

**Washington County Service Authority Board of Commissioners
February 16, 2010 Special Called Joint Meeting Minutes**

The Special Called Joint Meeting of the Washington County Board of Supervisors and the Washington County Service Authority Board of Commissioners was called to order at the WCSA Main Office in the E.W. Potts Board Room at 7:04 PM.

ROLL CALL

Commissioners Present:

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

WCSA Staff Present:

Robbie Cornett, General Manager
Amanda Paukovitz, Administrative Assistant

WCSA Legal Counsel:

Mr. Mark Lawson, General Counsel

Supervisors Present:

Mrs. Dulcie Mumpower, Chair
Mr. Odell Owens, Vice-Chair
Mr. Phillip McCall
Mrs. Nicole Price
Mr. Kenneth Reynolds
Mr. Joseph Straten
Mr. Thomas Taylor

Washington County Administration Present:

Mr. Mark Reeter, County Administrator
Mrs. Lucy Phillips, County Attorney

Also Present:

Ms. Debra McCown, Bristol Herald Courier

3. Approval of the Agenda

With no changes indicated, Mr. Chase made the motion to approve the agenda. Mr. Chase's motion was seconded by Mr. Coleman and was approved by a

Board vote of 7-0-0-0.

Mr. Reeter expressed to the Board of Supervisors the need to recess this meeting to 5 PM on February 23 for a joint meeting with the Industrial Development Authority (IDA) in Conference Room 1 of the County Administration Building.

Mr. Owens also expressed the desire to add a time for Public Query & Comment to the end of the agenda (allotting each speaker a 3 minute time limit). Mr. McCall made the motion to approve the agenda with a recess to 5 PM on February 23 and an added time for Public Query and Comment (3 minutes per speaker) at the end of the meeting. Mr. McCall's motion was seconded by Mr. Reynolds and was approved by a Board vote of 7-0-0-0.

Mr. Cole suggested rescinding the original motion by WCSA to approve the agenda and to amend it accordingly to also include time for Public Query and Comment. Mr. Chase made the motion to amend WCSA's agenda as well to include a time for Public Query and Comment (3 minutes per speaker) at the end of the meeting. Mr. Chase's motion was seconded by Mr. Blaylock and was approved by a Board vote of 7-0-0-0.

4. General Business

A. Washington County Service Authority Capital Projects Presentation

Mr. Cornett distributed a handout to accompany his presentation. He made a 20 minute presentation on Capital Projects, and addressed topics such as: Who is WCSA, Where Does Our Revenue Come From, Water Projects' Track Record, Wastewater Project Track Record, Future Water Projects, Future Wastewater Projects and a Summary. He explained that 22% of WCSA's

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system consists of 2" or smaller galvanized pipe, which houses 8,000 connections. Beginning in 2004, WCSA began studying the impact of those lines on our system; we have Phase 1 of the Galvanized Line Project funded. Mr. Cornett noted that we expect to start construction later this year and finish in 2011. This project will directly benefit more than 8,000 customers, as they will have a better quality water supply than they have at this time. County studies provide a road map to the needed upgrades to the already existing system for WCSA. Mr. Cornett opened the floor for questions and discussion. Mr. Owens asked what area this covers, and does the project area include Nordyke Road. Mr. Cornett explained that roughly speaking, this area largely includes anything north of Reedy Creek Road and west of Route 19; it covers all unserved areas within that region. Mr. McCall wanted to know what percentage of Washington County will have water at the point of this project's completion. Mr. Cornett expressed that at this point, 85% of the county has water. However, there are about 2,000 homes without access to the water (1,000 in the western portion and 1,000 in the southern part of the county). Between the two projects, there would be no customers without water.

Mr. Reynolds asked if the residents by the lake are part of Intermont's service area. Mr. Cornett explained that WCSA sells water to Intermont in an area just south of Route 75. Overall, it is Intermont's call as to whether or not we can assist those residents. He is hoping that they all can work together; it is the same community. Mr. Reynolds wondered if that area is projected within the projects. Mr. Cornett expressed that

no, it would be managed strictly by Intermont; they would retail it to customers. Intermont tells us that the project is funded and WCSA is working out some of the hydraulics to allow them to take the water to provide to Virginia and Tennessee customers.

Mr. Tom Taylor inquired if some of the areas discussed in regards to the Galvanized Line Replacement Project are within the Town of Abingdon. Mr. Cornett clarified that in looking at GIS, the Towns of Abingdon, Glade [Spring] & Damascus do have areas that consist of galvanized line. For example, there are parts of the County, such as Wyndale Road & Rivermont Drive, that do consist of galvanized line, along with the three referenced towns. Mr. Taylor also wanted to know if WCSA is working with those other towns to see where low/moderate incomes are of concern to, in response, apply for grants. Mr. Cornett explained that there is a meeting next week to set up a matrix to figure out where priorities of replacement fall. They have made applications with Rural Development (RD). Phase 1 has been funded and Phases 2 & 3 will be applied for with RD as well. They will not overlook other grant opportunities. If they receive funding, WCSA can decline some portions of other funding if it is in the project's best interest. Mr. Taylor asked if the funding district commission has been brought into the process. Mr. Cornett expressed that no, they have not; each phase should take two years to complete. After the meeting of prioritization, they should be able to collaborate with those towns; Mr. Taylor encouraged WCSA to do so. He noted that Mount Rogers Planning District Commission & Appalachian Funding Commissions have opportunities for

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funding applications.

B. Ten Minute Recess

Mr. Reeter inquired with Mr. Cornett if the meeting should proceed or recess. Mr. Cornett felt it was at the discretion of the Boards. With Mr. Cole's consent, Mrs. Mumpower led the meeting to proceed without a ten minute recess.

C. Presentation Concerning Washington County Service Authority Rate & Fee Structure

Mr. Cornett provided two handouts, one of the MFSG Rate Study (completed in 2009) and the other of the presentation slides. He made a 50 minute presentation, and addressed topics, such as: Definitions, Rates 101, Policy Related Questions, WCSA Rate History, Proposed/Adopted Changes and a Summary.

Mr. Tom Taylor asked if the connection fee is for new connections to the WCSA system. Mr. Cornett explained that yes, the connection fee applies to new connections. There is a \$40 transfer fee in the case of a transfer of service from a previous customer to the current customer where a previous connection has already been made; this covers both water and sewer transfers collectively. Mr. Taylor also asked for clarification of WCSA's fees up through 1986. He asked if the fees were set up to allow for the replacement of the 2" galvanized lines; "was anything along those lines built into the rates?" Mr. Cornett noted that no, it was not. Mr. Taylor wondered if the rate structure was implemented to replace outdated lines. Mr. Cornett explained that prior to 1996, all revenue came from tap and monthly user fees. After 1996, WCSA implemented a system fee. It fell far short of recovering all of those fees. WCSA had started

implementing a connection fee as well. The fees have never been set to recover all lost costs. As decided in June 2009, over the course of 5 years, the system fee will be covering all new growth-related updates. He gave the example of a power company monthly bill. WCSA customers could receive a larger bill each month, as the power company does to work and restore costs of growth through monthly user fees. WCSA sees the policy as a both/and, not an either/or. For example, changes cannot be made to either the connection fee or the monthly user fees; both have to be affected. Upon the completion of his presentation, Mr. Cornett opened up the floor for questions and discussion.

Mr. McCall asked what the rate is typically for 3,000 gallons of usage; is it about \$30? Mr. Cornett clarified that it is about \$26 or so. Mr. McCall asked what other county's monthly user fees are. Mr. Cornett expressed that he does not know off the top of his head, but he can provide that information for him. Mr. Straten asked, "Regardless of what size the customer is (residential, commercial or industrial), do they all pay the same hook-up fee?" Mr. Cornett felt it was a good question. He explained that all customers do not pay the same fees. He explained that the system fee is based on 5,000 gallons of consumption. If anticipated and/or usage is within the limit, the class multiplies by a factor of two (i.e. residential: 4,000 gallons, commercial: 8,000 gallons, industrial: 16,000 gallons).

Mr. Reeter asked if WCSA is still basing usage on ERUs [Equivalent Residential Units]; Mr. Cornett affirmed that it is.

Mr. Straten inquired whether or not WCSA has considered having multiple residential classes. Mr. Cornett

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explained that yes, at the first workshop with MFSG, they considered this concept. However, a tiered system can pose legal problems, as it would involve providing the same service at different prices for different customers/classes within the service area. The scrutiny from one group or another proves to be unpalatable. It led WCSA to provide interest-free financing to all in an effort to help customers manage the connection fee over time, at a rate as low as \$50/month. He explained that these factors are what led WCSA against a tiered connection fee.

D. Other Matters

Mr. Reeter expressed that this next section was to address and follow up on various questions from the last meeting.

1. Status of Lowry Hills Sewer

Mrs. Mumpower requested a status update. Mr. Cornett explained that WCSA is not as far along with [Lowry Hills Sewer] as he would have hoped. The WCSA Board has on its agenda for next week's Board Meeting a task order for one of our engineering firms to assist us. There is a need to update construction costs before the task order is approved. That is task one for the consultant and we hope to have that done by May. At that point, WCSA will know if current funding is available to us and to see if that funding is feasible for the project to move forward. He expressed that WCSA needs to see whether or not we can get the project funded to move on and pursue the various funding. Mrs. Mumpower asked if the fire hydrants have been installed in that area. Mr. Cornett explained that the fire hydrants installed years ago were installed on a 2" waterline. Once

WCSA examined the line, they found there was not sufficient flow to bring back the hydrants; it lacked a support flow. He noted that with the Galvanized Line Replacement Project, we would be able to bring about fire flow to those areas. As of right now, we do not have lines that will sufficiently bring the flow. Mrs. Mumpower thought she had been told that PRVs [Pressure Reducing Valves] could bring about the correct flow; she had passed that information along. Mr. Cornett expressed that they had thought so before the hydrants were removed due to the flow. They found later that the line size was the real issue. We did not realize that the line sizes were what they are until WCSA went to examine the lines firsthand. Mrs. Mumpower requested an informational meeting with the folks of Lowry Hills to update citizens of the fire hydrants and sewer situation so they could know the status. Mr. Cornett expressed that WCSA would be happy to accommodate that request. He thinks a mailing would be good to let these residents know that WCSA is pursuing sewer service for their area. Mrs. Mumpower affirmed that a letter would be good and an informal meeting for the folks would be good as well. Mr. Cornett expressed that he will take care of this in the next few weeks. Mr. Reynolds asked how residents get hydrants in, as he has had many inquiries from residents. Mr. Cornett explained that if a group of individuals would like to purchase the materials for a hydrant, WCSA provides the labor. It is a cooperative effort to install hydrants where fire

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flow permits. He noted that in Reynolds' district, some improvements were made, making fire flow available. WCSA had several different communities in that area express interest for hydrants. Some pulled together to do so, while others have yet to provide the materials; those hydrants are left outstanding. Mr. Reynolds asked if it is true that hydrants in an area can lower insurance fees. Mr. Cornett affirmed that he has heard that some companies will allow lower insurance premiums. Ideally, they would like to see that every 1,000 feet or so, there is a hydrant present. Mr. Straten asked what the cost of a hydrant is. Mr. Cornett guessed that materials would cost about \$3,000. He also expressed that he would be happy to provide that information if Mr. Straten so desires. He noted that 10 years ago, the materials cost about \$2,000. However, the cost of those materials has increased.

2. Status of Wastewater Service for Oak Park

Mr. Cornett provided some background information on what WCSA refers to as the Exit 13 Project, Phase 2. He noted that the Town Limits of Abingdon exceed west until you reach Tool & Dye on Lee Highway, including Oak Hill Estates. This also provides an alternative access road to Oak Park. WCSA has task orders for Phases 2 & 3 of the Exit 13 Project on the agenda for next Monday night. He explained that WCSA wants to bring those task orders up to date so that we can properly pursue funding for these task orders. Mr. Cornett also noted that if the funding could be

worked out, then WCSA could hold community meetings and pursue the funding independently. During the fall of 2008, WCSA felt the meeting with [Exit 13 Phase 1] residents, face to face, worked best to garner support and user agreements, opposed to a survey or a letter. WCSA hopes to meet with each of those three communities individually to pursue sewer service.

3. Status of Water System for Route 700- Blackwell Chapel to Greendale

Mr. Cornett explained that WCSA divided the corridor to Rich Valley Road into three separate projects. He provided a quick synopsis of what those projects entail. He explained that Phases 1 and 2 of the design are complete and awaiting comment. If able to quickly conclude easement acquisition, they would be able to advertise the project for bids. Mr. McCall asked if WCSA was fairly confident it will receive the necessary easements for Phases 1 and 2. Mr. Cornett expressed that no, they are not confident in that. He clarified that one of the residents is dead set against providing an easement, and another is sometimes for, sometimes against the idea. He affirmed that WCSA is not giving up. Mr. McCall inquired as to whether the landowners own both sides of the road. Mr. Cornett clarified that one resident does, one does not; WCSA knows the costs associated with going around. Mr. Reynolds wondered if Phase 3 could be funded if the easements cannot be worked out. Mr. Cornett explained that the project was broke into three phases because the project, if kept together, may have been too

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large for any agency to fund. Because Phases 1 & 2 were funded at about the same time, they can be done together with economies of scale. He noted that if the phases had been pursued separately, they could have been built separately. Now, due to the circumstances, they have to be done together. Two needed easements are in Phase 1. The short answer is yes; it can be done, but would require some redesign. WCSA is still very hopeful that it can get the two easements. However, we have to have a VDH approval prior to advertisement anyways. Easements do indeed bring about delays. The project is at a critical moment. Mr. Tom Taylor inquired, "What is WCSA's policy when a landowner is unwilling to cooperate in providing an easement?" Upon receiving permission from Mr. Cole, Mr. Cornett explained that WCSA will not condemn property. He expressed that years ago, a project champion would not provide an easement for the project he was working on. The Board refused to condemn the property, so the project died. That has been WCSA's project policy with new water service. When a project involves replacement of a pre-existing waterline, they have had to gain a few condemnations, as they were under the mandate of a concerning health issue.

Mr. Taylor inquired of the status of Chestnut Ridge. Mr. Cornett explained that a few weeks ago, the landowner who we've negotiated with the past two years finally agreed to sign the easement; the signing was finally within his timing. Now, we are rapidly moving forward with that

project. Mr. Taylor also asked of another project that WCSA represents in which the landowner has threatened the crew. Mr. Cornett affirmed that the [Glove Drive] Project, as of yesterday, is substantially complete. The project is now giving everyone the benefit of service; there are just a few restoration issues to complete. WCSA was able to work with the landowner under the strenuous circumstances.

Mr. Taylor explained that WCSA was created as a vehicle to provide water to citizens who need it. He believes there are provisions in the law to get around these citizens, when necessary. He also thinks of the last meeting, where a citizen held up water for those who needed the service. Mr. Taylor believes that when a resident gets beyond reason, WCSA should leave it to the lawyers to work around this restriction. Mr. McCall wondered if when WCSA does not get an easement, are they unable to run a line through the ditch without an easement? Mr. Cornett explained that there are two different kinds of VDOT right away: descriptive & prescriptive (which was established in 1935), where the landowner still owns the center of the road. This is the case for the abovementioned section of Rich Valley Road. While VDOT has a 32 foot wide right-of-way to own, operate and maintain the road's transportation system, they cannot assign the use of that to WCSA.

4. Western Washington County Water Supply Study

Mr. Cornett distributed a handout to accompany his presentation. He

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made a 20 minute presentation on the Western Washington County Water Supply Study, which addressed topics such as: the Study Purpose, Project Study Area, Project Approach, Alternatives Considered, the Recommended Alternative, Phasing and a Conclusion. He explained that WCSA wants to be responsive, help the County residents and they did not want to have to say "we can only serve from here to here"; this is one area where WCSA was just not positive about how it could go about serving the area. Their water source is typically a well, where the quantity and quality is not what we would want it to be. This project has produced for WCSA a road map to move forward. Mr. Cornett thanked the Board of Supervisors for extending the use of base maps to WCSA's employees. He noted that Alternative #2 was the recommended alternative.

Following his presentation, Mr. Cornett opened up the floor for questions and discussion. He also mentioned that this study could open up the possibility for an Eastern County Water Supply Study; this would result in no areas of the County left unserved.

Mr. Tom Taylor asked about progress in regards to service for the Route 19 area, up to the Russell County Line. Mr. Cornett explained that in November, Mr. Ken Taylor held a community meeting for Hidden Valley residents to gather interest and to express what residents can expect in regards to an estimated timeline. WCSA made a presentation and brought 100 handouts to distribute. The meeting's turnout was

so great that some residents had to share handouts. There were many user agreements handed in to project champions that night as well. He expressed that there appeared to be an overwhelming support for the project in the area. Mr. Tom Taylor affirmed that he thinks it would be forward thinking for the County to look at bringing service to the residents in this area.

Mr. McCall asked if WCSA has looked at having Russell County bring us water. Mr. Cornett noted that he was approached by Russell County on two different occasions, most recently in 2007, to see about connecting the water systems. He expressed that WCSA thought this was definitely an alternative to be considered more closely. However, he has not heard anything back from them in the past two to three years. Mr. Owens wanted to bring to Mr. Cornett's attention that Jim Tier on Nordyke Road has moved away. Mr. Cornett affirmed that he was informed by Mr. Tier and he has spoke with Mr. Cox, who has taken on Mr. Tier's responsibilities. In fact, he spoke with Mr. Cox today. Mrs. Price inquired about connection fees for 5,000 gallons of anticipated usage. She wondered how the fees come about for industrial customers and how they are charged. Mr. Cornett explained that the system and tap fees are one-time charges for new customers. When they become a customer, we then see the 3.2 million gallon monthly user fee. The monthly user fee is not based on a factor of 5,000 gallon increments; it is based on 1,000 gallon units, as there is a charge per

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1,000 gallons for water and sewer. For all three classifications, there is a minimum fee along with a usage fee. There are three different breakdowns for residential customers: 0-3,000 gallons, 3-6,000 gallons and 6,000+ gallons. Commercial and industrial customers have a fixed or flat fee per 1,000 gallons of usage, whether they use 1,000 or 1 million gallons. He noted that monthly usage is based on 1,000 gallon increments, while the system fee is based on 5,000 gallon increments. Mrs. Price asked if that means that a connection fee for an industrial customer could be as high as \$2.6 million. Mr. Cornett affirmed that the cost very well could be in that range. Mrs. Price understands that in order to come up with the system fee, an industry's usage is divided by 5,000 gallons, etc. She asked if the IDA covers what the industry cannot and how does WCSA anticipate potential growth. Mr. Cornett explained that one of the challenges for any project when growth is factored in is that WCSA tries to look at growth relative to that facility. When we get into industrial parks, WCSA tries to correspond with the IDA, as WCSA believes they are the best gauge of what to anticipate in the future. We size our treatment plants, our lines, etc. not only such that we can have the capacity necessary, but to also build in reliability. This is done to not only meet day to day needs, but to have a back up supply if the industry is sensitive to any water outages. Mr. Cornett explained that we try not to go overboard, but try to employ proper planning just in case. This does bring about a cost for the

Authority. System fees were typically paid by all customers pre-1996 in the day of companies, such as Westinghouse. Today, if an industry were to move in under the current program before the system fee is paid, a lot would have to be absorbed by the current customer base. In five years, all costs will be absorbed by connection fees. He noted that who pays for the connection fee is a little more dynamic. In regards to a commercial example, Lowes paid for all connection fees themselves and in full, along with Highlands Development. Industries could do the same if they wanted to. He explained that at times, Washington County has elected to contribute to those industrial fees. He is not sure if there are funding sources open for industrial prospects.

Mr. Reeter asked if WCSA still has a cap. Mr. Cornett clarified that WCSA no longer has a system fee cap. Mr. Reeter noted that there was a cap for the last 10 years, which varied. Mr. Cornett explained that in 2006, the Board implemented a cap to increase each year and expire in 2016. MFSG quantified for the Board what the cap could do. They found that if an industry were to appear and that cost was not covered with the system fee, residents would have to compensate for that cost. In MFSG's experience, a cap does not mesh with a cost of service approach; they have never seen the cap to exist. The WCSA Board of Commissioners officially decided to do away with the cap. Mr. Reeter asked if a new industrial customer could possibly face a multi-million dollar system fee; Mr. Cornett

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affirmed this. Mr. Reeter expressed that although the cap does not exist presently, the last time it was discussed was when the Regional Jail was built. Washington County paid the system fee because the Jail would not. He noted that as the last time the County has encountered picking up the system fee. Mrs. Mumpower feels the fees will make it or break it for industrial prospects. She thinks counties do not have the funds to come up with for those fees when there is no cap. Mrs. Price expressed that growth paying for growth could very well stifle growth. However, she thinks a system fee could be a disincentive to locate within Washington County. Mrs. Mumpower recalls a prospect with a proposed a \$270,000 cap. Mr. Reeter expressed that an uncapped system fee could be a significant disservice to potential prospects. Mr. Reynolds commended the Board for taking a look at the needs of the County, such as looking into expanding water service to the Russell County line. He believes such measures expand our opportunities. He also encouraged WCSA and the Board to continue to look into incorporating potential grant funding assistance for projects.

Public Query & Comment
(Note: Added due to Amended Agenda)

- Bill Roberts, Sr.- Builder along Wallace Pike (with sewer connected to Wallace Meadows in Bristol, VA)
Mr. Roberts, Sr. explained that he received \$1,300 vouchers for doing all the work for new water meters. He had two duplexes and paid \$2,910 per side for the meter. He was willing to pay \$2,910 per meter for

his remaining 26 meters before the rates went up last summer. However, Mr. Cornett told him that if the meters were installed on each lot but the land was not built upon within a year, the meters would be removed. He would like that price to be honored now, although the rates have gone up. A year ago, he was quoted and thought he was locked in at the price of \$2,910 each. This price has been figured into the prices of his homes he is building. If this price is not honored, he cannot finish and he will try to complete the first phase of his homes in Tennessee.

- Mike Murphy- Resident of 411 Seneca Drive, Glade Spring

Mr. Murphy has had problems with his water for the past 18 years. He had some major discoloration a couple years ago and tests of his water came back positive for chloroform. He explained that WCSA teams came and replaced the lines and it worked for awhile. He noted that the Galvanized Line Project doesn't start until 2011 and will be completed in 2015. He feels the priority has been put on those County residents who do not have service, opposed to those, like him, who cannot use what they have.

- James Osgood- Resident of 31110 Old Saltworks Road, Meadowview

Mr. Osgood has talked to people within different organizations. He feels WCSA wants to eliminate the working class person and that WCSA is out of reach or contact with the people. He feels there is never an answer to questions that are asked and the response is always, "We'll get back to you". He thinks that the more of an output, the lower

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the price should be. However, it seems to him that the more of an output, the more the prices increase. He would like to know, "Can WCSA honestly look at the constituents it represents without any remorse whatsoever? Wouldn't it be cheaper for Culligan to come in? Once recovery happens, will the prices be brought back down?" He feels WCSA is not a service, but a business. An energy company has told him that Washington County is the hardest county in Southwest Virginia to work with for the middle class working people. He feels WCSA is out of step. Mr. Osgood sees hydrants in the mountains, where development cannot happen. On Old Saltworks Road though, there are no hydrants unless residents pay for them. He wants to encourage WCSA to look at what people are doing with line disconnects. He feels residents cannot take much more.

- Bill Roberts, Jr.- Builder for Wallace Development (Bristol, VA)

Mr. Roberts, Jr. thinks the study that was done was performed before the housing market tanked and on the other end of the state. One thing he feels has not been brought up or pointed out is, what is the value of property there and what is the income there? He feels that puts those values quite out of reason. A lot of these increases are to pay for projects to promote growth. However, he did not see grants included. He thinks that, "If over the last several years WCSA has been able to profit \$1 million, why do rates need to double in the future?" He claims that because of the housing market, they have to lower

the price of what they are selling by 15% to 20%. They have to pay \$9,000 for their project's meters, which is double the cost from when they started. One thing that was discussed at a previous WCSA meeting was the 15% increase in insurance premiums and it was a shocker. Mr. Roberts, Jr. feels the WCSA connection fees are "a 100% increase to [builders]".

4. General Business (Continued)

D. Other Matters (Continued)

5. Service Authority Approval of Shortlist of Consulting Firms for Western Washington County Sewer Study

Mr. Cornett explained that as the Board is familiar, WCSA's policy for approving a list of consulting firms is that after receiving the statement of qualifications, the Commissioners must approve a short list of firms to interview. On December 18, five firms submitted their statement of qualifications. These firms are: 1) Adams-Heath Engineering, 2) The Lane Group & Olver Team, 3) Anderson & Associates and Wiley & Wilson, 4) Draper Aden Associates, and 5) Maxim Engineering. He explained that the Committee, which consists of two Board of Supervisor members, two Service Authority Board members [Mr. Chase and Mr. Stephon] and staff members from both WCSA and Washington County, met today and shortlisted down to three firms. The three firms, in no particular order, are: 1) Draper Aden Associates, 2) The Lane Group & Olver Team and 3) Anderson & Associates and Wiley & Wilson. He

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expressed that with the Board's consideration and approval of the short list, the Committee can move forward to schedule interviews. Mr. Stephon made the motion to approve the shortlist of firms for interview [for the Western Washington County Sewer Study]. Mr. Stephon's motion was seconded by Mr. Chase, and was approved by a 7-0-0 vote of the Board. Mr. Tom Taylor asked for clarification of the firms/team names; Mr. Cornett clarified for him. Mr. Taylor also inquired if a scoresheet was used in the narrowing process, along with giving weight to experience with alternatives. Mr. Cornett replied yes to both questions.

5. Roundtable Discussion and Questions by Board of Supervisors and Service Authority Board

Mr. Cole thanked Mr. Cornett for presenting a lot of information tonight and for providing better insight for the Boards.

Mrs. Mumpower thought Mr. Cornett made great presentations and there was a lot of information to take in; she will need to go home and take it all in.

Mr. Straten does not know what provisions there are to change policies that have already been decided. Due to the economy, he thinks the tap fee(s) will stifle big businesses to come in to Washington County. He can recall an industry that went up the road and brought in lots of revenue. Mr. Straten feels WCSA needs to look at a cap, other fees or take another look at other alternatives.

Mrs. Mumpower noted that she has received calls in regards to hook-up fees. She has had many calls from the same lady. Mrs. Mumpower expressed that

there are some concerns about those hook-up fees and if WCSA hasn't heard, there are a lot of concerns with the fees being charged. She has heard that residents feel it is out of line. Mrs. Mumpower doesn't know what can be done, if anything. However, she thinks it is worth looking to see if any adjustments can be made. She feels there have been some legitimate concerns expressed to her.

Mr. Tom Taylor thinks that the presentation Mr. Cornett made tonight in comparing what it would cost for an individual homeowner to put in a well and a septic tank was compelling; WCSA connection fees are about half the abovementioned cost. He noted that Washington County has gone through so many years of individuals subsidizing developers with monthly user fees. He thinks the philosophy WCSA has adopted is looking at helping low to moderate income families. Mr. Taylor feels it does not seem right to have the residents subsidize growth. WCSA has come up with a blend of user fees and developers beginning to pay about half of the legitimate costs. Developers have to hook up to sewer and he thinks he would be concerned as a developer if he had to ask residents to continually subsidize his work.

Mr. Owens expressed his appreciation for the attention being paid to Western Washington County; it is in need. In regards to user fees, he understands that WCSA has adopted the policy that those benefiting from the development would pay. He suspects that what Lowes will do is let the whole system contribute to the cost of the store. If the system fee was put on customers, prices would be through the roof. He and [Mr. Reynolds] expressed their dissatisfaction to charge

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new customers the absorption costs. Rather than WCSA adopting these fees, he thinks WCSA should let the present customers bear a little bit of the burden. He would really like to see the Board adopt a split, rather than new developers absorbing the total cost. He believes that County residents would not mind to spend another dollar or two on their bill each month if it meant bringing in new businesses. Mr. Owens hopes that maybe WCSA would take another look at its policy. He expressed that it is very hard to get industry in Washington County; the market is very competitive. When it comes down to other costs, the people of Washington County expect Supervisors to bring in industry and jobs. Mr. Reynolds has had developers talk to him quite a bit about costs on individual residences. They feel costs will get too high for building residences. He thinks water and sewer connection fees for apartment complexes are pretty high. He wonders if WCSA can moderate those fees so the cost is not as high. Mr. Reynolds commended Mr. Cornett on his presentations. He feels that what WCSA is supporting is realistic, but that we have to live in today's world. Mr. Chase explained that if WCSA is providing service, someone has to pay for it and growth ought to pay for growth. Adding another two to five dollars to a person's monthly bill might not seem like much to us, but it is a big deal to many Washington County citizens. WCSA has to call many people each month about shutting off their water because they cannot pay their bills as it is, and we want to work with them. He expressed that WCSA does not want to stifle growth, but this [rate] study puts WCSA in a position where we can manage growth. He explained that the

Board of Commissioners know this is a concern. "This was a tough decision for us when we made it and we hear about it also." Mr. Chase explained that WCSA has to look out for the future. The fees and the areas that WCSA referenced in its study were not utilized to point out that they were also raising their rates, but because they were growing counties. Mr. Chase thinks the counties showing growth have had to develop some of these policies.

Mr. McCall expressed that he has been on both sides of the argument. He knows that WCSA provides a service and someone has to pay for it. He referenced the Galvanized Line Improvement Project. Mr. McCall noted that there is \$30 million budgeted for that project, which is accommodating current customers. With that in mind, he feels current customers should pay a couple extra dollars for those upgrades; growth should not have to accommodate the expense. He thinks WCSA is in the business to provide water and the Board of Supervisors are in the business to make this County attractive. Mr. McCall believes we need to find a good resolution to meet in the middle. Mr. Reynolds wanted to commend the Commissioners for doing a good job. He feels that if anything could be moderated at all, it would help. He believes that we need to keep up with the image of a progressive Washington County. Mr. Reynolds does not think that the County is hard to deal with, for the most part. He feels we have to work on this together, as we are both catching obstacles. Mrs. Mumpower agrees with what has been said by the Board of Supervisor members; WCSA is doing a great job to provide water service to the County. She is hopeful that we can meet in the middle

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somewhere. The industrial fees are really concerning for her. She feels they are a negative factor for anyone wanting to come in. She asked the Board of Commissioners to please look at hook-up fees to see if anything can be done. Mrs. Mumpower appreciates Mr. Cornett's presentations, the efforts of Staff and the efforts of the Board. She feels it is good for both Boards to communicate. It is good to hear from all sides, rather than merely from the citizens' perspectives.

7. Adjourn or Recess

Mrs. Mumpower confirmed that as previously mentioned, the Board of Supervisors should recess this meeting to 5 PM on February 23 for a joint meeting with the IDA.

Mrs. Price made the motion to recess the meeting for the Washington County Board of Supervisors to February 23 at 5PM. Mrs. Price's motion to recess was seconded by Mr. Owens, and approved by 7-0-0-0 vote of the Board. The Board of Supervisors recessed at 10:20 PM. Mr. Cornett expressed that he needs signatures from Mr. Cole and Mrs. Mumpower on the Town of Abingdon Agreement.

Mr. Ken Taylor expressed that he is the representative for Mrs. Price and he feels there are water problems on both ends. He reiterated that we are trying to find a middle ground. There needs to be water for Mrs. Price and for the other side of the fence. He believes it has to be good for both sides, or it is no good; the water problem is there. He affirmed that he did not get involved as a project champion, but that they had a group get together [for the Hidden Valley residents] and the situation was explained well. He feels he learned a lot through the meeting. Mr. Taylor thinks we have to try to

understand the people that we work with. He believes we need to try to find a balance. There are a lot of people in the County on fixed incomes and it is difficult. He appreciates the opportunity to help people everywhere to get water. He knows a solution is going to cost money and he is a tax payer. Mr. Taylor believes this affects everyone in all places; we are all in this together. He knows the situation is not easy and he is not going to agree with all that has been said. However, he is Mrs. Price's delegate and he is trying for all. He appreciates the group that he's with and he appreciates the Board of Supervisors. Mr. Taylor made the motion to adjourn the Joint Meeting between the Washington County Board of Supervisors and the Washington County Service Authority Board of Commissioners. Mr. Taylor's motion to adjourn was seconded by Mr. Coleman, and approved by a vote of 7-0-0-0. The Board of Commissioners adjourned at 10:23 PM.



Mr. Gerald Cole, Chairman



Amanda Paukovitz, Assistant Secretary