

Augusta County Service Authority
Regular Board Meeting, Thursday, May 19, 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, *via phone conference due to being out of town on personal business*
Timothy Simmons, Pastures District, *via phone conference due to being out of town on personal business*
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 1:30 p.m.

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ADOPTION OF AGENDA

Mr. Egeli 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. Egeli moved, seconded by Mr. Gordon, to approve the Minutes of the Regular Board Meeting of April 21, 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 Board members the Producer Price Index increased by .5% in May.

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PROGRESS REPORT

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

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COMMITTEE REPORTS

There were no committee reports given.

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OLD BUSINESS

Dr. Middleton reminded the Board at the April meeting the Executive Committee introduced the idea once capital projects are approved in any fiscal year, they remain approved for the duration of the project regardless of what fiscal year(s) the project actually spans. The Executive Director was directed at the April meeting to review the Virginia Procurement Policy to ensure any proposed changes to the Service Authority Purchasing Policy would comply with state code. The Executive Director and Staff have reviewed the Virginia Procurement Policy and will present the proposed revisions to the Service Authority Purchasing Policy at this meeting. The Executive Director and Staff have determined the proposed revisions do comply with state code.

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PROPOSED REVISIONS TO ACSA PURCHASING POLICY 11

Staff stated OPPM section 11 – Purchasing, was significantly revised in 2016 and adopted by the Board at the December meeting. Since then, the Board has adopted minor edits to adjust the policies to accommodate changes to Virginia code and revise signing limits in response to increasing costs. The proposed changes are summarized below.

Regular Board Meeting, Thursday, May 19, 2022, at 1:30 p.m.

Policy 11.1 – Purchasing Policies and Procedures

Increased the overall small purchase procedure limits to match Virginia code.

- \$200,000 maximum for goods and non-professional services
- \$80,000 maximum for professional services

Increased the limits within the small purchase procedure due to rising costs.

- \$200,000 maximum for uniquely qualified items (ACSA definition)
- \$10,000 minimum for requiring a purchase order/contract
- \$100,000 minimum for requiring additional quotes
- \$40,000 minimum for requiring additional professional service proposals

Added the requirement for prevailing wages on public works contracts.

Added the requirement for Energy Star/WaterSense products where applicable.

Removed disposal of property/equipment to be exclusively in a separate policy.

Defined “approved budget” and “fully funded” to clarify signatory authority limits. The definition for “approved budget” includes the option for Board approved multi-year projects.

Revised the signatory authority of delegated staff to \$10,000 and department directors to \$60,000.

Revised the signatory authority of the Executive Director to \$100,000 for unbudgeted purchases and to the approved budget amount for fully funded purchases in an approved budget.

Eliminated the requirement to advertise RFPs in the newspaper.

Policy 11.2 – PPEA

- Eliminated the requirement to advertise in the newspaper.

Policy 11.5 – Disposal of Surplus Property

- Renamed to Disposal of Surplus Non-Real Property and updated policy to match.
- Disposal of real property will be the subject of a separate (to be developed) policy.

New Policy – Design-Build

- Added as 11.6.
- Adds the ability to utilize the “Design-Build” concept as specified in Virginia Code Chapter 43.1.

Staff recommended the Board approve the revisions to OPPM Section 11 – Purchasing.

Mr. Dahl asked for clarification on the requirement for prevailing wages on public works contracts.

Staff explained the requirement for prevailing wages on public works contracts is a Virginia Code requirement for projects exceeding \$250,000. Contractors are required to certify to the Commissioner of Labor and Industry they are paying their employees the prevailing wage.

Mr. Dahl stated while he understands the Service Authority is required to abide by this regulation, he is opposed to it.

Mr. Dahl asked if in the future the Augusta County Board of Supervisors appointed a more fiscally conservative Service Authority Board, would the new Board be able to reverse a vote on a previously approved project.

Staff stated the Service Authority does not want to be in the middle of a project, such as a sewer line replacement, and have to stop due to lack of funds because the project was not approved as a multi-year project.

Mr. Dahl stated the hands of a future Board should not be tied. If there is a situation where a former Board approved a project but a new Board believes it is too costly, there should be a provision allowing the new Board to overturn the previous decision.

Mr. Egeli stated as part of their authority, any Board should be able to reverse a decision made by a previous Board.

Mr. Dahl clarified his above comments do not have anything to do with any currently approved projects.

Dr. Middleton stated the Service Authority Board is appointed by the Augusta County Board of Supervisors, with each Board member having a specific term. The Board has a commitment to govern the Service Authority, making prudent decisions based on the knowledge Board members have at the time. His understanding is the current Board cannot bind future Boards for previous decisions made. Factors to consider when deciding to stop a project would be the contracts in place for the project, will there be penalties for stopping a project, is it prudent to stop the project, and how will it affect rate payers.

Staff stated, ultimately all authority rests with the Board, therefore withdrawal of any previously approved project would be within the power of the Board.

Mr. Egeli asked for confirmation there is no longer a requirement to advertise RFPs in the newspaper.

Staff confirmed while there is a requirement to advertise RFPs publicly, there is no longer a requirement to advertise them in the newspaper.

Mr. Egeli referred to Policy No. 11.1, sections 2.12 and 2.13 which states "Publication in a newspaper of general circulation is optional". He stated since it is no longer required to advertise RFPs in the newspaper, this statement should be removed completely from these sections.

Regular Board Meeting, Thursday, May 19, 2022, at 1:30 p.m.

After further discussion, Mr. Egeli moved, seconded by Mr. Almarode to adopt the revisions to OPPM Section 11 – Purchasing, with the modification to delete all references made throughout Section 11 to advertising in the newspaper.

The vote was as follows:

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

Motion approved.

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PROPOSED REVISIONS TO OPPM 20 – INFORMATION TECHNOLOGY

OPPM Section 20 – Information Technology was originally adopted by the Board at the September 2008 Board meeting. Since then, significant changes have occurred to the Service Authority’s technology and its cybersecurity. To meet these changes, staff have substantially revised OPPM Section 20. The changed policies are outlined below.

Policy 20.1 – Information Technology Asset Management

- This policy has been converted into an internal procedure for the IT department.

Policy 20.2 – Information Technology Hardware and Software Management

- This policy has been converted into an internal procedure for the IT department.

Policy 20.3 – Digital Media Storage Policy

- Renamed to “Information Storage and Confidentiality”.
- Added definition for confidential information and confidentiality protection requirements.
- Added cloud storage requirements.

Policy 20.4 – Acceptable Use Policy

- Renumbered to 20.1 and renamed to “Use of Information Technology”.
- Updated scope to include all employees, vendors, and contractors.
- Added definitions of several terms used in the policies such as Information Systems and Cloud Services.
- Expanded the “User Privacy” section to include internet traffic, texts, instant messages, and recorded calls. Highlighted all communications are subject to FOIA/legal discovery.
- Added a prohibition on automatically forwarding all Service Authority email to a third-party email system and on using a third-party email system for ACSA business.
- Expanded the “Authentication and Access Control” section to include additional security requirements such as unique usernames, passwords, and multifactor authentication.
- Added restrictions to using non-ACSA owned devices with ACSA equipment.
- Expanded the “Internet and Email Use” section to include internet filtering and non-work use of the Service Authority internet service.
- Added considerations for using cloud-based services.

Policy 20.5 – Vendor Acceptable Use Policy

- This policy was merged into the new 20.1 – Use of Information Technology.

New Policy – Physical Security

- Added as 20.2.
- Access to the IT infrastructure (switches, servers, etc) is limited to individuals requiring access.
- The IT department will take the necessary steps (in coordination with other departments) to protect the IT infrastructure.

New Policy – Mobile Devices

- Added as 20.4
- Limits support to ACSA owned devices only.
- Requires the installation of management software to ensure security updates are applied and secure configurations enabled.
- Limits the access of non-ACSA owned devices.

New Policy – Remote Access

- Added as 20.5
- Remote access is only permitted through Service Authority supported methods.
- Any device connecting remotely must meet a minimum-security standard.
- Requests for remote access (both employees and vendors) require prior approval.

Staff recommended the Board approve the revisions to the OPPM Section 20 – Information Technology.

There being no discussion or questions by the Board members, Mr. Gordon moved, seconded by Mr. Dahl to approve the revisions of OPPM Section 20 – Information Technology as presented.

Mr. Egeli asked if there are any procedures in place within the Service Authority to identify records exempt from FOIA.

Staff stated the Service Authority currently does not have a procedure to mark records identifying them as being exempt from FOIA. The Service Authority is required to have a FOIA policy and to list the most common exclusions. If a FOIA request is received, the relevant exclusions will be applied to the pertinent records.

After further discussion, the vote was as follows:

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

Motion approved.

Regular Board Meeting, Thursday, May 19, 2022, at 1:30 p.m.

BID AWARD – DUCTILE IRON PIPE AND FITTINGS

Staff stated the Invitation for Bid (ITB), number 2205 was issued on March 30, 2022, requesting sealed bids for Ductile Iron Pipe and Fittings for the Mount Torrey Road Substandard Water Line Project. An Addendum was issued on April 15 clarifying and amending items in the original ITB. Bids were opened on April 28, 2022. Of the five bids received, Core & Main offered the lowest total cost at \$1,134,180.84. A copy of the bid tally sheet was provided for additional detail.

The Mount Torrey Road Substandard Water Line Project is included in the proposed FY-23 Capital Budget. Sufficient funds are requested in FY-23 to cover the cost of these materials, but due to supply chain challenges, the Purchase Order needs to be issued now to ensure delivery on the materials in time to begin the project. Materials in this ITB will not be delivered until after July 1, 2022.

Staff recommended the Board award the bid for ductile iron pipe and fittings to Core & Main in the amount of \$1,134,180.84.

After discussion, Mr. Gordon moved, seconded by Mr. Almarode to accept the bid from Core & Main as presented.

Vote was as follows:

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

Motion approved.

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FY-23 PROPOSED BUDGET

Staff reviewed the highlights of the draft budget as it was presented to the Board at the April meeting. There were no changes made to the proposed budget since the April meeting. Staff reminded the Board at the April meeting an 8% annual increase for employees was approved and will be effective July 1, as well as a 3% rate increase in the variable water and sewer rates. The increase in water rates result in a \$0.16 increase per 1,000 gallons, the increase in sewer rates result in a \$0.31 increase per 1,000 gallons, and the increase to unmetered residential sewer rates result in \$4.50 increase bi-monthly.

After discussion, Mr. Egeli moved, seconded by Mr. Gordon to approve advertising of the proposed rate schedule and set a public hearing to coincide with the June 16 meeting.

Vote was as follows:

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

Motion approved.

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APPOINTMENT OF NOMINATING COMMITTEE

Dr. Middleton appointed Mr. Simmons and Mr. Gordon as the nominating committee. The election will take place at the June 16, 2022 Board meeting.

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BOARD COMMENTS

Mr. Dahl requested the Board go into closed session to discuss a real estate matter.

Dr. Middleton stated the discussion of real estate can take place during the open Board meeting. If the Board is discussing an offer or negotiating the purchase of real estate, then a closed session would be appropriate.

Mr. Dahl stated because the discussion is regarding an individual’s property, he is not comfortable discussing it at the public meeting.

Dr. Middleton asked Mr. Dahl if he could give an overview of the subject without mentioning any details.

Mr. Dahl stated he would not be able to give an overview without mentioning any details.

Staff stated section 2.2-3711(A)3 of state code regarding closed sessions states “Discussion or consideration of the acquisition of real property for a public purpose, or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body”.

Dr. Middleton stated without a stronger basis on the subject, the Board will not go into closed session. If Mr. Dahl wanted to say there is something somewhere the Board may want to talk about without mentioning any details, that would be an appropriate comment.

Mr. Egeli stated by default Service Authority meetings are to be public. If a Board member has a matter to discuss privately, maybe there should be a two-step process in place to discuss the matter. The first step would be to discuss it conceptually at the public meeting and if the chairman is satisfied conceptually a closed session is justified, it would be scheduled after the public meeting or at a subsequent meeting.

Staff stated in the past when consulting legal counsel regarding closed sessions, legal counsel has been very particular about what the Board can and cannot do legally.

Mr. Egeli stated he felt the first part of the code Staff cited could be applicable to Mr. Dahl’s request.

Mr. Dahl asked if the Board could take a five-minute break so he could contact the individual who owns the property for permission to discuss the details at the public meeting.

Regular Board Meeting, Thursday, May 19, 2022, at 1:30 p.m.

Mr. Egeli paraphrased the code regarding closed sessions cited earlier by Staff as follows: “The discussion or consideration of the acquisition of real property for a public purpose where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body”. Mr. Egeli stated at this point the Board is not negotiating anything.

Dr. Middleton stated his difficulty with the issue is he and the Board are unaware of what the request involves. He is not empowered to call a closed session without at least an overview or discussion of why there should be a closed session.

Mr. Dahl stated he was under the impression discussing the purchase of property is a justifiable reason for going into closed session.

Dr. Middleton stated the Board knows nothing of purchasing any property.

Mr. Dahl stated that is not entirely true. Each Board member is aware of the property he wishes to discuss because he contacted each Board member regarding the matter.

Dr. Middleton stated he understands Mr. Dahl contacted each Board member, but the Board as a whole and the public have not been privy to the information.

Mr. Dahl asked again for the Chairman to allow a five-minute break so he may contact the property owner to obtain permission to discuss the aforementioned real estate matter at the public meeting.

The Chairman granted a five-minute break. The Board reconvened after five minutes.

Mr. Dahl stated with cost estimates coming in so high for the construction of a new Field Operations and Maintenance building, he has been watching for existing properties which may meet the needs of these facilities. There is property on Middlebrook Road owned by Guy C. Eavers, which may be suitable for the relocation of Field Operations and Maintenance. The property is approximately 5-6 acres and contains three buildings with a total of approximately 16,000 – 17,000 square feet. Mr. Eavers has indicated he is selling the property for 1.7M.

Mr. Egeli asked if the property is in the City of Staunton.

Mr. Dahl stated the property is in the City of Staunton.

Mr. Gordon asked for confirmation of the acreage of the property.

Mr. Dahl stated the total acreage is 7.58 acres. Six of the 7.58 acres are functional; however, the remaining 1.58 acres may not offer much functionality.

There were no further questions from the Board regarding this matter.

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Regular Board Meeting, Thursday, May 19, 2022 at 1:30 p.m.

There being no further business, Mr. Egeli moved, seconded by Mr. Gordon to adjourn the meeting at 2:45 p.m.

Vote was as follows:

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

Motion approved.

Board Secretary

Chairman