

Washington County Service Authority Board of Commissioners
February 22, 2010 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:07 PM.

ROLL CALL

Commissioners Present:

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

Commissioners Absent:

Mr. Kenneth Taylor

Staff Present:

Robbie Cornett, General Manager
Kim Roberts, Controller
Amanda Paukovitz, Administrative Assistant
Doug Canody, Chief Engineer
Mark Osborne, Distribution Manager

Consultants Present:

Kevin Heath, PE, Adams-Heath Engineering
Randall Hancock, PE, Draper Aden Assoc.
Bobby Lane, PE, The Lane Group, Inc.

Also Present:

Mrs. Dawn Figueiras, General Counsel
WCSA Employees

3. Public Query & Comment

Walter McNew of 27158 Rich Valley Rd

Mr. McNew explained that the residents of Rich Valley Road were told a few months ago that they would have water as of October, and now they hear it will not happen due to two easements. He expressed that there is a fault of water rock formation in that area; he knows that his water is bad. He cannot see how they can be condemned and they still cannot receive the water. Mr. McNew explained that they would be grateful for any help that WCSA can give them. He said that if they cannot get water, they

will leave; [safe water is] an asset to the community. He noted that the community below them is also a concern. When asked for a status report by the Board, Mr. Cornett explained that there has been no change since WCSA's last meeting. They have tried countless times to get the easement, but there has been no change. He assured Mr. Cole and Mr. McNew that WCSA will do its best.

George Price of 24113 Rich Valley Rd.

Mr. Price noted that he lives in the neighboring community down the road, which is referred to as the Rich Valley/Litchfield Road Project, and it is a year behind their petition; they had agreed to sign on at a connection fee cost of \$1,600. He explained that until they received a letter at the end of the year, they had been separate projects. According to a progression list, he expressed that they had moved through to the easement stage and it would be taken care of; there have been three PRV (pressure reducing valve) stations installed during the process as well. The residents were surprised at the end of December to hear that these two projects were lumped together and they had to wait for one easement. However, he explained that they received another letter at the end of January saying that the project could not proceed without two easements. Mr. Price expressed that they have jumped through every hoop that has been put out there and the water is not getting any better. They have been sitting on the funds through VDH and are nervous the funds will disappear. He feels that WCSA should not let two easements hold up 60 households who want water, and he believes there will be more to express interest after its implementation. Mr. Price assured the Board that he will be back next month.

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4. Approval of the Agenda

Mr. Cornett referenced an amended agenda at the Board's stations (with changes indicated in red) that he asked the Board to consider.

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.

5. Approval of the Consent Agenda

- Minutes for January 25, 2010.
- Routine Reports for January 2010.
- Financial Statement for January 2010.
- Check Register and General Manager Financial Report for January 2010.

Mr. Chase made a motion to approve the Consent Agenda with no additions or corrections. Mr. Chase's motion was seconded by Mr. Stout and was approved by a 6-0-0-1 vote of the Board.

6. Engineer's Report and Update

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

• **White's Mill Road Improvements**

Since last meeting, they have been continuing to await word on funding from RD. Mr. Heath did speak with RD's office earlier today. At this point, everything that needs to happen has happened; we just need to wait.

• **Orchard Hill Road Improvements**

Contractor has been unable to work due to inclement weather. They are optimistic that they will finish the last stream crossing by next month. Mr. Chase asked if there has been any progress. Mr. Heath explained that yes, the contractor has used a subcontractor, who moved the equipment out to service it and will move back to continue their work as soon as weather permits.

Mr. Randall Hancock of Draper Aden Associates (DAA) reported on the following projects:

• **Glove Drive Water Line**

The waterline has been completed and put into service. There is little left to do for restoration work. They have moved along to the final change order, as referenced later in the agenda.

• **Seven Springs Secondary Supply**

They have begun construction. Footers are in and they are still awaiting some of their shop drawings; project is underway.

• **Exit 13/14 Sewer Projects**

They have completed most of the design, minus one of the pump stations; they are still working with some residents. He and Mr. Osborne met with many of the residents before tonight's meeting. The project is moving along well.

• **Route 58 Water Storage Tank**

DAA has applied for funding from RD for the project. PER and Environmental Review have been reviewed and have gone to federal review (due to the size of the project). The project needs to be under construction by June at the latest. They asked RD if they could advertise. RD provided a list of things to do prior to advertisement, such as: give proof of sufficient interim funds (which Ms. Roberts says we can do), a letter to explain why the project needs to move forward and advertise, have all easements in hand, and then the state engineer would have to review the documents; they have to do the engineering agreement in RD's format. The requirements may be different administratively, as the project would be funded with stimulus funds. Mr. Hancock wants to see if the Board would give the "go ahead" to advertise prior to the March meeting. DAA would like to stay as much on schedule as possible.

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Mr. Blaylock inquired what will happen if RD does not give the "go ahead" prior to advertisement. Mr. Hancock explained that they will have the go ahead before it is secured and closed. DAA will know if they have the funds before they award the contract. The process will take RD 60-90 days once they receive the letter of conditions. Mr. Cornett expressed that before RD offers the money, they would ask if we could advertise prior to the letter of conditions. He affirmed that there should not be many issues; they are trying to take advantage of the construction weather season to save that time period. Their goal is to advertise the project in March and award in June. He explained that the Board approved procurement plan would require a motion based on general conditions. Mr. Blaylock made the motion to approve Mr. Hancock's advertising recommendations. Mr. Blaylock's motion was seconded by Mr. Stephon and was approved by a 6-0-0-1 vote of the Board.

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

- **Interim Drinking Water Plant Improvements (4.6 to 6.6 MGD)**

They opened bids, which will be reported on later in the meeting.

- **Lobby & Building Renovations**

Received direction from the Board a couple meetings ago, regarding the Master Plan on the Administration Building. They have been working with Mr. Cornett to finalize the Master Plan and implement Phase 1. The Plan is finished and will be delivered to Mr. Cornett in the morning. They are working out a way to implement Phase 1 of the Plan and are still trying to locate potential grant funding opportunities.

- **DWP Expansion (6.6 to 12 MGD)**

Have submitted preliminary (50%) drawings to WCSA Staff. They are meeting tomorrow to discuss progress; hope to be able to advertise by August.

- **Mill Creek Expansion**

Had a kickoff meeting with WCSA & the Town of Chilhowie Staff. They confirmed the scope of the work, set protocol and set some other dates. Have a PER conference on March 1; the first two chapters of the report are due by March 8.

- **Galvanized Line Replacement Study**

Received the letter of conditions from RD for the first phase and RD has provided \$10 million for that work. They are working on preparing the final plans and specifications to move forward. Will be submitting the second phase funding packet to Mr. Cornett for his review very soon. Mr. Cornett has also asked them to proceed with the third phase application; they have done so. The Galvanized Line Project is well underway in three phases.

- **Western Washington Co. Study**

Matthew Lane presented the study's results at last month's Board meeting. They are continuing to work on comments and are finding one portion of the Washington County's service area in Mendota; working with the Board of Supervisors to put together a community development block grant for that project. They are hoping to submit a finding application for that grant funding.

7. Water & Wastewater Construction Projects Report and Update

Mr. Canody referenced the Engineering Report in the Board Books and noted the following changes and project updates:

- **Chestnut Mountain Road**

They are still working on the Chestnut Mountain Road project. Have acquired

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the property for the pump station and have access to it. They hope to have the project bid out and under construction very soon.

- **Rich Valley Road Projects**

The project is ready to begin. However, they are awaiting two easements.

- **Sutherland**

They are putting together a proposal by Thursday for the U.S. Forest Service, who has unofficially committed \$70,000 towards the project.

- **Tumbling Creek**

The weather has been very bad, as the area is of a much higher elevation. VDH has shut the project down due to bad weather conditions. They are hoping that the contractor will be able to get back out there to resume his work soon.

- **Whites Mill Road**

Of all the funding applications submitted last year, only two of the projects submitted caught VDH's funding attention. White's Mill Road was one of them; the project was ranked at 20. However, WCSA will probably turn down that funding, as RD has provided a better funding opportunity. (Note: the Reedy Creek Road project by The Lane Group was ranked #23. However, VDH does not believe their funding will reach down the list that far. The other seven projects they applied with for funding did not even make the list.)

- They are submitting various (erroneously listed as five) projects for funding, which are as follows: **Rich Valley Road/Whites Mill Road** (this will be the third application), **Red Fox Lane** (this will be the third application) and **Mendota Road** (Note: they are still not sure yet if they will submit an application, as there seems to be a potentially better solution.). They

will come back next month with a list of applications for the Board to endorse.

- **Western Washington Co. Study**

They are procuring for the Western Washington County Study and have had five firms submit statements of qualifications; they should be conducting interviews towards the end of March. The shortlist of firms will be suggested for their approval at a later time. Members of the IDA, Board of Supervisors and WCSA Board of Commissioners will pick the short list from: Anderson & Associates with Wiley & Wilson, Draper Aden Associates with Dr. Cliff Randall and his son of Virginia Tech's consulting firm and The Lane Group & Olver Team. Mr. Cornett corrected Mr. Canody; the short list was endorsed on Tuesday [at the February 16 Joint Board Meeting].

- **Wastewater Enforcement Activities with MXI** (located off Hillman Highway)

They have exceeded some parameters. WCSA has sent them an enforcement letter to determine what exactly they need to do to get back on track.

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 and Staff accomplishments for the month of January:

Water Production

- Produced over 201 million gallons of drinking water.

Distribution

- Coordinated the outside purchase of more than 27 million gallons of water.
- In total, an average of 7.3 million gallons per day of drinking water was distributed to our customers.

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Meter Department

- 205 customers were telephoned following unusually high usage.
- 288 customers were notified that their water was to be turned off for nonpayment.

Customer Service

- Little more than \$7,800 was abated for 57 customer water leaks.
- Little more than \$7,700 was written off as bad debt [more than three years old].

Maintenance

- Repaired 28 leaks and 6 major breaks.
- Constructed 3 water taps & 1 wastewater tap.
- Responded to 46 after hours maintenance call-outs.

Wastewater

- Treated little more than 11.7 million gallons of wastewater.

Accounting

- Through the Debt Setoff Collection, 21 claims for little over \$3,000 were matched; more than \$1,100 has already been paid.
- Total Submissions: little more than \$92,000.
- Surplus Sales (for the fourth quarter of 2009): little over \$60,000.

Administrative Items

- Mr. Cornett would like to welcome WCSA's newest staff member, April Helbert of Lebanon, VA. Ms. Helbert has accepted an offer to become a Staff Engineer in the Engineering Department, replacing Mark Osborne.
- Replacing a former employee, Tommy Orfield has accepted an offer of promotion. He is leaving the Maintenance Department to become a Wastewater Operator Trainee in the Wastewater Department.
- Currently, WCSA is advertising for the positions of Wastewater Operator or Wastewater Operator Trainee and a Draftsman/GIS Specialist (which they believe is close to being filled).
- On January 5, WCSA held our monthly staff meeting and reviewed the protocol

of annual performance evaluations and departmental budgetary requests.

- On January 6, Kim Roberts, Jenny Manuel, Mark Lawson, Dawn Figueiras and Mr. Cornett met to consider ways we might improve our collection and bad debt collection process.
- Other Staff members and Mr. Cornett met on January 13 with Dan Danko of Scott County PSA to discuss the possibility of WCSA purchasing water from Scott County for the community of Mendota and how this may impact the current Inter-Municipal Agreement between WCSA and Scott County PSA.

Mr. Baylock inquired about how many cutoffs WCSA issues. Mr. Cornett expressed that he was unsure. Ms. Roberts expressed that usually when she inquires, there are about 30-40 cutoffs per week. The number starts off higher, but falls to about 30-40 cutoffs per week.

9. Consideration of Construction Bids for the Interim Water Plant Expansion Project

Mr. Lane provided a bid tabulation sheet. He noted that, as WCSA will recall, this project is the first of two phases. The Interim step expands the Plant from 4.6 to 6.6 MGD. They received bids on February 16, as referenced on the bid tabulation sheet. The bids ranged from \$5,237,700 to \$6,161,000; they were pleased with the competitiveness of the bids. The first four bids were within \$150,000 of each other and all 14 bids were within \$1 million of each other. They had hoped for a bid around \$4.5 million, but the bids were a little over their estimate. They believe this is probably due to three potential reasons: the addition of a couple items after the estimate which will no longer have to be built, the fact that the project is funded by ARRA funds (there are some administrative

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tasks that require more time, which may have impacted the bids), and they may have just "missed". Mr. Lane expressed that overall, they are happy with the competitiveness of the bids. The team recommends that the project be awarded to the lowest responsible bidder, Frizzell Construction Company, Inc., in the amount of \$5,237,700; they believe the project is definitely worth that figure. Should the Board accept the recommendation, he thinks the appropriate motion would be for the Board to issue a notice of intent to award the contract, pending review and approval by RD and Legal Counsel. Mr. Lane offered to address any questions or comments by the Board. Mr. Cornett explained that WCSA Staff concurs with The Lane Group & recommends that the Board consider the abovementioned motion.

Mr. Chase made the motion to approve the bid, as outlined by Mr. Lane and with his contingencies. Mr. Chase's motion was seconded by Mr. Stout and was approved by a Board vote of 6-0-0-1.

10. 2010-2011 Fiscal Year Budget Review

Ms. Roberts referred to the budget summary handout, located at the Board's stations. She explained that the main goal at this meeting is to get the Board prepared to begin a detailed budget analysis in the next few months. Due to advertising requirements, if they need to make adjustments to the rates, fees or charges for the upcoming year, the changes would need to be made by the March Board Meeting. At this point, she wants to update the Board on the budget's progress/standings at this point. She explained that the budget is incomplete at this time. They are still

finalizing a few departmental budgets, compensation projections and insurance projections. Ms. Roberts wanted to provide a brief look at where the capital and departmental budgets stand thru January 31.

Ms. Roberts referenced the first page of the handout at the Board's stations, which is the water budget summary. She noted that the first column shows a budget summary through January 2010. WCSA had budgeted to receive \$5.9 million in revenue by January 31; we received \$5.957 million instead, which totals \$51,000 to the good in revenues. She explained that we have also projected to receive \$10,212,000 by year end. All departments are remaining under budget for the year. If all numbers are projected forward, WCSA is expected to have approximately \$839,000 in water income to go towards the Capital Improvement Projects by year end. She asked the Board to turn to the Sewer budget on page 2. Ms. Roberts expressed that we have budgeted to receive \$792,000 by January 31 and have actually received \$1.1 million due to Westwood sewer taps. If you project all numbers forward, we expected to have approximately \$608,000 in sewer income to go towards Capital Improvement Projects. She noted that the number at the bottom of the page is the number they want to focus on, which represents the net cash flow. \$2.2 million is the income that WCSA projects to have in order to expense the Capital Improvement Projects for the year, on operating and maintenance.

Mr. Chase asked how these numbers compare to last year's figures. Ms. Roberts expressed that it is difficult to tell, as we started the budget process earlier this year in order to meet the

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advertising requirements. However, she says it appears that we are fairly in line with last year's March statistics. Ms. Roberts explained that page 3 of the document begins referencing WCSA's Capital Improvement Projects in a detailed overview. Page 4 (erroneously read as page 2) shows the Total Capital Expenses on Projects year to date is \$1.8 million; they have budgeted to spend \$15 million. She noted that our \$2.2 million expected in net cash flows is brought forward to show a positive \$600,000. However, the next column over shows that with expected expenditures for this year, we are projecting to finance \$1.7 million with interim financing from reserves. Mr. Cornett elaborated that the amount of \$1.7 million is fair; it reflects the Route 58 Interim financing reflection until the loan close at the end of July. Mr. Chase asked how this would be funded; Ms. Roberts affirmed with reserves. Mr. Cornett explained that once we receive the letter of conditions from RD, as long as we can meet that letter of conditions, we will receive the funding. It takes about 30-45 days to meet the letter of conditions and it takes another 60 days to receive closing instructions. He expressed that this way, we can award the project and work out some of the details prior to actually receiving the funding. He noted that we factor into our budget interim financing for some of the construction costs; we have already interim financed all engineering costs. Once the loan is closed, RD will reimburse WCSA for construction and engineering costs for Route 58, along with the engineering costs for the Water Plant Expansion (also interim financed). Mr. Cornett affirmed that we are anticipating that in the upcoming budget.

Ms. Roberts explained that the remaining packet is the budget in detail thru January for the Board's review. Upon the completion of her presentation, she opened the floor for questions. Mr. Chase asked when we will go into detail of insurance premiums, etc. Ms. Roberts affirmed this would take place in March.

Mr. Cornett expressed that he is unsure how the insurance agent is going to accurately project rates in October; they will have to use six months of experience to get next year's rate projection. He explained that at this point, they are trying to use as much time for that figure we can.

11. 2010-2011 Fiscal Year Rates, Fees and Charges Review

Ms. Roberts referred to the revenue review handout, located at the Board's stations. She provided another brief review of the document's contents and expressed that we are \$51,000 positive for total water revenues for the year. Mr. Chase asked for clarification of what "rents" are. Ms. Roberts explained that rents are income from monthly user fees. She expressed that we are \$370,000 positive for total sewer revenues for the year due to \$386,000 worth of upcoming sewer connection fees.

Ms. Figueiras noted that connections for sewer are listed as consistently lower and wondered if there was a reason; she saw that water connections are on target. Mr. Cornett explained that it was due to a lower estimate projection on our part. He referenced that monthly user fees are above expected and we are doing better revenue wise. By in large, he expressed that we are exactly where we expected to be and he sees no reason to recommend any changes at this time. Mr. Cornett

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explained that we have surveyed other Southwest Virginia counties and localities regarding the number of building permits they have issued over the past ten years. He believes that we will find that the economy has caused a decrease in the number of those permits issued by all. When we compare the number of building permits issued with the number of new water/sewer connections, the figures should correlate and explain why the numbers are low. Mr. Chase asked if we are still planning on completing that report. Mrs. Paukovitz explained that yes, we are. She noted that WCSA has received statistics from all that were surveyed, and WCSA is working on compiling the final report at this time.

Ms. Roberts explained that she surveyed 15-16 localities to see where their rates and fees rank in relation to ours. She referenced her drafted report at the Board's stations, and thought this would be a helpful tool to have in the upcoming review of rates, fees & charges. Mr. Cornett explained that many accusations have been made and this report will back up WCSA's methodology. WCSA is ranked fifth out of fifteen utilities for sewer fees and fourth out of sixteen localities on water fees. He expressed that if the Board would like to review the report and comment back, he and Ms. Roberts would love to entertain the Board's questions.

Mr. Cole expressed that he saw no explanation as to how each municipality is set up. He wanted to know, "How do you compare apples to apples?" Mr. Cornett referenced page four of the report, and pointed to a list of three different things referenced when comparing WCSA's fees to someone

else's. He noted that Mr. Cole's point is well taken; the figures are difficult to quantify. Mr. Cornett expressed his appreciation for Ms. Roberts, as she did all the heavy lifting for the report's development.

12. Consideration of Bids for MXU's and Meter Batteries

Ms. Roberts expressed that it is time to replace meter batteries. She explained that the meter batteries have a five year life span, which has well been surpassed. They concluded that last year, MXU was the best option; a 20 year replacement life span with one time labor. However, they wanted to research through this year's bidding to see if that was still the case. She explained that they had four bidders. The Staff has reviewed the bids, specifications and financials; they found Atlantic Utility Solutions to have the most agreeable and economical bid, at \$1.1 million. Staff also recommends using WCSA labor, opposed to Atlantic's, for significantly less. Atlantic Utility Solutions offers the MXU and the Battery combined on a sealed unit, with no replacement programming required. Mr. Blaylock asked if these are 20 year guaranteed batteries. Mr. Cornett affirmed that this is correct. Mr. Stout asked if all batteries would be replaced on all meters now. Ms. Roberts answered yes, within six months. Mr. Cornett explained that they expect this project to take about six months. WCSA replaced all batteries about five years ago and know what the WCSA labor costs are. WCSA realized this year that they could provide the labor, rather than Atlantic, for significantly less. According to AWWA, the standard on meter batteries should be about 20 years. Mr. Blaylock asked if we checked into

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used meters. Mr. Cornett expressed that the budget is \$1,214,000; Atlantic & WCSA labor is within that budget. Ms. Roberts explained that Elster provided the cost to scrap the meters, but they were the only bidder to do so. She noted that Clyde says we've already replaced 1,000 MXUs and they could probably be sold to another utility. Ms. Roberts wondered if the used batteries could be sold to a utility in Blacksburg. Mr. Stout inquired if WCSA does not change out the meter batteries until they go bad. Mr. Cornett confirmed that his statement is correct.

Mr. Blaylock expressed that the highlighted option is the way to go; he made the motion to approve the highlighted recommendations. Mr. Blaylock's motion was seconded by Mr. Stephon, and was approved by a Board vote of 6-0-0-1.

13. Consideration of Bids for Trucks-

Ms. Roberts noted that the vehicle bid opening took place on February 17. They need to replace two ½ ton Pickups and one ¾ ton Pickup; they asked for truck bids with and without beds. Lindsey Ford in Maryland had the best bids for both options. The cheaper option is to purchase the trucks with beds and receive \$50 for the bed with trade in (after processing). Mr. Cornett expressed that costs have gone down since last year. Mr. Chase made the motion to approve the low bidders [Lindsey Ford of Maryland]. Mr. Chase's motion was seconded by Mr. Stout and was approved by a Board vote of 6-0-0-1.

14. Consideration of Bids for Utility Beds

Ms. Roberts went on to explain that each truck bed trade in would be \$50 to our advantage. She clarified that an

additional motion is required to accept the truck bed with the trade in. Mr. Stephon made the motion to accept the truck bed with trade in. Mr. Stephon's motion was seconded by Mr. Blaylock, and was approved by a 6-0-0-1 vote of the Board.

15. Consideration of Amendment No. 2 to Task Order No. 09-01 for the Seven Springs Secondary Supply Project

Mr. Canody explained that Amendment No. 2 to Task Order No. 09-01 would require WCSA to pay Draper Aden Associates \$60 per hour for 60 billed hours of inspection services. He feels this level of inspection is necessary. Mr. Canody expressed that although WCSA has a very capable electrician and inspector, Steve Carter and Steve Sproles, respectively, we are lacking in this level of inspection; DAA's services are needed. He noted that this amendment is offered for the Board's consideration and approval. Mr. Chase made the motion to accept the Task Order as presented. Mr. Chase's motion was seconded by Mr. Stephon, and was approved by a Board vote of 6-0-0-1.

17. Consideration of Task Order for Exit 13 Phase 3 Sewer

(Note: This item was erroneously addressed prior to Agenda Item #16, due to an accidental document mix-up. In result, to keep with the order, Agenda Item #16 was addressed after #18). Mr. Canody referenced the yellow-tabbed document at the Board's stations. He expressed that they would like to complete the sewer in Foxfire & McCray as soon as possible. He explained that the abovementioned task order allows Draper Aden Associates to update the sewer layout to include these areas with

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the proposed pump stations. Mr. Canody noted that following the update, there would be an evaluation of financial feasibility and following this, Item D (found on the document's second page) is left open. He recommends approval of Task Order 09-07 (corrected as actually being Item #17 on the agenda). Mr. Cornett explained that there has been a great deal of interest from many members of the referenced community and the Board of Supervisors. Through this, we find out whether or not these projects are feasible. He noted that the Task Orders are fairly straightforward. Mr. Stout asked if many of the houses on the map are included. Mr. Canody and Mr. Cornett both affirmed that many of the houses are included. Mr. Canody explained that a lot of those decisions are determined by gravity. Mr. Stout also asked what the demand is for sewer in Foxfire. Mr. Canody affirmed it is great. Mr. Cornett explained that on the southern section of McCray Drive, all but four residents submitted user agreements without being asked; many from Fox Fire did the same as well. For clarification, Mr. Blaylock asked if this had been done without correspondence; Mr. Cornett affirmed this. He noted that the southern part of McCray Drive is in Westwood. However, they could not get the required flow due to gravity. He also explained that the Fox Fire community has not seemed as interested as McCray Drive; Fox Fire contains newer homes. Mr. Blaylock made the motion to accept Task Order 09-07. Mr. Blaylock's motion was seconded by Mr. Stout and was approved by a Board vote of 6-0-0-1.

18. Consider of Task Order for Lowry Hills Sewer

Mr. Canody referenced the purple-tabbed document, Task Order 09-08, at the Board's stations. This Task Order addresses the Lowry Hills Community. Mr. Blaylock asked if we would send this wastewater to Bristol, opposed to Exit 13; Mr. Canody affirmed that it would most likely be sent to Bristol. He noted that some of the wastewater may go to Lee Highway, while some very possibly could go to The Virginian. Mr. Blaylock made the motion to approve Task Order 09-08. Mr. Blaylock's motion was seconded by Mr. Stephon, and was approved by a Board vote of 6-0-0-1.

16. Consideration of Task Order for Exit 13 Phase 2 Sewer

Mr. Canody referenced the pink-tabbed document, Task Order 09-09, at the Board's stations. He explained that this task order involves updating the preliminary sewer layout to serve Route 11 and the Oak Park area. If financially feasible, he expressed the desire to hold a public meeting. Mr. Canody expressed that this project is also integral to the expansion of Oak Park Industrial Park. Mr. Stephon made the motion to approve Task Order 09-09. Mr. Stephon's motion was seconded by Mr. Chase, and was approved by a Board vote of 6-0-0-1.

19. Consideration of a Final Change Order for Glove Drive Water Line Improvement Project

Mr. Canody explained that the Final Change Order is for \$14,774. The reason for this change order is they added water line to the other side of the interstate prior to completing the final bore crossing. The total project cost was about \$900,000; this change order represents about 1.5% of the total cost. He expressed that this amount is not that

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expensive for a change order. Mr. Cole asked if this project has improved the Reedy Creek hydraulics. Mr. Cornett affirmed that yes, it has and he noted that the project has also eliminated some of the galvanized line in the area.

Mr. Blaylock asked if it is an 8" line; Mr. Canody confirmed that the line is 8". He explained that the Contractor would like to get paid (as they have submitted their final pay request). However, the Contractor cannot be paid without the proper motion.

Mr. Chase made a motion to accept the Change Order as presented. Mr. Chase's motion was seconded by Mr. Coleman, and was approved by a 6-0-0-1 vote of the Board.

20. Closed Meeting

Mr. Cornett was pleased to report that he felt they could forgo a Closed Meeting tonight, unless the Board saw otherwise. The Board did not feel the need to proceed with a Closed Meeting.

21. Late Items

Mr. Cornett asked the Board to accept Late Item #1 directly into the minutes. Late Item #1 reads as follows:

1. Consider a written response to statements made at [t]he Joint Meeting on February 16 concerning WCSA being responsible for an Industry going to Wythe County rather than Washington County (Pepsi I think) due to the WCSA connection (system) fee AND Washington County having to pay the connection fee for the Regional Jail that located in Washington County due to WCSA's connection (system) fee relative to the other Regional Jails.
 - a. Regarding Pepsi: to suggest that WCSA's connection fee is the reason why Pepsi went to Wytheville presupposes that

WCSA had sewer capacity to sell them. Moreover, if there were sewer capacity and therefore true, why did Washington County decide NOT to pay the system fee? After all, if this could be true, Washington County is the one who made a decision NOT to bring the Industry to Washington County NOT WCSA.

- b. Regarding the Regional Jail: at the time this occurred, WCSA demonstrated that compared to the other Counties where a Regional Jail was to be located, the combined connection and monthly user fee the Jail's would pay would be less in just a few years (ten I think) in Washington County than in the other Counties.

For these reasons, you may wish that we respond to those claims to clear up any misunderstandings that folks may have.

Mr. Cole thought that in regards to Item #1, it would be in our best interest to set the record straight. He feels some citizens and some BOS may need to know WCSA's side of the story. Mr. Stephon suggested a letter to the editor. Opposed to a letter to the editor, Mr. Chase recommended a letter to the Board of Supervisors; to that, Mr. Blaylock agreed.

Mr. Stout was not sure if Mr. Straten knew what he was talking about [on February 16]. Mr. Stout is surprised that some of the older Board of Supervisor members who know what actually happened did not speak up. He noted that Mr. Straten used his position of the subject as a campaign slogan, got some votes, and even beat Jack [McCrary] by about 10 votes; Mr. Stout was surprised the older Board of Supervisors who

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knew the situation did not speak up. Mr. Cornett agreed to draft/send a letter to the Supervisors in the next couple weeks. Mr. Cornett asked the Board to accept Late Item #2 directly into the minutes. Late Item #2 reads as follows:

2. As you know, for months now WCSA has been talking with Appalachian Power Company (APCo) about the possibility of APCo acquiring property from WCSA to cite their proposed Arrowhead Substation. The property in question is Tax Parcel 128-2-8 and is one of two parcels that WCSA's Middle Fork Drinking Water Plant (MFDWP) is located on. The proposed site is to be 1.64 acres and includes certain easements "to" and "from" the Arrowhead site across WCSA lands.

In exchange for the proposed site and easements, WCSA receives the following:

- a. More reliable electricity in that a Viper re-closure would be installed just downstream of the MFDWP connection to the APCo system therefore virtually eliminating all distribution power outages.
- b. Improved power quality due to the proximity of the MFDWP to the Substation.
- c. Due to added reliability, WCSA could forgo a standby generator at the MFDWP estimated to cost \$1.3 million in capital expense plus ongoing operation and maintenance.
- d. Finally, WCSA is to have its needed electrical connections to APCo's system at the MFDWP and the proposed South Fork Raw Water Intake made without charge (estimated at \$300,000).

that trade is in the best interest of WCSA. Therefore we recommend you consider the prepared resolution.

Mr. Cornett provided a quick review. Mr. Blaylock moved to approve the motion as is. Mr. Blaylock's motion was seconded by Mr. Coleman and was approved by a Board vote of 6-0-0-1. Mr. Blaylock inquired if the generator is by the plant, to which Mr. Cornett explained that no, the generator is not. Mr. Cornett's third late item was to discuss with the Board the Recessed January Meeting, as we were unable to complete that meeting tonight due to the lack of a quorum. The Board agreed to reschedule the Recessed January Meeting for prior to the March 22 Regular Meeting at 5 PM again. Mrs. Paukovitz assured that she would make reminder phone calls to the Board and Mrs. Figueiras.

22. Adjournment

Mr. Stout made the motion to adjourn the meeting. Mr. Stout's motion was seconded by Mr. Coleman and was approved by a 6-0-0-1 vote of the Board at 8:50 PM.



Mr. Gerald Cole, Chairman



Amanda Paukovitz, Assistant Secretary

WCSA Staff, The Lane Group Inc and WCSA General Counsel have all reviewed the proposal and think

**RESOLUTION OF THE
BOARD OF COMMISSIONERS OF
WASHINGTON COUNTY SERVICE AUTHORITY**

WHEREAS, Washington County Service Authority (WCSA) owns certain real property located adjacent to the middle fork of the Holston River, being tax parcels 128-2-8A and 128-2-8; and


WHEREAS, Appalachian Power Company (APCo) has proposed building a substation on 1.64 acres of tax parcel 128-2-8 (the Property) which, if constructed, would provide WCSA with a more reliable source of power for operation of its drinking water plant located adjacent to the proposed substation; and

WHEREAS, APCo has proposed that in return for WCSA's conveyance of the Property to APCo, it will provide a service connection to WCSA's drinking water plant and new raw water intake located on the South Fork of the Holston River at no cost to WCSA;


NOW THEREFORE, be it resolved that WCSA hereby directs Robbie Cornett, its General Manager, to enter into the Agreement reviewed and approved by the WCSA Board of Commissioners in open meeting convened on February 22, 2010, and to execute a Deed for conveyance of the Property in the form attached to the Agreement.

This resolution shall take effect February 22, 2010.

WASHINGTON COUNTY SERVICE AUTHORITY

By: 
Chairman

ATTEST:


General Manager