

# 166

Augusta County Service Authority  
Regular Board Meeting, Thursday, December 16, 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, *via conference call due to being on vacation*  
Matthew Egeli, Wayne District  
Timothy Simmons, Pastures District  
Phil Martin, Executive Director  
Brent Canterbury, Treasurer  
Jean Marshall, Board Secretary

ABSENT: Michael L. Shull, Riverheads District

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## CALL TO ORDER

The Chairman called the meeting to order at 1:33 p.m.

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## ADOPTION OF AGENDA

Staff requested Item 9, 2021 Year End Financial Report, be moved to be included with Item 8, Committee Reports.

Mr. Almarode moved, seconded by Mr. Egeli to adopt the revised Agenda as presented.

Vote was as follows:

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

Motion approved.

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## APPROVAL OF MINUTES

Mr. Gordon moved, seconded by Mr. Simmons, to approve the Minutes of the Regular Board Meeting of November 18, 2021, which have been mailed to the members.

Vote was as follows:

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

Motion approved.

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MATTERS PRESENTED BY THE PUBLIC

Staff informed the Board a 2” water line will be installed along River View Drive to help relieve the water pressure issues presented by David Beisner at the November meeting. This project is set to begin in January and the estimated cost is significantly less than the estimated \$30,000 stated at the November meeting. Shawn and Jean Reynolds of 356 River View Drive have submitted invoices for the damage inflicted to their home due to high water pressure. The invoices have been submitted to VRSA under the “No Fault” clause. The amount of the Reynolds claim is approximately \$15,000.

Mr. Egeli stated the Service Authority should communicate to the property owners clarifying the Service Authority is not accepting any liability with the water pressure issues.

Staff stated a letter will be sent to the property owners who have suffered damage caused by the water pressure issues stating the Service Authority is not accepting liability for the issues.

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EXECUTIVE DIRECTOR’S HIGHLIGHTS

Staff presented an article to the Board regarding the layoff of 14 state employees in the health department’s Office of Drinking Water. The layoff is due to a budgeting error and includes six field directors having a combined experience of 180 years. Staff stated the layoff is a concern for water utilities.

Staff informed the Board the Service Authority has received a check in the amount of \$88,000 from the state to assist with delinquent customer accounts. The number of delinquencies has decreased significantly, therefore, it may not be necessary to use the whole \$88,000.

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PROGRESS REPORT

The November Progress Report was included in the Board packet and was reviewed with the Board.

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COMMITTEE REPORTS

*Finance Committee*

Mr. Gordon reported the Finance and Audit Committee received and reviewed the audit report from PBMares. The report was unmodified, which means the Authority’s financial statements were well prepared and complied with account standards. The Committee commended Brent Canterbury and his staff on a job well done.

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Staff reviewed FY-21 financial highlights with the Board. Staff reported operating revenues were \$21.9 million in FY-21 and \$300,000 above budget. Water consumption in FY-21 was 1.4% above budget and sewer usage was 0.6% above budget. Finances have remained stable in FY-21 and the Service Authority is well positioned for FY-22 and beyond.

Mr. Simmons asked for an update on the Authority's remaining bonds.

Staff explained \$4.3 million was paid in principal and interest on bonds in FY-21 and approximately \$4.2 million will be paid in FY-22. The required bond payment will decrease in FY-23 by \$650,000. In 2025, the total outstanding bond amount will be down to \$2.2 million, freeing up an additional \$2 million for the budget.

Mr. Simmons asked if Staff could speak to the effect inflation will have on future budgets.

Staff explained currently the Service Authority currently has between \$20.6 million and \$22 million in cash reserves. \$1.3 million of cash reserves has been set aside for health care claims. Staff feels the budget is stable.

### **Personnel Committee**

Mr. Simmons stated the Personnel Committee met on December 14, 2021. The meeting included discussion regarding the vacancies at the Service Authority, being competitive with pay, and the effects of inflation.

Staff informed the Board of the job vacancies at the Service Authority which include Director of Human Resources, Safety Manager, Plant Supervisor, Engineering Manager, Systems Administrator, Staff Senior Accountant, plant operators, and equipment operators. During the Personnel Committee meeting, the Consumer Price Index was discussed noting there was a 6.8% increase reported in November. Staff informed the Board the 6.8% inflation rate puts the Service Authority behind in employee compensation by approximately 3%, even with the 4% pay increase approved in July. Staff researched other water utilities to determine how they are reacting to the inflation increase in regard to salaries. Some utilities have not made any salary changes, while others have given significant pay increases.

Mr. Simmons stated the committee is prepared to make a recommendation to the Board regarding employee salaries. In preparing the recommendation, the committee considered the potential impacts to pay compression, the rate payers, and the overall stability of the budget. The Committee recommended a 5% pay increase for all employees effective January 1, 2022, all employees in good standing receive a \$1,000 Christmas bonus, and all current pay grades be increased by 4%.

Mr. Egeli stated the Board and Staff has an obligation to deal with inflation and the effect it is having on employees. In addition, there has been difficulty filling the open positions and the Service Authority needs to remain competitive with pay and benefits. The Committee and the Executive Director have been reviewing the aforementioned issues on a regular basis, and are not acting rashly. He encouraged the Board to move forward with the Committee's recommendation.

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During discussion, Staff confirmed the 5% pay increase would not affect the budget dashboard because the Service Authority is \$1.3 million below the expense budget. A 5% increase would cost the Service Authority between \$345,000 and \$380,000.

Based upon the recommendation by the Personnel Committee, the Board voted as follows:

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

Motion approved.

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GROUP APPROVALS

A. Invitation for Bid (ITB) number 2202 was issued on October 25, 2021, requesting sealed bids for the trenchless rehabilitation of portions of the Stuarts Draft and Fishersville sewer collection systems. On November 9, 2021 an Addendum was issued answering bidder questions and bids were opened on November 30, 2021. Of the eight bids received, Visu-Sewer, Inc. offered the lowest total cost with a bid of \$594,938.98. This project was budgeted at \$600,000 for FY-22, and is fully funded in the approved current year capital budget. Staff is recommending the contract be awarded to Visu-Sewer, Inc. for \$594,938.98.

B. Invitation for Bid (ITB) number 2203 was issued on November 18, 2021, requesting sealed bids for Bulk Solar Salt. Bids were opened on December 7, 2021. Three responses were received; however, the response from Morton Salt was a “No-Bid”. Of the two bids received, Government MLO Supplies USA INC did not supply Safety Data Sheets or Chemical Information on their product. Our Invitation to Bid clearly stated “Failure to provide such documentation will cause your bid to be rejected as non-responsive”; their bid was rejected as a Non-Responsive Bidder. The Harvey Salt Company was the remaining bid at \$158.36 per ton. Current pricing (also from The Harvey Salt Company) has been \$146.94 per ton reflecting a 7.8% increase over current costs. This level of increase is not out of line with current inflation data. At the estimated quantity needed, this increase will amount to \$1,713. Adequate funding is available in the FY-22 expense budget. Staff is recommending the contract be awarded to The Harvey Salt Company for a unit price of \$158.36 per ton.

Mr. Egeli moved, seconded by Mr. Simmons to award the contract to Visu-Sewer, Inc. in the amount of \$594,938.98 for the trenchless rehabilitation projects and to award the contract to The Harvey Salt Company for bulk solar salt in the amount of \$158.36 per ton.

Vote was as follows:

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

Motion approved.

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SUPPLY CHAIN CHALLENGES

Staff gave a presentation on the current challenges of obtaining the needed supplies and equipment for the operation of the Service Authority.

The three areas at the Service Authority being affected by the challenges are construction materials, vehicles and equipment, and treatment chemicals, with product availability, delivery, and costs being the cause of the issues.

- A. Construction Materials - there is some scarcity of construction materials, delivery is sporadic, contract prices are not being honored and there are higher costs across the board, with an expected cost increase of 10-15% in January. The plan to address the construction materials issues is to bid as soon as the budget is prepared, stock up on inventory, temporarily recycle or reuse certain materials, add items to the Approved Products List, and mix and match on some projects (i.e. mixing some products not from the same brand, but which are all on the approved list).
- B. Vehicles and Equipment – there is a moderate to severe shortage of all types of vehicles and equipment; when vehicles and equipment are available delivery is not usually an issue, and costs are somewhat higher, but most contracts are being honored. The plan to address the vehicles and equipment issues is to order as soon as possible, utilize other contracts and bid out locally, use rental equipment as needed, and extend target mileage, hours, and repair costs.
- C. Treatment Chemicals – currently there are no severe shortages of chemicals, however, there are some issues with delivery, costs are higher and main vendors are reluctant to honor contracts or commit to new pricing. The plan to address the treatment chemicals issues is to utilize multiple suppliers, explore alternative chemicals if preferred chemicals become scarce, expand inventory and storage capacity, and explore emergency alternatives to treatment, only in the most extreme situations.

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BOARD COMMENTS

Mr. Almarode thanked Staff for all the hard work done on the budget and commended Staff for the successful audit report.

Dr. Middleton wished everyone a Merry Christmas and Happy New Year.

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Staff expressed appreciation to the Board on behalf of all employees for the consideration given to employee salary increases and the Christmas bonus.

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There being no further business, Mr. Gordon moved, seconded by Mr. Egeli to adjourn the meeting at 3:10 p.m.

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Vote was as follows:

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

Motion approved.

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Board Secretary

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Chairman