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Augusta County Service Authority
Regular Board Meeting, Thursday, April 15, 2021, at 1:30 p.m.
Board Meeting 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
Matthew Egeli, Wayne District
Michael L. Shull, Riverheads District
Timothy Simmons, Pastures District
Phil Martin, Executive Director
Brent Canterbury, Board Treasurer
Jean Marshall, Board Secretary

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CALL TO ORDER

The Chairman called the meeting to order at 1:30 p.m.

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ADOPTION OF AGENDA

Staff recommended the Agenda be revised to change Approval of the Minutes to Item 4 and Matters Presented by the Public to Item 5, with all other items following subsequently.

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

Vote was as follows:

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

Motion approved.

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APPROVAL OF MINUTES

Staff explained there was one revision to the Minutes correcting the code section sited for Closed Session.

Mr. Shull moved, seconded by Mr. Almarode, to approve the revised Minutes of the Regular Board Meeting of March 18, 2021, which have been mailed to the members.

Vote was as follows:

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

Motion approved.

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MATTERS PRESENTED BY THE PUBLIC

No members of the public were in attendance to make comments and no public comments were brought forth by Staff.

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CLOSED SESSION

Mr. Gordon moved, seconded by Mr. Shull to convene in closed session pursuant to Virginia Code §2.2-3711(A)(8), to consult with legal counsel regarding a specific customer account delinquency requiring the provision of legal advice by such counsel.

Vote was as follows:

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

Motion approved.

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

Vote was as follows:

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

Motion approved.

Board members were requested to certify only matters pursuant to Virginia Code §2.2-3711(A)(8) were discussed. Members certifying were Middleton, Gordon, Almarode, Dahl, Egeli, Shull, and Simmons.

Mr. Egeli moved, seconded by Mr. Shull for the Chairman of the Board to send a letter on behalf of the Board regarding collection of the delinquent customer account discussed in Closed Session.

Vote was as follows:

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

Motion approved.

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EXECUTIVE DIRECTOR'S HIGHLIGHTS

Staff was informed by the Augusta County Administrator federal funding will be distributed to localities through the American Rescue Plan Act as part of the COVID-19 recovery efforts. The disbursement amount and the criteria for receiving the funds are currently unknown. Staff is hopeful the Service Authority will receive funding through the Act to help with economic development costs and to offset the costs of some of the higher expense projects.

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PROGRESS REPORT

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

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COMMITTEE REPORTS

Broadband Committee

The Committee met on April 12 to consider the proposed terms of lease with MGW for installation of equipment on the White Hill tower. The proposed terms include a base payment of \$200 per month; additional payment of \$3 per MGW subscriber, maxing out at an additional \$300 and evaluated annually; an annual escalation rate of 3%; a 5-year term with auto-renewal in unlimited 1-year terms; equipment would be up to four sector antennas and up to two dishes on the tower and space for a single floor or wall-mounted rack in the equipment hut. SVEC currently leases space on the tower and has offered to pay for the required structural analysis, which will consider equipment for all parties involved. SVEC asked for a revision to their current lease in order to add equipment and to specify their equipment be on the tower instead of the water tank. Staff has also spoken with Augusta County Emergency Services regarding the maximum expected equipment they would need on the tower. At this time, they will need to keep the space they currently occupy for antennas, as well as space for the equipment shelter. Future needs are currently undetermined.

The Committee is recommending the Board authorize Staff to complete and execute a lease agreement with MGW based on the above-mentioned terms, as well as renegotiate and execute a lease agreement with SVEC for tower use and updated lease terms, pending the completion of the structural analysis.

After discussion, the Board directed Staff to follow through with the Committee's aforementioned recommendation.

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Personnel Committee

The Committee met on April 2 to discuss employee benefits and salary. The Committee also reviewed benefits and salaries other localities in Virginia offer their employees.

Staff gave a PowerPoint presentation explaining the proposed changes the Personnel Committee is recommending be made to salary and employee benefits. Highlights of the proposed changes include: a plan to implement a longevity pay increase of 2.5% of the employee’s current salary awarded on 5-year employment anniversaries; adding Christmas Eve as a full holiday and adding Columbus Day as a floating holiday; lessen the amount of sick leave per year from 12 days to 10 days, until the 21st year of employment, at which time the employee would earn 11 days per year; revise accrual amounts for vacation to continue escalation over 30 years of employment; reduce allowable sick leave carry-over to 1040 hours; increase the vesting period for sick leave cash-out upon resignation from 5 to 15 years with a 25% pay-out; eliminate the \$5,000 cap on sick leave cash-out upon retirement with a 25% pay-out; and add \$25 cash match per pay period for employees participating in the Deferred Comp Plan.

Mr. Simmons, Chairman of the Personnel Committee, informed the Board the Committee is recommending a 4% merit/performance increase for employees.

After discussion, Mr. Simmons moved, seconded by Mr. Egeli to adopt the proposed benefit package as presented with the 4% salary increase.

Vote was as follows:

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

Motion approved.

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Finance Committee

The Committee reported water revenues are up by 2.7% and sewer revenues are up by 3.7%. Expenses are approximately 11% below budget for FY-21.

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FY-22 DRAFT BUDGET

Staff gave a presentation on the proposed FY-2022 draft operating and capital budget to the Board.

A 5.0% rate increase on health insurance has been budgeted and will allow for the continuation of building a reserve for future insurance claims. The current reserve balance is \$1,013,00. The budget also includes the 4% merit/performance adjustment recommended by the Personnel Committee. A 3% increase to the water and sewer usage rates is recommended for FY-22. For

an average residential customer, this increase would result in a \$3.60 bi-monthly increase and yearly increase of \$21.60.

The following are projections for the FY-22 operating budget:

Total revenue - \$22.1 million; total operating expenses - \$14.1 million; depreciation - \$6.2 million; and debt payments - \$4.2 million. Taking all this into consideration, the net income will be approximately \$1.3 million for FY-22. The debt coverage ratio would be 2.10, which is within the Board specified guidelines.

Staff explained to the Board the projected expense changes in the FY-22 operating budget:

<u>Increases/(Decreases)</u>	
Salaries & Benefits	\$278,000
(\$146,000 from previously unfunded positions)	
Depreciation (noncash)	\$100,000
Professional Services	\$ 32,000
Software Support	\$ 29,000
Repair & Maintenance Supplies	\$ 29,000
UV Disinfection Supplies	\$ 26,000
Interest Expense	\$(103,000)

These changes result in an overall increase of \$441,000, which is a 2.16% increase from FY-21.

The FY-22 draft capital budget includes water projects with an approximate cost of \$2.7 million, sewer projects with an approximate cost of \$2.1 million, and vehicles, equipment, and miscellaneous expenses of approximately \$2.0 million, for a total of \$6.8 million.

Water projects for FY-22 include: \$1.470 million for the substandard water line replacement; \$0.135 million for construction of the Hickory Hill booster station; \$0.138 million for construction of the Weyers Cave storage tank; \$0.110 million for replacement of the Churchville storage tank; and \$0.100 million for water treatment plant equipment allowance.

Sewer projects for FY-22 include: \$0.800 million for I & I projects; \$0.605 million for WWTP equipment replacement; and \$0.115 million for Middle River WWTP generator replacement.

Other key projects for FY-22 include construction of the Field Ops building with an estimate cost of \$1.500 million (total for FY-2022 and FY-2023), \$0.436 million for capital equipment and vehicles, and \$0.090 million for SCADA.

Providing there are no changes to the draft budget, Staff will ask the Board to approve advertising of the water and sewer rate increases at the May Board meeting, with final approval of the budget at the June Board meeting.

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PROPOSED SOLAR PROJECTS

Staff gave a presentation on two potential small-scale solar facilities. Augusta CSG, LLC has submitted a request to the County of Augusta for Substantial Accord Determination to install solar panels on approximately 12 acres of land near the intersection of Long Meadow Road and Westminster Drive in the Fishersville Area. The property is designated as an Urban Service Area in the County’s Comprehensive Plan, with a density of 4-8 dwelling units per acre. There is a 12” water main in Long Meadow Road, on which the property fronts, and a 12” sanitary sewer main runs through the property. The Service Authority could potentially lose 128 service connections and between \$800,000 and \$1,200,150 in revenue, if the project is approved.

After discussion, the Board directed Staff to attend the Planning Commission meeting, whenever this matter is brought before them, to offer comments on the economic impact the solar project would have on the Service Authority, if it is approved.

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Staff stated Buffalo Branch Solar has submitted a request to the County of Augusta for Substantial Accord Determination to install solar panels on approximately 34 acres in the Churchville area along Vinegar Hill Road. The property is in the Agricultural Conservation Area, which is not expected to be served by water or sewer. This project will not have an economic impact on the Service Authority.

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BOARD COMMENTS

Mr. Egeli stated after reading the Memorandum provided by Staff regarding cost savings at the Landfill, he was impressed with the management of the Landfill and the smart operating decisions Management has made. Over time these smart decisions will have a huge cost savings to the landfill partners. This is an example of the Service Authority doing a great job providing an essential service. Staff accredited Greg Thomasson, Director of Solid Waste for directing and overseeing the operations of the Landfill.

Mr. Simmons thanked employees who spent a lot of time and effort working on putting numbers together for the employee benefits proposal.

Mr. Dahl also commended the Landfill on how well it is operating and noted this has been mentioned by staff from other localities.

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There being no further business, the meeting was adjourned at 4:29 p.m.

Board Secretary

Chairman