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Augusta Water
Regular Board Meeting, Thursday, April 20, 2023, at 1:30 p.m.
Middle River WWTP Training Room

PRESENT: Andrew C. Middleton, Chairman, North River District
Garry R. Gordon, Vice Chairman, Middle River District
Harvey Almarode, South River District
Allen Dahl, Beverley Manor District – *Via phone conference due to being out of state*
Matthew Egeli, Wayne District
Timothy Simmons, Pastures District
Phil Martin, Executive Director
Brent Canterbury, Treasurer
Jean Marshall, Board Secretary

ABSENT: Michael L. Shull, Riverheads District

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CALL TO ORDER

The Chairman called the meeting to order at 1:33 p.m.

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ADOPTION OF AGENDA

Mr. Gordon moved, seconded by Mr. Egeli to adopt the Agenda as presented.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays: None

Motion approved.

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APPROVAL OF MINUTES

Mr. Gordon moved, seconded by Mr. Simmons, to approve the Minutes of the Regular Board Meeting of March 16, 2023, which have been mailed to the members.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays: None

Motion approved.

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MATTERS PRESENTED BY THE PUBLIC

Stuart Shand of 10 Chestnut Ln., Lyndhurst, VA expressed concern regarding the transition to the new online autopay system, in which customers who are currently set up to have their utility bills automatically paid by credit card, needed to register with the new system and reset their auto payment information. Mr. Shand stated he did not receive notice regarding the transition, and later found out the notice was sent through email. He does not feel sending the notice through email was very efficient, when other correspondence is sent through the mail. He became aware of the new autopay system after receiving a late notice from Augusta Water.

Mr. Canterbury gave a copy of the late notice to the Board members. He also gave Board members a copy of the notice emailed to Mr. Shand on January 13, 2023 regarding the transition to the new system.

Mr. Simmons stated Mr. Shand is the only customer to address the Board regarding this matter, and he asked Mr. Shand what he was seeking from the Board.

Mr. Shand stated he thought Augusta Water owed an apology to all the customers who received a notice through email regarding the new system.

Mr. Egeli asked Mr. Canterbury to explain the late notice process.

Mr. Canterbury stated, if payment is not received from the customer by the due date, the late notice is automatically generated and is mailed to the customer. There were several autopay customers with late payments who notified Customer Service stating they did not receive the email regarding the new system. In those situations, the penalty for the late payment was waived.

Mr. Shand stated he was not at the meeting because of the late payment penalty he received. He wanted to bring light to the fact he felt emailing the notice regarding the new system was a terrible way to notify customers. He is hopeful if this happens again, Augusta Water will do a better job of notifying customers.

Mr. Simmons stated the matter would be looked into and he would follow up with Mr. Shand. Mr. Shand stated follow-up was not necessary.

Mr. Simmons thanked Mr. Shand for attending the meeting and bringing the matter to the Board's attention.

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EXECUTIVE DIRECTOR'S HIGHLIGHTS

Grant Request

Mr. Martin stated due to the increase in available grant funding, Augusta Water applied for funding through the Virginia Department of Health (VDH) for two projects in the previous grant cycle. One project was the replacement of the Churchville water storage tank and the other was for the inventory of lead service lines. Neither project received any grant funding. On its own, VDH re-evaluated the Churchville tank project for the latest round of grant

funding, but again declined to provide any grant money. Staff spoke with VDH about the evaluation and determined Augusta Water does not meet many of the selection criteria. One of the largest criteria mentioned was our affordability and our rates as a percentage of household income. The median household income (MHI) in Augusta County is a little over \$69,000. Based on our current rates, utility bills are only about 0.54% of the MHI. Until the percentage exceeds 2%, most grant applications will not score very highly. We would have to more than double our rates to be at a point where we could qualify to receive funding. Staff are looking at some grant opportunities on the wastewater side because the grant criteria for the water quality improvement fund is based on nutrient reduction.

Elm Spring Solar

Mr. Martin stated he attended the Augusta County Planning Commission meeting regarding the Elm Spring Solar project, which was brought to the Board's attention at the December meeting. He reminded the Board the property for the proposed project is located at the intersection of Jefferson Highway and Goose Creek Road. The applicant is requesting to install solar panels on 25 acres of the 206.97-acre tract. The property is in an Urban Service Area and is slated as Medium Density Residential in the County's Comprehensive Plan. The 2MG Fishersville water storage tank is located adjacent to the property and a 16" water main runs through the most westerly parcel, with a 12" water main running along both Goose Creek Road and Jefferson Highway. Mr. Martin stated he explained to the Commissioners if the project is approved, it would result in a potential loss of revenue for Augusta Water. Mr. Martin stated a member of the public expressed Augusta Water did not have the right to make comments regarding this project. The Planning Commission voted the request did meet the Substantial Accord requirement as set forth in the County's Comprehensive Plan.

Seasons Ridge Pump Station

Mr. Martin stated, a revised plan for the pump station at Seasons Ridge has been received, showing the lot the pump station will be built on. The 40' x 118' lot is behind the residential building lots. Staff feels this project is moving in a positive direction.

Board Comments in Response to the Director's Highlights

Elm Spring Solar

Dr. Middleton expressed concern regarding the Augusta County Planning Commission and proposed solar projects. Over the past 20 years, Augusta Water has borrowed money, expanded wastewater treatment plants, and constructed water towers in accordance with the Augusta County Comprehensive Plan. It will be difficult for Augusta Water to expand wastewater treatment plants, sewer lines, and water lines in Urban Service areas in good faith, if a solar project is allowed to tie up land serviced by Augusta Water for the next 35 years. Augusta Water is an enterprise in which the only source of revenue comes from ratepayers. Augusta Water is only different from a private company by the fact it was established by Augusta County and it does not pay taxes. Augusta Water has a duty as a public service company to be prudent in the decisions made on behalf of the ratepayers. If land serviced by Augusta Water begins disappearing due to projects approved by the County, the money our ratepayers have paid to Augusta Water to help construct all of the infrastructure in the past, gets tarnished. As a stakeholder in Augusta County, Augusta Water does have a right to comment on any project that would basically be counter to the measures done in the past to keep up with the County's Comprehensive Plan.

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Mr. Egeli asked if the Planning Commission fully understands the consequences of how Augusta Water will respond to requests for expanding services, if projects are being approved in Augusta Water's service areas.

Mr. Martin stated, when addressing the Planning Commission regarding the Elm Spring Solar project, he reminded the Commissioners Augusta Water has made investments in good faith based on the County's Comprehensive Plan.

Mr. Simmons stated there seems to be a disconnect between the Commissioners and Augusta Water's mission. He asked if it would be appropriate to invite the Commissioners to Augusta Water to educate them and have in-depth conversations on the services and functions of Augusta Water.

Mr. Dahl stated in the past, if issues were raised regarding the County's Comprehensive Plan, the County would point out the Comprehensive Plan does not define zoning regulations, but serves as a guideline and the public is aware it is a guideline.

Mr. Dahl asked if every property served by the Fishersville facility were to develop, does the facility have the capacity to handle it.

Mr. Martin stated if every single property was developed, the Fishersville facility could not handle it and it would also depend on how it was developed. Properties are slated for different types of use, such as industrial, community mixed use, or single-family.

Mr. Dahl stated the Planning Commission may have considered, even though the property is in an Urban Service Area, the solar facility would only consume one 25-acre parcel, leaving other parcels which could be developed.

Mr. Martin stated he scheduled a meeting with Carolyn Bragg, Chairman of the Planning Commission, to discuss concerns regarding matters such as the Elm Spring Solar request.

Workforce Status Update

Mr. Egeli stated the Project Manager/Project Engineer position has been vacant for too long. He asked William Monroe, Director of Engineering, if he had any suggestions on how to bring more interest to the position.

Mr. Monroe stated he and Human Resources will work together to determine the best path to take to attract candidates to the position.

Mr. Egeli stated it is a big deal the position has been vacant for a long period of time. There needs to be a more aggressive approach to attract candidates, even if it means hiring a recruiting firm. Mr. Egeli stated he will ask for an update regarding the open position at each Board meeting until it is filled.

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PROGRESS REPORT

The March Progress Report was included in the Board packet and was reviewed with the Board.

There was no discussion regarding the Progress Report.

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COMMITTEE REPORTS

Personnel Committee

The Personnel Committee met with Staff on April 7, 2023 to discuss the FY2024 salary operating budget. The Committee recommended approval of a 6% pay increase for all employees. This increase will be a flat percentage of each employee’s salary and will not be based on annual evaluation scores. This will be applied to all employees who are eligible for an annual increase as of July 1, 2023. The Committee also recommended approval for the Augusta Water pay plan to be adjusted to increase the minimum of all pay grades by 3.0% and increase the maximum of all pay grades by 5.0%.

There being no discussion by the Board members, the vote to approve the Committee’s recommendation was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays: None

Motion approved.

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Finance Committee – FY2024 Draft Budget

The Finance Committee met with Staff on April 14, 2023 to discuss the FY2024 operating and capital budgets.

Mr. Canterbury gave a presentation of the proposed FY2024 budget to the Board.

An increase for health insurance was not included in the FY2024 budget due to the current reserve balance of \$1,500,000. The budget includes the 6% pay increase as recommended by the Personnel Committee. A 3% variable rate increase to the water and sewer usage rates is recommended by the Finance Committee for FY2024. Based on the 3% rate increase, the average residential water and sewer bill for FY2024 would be \$169.78 bi-monthly, resulting in a \$3.82 bi-monthly increase and a yearly increase of \$22.92 to the average residential customer.

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The following are projections for the FY2024 operating budget:

Total revenue - \$23.8 million; total operating expenses - \$17.6 million; depreciation(noncash) - \$6.6 million; and debt payments - \$3.5 million. The budgeted debt coverage ratio for FY2024 is 2.21, which is above the Board specified guidelines.

Mr. Canterbury explained to the Board the projected expense changes in the FY2024 operating budget:

Increases/(Decreases)

Salaries & Benefits	\$927,000
Contracted Services	\$275,000
Electricity	\$140,000
Depreciation (noncash)	\$138,000
Chemicals	\$103,000
Interest Expense	\$(84,000)

These changes result in an overall increase of \$1,565,000, which is a 6.95% increase from FY2023.

Water projects for FY2024 are estimated at \$3.4 million, sewer projects are estimated at \$2.2 million, and vehicles, equipment, and miscellaneous expenses are estimated to be \$0.5 million.

Other key projects for FY2024 include:

Water

Substandard Water Line Replacement	\$1.752M
Lyndhurst Storage Tank	\$ 813K
Churchville Storage Tank	\$ 221K
WWTP Equipment Replacement	\$ 100K

Sewer

I & I Projects	\$ 750K
WWTP Equipment Replacement	\$ 429K
Vesper View Headworks	\$ 335K
Force Main Replacement	\$ 205K

Other

Capital Equipment/Vehicles	\$ 466K
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After discussion by the Board members, Mr. Gordon recommended approval of the 3% water and sewer variable rate increase for the 2024 fiscal year.

There being no further discussion, the vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays:	None

Motion approved.

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PROPOSED REVISION TO OPPM

Mr. Martin reminded the Board, at the October 20, 2022 meeting, the ACSA Board of Directors approved the adoption of the trade name “Augusta Water”. The effective date of the use of the Augusta Water name and logo was later set as April 3, 2023.

As part of the transition to Augusta Water, it was determined references to the Augusta County Service Authority within our Operating Procedure and Policy Manual (OPPM) needed to be updated to reflect the trade name, Augusta Water.

During discussions with Augusta Water legal counsel, it was recommended that, since they are a legal document for the Authority as chartered, the By-Laws should continue to refer to the Augusta County Service Authority. This presented an issue as the By-Laws are contained within the OPPM. During follow-up discussions with legal counsel, it was determined the best way to resolve this situation was to remove the By-Laws from the OPPM and maintain them as a stand-alone document. The original By-Laws have been removed from the OPPM to become a standalone document and have had some grammatical issues addressed within them. They have also been given a new effective date of April 20, 2023. The OPPM has been revised to reflect the trade name Augusta Water. The original By-Laws have been replaced by a section on History, Powers, Government and Management. This section contains some of the same data contained in the By- Laws, but refers to Augusta Water.

Mr. Martin asked the Board to consider adopting the revisions to the OPPM and By-Laws.

Mr. Egeli moved, seconded by Mr. Simmons to adopt the revisions to the OPPM and By-laws as presented.

Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays:	None

Motion approved.

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PROPOSED REVISIONS TO RULES OF ORDER

Mr. Martin stated, as part of the transition from Augusta County Service Authority to Augusta Water, it was determined references to the Augusta County Service Authority within the Rules of Order needed to be updated to reflect the trade name, Augusta Water. The Rules of Order have been revised to reflect the trade name Augusta Water.

Mr. Martin asked the Board to consider adopting the revisions to the Rules of Order.

Mr. Egeli moved, seconded by Mr. Simmons to adopt the revisions to the Rules of Order as presented.

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Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays:	None

Motion approved.

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BOARD COMMENTS

There were no comments from the Board members.

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There being no further business, Mr. Gordon moved, seconded by Mr. Almarode to adjourn the meeting at 2:45 p.m.

Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, and Simmons
Nays:	None

Motion approved.

Board Secretary

Chairman