

Washington County Service Authority Board of Commissioners
May 24, 2010 Regular Meeting Minutes

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

ROLL CALL

Commissioners Present:

Mr. Joe Chase, Vice Chairman
Mr. Sam Blaylock
Mr. Prince Coleman
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
Jenny Manuel, Customer Service Manager
Mark Osborne, Distribution Manager
Sheila Poston, Staff Accountant
Karen Lester, Staff Accountant

Consultants Present:

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

Also Present:

Mrs. Dawn Figueiras, General Counsel
WCSA Employees

3. Public Query & Comment

Jenny Manuel,

WCSA Customer Service Manager

In consideration of the 2010-2011 Budget and on behalf of the WCSA Customer Service Department, Mrs. Manuel thanked the Board for the compensation and benefits that they have afforded for WCSA today. She noted that as compensation is very important, the benefits have attracted many of WCSA's employees here. The benefits are essential, as many employees do

provide for their families. Income can sometimes be supplemented, but it is far more difficult to supplement the excellent benefits package that our employer has available. She expressed that while last year's insurance change from a co-pay plan to that with a deductible has taken some getting used to, employees do realize the value of our benefits. There has been a significant value added through the additional money allotted to each employee's flexible spending accounts. However, it does not fully cover the additional out-of-pocket costs that a family deductible adds or the increased cost of prescriptions. Ms. Manuel expressed that she does not say these things to fuss over last year's changes but to respectfully request the Board to maintain the same employee benefits as part of their budget considerations. Mrs. Manuel affirmed her genuine appreciation, along with her department's appreciation, of the Board. Mr. Chase thanked Mrs. Manuel for her comments.

4. Approval of the Agenda

Mr. Cornett had no recommended revisions to the Agenda.

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

5. Approval of the Consent Agenda

- Minutes for the March 22 Regular Meeting and the March 22 Recessed Meeting (Held on April 26, 2010).
- Routine Reports for April 2010.
- Financial Statement for April 2010.
- Check Register and General Manager Financial Report for April 2010.

Mr. Taylor made a motion to approve the Consent Agenda with no additions or corrections. Mr. Taylor's motion was

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seconded by Mr. Coleman 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:

- **Whites Mill Road Improvements**

Since the last Board meeting, they had a meeting with RD. All the funds are in place, with the exception of permission to advertise the project for bid. Preliminary bond transcripts are still being worked on by Bond Counsel. However, they are optimistic to be able to advertise in the very near future; they are hoping to do so this weekend.

- **Orchard Hill Road Improvements**

The contractor has continued to drill on the remaining stream crossing; they broke another rod under the stream. The contractor has exhausted all potential paths they could drill from at the current location. They have requested, although they are unsure whether or not they can get authorization, from the Army Corps of Engineers to open cut a portion of the stream (not the entire width, but about 40 feet) to get down to one of the previously constructed reaming paths and put the line in place. This would require a two week time frame to receive permission and complete the work. They have a meeting with the Corps and Gaming & Fisheries tomorrow. Adams-Heath is optimistic that if they do get permission from Army Corps, Gaming and Fisheries will allow them to complete the project. If not, they will need to: reevaluate where they are boring from, possibly needing to negotiate another easement. Adams-Heath is optimistic that they have a good case to do what they are requesting. Mr. Heath offered to answer the Board's questions.

Mr. Taylor asked Mr. Heath if he thinks this is a possibility. Mr. Heath believes it improves our case, as we do not have to extend the stream; the location will allow them to maintain a through flow at all times. Mr. Heath thinks this is a reasonable request. However, they have to rely on what the Corps allows. Mr. Taylor asked, provided the Corps gives a tentatively positive viewpoint that it can be done, if six months will hurt [should the project carry on that long]. Although the project is currently functional, Mr. Heath is worried of the time of year restraint, should the Corps grant the permit. Typically, the time window in which they allow in-stream work is from March to July. From that standpoint, this may be good timing to request. Mr. Chase inquired of an ideal time frame. Mr. Heath has asked the contractor for a time frame to present to the Corps; the contractor provided him with a time frame of two weeks for completion.

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

- **Glove Drive Water Line**

Project has been complete, with the exception of some restoration. They are having trouble with grass [growing back] in some areas and are awaiting the release from VDOT.

- **Seven Springs Secondary Supply**

The Wise Pump Station has been completed. There have been some issues with the pump, which are being looked into. They have not done much work on the Seven Springs Pump Station (near Glade Spring); the weather has held up for the completion of the grating.

- **Route 58 Water Storage Tank**

DAA recommended award of the project at the [April] Recessed Meeting on May 12 to W & L Construction and Crom

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Corporation for Contracts 1 & 2, respectively. They have prepared all the documents for RD's approval. DAA received a call from RD today saying award of the contracts was ok; documents have been processed and distributed to the contractors. They are hoping to conduct a Pre-Construction Conference in the first week of June.

- **Route 58 Corridor/ Monte Vista Drive Studies**

The reports were submitted to VDH. DAA has spoken with Staff and is in the process of updating the PERs to meet RD's standards. DAA has done some environmental work and can support an additional expansion of the system; they should be submitting this to Staff soon to apply for some additional funding.

- **Exit 13 Sewer Project, Phase 1**

Most of the line has been designed, but they are waiting on some easements. They have a tentative pump station site, which they are working on with the property owner; project is moving along.

- **Exit 14 Interceptor**

The line is staked out. They have a meeting with the owner of the former White Property on Thursday this week.

- **Three Sewer Projects: Lowry Hills and the Exit 13 Sewer Project, Phases 2 & 3**

DAA gave the first two phases to [WCSA] Staff for review. They have talked to RD for potential funding, who have provided a favorable response thus far. RD says we may be able to add as an amendment to the original agreement for Exit 13. There is a good possibility RD could provide additional funding.

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

- **WCSA Administration Building**

They have completed the plans and have

met with Mrs. Manuel and Mr. Cornett to review those documents. They came up with some suggestions, which are now being incorporated into the final documents. The Lane Group hopes to have a review meeting with WCSA Staff at the end of this week. With their approval, they hope to then advertise the project for construction bids very soon.

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

Mr. Lane reported at the last meeting that Legal Counsel has finished review of the Task Order and it has gone onto RD. The Loan Closing is scheduled for Thursday at 1 PM and the Pre-Construction Conference at 2 PM. They recommend Mr. Cornett give the notice to proceed following the Pre-Construction Conference on Thursday. The contractor has begun to mobilize, so they hope to be well under construction with the interim plant improvements by the Board's next meeting.

- **Task Order #9: 12 MGD Water Treatment Plant Expansion Design**

There has been quite a bit of activity on this project since the last Board Meeting. They have had another meeting with WCSA Staff, reviewed the documents and they were submitted to VDH; this was for the new water plant intake and the new raw waterline. VDH gave a quick turnaround with comments for all three elements. The Lane Group is now working to respond to these comments. Their goal is to obtain approval from VDH for advertisement around July 1, which would allow them to advertise in August and allow them to close the loan prior to the year's end. The Lane Group's hope is to obtain a Build America Bond subsidy in this climate.

- **Galvanized Line Impact Study**

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The Study continues. They received a Letter of Conditions for Phase 2, but RD has approved the second of three phases. The PER is being finalized and they have begun design of the work. Their goal is to complete the first phase and advertise in August to take advantage of the Build America Act's interest subsidy.

• **Mill Creek Expansion**

They have a meeting tomorrow at the site to begin work on the Mill Creek Water Plant; Mr. Cornett's wife is providing lunch. There are three primary vendors of membrane filters: Koch (which is currently being utilized at Mill Creek), Hall Corporation and Memcor. The Committee has requested SOQs from all three vendors. They hope to have the SOQs in hand, select a membrane and move the project forward.

7. Water & Wastewater Construction Projects Report and Update

Mr. Cornett expressed that Mr. Canody cannot be here tonight. He had talked with Mr. Canody earlier today, who expressed the Engineering Report should stand for itself. Mr. Cornett offered to answer any of the Board's questions. Mr. Taylor asked if the Tumbling Creek Project is done. Mr. Osborne explained that they intend to declare substantial completion by the end of the week; pressure testing is to be completed this week and they finished the first bacteriological test this morning.

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 from all departments:

Water Production

- Produced over 192 million gallons of

drinking water.

Distribution

- Coordinated the outside purchase of more than 22 million gallons of water.
- In total, about 6.95 million gallons per day of drinking water was purchased and distributed to our customers.

Meter Department

- 134 customers were telephoned following unusually high usage.
- 2 meters were lifted for nonpayment.

Customer Service

- Over \$31,000 was abated for 95 customer water leaks.
- \$3,779.18 was written off as bad debt over three years old.
- 15 new water taps were made.
- 3 new wastewater taps were made.
- Handled 179 reconnection/transfer of service requests in the month of April.

Maintenance

- Repaired 30 leaks and 6 major breaks.
- Constructed 9 water taps & 2 wastewater taps.
- Responded to 33 after hours maintenance call-outs.
- Mr. Cornett acknowledged the WCSA employees who responded to the Exit 19 Northbound Exit Ramp issue; he commended the crews for their substantial effort onsite.

Wastewater

- Treated over 9 million gallons of wastewater in the last month.

Accounting

- Through the Debt Setoff Collection, 21 claims were submitted and matched for little over \$10,000; they have collected a total of \$7,798.33 so far.
- Total Submissions: \$94,124.28 [erroneously read as \$94,124.21].

Administrative Items

- Mr. Cornett is pleased to report that six maintenance staff members willingly attended the 40 hour asbestos cement abatement training, passed the exam and are licensed to abate this pipe when the need arises. He feels this is not to be

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taken lightly, as the training involves a very lengthy class.

- He had the privilege of representing WCSA at the Virginia Water and Waste Authorities Act [Association's] Annual Meeting in Charlottesville, Virginia on April 29, 2010, where he also had the privilege of presenting to the group on the importance of Non-Revenue Water; the presentation was well received.
- Mr. Cornett met recently with Jimmy Norman of the Southwest Regional Community Assistance Program (SERCAP). They seem very interested in participating in funding some of the WCSA Capital Projects; most notably, the Western Washington County Wastewater Collection Treatment Study. They have tentatively indicated a desire to provide some grant money for that project, and perhaps some other projects that may come out of it.
- WCSA is honored to have been awarded the 2009 Excellence in Waterworks Operation Silver Award from the Virginia Department of Health, Office of Drinking Water. This award indicates that our water treatment plant met the Virginia Optimization Program goals for clarification and filtration during 2009.

9. Consideration of 2010-2011 Fiscal Year Budget

Ms. Roberts referenced the proposed budget packet at the Board's stations. She noted that last year, WCSA engaged Municipal & Financial Services Group (MFSG) to conduct a water and wastewater rate study that would provide a current picture of how accurately our rates and fees are allocated, along with a dynamic look at our projection of revenues and expenses. She noted that Staff is thrilled to have these models and to be able to use them. This study presents an accurate look at where WCSA is and where we are going.

Ms. Roberts explained that page 1 of the budget denotes WCSA's list of line extensions and upgrades, compiled by Mr. Cornett, Mr. Garrett, Mr. Canody, along with input from Commissioners, customers, etc. The list includes projects with inadequate or non-existing service. She noted that money has been allotted for emergency projects, along with additional projects that come up for completion during the year. These are mostly the same projects WCSA had last year. However, the Authority does not anticipate being able to complete all of these projects; they included the first three projects in the budget of Stonegate, Ferndale and Hearl Drive. She explained that they will probably delay or hold off on completing these first three projects out of respect to the Galvanized Line Project; the latter will require two maintenance crews, plenty of resources and many projects could be eliminated through the Galvanized Line Project anyways. Ms. Roberts affirmed that they wanted to at least identify these projects as areas of need. She explained that [\$268,900] pulled through into the upcoming fiscal year's capital improvements budget.

Ms. Roberts identified the next section of the proposed budget on pages 2-8, which identifies departmental capital expenditures for the upcoming year. These expenditures were reviewed by each department head of Staff; these are anticipated needs for the fiscal year. The first column identifies what was requested last year, the second column shows the amount spent, the third column identifies what Staff is planning to spend, along with the fourth column, for what has been requested for the upcoming year by department. Ms. Roberts provided the Board with some

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time to review the figures. Mr. Cornett clarified that they have presented this information before, but not in detail. Ms. Roberts added that the information is the same, to which Mr. Cornett affirmed there were little to no changes. Ms. Roberts offered to answer any questions the Board may have in their review. She moved on to review page 9, which identified the Capital Improvement Projects List. Ms. Roberts expressed that this is the same project list as presented before in summary format. She has added a few more projects upon the completion of a few studies, such as the Route 58 Corridor Study. This is a new look for this report, as one can tell which projects will be bond funded, cash funded, and grant funded. A column has been added for the total project cost. The second column indicates the budgeted expenditures, along with projections for the next five years. She affirmed there have been few changes to this list as well. Mr. Cornett noted that Ms. Roberts has broken down the CIP Budget to provide better recognized specifics in WCSA's funding. He added that they hope to move projects, depending on their type, from cash-funded to other categories as these they progress. If the projects were being built today, they would come out of cash reserves; they often do until the time of construction. Page 10 of the budget, which is the second page of the abovementioned report, denotes a yearly summary of departmental capital expenditures, along with a total of capital expenditures that need to be funded; this is the sum of the budgeted capital expenditures, totaling [\$705,930]. Over 2010-2011, WCSA anticipates \$2.7 million to not being funded outside of cash.

Ms. Roberts provided a new summary

this year that she felt was more user friendly, as far as where WCSA stands, for the current fiscal year ending in 2010. The summary is based on projections through April. She explained that if one looks at this summary, the water budget is in the first column, wastewater budget is in the second, followed by this year's total budget. The first number Ms. Roberts highlighted is the income that would be available after the debt service and available for our capital expenditures; this does not include funding depreciation. The figure would be \$2.4 million, which denotes the result of WCSA revenues and expenses. The highlighted number in the second section denotes the total capital uses, which is the sum of the capital projects and the capital expenditures by department. WCSA is looking at needing \$3.7 million this [current fiscal] year, which causes us to hit our reserves at \$1.2 million, which WCSA anticipated. Mr. Cornett asked if this is what the implemented MFSG study from last year predicted. Ms. Roberts affirmed that we are within their prediction. WCSA knew it would hit reserves for the first two years of the rate study projects due to the Water Treatment Plant Expansion, along with other projects that have not been bond funded; according to the cash flow analysis, this was predicted in the study. Page 12 depicts the projected fiscal year budget for the upcoming year (ending in 2011), which are the same projections as previously mentioned. The income available after Debt Service is \$1.4 million and there is the \$2.7 million that WCSA anticipated needing cash-funded, resulting in reserves being hit by \$1.2 million. These figures were projected by the rate study, especially until WCSA retires the Blue Ridge debt in 2014.

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Mr. Cornett added that WCSA has one principal interest payment this year, and the payment loan is well over \$7 million. He noted that the Board probably recalls from the rate study that it was anticipated for this current fiscal year, along with the year coming up, to hit reserves \$1.2-\$1.3 million each year. He added that this is not ideal, but once the Blue Ridge Debt is retired, we'll be able to replenish the reserves. The next few years will be lean years, in regards to how much WCSA has in its reserves.

Mr. Taylor asked about the depreciation rate. Ms. Roberts clarified that our depreciation is depicted by a straight line, but it varies depending on the referenced piece of equipment over time. Ms. Roberts continued her basic presentation of where WCSA stands through the proposed budget's supplemental information for the Board's review. The first page addresses compensation, broken down by department. She noted that the projected compensation for the upcoming fiscal year is only \$1,600 higher than this past year [\$3,408,681.59 for the upcoming fiscal year, opposed to \$3,407,075.62 for the past year]. This is due to many recent retirees, who have been replenished with new hires at a lower compensation rate. There are six anticipated open positions that have budgeted for in the upcoming year. If the positions are not filled, the compensation projection will be less. Ms. Roberts noted that last year, there was not an allowance for a cost of living increase. Employees were, however, awarded with a 1% average performance evaluation-based compensation increase, bringing the total compensation to \$3.4 million. WCSA Staff is requesting a 2% cost of living increase, with the annual inflation rate currently being 2.24%, and

a 1% average performance evaluation-based increase for staff, bringing total compensation to \$3.5 million.

She then reviewed a summary of employee benefits. Ms. Roberts expressed that they have spoke with WCSA's insurance agent and the insurance renewables have not yet come back specifically; she probably will not get those until June 1st or July 1st. The agent was asked for some comparisons and she noted that the highest [rate] she has seen is 17%, but it is averaging around 10%. There have been a few changes with the Health Care Act, but nothing that should affect WCSA this year substantially. Ms. Roberts explained that this year they have built into the budget an expected 10% increase for the heath care, dental and long-term disability premiums. She noted that, similar to this past fiscal year, a \$500 contribution was budgeted [per employee's Flexible Spending Account] to compensate for the deductible.

Ms. Roberts expressed that Sheila Poston [WCSA Staff Accountant] attended a VRS roundtable last Thursday for what she thought would be a quick update. VRS surprised everyone by sharing that a new State Law was passed for retirement changes. Ms. Roberts referenced the VRS Addendum at the Board's stations. She expressed that Mrs. Poston has done a lot of research since Thursday to find out how this affects WCSA. She has found that for current employees, VRS ranks them under Plan 1 while future employees hired after July 1 are ranked under Plan 2. One of the changes is in regards to refunds: if an employee leaves prior to five years of employment, they will not receive funds contributed after July 1; currently, the employee can take all that

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is contributed to their account.

As previously mentioned, there are two plans that have been set up: Plan 1 and Plan 2. The chart on pages 2 and 3 of the Addendum packet affect [WCSA]. Under Plan 1, if an employee retires, their retirement is figured by averaging the last 36 months of compensation. Plan 2, which will apply to employees brought on Staff after July 1, their retirement is figured by averaging the last 60 months of compensation. However, Ms. Roberts noted that the biggest change is as follows: currently, WCSA contributes 5% to each employee's retirement account. Through the passing of a new law, the State has made this irrevocable. WCSA will have to pass a resolution prior to July 1 (which will go into effect after July 1) to decide how much of the 5% the Authority is willing to contribute for Plan 2 employees. The 5% contribution is mandatory and whatever part of the 5% the employer does not contribute, the employee will have to make up the difference through pre-tax compensation deductions. Ms. Roberts affirmed that WCSA will provide a resolution at the next meeting for the Board to entertain a percentage rate they want to implement for employees hired after July 1. This has hit VRS so suddenly that they have not been able to prepare resolutions yet. She noted that the VRS Retirement age will also be affected. Plan 1 allows for retirement at age 65, while Plan 2 will implement the retirement requirement according to Social Security's standards. For some it may be 65, for some 67, depending on one's date of birth. The change in the earliest unreduced retirement is currently age 65 and five years of service or age 50 with at least 30 years of service. VRS is changing this

standard for anyone hired after July 1 to the normal Social Security age with at least five years of service or age 60 with 30 years of service.

Ms. Roberts explained that currently, employees can have a reduced retirement at age 55 with five years of service or age 50 with 10 years. This will change for Plan 2 to age 60 with at least five years of service credit.

The Cost-of-Living Adjustment (COLA) is currently matched by VRS for the first 3% increase in the Consumer Price Index with one-half of the remaining [increase], up to 5%. The policy for Plan 2 will change to VRS matching the first 2% of the Consumer Price Index [with one-half of the remaining increase], up to 6%. The ORP rates do not apply to us. Ms. Roberts referred to the highlighted portion on Page 4 of the VRS Legislative Review. VRS will allow WCSA to select a new severance program if we want to offer a severance package to employees who are involuntarily terminated or laid off. If the Board so chooses, this policy could be adopted by a Board resolution of the package; this feature was established due to the unemployment rates. The program is a limited time offer, effective through 2012.

Mr. Cornett added that Staff will need to acquire a resolution (highlighting the level of contribution to a new employee's retirement account) for the Board to consider at the June Meeting. Mr. Chase inquired if the Board needs the Resolution prior to approving the budget. Mr. Cornett and Ms. Roberts affirmed that no, the Board does not. Ms. Roberts added that VRS, as depicted on page 6 of the Addendum, has made changes for all of their participants. For FY 2010, their State retirement was at 11.26%. In April and May, they moved

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everyone to a rate of 5%, and those employees are ending up at [8.13%], to get the overall balance. All changes can be referenced in the packet. There are no changes for us; the political subdivision of VRS remains consistent at 5%. They are trying to level out everyone's contribution rate for the year.

She noted that they have changed Group Life Insurance. VRS was requiring a .79% contribution, but now require 0% employer contribution; employees are now covered under group life insurance without WCSA making a contribution. The retirement changes do not really affect current employees, unless they leave before being fully vested. However, these changes will affect new hires after July 1.

Back in reference to the proposed budget handout, Ms. Roberts explained that the remaining supplemental data reflects line item revenues and expenses by department. She expressed that if the Board has a particular line item they would like to discuss, they are happy to answer any questions. Otherwise, these numbers are very similar to that which was presented last meeting, with just a few minor changes.

Mr. Cornett complimented Ms. Roberts on the new budget format. He expressed that as the Board is aware, there is no need for changes to rates, fees and charges this year, due to the MFSG report. The budget in front of the Board for consideration, whether for discussion or approval, is ready for adoption. The only item the budget is lacking is the insurance renewal rate details. He expressed that they only have estimates at this point; WCSA will not have the renewal figures until June. Mr. Cornett added that if the Board wants to consider approving the budget as presented, Staff

asks that the Board consider doing so with a 10% average limit to increasing benefits. Staff would then readvertise/ approach the Board if the rates come back at any higher percentage of increase; if so, WCSA would probably issue an RFP to advertise for insurance. Mr. Cornett explained that this system worked for WCSA three years ago. Based on what our insurance agent, Patsy Akridge, has seen, a 10 % increase or less is a good prediction. Mr. Cornett offered to answer any budget questions the Board may have.

Mr. Chase expressed that Ms. Roberts has done an excellent job on the budget and its presentation.

Mr. Taylor asked if a Cost of Living Increase was built into the budget. Ms. Roberts affirmed this. He also asked if the 10% increase [on insurance premiums] was figured in as well. Ms. Roberts affirmed this also.

Mr. Chase asked if approving the budget could wait until next meeting [when hopefully all figures would be available]. Mr. Cornett expressed that the Board could wait. However, the only difference between the budget now and the budget then would be that WCSA will have actual renewal rates.

Mr. Stout asked if WCSA has the difference in figures available if the Board chooses to eliminate the \$500 deductible. Ms. Roberts affirmed that the figure comes with the renewal details. She knows last year's figure, but she is unaware of what it would be this year. Mr. Taylor asked if the Group Life Insurance is paid for by VRS, not the employee. Ms. Roberts affirmed this and clarified that it was paid for by WCSA. Mr. Stout asked who pays for the benefit; Ms. Roberts answered the State. Mr. Stout expressed he would like to see

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the Board pay more to the eliminate deductible. He noted that he is just one vote, but he would like to see the deductible eliminated like it was prior. Mr. Stephon made the motion to approve the budget as presented with a 10% limit on health insurance and with the understanding that if [premiums increase] more than 10%, figures will be represented to Board. Mr. Stephon's motion was seconded by Mr. Taylor. Ms. Roberts added that the budget figures will be updated through June 30; the Board could approve the budget with those changes if they want to or as is. She noted that there are some expenses that do not hit until the end of the year. However, the numbers are edited as new figures become available.

Mr. Chase asked Mr. Stephon if he would like to amend his motion; Mr. Stephon declined, and kept his motion as previously stated. Mr. Stephon's motion was approved by a vote of 5-1-0-1 (1: Mr. Stout opposed).

Mr. Chase thanked the Staff involved and Mr. Cornett expressed his thanks to the Board for the awarded benefits and compensation allowance.

10. Consideration of Fuel Bids

Ms. Roberts referred the Board to the Fuel Bid Tabulation at their stations. She noted that Fuel Bids were opened on May 17 at 2 PM. There were three bidders: Addington Oil, Buck Oil and James River (a new bidder). Addington Oil offered the lowest bid on diesel fuel at 0.0963 over rack and James River was the low bidder on unleaded fuel at 0.0975 over rack. She recommended that the Board accept the low fuel bidders. Mr. Stout made the motion to accept the low bidders. Mr. Stout's motion was seconded by Mr. Blaylock [erroneously

read as Mr. Stephon].

Mr. Taylor asked if WCSA receives a new rack rate each month and if the rate is determined by indexing. Ms. Roberts affirmed this. Mr. Taylor asked who WCSA receives the rack price from. Ms. Roberts noted that the figure is received from the supplier. He inquired who the supplier is. Ms. Roberts explained it is the supplier for whoever we are receiving the fuel from. She noted that Addington Oil has their supplier and they add .09 cents to their supplier price. Mr. Taylor wanted to affirm that we are using the rack price from whomever we are buying the fuel from; Ms. Roberts noted this as correct, as of last year. Mr. Stephon inquired of the pick-up price. Ms. Roberts explained that last year, Addington Oil received their fuel from Knoxville, but she is unsure where James River receives their fuel from. Mr. Taylor expressed that the reasoning for his questions are due to the fact that rack prices come from different venues. Mrs. Figueiras added that the Board could reject all the bids and resubmission another invitation for bids, asking for bids tagged to a more specific rack price.

Mr. Taylor explained that the consolidated average for the whole state of Virginia involves about 18 locations. When figures come with rack prices, the bids could use further clarification. He would like to receive clarification of the submitted figures without rebidding. Ms. Roberts noted that they could get clarification of the rack price details and the average. She expressed that the Board could shape their motion to only accept bids with certain standards, or the bids could be presented again at the next meeting. Ms. Roberts asked Mrs. Karen Lester, WCSA Staff Accountant, if there

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was clarification within the bid documents of when they expire; Ms. Lester was unsure of the bid expiration details, but she did not believe there was an implemented bid expiration date. Mr. Taylor inquired if we could add requirements for the bids. Mrs. Figueiras expressed that it would be a problem to add this information now; new requirements cannot be added to the bids [after they have been opened]. She noted that WCSA could redo the bids. Ms. Roberts explained that WCSA's current fuel prices are good through June 30, which gives Staff and the Board time to redo the bids with enough leeway before the current fuel bid prices expire, if they so desire. Mr. Cornett affirmed that we could redo the bids with clarification to make sure that the prices have consistent, average rack prices. Mr. Stout withdrew his motion.

Mr. Taylor made the motion to rebid for Fuel Bids with clarification of the rack price via letter certification each month from the bidder's supplier. Mr. Stephon asked if he wanted a monthly letter. Mr. Taylor explained that the rack index is a monthly average. Mr. Taylor's motion was seconded by Mr. Stephon. Mrs. Figueiras questioned, if the supplier certifies that it is their rack price, couldn't bidders still change the figures? Mr. Taylor explained that no, they could not if the fuel is coming from the supplier. Mrs. Figueiras asked if WCSA could possibly award the bids to the highest markup and lowest actual rack price; Mr. Taylor expressed yes, there is no way to know definitely.

Mr. Cornett explained that different suppliers could have different rack prices, but Mr. Taylor wants the price attached to the average rack. He asked if Mr. Taylor was looking to see the

Suppliers' Rack, the Average Rack or the Lumber Rack values; Mr. Taylor affirmed he desires the Lumber Rack. Mr. Taylor amended his motion. His amended motion is to rebid the fuel bids with rack values from the Lumber Report. Mr. Taylor's motion was approved by a Board vote of 6-0-0-1.

11. Closed Meeting: Personnel, 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) (1): Personnel, [1.] To Discuss and Consider the Performance and Salary of the Employee of the Public Body, 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 Inter-municipal and Other Agreements, Code of Virginia § 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Various Inter-municipal and Other Agreements.

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. Blaylock and was approved by a 6-0-0-1 vote of the Board. The Board adjourned to Closed meeting at 8:13 PM.

Return to Public Session

Upon a motion by Mr. Stephon, a second by Mr. Blaylock, and a 6-0-0-1 vote by the Commissioners, the Board returned to Public Session at 9:55 PM.

Washington County Service Authority Board of Commissioners
May 24, 2010 Regular Meeting Minutes

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. Blaylock, Mr. Chase, Mr. Stephon, Mr. Coleman, Mr. Taylor and Mr. Stout.

12. Late Items

Mr. Blaylock made the motion to authorize Mr. Cornett to proceed with property acquisition negotiations for the Jones/Boring Property, as discussed in Closed Meeting. Mr. Blaylock's motion was seconded by Mr. Stout, and was approved by a Board vote of 6-0-0-1.

13. Adjourn or Recess

Mr. Stephon made the motion to adjourn the meeting. Mr. Stephon's motion was seconded by Mr. Taylor and was approved by a 6-0-0-1 vote of the Board. The meeting was adjourned at 9:36 PM.


Mr. Joe Chase, Vice Chairman


Amanda Paukovitz, Assistant Secretary