

**Washington County Service Authority Board of Commissioners  
June 23, 2008 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:00 PM.

**ROLL CALL**

Commissioners Present:

- Mr. Gerald Cole, Chairman
- Mr. Sam Blaylock
- Mr. Scott Rector, Vice-Chairman
- Mr. Joe Chase
- Mr. Frank Stephon, IV
- Mr. D.L. Stout
- Mr. Daniel Reynolds

Commissioners Absent

None

Staff Present:

- Robbie Cornett, General Manager
- Kim Roberts, Controller
- Ella Ratcliffe, Information Systems Manager
- Mark Osborne, Engineer in Training

Consultants Present:

- Bill Aden, PE, Draper Aden Associates
- Randall Hancock, PE, Draper Aden Associates
- Matthew Lane, PE, Lane Engineering
- Kevin Heath, Adams Heath Engineering

Also Present:

- Mrs. Dawn Figueiras, General Counsel
- Mr. Ron Bostic, Bostic and Tucker
- WCSA Employees

**3. Public Query and Comments**

None

**4. Approval of Agenda**

Mr. Cornett stated that he had no changes to the agenda. A motion was made by Mr. Stout to approve the agenda. Mr. Stout's motion was seconded by Mr. Stephon and approved by a unanimous vote.

**5. Consent Agenda**

- Minutes from May 19th, 2008
- Routine Reports for May 2008
- Financial Statements for April 2008
- Check Register ending 05/30/08

**Items removed from Consent Agenda**

Mr. Cornett had no additions or corrections to the Consent Agenda.

Mr. Chase made a motion to approve the Consent Agenda. Mr. Chase's motion was seconded by Mr. Stout. The motion was approved by a 7-0-0 vote.

**6. Engineer's Report and Update**

**Mr. Bill Aden and Mr. Randall Hancock with Draper-Aden reported on the following projects:**

**Sewer O & M Analysis**

Mr. Hancock stated that they had met with the WCSA staff, Rural Development, DHCD and the water control board and have received some additional funding on this project. During this meeting they had received some promising comments from Rural Development that they may be able to supply some additional grants in the amount of \$1.4 million plus be able to provide some loans.

**Glove Drive Waterline Improvements**

Mr. Hancock reported that they had received the comments back from the WCSA staff and they hoped to get plans to the Health department soon for approval.

**Route 58 Water Storage Facilities**

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Mr. Hancock reported that they had completed their final report and are continuing to revise the cost estimates. He said that it looked like they had come up with some substantial savings on the costs of the access road. They hoped to bring the final design of this project at the next meeting.

**Route 58/Watauga Road Waterline Improvements**

Mr. Hancock reported that this project is moving on very well. Mr. Hancock stated that Little B had installed approximately 11% of water line and Boring Contractors had installed around 38% of water line.

**Mr. Matthew Lane with Lane Engineering reported on the following projects:**

**Lime Hill/Walker Mountain Road Project**

Mr. Lane reported that the contract documents have been prepared and executed by the Contractor. He said that currently the WCSA staff and Lane Engineering had been reviewing the shop drawings for the project and hopefully will be able to approve a motion to proceed in the next week or so.

**Raw Water Intake and Water Treatment Plant Expansion**

Mr. Lane reported on Task Order #1- Interim Water Withdrawal Permit- that they had received approval for publication and they would be putting this in the paper soon and would be waiting for comments. Task Order #2 and Task Order #3 & 4 which is the Preliminary Engineering Report and Raw Water Intake and Water Treatment

Plant Expansion had a brainstorming session on June 2<sup>nd</sup>. He felt this session was a success and a lot of good ideas came from this meeting. He said that Technical Memorandum #5 was completed as of June 20<sup>th</sup>. Mr. Lane said that they had been on several Technology Tours and they had one left to do and everything was on schedule at this time.

**Mr. Kevin Heath reported on the following projects:**

**White's Mill Road**

Mr. Heath said that since the last meeting they had received the additional surveying for the tank site and they have completed the proposed plans and have submitted this to the Health Department and have received their approval. He stated that the geotechnical report had also been completed.

**Orchard Hill Road**

Mr. Heath said that the easement acquisition is still ongoing on this project by the WCSA staff.

**7. General Manager's Report and Update**

Mr. Cornett reported on the following:

**Significant Work**  
**Water Production**

- Produced 202,366,585 gallons of drinking water

**Distribution**

- Coordinated the outside purchase of 23,036,700 gallons of drinking water

**Meter Department**

- 124 customers were telephoned following unusually high usage
- 662 customers were notified that there water was to be turned off due to non-payment

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**Customer Service**

- \$2,887.90 was abated for 29 customer water leaks
- \$12,211.37 was written off as bad debt three years old (May 2005)

**Maintenance**

- 36 Leaks
- 4 major break
- 27 water taps
- 1 wastewater taps
- 49 after hours maintenance call-outs

**Wastewater**

- Treated 8,284,000 gallons of wastewater

**Construction in Progress**

- Wild Cherry Lane- WCSA is renting an excavator and rock hammer to excavate rock on this project. We have installed 3,400 feet of water line and are 40% complete.
- Rustic Lane- In order to eliminate a leaking water line that runs through an area resident's basement behind Builders Supermarket, WCSA is replacing about 1,200 feet of galvanized water line on Rustic Lane with 6" PVC line, installed one fire hydrant and moved 6 customers to the new line.

**Projects in Design or Pre-Construction Phase**

- Chestnut Mountain Road- WCSA continues to pursue properties for a pump station and hydro pneumatic tank.
- Mendota Road (Phase 1)- Both projects have been bid. At the end of this report we will be requesting that you award the Mendota project to the apparent low bidder, Tipton Construction.
- Denton Valley Road- Due to bid prices being in excess of the original estimated amount, we are currently evaluating alternatives for the Denton Valley project.

- Tumbling Creek Road- U S Fish and Wildlife finally contacted us last Friday to say that they should have comments by the end of the week. Once approval is received we plan to ask the Board to authorize us to advertise the project for bid.
- Fire Hydrants in Westwood- After discussions with interested WCSA staff, an alternative method were decided on to make progress with the project. We plan on dividing the project into separate project areas. WCSA has composed a letter and will be talking to potential "project champions" in the coming weeks.
- Fire Hydrants in Wolf Creek Estates- The fire hydrant in Wolf Creek Estates is expected to be installed by mid July.
- Meadowview Area Hydrant Request – A hydraulic analysis in this area revealed some unexpected results. For that reason, we have further investigated the area before we can move forward with this project.

**Administrative Items**

- We would like to recognize and welcome new employees Randy Gobble and James Smith in the Maintenance and Donna Lawson in the Wastewater Treatment Department.
- Due to power outages that resulted in the Town of Chilhowie requiring more water from the treatment facility in Mill Creek we had to once again use the temporary pump station on Lee Hwy near Glade Spring to supplement water in the Seven Springs Water Tank. Employees from the Maintenance Department are to be commended for operating this pump from

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11:30pm on June 10<sup>th</sup> to the  
afternoon of June 11<sup>th</sup>.

Mr. Mark Osborne addressed the Board on the bid tabulations for the Mendota Road-Phase I and Denton Valley Road projects. Mr. Osborne presented the Board with a handout showing the map areas and also bid tabulation sheets from each bidder on each project. Mr. Osborne reported the low bidder for Mendota Road Phase I was Tipton Construction with a cost of \$223,047.90. He requested the Board to approve the low bidder on this project. Mr. Reynolds made a motion to accept the low bid. Mr. Reynolds' motion was seconded by Mr. Stout and passed by a unanimous vote. Mr. Osborne also reported on the Denton Valley Road Project and stated that the low bidder for this project was Central Builders with a cost of \$182,260.00. Mr. Osborne requested the Board to approve the low bidder on this project and also seek additional funding for this project. Mr. Cole questioned whether the contractor would hold off on his bid until WCSA seeks additional funding for this project. Mr. Osborne stated that the contractor would be willing to do this and keep the standing price for a 60 day period. Mr. Osborne felt confident that we would possibly have additional funding acquired by the July board meeting. A motion was made by Mr. Stout to approve the low bidder and seek additional funding for this project. Mr. Stout's motion was seconded by Mr. Chase and approved by a unanimous vote.

**8. Recognition of Commissioner Reynolds**

Mr. Cole presented Mr. Reynolds with a plaque from the Board showing appreciation of his 16 years as serving as a WCSA Board of Commissioner. Mr. Cole commended Mr. Reynolds and stated that Mr. Reynolds had taught him a lot while his tenure on the Board and saw him as a good friend.

He said that he always knew where he stood with Mr. Reynolds as a Board of Commissioner and appreciated all the years of his service to the Washington County Service Authority.

**9. David Phillips Request for BVU Water Service**

Mr. Cornett reported that in February of 2008 that Mr. Phillips had made a request for a water and wastewater service connection at the end of Indiana Avenue which belongs to BVU. He stated that the Board had taken no action at the time of this request and since that time Mr. Phillips has decided to install a septic system to provide wastewater service to his property and is now requesting the Board's approval to obtain a water connection from BVU to provide water service to this property. Mr. Cornett stated that this request fits more appropriately with former requests that had been made to WCSA for water service to connect a BVU service line. Mr. Stout questioned whether this would be a single family dwelling. Mr. Cornett said that Mr. Phillips stated that this would be a single family dwelling. Mr. Cole questioned how far the BVU water line was from Mr. Phillips property. Mr. Cornett stated that he was unsure of how far the BVU line was from his property. Mr. Cornett stated that the WCSA line is around 1500 feet away. Mr. Cornett recommended that if the Board did approve this connection that a stipulation should be made in the motion that this would only be for single family residence. Ms. Figueiras stated that this would not be setting precedence for the Board

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because each situation is different depending on the layout, location and hydraulics of the property in question. A motion was made by Mr. Stout that he was in favor of Mr. Phillips connecting to the BVU service line with a stipulation that this would be for a single family residence only and any future connections must be made to WCSA in the future. Mr. Stout's motion was seconded by Mr. Stephon and passed by a unanimous vote.

**10. 2006-2007 Financial Audit Report**

Mr. Ron Bostic from Bostic and Tucker presented to the Board the Financial Audit report for the 2006-2007 Fiscal year. Mr. Bostic thanked the Board for the opportunity to work with WCSA and the staff over the years. Mr. Bostic covered the increase in assets for WCSA and said that this was only around \$54,000. He stated that this amount did not sound like a large amount but part of the reasoning for this number included 3.3 million in depreciation amounts. He said that when this is added back WCSA's financial position is in very good standing. He said that in years past that he always discussed keeping a good current position which is currently around 2.5 to 1. He said that this is very good position to have. He reported that the cash flow was over 1 million from the prior year. He stated that assets did increase around 3 million this year. The operating revenue for water and sewer showed a profit of around \$828,000 counting depreciation, interest increase of around \$260,000 and grants of \$191,000. The total retained

earnings from operations are around \$30 million. Mr. Bostic commented on two internal control issues WCSA needed to address. One issue was inventory control of WCSA material. Mr. Bostic said this was a significant finding. He also said another finding was some issues of how the accounts receivable was hitting the GL system which caused problems in reconciliation of the accounts receivable subsidiary ledger to the General Ledger every month. These issues are now being taken care of. Mr. Bostic stated that his findings were all an unqualified opinion.

**11. Procurement Guidelines**

Mrs. Dawn Figueiras, Legal Counsel said the Mr. Lawson had presented the Board with Procurement Guidelines for Board review at the May meeting. Mrs. Figueiras wanted to know if the Board had questions about the Guidelines and requested the Board's approval of the document. A motion was made by Mr. Chase to approve the document presented. Mr. Chase's motion was seconded by Mr. Stout and approved by a unanimous vote.

**12. VDOT Agreement Authorization**

Mr. Cornett said that many of the Board members may recall that when Route 58 was widened from Regal Drive past Watauga Road WCSA had negotiated with VDOT to replace three water lines which included a 12 inch, 14 inch and a 20 inch line. These were replaced with two 20 inch lines. This was an advantage to WCSA because this helped with carrying more water and better hydraulics to the system. Mr.

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Cornett said that this agreement also extended to the North Fork of the Holston River so they agreed to replace all three lines. This also helped in eliminating and payment of the Watauga Pump station which helped us to build the wash water tank at the Water Filtration Plant on Hwy 58 for the same amount of money. Mr. Cornett stated at the time of these negotiations VDOT was not in agreement of replacing the river crossings. Mr. Cornett said that since it is time to replace the next phase of this project which goes from Watauga Road to Bethel Road that VDOT will need to replace these river crossings for WCSA. Mr. Cornett stated that VDOT was willing to do these crossings without further charges to the Authority. Mr. Cornett said that there is one item that they are requesting from VDOT. This would include the raw water line that would be incorporated from Middle Fork to the South Fork River for our Water Production Project expansion. He stated that rather than trying to get the permit from VDOT after they have widened the road they wanted to include this line in their plans. He stated that VDOT was willing to include this in their plans and their engineer had determined that this portion of the 24 inch water line is about 12.9 percent of the total cost of the water line concerned and have presented WCSA with an agreement. This agreement stated that WCSA would pay the 12.9 percent of the total construction cost to include the 24 inch line in the project. He did say that \$5450.02 of engineering costs would be associated with this project. Mr. Cornett requested the Board accept

the agreement presented by VDOT that WCSA pay 12.9 percent of the total construction cost related to utilities on this project and \$5450.02 of the engineering costs. Mr. Cornett also requested that he be authorized to sign this agreement with VDOT. A motion was made by Mr. Stout to accept the VDOT agreement and authorize Mr. Cornett to sign the documents. Mr. Stout's motion was seconded by Mr. Stephon and passed by a unanimous vote.

**13. 2008-2009 Budget Presentation**

Ms. Roberts presented a handout of the Capital Improvements plan and the Budget presentation for the 2008-2009 fiscal years. Ms. Roberts stated that they had reviewed these documents in great detail at the last board meeting. Ms. Roberts said at the Budget workshop the Board had requested a summary of proposed rate changes for the upcoming fiscal year. She stated that in these summaries she included the proposed increases for water connection fees, wastewater connection fees and water and wastewater rate increases. Ms. Roberts stated that the actual proposed water increase to customer's bills would be an increase of \$2.00 to the minimum bill which is currently \$15.50. This also included a 20 cent increase to the water usage amounts under 4,000 gallons and any consumption over 4,000 gallons would show a 40 cent increase. This also included an increase of 40 cents to all sprinkler line size charges. These changes would affect all residential, commercial and industrial customers

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that are billed by WCSA. She presented three scenarios to the Board for rate changes effective July 1<sup>st</sup>. Ms Roberts requested that the Board review these scenarios and approve one of them for the upcoming year rate increase. Mr. Cornett stated that while they review these changes he wanted to let them know that they had received all of their funding for the construction of Phase I of the Exit 13 wastewater project in the Westwood area and they might want to consider making the wastewater connection fee increase effective as of January 1<sup>st</sup>, 2009. They are planning to meet with them within the next 30 to 60 days to have user agreements signed and this could possibly be seen as a favorable gesture if they postponed the connection fee increase to wastewater. He also said that along with this project funding that is currently in place that is contingent on WCSA increasing the monthly user fees for wastewater customers. This increase would affect the minimum from \$31.00 to \$32.00 for residential customers and also the customers with usage over 5,000 gallons a month by \$2.00 more per month this year and \$2.00 a month the following year. Mr. Cornett said by having these rate increases in wastewater rates would make us look more favorable for grant money for projects in the future. Mr. Stephon made a motion to adopt Scenario #2 for the proposed rate increase that had been presented with a stipulation that the wastewater connection fee would not be increased until January 1<sup>st</sup>, 2009. Mr. Stephon's motion was seconded by Mr. Chase and passed

by a 7-0-0 vote. A motion was also made by Mr. Stout to adopt the 2008-2009 Budget presented. Mr. Stout's motion was seconded by Mr. Chase and passed by a unanimous vote.

**14. Closed Meeting; Personnel, Acquisition and Disposition of Property, Investment of Public Funds, and Legal Advice**

Mr. Chase 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: Discussion, consideration or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specified public officers, appointees, or employees of any public body; and evaluation of the performance of departments where such evaluation of performance of departments necessarily involve discussed specific individuals; and Code of Virginia Section 2.2-3711 Paragraph A (6): Investment of Public Funds, Discussion or Consideration of the investment of public funds where competition or bargaining is involved where if made public initially the financial interest of the governmental unit could be adversely affected and Code of Virginia Section 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property; the discussion or consideration of the acquisition of real property for public purposes, or of the disposition of publicly held property, where discussion in an open meeting would

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adversely affect the bargaining position or negotiating strategy of the public body and Code of Virginia Section 2.2-3711 Paragraph (A) (7): Legal advice; Consultation with Legal counsel and briefing by staff members or consultations pertaining to actual or probable litigation, where such consultation with legal counsel employed or retained by the public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on this matter.

In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel and Mr. Robbie Cornett, WCSA General Manager. The motion by Mr. Chase was seconded by Mr. Rector. The motion passed (7-0-0). The Board adjourned to Closed meeting at 8:23 p.m.

**Return to Public Session**

Upon motion by Mr. Rector and second by Mr. Stephon, the Board returned to Public Session at 9:45 p.m.

**Certification of Closed Meeting**

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

vote and in accordance with the provision 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. The motion passed 7-0-0.

AYE: Mr. Cole, Mr. Blaylock, Mr. Chase, Mr. Stephon, Mr. Stout, Mr. Reynolds, Mr. Rector

NAY: none

Absent: none

**15. Late Items**

Mr. Rector said that he had received a complaint from Mr. John Yeatts about an ongoing pressure problem on Shortsville Road. He requested that the pressure be checked. He was told that this had been a problem since a pressure reducing valve had been installed on Maiden Creek Road.

**16. Adjournment**

Mr. Rector made a motion to adjourn. Mr. Blaylock seconded. The motion passed 7-0-0. The Board adjourned at 09:50 p.m.

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Mr. Gerald Cole, Chairman

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Ella Ratcliffe, Assistant Secretary