

Augusta County Service Authority  
Regular Board Meeting, Monday, September 12, 2016, at 1:00 p.m.  
Augusta County Service Authority Large Conference Room and 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  
Michael L. Shull, Riverheads District  
Carolyn S. Bragg, South River District  
John H. Graves, Wayne District  
Kenneth Fanfoni, Executive Director  
William Monroe, Deputy Executive Director of Administration/Engineering  
Brent Canterbury, Director of Finance  
Jennifer Hoover, Senior Project Engineer  
Casey McCracken, Customer Service & Technology Manager  
Sheri Heflin, Board Secretary

ABSENT: None

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Pursuant to Virginia Code §2.2-3708.1(A)(1), Mr. Wells joined the meeting by telephone from Myrtle Beach.

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CLOSED SESSION

Dr. Middleton moved, seconded by Ms. Bragg, to convene in closed session pursuant to Virginia Code §2.2-3711(A)(7), to consult with legal counsel, and pursuant to Virginia Code §2.2-3711(A)(1) to discuss personnel matters.

Vote was as follows:

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

Motion approved.

Mr. Shull moved, seconded by Ms. Bragg, to come out of closed session.

Vote was as follows:

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

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CLOSED SESSION (CONTINUED):

Motion approved.

Board members were requested to certify that only matters pertaining to Virginia Code §2.2-3711(A)(7) and Virginia Code §2.2-3711(A)(1) were discussed. Members certifying were Wills, Middleton, Wells, Pyles, Shull, Bragg and Graves.

Mr. Wells terminated his telephone conference call into the meeting at 3:00 p.m.

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APPROVAL OF MINUTES

Mr. Shull moved, seconded by Mr. Graves, to approve the minutes of the Regular Board Meeting of August 8, 2016, which had been mailed to the members and no corrections were being made.

Vote was as follows:

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

Motion approved.

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PROGRESS REPORT

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

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STONE VALLEY – SEWER PUMP STATION AGREEMENT

At the August Board meeting, the Board supported the Stone Valley Agreement, but directed Staff to revise the last paragraph if the developer raised the Letter of Credit with the County rather than the Service Authority.

Staff discussed this with the County, and was told that utilizing the County bonding process may not provide the assurance the Service Authority needed for the agreement, as the County rarely pulls a developer’s Letter of Credit without providing multiple opportunities to complete the work. This means that any terms tied to the agreement for the Service Authority would likely not be effective unless fully supported by the Board of Supervisors.

STONE VALLEY – SEWER PUMP STATION AGREEMENT (CONTINUED):

Four phases of the development include 342 lots. All lots were intended to be served by existing gravity lines or by a future gravity line proposed by the developer. The developer has not been able to obtain the required easements; therefore, the line has not been completed. Because of this, the Service Authority allowed the developer to install a temporary pumping station to serve approximately 107 lots. The agreement would allow deferral of several standard items, which are required for permanent pump station facilities. Staff reminded the Board that the draft agreement presented last month allowed three years for the gravity line to be completed or else the pump station would become permanent and the deferred equipment would need to be installed.

Staff presented two agreement options to the Board for their consideration. Option 1 was to allow the County discretion regarding the utilization of the bond. Staff felt that a drawback to this option was that as long as the developer was progressing on the project, even if the deadline for the gravity main was not met, the County would likely not pull the bond, thereby invalidating the term on the agreement. Staff noted that it may be necessary for the Service Authority to install fencing and other items, including maintenance on the access road, in order to reduce liability if too much time passes.

Option 2 amends the agreement allowing the County to provide funding from the Letter of Credit for the deferred items by a formal request from the Board of Directors to the Board of Supervisors. Staff suggested the following guidelines as a basis for making a formal request: (a) if no progress is made on the gravity line after three years, funding would be requested to complete the deferred items; (b) after three years, if pipeline construction has not begun, but all easements are acquired and transferred to the Service Authority, and plans have been approved by all parties (including the railroad), the agreement would automatically be extended for a period of one year to allow for construction. If after the fourth year pipeline construction still has not begun, funding would be requested to complete the deferred items. If the pipeline is constructed at some point in the future, the Service Authority would possibly consider a pro-rated payment to the developer to purchase the generator and transfer switch; (c) if at any time the pipeline is under construction and covered by either a new County bond or Service Authority agreement, the pump station agreement would terminate and the Letter of Credit would be released.

Staff recommended Option 2 with the inclusion of (a) through (c). If the Board of Supervisors does not support the request, then Option 1 is all that remains. However, as noted, if too much time passes some work may be required, such as the fence and access road maintenance, to avoid liability and to maintain accessibility. The expense of this may have to be borne by the Service Authority.

Staff began discussion with the developer in 2010 regarding the possibility of the station being temporary. However, County ordinance requires that “public” sewer be available to all the lots, so any temporary station would need to have some Service Authority oversight. The construction plans prepared by the developer met the standards for a permanent pump station and the deed prepared by the developer provided the land to the Service Authority. No draft agreement had been provided to the Service Authority until the pump station was already under construction. The Board and Staff discussed the potential liability to the Service

STONE VALLEY – SEWER PUMP STATION AGREEMENT (CONTINUED):

Authority as it pertains to not having a fence around the site in a residential development. Additionally, there was discussion about prolonged maintenance of the road. The Service Authority will be maintaining the station as if it were a permanent facility unless the agreement is modified to include responsibilities for the developer.

After a lengthy discussion, the Board requested that Staff amend the proposed agreement in accordance with Option 2. In addition, the Board requested that Staff remove the fencing language, include developer responsibilities for maintaining the access road, and include the County as a party to the agreement. The fencing language was being removed from the agreement because the Board agreed that the developer should install it now. Staff noted that the approved plans already included the fence. Once the agreement is amended, both the parties will review the document and proceed from there.

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MT. SIDNEY SEWER REHABILITATION CONTRACT

After reviewing TV inspections and treatment plant flow data, Staff determined that major repairs needed to be made to the Mt. Sidney collection system.

Since the sliplining was completed on 4,400 feet of gravity main, the Mt. Sidney Treatment Plant has not experienced any overflows or discharged any solids to state waterways. Part of the initial sewer sliplining recommendation was to rehab any broken lateral connections. If these connections are not repaired, ground and rain water could continue to enter the collection system where the gravity mains were sliplined. After additional TV inspection, thirty-six broken lateral connections were found. Since none of these connections have clean outs, Staff suggested that they be added during the rehab.

Staff recommended that Prism Contractors & Engineers, Inc. (Prism) be used to rehab the thirty-six laterals and install clean outs on those connections at a cost of \$99,510. The Service Authority was able to use an existing contract with Prism from The Cooperative Purchasing Network (TCPN), and Prism is giving a five percent discount on costs from the existing TCPN contract. The cost for this rehab is budgeted under I&I Capital Repairs.

Mr. Shull moved, seconded by Ms. Bragg, to approve Staff’s recommendation as presented.

Vote was as follows:

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

Motion approved.

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WEYERS CAVE SERVICE AREA

Staff previously gave the Board a general overview of the Weyers Cave water and sewer systems, including current capacity, remaining connections, potential demands, and system needs.

On August 31, Augusta County Economic Development submitted a grant application to the Virginia Business Ready Site Program. Staff responded to the specific utility requirements addressed in the application as requested by the County, and reviewed those responses with the Board.

Staff noted that the Service Authority is able to provide the required 250,000 gpd for water, but a new tank would likely be needed based on industry needs and fire protection requirements. Water main extensions would be required, as current water mains do not reach the site. Staff recommended water system looping, which is in the Service Authority's Master Plan, to provide a better water supply to the site. The estimated cost of the improvements is \$3,500,000.

Staff reminded the Board that the required sewer treatment capacity of 250,000 gpd is not available, and the estimated cost of a treatment plant expansion is \$15,000,000. Additional off-site improvements would also be necessary at an estimated cost of \$3,000,000. Funding has not been secured for this project; therefore, Staff projects a three year time frame to complete a plant upgrade.

The Service Authority's Master Plan recommended a new tank site on or near the Blue Mountain property in order to provide additional storage, supply, and fire protection for the industrial and airport areas. Staff will be working with Augusta County Economic Development regarding an available site for the tank and waterline easements.

Staff contacted DEQ for information on possible funding for this project. The current interest rate of DEQ's Revolving Loan Fund is one percent, and Staff noted that a \$15,000,000 loan would add \$830,000 in annual debt and require a 13.5 percent sewer rate increase to meet the Service Authority's minimum debt coverage ratio. Staff also noted that grants are not available for new projects, although DEQ is accepting new applications and projects will be placed on a waiting list for grant money if it becomes available in the future.

There was a question from the Board regarding the amount of time to get the wastewater treatment facilities constructed. Staff explained that the plans are ready but depending on where the funding comes from, it changes how the bidding documents are assembled. The schedule is based on six months to obtain funding and complete all the legal requirements, six months to bid and award the project, and two years to construct the project. The construction period could be shortened, but it would increase the costs. Staff asked the Board if Staff should begin work now to secure loan funds for the project. The Board did not want to move forward with any aspect of this project until a response is received by the County from the Virginia Business Ready Site Program.

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BOARD COMMENTS

Ms. Bragg thanked Staff for the tour of the Service Authority’s Verona area facilities, and stated that it was very educational.

Dr. Middleton stated he had met with Staff over the summer to discuss a possible decentralized wastewater treatment system. A meeting with DEQ is being planned.

Mr. Wills also thanked Staff for the tour.

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There being no further business, the meeting was adjourned at 4:10 p.m.

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Secretary

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Chairman