

Washington County Service Authority Board of Commissioners
September 27, 2010 Recessed Meeting Minutes
(Meeting Held October 14, 2010)

1. Call Meeting to Order

Mr. Heninger opened the Town of Chilhowie's meeting by asking Mr. Graham to give the invocation, followed by the Pledge of Allegiance, led by Mr. Heninger. Ms. Marlene Henderson led the Town of Chilhowie's roll call.

The Recessed Meeting of the Washington County Service Authority Board of Commissioners was called to order at the Chilhowie Town Hall in the Community Room at 7:05 PM.

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Chairman
Mr. D.L. Stout, Vice-Chairman
Mr. Prince Coleman
Mr. Dwain Miller
Mr. Frank Stephon, IV

Commissioners Present:

Mr. Wanson Hutchinson (Note: Mr. Hutchinson was appointed two days prior.)
Mr. Kenneth Taylor

WCSA Staff Present:

Robbie Cornett, General Manager

WCSA Legal Counsel:

Mr. Mark Lawson, General Counsel

Town of Chilhowie Council Present:

Mr. Gary Heninger, Mayor
Mr. Lewis Short, Vice Mayor
Mr. James Bonham
Mr. Brent Foster
Mr. Kenneth Miller
Ms. Cathy Smith

Town of Chilhowie Staff Present:

Mr. William Boswell, Town Manager
Mrs. Marlene Henderson, Town Clerk

Town of Chilhowie Legal Counsel:

Mr. Richard Money, Town Attorney

Also Present:

Mr. Bobby Lane, The Lane Group
Mr. Matthew Lane, The Lane Group

3. Approval of the Agenda

With no changes indicated, Mr. Chase asked for approval of the agenda. Mr. Coleman made the motion to approve the agenda as presented. Mr. Coleman's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote.

4. Consideration of a Presentation by The Lane Group Concerning the Jointly Owned Mill Creek Drinking Water Plant

Mr. Lane made a 23 minute presentation concerning the Mill Creek Water Treatment Plant, which is jointly owned by the Town of Chilhowie and the WCSA. Mr. Lane's presentation covered the following topics: a brief history of the facility to-date (including the reinforcement of a good decision made by both entities), the goals for the facility over the next 40 years, the purpose of the study being performed, the anticipated water demands for both the Town and WCSA over the planning period, a review of the existing plant conditions, a 101 presentation of membrane technology (the technology currently used at the facility), the location of the two Town-owned and one WCSA-owned springs and their respective flow, the expectations and needs of an improved and/or expanded facility, a demonstration of the facility's noise volume, a review of the alternatives for source water, an explanation of more raw water versus present plant capacity, the alternatives for the facility itself, and probable recommendations without cost. Mr. Lane opened the floor for questions. The only question raised by either Board

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was by Mr. Chase; he inquired of the next step in determining the cost of these alternatives. Mr. Lane explained that the next step was to assign cost estimates [for both capital and operation & maintenance (O&M)] to the alternatives and receive recommendations for further evaluation by the Staffs, the Chilhowie Town Council and the WCSA Board. Mr. Chase expressed the WCSA Board of Commissioners' appreciation for the Town of Chilhowie and for their willingness to meet. He looks forward to meeting again and hopefully being able to make these necessary improvements.

5. 15 Minute Recess

The Chairman called for a recess at 7:35 PM; the Board of Commissioners reconvened upstairs in the Chilhowie Town Hall at 7:40 PM.

6. Consideration of the Galvanized Water Line Phase 1 Construction Bids

Mr. Bobby Lane thanked the Board for meeting with The Lane Group. He explained that in order to take advantage of the Build America Bond Interest Reimbursement, we have to close the loan by the end of this calendar year; every day counts.

Mr. Matthew Lane distributed the bid tabulations and presented/reviewed a written recommendation. There were many contractors to submit bids and they were very competitive. The project was split into three divisions: Division 1- Glade Spring, Parts A & B (or Part C, a combined bid), Division 2- Lowry Hills Area, Parts A & B (or Part C, a combined bid), and Division 3- Town of Abingdon. These divisions allowed for two smaller projects in Glade Spring for smaller contractors, two medium-sized projects in the Lowry Hills area for

medium-sized contractors and the large project in the Town of Abingdon for larger contractors. They figured this would generate a lot of interest and create more competitive bid pricing. Mr. Lane explained that they only have two contractors to award to. However, the arrangement did generate competition, which drove down bid pricing.

There were eight bidders for the Division 1- Glade Spring section. The low bidder for both parts and Part C was Classic City Mechanical, Inc. with a Part C low combined bid of \$986,794.85. Mr. Lane explained that since they have had no previous experience with them, he extensively checked references for Classic City Mechanical, Inc.; their references proved to be outstanding. Mr. Lane feels there is no reason why the project should not be awarded to Classic City Mechanical, Inc. (Note: They are based out of Georgia with branches in Knoxville and Roanoke. They plan to bring in crews from Knoxville and Roanoke to complete the project.) For the Division 2- Lowry Hills Area, there were seven contractors who submitted bids. The low bidder for both parts and Part C was Classic City Mechanical, Inc. with a Part C low combined bid of \$1,769,604.00. The large project for the Town of Abingdon received bids from three contractors. Boring Contractors, Inc. was the low bidder for the Total Base Bid, along with all Additive Alternate Bids. Mr. Lane reviewed the revised project budget and noted that it allows for all Division 1 work, all Division 2 work and all Division 3 work (along with all additive alternates); WCSA is able to do the entire project. The construction budget prior to bidding was \$8,050,000; the bids came in at \$7,900,000; RD

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allows for 5% contingency. This is good, as crews will not know what they are up against until they begin breaking ground. The Lane Group is recommending that for Division 1- Glade Spring, Part C be awarded to Classic City Mechanical, Inc. for a total contract price of \$986,794.85. For Division 2 [Lowry Hills], they are recommending Part C be awarded to Classic City Mechanical, Inc. for a total contract price of \$1,769,604.00. The Lane Group is recommending that for Division 3- Town of Abingdon, the Base Bid and all Additive Alternates be awarded to Boring Contractors, Inc. for a total contract price of \$5,181,422.50. Mr. Lane offered to answer any questions. Discussion ensued amongst the Board, Staff and The Lane Group. Mr. Cornett publically recognized the Staff's appreciation for The Lane Group's efforts to get the project designed and out for bids; Mr. Chase affirmed this appreciation.

Mr. Coleman made the motion to award Division 1- Glade Spring, Part C to Classic City Mechanical, Inc. for a total contract price of \$986,794.85, pending USDA Rural Development approval, as recommended by The Lane Group. Mr. Coleman's motion was seconded by Mr. Stephon and was passed by a Board vote of 5-0-0-2.


Mr. Miller made the motion to award Division 2- Lowry Hills Area, Part C to Classic City Mechanical, Inc. for a total contract price of \$1,769,604.00, pending USDA Rural Development approval, as recommended by The Lane Group. Mr. Miller's motion was seconded by Mr. Stout and was approved by a Board vote of 5-0-0-2.

Mr. Stephon made the motion to award Division 3- Town of Abingdon to Boring Contractors, Inc. for a total contract price

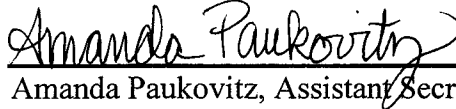
of \$5,181,422.50 (which includes all five additive alternates) pending USDA Rural Development approval, as recommended by the Lane Group. Mr. Stephon's motion was seconded by Mr. Stout and was approved by a Board vote of 5-0-0-2.

7. Adjourn

Mr. Stout made the motion to adjourn. Mr. Stout's motion was seconded by Mr. Stephon, and approved by a vote of 5-0-0-2. The Board of Commissioners adjourned at 8:01 PM.



Mr. Joe Chase, Chairman



Amanda Paukovitz, Assistant Secretary