
**Bedford Regional Water Authority – Board of Directors
Regular Board Meeting – Minutes
May 19, 2020**

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, May 19, 2020 in the Board Meeting Room in Bedford Water’s Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Bob Flynn, Chair
Michael Moldenhauer, Vice Chair (Virtual)
Cynthia Gunnoe
Elmer Hodge (Virtual)
Thomas Segroves
Walter Siehien

Members Absent: Carl Wells

Staff & Counsel Present: . Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director (Virtual)
Jill Underwood – Director of Finance (Virtual)
Megan Aubrey – Director of Administration (Virtual)
Rhonda English – Director of Engineering (Virtual)
Sam Darby – Legal Counsel, GFD&G (Virtual)

1. Call to Order

The meeting was called to order by the Chair at approximately 7:00 p.m. Mr. Key explained how the meeting would run with the virtual component. The Pledge of Allegiance and a moment of silence were conducted.

2. Review of Agenda

The following agenda was reviewed as shown below with *revisions in bold italics*.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: April 21, 2020 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Customer Service Summary Report
 - b. Financial Statements through month end April 2020
6. Executive Director’s Report: Presented by Brian Key
 - a. Finance Committee May 12, 2020 Meeting Summary
 - b. **Resolution 2020-05.01**: Approval of Operating Budget for FY 2020-2021
 - c. **Resolution 2020-05.02**: Mandatory Connection Policy
7. Engineering Report: Presented by Rhonda English
 - a. Projects Summary
 - b. **Resolution 2020-05.03**: Funding Application for Ivy Creek Sewer
8. Operations Report: Presented by Nathan Carroll
 - a. Work Order Summary

9. Administration Report: Presented by Megan Aubrey
 - a. Public Relations Information
10. Legal Counsel Report
11. Other business not covered on the above agenda
12. Motion to Adjourn

3. Public Comments

There were no public comments.

4. Approval of Minutes: April 21, 2020 Regular Board Meeting

The regular Board Meeting Minutes from April 21, 2020 were reviewed.

Member Moldenhauer made a motion to approve the minutes.

Member Siehien seconded the motion.

- Board member votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.

5. Financial Report: Presented by Jill Underwood

a. Customer Service Summary Report

Ms. Underwood said that the report shows no disconnects for April since the Authority voluntarily stopped assessing late fees or disconnecting service for non-payment due to the unknown impact of the coronavirus in the community. Since the office has been closed there has been an increase in check payments and a decrease in cash payments. Customers are utilizing the Authority's drop box at the office and are still able to sign up for service by either emailing paperwork or meeting in front of the Administration building.

Based on the April financials there is a slight impact on the revenues but nothing significant thus far. Ms. Gunnoe asked how customers can pay in cash; Ms. Underwood responded that it can be put in the drop box and if it is not exact change the balance will be put towards the next bill. Money orders are also accepted.

b. Financial Statements through month end April 2020

Ms. Underwood reviewed some of the details pertaining to the financial reports for the period ending April 2020. The targeted budget goal for April was 83%; operating revenues were 79%, and operating expenditures were 72%. Capital recovery fees received are 103% of the total budgeted amount, with water at 77% and sewer at 189%.

Mr. Flynn asked when the impact may be felt on revenue from COVID-19. Mr. Key responded that there are two billing cycles that have occurred since the pandemic effected the local community and it may take a few more months to assess if there will be any significant change to revenue. The slight dip in revenue for April could also be due to the area having a wet, cool spring which may have caused irrigation revenue to drop in comparison to April/May 2019.

Mr. Moldenhauer asked how large businesses like Cintas and the hospital have affected revenue. Ms. Gunnoe stated that Cintas has pulled some routes recently. Mr. Key added that this change has not yet been seen in the revenue and that he believed that the hospital revenue would have slightly decreased.

6. Executive Director's Report: Presented by Brian Key

a. Finance Committee May 12, 2020 Meeting Summary

A summary of the meeting was included in the packets, and Mr. Key reviewed the summary with the board.

The revised rate calculations results for Paradise Point were reviewed. Two residents of Paradise Point, Ms. Maas and Mr. Cooke, provided their input on the proposed rates. Mr. Cooke and Ms. Maas both requested that the final rate proposal include the replacement of the existing distribution system; they also requested that the line repairs cost be excluded from the calculations, since it will be a new system. The rate is needed by May 31 for the homeowners association; however, this rate will not be able to be determined by this date. Mr. Key anticipates the rate being presented to the board at the June board meeting.

The Hoover residence on N. Old Moneta Road has a cesspool septic system that is not performing well. The homeowner would like to either build a new drain field or connect to the BRWA's sewer system. VDH will not issue a permit for a new drain field due to public sewer being available and the requirement that the property owner connect per the BRWA's mandatory connection policy. Mr. Key explained that any waivers to the mandatory connection policy would need to be approved by the bond counsel for the Virginia Resources Authority (VRA), as it is not permissible to waive the requirement per the bond covenants. The BRWA's sewer line is on the opposite side of the public roadway, making the connection cost very high; the rate policies state that this must be installed at-cost. Due to the cost of the public connection, coupled with the cost for work on the private side of the proposed sewer service, Mr. Anderson approached the Committee on behalf of his mother-in-law to request financial assistance. Rather than provide financial assistance, the Committee members requested that Mr. Key try to get approval from VRA for an exception that would cover not only this situation, but other high cost sewer connections in the future.

Mr. Key contacted VRA for a waiver; VRA said that this would most likely be allowed. Mr. Key has also included a policy that would allow the Authority to waive mandatory connections that are two times the cost of a regular connection.

Mr. Segroves suggested a flat dollar amount be included in the policy. Mr. Key explained that if he put a calculated number then anytime the rate changed, the policy would also have to be modified. Mr. Key also said that VRA did not seem focused on the dollar amount and were more concerned about how many people could qualify for the waiver. Mr. Key thinks the number would be low. Mr. Flynn asked if there is something in the policy about if a customer had a failing drain field and if they would be eligible for a waiver; at this time there is no instance where this would be waived.

The committee reviewed four FY 2020-2021 budget options as shown.

- Original Budget:
 - Revenue: +3.8% (increase) projected from current FY budget
 - Rates: Included rate changes effective June 1, 2020.
 - Setasides: \$1,370,000 included in budget
 - CIP: \$792,294 available for allocating to capital projects
 - Employees: Slight increase in employee related expenses, and the addition of 2 new positions
- Moderate Change:
 - Revenue: -1.5% (decrease) projected from current FY budget
 - Rates: Included rate changes effective December 1, 2020.
 - Setasides: \$1,370,000 included in budget
 - CIP: \$142,058 available for allocating to capital projects
 - Employees: Less increase for employee related expenses, and the addition of 2 new positions
- Greater Change:

- Revenue: -3.0% (decrease) projected from current FY budget
 - Rates: No rate increase for the FY.
 - Setasides: \$1,303,000 included in budget (cutting only economic development funding)
 - CIP: \$4,374 available for allocating to capital projects (in essence, no CIP)
 - Employees: Same as in Moderate Change
- Significant Change:
 - Revenue: -7.1% (decrease) projected from current FY budget
 - Rates: No rate increase for the FY.
 - CIP: \$22,124 available for allocating to capital projects (in essence, no CIP)
 - Setasides: \$1,005,000 included in budget (cutting economic development funding, vehicles, tank rehab, and sewer replacement).
 - Employees: No increases for employee related expenses; No new employees.

After reviewing each of the scenarios in detail, the Committee said they would prefer to take the most conservative of these scenarios. The Finance Committee also requested that the budget include an increased contribution to the Authority's share of the health insurance premiums; this request was intended to eliminate any additional cost to the employees for the premium increase for health insurance. The Committee also stated that they felt that the Board should review the financials around mid-fiscal year, to decide if changes can be made to increase some of the funding for the expenditures that were cut from the budget; this may also be a good time to review the CIP budget and determine if projects can be added back in for the year.

Mr. Key did not think that there would be much more data to change the budget projections presented; therefore, a resolution to adopt the budget was included in the packets.

Mr. Hodge said that the committee discussed all the possible variables and due to the lack of information about what the future holds, the committee thought the most conservative approach was the best. If the economy improves throughout the year, changes can be considered at that time. The committee sees this decision in the best interest of the Authority and the community.

b. Resolution 2020-05.01: Approval of Operating Budget for FY 2020-2021

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 19th day of May 2020, beginning at 7:00pm:

WHEREAS, the Board of Directors of the Authority have been presented with the FY 2020-2021 Budget, with a summary indicating Total Revenues in the amount of \$15,952,554 and Cash Operating Expenses in the amount of \$14,948,400 and Total Expenditures (including depreciation) in the amount of \$18,205,877 (the "Operating Budget Summary"); and,

WHEREAS, in support of the Operating Budget Summary, a Detailed Report of Revenues and Expenditures for FY 2020-2021 (the "Line Item Budget") has been submitted to the Board indicating line item expenditures within the categories contained in the Operating Budget Summary; and,

WHEREAS, the Finance Committee of the Board of Directors has thoroughly reviewed this information and recommends that the Authority approve the Operating Budget as presented; now,

THEREFORE, BE IT RESOLVED, that after careful consideration of the Authority's fiscal position, its anticipated revenues, its necessary expenses, as well as its bond covenants, the Board of Directors of the Bedford Regional Water Authority does hereby:

- 1) approve the Fiscal Year 2020-2021 Line Item Budget, and thereby authorize and appropriate the Total Expenditures contained in the Operating Budget Summary subject to receipt of the Revenues estimated therein; and;

- 2) authorize the Executive Director to move items with discretion within the Operating Budget Summary Categories from line item to line item, consolidate or delete line items, and otherwise spend funds in the Operating Budget Summary categories without further action on the part of the Board; and,
- 3) require that the Executive Director ensure that a report of the Revenues and Expenditures be made to the Board at its regular meetings and more often if requested.

Member Moldenhauer made a motion to approve this resolution.

Member Gunnoe seconded the motion.

Being a motion from the committee, no second motion was needed.

- Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

c. **Resolution 2020-05.02: Mandatory Connection Policy**

The resolution will allow a waiver of the mandatory connection due to the high costs. Due to our bond covenants, this policy change will need to be approved by the Virginia Resources Authority before it can be implemented; therefore, there is a contingency included in the resolution.

WHEREAS, the Bedford Regional Water Authority (the "Authority") is a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5159 (the "Act"); and,

WHEREAS, the Authority desires to have a comprehensive set of policies governing the manner in which the Authority conducts its regular business, and the Authority directs that these policies be grouped together into an operating policy manual; and,

WHEREAS, the Finance Committee reviewed a sewer connection situation at their meeting on May 12, 2020 whereby the Committee recommended that a waiver be added to the Mandatory Connection Policy 3.10 to prevent overly expensive connections to the public sewer system from being required; and,

WHEREAS, attached to this resolution are the changes proposed to the policy; now, **THEREFORE, BE IT RESOLVED** by the Board of Directors of the Bedford Regional Water Authority that the changes to the above noted policies be adopted by the Authority; and, **BE IT FURTHER RESOLVED** that this adoption of these policy changes be contingent upon written approval from the Virginia Resources Authority, which is necessary due to the bond covenants as set forth in various financing agreements.

Member Segroves made a motion to approve this resolution.

Member Siehien seconded the motion.

- Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

7. **Engineering Report: Presented by Rhonda English**

a. Projects Summary

Ms. English said that there will most likely be a force main sewer at Burnbridge that should result in service connections serving parcels on the opposite side of the street to be more in line with the cost of a water connection. The participation for the project is there; final costs are now being calculated. There will likely be a prepayment request for the upsizing of a line in Country Club Meadows on Everett Road at next month's meeting.

b. **Resolution 2020-05.03: Funding Application for Ivy Creek Sewer**

The Authority has the opportunity to apply for funding through the Clean Water Revolving Loan Fund, managed by DEQ, for the Ivy Creek Sewer project.

Applications are due between June 1 and July 10, with no obligation to accept the funding, if offered.

The payback period of this funding program does not begin until after construction is completed, which would allow for payments from the 2002 VRA bond to be completely satisfied prior to payments being required towards this project. There has been mention of possible federal stimulus money that could become available as part of the funding program. Determining funding options available to the Authority will enable a more effective review of PPEA submissions for the project. There could be considerable cost savings going this route.

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 19th of May 2020, beginning at 7:00pm

WHEREAS, through Resolution 2020-04.05, the Authority accepted for review an unsolicited proposal ("Proposal") for the Ivy Creek Interceptor ("Interceptor") under the Public-Private Education Facilities and Infrastructure Act ("PPEA") and has advertised for competing proposals in accordance with Authority policies; and,

WHEREAS, the Virginia Clean Water Revolving Loan Fund ("Fund") through the Department of Environmental Quality's ("DEQ") Clean Water Financing and Assistance Program provides for low interest financing during a project with first payment due six months post-construction; and,

WHEREAS, design and construction of the Interceptor is anticipated to take approximately three years for completion; and,

WHEREAS, acceptance of the Fund is not required upon approval; and,

WHEREAS, applications for the Fund are due by July 10, 2020; now,

THEREFORE, BE IT RESOLVED, that the Bedford Regional Water Authority Board of Directors authorize the Director of Engineering to submit an application to DEQ for the Fund in support of the Interceptor project.

Member Gunnoe made a motion to approve this Resolution.

Member Segroves seconded the motion.

- Board Member Votes: 6 Aye 0 Nay 0 Abstain. The motion carried.

8. Operations Report: Presented by Nathan Carroll

a. Work Order Summary

The revised work order report excludes the meter replacement program due to it being included in the Customer Service report. Mr. Flynn asked if Mr. Carroll has seen any changes or trends in the report over the past few years. Mr. Carroll responded that the work orders completed and percentage of hours are continuing to rise due to increased tracking and added staff. A new mobile friendly work order system will be implemented soon that may also increase the work orders and hours reported. Mr. Key stated that he thinks this is the best report to date.

Mr. Carroll said that there are about 60 feet left to install for the Mariners Landing waterline plus the installation of the metering and pressure reducing valve (PRV). Mr. Key added that the team had to work through rock and increased traffic control due to unforeseen challenges. He also said having a CIP team in house allowed the project to have cost savings versus and allowed the waterline to be completed on the Authority's timeframe. Mr. Flynn asked when the wells will be abandoned; Mr. Carroll said that water will be able to flow through the pipes prior to the wells being abandoned. Once the connection is made and the PRV is functional, the wells will be shut down within days although the disconnections may take longer due to valve

functionality. The well abandonment of the wells is the responsibility of Mariners Landing Water and Sewer Company.

9. Administration Report: Presented by Megan Aubrey

a. Public Relations Information

Over the past month the Authority has received quite a bit of positive media attention; one item was the postponing of the approval of a rate change and budget at the April board meeting. Two press releases were sent out in May to inform the public about the closing on Mariners Landing and the near completion of the new waterline with the other press release educating businesses about the need to flush pipes prior to opening. Ms. Aubrey will also work on a press release about the board's decision to approve a conservative budget with no rate increase scheduled at this time.

Ms. Aubrey also stated that Mr. Key released a three phase return to work plan for the Authority based on the Governor's guidelines. Staff are working on policies and changes needed to make this transition while also keeping the new processes that worked during this time period. Remote work continues smoothly with staff; some staff have started to transition to working back in the office.

10. Legal Counsel Report

Mr. Darby reported Mariners Landing closing on May 1. Mr. Darby also thanked Ms. English on all her help to enable the closing to be successful. There is also a FOIA amendment to accommodate virtual public meetings that Mr. Darby's office prepared. Mr. Key added that due to there being a quorum on site, not all the virtual public meeting FOIA items need to be followed, although the Authority will still provide timely and transparent information after the meeting. Mr. Key also spoke on the challenges in regards to Mariners Landing.

11. Other Business

The Bedford County Board of Supervisors is available to meet with the BRWA Board of Directors on June 22 during a work session at 5pm to discuss the Authority's needs, projects, and budget. However, this meeting already has a busy agenda and there is still the possibility of having a limit to the number who can assemble in a room. Another option would be the July 13 work session at 5:00 p.m. Mr. Key also said that there could be the option to meet during the second meeting in July or the first meeting of August and he will check that availability to accommodate the board member's schedules.

12. Motion to Adjourn:

There being no further business to discuss, Segroves made a motion to adjourn and Moldenhauer seconded the motion.

- Board member votes: 6 Aye; 0 Nay; Abstain. The motion carried.

The meeting adjourned at approximately 8:23pm.