paid when due, a penalty and interest shall at that time be owed as provided for by Authority policy. If the owner of the real property, lessee, or tenant does not pay the full amount of charges, penalty, and interest for water provided within two months thereafter, the Authority shall cease supplying water and sewage disposal services thereto unless the Virginia Health Department certifies that shutting off the water will endanger the health of the occupants of the premises or the health of others.

IV. No Denial of Service Because of Prior Lessee or Tenant; Information Provided to Owner. Unless a lien has been recorded against the real property owner as provided herein, the Authority shall not deny service to a new tenant who is requesting service at a particular real property address based upon the fact that a former tenant has not paid any outstanding fees and charges for the use and services in the name of the former previous tenant. In addition, the Authority shall provide information (such as a forwarding address and telephone number, if known) relative to a former tenant or current tenant to the real property owner upon request of the real property owner. The Authority shall not provide Social security numbers of tenants to the real property owner. If the real property owner provides the Authority a request to be notified of a tenant's delinquent water bill and provides an email address, the Authority shall send the real property owner notice when a tenant's water bill has become 15 days delinquent.

V. Notice to Owner of Real Property that Lien May be Recorded for Fees and Charges of Lessees or Tenants. Upon receipt of the written authorization provided pursuant to Section I(A)(3) above, the Authority shall advise the owner of the real property in writing that a lien may be placed on the real property if the lessee or tenant fails to pay any delinquent water and sewer fees and charges.

VI. Non-Payment of Fees and Charges; Denial of Service; Lien. In the case of services to a lessee or tenant, the Authority shall cease supplying water to the lessee or tenant 60 days after the bill becomes delinquent, unless water is required to be provided pursuant to Section III above or other applicable law. The Authority may place a lien on the real property in the amount of up to three months of delinquent water and sewer charges, any applicable penalties and interest on

such delinquent charges, and reasonable attorney fees and other costs of collection not exceeding 20 percent of such delinquent charges; provided, however, that if the Authority fails to turn off services to a lessee or tenant 60 days after the bill becomes delinquent, it shall have no recourse against the real property owner, and it shall not place a lien against the real property, and the Authority shall have no recourse against the real property owner, for charges and collection costs beyond the 60-day period, inclusive of granted payment extensions. In no event shall the Authority place a lien against the real property for less than \$25.

VII. Application of the Deposit Paid by Lessee or Tenant; Notice to Owner of Real property of Remaining Balance. The Authority shall apply to any fees and charges owed by a lessee or tenant any deposit that lessee or tenant paid to the Authority pursuant to Section II above. The Authority shall provide notice to the owner by first-class mail, or send electronically if requested by the owner, at the address listed in the written authorization provided for in Section I(A)(3) above (or at such other address as the owner may provide), a duplicate copy of the final bill sent to the lessee or tenant, showing the application of said deposit, at the time of sending the final bill to such lessee or tenant.

VIII. Reasonable Collection Efforts. After providing the notice required by Section VII above, the Authority shall undertake reasonable collection efforts and practices to collect amounts due from a lessee or a tenant including filing for the Set-Off Debt Collection Program.

IX. Notice to Owner of Failed Collection Efforts. If the deposit and reasonable collection efforts fail to recover from a lessee or tenant the fees and charges referred to in Section VI above, the Authority shall provide notice of such failure to the owner of the real property and advise that the owner that to avoid recordation of a lien upon the real property, the owner must within 30 days pay the outstanding balance. If the owner fails to pay the amount of the outstanding balance within the 30-day period, the Authority may record a lien in the amount of the outstanding balance against the real property owner. Upon payment of the outstanding balance, or any portion thereof, or of any amounts of such fees and charges owed by the former tenant, the real property owner shall be entitled to receive any refunds and shall be subrogated against the former tenant in place of the Authority in the amount paid by the real property owner. The Authority shall execute all documents necessary to perfect such subrogation in favor of the real property owner.

X. Discharge of Lien. The lien on the owner's real property may be discharged by the payment to the Authority of the total lien amount and the interest which has accrued to the date of the payment. The Authority shall deliver a fully executed lien release substantially in the form set forth in this section to the person making the payment. The Authority shall provide the fully executed lien release to the person who made payment within 10 business days of such payment if the person who made such payment did not personally appear at the time of such payment. Upon presentation of such lien release, the Clerk of Court is to mark the lien satisfied. There should be no separate Clerk's fee for such lien release. For purposes of this section, a lien release of the water and sewer lien substantially in the form as follows shall be sufficient compliance with this section:

Prepared By and When: _____

Recorded Return to: _____
Tax Parcel/GPIN Number: _____

CERTIFICATE OF RELEASE OF WATER AND SEWER SERVICE LIEN
Pursuant to Va. Code Annotated § 15.2-2119 (L), this release is exempt from recordation fees.

Date Lien Recorded: _____
Instrument Deed Book No.: _____
Grantee for Index Purposes: _____

Claim Asserted: Delinquent water and sewer service charges in the amount of \$_____.

Description of Real property: [Insert name of real property owner and tax map parcel/GPIN Number]

The above-mentioned lien is hereby released.

BY: _____
TITLE: _____

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF WASHINGTON, to-wit:

Acknowledged, subscribed, and sworn to before me this ____ day of _____, by _____ as _____ of on behalf of Washington County Service Authority.

Notary Public

My commission expires: _____
Notary Registration Number: _____

XI. The lien provided by this policy shall not bind or affect a subsequent bona fide purchaser of the real property for valuable consideration without actual notice of the lien until the amount of such delinquent charges is entered in the official records of the office of the Clerk of the Circuit Court in the jurisdiction in which the real property is located. The Clerk shall make and index the entries in the Clerk's official records for a fee of \$5 per entry, to be paid by the Authority and added to the amount of the lien.

VOTE BY BOARD OF COMMISSIONERS:

Motion by: Mr. Stephen

Seconded by: Mr. Stout

Aye 7 Nay 0 Absent 0

This 25 day of June 2012

Joe Chase
Joe Chase, Chairman

Attest:

Carol Ann Shaffer
Carol Ann Shaffer, Assistant Secretary/Treasurer