

**Washington County Service Authority Board of Commissioners**  
**March 22, 2010 Recessed Meeting Minutes (Meeting Held April 26, 2010)**

The Washington County Service Authority Board of Commissioners' recessed meeting was called to order by the Chairman at 5:45 PM [erroneously referenced as taking place on March 26, opposed to April 26].

**ROLL CALL**

Commissioners Present:

Mr. Gerald Cole, Chairman  
Mr. Joe Chase, Vice Chairman  
Mr. Prince Coleman  
Mr. Frank Stephon, IV  
Mr. D.L. Stout  
Mr. Kenneth Taylor

Commissioners Absent:

Mr. Sam Blaylock

Staff Present:

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

Also Present:

Mrs. Dawn Figueiras, General Counsel

**3. Approval of the Agenda**

Mr. Cornett had no additions or changes to the agenda.

Mr. Stephon moved to approve the agenda. Mr. Stephon's motion was seconded by Mr. Chase and was approved by a 6-0-0-1 vote of the Board.

**4. Dinner**

The Board of Commissioners, Legal Counsel and WCSA Staff proceeded with dinner.

**5. Review and Consider Pertinent Sections of the Stepwise Decision Tree on Line Extensions (Tab 1)**

Mr. Cornett noted that he is referencing the same material from last month's workshop. He believes the meeting was about to move on to Item #6 of the

agenda last time. Mr. Cornett opened the floor for questions. He affirmed that this is not the Board's last opportunity to ask questions or comment, but merely an opportunity to ask questions or comment. Once the Board has its questions resolved, Mr. Cornett expressed that he will eventually propose a final draft. Mr. Chase requested a summary of the Step-wise Decision Tree, as he was unable to attend the last workshop; Mr. Cornett agreed to do so. He referred to page 4 of the Stepwise Decision Tree to the blue diamond labeled, "Is the resident willing to become a Project Champion (PC)?" He explained that they would like to see a green rectangle added to the section underneath that reads, "If information exists regarding the service area..." Also, Mr. Cornett explained that the Board had expressed that they would like to see the mapping, if available, provided as well to identify the project area. He noted that there was other discussion amongst the Board, but not to the level of modifying the Decision Tree. Mr. Cornett referenced a topic that had arisen previously regarding connection fee rates changing throughout the life of a project. Mr. Canody had asked if WCSA could consider reserving a connection fee [rate] indefinitely until a year after the project is built. Mr. Cornett explained that there are two problems with that scenario: 1) many projects take six to eight years and 2) to keep the connection fee rate in place that long really invites people to hesitate in signing on. He gave his personal example again from the Exit 13, Phase 1 Project Area, along with examples from the Emory-Meadowview and Glade Spring Sewer Projects. He believes that when residents know connection fees are going to go up, residents are inspired to

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act. Mr. Cornett explained to Mr. Chase that these questions are what most of the time was spent on during the last recessed meeting.

Mr. Chase asked, "How binding is a user agreement?" Mr. Cornett explained that what WCSA is doing now is a follow-up user agreement as soon as possible after project champions make their rounds, along with a certified letter to contact residents and give them 30 days to express they were not informed. WCSA has taken no response from a resident to mean they are not interested. He explained that we have found there are good reasons for why people have been missed in circulating the community, such as vacations, etc. He noted that up until two years ago, the user agreements were not very binding. Four years ago, WCSA started auditing ourselves and found that the user agreement did not give us much leverage. WCSA worked with Mr. Lawson and Mrs. Figueiras [of Legal Counsel] to develop a different user agreement to include a social security number for the Debt Set-Off Collection Program. Now, between the type of user agreement WCSA utilizes, along with the Debt Set-Off Collection Program, WCSA has means to collect payment for delinquent connection fees from folks; it is binding. Mrs. Figueiras explained that there was a period of time when the user agreements were not so enforceable. She expressed that the document even looks more enforceable now, opposed to looking more like a petition. Mr. Cornett added that WCSA is receiving questions regarding the document now; questions were rarely received before on the old document. In fact, he even saw residents sign the old agreement before without reading it first. Mr. Chase asked if when a resident signs

a user agreement, if it also provides WCSA with an easement. Mr. Cornett explained there is a clause in the user agreement that states a resident is willing to provide an easement, contingent upon knowing the easement's location. Mr. Cornett added that many residents sign user agreements assuming the line will not have to run across their property. When they learn otherwise, many have refused to provide the easement; hence, the development of the easement clause. Mr. Chase thanked Mr. Cornett for his detailed description of the Decision Tree. Mr. Cornett explained that we've used the Decision Tree to document our current practice of policy. He noted that WCSA has incorporated improvements into the tree; the document has been adjusted "on the fly" since 1998, and was put into writing two years ago. The Decision Tree makes it easier to identify at which point WCSA and residents are in the process of a project.

**6. Review and Consider MFSG's Report on Funding User Agreement Projects (Tab 2)**

Mr. Cornett wanted to provide an opportunity, if the Board is so inclined, to ask questions regarding MFSG's report. He feels the report provides some pretty good examples of various alternatives, various utilities in Virginia, etc. Mr. Cornett offered to go through the report if the Board would like. He also noted that he has put together a presentation for the Board that does address each alternative. Whatever route the Board prefers, Mr. Cornett supports. The Board indicated they had no questions at this time; Mr. Cole continued onto the next agenda item.

**7. Review and Consider User Agreement, Easement, Mandatory**

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**Connection and Funding Aspects of User Agreement Projects (Tab 3)**

Mr. Cornett distributed handouts and made a 40 minute presentation, titled "Washington County Service Authority Line Extension Policy Workshop". The presentation covered the following topics: an Introduction, the Purpose and Goal [of the Line Extension Policy], User Agreements, Easements, Mandatory Connection, Opportunities for Funding and a Conclusion. He expressed that the goal is to create a line extension policy that coincides with WCSA's long term projections; he also encouraged the Board to ask questions. Mr. Cornett noted that WCSA does not have the same luxury with sewer as it does with water due to the smaller number of connections; this explains the discrepancy between water and sewer service. He explained that Slides 6 and 7 should read "Real", opposed to "Peal". On Slide 8, Mr. Cornett referenced that "The County's Mandatory Connection Ordinance Does not Require Every Resident to Connect; There are Exceptions." Mr. Cornett feels the terminology "mandatory connection" is not the best; he prefers to use the terms "connection ordinance" instead.

The \$1,500 per connection that WCSA contributes upfront for projects is seen by various funding agencies as a "Cash (or In-Kind) Contribution" and is something not to be taken lightly; these agencies realize WCSA is serious about these projects. In result of this action, we do end up ranked higher on funding lists. Mr. Cornett explained that over time, various Board members have expressed concern with our funding practices. He also noted that raising all customer rates is easy to implement and makes the greatest impact; it is also difficult for

future Boards to raise rates.

Mr. Cornett expressed we would be in a place to put into practice two of the six methods. Those methods he considers unreasonable to implement are the "Equal Assessment" and "Surcharge on Usage" methods. He expressed that from an equity standpoint, the "Front Footage Fee" method is the most equitable. The "Front Footage Fee" method is the most similar to the plan WCSA adopted last year through the Rates, Fees & Charges Study; this doesn't mean it is the only way to operate. The method keeps monthly user fees low, is the most equitable and shifts the [financial] burden from the current customer base to those who have benefit of the service. Mr. Chase expressed that if WCSA chooses a method like "Front Footage", as referenced on Slide 15, it seems like some percentages would need to increase. Mr. Cornett explained that he feels the decision of method and any implementations reside, above all, with the WCSA Board.

Mr. Chase also asked how certain methods would affect residents based on property value. The topic of undevelopable property arose and was briefly discussed by the Board. Mrs. Figueiras added that even if property is undevelopable, it still has some value. Mr. Cornett referenced the riverfront example; the land is not completely unusable. He recognized that with 10 minutes left before the scheduled April Regular Board Meeting, this meeting and its discussions would likely have to continue at a later, rescheduled time. In response to previous questions by the Board, Mr. Cornett quickly referenced VDH's 20-year loans. He explained that if WCSA were to continue its current practice of financing \$1 million per year

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on projects (Note: WCSA started this practice in 2000), and to assume an interest rate of 3% is in place, the annual principle interest by Year 10 (2009) brings about a present principle interest payment of roughly \$672,000 per year. He asked, if WCSA continues this [financing] practice for another decade, what would the statistics look like at the end of that decade? If we limit our debt to \$1 million per year and work on moving away from financing and work towards developing our own bank, it would take time and some sacrifices to get there; he believes it is food for thought. Mr. Cornett reiterated that about 13% of WCSA's annual revenue is being spent in interest; this is a substantial amount of revenue. Mr. Stout asked if the numbers do not include the actual loan payments. Mr. Cornett explained that the payment statistics represent the principal loan plus interest. Discussion on this topic erupted amongst the Board.

### **8. Adjournment**

Mr. Cornett explained that if the Board is so inclined, they can adjourn this meeting tonight, [the Recessed March Meeting] and plan to, at his request, recess the upcoming April Regular Board Meeting to May 10; that meeting can be recessed one more time to 5:30 PM prior to the May [24] Meeting to accommodate finishing this workshop. Mr. Chase made the motion to adjourn the March Recessed Meeting. Mr. Chase's motion was seconded by Mr. Stephon and was approved by a 6-0-0-1 vote of the Board at 7:00 PM.

  
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Mr. Gerald Cole, Chairman

  
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Amanda Paukovitz, Assistant Secretary