

Augusta County Service Authority
Regular Board Meeting, Thursday, April 21, 2022, 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, Treasurer
Jean Marshall, Board Secretary

ABSENT: None

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CALL TO ORDER

The Chairman called the meeting to order at 1:31 p.m.

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ADOPTION OF AGENDA

Mr. Shull moved, seconded by Mr. Gordon to adopt the Agenda as presented.

Vote was as follows:

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

Motion approved.

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APPROVAL OF MINUTES

Mr. Shull moved, seconded by Mr. Gordon, to approve the Minutes of the Regular Board Meeting of March 17, 2022, 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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EXECUTIVE DIRECTOR’S HIGHLIGHTS

Staff informed the Board at the recent Municipal Drinking Water Association meeting a representative from DEQ warned localities to expect drought-like conditions this summer. Even though Augusta County has experienced drier than normal conditions, the DEQ drought monitor shows the region in the normal zone.

Staff updated the Board on the nitrogen levels at the Fishersville Wastewater Treatment Plant, which increased in February due to a chem-scan unit failure. The levels are now back to normal.

Staff informed the Board there have been issues with the delivery of glycerin. Staff discussed the issues with the supplier, Brenntag, who has agreed to use a local hauler to transport the glycerin. Staff believes using a local hauler will resolve the delivery issues.

Staff informed the Board the Service Authority’s Facebook page is being viewed by the public, and recently had over 7,800 hits on a post regarding the current sewer line rehab project in the Fishersville/Stuarts Draft areas.

Staff stated Drinking Water Week will be recognized the week of May 1 - 7. The Service Authority will reach out to local media for press coverage on the event which will focus on the Service Authority being an essential provider of water and sewer services, as well as bringing recognition about career opportunities.

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PROGRESS REPORT

Staff reported the Mt. Torrey Road waterline project has been put out for bid, with bids being due on April 28. Staff will present a request for approval to purchase at the next meeting.

There were no questions or discussion by Board members regarding the Progress Report.

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COMMITTEE REPORTS

1. Land & Water Committee

Staff stated the Service Authority owns two well lots in the Augusta Springs area. One well is on a one-acre tract and the other well is on a 100’ x 100’ lot. Both lots adjoin property owned by Peoples Baptist Church. The wells are currently not in service and it is unlikely they will be put back into service; however, the desire is to keep the well on the one-acre tract as a

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contingency and the well on the smaller lot monitoring purposes. Currently, there is not a way to access the one-acre tract well except through the church's parking lot. Representatives from the church contacted Staff explaining their wishes to install lighting along the edge of the church parking lot, but they are concerned the new light poles would encroach onto the Service Authority's property. Staff visited the property and discovered the church's parking lot already encroaches onto the Service Authority's property. Staff has approached the church's representatives to discuss the possibility of the church granting an easement to the Service Authority to access the well on the one-acre tract through the church's parking lot as well as an easement to maintain and access the monitoring well in exchange for the small lot the church's parking lot encroaches on. The value of the property is approximately \$7,000 and the value of the easements would be approximately \$6,300.00. The Committee and Staff feel this would be a beneficial exchange for both parties. Staff is requesting approval from the Board to move forward with the aforementioned exchange.

Mr. Shull, Chairman of the Committee, recommended the Service Authority move forward with the request as presented by Staff.

Vote was as follows:

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

Motion approved.

2. Executive Committee

Dr. Middleton, Chairman of the Committee submitted the following report:

The Executive Committee met with the Executive Director on April 8 for the purpose of considering upcoming capital projects. Mr. Martin provided a list of upcoming capital projects with their respective budgets and planned timetables. After discussion, the Executive Committee made the following recommendations:

1. Approval of any capital project being initiated in the upcoming fiscal year should extend through the duration of the project regardless of what fiscal year(s) the project actually spans, with the Executive Director having the authority to approve procurements of any amount necessary to complete the project within budget.
 - a. The progress of the project shall be reported to the Board in the routine progress report.
 - b. Upon discovery that a project cannot be completed within its budget, the Executive Director shall report this situation to the Board no later than the next Board meeting after discovery is made, or at a Special Board meeting before the regularly scheduled Board meeting, if the Executive Director determines the report should be made before the regularly scheduled Board meeting for consideration of appropriating additional funds.
 - c. The Executive Director and Staff shall review the Virginia procurement policy to assure this recommendation complies with such policy and to recommend changes, if any, to this recommendation necessary to comply with such policy.

If this recommendation requires modification to comply with such policy, the Executive Director shall present the modifications at the next regularly scheduled Board meeting for consideration of the modifications.

- d. Once this recommendation with modifications, if any, is determined to satisfy such Virginia policy, the ACSA purchasing policy shall be modified, if necessary, to be consistent with this recommendation.
2. Approval is recommended for the capital projects proposed in the aforementioned list which will begin in FY 2023, with the exception of one.
 - a. The exception is the Weyers Cave water tower, for which approval is recommended only for the purchase of the property where the tower is to be located. The remainder of the budget is to be identified as "tentative" and to be included in the FY 2023 capital budget. Once cost sharing for this project is contractually agreed upon, then the Board shall consider at its next meeting, or in an earlier special meeting, if the Executive Director so requests, approval of the remainder of this budget.

Mr. Dahl asked how this process will work for budgeted projects.

Dr. Middleton stated if a project is approved within the budget, this process will give the Executive Director power to issue purchase orders for the approved project going forward.

Mr. Egeli asked for confirmation the above recommendations by the Executive Committee are: The approval of capital projects in one fiscal year continues into the next fiscal year; authorization by the Executive Director will be ongoing for the approved capital projects without requiring another vote by the Board; and anything over the approved amount would need additional approval by the Board. Staff confirmed Mr. Egeli's understanding of the process.

Mr. Shull asked Staff to email the current purchasing policy to the Board members in order to compare it with this proposal.

Dr. Middleton pointed out if equipment or material becomes available at a reasonable cost, the Service Authority may lose the chance to purchase it, if Board approval is needed. This proposal would eliminate the need for Board approval of projects already in the budget.

Dr. Middleton tabled any recommendation regarding this matter until the May Board meeting, in order to give Staff time to email the current purchasing policy to the Board members, and in order to give the Board members adequate time to review said policy and take the matter into consideration.

3. Personnel Committee

Mr. Simmons, Chairman of the Committee, stated the Committee met on April 5 to discuss employee benefits for FY2023.

Staff gave a PowerPoint presentation of the following recommendations made by the Committee:

1. Approve an 8% annual increase for all employees. This increase will be a flat percentage of each employee's salary and will not be based on annual evaluation scores. The increase is to take effect July 1, 2022.

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2. Approve for a Christmas Bonus to be awarded in December 2022. The amount will be determined by the Board at the December board meeting. All employees who have not had a formal reprimand since July 1, 2022 will receive the bonus.
3. Approve adjusting the Service Authority's pay plan as follows:
 - a. Merge the two job titles (Public Use Site Attendant and Scale Clerk) currently in Pay Grade 1 to Pay Grade 2. The existing Pay Grade 1 will be deleted and all Pay Grade numbers will shift down by 1. All Pay Grades be increased by 4% across the board.

Staff is currently procuring a company to perform a comprehensive study of all paygrades within the Service Authority.

Mr. Simmons stated the 8% increase is the lowest point and suggested the possibility of a higher increase.

Mr. Egeli stated he agrees with the Committee's recommendations. Reasonable and aggressive steps need to be taken in order to retain current employees and attract future employees. The 8% recommended increase is the minimum and it will not be effective until July, during which time inflation will continue to increase.

Mr. Dahl stated the 8% increase is due to rising fuel costs. If fuel costs decrease, hopefully an 8% increase will not be necessary in future years. He asked if the 8% increase was in addition to the 3% merit increase discussed during the budget overview at the March meeting.

Staff explained the 3% merit increase mentioned during the budget overview at the March meeting was a place holder for the budget projections. The increase is a flat 8% and will not be based on performance evaluations.

Mr. Simmons stated the qualifications for employees to receive the Christmas bonus will hold them accountable, since the 8% increase is not being based on their evaluation.

Mr. Shull asked Staff to obtain salary scales from other localities.

Staff stated the effort will be made to obtain salary scales from other localities, but the information may be difficult to acquire.

Mr. Egeli stated based on the last three resignations by Service Authority employees, it is obvious the job market with private industry is competitive. While it is advantageous to compare the Service Authority's salary scale to other localities, it is difficult to get a clear picture because all the details behind other localities' scales are unknown. The relevant data is the employees the Service Authority has lost to other businesses offering a higher rate of pay.

Mr. Simmons recommended approval of the 8% pay increase to all employees, the Christmas bonus to be awarded in December with the amount to be set by the Board at the December meeting, delete Pay Grade 1 and shifting all pay grades down by 1, and all pay grades be adjusted by an increase of 4%.

There being no further discussion, the vote was as follows:

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

Motion approved.

4. Finance Committee – FY2023 Draft Budget

Staff reported the Finance Committee met with Staff on April 8 to discuss the FY2023 operating and capital budgets. Staff gave a presentation on the proposed FY2023 budget to the Board.

An increase for health insurance was not included in the FY2023 budget due to the current reserve balance of \$1,247,000. The budget includes the 8% pay increase recommended by the Personnel Committee. A 3% increase to the water and sewer usage rates is recommended for FY2023. This would result in a \$3.78 bi-monthly increase and a yearly increase of \$22.68 to the average residential customer.

The following are projections for the FY2023 operating budget:

Total revenue - \$23.0 million; total operating expenses - \$16.0 million; depreciation - \$6.5 million; and debt payments - \$3.5 million. Taking all this into consideration, the net income will be approximately \$0.7 million for FY2023. The debt coverage ratio would be 2.39, which is within the Board specified guidelines.

Staff explained to the Board the projected expense changes in the FY2023 operating budget:

Increases/(Decreases)

Salaries & Benefits	\$517,000
Repair and Maintenance Supplies	\$465,000
Depreciation (noncash)	\$300,000
Fuel	\$ 40,000
Interest Expense	\$(106,000)

These changes result in an overall increase of \$1,395,000, which is a 6.60% increase from FY2022.

Water projects for FY2023 are estimated at \$4.5 million, sewer projects are estimated at \$1.7 million, and vehicles, equipment, and miscellaneous expenses are estimated to be \$4.3 million.

Other key projects for FY2023 include:

Water

Substandard Water Line Replacement	\$2.164M
Mt. Sidney Storage Tank	\$0.728M
Weyers Cave Storage Tank	\$0.347M
Dooms-Waynesboro Booster Station	\$0.270M
Blue Hole Land	\$0.140M
Churchville Storage Tank	\$0.110M

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Sewer

I & I Projects	\$0.700M
WWTP Equipment Replacement	\$0.422M
UV Systems	\$0.190M
PS Replacement	\$0.123M
Backup Generator	\$0.060M

Other

Field Ops. Building	\$3.571M
Capital Equipment/Vehicles	\$0.637M

After discussion, Mr. Gordon recommended approval of the 3% water and sewer rate increase for the 2023 fiscal year.

There being no further discussion, the vote was as follows:

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

Motion approved.

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BOARD COMMENTS

Dr. Middleton informed the Board he, along with Staff visited Frederick Water Authority on April 13 to observe their waste to energy plant and their processes of turning waste into biogas, and to consider if these processes would be a beneficial use of the extra capacity at the Stuarts Draft Wastewater Treatment Plant. The Frederick Water facility installed two large anaerobic digesters to turn high strength waste into biogas. They also installed a generating plant to convert biogas into electricity, which they sell back into the grid. The Stuarts Draft wastewater treatment plant continues to operate at 25% of its capacity and it is unlikely the usage will increase significantly. The Stuarts Draft plant is located near a large natural gas pipeline, so it may make sense to install an anaerobic digester process to convert high strength waste into biogas and sell it to the owner of the gas pipeline. This would be a way to increase revenue for the Service Authority, while taking advantage of the unused capacity at the treatment plant.

Mr. Simmons asked if this type of process would affect the air quality or be problematic for residents in the area.

Dr. Middleton stated the process should not cause any issues for residents. Staff stated odor control processes would be required for this type of facility.

Mr. Shull asked how much land it would take to build the digesters.

Dr. Middleton stated it should take less than an acre to build the digesters. Staff stated the Service Authority owns a large piece of land in Stuarts Draft, which is currently being leased to an individual for farming purposes. This land could be used to put the digesters on. The

biggest issue with the land is the road access due to an un-signalized railroad crossing, however, it should not be difficult to turn it into a signalized crossing.

Mr. Shull asked if the by-product will be solid or liquid and if the by-product could be used for compost.

Staff stated some solids will go to the landfill or possibly become fertilizer and the liquid would be treated.

Staff stated start-up costs for this type of facility are unknown at this point, as well as the amount the Service Authority could expect from revenues.

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There being no further business, Mr. Egeli moved, seconded by Mr. Simmons to adjourn the meeting at 3:30 p.m.

Vote was as follows:

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

Motion approved.

Board Secretary

Chairman