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Augusta County Service Authority
Regular Board Meeting, Monday, January 9, 2017, at 1:30 p.m.
Board Meeting Room

PRESENT: Larry J. Wills, Chairman, Middle River District
Andrew C. Middleton, Vice Chairman, North River District
G.L. "Butch" Wells, Beverley Manor District
Tracy C. Pyles, Jr., Pastures District
Carolyn S. Bragg, South River District
John H. Graves, Wayne District
Kenneth Fanfoni, Executive Director
William Monroe, Deputy Executive Director of Administration/Engineering
Jesse Roach, Deputy Executive Director of Operations
Brent Canterbury, Director of Finance
Tony Morse, Director of Treatment Operations
Casey McCracken, Customer Service & Technology Manager
Jean Andrews, Lab & Compliance Manager
Jennifer Hoover, Senior Project Engineer
Sheri Heflin, Board Secretary

ABSENT: Michael L. Shull, Riverheads District

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APPROVAL OF MINUTES

Ms. Bragg moved, seconded by Mr. Pyles, to approve the minutes of the Regular Board Meeting of December 12, 2016, which had been mailed to the members and no corrections were being made.

Vote was as follows:

Yea:	Wills, Middleton, Wells, Pyles, Bragg and Graves
Nay:	None
Absent:	Shull

Motion approved.

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FY2016 AUDIT REVIEW

The Finance & Audit Committee met with PB Mares immediately prior to the Board meeting to discuss the FY2016 Audit and CAFR. The Service Authority and the Augusta Regional Landfill both received an unmodified (clean) opinion from the auditors.

Operating Revenues and Expenses were up in 2016, some cash amounts were moved from 'restricted' to 'operating cash', a large receivable was received from the County for some capital projects, and some debt was refinanced which all lead to a significant improvement in

FY2016 AUDIT REVIEW (CONTINUED):

Net Cash Provided by Operating Activities. The Service Authority is in a very good position with the pension plan through VRS again this year.

Mr. Pyles moved, seconded by Dr. Middleton, to accept the FY2016 Audit and CAFR for both the Service Authority and the Augusta Regional Landfill as presented.

Vote was as follows:

Yea:	Wills, Middleton, Wells, Pyles, Bragg and Graves
Nays:	None
Absent:	Shull

Motion approved.

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MATTERS PRESENTED BY THE PUBLIC

On December 5, Tim Montgomery with Ball Aerosol and Specialty Container, Inc. (Ball) requested an adjustment for a recent underground leak which was repaired on November 16. The affected bill was for a total of \$21,381.23 or 2.214 million gallons.

Per Customer Service Policy 5.5, Ball is eligible for the standard underground leak adjustment for sewer. Ball is not eligible for an adjustment on water because the billed consumption was not double their average usage.

The total adjustment is \$8,317.26, resulting in a revised bill amount of \$13,063.97. Policy requires approval from the Board for any adjustment over \$5,000.

Staff requested Board approval to adjust Ball's account by \$8,317.26, making the total revised bill \$13,063.97.

Mr. Wells moved, seconded by Mr. Pyles, to approve Staff's recommendation as presented.

Vote was as follows:

Yea:	Wills, Middleton, Wells, Pyles, Bragg and Graves
Nays:	None
Absent:	Shull

Motion approved.

Staff noted that Ball had already paid the original bill, but was told at the time they paid that they may receive an adjustment.

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PROGRESS REPORT

The Progress Report for January is on file in the Secretary's office and was reviewed with the Board.

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ATLANTIC COAST PIPELINE – REQUEST FOR WATER

On December 19, a representative from Dominion Power met with Staff to discuss the feasibility of purchasing large quantities of water for pressure testing the Atlantic Coast Pipeline (ACP). Staff brought this matter before the Board requesting direction in how to respond to the request.

Staff noted that the request from the ACP was for 2.7 million gallons from nine locations throughout Augusta County, with a desired flow rate between 1,500 and 3,000 gpm. It was also pointed out that this request does not match what was in the draft Environmental Impact Statement (EIS). If the requested flow rates were not available, the ACP would construct temporary 2.5 million gallon water storage tanks, each having a diameter of 300 feet. Staff expressed concern over hauling water from public hydrants due to the number of tanker trucks required, and the potential impact on local traffic and neighborhoods.

Staff pointed out that after looking at the nine requested locations, it may be feasible to supply water at much lower flow rates in some areas (Churchville and Stuarts Draft), and that some water could be purchased from Staunton (Blackburn and Mint Springs). Deerfield could not supply the requested amount.

Staff stated that one of the questions asked of the ACP was whether or not they would consider using treated effluent to test the pipeline. The ACP does not require potable water for testing, but the Service Authority does not have pumping systems built for non-potable water. Both the Stuarts Draft WWTP and Middle River WWTP have the capacity to supply millions of gallons of treated effluent; however, Staff did not feel that the Stuarts Draft WWTP would be a suitable option for truck traffic due to the limited access road and railroad crossing into the plant.

Staff stated that the ACP did not seem interested in using treated effluent. The Board was concerned about the amount of traffic that would be generated by the ACP hauling water, regardless of which site was used. The Board and Staff both voiced concern over the Service Authority specifying a certain supply site, and the possibility of citizens blaming the Service Authority for excess traffic and other disruptions hauling water could cause.

Staff noted that the Deerfield Sourcewater Protection Study should be ready in March, and the draft comment period for the EIS ends in April. In anticipation of the Deerfield study being completed, the Board felt that the Board of Supervisors should be ready to amend the Sourcewater Protection Ordinance to include Deerfield. Staff stated they would keep the County updated on the status of the study.

ATLANTIC COAST PIPELINE – REQUEST FOR WATER

Staff will draft further questions to address the specific intentions of the ACP in regards to hauling water, such as intended hauling hours. Staff questioned the Service Authority's ability to restrict the ACP's transportation plan. The Board felt that the specific details of hauling water should be written into any agreement the Service Authority may draft.

While the Board may consider selling water to the ACP, they expressed serious reservations and Board members all agreed that Staff should not make any recommendations to the ACP until responses are received for the questions the Service Authority has asked.

Staff stated that the ACP's response to FERC is needed by the end of January, and the ACP wanted a response from the Service Authority by that date. The Board did not feel that the ACP's deadline should be of concern to the Service Authority, since the ACP had not answered the questions needed for the Service Authority to give an informed response.

Staff stated they would circulate the additional questions to the Board before sending to the ACP.

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MIDDLE RIVER WWTP – DECEMBER UPDATE

In December, the Middle River WWTP violated its weekly permit for Biochemical Oxygen Demand (BOD), specifically the 'concentration limit' monthly average Total Nitrogen limit. This is the first violation since the plant was upgraded in 2007.

Shamrock Farms has been having problems with their wastewater plant since they started operations a couple years ago. The original system was undersized and incapable of meeting pretreatment requirements. Shamrock has built a second equalization tank, but it is not in operation yet. The problem with operating using only the original tank is the possibility of discharging improperly treated waste or having to shut down the entire plant due to insufficient space.

Shamrock has also constructed a new biological WWTP, but it is not yet operational. The new system has had three failed startup attempts, resulting in a breakdown of the biomass system each time. Staff noted that since Shamrock's industrial wastewater contains insufficient nutrients to sustain a biological system, additional nutrients must be carefully added to the process. However, Shamrock has also had trouble with their chemical feed system. Failure to properly feed and monitor nutrients results in surplus nitrogen and phosphorus being sent to the Middle River WWTP.

Shamrock's permit limit for BOD is 1,500 mg/l but had a 2016 annual average of 2,700 mg/l, and their permit limit for nitrogen is 32 mg/l but had a December discharge level of 450 mg/l.

Staff noted that the problem is not just a concentration of pollutants, but the steadily increasing wastewater flow creating a much higher mass loading, or pounds of pollutants per

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MIDDLE RIVER WWTP – DECEMBER UPDATE (CONTINUED):

day, going into the Middle River WWTP. Mass loading directly affects the ability of Middle River WWTP to process the waste.

Another concern Staff has is that the Middle River WWTP is jointly owned with the City of Staunton. Currently, Shamrock is basically using all of Staunton's treatment capacity, in addition to the Service Authority's capacity. Shamrock plans to add several new production lines in the next eighteen months, which will increase their water usage and wastewater discharge.

Staff stated that Shamrock has increased their testing and monitoring, improved SCADA control, reduced supplemental nitrogen and phosphorus addition, and had brought in their engineer from Arizona and have sought more consulting help. Staff felt that Shamrock was doing a better job with treatment, but said that there were still issues that needed to be addressed.

The Board asked Staff if they had requested a written compliance plan from Shamrock. Staff stated that while the Service Authority had not requested a written compliance plan, Staff has been continually working with Shamrock to help them get into compliance.

Staff does not anticipate any regulatory enforcement action as a result of this violation, and no action from the Board is requested at this time.

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BERRY FARM WATER TREATMENT PLANT

The Service Authority's current CIP includes \$1,984,700 for improvements to the Berry Farm Water Treatment Facility. Currently, the Berry Farm clear well is undersized and the hydraulics are restricting the ability to pump water out of the tank. In addition, the Berry Farm Spring's volume is an issue during dry weather and the pipeline from the water plant to the Verona Tank may be inadequate.

The Service Authority developed two test wells at the Berry Farm property, each capable of producing 400-500 gpm. These wells could allow for the supplementation of the Berry Farm Spring and would allow for an increased use of the filtration system, but would not improve the finished water pumping issue. Completion of one new production well, installing 5,000 feet of waterline to the plant, and replacing the clear well with a larger tank are in the FY2017 budget.

The next phase of the project consists of adding another filter rack and softener, which will require a larger building. Once these upgrades are complete, the second production well could be brought online.

Staff noted that as the project takes place, priorities will be set on which project components can be constructed and in what order. The goal will be to eliminate current restrictions and

BERRY FARM WATER TREATMENT PLANT (CONTINUED):

improve output, while planning for an orderly sequence that minimizes any facility downtime.

Another part of this project is the Mill Place connector line, which is somewhat dependent on how much water can be supplied by the Berry Farm. While the portion of the Mill Place Waterline project that would supply water from Berry Farm is not in the current budget, the plans and easements are ready, so Staff was anticipating starting the construction on this project in the spring. This portion of the project was originally part of the larger planned project to serve the Augusta Marketplace, and the loss of the other portion of the project that would serve the Marketplace and Barren Ridge areas severely limits the benefit of only building the Berry Farm supply/connector line. Without the Marketplace extension, the available supply into the Mill Place Tank through the new connector will be limited to roughly 100 gpm. The fire flow issues near the I-81 interchange and Barren Ridge areas still remain.

Staff discussed with the Board several line options, both budgeted and unbudgeted, that the Service Authority could install that would improve fire flow to the I-81 interchange and Barren Ridge areas. One of these included a shorter extension along Country Club Road. The Board felt that installing the budgeted line from the Mill Place Tank to the Berry Farm was necessary to keep from having to purchase additional water from Staunton. Staff felt that water could be rerouted in other areas to offset any increase in Staunton water usage by Shamrock Farms or the increased flow to Barren Ridge. Given this, Staff and the Board agreed that it may be more beneficial to install the main to the interchange/Barren Ridge areas along Country Club Road. Current budget amounts could only fund about half of this project. The Board felt that there may be some benefit to the County (economic development and fire protection) that would justify the County providing the other half of the funds.

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BOARD COMMENTS

Dr. Middleton thanked Staff for their diligence and hard work in putting together this year's CAFR and for the unmodified opinion letter from the auditors.

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There being no further business, the meeting was adjourned at 3:36 p.m.

Secretary

Chairman