1-24-05 13642

VIRGINIA:

At a joint recessed meeting of the Washington County Board of Supervisors and Washington County Service Authority Board of Commissioners held Monday, January 24, 2005, at 5:00 p.m., at the Washington County Service Authority in Abingdon, Virginia the following were present:

PRESENT:

Washington Board of Supervisors:

John B. Roberts, Sr. Chairman Phillip B. McCall, Vice Chairman Bobby D. Ingle Odell Owens Anthony S. Rector Kenneth O. Reynolds

Mark K. Reeter, County Administrator Lucy E. Phillips, County Attorney Mark W. Seamon, Accounting Manager

Washington County Service Authority Board of Commissioners:

Jerry Cole, Chairman Scott Rector, Vice Chairman C.I. Anderson, Jr. John Garrett John Harris Phillip B. McCall Daniel Reynolds

David Dawson, PhD, PE, General Manager Cindy Fields, Deputy General Manager

ABSENT:

Washington Board of Supervisors:

Dulcie M. Mumpower

1. <u>Call to Order</u>

Washington County Board of Supervisors

The meeting was called to order by Mr. John Roberts, Chairman of the Board, who welcomed everyone in attendance.

1-24-05 13643

Washington County Service Authority Board of Commissioners

Mr. Gerald Cole, Chairman, called the meeting to order.

2. Overview of Purpose of Meeting

Mr. Mark Reeter welcomed those in attendance. He reviewed the format of the joint meeting, as Draper Aden Associates would review their update to the 604(b) sewer study, the annual budget, and present recommendations. Cindy Fields would review funding opportunities. In light of the information presented, both Boards would be asked to consider specific actions later in the meeting.

3. Review of preliminary draft of 604(b) sewer study update for Bristol/Abingdon 201 Service Areas

Mr. Hancock began by reviewing assumptions used:

- Additional treatment above 572,000 gpd from BVU would not be available
- Current water usage in study areas was provided by WCSA
- Growth rates were based on 2000 census data and other information from Washington County
- Study area was between Abingdon's western Town limits and I-81 Exit 1

Key points for estimated flows included:

- Thirty-year growth factors applied to current water usage rates
- Future industrial development flow of 1 MGD
- Flows from the Sinking Creek area below the Virginian go to BVU
- Flows from I-81 Exit 1 area would go to BVU (not including Clear Creek)
- Total flow to BVU of 0.28 MGD
- Total future flow to new WWTP of 2.5 MGD

Two potential WWTP discharge points identified were North Fork of Holston River (North Holston) and Spring Creek.

The North Holston option would site WWTP along Wallace Pike, north of the industrial Park. The effluent would be discharged to North Holston, a distance of approximately 12 miles. Five major pump stations would be required, with the project installed in four phases.

The Spring Creek option would site WWTP along Spring Creek, with effluent discharged above the mouth of the Creek at South Holston Lake. Two major pump stations would be required, with the project installed in three phases.

Due to lower capital cost of \$5 million, less controversial discharge location, and greater flexibility in plant location, the North Holston option is recommended.

Mr. Hancock described two options for project phase 1, the WWTP. The first option would include all structures for 2.5 MGD capacity, but install equipment for only 1 MGD initially, at a cost of \$29,311,220. The second option would install 1 MGD capacity of both structures and equipment at a cost of \$18,746,810.

Mr. Ingle asked where the WWTP would be located, as residents of Benhams need sewer. Mr. Hancock noted that a preliminary site on Wallace Pike had been identified, but other options had been noted, such as near the Industrial Park. Mr. Tony Rector asked if the location of the plant would greatly impact the costs. Mr. Hancock replied that much of the total cost was independent of the location, although the location choice could affect costs.

3. Funding information

Mrs. Fields reviewed a recent meeting with potential funding agencies including:

- Rural Development
- DEQ (Revolving Wastewater Funds)
- Mt. Rogers PDC (DHCD & CDBG)
- Virginia Resources Authority
- Tobacco Commission
- Economic Development Authority
- Appalachian Regional Commission
- Davenport Financial Consultants

Agencies were presented with project and operating cost, and were asked to consider how they might be able to assist with the project.

All agencies expressed a desire to help, and stressed the importance of the project aligning with the report of regional wastewater needs study for PDCs 1, 2, and 3. The draft report is anticipated in September of this year.

Most agencies offer planning grant assistance, although these funds could not be used for costs incurred prior to the grant receipt. Mt Rogers PDC may be able to assist with the preliminary engineering report (PER).

Mr. Reeter requested an explanation of what is in the PER. Mr. Hancock pointed out the PER would include final siting of the WWTP, address environmental issues, finalize all aspects up to detailed design. This would require 4-5 months and a discharge permit hearing.

4. **Operating Revenues**

Mr. Marickovich projected operating revenues based on current flows. Using current WCSA rates, average daily flow of 359,954 gallons would generate annual revenue of \$724,775. This does not account for any new customers or connection fees. Using estimated annual operational and maintenance costs of \$314,230, the amount of annual revenue available for debt service is \$410,545.

Based on whether the initial structural capacity of the WWTP is

1 MGD or 2.5 MGD, and also whether grant funding up to \$2 million is available or not, the additional annual funding needed for debt service would range from \$600,000 to \$1,370,000. Mrs. Fields noted that a reserve fund or moral obligation would likely be required by funding agents.

Mr. Hancock indicated that proceeding with the project would require PER and acquisition of a discharge permit. The time between proceeding with PER to actually receiving wastewater would be approximately 2-½ to 3 years. Mr. Tony Rector asked if the system would be self-supporting, which is the eventual goal. In response to Mr. Robert's question, the regional wastewater study commissioned by the PDCs would be reported in September of this year. Mr. Garrett indicated that additional flow would be likely; the 35,000 gallons per day anticipated from a new commercial development at Exit 7 would generate \$53,000 annually, roughly ten percent of the debt service "shortfall." Mr. Marickovich added that revenue from an additional 300,000 gallons per day of industrial wastewater would eliminate any shortfall in debt service.

Mr. Tony Rector reasoned that a decision point had been reached, to either expand existing treatment capacity or build new capacity. Mr. Roberts there will be continued growth along the interstate. The County is not an owner of the existing WWTP, but the service area is becoming suburban. Mr. Ingle stated that the County had turned lost a Pepsi Bottling Plant and a bakery due to lack of wastewater capacity. Mr. Reeter affirmed that this area has potential growth.

To Mr. Harris' query on whether there are items in the capital costs that could be reduced for this project, Mr. Hancock replied that his estimate was based on historical costs. Mr. Scott Rector asked if costs for acquiring easements had been included in the cost estimates. Mr. Hancock noted this was included in the 35% added to construction costs, which includes design, legal, etc. He also described a need for 8-10 acre site to locate the WWTP, with buffered areas.

Mr. Scott Rector stated that WCSA was out of water and had additional water projects to address. Mrs. Fields clarified that WCSA will not be able to leverage sewer debt service with water funds.

Mr. Kenneth Reynolds stated that Washington County is a model for other counties, plus potential. He has never seen an area that had water and sewer that didn't grow. Mr. Owens added that DEQ has studied streams, with Beaver Creek quite polluted. This is likely due to failing septic systems, which would be corrected with a wastewater system.

5. Requested Action

Mr. Reeter requested the Boards take action to authorize a PER, apply for a wastewater discharge permit (VPDES permit), authorize a meeting with BVU staff, and request funding assistance from Mt. Rogers PDC.

Mr. McCall, noting the need to move ahead with this project, moved to authorize Mr. Reeter's requested actions. Mr. Garrett seconded the motion, which passed unanimously (7-0). Mr. Roberts asked the Board of Supervisors if there was any disagreement with this action. He then observed that no disagreement was noted.

Mr. Roberts added that the joint meetings had been productive, and he commended the participation. He commented that needs and resources are not always balanced, just as it is "hard to come out even on the biscuits and gravy," but it is important to go forward to address this need.

1-24-05 13646

6. Adjournment

Washington County Board of Supervisors

On motion of Mr. Rector, second by Mr. Owens, it was resolved to adjourn the meeting.

The vote on this motion was as follows: (6-0)

Mr. Ingle	Aye
Mr. McCall	Aye
Mr. Owens	Aye
Mr. Rector	Aye
Mr. Reynolds	Aye
Mr. Roberts	Aye

Washington County Service Authority Board of Commissioners

On motion of Mr. McCall, second by Mr. Harris, the Washington County Service Authority adjourned the meeting.

The vote on this motion was as follows: (6-0)

Mr. Anderson	Aye
Mr. Cole	Aye
Mr. Garrett	Aye
Mr. Harris	Aye
Mr. McCall	Aye
Mr. Rector	Aye
Mr. Reynolds	Aye

Prepared by:
Naoma A. Mullins, Recording Clerk
Approved by the Washington County Board of Supervisors:
John B. Roberts, Sr., Chairman