

**Washington County Service Authority Board of Commissioners
May 21, 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
Mr. Prince Coleman
Mr. Devere Hutchinson
Mr. Kenneth Taylor
Mr. Frank Stephon, IV

Commissioners Absent:

Mr. Dwain Miller

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:

Bobby Lane, PE, The Lane Group, Inc.
Kevin Heath, PE, Adams-Heath Engineering
Bill Skeen, Maxim Engineering

Also Present:

Mrs. Dawn Figueiras, General Counsel
WCSA Employees

3. Approval of the Agenda

Mr. Cornett had no corrections or additions to the agenda. Mr. Taylor motioned to approve the Agenda, Mr. Stout 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: March 26, 2012 Regular Meeting; April 17, 2012 Special Called Meeting; April 17, 2012 Regular Meeting.
- Routine Reports for April 2012.
- Financial Statement for April 2012.
- Check Register and General Manager Financial Report for April 2012.

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

6. Engineer's Report and Update

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 that water plant construction was on schedule. Even though TLG is working through some issues, they do expect that project to finish on schedule. TLG began discussions with WCSA Staff and the contractor concerning the use of remaining contingency funds once the project is finished.

Mr. Lane then reported on the Raw Water Intake saying the contractor was not able to finish his work in the lake and will not be able to complete his portion of the project by the July 8th contract deadline. The contractor has submitted a detailed recovery plan on how he intends to complete the intake by early 2013. TLG met with WCSA Staff and Legal Counsel regarding the contingency plan submitted by the contractor. Mr. Lawson is preparing a letter of response to be sent to the contractor. TLG feels the plan submitted by the contractor is in order and is

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feasible as they have several contingencies in place to offset the unexpected. One of those contingencies is to maintain two boring machines on site in the event one is inoperable.

Mr. Lane said the contractor was able to re-grade the area according to the property owners desires at the Raw Water Line. With the exception of some final clean-up items, this project is almost complete, added Mr. Lane.

Bristol Area Water Restructuring Project

Mr. Lane reported that the contractor lacks installation of about 2000 feet of 8 inch water line. There is also more work to be completed at Robinson Market and line extensions to be installed at Terrace Avenue. Crosspointe is to be finished in September, but expects to finish before then.

- **Exit 13 Wastewater Project**

Mr. Lane said this project continues to move along well. The pump station is about 40% complete and Mendon Pipeline is about 88% complete. Mr. Lane said Mendon was doing an excellent job and Ramey was moving along nicely on the project.

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

Mr. Lane reported bids for this project have been opened and will be discussed as an agenda item later in the meeting.

- **Galvanized Line Replacement Project**

Mr. Lane stated Classic City was close to completion, only lacking some paving. Boring contractors continue their work in Abingdon and are about 75% complete. There is a change order to be addressed later in the meeting allowing the contractor more time to complete additional line work for the project.

- **Oak Park Sewer Project**

According to Mr. Lane, the aerial photography has been completed and the preliminary design is nearing completion. The project is on schedule to be advertised in July 2012.

- **Reedy Creek Water System**

Mr. Lane said there were several issues with Division 1 construction. We are working hard with the contractor to ensure they are in compliance with VDOT and OSHA guidelines.

Mr. Bill Skeen of Maxim Engineering

Mr. Skeen expressed his gratitude to the Board and Staff for giving Maxim Engineering the opportunity to provide engineering services to WCSA.

- **Tumbling Creek South Water Project**

Mr. Skeen explained this water line extension project consists of approximately 3,000 feet of 4 inch water line and will serve five new water customers. This project is being funded by the Virginia Department of Health's Water Supply Revolving Loan.

- **North Fork River Road Water Project**

Mr. Skeen said this water line extension project consists of approximately 1,400 feet of 4 inch water line and will serve four new customers. It will connect to the Tumbling Creek South Project. This project is being funded by the Virginia Department of Health's Water Supply Assistance Grant Fund.

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

- **Whites Mill**

Mr. Heath reported there has been no active construction in the past month as we are still trying to get to the point of close out with the open contract before starting new work there. Tipton is

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working on remaining punch list items for that project. Mr. Heath expects to have a final close-out change order available to the Board by the June Board Meeting.

- **Abingdon Storage Tank Study**

Mr. Heath said they have received the field report from the tank inspection. We are now working on a draft study to have available for Board review in the near future.

- **Green Spring Water Line Replacement**

Mr. Heath reported plans have been submitted to the Health Department and other permitting agencies. We have received Health Department approval on all the plans and are waiting on the appropriate permits for the project.

- **Route 58 Water Supply Improvements Project**

Letters needed for environmental clearance have been circulated, reported Mr. Heath. We have received all required clearances except those from the US Fish and Wildlife Service. The environmental document and updated PER will be complete when clearance is granted from the US Fish and Wildlife Service. Aerial mapping for the project has also been received.

Mrs. Helbert on behalf of Anderson and Associates:

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

Mrs. Helbert said user agreements have been sent out for Phase 2A. Thus far, we have received 19 off 44 user agreements for Phase 2A; 14 (32%) customers have committed and 5 (11%) have declined service. A meeting will take place tomorrow with Mr. Cozart, the owner of the trailer park. We have not sent out user agreements for Phase 3.

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

- **Sutherland Project**

We are ready to move forward with this project, stated Mrs. Helbert.

- **South Fork River Project**

Mrs. Helbert said construction was complete on this project. Mr. Osborne said it was now operational.

Mrs. Helbert then reported on the 6 DWSRF Projects; Rich Valley Road, Whites Mill Road, Red Fox Lane, Hillendale Road, Tumbling Creek South, North Fork Road at Tumbling Creek South and Nordike Road saying WCSA has decided to work with outside engineering firms on these projects instead of in-house engineering as first expected. Because of this, WCSA must submit a letter requesting funding for outside engineering services since it was not included in the original funding request. Mrs. Helbert asked permission to submit a letter requesting funding for outside engineering services. Mr. Cornett stated these projects were grant funded and encouraged to Board to allow WCSA request funds needed for engineering services and other services including RPR services for these projects, totaling approximately \$225,000. Mr. Taylor made a motion to allow WCSA Staff to request additional funding for the above listed projects. Mr. Stout seconded the motion and the Board approved voting 6-0-0-1.

8. General Manager's Report & Update *Robbie Cornett*

Mr. Cornett referred to his General Manager's report at the Board's stations. He reported on the following noteworthy WCSA performance & accomplishments from all departments during April:

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Water Production

- Produced over 193 million gallons of drinking water from WCSA and more than 26 million gallons of water for the Town of Abingdon.
- Continued coordination and support of the expansion of our Middle Fork Drinking Water Plant.

Distribution

- Due to the timing of our April meeting, the outside purchase of water for March was incomplete. We purchased 16,154,400 gallons in March and 16,531,500 gallons for the month of April.
- In total, 7.090 million gallons per day (MGD) of drinking water was distributed to our customers in March and 6.789 million gallons in April.

Meter Department

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

Customer Service

- \$4,950.80 was adapted for 25 customer water leaks.
- \$3,986.86 was written off as bad debt three years old.
- 14 water taps applied for.
- 3 wastewater taps applied for.
- 168 reconnections/transfers of service.
- 4,247 accounts with late charges added.
- 1,039 disconnect notices processed.
- 96 disconnects for non-payment.

Maintenance

- 29 leaks.
- 5 major breaks repaired.
- 9 water taps.

- 2 wastewater taps.
- 53 after hour maintenance call-outs.
- Assisting Galvanized Line and Reedy Creek Road contractors with mainline taps and ongoing prospecting.

Wastewater

- Treated more than 11 million gallons of wastewater.

Administrative Items

- On May 7, 2012 I represented WCSA at the Washington County Joint Utilities Committee Meeting and made a presentation regarding the assignment of the 1993 Sewer Agreement between Washington County and the City of Bristol to WCSA. Unanimously, the Committee took action to recommend to the Board of Supervisors that they assign the agreement to WCSA. Tomorrow evening on behalf of WCSA, I am to formally request the Board of Supervisors consider the assignment.
- On April 23, 2012 I represented WCSA at the Annual Virginia Water and Waste Authorities Association meeting. Among other things, the annual meeting involved a final legislative update concerning legislation that impacts Authorities and in particular it addressed revisions to our lien rights. Our goal is to propose amendments to WCSA policy and procedure that will ensure we do not forfeit our lien rights whether we chose to use liens as a means of collections or not; currently we do not collect bad debt using liens. Finally, after being elected to fulfill a vacant Board of Directors position a year ago, I was reelected to a 3 year term on the 8 member Board of Directors of the Association.

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- April Helbert, Mark Osborne, Dawn Figueiras and I attended the Design Build Institute of America's annual conference the week of April 23rd. We found the conference informative in furthering our consideration of this project delivery method. Currently, we continue to explore this avenue and plan to report to the Board when we have sufficient information to make a recommendation.
- On April 30, 2012 Mr. Chase, Mr. Miller and I met with the Washington County Economic Development Committee (EDC) concerning the water connection fee for new industry at Oak and Highlands Business Park; sewer capacity needs have already been addressed through prior agreements, The EDC members are Joe Straten, Dulcie Mumpower, Lucy Phillips, Henry Snodgrass, John Roberts, Christy Parker and Joe Lyle. For more than 3 hours, information was presented concerning the WCSA connection fee such as the basis for the fee, why WCSA believes this is the best long-term option, how we compare (rates, size, CIP, available capacity etc) to other southwest Virginia utilities, how Washington County compares (population change, building permit issuances etc) to other southwest Virginia localities and the like. Based on feedback from some members, it appears that they now have a better understanding of what the fee actually pays for and that appeared to make a difference. More specifically, one member commented that they thought our connection fee was a "system replacement fee" and therefore was being used to

"replace" existing infrastructure. If nothing else, this meeting seemed to overcome that misconception. From my perspective, the meeting was productive and concluded with review of at least 5 possible options for addressing the connection fee for new industry. We are following-up on some action items and plan to coordinate a second meeting soon.

- April resulted in no changes to the nonresidential connection fees that are *pending* or *paid* in our water systems for the current fiscal year.

9. Consideration of an Engineering Agreement Between WCSA and The Lane Group for the Sewer Use Regulation Update and Industrial/Commercial Pretreatment Program Development April Helbert and Bobby Lane

Mrs. Helbert addressed the Board saying this agreement provides for the development of an Industrial/Commercial Pretreatment Program which includes revised out of date WCSA Sewer Use Rules and Regulations and the development of various Industrial/Commercial Pretreatment Program Documents. It also provides the draft of a Sewer Use Ordinance for consideration by Washington County, which would update the out of date ordinance now in place. Also included is a review and recommendation concerning Local Limits for those WCSA customers whose ultimate discharge to the Town of Abingdon's Wolf Creek Water Reclamation Facility or WCSA's Hall Creek Wastewater Facility. Additionally, the agreement allows for additional tasks to be added as identified by WCSA. These additional tasks listed in Section 1.9 of the Agreement will be brought

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back to the Board for approval if it is decided that they are needed. This Engineering Agreement is not to exceed \$38,340. WCSA Legal Counsel has reviewed, commented and approved this agreement. Mr. Stout motioned to approve the Engineering Agreement between WCSA and The Lane Group for the Sewer Use Regulation Update and Industrial/Commercial Pretreatment Program Development. Mr. Hutchinson seconded the motion and the Board approved voting 6-0-0-1.

10. Consideration of the Exit 13 Force Main Sewer Project Construction Bids
Bobby Lane

Mr. Lane said on Thursday, May 3, 2012, TLG opened bids for the Exit 13 Force Main Sewer Project. TLG received 9 bids for the project. The low bidder was S.B. Construction at \$1,124,150, the second low bid was submitted by Little B Enterprises and the third low bidder was Mendon Pipeline. Mr. Lane recommend the Board grant Mr. Cornett the authority to execute the Notice of Award pending approval by the Department of Environmental Quality and WCSA Legal Counsel. Mr. Taylor motioned to approve the low bid and grant Mr. Cornett the authority to execute the Notice of Award pending approval from the Department of Environmental Quality and WCSA Legal Counsel. Mr. Coleman seconded the motion and the Board approved with a vote of 6-0-0-1.

Mr. Lane then referred the Board to the proposed budget for the project. TLG estimates the total construction budget for the project to be \$1.3 million. Funds remaining from another project were able to be transferred to this project making the ending budget about \$1.6 million. This budget was submitted to

DEQ for approval. TLG did add monies for administration, advertising, inspection, additional engineering costs, equipment and preliminary design in the budget. Mr. Lane asked the Board to adopt the proposed budget pending DEQ approval. Mr. Hutchinson motioned to adopt the proposed Exit 13 Force Main Sewer Project budget pending DEQ approval. Mr. Stephon seconded the motion, followed by Board approval vote of 6-0-0-1.

Mr. Lane added the time line of this project coordinates with the completion of the Exit 13 Project now under construction. That was a concern of the funding agencies to get the projects completed simultaneously in order to have a complete system.

11. Consideration of a Bond Resolution for the Exit 13 Force Main Sewer Project
Kim Harold

Mrs. Harold said WCSA received prior DEQ funding for this project by reallocating DEQ funding for the project at Lowery Hills Subdivision. The terms of this commitment are \$1.6 million to be paid back in 20 years at 1% interest. Mrs. Harold referred the Board to page 2, saying the Bond Counsel corrected the "interest rate from no less than 5%" to "shall not exceed 1%", as per our request. Mrs. Harold then quoted the Bond Resolution; "the final maturity of the Bond shall be no later than 24 years from its delivery date" saying, WCSA confirmed with Bond Counsel that "24 years from its delivery date" is the Bond Issuance date, allowing WCSA ample time for the project to be constructed and the loan to be paid off within those terms.

Mr. Taylor motioned to approve the Consideration of a Bond Resolution for the Exit 13 Force Main Sewer Project.

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Mr. Stout seconded and the Board approved voting 6-0-0-1.

12. Consideration of Chemical Bids
Kim Harold

Mrs. Harold referred to the Chemical Bid Tabulation sheet at the Board's stations. She then recommended the Board approve the following chemical bids:

Specialty Chemical for Liquid Caustic Soda – 55 gallon drum; Sodium Hypochlorite – 450 gallon; Liquid Caustic Soda – 1000 gallon; Sodium Hypochlorite – 1500 gallon; Sulfuric Acid.

Brenntag for Orthopolyphosphate; Sodium Thiosulfate.

Chemrite for Dechlorination Tabs.

F2 Industries for Sodium Permanganate.

JCI Jones for Liquid Chroline 28,000 lbs and 70,000 lbs; Sulfer Dioxide.

Univar for Granular Sodium Floride.

Mr. Stephon motioned to approve the recommended chemical bids, Mr. Hutchinson seconded and the Board approved with a vote of 6-0-0-1.

13. Consideration of Bids for Sludge Removal
Kim Harold

Mrs. Harold referred to the Sludge Removal Bids sheet in the Board Books. She recommended the Board approve the low bidder, Robert Montgomery for sludge removal and disposal.

Mr. Stout motioned to approve Robert Montgomery, Mr. Coleman seconded and the Board approved voting 6-0-0-1.

14. Consideration of Fuel Bids
Kim Harold

Mr. Harold reviewed the fuel bids. She stating Addington Oil was the low bidder for gasoline at \$.0975 over rack and Buck Oil was the low bidder for Diesel at \$.09 over rack. Mrs. Harold

recommended the Board approve Addington Oil for gasoline and Buck Fuel for diesel. Mr. Taylor asked if it would be more advantageous to the authority to have only one company provide both gas and diesel services since the bids were so close. Mrs. Figueiras addressed the Board saying since the bids were based on price only, the low bid would have to be approved.

Mr. Stout motioned to approve Addington Oil for gas services and Buck Oil for diesel services. Mr. Stephon seconded the motion and the Board approved voting 6-0-0-1.

15. Consideration of Lawn Care Services Proposals
Kim Harold

Mrs. Harold referred to the Lawn Care Services Bid sheet located in the Board Books. Chris Kestner and Russell Minetree were the two low bidders for lawn care services, however they do not meet insurance requirements for WCSA lawn specifications. Due to this fact, Mrs. Harold recommended the Board approve J&B Complete Janitorial & Lawn to provide lawn care services for WCSA.

Mr. Stephon asked if there had been any issues with J&B. Mr. Cornett said there have been concerns regarding their performance. We have talked to them and written to them about those concerns. We have found that J&B were responsive to our calls and writings addressing those concerns, and we continue to monitoring them. Since they have corrected some issues, at this time, we would consider them to be responsive to our concerns.

Mr. Coleman motioned to approve J&B Complete Janitorial & Lawn for lawn care services. Mr. Stout seconded the motion and the Board approved voting 6-0-0-1.

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16. Consideration of a Banking Resolution Authorizing Customer Service Manager Holly Edwards be Added and Jenny Manuel be Removed as Authorized Agents *Kim Harold*

Normally, a corporation's Treasurer and Controller would be included on the resolution authorizing endorsement of checks and other instruments, said Mrs. Harold. Additionally, enough other persons should also be included so as to ensure that the Authority can conduct the necessary routine business. Presently, the following people are authorized to sign checks: the Chairman, Vice Chairman, the Controller, General Manager, and former Customer Service Manager; Jenny Manuel. I propose we remove Jenny Manuel and add new Customer Service Manager Holly Edwards to the resolution as authorized agents. I further propose that the other agents remain the same, Mrs. Harold added. I also propose the Board limit two persons the authority to open new accounts, borrow money and obtain safe deposit boxes, as before. I recommend the Board retain Robbie Cornett (General Manager) and Kimberly Harold (Controller) be the two persons to be included on the HUB resolution for item # 1, #2, #4 and #6 (opening new accounts, borrowing money, safe deposit boxes and "all powers"), Mrs. Harold said. Mr. Chase asked if the only change this resolution authorizes is the removal of Jenny Manuel and the addition of Holly Edwards as authorized agents for WCSA. Mrs. Harold and Mr. Cornett said that was correct.

Mr. Hutchinson motioned to approve the Consideration of a Banking Resolution Authorizing Customer Service Manager Holly Edwards be Added and Jenny Manuel be Removed as Authorized

Agents. Mr. Stephon seconded this motion and the Board approve by vote of 6-0-0-1.

17. Consideration of Town of Damascus Wastewater System Rates *Robbie Cornett*

Mr. Cornett began by reminding the Board of the Damascus sewer rates saying, you will recall that sewer rates charged by the Town within its corporate limits are less than WCSA rates and more importantly, less than are needed for the Town or WCSA to operate and maintain the system. For that reason, the study performed by the Lane Group recommended increasing the Town rates, regardless of ownership, to WCSA levels. In preparation for becoming the owner and operator of the system, we must first consider and adopt "preliminary" rates for the customers serviced by the system and later conduct a public hearing before finally adopting rates. Mr. Cornett continued saying, enclosed for you review is an addendum to the earlier Rate Equalization Plan provided by the Lane Group as part of the study. Summarized, rates for these customers would be equal with WCSA rates over a period of five years. He continued, stating if the Board approves these rates, we plan to advertize our public hearing no later than Friday, May 25, 2012 and for a second time on or before Friday, June 1, 2012. The earliest we can conduct the public hearing is sixty days after the second advertisement, therefore, we plan to conduct the public hearing on August 27, 2012. August 27, 2012 is the same day as our regular board meeting. The preliminary rates Mr. Cornett is asking the Board to approve are found on Table I, the In-Town Residential Rate; Table 2, the In-Town Commercial and Industrial

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Rate; Table 3, the Out-of-Town Residential Rate; Table 4, the Out-of-Town Commercial and Industrial Rate, as well as the addendum.

Mr. Hutchinson motioned to approve the preliminary rates for the Town of Damascus Wastewater System. Mr. Stout seconded and the Board approved voting 6-0-0-1.

18. Consideration of a General Engineering Services Agreement Between WCSA and Adams Heath Engineering April Helbert and Kevin Heath

Mrs. Helbert began saying, from time to time, WCSA has a need for engineering services for smaller projects. These range from a simple hydraulic calculation to more complex issues that arise. WCSA has selected Adams Heath Engineering (AHE) as one of the firms to provide a range of engineering services for water and sewer services as needed. In accordance with the Virginia Public Procurement Act, General Engineering Services Agreements have a limit of \$100,000 total engineering fees for any one project and the annual total for the contract cannot exceed \$500,000. Approving this agreement does not mean the Board has no further approval of engineering fees related to any "notable" project. If the project is simple and only involves simple hydraulic calculations, the Staff with the approval of the General Manager can authorize them. If the project is more complex and results in a new Task Order, Task Orders must be brought back to the Board for approval. WCSA Staff negotiated the agreement with AHE over the past month. WCSA Legal Counsel has reviewed, commented and approved this agreement. Mr. Heath offered his

appreciation for being selected to support WCSA with engineering needs. Mr. Stout motioned to approve the General Engineering Services Agreement between WCSA and Adams Heath Engineering. The motion was seconded by Mr. Stephon and given Board approval with a vote of 6-0-0-1.

19. Consideration of Engineering Service Agreements Between WCSA and Adams Heath Engineering for Rich Valley Whites Mill Road, Red Fox Lane and Hillandale Road Water System Extension Projects April Helbert and Kevin Heath

Mrs. Helbert said Mr. Heath completed an engineering agreement for Rich Valley Road/Whites Mill Road Water, Hillandale Road and Red Fox Lane Water System Extension Projects. Rich Valley Road/Whites Mill Road Project was funded by a loan from VDH-DWSRF in the amount of \$1,394,102. We received a grant for \$56,950 for the Hillandale Project. A grant for Red Fox Lane was received in the amount of \$59,790. The total engineering fees for all three projects is \$93,000; \$78,000 for the Rich Valley Road/Whites Mill Road Project; \$7,500 for the Red Fox Lane Project and \$7,500 for the Hillandale Project. RPR services are estimated to be \$80,000 for the Rich Valley Road/Whites Mill Road Project. This engineering agreement does assume that WCSA will provide RPR services for the Red Fox Lane and Hillandale Projects. There is a small amount of potential engineering fees of \$6,300 for the three projects.

Mr. Stephon made a motion to approve the Engineering Service Agreements between WCSA and Adams Heath Engineering for Rich Valley Whites Mill Road, Red Fox Lane and Hillandale

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Road Water System Extension Projects. Mr. Stout seconded the motion and the Board approved voting 6-0-0-1.

20. Consideration of Task Order #1 to the General Engineering Services Agreement Between WCSA and The Lane Group April Helbert and Bobby Lane

Mrs. Helbert said this was the first task order under the General Engineering Agreement approved last month between WCSA and The Lane Group. This task order is for work that has already been completed consists of assistance in working with an existing WCSA customer, MXI, and their proposed discharge to the Hall Creek Wastewater Treatment Plant. The amount of this task order is \$12,750.

Mr. Hutchinson motioned to approve Task Order #1 to the General Engineering Services Agreement between WCSA and The Lane Group. Mr. Coleman seconded the motion and the Board approved voting 6-0-0-1.

21. Consideration of a General Engineering Services Agreement Between WCSA and Maxim Engineering April Helbert and Bill Skeen

Mrs. Helbert explained this agreement was the same as the engineering agreements with Adams Heath engineering discussed earlier. We chose three engineering firms to assist in general engineering services, The Lane Group, Adams Heath Engineering and Maxim Engineering; this is the final agreement to be approved.

Mr. Hutchinson motioned to approve the General Engineering Services Agreement between WCSA and Maxim Engineering. Mr. Stout seconded and the Board approved with a vote of 6-0-0-1.

22. Consideration of a Task Orders M-1 and M-2 to the General Engineering Services Agreement Between WCSA and Maxim Engineering April Helbert and Bill Skeen

Mrs. Helbert discussed Task Order M-1 for the extension of our water system for the Tumbling Creek South Water Project. Task Order M-2 is for the extension of water service for the North Fork River Road at Tumbling Creek South Water Project. Tumbling Creek South was funded by a loan in the amount of \$72,911. North Fork River Road at Tumbling Creek South was funded by a grant in the amount of \$100,980. Engineering fees for basic services is proposed at \$12,000 for each project and RPR services are \$8,000 for each project. Tumbling Creek South has a joint permit application fee of \$2,000.

Mr. Hutchinson motioned to approve the Task Orders M-1 and M-2 to the General Engineering Services Agreement between WCSA and Maxim Engineering. Mr. Stout seconded the motion and the Board approved voting 6-0-0-1.

23. Consideration of Galvanized Water Line Replacement, Phase 1, Division 3—Charge Order #2 Bobby Lane

Mr. Lane said this change order provides 52 days for service line installation for the relocated meters, and provides for 35 days for additional line installation, adding a total of 87 days to the Galvanized Water Line Replacement Project. This is a no cost change order but simply increases the number of days for line installation.

Mr. Taylor motioned to approved Galvanized Water Line Replacement, Phase 1, Division 3—Charge Order #2.

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Mr. Stephon seconded the motion and the Board approved voting 6-0-0-1.

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. In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager was requested. A second to the Motion of Closed Meeting was made by Mr. Hutchinson and was approved by Board vote of 6-0-0-1. The Board adjourned to Closed Meeting at 8:15 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. Hutchinson and approved by Board vote of 6-0-0-1. The Board returned from Closed Meeting at 9:52 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. 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: Discussion of User Agreements *Mr. Hutchinson*

Mr. Hutchinson initiated the discussion regarding user agreements. He stated WCSA voted a few months ago to require 75% instead of 50% user agreement commitment from residence in order to install water and or sewer service to a community.

He said he understood the financial aspect of the 75% user agreement commitment was to reduce the cost of installation for the community. The primary reason I took this position was to provide service in areas of the community for ht majority of the residence that wanted service, said Mr. Hutchinson. By requiring 75% committal, we allow the minority dictate for the majority of the community. I would like to see a 55% or 60% required user agreement committal to make it easier to provide service to communities that needs it. I would like to see the Board reconsider the required 75% user agreement committal to at least a 55% or 60% required commitment.

Mr. Cornett said if it would be the Boards pleasure to revisit the

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participation levels for water and sewer extension projects, we can go back to the starting point and review the data that was used to formulate the numbers we have now. I think the Board's decision in August of 2011 was based on more than just the 75% but also the cost per connection. The average cost per connection for WCSA was \$38,000. There was a direct correlation between the cost per connection for a project and our connection fee which we were so heavily scrutinized over. It is difficult to continue to do projects that are so costly and being scrutinized for spreading that cost to everyone in the system. If it is the Board's pleasure to revisit this, we would be happy to do so. The average cost per connection for water was \$38,000 and \$36,000 for sewer.

Mr. Hutchinson then said he understood the financial aspect of the 75% required user agreement, but the primary thing the Board needs to consider is what the majority of the people want. We have a small handful that prevents us from providing service to the community, said Mr. Hutchinson. My focus has been to support projects for those who so desperately need service. I don't want to get in a situation where the minority dictates for the majority of people. Mr. Hutchinson went on to say, I think we should at least revisit the issue and see if there are other options we can take to reduce the required 75% user agreement. Mr. Chase said the Board could revisit this issue to see if it would be financially feasible. The Board agreed to revisit this issue in the future.

Late Item #2: Percent Benefits and Compensation Total in the Operation Budget Mrs. Harold

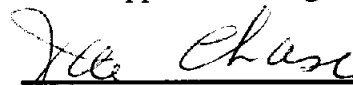
Mrs. Harold said at the last Budget Work Session, the Board asked what percentage of the operating budget

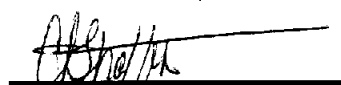
benefits and compensation totaled. Mrs. Harold referred to the information at the Board's stations. Benefits totaled 12.89% and compensation totaled 27.69%, (combined 40.58%) of our operating budget for the 2012 to 2013 year. For the 2011 to 2012 year, our current year, benefits total 12.06% and compensation is 28.27% (combined 40.33%) of the operation budget. According to the Society for Human Resource Management, depending on your sector of the business "you may spend between 40% to 80% of gross revenues on employee salaries and benefits combined. Salaries alone can account for 18% to 52% of your operating budget". Mrs. Harold noticed in researching this information, the better our expenditures and the more cost savings we have, the worse our percentage of compensation and benefits looks. Mr. Cornett said WCSA has documented since 1998, in excess of a million dollars a year in cost savings. The more we do to improve our operation budget, the worse it makes us look in terms of this ratio.

Mrs. Harold asked if the Board would like to have another Budget Work Session before the June Board Meeting. The Board declined having another Budget Work Session.

26. Adjourn or Recess

At 10:12 PM, Mr. Stephon motioned to Adjourn until Monday, June 4, 2012 for the Public Hearing at 7:00 PM. Mr. Taylor seconded the motioned and the Board approved voting 6-0-0-1.


Mr. Joe Chase, Chairman


Carol Ann Shaffer, Assistant Secretary