

VIRGINIA:

At a joint recessed meeting of the Washington County Board of Supervisors and Washington County Service Authority held Tuesday, March 17, 2009, at 7:00 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

PRESENT:

Board of Supervisors:

Kenneth O. Reynolds, Chairman
Jack R. McCrady, Jr., Vice Chairman
Phillip B. McCall
Dulcie M. Mumpower
Odell Owens
Paul O. Price
Thomas G. Taylor

Mark K. Reeter, County Administrator
Christy Parker, Assistant County Administrator/
Community & Economic Development

Washington County Service Authority:

Gerald W. Cole, Chairman
Scott Rector, Vice Chairman
Samuel L. Blaylock
Joe L. Chase
Frank J. Stephon, IV
Donald L. Stout
Kenneth Taylor

Robbie Cornett, General Manager
Amanda Paukovitz, Administrative Assistant
Kim Roberts, Controller
Mark Lawson, General Counsel

1. Call to Order

The Joint Meeting of the Washington County Board of Supervisors and the Washington County Service Authority was called to order.

2. Approval of Agenda

Board of Supervisors:

Mr. Reeter had no additions to the agenda unless any of the Board of Supervisors had additions.

Mr. McCrady expressed his desire to have the Taylor's Valley Waterline Extension added to the agenda.

Mr. Owens made a motion to approve the agenda, with the addition of the Taylor's Valley Waterline Extension. Mr. Owens' motion was seconded by Mr. McCrady, and was approved by a unanimous vote.

Service Authority:

Mr. Cornett had no additions to the agenda.

Mr. Rector moved to approve the agenda as is. Mr. Rector's motion was seconded by Mr. Taylor, and was approved by a unanimous vote.

3. Exit 13 Area Wastewater Collection Project

a. Project Overview and Status Presentation

Mr. Cornett expressed his appreciation for the opportunity to speak to the Boards tonight. He explained that WCSA is at an opportune moment in regards to the Exit 13 Wastewater Collection Project. He wanted to provide both Boards with insight in regards to the proposed project, its status and where the project stands at this point. Mr. Cornett did so in the form of a 15 minute PowerPoint presentation.

The presentation topics included: Project and Community Background, Septic System Info, an Explanation of the Inter-Municipal Agreement with the Town of Abingdon, Grant Funding and Project Financing, Descriptions of the (Four Potential) Project Phases, The "40 Reasons to Support the Project" (40 septic failures in the community thus far), Property Value Info., Public Sewer Advantages, Efforts to Solicit Support (i.e. Community Meeting, Project Champions, Letters, Calls/Visits, etc.) Connection Fee Info., Landowner Responsibilities, and a Support Update (Of 255 Residents: Yes- 180, Maybe-10, Avoidable- 29, No- 19, No Response/ Out of Town- 17). At this point, there is roughly 86% support for participation in the project (Note: if the "No Response/Out of Town" landowners respond in the affirmative, support would increase by 6.7%, totaling 92.7%). Considering the state of the project and the limited amount of time WCSA has been engaging with folks, Mr. Cornett feels good about the project. He is confident that WCSA can even improve on the support rate by the time the project reaches final stages. Mr. Cornett then talked about the next steps. There are two options: Board Action or No Board Action. If the Board(s) were to take action, it would mean that Phase 1 could move forward; however, it is a big commitment (it would authorize Draper Aden & Associates (DAA) to create final design and would commit us to the funding). If the Board(s) were to not take action, it would mean there is no commitment; however, WCSA would lose the grant funding and Phase

1, along with any potential future phase(s), would not happen (Note: there will be other opportunities for the Board to say no if necessary, even if they were to initially commit to the project). He talked about a tentative timeline for the project (if the Board(s) were to take action): wrap up the collection of easements (Feb. 2009), meet jointly with the Board of Supervisors (March 2009) and a Board Decision (Action/No Action from both Boards, and response to agreements with DHCD; March 2009). If the Board(s) were to take action, the remaining tentative timeline would be as follows: creation of final design by DAA (April 2009), completion of design and ready for advertisement (April 2010), beginning of construction (June 2010), & construction completion (June 2011). Mr. Cornett proceeded with his recommendations, which include: to move forward with executing the funds from Southern Rivers Watershed Enhancement, advise DAA to move forward with plans for the project, parallel with the Inter-municipal Agreement with the Town of Abingdon, and move forward with obtaining easements and land acquisition needed for the project (Note: much cannot be done with that until there is a final project design).

Mr. Cornett took time to express his appreciation for the following individuals: the Exit 13 Project Champions (Jack Anderson, Mike & Eva Collins, Janet Cook, Jimmy & Louvis Countiss, Mike & Georgia Crews, John Dellis & Warren McCray), speakers for the Community Meeting (Ray Shingler & Janet Cook), Mr. Mark Reeter (County Administrator for the County of Washington), DHCD's Joy Rumley & Jim Wallace, Mount Rogers Planning District Commission's Toby Boian & Chris Gilley, USDA Rural Development's Robert Hilt & Travis Jackson, Draper Aden & Associates' Randall Hancock & Don Marickovich, and Mark Osborne & Amanda Paukovitz of WCSA. He then opened the floor for questions.

b. Joint Discussion of Project

Mr. McCall inquired about the progress of the subline to the project. Mr. Cornett expressed that it has not yet been completed, but it is in process.

Mr. Tom Taylor inquired about interest-free financing. Mr. Cornett explained that within the financing WCSA receives, it is not typically interest-free. However, at this point, WCSA offers interest-free financing. Mr. Taylor encouraged WCSA to continue with interest-free financing for connection fees. He also gave a brief history/background of sewer service in the area and how sewer service was identified as a need back in the 1970's. At 7:43 PM, Mr. Kenneth Taylor of the WCSA Board of Commissioners left the meeting.

Mr. Reynolds referenced the residents on the back side of McCray Drive and he encouraged an application for Phase 2. Mr. Cornett added that all but three of the members of McCray Drive have already submitted User Agreements (without being asked), which shows just how interested these residents are.

c. Approval of Agreement between County and Service Authority

Mr. Reeter explained that a revised version of the agreement between the County and WCSA was being distributed. The changes were minor; for the sake of formality, he wanted them distributed before decisions were made.

Mr. McCall made the motion to approve the Southern Rivers Watershed Enhancement Agreement between the Board of Supervisors and WCSA. Mr. McCall's motion was seconded by Mr. Price. The Board of Supervisors discussed the minor changes made to the agreement; Mr. Cornett clarified those changes. The motion was voted upon, and was passed with a unanimous vote.

Mr. Chase made the motion to accept the agreement as proposed. Mr. Chase's motion was seconded by Mr. Stephon. The motion was voted upon, and was passed with a vote of 6-0-1.

d. Approval of Agreement between County and Mount Rogers Planning District Commission

The agreement between the County and the Mount Rogers Planning District Commission was discussed next. Mr. Cornett & Mr. Reeter clarified the agreement and affirmed that there were no proposed changes to the agreement.

Mr. Owens made the motion to approve the agreement between Washington County and the Mount Rogers Planning District Commission. Mr. Owens' motion was seconded by Mr. McCall, and was passed by a unanimous vote.

Mr. Reynolds expressed that they look forward to sewer service being provided to the discussed portion(s) of the County.

Mr. Taylor asked about the future phases of the Exit 13 project, and encouraged movement on them. Mr. Cornett affirmed that now that Phase 1 is in place, pursuit of Phases 2 & 3 (along with funding for them) could begin within the month.

Mr. Reynolds expressed that sewer service is something the County has to have.

Mr. Reeter added that there is one final agreement that will need to be executed between the County and the State in order to formally accept the grant monies. He explained that this item will be on the agenda, more than likely, for the March 26th recessed work session meeting. The contracts that were approved tonight were prerequisites for the contract between the County & State and the Southern Rivers Watershed Enhancement funds.

4. Ten Minute Recess

Mr. Reynolds dismissed the meeting for a ten-minute recess at 8:04 PM; the Board(s) had agreed to discuss the Taylor's Valley Waterline Extension after the recess. The meeting reconvened from that recess at 8:14 PM.

5. Taylor's Valley Waterline Extension

Mr. McCrady expressed his concern for the status of the above-mentioned project. The Taylor's Valley Waterline Extension is a 10 year old project, existing in an area where springs and wells are running dry due to the drought. The project began and agreements were signed in 1999 (Note: he is going by John Roberts' memory; the project was on the verge of construction during two of Mr. Roberts' terms as a Board of Supervisor member). He attended the meeting in early January between WCSA representatives, WCSA Board of Commissioner members, and residents of Taylor's Valley; at that point, the project looked like it was well underway. There was one acquisition problem, but the project still looked underway. From what he understands, a question has arisen from [Legal] Counsel regarding the legitimacy of the user agreements. He noted that the residents paid substantially less to tap on than what they would pay now (\$500-\$600, compared to the current cost of \$1,900). Mr. McCrady represents that district, and receives a lot of questions; he was hoping for some clarification. He also expressed his hope that WCSA would still honor the previous user agreement payments.

Mr. Cornett provided a brief background of the project. Prior to 1999, around 1993, WCSA undertook a project to install a pump station within Taylor's Valley. At the time, they surveyed residents regarding their interest in public water service; that interest ended there. WCSA even made additional efforts, but residents reassured that they had no interest in service at the time. By the time the project was built in 1994 or 1995, residents began pursuing WCSA for public water. Regrettably for both parties, WCSA had built the water storage tank at an elevation that wouldn't reach the folks that were petitioning for water service. That resulted in a couple residents coming in to buy a water tap in 1999. There was no project in process at the time, and they were not encouraged to make such a purchase; the residents were outside of WCSA's project area (what has now been identified as the Chestnut Mountain Road project). At that point, WCSA began to solicit interest for water taps from those residents' neighbors. By 2004, WCSA had (what is required for such projects) one more than 50% participation. These individuals signed a user agreement indicating such interest. By the time this progression had taken place (from 1999-2004), the remaining residents to make their purchase of connections were being charged more than the original residents were. He explained that up until that point, WCSA didn't have an official project. However, the agreements allowed WCSA to begin applying for funding, and those funds were rewarded in 2006. Regrettably for WCSA and the residents that signed the user agreements in 2004, the user agreements they signed had a two year expiration date; this made the agreements null and void. That has resulted in more recent efforts by WCSA to issue those residents a novation letter. We are in the process of issuing those letters, which would allow the current user agreements to stay in full effect. The residents would still have access to the connection fee price that they originally had agreed to in 2004 under the user agreement. The other problem we have run into is that we only had one more than 50% of the residents' support up until January of this year. We have since had a resident request a refund of their money, which they are entitled to. We have since refunded them. However, WCSA is still trying to honor its obligations to the Virginia Department of Health by obtaining one more than 50% of the residents' support and sign a user agreement.

Contributing to our delay most substantially has been the need for one easement and two properties that we've needed in order to provide drinking water to the community. There have been two properties that needed to be purchased; one for a pump station, and one to house the hydromatic tanks. Mr. Cornett expressed that WCSA is still working on that, and are negotiating with the landowners. They also are in need of an easement that still has not been provided. This landowner owns the property on both sides of the road, and there is no way to avoid this easement for the project to move forward. However, Mr. Cornett believes they have just secured that easement. He offered an apology, as the project has gone much slower than WCSA would have anticipated in 2006. There have been many roadblocks, including one of the property owners living out of state, so touching base with that resident has taken some time. He explained that designs for the project are essentially complete, and approvals are in place. Before the project can move forward, land must be obtained to house the pump station.

Mr. McCrady expressed that this service is an essential need. He also shared his hopes that the previous rates would still be honored. Mr. McCrady expressed concern that he did not see this project on the Stimulus Funding Application list; he hopes the project has not been forgotten. Mr. Cornett affirmed that WCSA has not abandoned the project; it has already been fully funded by an agency that would administer stimulus funds. Mr. McCrady asked if there is a time limit on these funds; he referenced funds on the Rt. 58 project. Mr. Cornett added that VDH is just as eager. He does not believe VDH will pull the funds, as long as they are convinced the project is still being pursued.

Mr. Tom Taylor had questions regarding the land for the tanks. A resident of the community (who is Mr. McCrady's minister) believes the landowners name is Tracy Hash and he confirmed that Mr. Hash provided the land.

When asked by Mr. Taylor, Mr. Cornett explained that the easement was also provided as a gift; he referenced WCSA's policy regarding easements in areas of need, and how condemnation is not exercised. Mr. Cole explained the WCSA Board of Commissioners' outlook on not condemning for easements. He stated that the Board has gone out of its way to not develop bad publicity. Mr. Cole explained that the Board hopes to be able to gather support and easements without stirring up hard feelings. Mr. Tom Taylor agreed to disagree; he doesn't think a project should stop for one easement. He believes more bad publicity could develop from a community without water, opposed to from one easement condemnation. Mr. Cole added that when land is condemned and purchased for easements, it raises customer rates.

Mr. McCrady's minister provided insight as a resident of the project area. He explained the main reason why most residents came forward and paid the \$900 for the connection fee is because they were under the impression (at Mr. Roberts' discretion) that the project would move forward immediately.

6. Joint Closed Meeting:

- a. Request for Joint Closed Meeting pursuant to Section 2.2-3711(A)(6) of the Code of Virginia for the discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; specifically the proposed purchase of wastewater treatment capacity from Bristol Virginia Utilities/City of Bristol, Virginia

Mr. Kenneth Reynolds read the following Recommended Motion to Convene in Closed Meeting:

This is a request for Joint Closed Meeting pursuant to Section 2.2-3711 (A) (6) of the Code of Virginia for the discussion or consideration of the investment of public funds where completion or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; specifically the proposed purchase of wastewater treatment capacity for Bristol Virginia Utilities/City of Bristol, Virginia.

Mr. McCrady of the Board of Supervisors made the motion for Joint Closed Meeting. Mr. McCrady's motion was seconded by Mr. McCall, and was approved by a unanimous vote.

Mr. Reeter added that to be included in this Closed Meeting would be himself, Mr. Robbie Cornett, Mr. Mark Lawson, and Ms. Christy Parker.

Mr. Stephon of the WCSA Board of Commissioners made the following motion:

I make the motion to convene in closed session pursuant to Section 2.2-3711 (A) (6) of the Code of Virginia for the discussion or consideration of the investment of public funds where completion or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; specifically the proposed purchase of wastewater treatment capacity for Bristol Virginia Utilities/City of Bristol, Virginia.

Mr. Stephon made the motion to convene to Closed Session. Mr. Stephon's motion was seconded by Mr. Rector. The motion was passed by a vote of 6-0-1.

6b. Reconvene to Joint Open Meeting:

Mr. Reynolds read the following Board of Supervisors' Chariman's Request for Board Certification of Closed Meeting:

On motion of Mr. McCrady, second by Mr. Owens and favorable vote, the Board of Supervisors now reconvenes to open meeting. At this time, any participant in the Closed Meeting who believes that there was a departure from the requirements of the Virginia Freedom of Information Act during the closed meeting, please state the substance of the departure that you believe has taken place.

Mr. McCrady recommended the following motion to certify the Closed Meeting:

Hearing no such statements, I move that we certify the Closed Meeting in accordance with the requirements of the Virginia Freedom of Information Act. By vote in favor of this motion, each member certifies that the Closed Meeting was conducted in conformity with Virginia law, and that only public business matters lawfully exempted from open meeting requirements and identified in the motion by which the Closed Meeting was convened were heard, discussed, or considered in the Closed Meeting.

By Mr. McCrady's motion, a second by Mr. Owens, and a unanimous vote, the Board of Supervisors officially went back into open session.

Mr. Cole read the following Board of Commissioners' Chairman's Request for Board Certification of Closed Meeting:

On motion of Mr. Stephon, second by Mr. Blaylock and favorable vote, the Board of Commissioners now reconvenes to open meeting. At this time, any participant in the Closed Meeting who believes that there was a departure from the requirements of the Virginia Freedom of Information Act during the closed meeting, please state the substance of the departure that you believe has taken place.

Mr. Stephon recommended the following motion to certify the Closed Meeting:

Hearing no such statements, I move that we certify the Closed Meeting in accordance with the requirements of the Virginia Freedom of Information Act. By vote in favor of this motion, each member certifies that the Closed Meeting was conducted in conformity with Virginia law, and that only public business matters lawfully exempted from open meeting requirements and identified in the motion by which the Closed Meeting was convened were heard, discussed, or considered in the Closed Meeting.

By Mr. Stephon's motion, a second by Mr. Stout, and a vote of 6-0-1, the Board of Commissioners officially went back into open session at 9:46 PM.

5. Adjourn or Recess

Mr. Reeter confirmed that the Board of Supervisors should adjourn this meeting.

Mr. McCrady 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. McCrady's motion to adjourn was seconded by Mr. Owens, and approved by a unanimous vote. The Board of Supervisors adjourned at 9:48 PM.

Mr. Rector 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. Rector's motion to adjourn was seconded by Mr. Stout, and approved by a vote of 6-0-1. The Board of Commissioners adjourned at 9:49 PM.

Prepared by:

Naoma A Norris, Recording Clerk (from a transcript prepared by Amanda Paukovitz, Assistant Secretary to the Washington County Service Authority)

Approved by the Washington County Board of Supervisors:

Kenneth O. Reynolds, Chairman