

Washington County Service Authority Board of Commissioners
June 22, 2009 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Vice-Chairman at 7:02 PM.

ROLL CALL

Commissioners Present:

Mr. Scott Rector, Vice-Chairman
Mr. Sam Blaylock
Mr. Joe Chase
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
Doug Canody, Chief Engineer

Consultants Present:

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 and Comment

***Bill Roberts [Sr.] of
Bill Roberts Construction***

Mr. Roberts and his son were told by Mr. Cornett that they could purchase taps at this time prior to a possible rate increase. He would like to get together with Mr. Cornett to work this out; otherwise, he will not be able to finish his project, let alone add a second phase. Mr. Rector asked that Mr. Cornett get with Mr. Roberts to work out the arrangements; Mr. Cornett agreed.

4. Approval of the Agenda

Mr. Cornett had no additions or changes

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

5. Approval of the Consent Agenda

- Routine Reports for May 2009.
- Financial Statement for May 2009.
- Check Register and General Manager Financial Report for May 2009.

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

6. Engineer's Report and Update

In Mr. Kevin Heath's absence, Mr. Doug Canody reported on the following projects for Adams-Heath Engineering:

• **White's Mill Road**

Have received all agencies' clearances for the environmental assessment. They will submit the environmental assessment to DWSRF for review very soon. Although they have not had funding offered at this time, they are hopeful that funding will be upcoming.

• **Orchard Hill Road**

The contractors have completed all mains. All service reconnections that can be made have been and the waterline up to the BFW has been installed. Mr. Canody gave his complements to Adams-Heath and the contractors.

Mr. Stout asked if they have gone as far as the Tennessee line; Mr. Canody explained that they did not.

• **Green Springs Road**

Adams-Heath Engineering has been procured for the project (to replace lines along Cummings Street that experience frequent outages). At a preliminary scoping meeting, WCSA and Adams-Heath decided they need more information; will be meeting again soon.

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Mr. Randall Hancock with Draper Aden Associates reported on the following projects:

- **Watauga Road Waterline Improvements**

This is the last report on the Watauga Road project. Drawings were all that remained since the last meeting, but the drawings have been delivered to WCSA.

- **Glove Drive Waterline Improvements**

Had been having restoration issues, but they have been resolved. The project is still significantly behind schedule; there was a progress meeting today and the contractor has assured DAA that they will finish the job on time.

- **Route 58 Water Storage Tank**

They are in the process of looking into some access details; the project is on hold until those items are resolved.

- **Seven Springs Secondary Supply**

The pump station upgrade and new pump station on Route 11 have finally had the issues resolved at the site; they have an option on that. Plans should be finished and submitted to WCSA and then to VDH for review next week. There is some grant money from Mount Rogers PDC available, so they want to get the project underway as soon as possible.

- **Route 58 & Monte Vista Drive Studies**

Have all the info together and they are in the process of working on models. DAA is confident they will deliver on time.

- **Exit 13 Sewer Project**

Three weeks ago, the Authority received the letter of conditions from RD; they did confirm the stimulus money that has been awarded. They are waiting on some contracts for Exit 14 and once DHCD receives them, WCSA will officially receive the Southern Rivers [Watershed]

money. Once received, they will be able to proceed with the design. DAA has worked with United Engineers of TN and will work to get the scope of task orders completed for them.

Mr. Chase asked if the agreement has been confirmed with the Town of Abingdon; Mr. Cornett confirmed that they are close, but not yet.

Mr. Bobby Lane of The Lane Group distributed their update to the Board and reported on the following projects:

- **Galvanized Line Replacement Study**

They've spent the last month focusing on funding acquisition so RD can make an offer of funding to WCSA. Will prioritize next month's work to define Phase 1; hope to be ready with this for the July Board Meeting.

- **Reedy Creek Water System Design**
Plans have been approved and they are working on easements. Once the easements have been acquired, WCSA will be ready to advertise for contractors.

- **Western Washington County Water Study**

They continue to work on the hydraulics analysis. Hope to get final recommendations for a presentation for staff sometime in July.

- **Drinking Water Plant/Raw Water Intake PER**

Have had their second meeting on their interim plans; preliminary designs are due by July 15. With advertisement scheduled before the end of the year, they plan to continue to work with the Authority staff on the designs.

7. WCSA In-House Construction Projects Report and Update

Mr. Doug Canody referred to his handout and reported to the Board on the following:

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- CCRs- Consumer Confidence Report (a.k.a. Water Quality Report):

Have had one call regarding the hardness in the water; this is not due to the delivery of the CCR. The water hardness was due to levels of calcium carbonate, which is not a health concern. They tried their best to address this issue; however, our water is hard, which is good at times.

- DWSRF Projects:

Chestnut Mountain Road

Have the requisite 50% participation. They are still in the process of purchasing the tank station site; they have three different sites that are possible and communications with the property owners are underway.

Denton Valley Road

Project is finally complete. Mr. Canody wanted to recognize the work of Mark Osborne of WCSA and Farmers Construction on the project, which was very successfully completed.

Maiden Creek Road/ Rich Valley Road

Had a community meeting on June 9; 45 people attended. They have 24 out of 66 potential user agreements, and need 10 more user agreements to reach the 50% threshold. Also held a required public meeting on June 2 for the environmental assessment. They expect the FONSI (Finding of No Significant Impact) from VDH very soon. The layout and final design is about 60% complete. We have started acquiring easements and need approximately 53. They have approximately 10 at this point; we need 43 more easements to proceed.

Litchfield/ Rich Valley Road

Had a community meeting on May 26; approximately 15 people

attended. They have 15 out of 33 potential user agreements, and need two more user agreements to reach the >50% criteria. The required public hearing was held on June 2 for the environmental assessment. The FONSI from VDH is expected soon. Layout and final design are about 60% complete. They have acquired all necessary easements with the exception of four.

Mendota Road

Construction is substantially complete and in operation. They had an on-site meeting to discuss pavement restoration issues between the contractor and VDOT; issues are being questioned by the contractor (Tipton Construction). They are withholding further payment to the contractor until progress is shown. Tipton requested and was granted a time extension to May 31 to complete restoration, but has not worked on it at all. WCSA sent a letter to the contractor on Friday, indicating their intention to impose liquidated damages for the delay at a rate of \$175/day. Hopefully, this will move the project along; the project is in operation at this time.

Sutherland Project

Novation letters have been sent and 24 of the 46 who previously committed to take a connection have indeed sent their user agreements and novation letters back. They are concerned with the lack of response; the letters have been out for over a month. Had a telephone conference with the Tennessee funding agency to see if they can help stir up some support for the project so that it doesn't die; they plan to have that meeting sometime this week.

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Whites Mill Road

They are anticipating advertising the project in the next week or two, depending upon some of the financial considerations. They sent a letter last week to VDH and all elected officials concerning funding (Note: WCSA sent 11 or 12 applications to VDH for Stimulus Funding consideration; none were funded). The head of the Drinking Water Department of VDH called and requested a meeting; Mr. Cornett and Mr. Canody had a telephone meeting with them. WCSA found that this was project #21 on a list of 20 which would have received stimulus funding (principal forgiven), along with other WCSA projects that were close to making the top 20. They anticipate this project to receive some sort of offer of funding in the next few weeks. They discussed other issues with this director and were promised additional information; has yet to be received. Staff has been aggressively seeking answers to some of their questions.

- 2008 CIP Outside Engineering Projects:

Glove Drive/ Stagecoach Road Waterline Replacement and Extension

This was reported on by Draper Aden Associates. Mr. Jay Lester of DAA, Mr. Canody and Mr. Steve Sproles, WCSA Inspector, attended a progress meeting with the contractor this afternoon. The contractor noted that the subcontractor has not been performing up to the expected progress at this point; his plan is to finish construction by November 3, which is doable. There have been

money issues with the contractor, so WCSA has been processing pay requests as soon as possible so it doesn't become an issue. They are staying on top of things; will be providing the Board with updates.

Membrane Plant Study

WCSA received a revised scoping plan today that was prepared after receiving comments from WCSA and the Town of Chilhowie; this is being reviewed by staff and they hope to get back to them this week.

- Other Projects Coordinated by WCSA Engineering Staff:

WCSA Office Building Improvements

The kick-off meeting for architectural services is scheduled for June 29 with [The Lane Group, Inc.]. The proposed scoping has been commented on by the Engineering Staff; this will be discussed further on June 29; this should lead to a contract for services.

- WCSA Waterline Replacement Projects (constructed by WCSA Maintenance Forces):

Friendship Road

Project has been completed.

Stonegate Subdivision

Construction started today; has been a source of problems for awhile now. They are confident that this project will correct maintenance problems.

Paving Restoration

They are almost caught up with winter paving restoration efforts.

Fire Hydrant in Grahams Landing
Hydrant was installed. They are still awaiting additional cooperation of other residents of the Westwood/ Westwood 2/Whites Point/Branch Landing/Land Ridge area. Have installed two of the six hydrants to

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properly cover the area with the appropriate fire protection.

Route 75

Maintenance department has jumped approximately two miles of connections from a waterline that is parallel to a larger cast-iron line. They jumped those from a galvanized line to a larger line.

Lowes Shopping Center Project

Connections for the fire flow test on a 20-inch line were made. The fire flow test was conducted as a joint exercise between the maintenance and engineering departments. The site has a lot of fire flow, but not at the required pressure. They will not have to install a tank, but will have to install a fire pump station due to these pressure issues; have a tremendous fire flow requirement of 2,300 gallons/minute at 85 psi. WCSA's system is in great shape there, it's just not what Lowe's would like to have.

- \$1,500 Projects (where WCSA contributes \$1,500 of materials):

King Mill Pike and Rich Valley Road (South of Rt. 19)

Projects have been pushed back in priority until August.

Walden Road

They have worked with Ms. Donna Bise and have designed a \$1,500 project for her; she is in the process of obtaining a contractor for that.

- Fire Hydrant Projects:

Hillman Highway

They are still awaiting a response from the Meadowview Fire Chief to install some fire hydrants along Hillman Highway. WCSA's hydraulic information indicates that the hydrants can be provided there; we have enough flow. However, we

are in need of some financial cooperation; still have not received a response for that.

- Developer Related Projects:

Deer Run Estates

They are still finishing up some punch list items; project is nearly substantially complete.

The Ridges

Project still seems to be under construction. Site is dormant; the engineer has not yet declared it complete. This has been going on for awhile; are checking into the matter before the next Board Meeting.

Washington Way (a project within The Virginian)

Project is essentially complete; has not been certified by the engineer.

(Note: WCSA is waiting on the following projects to start construction, as they have been approved: **The Village (adjacent to Foxfire), Stoneybrook Phase V, Gunter Glen, Highlands Commercial, Piper Spring Phase 1B and Nicolas Knoll.**)

- Projects Awaiting Final WCSA Approval:

Century Village

Heartwood Artisan Center Connection (the artisan center adjacent to VHCC)

They anticipate that the approval letter will be issued this week.

Willowbrook

They are still awaiting a response from the engineer on that.

Commercial Development, Exit 19 (Lowes Shopping Center)

Have been told by the engineer to expect revised plans and design notes from him this week; will process them ASAP at his request.

- Other Projects Which Engineering

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Staff Has Been Involved With in the Last Month:

1. **Cross-connection program rewrite** (have not done much work on this in the past month),
2. **Fire hydrant policy implementation,**
3. **Policy and Procedure Manual rewrite,**
4. **Funding Application activities** (wrote a letter to VDH and had a conference call),
5. **Conducting fire flow test and hydraulic analysis,**
6. **Assisting our consultants with standardizing the system model,**
7. **Meeting with customers regarding many received inquiries about \$1,500 projects,**
8. **Assisting in general with public communication activities,**
9. **Started the procurement process and activities for a sewer study of Western Washington County** (which will take up quite a bit of their time),
10. **Participating in the Formalization of WCSA's Line Extension Process** (which has been drafted by Mr. Cornett and the engineering staff is reviewing at this time),
11. **Providing support with MXI Issues and odors at the Hapco plant** (had seen irregularities in MXI's discharge and has been assisting the WWTP staff to track the cause of high BODs and CODs, which is a measure of the strength of wastewater that is coming from that facility; WCSA suspects ethanol in the system),
12. **Assisting Draper Aden with managing the Glove Drive**

Project.

Mr. Chase asked what would be provided to The Village (adjacent to Foxfire) through the project; Mr. Canody explained that they are providing them water service only.

Mr. Rector explained that Mr. Mark Venable had requested that WCSA move the fire hydrant; he felt it was too close to the railroad. Mr. Hutton's request was that WCSA move the second hydrant elsewhere; he believed there to be no hydrant between Meadowview and Emory. Mr. Canody expressed his understanding for the concern and reiterated WCSA's policy in regards to installing new fire hydrants; if an outside source can produce the materials or the money to purchase them, WCSA will provide the labor. As far as moving a hydrant, he feels staff would have to reference the appropriate policy.

8. General Manager's Report & Update

Mr. Cornett reported on the following noteworthy WCSA performance:

Water Production

- Produced over 196 million gallons of drinking water.

Distribution

- Coordinated the outside purchase of more than 23 million gallons of drinking water.

Meter Department

- 127 customers were telephoned following unusually high usage.
- 593 customers were notified that their water was to be turned off due to non-payment.

Customer Service

- Over \$5,500 was abated for 46 customer water leaks.
- \$5,295 was written off as bad debt three years old.

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Maintenance

- Maintenance staff had a busy month.
- Repaired 49 leaks and 2 major breaks.
- Constructed 14 water taps and 3 wastewater taps.
- Responded to 49 after hours maintenance call-outs.

Wastewater

- Treated 9.2 million gallons of wastewater.

Administrative Items

- Congratulations to Melissa Elswick, Craig DeBusk, and Brad Osborne of the Drinking Water Plant for placing second in the state level Top Ops competition in May. Top Ops is the "college bowl" of the water industry. Teams of one, two, or three operators from all AWWA sections compete against each other in a competitive, fast-paced question-and-answer tournament; the abovementioned team placed second.

9. Vehicle Bid Award

Ms. Roberts provided the results of the most recent vehicle bid; results were opened June 5th. The current bid was for (1) ½ Ton Pickup, (1) ¾ Ton Pickup and (1) SUV. Empire Ford was the low bidder for all, except the SUV. Their bid for the ½ Ton Pickup was \$18,158 and the ¾ Ton Pickup was \$21,400. They have recommended Empire Ford for the SUV as well, although it is priced \$62 higher than the lowest bid (Lindsey Ford); it is in stock, includes an extra package that exceeds the specifications and increases the SUV's value by \$695. Ms. Roberts' recommendation was for the Board to award all bids, including the bid for the SUV, to Empire Ford.

Mr. Chase asked where Lindsey Ford is; Ms. Roberts noted that it is in Maryland.

Mr. Taylor made the motion to accept the low vehicle bids. Mr. Taylor's motion was seconded by Mr. Blaylock and was approved by a 6-0-0-1 vote of

the Board.

10. Fuel Bid Awards

Ms. Roberts provided the results of the fuel bid for the upcoming year; results were opened May 29th. Addington Oil was the low bidder for unleaded fuel (at 0.979 over rack), while Buck Oil was the low bidder for diesel fuel (at 0.975 over rack). Ms. Roberts' recommendation was to accept the low bids for Addington Oil and Buck Oil for unleaded and diesel fuel, respectively.

Mr. Rector asked how long the commitment to the bids would last; Ms. Roberts explained the bids involve a one year commitment. Mr. Cornett also presented fuel cards as a possible option for fuel in the future.

Mr. Taylor asked if there were any strings attached to the commitment; Ms. Roberts explained that there were not.

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

11. Seven Springs Secondary Supply Task Order Amendment

Mr. Canody referred to a handout that had been mailed to the Board with their Board Update. He wanted to review with the Board what the amendment is about. Mr. Canody stressed that all items mentioned in the amendment were included in the original task order. He noted that \$1,500 was the cost listed in the original task order by Draper Aden Associates for boundary surveys and easements, if needed, in order to do a certain task for the Seven Springs Secondary Supply project; this amendment formalizes that price, should DAA be chosen to do so. Concept analysis for the Seven Springs Pump Station will cost \$1,500, according to the

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amendment; this item was also listed in the original task order, but at a price of \$5,500. DAA did the conceptual analysis for deciding what type of pump station to put in and they are proposing to do the concept analysis for \$4,000 less than what was originally listed. The responsibilities of the owners were also clarified in the amendment; WCSA is responsible for the negotiation of easements and land acquisition, etc.

In regards to Item #6 of the Task Order, the amendment states that in compliance with the Exit 13/14 contract that the Board authorized WCSA to sign at the last Board Meeting, inspection services are limited by RD at \$60/hr.; it was limited in the original task order at \$71.50/hr.]. They had asked DAA to lower their price from \$71.50 to \$60 and they concurred with that. The amendment simply clarifies what WCSA is responsible for, and what DAA is responsible for. It does not raise costs, but lowers the cost of two items. Mr. Canody expressed that staff recommends that the Board authorize Mr. Cornett to sign the amendment.

Mr. Stephon made the motion to authorize [Mr. Cornett] to sign the resolution on the Seven Springs Secondary Supply project. Mr. Stephon's motion was seconded by Mr. Blaylock, and was approved by a 6-0-0-1 vote of the Board.

12. WCSA Fiscal Year 2009-2010 Budget and Rates

Ms. Roberts noted that the proposed budget was presented in full at the April, May and June meetings. She explained that if there are no further requests for changes, it is her desire to see what the Board's opinion of the budget is. Ms. Roberts offered to answer any

questions the Board may have and provided additional copies of the budget. Mr. Cornett said that recommendations by MFSG and WCSA staff can be found in the Board Update. He read the four recommendations, which are to adopt the following:

1. The March 2009 MFSG Water and Wastewater Rates, Fees & Charges Study, along with the June 2009 Amendment to the Study (Note: Enclosure B summarizes what the rates, fees, and charges would be if the Board were to adopt the March/June 2009 Study),
2. A resolution of the System Fee Cap Schedule (retaining the Schedule is not listed in the original study),
3. A resolution to impose a lien on real property (and to practice interest-free financing), and
4. To adopt the Proposed 2009-2010 WCSA Budget as presented.

Mr. Cornett opened the floor for questions regarding the proposed rates/fees/charges and the budget. He added that: Enclosure A is the Preliminary Rates, Fees & Charges that were adopted by the Board and Enclosure B shows how the rates, fees and charges would be if the June 2009 Addendum by MFSG were adopted also (Monthly user charges for water/sewer would increase and water/sewer system fees would decrease. The Board preliminarily adopted a five year phase-in for water system fees and a three year phase in for wastewater system fees.).

Mr. Taylor asked if the plan was to look at the rates/fees/charges yearly. Mr. Cornett explained that this is a five year phase-in plan for the system and monthly user fees; however, the Board can choose to revisit and evaluate the plan yearly. He noted that we have enough

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information to look at the five year plan, but things can happen and the plan can be reviewed yearly.

Mr. Stephon asked for clarification of Enclosure B; Mr. Cornett provided it. He also asked if they could keep the system fee cap in place. Mr. Cornett expressed that as long as no one is subject to the cap, there would be no problems. There have been three industrial prospects over the last three years that would be subject to the cap, which would have required the Authority to make \$24 million worth of capital infrastructure investments from day-to-day users. If the cap remained, they would have to adjust monthly user fees consequently with system fees. He explained that there is no way to know how the cap would affect the Authority in future. Mr. Rector clarified that the system fee cap is scheduled to end; Mr. Cornett affirmed that it is scheduled to end in 2016. However, the cap is scheduled to increase by 10% each year. He referenced the cap schedule, as noted in Enclosure A. Mr. Cornett explained that if there was no one subject to the cap, it would not be a problem. However, if there is a large user they would be subject to the cap.

Mr. Chase wondered if Enclosure B proposes the final recommendation of the study; Mr. Cornett affirmed this.

Mr. Rector gave an example from Glade Spring of the system-fee cap; he recommends taking off the system-fee cap now.

Mr. Chase asked if they could look at the cap on an individual basis. Mr. Cornett suspects that Bond Counsel would not permit such action; he said they would have to check with the Bond Covenants and McGuire-Woods. At this point, Mr. Chase feels there is not enough

information to report the effect of the cap. Mrs. Figueiras does not think the abovementioned action would be in compliance with the Bond Covenants.

Mr. Chase asked if the Board could hold off on a decision regarding the cap until there is more information; Mr. Cornett expressed that those specific details would need to be included in the motion. Mr. Stephon asked Mrs. Figueiras for her opinion of the system-fee cap; she explained that she provided her opinion to the Board in writing last month.

Mr. Rector asked about the immediate effect of the addition of a million dollar industrial customer; Mr. Cornett said, assuming the infrastructure is in place, the result would show overtime in the monthly user fees.

Mr. Rector also asked how many motions the Board would need to vote on; Mr. Cornett felt four motions would be appropriate (1. Rate Study & Addendum, 2. System Fee Cap, 3. Resolution Enclosure C: to Impose Liens on Property for Connection Fees and 4. Adoption of the Budget).

Mr. Stephon asked for clarification of Addendum C; Mrs. Figueiras provided it. Mr. Blaylock asked for clarification of the system-fee cap history. Mr. Cornett offered such explanation; he clarified that the cap is not relative to meter size and reiterated that the system fee is a one time connection charge.

Mr. Cornett asked Mr. Canody how many customers WCSA has had that have been subject to the cap thus far other than the Beret Factory. He can think of only one industry to experience the cap; the Highlands Shopping Center. However, there have been many industrial inquiries.

Mr. Chase made the motion to accept Enclosure B (Rates/Fees/Charges) with

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the system fee cap schedule remaining the same until further study. Mr. Chase's motion died from the lack of a second.

Mr. Stephon made the motion to accept Enclosure B (Rates/Fees/Charges) with the dropping of the system fee cap schedule until further study is provided. Mr. Stephon's motion was seconded by Mr. Stout. However, Mr. Stephon's motion received a vote of 3-1-2-1 (3: Mr. Stephon, Mr. Rector, Mr. Stout; 1: Mr. Taylor; 2: Mr. Blaylock, Mr. Chase); the motion died from the lack of a fourth vote for majority.

Mr. Chase asked for clarification of Mr. Stephon's motion. Mr. Cornett gave examples of industrial customers' sample bills and their system fees (with and without the system fee cap).

Mr. Chase explained that he is not necessarily opposed to the cap, but he is interested in alternatives to the cap.

Mr. Stephon made the motion to accept Enclosure C to Impose Liens (and provide interest-free financing on connection fees). Mr. Stephon's motion was seconded by Mr. Chase, and was approved by a 6-0-0-1 vote of the Board. Mr. Stephon also made the motion to provide interest-free financing of connection fees for up to eight years. Questions were asked by many Board members. Mr. Stephon's motion was seconded by Mr. Taylor, and was approved by a 5-1-0-1 vote of the Board (1 opposed: Mr. Rector).

Mr. Cornett clarified for the Board that Enclosure B involves the five year phase-in plan for water connection fees and three year phase-in plan for sewer connection fees, while Enclosure A includes the system fee cap.

Mr. Taylor made the motion for the Board to have a 10 minute recess. Mr. Taylor's motion was seconded by Mr.

Blaylock, and was approved by a 6-0-0-1 vote of the Board. The Board began their 10 minute recess at 8:24 PM.

Mr. Stephon made the motion to reconvene from the Board's 10 minute recess. Mr. Stephon's motion was seconded by Mr. Blaylock, and was approved by a 6-0-0-1 vote of the Board. The Board reconvened at 8:36 PM.

Mr. Chase made the motion to accept Enclosure B. Mr. Chase's motion was seconded by Mr. Taylor and was approved by a 6-0-0-1 vote of the Board. Mr. Stephon made the motion to adopt the budget as presented. Mr. Stephon's motion was seconded by Mr. Stout, and was approved by a 6-0-0-1 vote of the Board.

13. Closed Meeting: Investment of Public Funds

Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. Discussion of 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. Chase. The motion was passed by a 6-0-0-1 vote of the Board. The Board adjourned to Closed meeting at 8:38 PM.

Return to Public Session

Upon a motion by Mr. Stephon, a second by Mr. Stout (erroneously read as Mr. Chase), and a 6-0-0-1 vote by the Commissioners, the Board returned to Public Session at 9:14 PM.

Certification of Closed Meeting

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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, Section 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. Taylor, Mr. Stout and Mr. Rector.

14. Late Items

Mr. Chase inquired about the Sutherland project; Mr. Cornett provided the following update:

- In August of 2000, the project was first brought before the Board; a resident came forward and spoke about the project during Public Query & Comment at the Board Meeting. The Board decided on a 4-3 vote to provide water to the area as long as it didn't present an additional cost to WCSA to have the lines installed.
- In January 2001, WCSA wrote a letter to First Tennessee Develop-

ment District to indicate that they were committing 60% of the private funding to cover a portion of the total funds needed for them to be grant-eligible with Community Development; no Board action was taken on that letter written by WCSA.

- In March 2005, the Board voted unanimously to purchase a tank site.
- Thus far, Mr. Cornett believes \$38,462.72 has been spent on the project for expenditures and surveying of various sites, along with the purchase of the pump station site from the Town of Damascus; also, the tank site option has since expired
- In recent months, Mayor Dick Grayson and Greg Stothart of the First Tennessee Development District have been able to secure some additional funding for the project; still somewhat less than what the bids came in at in 2006, but not significantly less. They are optimistic that if the project were bid again today, bids would come in at or below the amount from before. Mr. Cornett thinks that is optimistic; just to rebid the project would require quite a bit of effort on WCSA's part.
- More recently, Gary Stothart of the First Tennessee Development district has written WCSA a letter (which was enclosed in the Board Update). Mr. Cornett thinks it would be an indication of some concern on their part about whether or not they have enough funding because they were asking for your consideration and to have access to the voucher program that we use for the Washington County private development projects; this program entails that for every connection installed, they are issued a voucher. Mr. Cornett

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explained by email to Mr. Stothart that the voucher program is in recognition of infrastructure installed by a private developer, who also does their own engineering. At this point, WCSA has committed to undertake the project's engineering; this would mean the project is currently not eligible for vouchers.

Mr. Stothart said that he understood.

Mr. Cornett felt this was a good opportunity to let the Board know where the project stands and explained that he will try to keep the Board updated. They have continued to pursue funds and updated easements to make the project come to fruition. WCSA has about \$40,000 of its own funds invested in the project at this time; Mr. Cornett suspects that First Tennessee Development district could reimburse those funds. He gets the impression that the funds would not be reimbursed until the project has been awarded (when the funds would be accessible). Mr. Cornett was interested in the Board's thoughts on continuing to pursue the Sutherland project.

Mr. Taylor asked what size the project is. Mr. Cornett replied that the project is a \$600-700,000 project. The budget currently says that Sutherland is approximately an \$829,000 project.

Mr. Blaylock asked what [Mayor Dick Grayson and Greg Stothart's] optimistic point was, how much money they have and what the cost to rebid the project would be. Ms. Roberts noted that they have \$829,952 and Mr. Cornett said the cost to rebid would be in the form of WCSA staff's time.

Discussion erupted amongst the Board.

Mr. Chase asked if the project is something we can hand off to Tennessee.

Mr. Cornett explained that if they were to hand it off, they would have hand it


off to Johnson County who would have to hire an engineer to pick up where WCSA has left off, finalize permits, easements, etc.; this is not necessarily something that can be handed off since WCSA will own it.

Mr. Blaylock asked about having Tennessee pursue the user agreement portion. Mr. Cornett noted that that Mr. Canody has a conference call with those spearheading the project tomorrow. Mr. Cornett explained that he would also be happy to discuss having them oversee the user agreements.

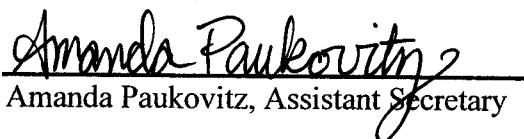
Ms. Roberts provided an update on the Debt Set-Off Collection Program's progress. She referenced the handout that she had provided to the Board. Ms. Roberts also provided a correction; the total amount collected [through May, rather than to date] is \$10,844.13, not \$12, 131 as was listed. She noted that WCSA is taking every precaution to make sure those pursued know why [their returns are being seized], including: a letter that informs them that they have 30 days to dispute their claim, followed by a holding period to allow for resolve time. Discussion erupted amongst the Board.

15. Adjourn or Recess

Mr. Blaylock made the motion to adjourn the meeting. Mr. Blaylock's motion was seconded by Mr. Taylor and was approved by a 6-0-0-1 vote of the Board at 9:34 PM.



Mr. D.L. Stout, Commissioner



Amanda Paukovitz, Assistant Secretary