

Washington County Service Authority Board of Commissioners
June 27, 2011 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:17 PM.

ROLL CALL

Commissioners Present:

Mr. D.L. Stout, Vice Chairman
Mr. Prince Coleman
Mr. Devere Hutchinson
Mr. Dwain Miller
Mr. Frank Stephon, IV
Mr. Kenneth Taylor

Commissioners Absent:

Mr. Joe Chase, Chairman

Staff Present:

Robbie Cornett, General Manager
Kimberly Harold, Controller
Amanda Paukovitz, Administrative Assistant
Mark Osborne, Technical Manager
April Helbert, Staff Engineer

Consultants Present:

Jay Lester, PE, Draper Aden Assoc.
Jeff Spickard, PE, The Lane Group, Inc.
Kevin Heath, PE, Adams-Heath Engineering

Also Present:

Mrs. Dawn Figueiras, General Counsel
WCSA Employees

3. Approval of the Agenda

Mr. Cornett provided an Amended Agenda for consideration, along with striking Agenda Item #10. Mr. Taylor made the motion to approve the Amended Agenda. Mr. Taylor's motion was seconded by Mr. Miller and was approved by a 6-0-0-1 Board vote.

4. Public Query & Comment

There was no Public Query & Comment.

5. Approval of the Consent Agenda

- Minutes: May 23 Regular Meeting, June 1 Public Hearing and May 23

Recessed Meeting (Held on 6/6/11).

- Routine Reports for May 2011.
- Financial Statement for May 2011.
- Check Register and General Manager Financial Report for May 2011.

Mr. Miller made the motion to approve the Consent Agenda. Mr. Miller's motion was seconded by Mr. Stephon and was approved by a 6-0-0-1 vote of the Board.

6. Engineer's Report and Update

Mr. Jeff Spickard of The Lane Group, Inc. reported on the following projects:

- **New Raw Water Intake, Raw Waterline and Drinking Water Treatment Plant Expansion (6.6 MGD to 12 MGD)**

Installation is complete. Pressure testing has been successfully accomplished. Contractor is working on the final clean up and restoration. They plan to schedule a substantial completion final inspection to take place in the next couple weeks.

- **Task Order #8: Water Treatment Plant Interim Expansion (4.6 MGD to 6.6 MGD)**

Intake construction is underway; the contractor has encountered rock.

- **Galvanized Line Replacement Project**

Between the three locations, a combined 18,000 feet of water line has been installed. The contracts are progressing and the project is 40% complete total.

Mr. Miller later inquired about restoration for the project. Mr. Spickard explained it is progressing. He noted that rainfall has been significant, so grassing has been difficult. However, the contractors have been on top of things and will continue to work on getting things back to the way they were found.

- **Mill Creek Expansion PER**

The Lane Group/Olver Team has been

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working to evaluate the PER. In regards to recent activity, Mr. Cornett and Mr. Boswell, Chilhowie's Town Manager, have met to discuss operations. They have come to the understanding it would be beneficial to reinstate the Steering Committee to progress the project. The Committee is hoping to schedule a meeting at the end of July.

- **Reedy Creek Road Water Improvements**

To be covered in a later agenda item.

Mr. Kevin Heath of Adams-Heath Engineering reported on the following project:

- **Whites Mill Road Improvements**

As of their last pay request, Tipton Construction had installed little over 14,000 feet of waterline. They anticipate the contractor will have over 15,000 feet installed as of tomorrow's pay request meeting. The foundation and all side walls are up on the water storage tank. Mr. Heath explained they should be able to put water in the tank, give or take a week and a half. Asplundh has been onsite this week trimming trees on the way to the pump station. The pump station contractor has not done much work over the past month, although they have worked the last two days. They anticipate tomorrow's meeting to provide more answers.

Mr. Stevie Steele of Anderson & Associates, Inc. (A&A) is unable to attend tonight's meeting, as there was a sudden illness in his family today. He provided the following update through Mr. Cornett:

- **Exit 13 Sewer Project Phases 2 & 3**
WCSA Staff has commented on A&A's proposed Engineering Agreement for soliciting user agreements for the Exit 13 Sewer Project, Phases 2 & 3. WCSA

hopes to receive a revised agreement from A&A by early July, to be on the agenda for the July Board Meeting.

Mr. Jay Lester of Draper Aden Associates (DAA) reported on the following projects:

- **Route 58 Water Storage Tank**

Contract 1 (Site Prep.) has filled the water lines. The next steps are flushing, a pressure test and bacteriological samples. Following these steps, the only outstanding work will be installation of stone after Contract 2 is complete. Contract 2 (Tank Construction) has cast the dome and has pre-stressed the wiring. After that, the tank is complete, minus painting, accessorizing, etc. substantial completion is expected in mid to late July. Mr. Lester noted the CROM website provides a great way to see how these tanks are built.

7. Water & Wastewater Construction Projects Report and Update

Mrs. Helbert referred to the Engineering Report in the Board Books, printed on purple paper. She provided the following updates:

- **Chestnut Mountain Road**

Project is going very well. Contract 1 (waterline) is over 95% complete. All water lines have been installed, lacking one tap, and have a July 11 revised substantial completion date due to weather. Contract 2 construction is complete, minus testing. Both contractors had a progress meeting with WCSA today, and they hope to wrap up their work next week.

- **Rich Valley Road/Maiden Creek**

Project is little over 80% complete in 80% of their time. A revised substantial completion date is set for August 14.

- **Rich Valley Road/Litchfield**

Have completed the lacking Punch List

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items and are awaiting a pay request.

• **Highlands Pediatrics**

BacT tests came back well. Project is now awaiting final completion from the engineer.

8. General Manager's Report & Update

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

Water Production

- Produced little over 206 million gallons of drinking water.

Distribution

- Coordinated the outside purchase of little more than 24 million gallons of drinking water, bringing the total drinking water distributed to about 7.4 million gallons [per day] on average.

Meter Department

- 165 customers were telephoned following unusually high usage.

Customer Service

- Over \$10,000 was abated for 53 customer accounts.
- More than \$4,200 was written off as bad debt more than three years old.
- 13 water taps and 0 wastewater taps were applied for.
- Managed 203 reconnections/transfer of service requests in the last month.
- Late charges were added to over 4,100 accounts.
- 634 disconnect notices were processed, resulting in 91 disconnects for non-payment.

Maintenance

- Had a very busy month.
- Repaired 43 leaks and 4 breaks.
- [Constructed] 11 water taps and 2 wastewater taps.
- Responded to 63 after hour call-outs with other related work.

Wastewater

- Treated little more than 10 million

gallons of wastewater in the last month.

Accounting

- Continues to pursue the Debt Setoff Collection Program. More than \$121,000 has been submitted, to date. More than \$17,000 was matched for about 154 claims. Through the Debt Set-Off Program, almost \$15,000 has officially been collected and little more than \$1,800 has been paid by customers prior to collection.

Administrative Items

- Mr. Cornett has been notified that Mr. Chase and Mr. Stephon have been reappointed to the Board of Commissioners for another four year term.
- May [erroneously listed as April] resulted in no change to the nonresidential connection fees that are *pending* or *paid* in our water and/or sewer systems for the current fiscal year.
- Congratulations to our Drinking Water Plant for achieving the 2010 Excellence in Waterworks Operations Gold Award. This award indicates that our Middle Fork Drinking Water Plant met the Virginia Optimization Program goals for clarification, filtration and backwash during 2010.

9. Consideration of Construction Bids for the Reedy Creek Road Water System Improvement Project

Mr. Spickard noted that late last week, bids were received for the Reedy Creek Road Water System Improvement Project. He distributed a recommendation and explained that competition for waterline construction is pretty keen. The project received over eight bids on Division 1 and over 10 separate bids on Division 2. The low bidder for Division 1 was Classic City Mechanical Inc. for \$2,732,877. Bids competitively ranged up to \$3.9 million and the three lowest bids were all around \$3 million. The low

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bidder for Division 2 was Teaters Trucking Inc. for \$499,789.50. The next highest bidder was Crosspointe Contracting for \$514,650. Bids ranged up to \$849,527 from State Utility Contractors. Bids were reviewed and there was one math correction of \$500 from DLB, Inc.; this does not affect indication of the low bidder.

Mr. Spickard recommended WCSA approve and intent to award the project to the low bidders for the identified amounts, contingent upon approval from VDH and VRA. He explained they have worked with these both low bidders before and have had good results. The bids came in higher than they hoped for, but still within the project's budget. Mr. Cornett affirmed that the project has been accounted for in the CIP and can fall within VDH excess funding. He expressed that Staff concurs with The Lane Group's recommendation.

Mr. Taylor inquired about Classic City Mechanical. Mr. Spickard provided background on the bidder and noted that we are currently working with them on the Galvanized Line Replacement Project. Mr. Cornett added that their closest office is in Roanoke, VA, but their home office is in Georgia. Mrs. Helbert elaborated that Classic City Mechanical is working on the Lowry Hills and Glade Spring portions of the Galvanized Line Project. Mr. Taylor asked if the bids for Divisions 1 and 2 needed to be approved one at a time or together. Mr. Cornett affirmed the bids could be approved separately or together. Mr. Taylor made the motion to approve both low bids at the same time. Mr. Taylor's motion was seconded by Mr. Coleman and was approved by a 6-0-0-1 Board vote.

[Note: Agenda Item #10 was omitted

via Approval of the Agenda.]

11. Discontinuation of Service to Two Residents Adjacent to the Exit 13 Wastewater Collection Project Phase 1

Mr. Osborne, on behalf of WCSA, is seeking the Board's approval to discontinue user agreement contracts with two property owners in the Westwood area, relative to the Exit 13 Project [Phase 1]. For reference purposes, he referred to a map at the Board's stations. He noted that the two properties in question are highlighted in green.

The first property, the Bobbie Roberts' Property (Tax Parcel #125-3-3), is located on the east side of Avondale Road and is within the Town of Abingdon's service area due to the topography. However, the Town of Abingdon's drainage area begins at the top of the hill on the west side of Avondale, prohibiting gravity flow to be provided to the discussed property. The only reason this property was included initially within the project area is due to the adjacent force main. However, the gravity line never came to that point. The second property in question, the John & Marjorie Mitchell Property (Tax Parcel #124-12-9), is located on the west side of the Phase 1 Project area, and is on the south side of Old Jonesboro Road. This property was never included within this phase of the project, but could potentially be served within Exit 13 Project Phase 3 (Foxfire Area). WCSA plans on having that evaluated during the design of that particular project.

Both property owners completed and submitted user agreements early on, but as design ensued, it was further determined that services could not be provided to both properties via the Phase 1 portion of the Exit 13 Project. On

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behalf of WCSA Staff, Mr. Osborne would ask the Board approve the discontinuation of user agreement contracts between WCSA and the property owners. He and Mr. Cornett offered to answer any questions the Board may have at this time.

Mr. Cornett explained that historically, this is something WCSA did or has done for a period of time. Often times, residents would come to meetings after discontinuation to ask to be included in projects when it was impossible. In the past, this was leaving the Board uninformed regarding discontinuing service to property. Rather than Staff making this decision and landowners potentially expressing concern afterward, Staff thought it would be best to approach the Board first and then the landowner. For the past ten years or so, WCSA has been left with a backlog of older user agreements that really need to be discontinued. Tonight is first of what will be several presentations to the Board about user agreements needing discontinuation for one reason or another. Many times, these user agreements belong to property owners who have not "made good" on their commitment. Others like these two property owners referenced this evening have signed user agreements, but represent properties outside the project area and we are unable to serve them. Mr. Cornett proposes in the future to be timelier with notifying both the Board and the landowner regarding the discontinuation of such user agreements. It is hard to know if landowners will be bothered to be excluded or not, but Staff thought it most appropriate to ask the Board to consider making the decision at Staff's recommendation. He and Mr. Osborne offered to answer any questions

from the Board.

Mr. Taylor has read the Board Book excerpt and inquired of the property owners' responses upon being notified. Mr. Osborne believes the first parcel owner (The Bobbie Roberts' Property) was receptive. They had submitted a user agreement, but were unsure if service was possible. The second parcel owner (The John and Marjorie Mitchell Property) completed a user agreement because they thought service would be rendered for their home. They had been solicited for an easement and in result, submitted a user agreement. There is no residence at the parcel that had been solicited for an easement on the north side of Old Jonesboro Road, but thought service could be rendered to their existing residence on the south side of Old Jonesboro Road. Again, the property owner was not solicited for a user agreement, but submitted one at their own accord.

Mr. Hutchinson wanted to confirm that the other parcel [with their residence] should be picked up in Phase 3 of the project. Mr. Osborne expressed that is the plan. He noted that things could change, but they have a better understanding that the parcel could be included in Phase 3. The residents were not the most pleased, but understood the circumstances and were receptive that they may be considered in the future. Mr. Cornett wanted to add two items. He explained that one may wonder, how can user agreements be submitted by residents outside a project area? He noted that sometime this happens with additional copies obtained by the Project Champion who go door to door, and sometimes they get in the hands of residents outside or adjacent to the project area; that is the case with the

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Mitchell Family. In the case of other projects, WCSA has also had people submit user agreements that are a mile outside of the project area before we can get our hands on them. In other examples, the engineer has gone into undefined project areas and the project can be defined by where the user agreements are returned from. The North Fork River Road project is an example of such an arrangement. They had less than 50% participation, so some user agreements had to be returned. However, WCSA was able to reduce the overall length of the project to where there was greater than 50% participation. In some cases where there is general interest for water service in an area, we do not want to leave anyone out, so we solicit from everyone. If there is less than 50% though, then we do not have a project and user agreements have to be returned and discontinued do to a lack of interest. As WCSA goes along, we try to make improvements as to how we manage our projects.

Mr. Osborne affirmed Mr. Cornett and added for those familiar with McCray Drive, there will also be a portion that is interconnected through the Phase 3 portion. A majority, if not all, residents on McCray Drive submitted user agreements. As DAA proceeded with design, they found that only three to four parcels could be provided sewer service. However, we are still retaining these residual user agreements to be applied to the Phase 3 portion of the project. We have held onto such user agreements when we foresee projects coming in the near future until project areas are further determined.

Mr. Taylor inquired of the parcel number for the Roberts. Mr. Osborne referred to the correct parcel number of #125-3-3,

as located on the provided map.

Mr. Stephon made the motion to discontinue service to the two aforementioned residents from [the Exit 13 Wastewater Collection Project] Phase 1 area. Mr. Stephon's motion was seconded by Mr. Hutchinson, and was approved by a Board vote of 6-0-0-1.

12. Consideration of Amendment #3 to the WCSA DAA Engineering Service Contract for the Route 58 Water Storage Tank Project

Mr. Lester explained that the Route 58 Water Storage Tank Project has been slowed due to various factors. Therefore, the project is scheduled to be completed in mid August, which is about three months later than expected; the engineering services agreement period of service ended in May. The purpose of the proposed amendment is to extend the engineering construction administrative services for the next three months to complete the project. The fees prescribed are in alignment with RD permitted basic engineering fees. DAA is confident the project will be completed in August. Mr. Cornett added that he and WCSA Staff have reviewed the proposed amendment, which was included in the Board Packets. WCSA does need and desire these services; it is requisite in order for completion of the project. The costs seem to be in line with RD permissions previously for this phase of work. RD has reviewed the amendment and as affirmed by Mr. Lester, they are waiting to hear back from Ed Smith. Mr. Cornett explained and Mrs. Figueiras affirmed that the Board could consider approval of the amendment, contingent upon RD approval.

Mr. Lester clarified DAA's perspective and explained that concurrence of RD is

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to approve the reimbursement to WCSA. However, the contract is between WCSA and DAA; RD approval does not validate the contract amendment, but the reimbursement.

Mrs. Figueiras added that Mr. Cornett had Legal Counsel review the language today, and she saw that agency concurrence is required. Mrs. Figueiras did not see a definition limiting concurrence to reimbursement. She inquired if she had missed something. Mr. Lester noted that from what he understands, the contract is between the owner and the engineer. He understands that concurrence is not necessarily dependent upon RD's concurrence outside reimbursement.

Mr. Cornett expressed that WCSA needs the services. However, they are not clear on the protocol or interpretation of the agreement. With other engineering firms WCSA has worked alongside RD, concurrence is typically dependent upon RD approval. However, he cannot say for sure without further investigation. Mr. Hutchinson inquired if WCSA felt confident it would receive RD approval. Mr. Cornett explained that as Mr. Lester said, RD may tell [WCSA] that they believe our source of compensation for these additional services is through liquidated damages, due to the added contract time. WCSA's contract allows us to collect such damages from the contractor. Mr. Cornett cannot recall a circumstance where WCSA has had to obtain liquidated damages, so this is uncharted territory. Therefore, he is unable to elaborate on his optimism.

Mr. Lester expressed [DAA's] reason for thinking this could happen is because RD brought this scenario up when DAA sought after additional Resident Project Representative (RPR) services.

Mr. Hutchinson asked if WCSA really needs the extended services; Mr. Cornett affirmed this as the case. He noted that the project is less than 60 days out and the contractor is working with the engineer towards substantial completion. The final work is very important to the project and WCSA needs the services. At Mr. Cornett's inquiry, Mrs. Figueiras clarified the Board's options of approval. Mr. Stout questioned if the Board needed to table the agenda item to a later date. Mrs. Figueiras explained that the previous contract's time ran out yesterday. Mr. Cornett added that Mrs. Figueiras is correct. Irrespective of RD's decision, WCSA would have to fill the financial gap if RD does not and liquidated damages are unsuccessful. Mr. Miller feels the Board needs to approve the amendment as is; Mr. Hutchinson concurs. He feels WCSA is "up against the wall" and needs the services; we are running out of time.

Mr. Hutchinson made the motion to approve the amendment (see attached). Mr. Hutchinson's motion was seconded by Mr. Stephon and was approved by a Board vote of 4-1-1-1 [1: Mr. Coleman objected, 1: Mr. Taylor abstained].

13. Closed Meeting: Acquisition and Disposition of Property, Investment of Public Funds & Legal Advice

Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia § 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property, 2. To Discuss and Consider the Acquisition of Real Property, Code of Virginia § 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. To Discuss Various Intermunicipal and Other Agreements, Code

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of Virginia § 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Potential Litigation, 5. To Discuss Various Inter-municipal and Other Agreements, 6. To Discuss Potential Contract Litigation.

In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager, are requested.

Mr. Stephon's motion was seconded by Mr. Miller and was approved by a 6-0-0-1 vote of the Board. The Board adjourned to Closed meeting at 8:07 PM.

Return to Public Session

Upon a motion by Mr. Stephon, a second by Mr. Taylor, and a 6-0-0-1 vote of the Commissioners, the Board returned to Public Session at 9:57 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, § 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: Mr. Miller, Mr. Hutchinson, Mr. Stephon, Mr. Coleman, Mr. Taylor and Mr. Stout.

14. Late Items

Mr. Cornett referenced a resolution he has prepared for the Board's consideration regarding the June 30 retirement of Mr. Russell Owens from the Industrial Development Authority of Washington County.

Mr. Stephon presented the following resolution for consideration:

WHEREAS, Russell U. Owens, esteemed citizen of Washington County, Virginia, served with dedication and diligence as a Director of the Industrial Development Authority of Washington County from August 1993 to June 2011; and

WHEREAS, Director Owens represented the citizens of the County in the Monroe Magisterial District of Washington County in a worthwhile and capable manner; and WHEREAS, Director Owens contributed to the expressed purpose and goals of the Industrial Development Authority by serving in the finest tradition as Director, NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Washington County Service Authority, duly assembled to conduct business on this the 27th day of June, 2011, does hereby unanimously adopt this RESOLUTION OF COMMENDATION, in full recognition of, and in gratitude for, the above enumerated services and contributions, and wish Mr. Owens well in all future endeavors.

Mr. Stephon feels the resolution is well deserved.

Upon Mr. Stout's inquiry, Mr. Cornett affirmed that the Board would have to motion and vote if they wanted to approve the resolution.

Mr. Stephon made the motion to approve the abovementioned resolution commending Mr. Russell Owens years of service. Mr. Stephon's motion was

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seconded by Mr. Taylor and was approved by a Board vote of 6-0-0-1.

15. Adjourn or Recess

Mr. Cornett asked the Board to consider recessing tonight's meeting until Monday, July 25, 2011 at 5:30 PM for a Water and Sewer Line Extensions Policy Workshop in the Jack Cole Conference Room; Dinner would be planned for 5:00 PM. He referenced the Board Update Booklet at the Board's stations tonight is to prepare the Board to pick up from where past workshops have left off. Mr. Stephon made the motion to recess the meeting until July 25 at 5:30 PM. Mr. Stephon's motion was seconded by Mr. Miller and was approved by a 6-0-0-1 vote of the Board.

The meeting was recessed at 10:02 PM.



Mr. D.L. Stout, Vice Chairman



Amanda Paukovitz, Assistant Secretary

AMENDMENT to

Agreement between Washington County Service Authority (Owner)
and Draper Aden Associates (Engineer), dated March 11, 2010,
for Route 58 Water Storage Facilities

This Amendment, dated June 6, 2011, amends the Agreement as indicated below.

EXHIBIT C – Payments to Engineer for Services

Under Paragraph C.2.06 (Summary of Payments to Engineer), under “Additional Services,” add the following:

h. Extended Construction Phase Services \$10,650

These additional services are in accordance with Paragraphs A.2.01.A.16 and A.2.01.A.24 of Exhibit A. The original fee was based on a construction period of 12 months, with an expected completion date of May 17, 2011. Based on the construction schedule submitted by the Contract 2 Contractor on May 26, 2011, construction will not be completed until August 16, 2011. Assuming \$3,550/month, based on the original contract amount for periodic payments divided by the construction duration (\$42,600/12), the estimated increase in fees is \$10,650, assuming the construction duration does not extend beyond August 16, 2011.

The parties hereto have executed this Agreement:

OWNER: Washington County Service Authority

ENGINEER: Draper Aden Associates

By (Signature): 

By (Signature): 

Typed Name: Robbie Cornett

Typed Name: Richard M. DiSalvo, Jr., P.E.

Title: General Manager

Title: EVP/COO

Date: 27 JUNE 2011

Date: June 9, 2011

AGENCY CONCURRENCE:

By: USDA Rural Development

Name: Eddie Smith, SE

Date: 7-5-2011