

Washington County Service Authority Board of Commissioners
August 23, 2010 Regular Meeting Minutes

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:00 PM.

ROLL CALL

Commissioners Present:

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

Commissioners Absent:

Mr. Gerald Cole
Mr. Kenneth Taylor

Staff Present:

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

Consultants Present:

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

Also Present:

Mr. Mark Lawson, General Counsel
WCSA Employees

3. Public Query & Comment

There was no Public Query & Comment.

4. Approval of the Agenda

Mr. Cornett had no recommended additions or corrections to the Agenda. Mr. Coleman made the motion to approve the Agenda. Mr. Coleman's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote of the Board.

5. Approval of the Consent Agenda

- Minutes: June 28 Regular Meeting, June 28 Recessed Meeting (Held on

July 26) and July 26 Regular Meeting.

- Routine Reports for July 2010.
- Financial Statement for July 2010.
- Check Register and General Manager Financial Report for July 2010.

Mr. Stephon made a motion to approve the Consent Agenda with no additions or corrections. Mr. Stephon's motion was seconded by Mr. Miller and was approved by a 5-0-0-2 vote of the Board.

6. Engineer's Report and Update

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

- **Glove Drive Water Line**

They were still holding some money for restoration, which has finally been completed. Final completion is in process and they hope to close the project soon.

- **Seven Springs Secondary Supply**

A change order had been issued to change some valves to increase performance. This has been completed; it has improved performance.

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

DAA is working with Staff to get easements squared away to proceed.

- **Lowry Hills Sewer Project**

Mr. Hancock has heard of a potential community meeting on September 16; Mr. Cornett explained we will know more about this possibility after tonight.

- **Route 58 Water Storage Tank**

Submitted plans were received back from the County in January 2009, which were approved by the County Engineer. The County Engineer left his position, but had previously presented the information and received the permit; those were submitted in early to mid June. The County had a consultant review those plans and DAA did not

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hear back from them. Subsequently, they claimed they did not have the plans. The plans have been submitted again, reviewed again, and were accompanied by suggested revisions. DAA has completed those revisions and has submitted them. They received a proposal from the contractor today (where they had to add some sediment traps) in the amount of \$15,000; DAA has yet to review. They are moving ahead with the grading on site, as they never stopped the work. The site was inspected on Friday. Mr. Hancock will come back with a review next month. Mr. Chase asked who the contractor is on this project; Mr. Hancock affirmed it is W & L [Construction] of Chilhowie.

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

- **Interim Water Treatment Plant Expansion (4.6 to 6.6 MGD)**

The project is moving along well; the pump station excavation has been completed. The contractor has also released all of the sedimentation basin equipment. Once received, the work can speed up. Mr. Lane has talked with Don [Cole] and Rick [Clevenger]; they are pleased with the communication with the contractor. The Interim Expansion is 10% complete. A 9AM progress meeting is held the first Tuesday of each month.

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

The Board gave permission to advertise the project for bids at the last meeting. The Lane Group/Olver Team has since received permission from VDH & RD, the Corps of Engineers permit has also been approved and the project has been advertised for bids. The Pre-Bid Conference is scheduled for August 31

at 10AM and for the Water Plant at 1PM. The Bid opening is currently scheduled for September. 14. The team expects to have the bid opening results back to the Board at the September Meeting. This should put the project in a good position to close the loans by the end of the year, as directed by the Board.

- **Galvanized Line Replacement Project**

The project is to be discussed later during Agenda Item #11.

- **WCSA Lobby Renovations**

The Lane Group planned to advertise the project last Sunday; they did not because they would like to meet with Mr. Cornett and Mrs. Manuel one more time. They are proposing to advertise the project this coming Sunday and consequently have bids available for the Board's review at the September Meeting.

- **Western Washington County Sewer Study**

They are proposing to meet this Wednesday with the Town of Abingdon and DEQ for input on the project. The study is moving along on schedule.

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

- **Orchard Hill Road Improvements**

They have received authorization from the Army Corps of Engineers to open cut the stream for the one remaining crossing. The permit does include a time of year restriction from October 1 to July 31; they have about five weeks from now to complete the open cut. The contractor is mobilizing sandbags and predicts that completion will take four weeks. They feel there is sufficient time to complete the task, if good weather remains. They have a window of opportunity and the contractor is moving forward; he knows the time restrictions.

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- **Whites Mill Road Improvements**

The bid materials have been submitted to RD and are being reviewed. They have not yet received authorization to award the construction contracts. There was additional money needed to complete the project. RD has authorized those funds as well, which is to be addressed in a later agenda item.

7. Water & Wastewater Construction Projects Report and Update

Mr. Canody referenced the Engineering Report behind Tab #5 in the Board Books. He noted the following small changes and project updates:

- **Chestnut Mountain Road**

The Pre-Bid Conference is scheduled for this week and they plan to open bids on September 8. They hope to bring back the bid results at the September Meeting.

- **Rich Valley Road/ Maiden Creek Road/ Litchfield Road (2 Projects)**

The projects have not yet been awarded to the low bidders. They are waiting to have the certificates of insurance and bonds within 60 days from now.

- **Sutherland**

They did receive a purchase order (PO) from the Forest Service, which has been reviewed by Legal Counsel and Staff. Mr. Cornett will sign the PO and send it back, obtaining an additional \$70,000 for WCSA to work with. They plan to bid the project towards the end of September and bring back the bid results in October for the Board's consideration.

- **Professional Services Procurement**
Will be addressed in a later agenda item.

- **Deer Run Estates**

They have received the as-builts and should be able to concur with the engineer's statement of final completion.

- **New Johnston Memorial Hospital**

JMH was expected to start construction by now; they are waiting on an easement for the other side of the interstate. Their project would make it easier and more affordable for WCSA to get water to the Mid Mountain Tank.

- They are coordinating a staff review for The Lane/Olver Team on the Drinking Water Treatment Plant. WCSA has completed its final review of the project and have provided comments to both engineers. Some of those things will be addressed in an addendum, which is to be submitted later this week.

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 accomplishments from all departments during the month of July:

Water Production

- Produced little more than 202 million gallons of drinking water.

Distribution

- Coordinated the outside purchase of little more than 15 million gallons of water, bringing the total to about 7 million gallons distributed per day.

Meter Department

- 177 customers were telephoned following unusually high usage.
- 651 customers were notified that their water was to be turned off for nonpayment.
- 201 meters were lifted for nonpayment.

Customer Service

- Little more than \$8,000 was abated for 48 customer water leaks.
- More than \$4,000, almost \$5,000, was written off as bad debt more than three years old.
- 16 water taps and 6 wastewater taps were applied for.

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- Handled 219 reconnections/transfer of service requests in the month of July.
- 3,647 accounts with added late charges.

Maintenance

- Repaired 38 leaks and 10 major breaks.
- Constructed 24 water taps & 6 wastewater taps.
- Responded to 43 after hour call-outs.

Wastewater

- Treated little more than 9 million gallons of wastewater in the last month.

Accounting

- Through the Debt Setoff Collection, 21 claims were submitted and matched for little more than \$10,000.
- \$9,644.98 was collected from the Debt Setoff.
- \$1,555.86 was paid by customers after they were informed.
- Total Submissions: \$94,124.28.

Administrative Items

- Mr. Cornett would like to welcome our newest Crew Chief. Ronnie Nunley has accepted an offer of promotion to become a Crew Chief in the Maintenance Department; he replaces the retiring Larry Sullins, who worked with WCSA for more than 30 years.
- He is pleased to report that WCSA is the recipient of \$66,462 in grant funds for two projects from the Mount Rogers Planning District Commission. The first project has received \$40,000 in grant funds for the Route 58 Pump Station Generator Project (which is projected to cost \$70,000). The second project is receiving \$26,462 for the Western Washington County Wastewater Collection and Treatment Study (which is projected to cost \$85,000). The \$26,462 is in addition to the \$10,000 previously awarded by SERCAP last month. Washington County has agreed to pay half of the cost of the study, up to \$50,000. Therefore, WCSA and Washington County are now projected to pay about \$24,519 for the study.
- Mr. Cornett is pleased to report that the Virginia Department of Health, Office

of Drinking Water has announced that our waterworks has been awarded the "2009 Water Fluoridation Quality Award" from the U.S. Centers for Disease Control and Prevention. This award recognizes how WCSA Operators have maintained a consistent level of optimally fluoridated water throughout 2009. He commended the Water Production Department.

- Mr. Cornett hopes to make the final portion a regular part of the report. He presented a chart that identifies each of the "large" connection fees that are pending in our water and/or sewer systems for the current fiscal year, along with the impact that "each" or "all" could have if they become a reality; each of the three referenced are pending at this time (Note: the customers were not identified by name, but each by an acronym). Mr. Cornett gave a brief synopsis of the chart and expressed that the identified totaled volumes are compared to available capacities. These figures caught his attention and he thought the Board may be interested. Mr. Stout inquired why the customer identified by the acronym "JMH" required no sewer capacity. Mr. Cornett explained that the customer being referred to has sewer service provided by the Town of Abingdon.

Mr. Chase thinks the chart is enlightening and he congratulated WCSA on the Fluoridation Award. Mr. Cornett thanked Mr. Chase.

9. Consideration of the Addition of Casing Pipe for Two River Crossings at the Drinking Water Plant

Mr. Cornett referred the Board to Tab #9 of their Board Books and provided them with background information. He noted that in 2003, WCSA and VDOT reached an agreement to replace three WCSA water lines along Route 58 between WCSA's Middle Fork Drinking Water Plant and Beechwood Hills (about one

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mile south of here). The three lines that were to be replaced are 20", 14" and 12" waterlines. VDOT proposed to replace those three lines with two 20" lines. WCSA agreed to this because the two 20" lines will provide more capacity than the other three lines combined and would result in one less line to maintain. The benefit to VDOT is one less line to replace and one less easement to acquire. Therefore, rather than replacing the 12", 14" and 20" lines with the same sizes, we agreed that two 20" lines were sufficient.

He explained that VDOT's practice of replacing water lines across roads and streams is to do so without "casing" the pipe. A "casing" pipe is a steel pipe that is larger than the water line. The water line is surrounded with "spacers" (we call them spiders) and slid through the casing pipe. Because it is slid through the pipe, we can slide it back out to service or replace the water line. The two 20" water lines in question will also carry almost all of the drinking water our customers consume.

Mr. Cornett noted that WCSA has talked to the VDOT Contractor (DLB Inc. of Hillsville, VA) and obtained an estimate for adding casing pipe to the two 20" water lines. DLB has proposed two 36" steel casing pipes at a little over 300' each with the appropriate spacers/spiders at an estimated cost of \$73,742.60. DLB also estimates the additional excavation and concrete encasement cost to be \$35,828.45, for a total cost of \$109,571.05. Because these lines are of the utmost importance to the proper operation of our distribution system, we would recommend adding the casing pipe to the project. Contingent to satisfactorily answering any questions the Board may have, the Staff

recommends that you approve the addition for \$109,571.05. He opened the floor for questions from the Board. Mr. Miller asked what the difference is in price between the concrete encasement opposed to the casing pipe. Mr. Cornett explained that as part of the VDOT contact, VDOT bids as a lump sum; WCSA is unaware of the differentiation between bid prices. He expressed that VDOT and the Contractor informed him that the original concrete encasement without casing was about \$30,000-35,000. Additional excavation and additional concrete will add about \$35,000 to the price, almost doubling the original price. They claim to give us credit for that, but the way VDOT bids are set up, they have no real assurance. Mr. Chase inquired if we did not case the pipe and we ended up with a leak, could the expense go up pretty quickly? Mr. Cornett affirmed that the material they propose is among the best to use in order to avoid leaks, but leaks do occur for different reasons. He explained that if WCSA shut the line down for repair/replacement, it would limit the water that we produce at the plant. Having two lines would help with repair/replacement; the replacement would cost far greater than \$100,000. Perhaps a 20" line could be slip-lined in the future without so much additional costs. It is very difficult to predict what might happen in the future.

Mr. Miller asked if they would open cut the river. Mr. Cornett explained that they originally proposed using a directional drill, but the VDOT utilities group said no and issued a permit to open cut. Due to the Pre-Construction Conference back in May or June, the permit prevents activity until October. Any proposed changes that are excessive of Mr.

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Cornett's authorized approval limit would have to go before the Board. WCSA and VDOT went back and forth between a directional drill, an open-cut, a directional drill (which changed to a conventional drill, as they wanted to add casing) and finally, back to an open cut. He believes an open cut is what they plan to proceed with at this point.

Mr. Stout made the motion to approve additional casing pipe for the two river crossings at the Drinking Water Treatment Plant. Mr. Stout's motion was seconded by Mr. Miller, and was approved by a Board vote of 5-0-0-2.

10. Consideration of a Loan Resolution Required by Rural Development for the \$245,000 in Cost Overrun Funds for the Whites Mill Road Water System Improvements Project

Mr. Cornett referenced Tab #10 of the Board Books for additional information. He affirmed that at our March Regular Meeting, the Board approved the USDA Rural Development (RD) Resolution of the Governing Body and Loan Resolution for this project; the Loan Resolution was for \$2,755,000.

He noted that at our July Annual Meeting, Mr. Heath of Adams-Heath reviewed with the Board some costs that exceeded expectations. Subsequently, the Board considered and passed a motion to ask RD for the additional funds necessary to fully fund the project, including a 5% contingency. Mr. Heath subsequently proposed the same to RD. On July 29, 2010, RD agreed to fund the cost overruns contingent to the Board's approval of the enclosed resolution. Mr. Cornett asked that the Board consider approving the resolution, subject to WCSA satisfactorily answering any

questions the Board may have.

Mr. Stephon made the motion to approve the loan resolution required by Rural Development for \$245,000 in cost overrun funds for the Whites Mill Road Water System Improvements Project (see attached). Mr. Stephon's motion was seconded by Mr. Coleman, and was approved by a Board vote of 5-0-0-2.

11. Permission to Advertise the Galvanized Water Line Replacement Phase 1 Project for Construction Bids

Mr. Lane provided some background information for the Board. He explained that the Galvanized Line Replacement has been a goal of WCSA's for some time. About a year and a half ago, The Lane Group was commissioned by WCSA to prepare a Galvanized Line Impact Study to examine the impact of galvanized lines on WCSA's system operations and to show the feasibility of replacing the line. He noted that the PER was prepared; a large amount of the work had been done previously by Mr. Cornett, as he probably knows more than anyone else about the topic in Washington County. The information in the PER summarizes that WCSA currently serves water to residents through two million feet or 200 miles of 2" and smaller galvanized water line. The impact of the use of that line can be summarized as follows: about 40% of the customer base is served directly by galvanized water line and about 85% of all the line breaks occur within galvanized line. Therefore, galvanized line continues to be a source of water loss, increases in non-revenue water and many complaints, which come from galvanized line areas. WCSA can only flush the lines out to help quality, but galvanized line increases water loss and

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non-revenue water. The Lane Group estimates that galvanized line is costing WCSA about \$1.3 million per year in maintenance costs. Obviously, the waterline replacement is of utmost importance to WCSA.

The Lane Group has worked with WCSA Staff to submit applications to RD. They guessed at the beginning that the line would cost about \$30 million to replace. At RD's advising, the project was broke into three phases. Phase 1 was funded by RD under the American Recovery and Reinvestment Act (ARRA) Funds, Phase 2 under the regular RD funding program and Phase 3 is pending funding by RD; they are expecting RD to fund the third phase in the very near future. In the process of a year or so, the PER was finally approved and WCSA was advised to continue with the design. They believe Phase 1 is ready to be advertised. Again, the project has been broken into three parts. Phase 1 is located in Glade Spring. They proposed two contracts at about \$400,000 each, two smaller contracts in Lowry Hills at about \$750,000 each and a fifth contract in the Town of Abingdon, amounting to 120,000 feet; the estimated cost of this fifth contract is about \$5.5 million. Those plans have been prepared and submitted to VDH. They were given verbal approval, but WCSA awaits their written approval. Comments have been received from RD and they are awaiting final approval. Since Phase 1 has been funded by ARRA funds, the County does qualify for an interest subsidy if they close the loan by the end of the year. The project has to be ready to go to construction and have the loan closed by December 31. Mr. Lane expressed that due to the work of many people, there is a good chance we can do that. WCSA

Maintenance Staff has worked closely with The Lane Group and has marked the galvanized line. They have tried to get the plans ready, which are in pretty good shape at this time. The administrative staff has been helpful and Ms. Roberts is leading the charge on the interest subsidy. Mrs. Figueiras has been "super attorney" multiple times to get the information together for RD. She continues to work on easements, etc. Mr. Lane believes all this will come together for advertisement in the next couple weeks. They are trying to structure the bids and the award so they can award the bids quickly and close the loan by January 1, 2011. He feels he would be less than forthcoming if he did not provide the following facts: they do not currently have RD approval (which they expect this week; Mr. Lane has spoken with Mr. Smith) and they do have VDH approval, but they do not have all permits; however, they are convinced that they can obtain all permits prior to the loan closing. He explained that a waterline replacement is different than the Reedy Creek Waterline Project, for example. With a new waterline, an absent easement can hurt the project. With a waterline replacement project, an absent easement can be forgone until the next phase. The only permit that Mr. Lane is concerned about is a railroad crossing. The easement represents 100 feet of the 240,000 feet; they do not believe it to be too important. They do not have all of the easements. However, as long as they stay besides the existing lines, they do not need new easements. There are very few places where they veer away from the original line. Mr. Lane gave a brief explanation. He cannot tell the Board that they have all easements in hand and

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he knows WCSA's policy is typically not to pursue a project without all easements. However, Mr. Lane is confident they can get most in hand and if not, they can go without that portion. Contingent to satisfactorily answering any questions the Board may have, Staff and The Lane Group requests and recommends approval to advertise the project upon RD approval, which will be obtained within the next few weeks. Mr. Lane hopes to bring the bids before the Board at the September Board Meeting. If they are not ready to present the bid results, they will respectfully ask the Board to recess the meeting for a week or so later.

Mr. Stout inquired, if a portion of the project area involves a few small lines, could they be combined into one big line? Mr. Lane expressed that in many cases, they are doing that. He explained that in Phase 1, they are proposing to replace 285,000 feet of 2" line with the proposed installation of 240,000 feet of line, which is sized at whatever the hydraulic analysis says we need; some lines will be 2", 4", 6", 8" and 12". The plan is to stay within the easement as much as possible.

Mr. Chase referenced Mr. Lane's mention of the first and second phases and wondered if certain phases can wait. Mr. Lane noted the remedy, which is that a loop line would be deleted from the project and be put in with an easement obtained for Phase 2. Out of about 240,000 feet of line they are installing, they anticipate that easements will impact less than 200,000 feet. He noted that the lines they can do without will wait until the second phase.

Mr. Cornett added and reiterated that the Board typically holds projects until all easements are secured, which he believes

to be a good practice. He expressed that they have never had a situation quite like this before and that is why he concurred with Mr. Lane's approach. If any of the easements are not granted prior to loan closing, they can forgo those line sections until the next phase and the project would still be alright. For that reason, Mr. Cornett believes this to be perhaps a reasonable exception to consider an advertisement to bid.

Mr. Miller asked how the above would be handled with a contractor. Mr. Lane explained that the unit prices can be adjusted up to 10% without reason for the contractor to change prices. He thinks we will have the easements or a vast majority of them in time.

Mr. Stout made the motion for approval to advertise the Galvanized Water Line Replacement Phase 1 Project for Construction Bids, (Note: Mr. Lane reiterated that they do not want to advertise prior to receiving RD approval, as RD has funded the project.). Mr. Stout's motion was seconded by Mr. Stephon and was approved by a 5-0-0-2 vote of the Board.

12. Consideration of Various Projects for Professional Services Procurement

Mr. Canody referred the Board to Tab #12 of their Board Books. He reiterated that WCSA has many "balls in the air". However, Mr. Canody is asking for permission to put another 12 "balls in the air". He is asking the Board to consider authorizing Staff to advertise for professional procurement services for another 10 projects, and two professional consultation contracts. He provided overview of the projects quickly, in order from the most to least important, and categorized as professional services, water or wastewater projects:

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Water Projects

1. Switching Water Supply for [Five] Areas Adjacent to the City of Bristol from BVUA to WCSA

WCSA must have these five areas presently served by BVUA moved over to the WCSA supply/distribution system or another water supply alternative (identified and implemented) by no later than February 6, 2013. These areas include: the Virginia Welcome Center (I-81), Wagner Road, Nininger Road, Island Road, and Terrace Drive.

Professional services procured would include a Preliminary Engineering Report (PER) identifying alternatives and associated costs. WCSA plans to advertise that it reserves the right to extend the contract for the PER to include preparation of plans, specifications, design notes and construction services.

2. WCSA Water System Extension to Serve the Hidden Valley Area

This project involves an extension of the WCSA distribution system to serve residents in the Hidden Valley area (adjacent to Route 19/58 near Russell County), many of whom have reported quality and quantity problems with their existing private water sources. Due to elevation changes the project will likely result in the addition of two or three pressure zones/tanks to the existing distribution system.

Professional services would include a PER, identifying alternatives and the costs associated with the alternatives. WCSA plans to advertise that it reserves the right to extend the contract for the PER to include preparation of plans, specifications, design notes and performing construction services, as well as identifying and securing likely sources of funding when possible. Professional

Service Provider is to be hired— a licensed professional engineering firm.

3. Route 58 Corridor Water Distribution System Improvements

A PER recently prepared by Draper Aden Associates indentified deficiencies in the project area. They have done a great job of looking at the alternatives, and they are calling for the addition of water storage capacity. Our water source is subject to relatively frequent interruptions of service; this is the only source to serve the Damascus/Taylor's Valley Spring area. Our water source that feeds Damascus is subject to interruption of service due to excessive rainfall, seismic and weather events. The addition of a storage tank in the Damascus area would allow for an evening out of pressures for the Damascus community, when necessary. The services of a licensed professional engineering firm would be procured to accomplish the final design for a storage tank in the Damascus area.

4. Monte Vista Drive Improvements

The project would involve the replacement of aging and insufficiently sized water lines, reconfiguring the existing pressure zones in the area and taking the [Manhaim pump and] tank out of service. Hydraulic conditions in pressure zone make the tank a liability to our operations, rather than an asset.

A Professional Service Provider would be advertised for and hired – a licensed professional engineering firm – who will take the conclusions of the Draper Aden Study, design the recommended improvements and oversee construction activities.

5. Eastern Washington County Study

A study is needed that would evaluate the feasibility of providing drinking water to presently un-served areas of

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Washington County. This would include the communities of Konnarock, White Top, etc. where there are large distances between customers, along with North Fork River Road.

Professional services may include the preparation of a PER. WCSA [plans to advertise that it] reserves the right to extend the contract for the PER to include preparation of plans and specs, as well as identifying and securing likely sources of funding. WCSA foresees the final project to most likely take a phased approach, similar to that of the Western Washington County Water Study.

6. Smyth Chapel Road

Currently, there is a substandard pump station that has served many homes for many years. There are fire hydrants downstream of that pump station which likely cannot provide adequate flow for the hydrants. This is a problem that needs to be fixed.

Professional services would include preparing a PER, identifying alternatives (including independent sources), present estimated costs, identify a phased approach, if necessary, and secure likely sources of funding.

Wastewater Projects

1. Exit 13 Sewer Project Phases 2 & 3

The original PER identifies the "Phase 2" area (Route 11 Corridor from the Town of Abingdon to the dividing point between the Spring Creek and the Beaver Creek drainage basins including the Oak Park Industrial Park); whether or not it would include the "Phase 3" area (the Foxfire Subdivision) is up in the air at this point. The purpose of this procurement would be to hire engineering services for the design of gravity sewers, pump stations and force mains which would service these areas. Professional services of a licensed

professional engineering firm would be procured to update the previous PER as needed and to design the project.

Mr. Stout asked, "Would it not expedite the project to let Draper Aden Associates [the engineering firm that created the original PER] complete this project along with others they are currently involved in? He feels like if feasible, that may be a quicker approach. Mr. Stout emphasized that he didn't want to take away work from anyone else, but he figured he would ask, as they have worked on the original PER. He feels it may be feasible, but that is up to the Committee's discretion. Mr. Canody expressed that although we only officially procured them to do Phase 1 of the Exit 13 Project, WCSA did retain the right to offer other phases to them.

2. Lowry Hills

As of recent, there is some question of whether or not this project can proceed at this point. This procurement would be for engineering services to create a PER and retain the right to do the final design, plans and specifications.

Mr. Canody reiterated that an engineering project's phases include a PER, which identifies alternatives, and final design. This includes acquisition of easements, etc. to "make it happen".

3. Acquisition of the Damascus Sanitary Sewer System

This project would study the acquisition of the Damascus Sanitary Sewer System, which has been considered for quite some time. They see the professional services provider to be a single engineering firm who may wish to contract with other professionals representing other specialties to help them accomplish the project. There are special considerations in acquiring the sanitary system. Prior to beginning this

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work, the firm would need to see how it would mesh with WCSA's system.

4. Emory/Meadowview/Glade Spring Wastewater Capacity

Staff recognizes there is the need to study the potential for growth in the area so that should a large industry or commercial enterprise (such as the recently proposed truck stop at Exit 24) seek to locate in the corridor, WCSA has, at the minimum, identified alternatives and knows the costs for potential connections.

Professional services of a licensed professional engineering firm would be procured to help WCSA with those predictions and in preparing a formal proposal.

5. Professional Services Related to the Enforcement & Maintenance of the Washington County Sewer Use Ordinance

Our recent experience with one particular industry has made it clear that we do not have the wide ranging expertise or experience to successfully address the variety of issues that present themselves with respect to industrial waste. To date, we have been acquiring the additional expertise we need to evaluate that waste; we have already utilized the Small Purchases Procurement Procedure to obtain the help we have had. It is the opinion of the Staff, given the quantity of help we could need in the future, that formal procurement of an individual or firm WCSA can rely on for this assistance is the intent of the Virginia Procurement Act. Consequently the Staff proposes to procure an individual or firm which has or can demonstrate he or she possesses the knowledge, capability, and experience in this area of expertise.

Other Professional Services

1. General Surveying Services

Our previous contract with Dividing Line Surveying to provide general services on an as needed basis has expired. Accordingly, the Virginia Procurement Act requires WCSA to re-procure for general surveying services. Mr. Canody summarized that what they are looking for is the Board to grant Staff permission to move forward in advertising for the abovementioned services; he then opened the floor for questions. He thought it might be a good idea for the Board to go ahead and also appoint someone to represent the Board on the committee to assist Staff with the procurement process. Mr. Cornett added that the Board can and generally has appointed two members to represent them on the committee. Basically, the Procurement Committee responsibilities would include: receiving Statements of Qualification (SOQ) from all the interested firms, reading them, ranking and evaluating the qualifications, meeting with Staff so they can all consider their particular rankings, try to shortlist firms for interviews, ranking the firms for interviews, conducting the interviews (which they would try to schedule all interviews on the same day), possibly meeting one more time to decide upon their recommendations, and deciding on their recommendations for the Board. All this would involve some work at home and one, possibly two and at most three, meetings as a committee.

In response to Mr. Chase's question, Mr. Cornett expressed it would be best to identify the projects/services separately for different reasons. Some funding agencies require funding individually. However, a firm may be awarded multiple contracts and they may issue multiple advertisements. For everyone's

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sake, they will do one evaluation and set of interviews. Mr. Canody compared the process to a juggling act because Procurement Law requires a list of SOQs and the criteria by which the firms are ranked to be advertised. That way, they can minimize interviews if similar projects are lumped together.

Mr. Miller referred to Sewer Project #5 and asked if that needed to be fulfilled by a consulting firm or an added staff member. Mr. Canody explained that the person they have currently was acquired through the Small Purchases Procurement Act and is an environmental scientist; he is not an environmental engineer. However, he has extensive experience and has worked out to be ideal. Under the Small Purchases Procurement Act, they can only use him so much on a contractual basis. However, he has not been pre-picked. Mr. Canody added that the successful candidate does not have to be an engineer. Mr. Miller asked if it would be better to contract someone out opposed to hiring full time. Mr. Canody explained that WCSA has encountered such activities only every so often. Mr. Lawson expressed that in cases of litigation and due to the Litigation Act, it may be better to have an outside source that will not be perceived as biased in a court of law. Mr. Canody hopes that in time, they will need the service less and less. Mr. Cornett added that we have been in the sewer business since about 1995 and this is the first time we have needed the services; we have spent about \$5,000 on such services, to date. Mr. Chase asked for clarification of the motion(s); Mr. Lawson clarified for him. Mr. Stout shared he had a great experience on the committee last year and he learned a lot. However, he would

like to allow for someone else to participate. Mr. Miller volunteered and Mr. Stephon, as recommended by Mr. Coleman, volunteered as well.

Mr. Coleman made the motion for approval of the abovementioned projects for Professional Services Procurement (six water projects, five wastewater projects and one surveying project) and to have Mr. Miller and Mr. Stephon represent the Board [on the Procurement Committee]. Mr. Coleman's motion was seconded by Mr. Stout and was approved by a Board vote of 5-0-0-2

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

Mr. Stephon moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia § 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property, 2. To Discuss and Consider the Acquisition of Real Property, Code of Virginia § 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. To Discuss Various Inter-municipal and Other Agreements, Code of Virginia § 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Potential Litigation, 5. To Discuss Various Inter-municipal and Other Agreements.

In addition to the Board, the presence of Mr. Mark Lawson, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager, are requested.

Mr. Stephon's motion was seconded by Mr. Stout and was approved by a 5-0-0-2 vote of the Board. The Board adjourned to Closed meeting at 8:28 PM.

Return to Public Session

Upon a motion by Mr. Stephon, a second by Mr. Coleman, and a 5-0-0-2 vote by

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the Commissioners, the Board returned to Public Session at 9:45 PM.

Mr. Stephon read the following:

Certification of Closed Meeting

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; And whereas, § 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved that the

Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public business matters, as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority.


AYE: Mr. Miller, Mr. Stephon, Mr. Chase, Mr. Coleman and Mr. Stout.

14. Late Items

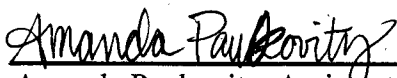
There were no Late Items.

15. Adjourn or Recess

Mr. Stout made the motion to adjourn the meeting. Mr. Stout's motion was seconded by Mr. Stephon and was approved by a 5-0-0-2 vote of the Board. The meeting was adjourned at 9:46 PM.



Mr. Joe Chase, Chairman



Amanda Paukovitz, Assistant Secretary

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Washington County Service AuthorityAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Washington County Service Authority
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO HUNDRED FORTY-FIVE THOUSAND AND XX / 100 DOLLARS (245,000.00)pursuant to the provisions of Chapter 28, Title 15.1, Code of VA, 1950, and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that

Chairperson

and Secretary

_____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 5 Nays 0 Absent 2

IN WITNESS WHEREOF, the Board of Directors of the

Washington County Service Authority has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this

23 day of August, 2010

(SEAL) (if applicable)

Attest:

Amanda Paukovitz
Amanda Paukovitz

Title Assistant Secretary

Washington County Service Authority

By

Robbie Cornett

Robbie Cornett

Title

Executive Director