WESTERN VIRGINIA WATER AUTHORITY
MINUTES OF BOARD MEETING
January 16, 2020

The Board of the Western Virginia Water Authority (WVWA) met on Thursday, January 16, 2020, in the Board Room at 601 S. Jefferson Street, Roanoke, Virginia. Board Chair Randall Hancock called the meeting to order at 3:00 p.m.

ROLL CALL:

PRESENT:  Board Members Randall Hancock, John Bradshaw, Harvey Brookins, Bob Cowell, Don Davis, Shirley Holland, Dan O'Donnell, and Hunter Young

ABSENT:

Mr. Hancock declared that a quorum was present.

OTHERS PRESENT:  Harwell M. (Sam) Darby, Jr., Counsel for the Authority; Gayle Shrewsberry, Secretary; Mike McEvoy, Executive Director; Scott Shirley, Chief Operating Officer Plant Operations; Leana Stoltz, Chief Operating Officer Customer Operations; Tammy Lawfield, Director of Finance; and Sarah Baumgardner, Director of Public Relations and Freedom of Information Act Officer.

Other guests were: Roger Blankenship, Deputy Chief Operating Officer Plant Operations; Scott Kroll, Director Engineering Services; Neil Norris, Director Human Resources; Will Bulloss, Chief Engineer Design and Construction; Jennifer Meeks, Senior Accountant; Watts Burks, IV, Glenn Feldmann Darby & Goodlatte; and Brian Houston, Draper Aden Associates.

APPROVAL OF MINUTES:  Mr. Davis moved approval of the November 21, 2019 Audit Committee Meeting Minutes and the November 21, 2019 Board Meeting Minutes. Mr. Cowell seconded the motion. Hearing no discussion, the minutes of the November 21, 2019 Audit Committee Meeting Minutes and the November 21, 2019 Board Meeting Minutes were approved by voice vote.

Mr. Brookins arrived at 3:06 p.m.

COMMUNICATION FROM EXECUTIVE DIRECTOR:  Mr. McEvoy gave a summary of the November Executive Director's report. The summary included the Water Quality Operations, Customer
Operations, Engineering & Administration, and Regional Efforts/Outreach. The Administration section includes human resources and miscellaneous financial information. A copy of this report in its entirety is filed with the approved minutes.

**Water Quality Operations**

For the months of November and December, the Roanoke area recorded 4.15 inches of precipitation, with a -0.10 inch departure from normal for December. Current mapping by the U.S. Drought Monitor indicates the service area is no longer in a drought condition. Reservoir levels at both Carvins Cove and Spring Hollow are average for this time of year.

No wet weather plant overflows were recorded during November or December.

Project close out work continued at the Muse Spring Water Treatment Facility. The remaining items primarily involve testing of the membranes, final instrumentation work and the integration of the facility into the Authority’s SCADA network.

Substantial completion was issued for the Carvins Cove filter rehabilitation project on December 5, 2019. The general contractor is onsite completing final punch-list items.

Staff continued to work closely with Carilion and Whitman Requardt & Associates (WRA), LLP on design documents for relocating the Crystal Spring Pump Station. The preliminary engineering report was approved by the Virginia Department of Health (VDH) in November, and the final plans are under review. The project is still on schedule to advertise for bids in the middle of February.

The Electrical Improvements at the Regional Water Pollution Control (WPC) Plant continue. The modular substation package is expected to be delivered in April. Staff continue to work with AEP personnel on the purchase of assets at the Regional WPC Plant. AEP’s contractor, Service Electric Company, started work on the parcel transferred to AEP by the Authority in November but has not progressed far due to a delay in permitting with the City of Roanoke.

As reported previously, the final phase of the Authority’s portion of the project was bid in October but only one bid was received and that was significantly above budget and included exceptions to project schedule requirements and liquidated damages. As such, the bid was deemed non-responsive. After discussions with the project engineer, Wendel, and AEP, staff decided to break the work up into smaller contracts to attract more bidders. This included a civil site work package, an equipment purchase package and a labor contract for connection of the electrical components. The civil site work package was released in December.

Staff also met with Mr. A.K. Briele, the Director of the City of Salem Electric Department, to discuss project options. As the City of Salem receives favorable equipment pricing based upon their operation of an electric utility, a cooperative purchasing agreement has been developed with Salem and with assistance from Authority counsel. In addition, the Authority and Salem are discussing a future contract for City staff to assist with emergency maintenance of the Authority’s facilities. The City of Salem
maintains an inventory of transformers and has specialized equipment and maintenance capabilities unique to a power utility.

The newly created Plant SCADA section has made significant progress towards a unified system that will include best in class security. Staff worked with Verizon to create a Private LTE cellular network covering the Water Authority’s operational area. Implementation of the network will result in a more secure communication portal between remote sites. There will be no extra cost for the creation of the Private LTE network, and monthly charges are comparable to current expense levels. Verizon system engineers finalized construction of the network, and migration to the private LTE network is ongoing. As part of this effort, the SCADA section also completed an assessment of facilities and equipment and has developed a standard equipment and communication protocol which will be applied to new installations and as equipment in the SCADA network is replaced.

Requests for Proposals for design of the Regional WPC Plant digester and gas treatment upgrade were released. Interviews of qualified firms occurred in December. Staff are working to finalize consultant selection. A status update for this proposed capital project was provided at the annual meeting with Partner Jurisdictions, the Town of Vinton and the City of Salem. Additionally, bulk sewer rates for FY 21 were reviewed with the Partner Jurisdictions. After two years of declines, rates increased approximately 17%.

Non-Revenue Water was 22% for November and 26% for December.

Billed water consumption for November and December was 417 and 396 million gallons respectively, both slightly below historical averages for these months. Retail sales for the two months averaged just under $4.9M per month. Total revenues averaged $5.3M per month during the period.

Customer Operations

December marked the two-year anniversary for the Authority Cares program. The average monthly pledge amount was $4,451, approximately $777.00 more per month than the previous year. The average number of monthly pledges also increased by five.

The 2018 Debt Setoff submission to the state in November 2018 was for $341,615.99, and $39,989.08, or 11.7%, of that debt was collected in 2019. In comparison, Creditors Collection Service (CCS), the Authority’s third party collection agency, had a collection rate of 26% during the same period. The 2019 Debt Setoff submission to the State included 1,312 delinquent accounts in the amount of $264,055.33.

Field Operations experienced 24 water main breaks during the month of November and 31 main breaks in December. This total of 55 is well below last year’s total of 79 for the same time period. The most significant of these water main breaks were on two separate 12-inch cast-iron waterlines. The first occurred near the end of November on Hershberger Road near the intersection with Williamson Road. The second was toward the end of December on Liberty Road near the intersection with Williamson Road. Both of these 12-inch main breaks caused a substantial amount of pavement damage, but they were easily isolated to prevent extensive service interruptions to customers. Each of these repairs
required traffic control to be set up in notably busy areas. The Sanitary Sewer Preventative Maintenance (SSPM) Group used the opportunity to capture CCTV footage of sanitary sewer lines in the area for condition assessment while traffic control was in place during the water main repairs.

Field Operations reported six dry weather overflows during November and five dry weather overflows in December. During the same period, only two wet weather overflows were reported with both occurring on December 29th.

The Sewer Construction Maintenance Crews performed 63 sewer pipe repairs during November and 44 in December. Both of these monthly totals are above average compared to past months. This can, in part, be attributed to efficiency gains as trenchless pipe patch repairs are performed. Staff performed a cost comparison analysis between using trenchless technology for sewer pipe repairs versus the conventional “open cut” method. The results showed significant savings in time and cost when using trenchless technology for pipe repairs making it the preferred method to use whenever feasible. The pipe patch repair can be completed by three Technicians in approximately three hours compared to a typical ten-hour conventional pipe repair requiring four Technicians.

CIP Crews at Field Operations completed a number of projects over the last two months including sewer line extensions that were constructed to provide new service to property owners with failed septic systems. An 8-inch sewer line was directionally drilled approximately 350 LF to provide sewer service to two new customers on Pleasant Hill Drive. The other extension project consisted of directionally drilling a 2-inch sewer force main line roughly 600 LF to serve a failed septic property on Enon Drive.

**Engineering & Administration**

The Board of Directors was invited to the Authority’s Annual Service Awards Luncheon held at the Berglund Center on January 23rd.

Engineering Services received the final GIS / Asset Management study report from our consultant, CDM Smith. The report was complimentary of the Authority’s efforts and contains detailed recommendations for improvement and software updates.

**Regional Efforts / Outreach**

Staff hosted the eighth annual Regional Chainsaw and Cut-off Safety class taught by City of Virginia Beach employees on November 5th and 6th, 2019 at the Cabin at Carvins Cove. Many regional organizations sent employees to the training showcasing regional participation led by the Water Authority. This training will help prepare the region for emergency clean-up after storms and save many limbs and lives.
FINANCIAL REPORT FOR THE MONTH OF DECEMBER 2019: Ms. Lawfield noted that year-to-date, December 2019 represented 50% of the fiscal year. A copy of this report in its entirety is attached to the approved minutes.

Operating revenues for the Water and WPC funds were 49% and 47%, respectively, of budget. Retail revenues for the Water fund were 48% and WPC fund were 47%. Non-operating revenues for Water were 66% and WPC were 55% of budget. Some of these revenues (Investment Income, Office Building Lease Income) lag a month in reporting. Operation & Maintenance expenses for the year-to-date for the Water system were 45% and WPC were 48%. The Operating Margins for Water and WPC were 54% and 45%. Combined Operating Margin was 50%. The Water system has paid 52% of budgeted interest expense and 91% of principal payments. WPC has paid 52% of interest expense and 64% of principal payments.

REPORT FROM AUTHORITY COUNSEL: Mr. Darby reported on the following:

1. Claimed Lost Profits by Audi Roanoke, an Audi dealership owned by Gary Duncan;
2. Agreement, Petition for Stripers Landing and Bluewater Bay Water Systems, Franklin County;
3. IRONMAN Swimming Event;
4. Agreement with Carilion Medical Center;
5. Cellphone Leases;
7. FOIA Training; and
8. Cooperative Procurement Agreement with the City of Salem.

REPORT FROM COMMITTEE CHAIRS: Mr. Brookins, Audit Committee Chair, requested that all Financial Disclosure Statements be completed and returned by the due date of February 3rd.

AUTHORIZATION TO EXECUTE AN AGREEMENT WITH WORLD TRIATHLON CORPORATION FOR USE OF THE CARVINS COVE RESERVOIR: Mr. McEvoy presented Resolution 393 to the Board which would authorize execution of an agreement with World Triathlon Corporation. A copy of this report in its entirety is attached to the approved minutes.

Mr. Davis made a motion to approve Resolution No. 393 with caveat that no substantial changes be made to the agreement. Mr. O'Donnell seconded the motion. Resolution No. 393 was approved with caveat by the following rcll call vote:

AYES: Board Members Bradshaw, Brookins, Cowell, Davis, O'Donnell, Young, Holland, Hancock

NAYS: None

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PRESENTATION ON UPDATED STRATEGIC PLAN 2020: Mr. McEvoy provided a review of the updated Strategic Plan. A copy of the Strategic Plan is attached to the approved minutes. Ms. Holland, Compensation Committee Chair, requested that documentation be provided showing the progress made in relation to the previous Strategic Plan for the Compensation Committee’s evaluation process.

REVIEW OF FINANCIAL PERFORMANCE MEASURES / BUDGET KICK-OFF DISCUSSION: Ms. Lawfield reviewed the Financial Performance Measures and 2021 Budget Kick-Off. A copy of this Power Point Presentation is attached to the approved minutes.

CITIZENS COMMENTS: None

CLOSED SESSION: At 4:33 p.m. Mr. Hancock made a motion to go into closed session to consult with legal counsel retained by the Authority regarding a specific legal matter involving potential liability of the Authority to one or more citizens pursuant to Section 2.2-3711.A.8 of the Code of Virginia, 1950, as amended. The motion was seconded by Mr. Cowell.

The Board approved the motion by the following roll call vote:

AYES: Board Members Bradshaw, Brookins, Cowell, Davis, Holland, O’Donnell, Young, Hancock----------------------------------------------8.

NAYS: None-----------------------------------------------------------------0.

At 4:39 p.m., on a motion by Mr. Brookins, seconded by Mr. Davis, the Authority returned to open session.

The Board approved the motion by the following roll call vote:

AYES: Board Members Bradshaw, Brookins, Cowell, Davis, Holland, O’Donnell, Young, Hancock----------------------------------------------8.

NAYS: None-----------------------------------------------------------------0.

CERTIFICATION OF CLOSED MEETING: At 4:39 p.m. Mr. Davis moved for a roll call vote certifying that only legally exempted matters covered by the Closed Meeting motion were taken up in the closed meeting. It was seconded by Mr. Cowell.

The Board approved the motion by the following roll call vote:
AYES:  Board Members Bradshaw, Brookins, Cowell, Davis, Holland, O'Donnell, Young, Hancock

NAYS:  None

BOARD MEMBER COMMENTS:  None

OTHER BUSINESS:  None

Mr. Hancock adjourned the meeting at 4:53 p.m.
APPROVED: February 20, 2020

Gayle Shrewsbury, Secretary
WVWA Board of Directors