

Washington County Service Authority Board of Commissioners
June 1, 2009 Public Hearing Minutes

The public hearing of the Washington County Service Authority Board of Commissioners was called to order by the Vice-Chairman at 7:01 PM.

ROLL CALL

Commissioners Present:

Mr. Scott Rector, Vice-Chairman
Mr. Sam Blaylock
Mr. Joe Chase
Mr. Frank Stephon, IV
Mr. D.L. Stout
Mr. Kenneth Taylor

Commissioners Absent:

Mr. Gerald Cole, Chairman

Staff Present:

Robbie Cornett, General Manager
Kim Roberts, Controller
Amanda Paukovitz, Administrative Assistant

Consultants Present:

David Hyder, Municipal & Financial Services Group

Also Present:

Mr. Mark Lawson, General Counsel
WCSA Employees

3. Approval of the Agenda

There were no additions or corrections to the agenda. Mr. Chase moved to approve the agenda. Mr. Chase's motion was seconded by Mr. Taylor, and was approved by a Board vote of 6-0-0-1.

4. WCSA Rates, Fees & Charges Public Hearing

• Presentation of Proposed Results by Municipal and Financial Services Group (MFSG)

Dave Hyder of MFSG made a 10 minute PowerPoint presentation of study results, which briefly addressed the proposed rates/fees/charges and the reasoning behind them.

• Public Comment

Jack McCrady, Board of Supervisors, Taylor District

(His territory includes the 24236 zip code, which he noted is the county's most impoverished region.)

- He is adamantly opposed to the increases; feels that WCSA's revenue should not be included on residential meter fees.
- The costs referenced in the presentation for CIP list did not include grants (if they did, he did not see the reference).
- Has a problem with the amount of money that was mentioned.
- Washington County should be pro-growth; these fees will stop growth and contractors.
- For an apartment complex, the builder (with 100 units) will pay over \$500,000 for just the fees for water service alone.
- Has a problem with the Tap & Fee Ordinance; he would like to see WCSA maintain the current structure (although he thinks the fees are already high).
- Mr. McCrady would like to go on the record of saying that he is opposed to this and to enforcing mandatory connection.

Paul Price, Board of Supervisors, Jefferson District

- He says the Board of Supervisors just came through a tough budget session for the upcoming year.
- They have spent a lot of hard hours trying to keep the tax rate and burden low because we are in a recession; people are having a hard time buying gas to go to work. To him, water is a necessity.
- He appreciates all the time Mr.

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Cornett has given in the past. He was irritated that he couldn't get some questions answered [at the Joint Meeting].

- Mr. Price sees WCSA covering most of its pre-existing debt with new customer connection fees and doesn't agree with the policy. He thinks \$5,200 is absurd. It will affect easements and will stop growth in its tracks; this would affect the county's revenue negatively. He does not see a glimpse of WCSA looking out for the best interest of the County.
- He asked, "What is it that other utilities are doing right that y'all aren't doing?"

Dulcie Mumpower, Board of Supervisors, Wilson District

- She recalls a situation in her district in which residents needed sewer service badly. There was grant funding available for the project, but the tap fee was \$1,900 to hook onto the system. Mrs. Mumpower went knocking on doors one by one and people told her that they could not afford the \$1,900. In result, they were looking at other alternatives. That is a service she wishes could have been provided to those folks, but it just didn't happen.
- She is concerned about the fees that we are looking at. She understands this is a difficult task; it's hard enough to keep the tax rates low.
- Mrs. Mumpower pleaded for the Board to take this decision seriously; "Our citizens cannot afford what we are proposing to them; they don't have the money. Times are hard and it would really be placing a hardship on those folks, especially if there is a mandatory hook up fee for those who just don't have [the money]. I don't

know what will happen."

- She encouraged the Board to rework what they have proposed and to please take into consideration the folks of this County.

Bill Owens, Jefferson District Resident

- He thinks it is sad to hear this [set of proposed connection fees]; "This has been a wonderful county [...] It will no longer be a wonderful county to live in. It should be advertised that Washington County is no longer a free county to live in; it is looking closer to communism."
- Washington County will be taking away those rights of freedom that veterans fought so hard for.
- The proposed rates are ridiculous. In Wytheville, connection fees are \$400; what he has heard is appalling.
- Mr. Owens asked the Board to please consider the statements of Mrs. Mumpower and Mr. Price.

Bill Roberts, (Sr.), Contractor, Duplex Subdivision "Meadowview at Wallace"

- He came in to get a reduction eight months ago and received a voucher from WCSA. His cost for sewer and water taps per unit is \$2,910.
- They are having difficulty selling. He has a contract on his first duplex; things are going very slow. He has 2.5 million dollars in the project.
- He had hoped he would be grandfathered in at \$2,900. The voucher of \$1,300 takes him to a cost of \$7,700 per unit; he will be paying approximately \$5,000 more per unit than he had first expected.
- For the first project, he offered to buy 22 more taps at \$2,910, but was told that if he does not build on the taps and pay the \$49 per month (the minimum for water and sewer) for the meters to sit there (which is

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about \$15,000/year for him), the meters would have to come back out at the end of the year.

- Mr. Roberts needs to be grandfathered in at the rates he originally figured in; he should be locked in. He cannot afford to pay another \$250,000 increase in this project. He had to pay \$450 per copper roll for sewer lines; he put all of this in at his own expense.
- He has had a house for sale at Eagle Ridge for 14 months. The house has been shown 100 times, but still has no contract; he has still had to leave the water on, etc.
- He will end up paying \$500,000 dollars for Phase 1 of his project.
 - Is asking to be grandfathered in at the \$2,910 he was told six to eight months ago.
 - He should be locked in at the previously referenced price.

Bill Roberts, Jr., Contractor

- Is the son of Bill Roberts, Sr.
- He claims that if six to eight months ago they were told that they would pay \$9,000 per home (for first time water and sewer connections; they put the water and sewer lines in themselves), they would have aborted their project; that is \$15 million in revenue from houses that the County would lose. You can't simply add those kinds of costs onto homes; people will not buy them and they will move to another county.
- He suggested that random numbers were placed in the presentation to make it viable, and Mr. Roberts feels WCSA is trying to run off growth.
- There are several other builders who have put all their own pipes in also.
- He thinks monthly income will be run off by the high monthly bills.

Wendy Hayes, County Resident

- This was her first meeting and she was glad to be a part of it.
- Her friends and family have been considering tapping into public water, many of which are on wells. However, because of various developments, families are having problems with the quality of the ground water.
- She feels they are being forced to pay to tap into public water because of the circumstances; "All that has to be done is to put a meter in the ground."
- Ms. Hayes feels that clean water is taken for granted, even by the Board. Water is a necessity, not a luxury.

Mike Anderson, County Resident

- He's lived in the county all of his life
- He said anyone can put the numbers they want [into the proposed rate structure to make them work].
- He expressed that in 1988, he put in many feet of water line. A few years later, Meade Reality put more lines in. In the last two years, he and another partner put in 2,600 feet of 8" water line in on Buffalo Pond Rd; he thinks WCSA wants to go in and put in another reservoir.
- Mr. Anderson doesn't understand; they put all the line in at his expense. He can't understand that "...with the Service Authority making as much as [he does] when [he is] taking all of the risk by paying all of the expense [...] why [he] ends up having to do all the work myself."
- He claims all WCSA has to do is put the meter in and provide the water.
- He feels WCSA sent the Pepsi Cola factory away to Wytheville.
- Mr. Anderson claimed that if this keeps up, contractors can go into the competitive water business.

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Wendy Hayes (Continued)

- She feels that if nothing else is done to lower rates for everyone, there should be special case scenarios to assist a family that can show that they have had consistently unclean water and that they can't afford to buy a tap.
- Ms. Hayes thinks [the abovementioned residents] should not have to call, ask around and ask people; assistance should be public knowledge. She feels \$1,900 is not much versus the cost of burial plots.
- The above concepts should be at least discussed, she feels.

Bill Owens (Continued)

- His water has been tested, and his water is good, but this is outrageous.
- There are a lot of people on fixed incomes and no one will want to sign up for what has been discussed. WCSA will be taking away new business out of Washington County.

Bill Roop, Glade Spring Resident

- He is fairly new to the area, and the street he lives on has two homes that have been for sale for two years; only one has sold (it occurred this week at a \$42,000 reduction). Neither person interested in buying the other home could qualify for loans. Lenders are more demanding than ever, and even \$10-15 more per month [due to the cost of a water connection fee] added on to the cost of a mortgage could knock out potential buyers.
- He thinks connection fee increases will start to hurt the community.

Randy Pennington, Jefferson District Resident

- He owns a small business at Exit 7. Without contractors needing materials, it puts his business in a tough situation; contractors cannot

afford to build homes.

- We are in a tough time, he feels. If a business can survive today and not even make a profit, you are doing well. "Why we would want to be unfriendly to builders and home owners, I don't know."
- He wonders, "When counties surrounding us [have connection fees that] are thousands cheaper than us, where are we going wrong?"
- Washington County is becoming very unfriendly to the business community; he feels it's unnecessary.
- He feels that without business, he cannot survive nor can anyone else. He urges the Board to take a strong look at what they are doing.
- Mr. Pennington would rather not live in other counties; he loves where he lives. He feels we have to be business friendly.

Frank Buchanan, Contractor

- He came to express deepest concerns for these proposed rate increases.
- He gave examples of neighboring rates. He thought the presented cost report results were misleading and that the cost examples of septic system prices were inaccurate.
- Mr. Buchanan and his brother met with Mr. Cornett to express their concerns and to learn more about WCSA's rate study [with MFSG].
- He feels that WCSA will get all the incorporated revenues and that costs do not reflect any grants received.
- Mr. Buchanan feels developers have already paid for growth. He thinks that one of the most unintelligent phrases he has lately heard is that "Growth should pay for Growth"; the phrase assumes that development will continue.
- He thinks that growth should not pay

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for growth again; if so, he claims development will surely stop.

Patrick Buchanan, Contractor

- He is very upset about the proposed rate increases.
- As a contractor, he wants his builders to be part of his success; otherwise, all that he employs will not eat. What little impact he has will cost him at least an additional \$100,000.
- If connection fees increase, all projects will cost much more.
- He claims that home buyers do not care about hooking onto water and sewer; they want to see pretty windows, doors and countertops.
- He asked the Board to please think about the success of the county.

Reverend Timothy Bird of Glade Spring Presbyterian Church and President of Habitat for Humanity

- He works to lift individuals out of poverty, give them a home, a chance and an education, which allows them, in turn, to give back to the community.
- If fees increase, he sees a 20% cost increase to be added on to the homes.
- He claims that when people are in need during a recession, it complicates our abilities to help.
- He didn't hear facts during MFSG's presentation; he felt they were not mentioned. He feels Board doesn't know half the things that they need to know to make an educated decision because: "It will take too long to go through the facts, etc."
- Reverend Bird claims that there will be people unable to have a home because of this. He feels the public has every right to know what facts went into this to know why and what is hurting the public.
- He hopes that we will seek more

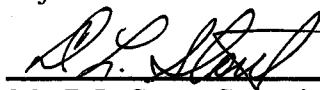
transparency in our government; he feels that is necessary.

George Price, Resident of Rich Valley Road

- He is currently attempting to get user agreements signed for their waterline funded by the revolving fund.
- Mr. Price understands it is a hard decision to make. He heard that we can't increase our growth without increasing the income; "The money has to come from somewhere."
- He encouraged the Board to back up and see how things have always been done and ask why now they are deciding it is bad methodology.
- He knows that an increase in capacity is necessary. If a line is added, he hears that the Board wants new customers to help pay for their capacity; "All those added before us have had subsidization, and so should [currently added customers]."
- Mr. Price feels the low hanging fruit has already been picked; the places closest to the water intake and treatment plant. It's the high cost of going out where he lives and other areas that needs to be taken care of.
- He went through a lot of steps to get where he is [to be added onto the system]; Mr. Price feels having water is not a luxury; it's a need.

5. Adjourn

Mr. Stephon made a motion to adjourn the public hearing. Mr. Stephon's motion was seconded by Mr. Stout. The motion was passed 6-0-0-1. The Board adjourned at 8:01 PM.



Mr. D.L. Stout, Commissioner



Amanda Paukovitz, Assistant Secretary