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Bedford Regional Water Authority – Board of Directors Regular Board Meeting – Minutes October 20, 2020

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, October 20, 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
Carl Wells (Virtual)

Members Absent: None

Staff & Counsel Present: . Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director (Virtual)
Rhonda English – Director of Engineering (Virtual)
Jill Underwood – Director of Finance (Virtual)
Megan Pittman – Director of Administration (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. The Pledge of Allegiance and a moment of silence were conducted. Mr. Flynn welcomed Mr. Wells back to the meeting after his prolonged absence.

2. Review of Agenda

The following agenda was reviewed as shown.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: September 15, 2020 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. GFOA award for FY2019 CAFR
 - b. Financial Statements through month end June 2020 – Audited
 - c. Audit Presentation for FY2020 CAFR
 - d. Financial Statements through month end September 2020
6. Operations Report: Presented by Nathan Carroll
 - a. Work Order Summary
7. Administration Report: Presented by Megan Pittman



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- a. Public Relations Information
8. Engineering Report: Presented by Rhonda English
 - a. Projects Summary
 - b. Policies and Projects Committee Meeting Summary October 13, 2020
 - i. **Resolution 2020-10.01:** Prepayment for Forest Middle School Lift Station
 - ii. **Resolution 2020-10.02:** Ivy Creek Interceptor and 460 Pump Station Agreement
9. Executive Director's Report: Presented by Brian Key
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: September 15, 2020 Regular Board Meeting

The regular Board Meeting Minutes from September 15, 2020, were reviewed.

Member Siehien made a motion to approve the minutes.

Member Segroves seconded the motion.

- Board member votes: 7 Aye; 0 Nay; 0 Abstain. The motion carried.

5. Financial Report: Presented by Jill Underwood

a. GFOA award for FY2019 CAFR

The Authority received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The Authority has been awarded this award every year since its inception.

b. Financial Statements through month end June 2020 – Audited

Ms. Underwood reported that for the fiscal year that ended June 30, 2020 revenues were 101% and expenditures were 90%. Total capital recovery fees received were \$1,359,250, or 143% of the projected budget. Despite the challenges with the pandemic, the Authority still finished the year strong.

c. Audit Presentation for FY2020 CAFR

Chris Banta and Travis Gilmer from Brown Edwards led the board through a high-level presentation about the audited financials and report, including speaking about how the pandemic could affect the Authority. The audit report was included in the board packet for the board to review during the presentation. The Authority received an unmodified audit opinion, which is the highest possible level of assurance.

d. Financial Highlights for month end September 2020



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As of the board meeting, there were 260 customers that were past due, totaling \$70,532. This number has been steadily improving since July. As of October 2, the Authority has received \$14,569 in pledges from the County CARES funding. As a comparison to the financials from August, the amount of payments increased by 2.06%; in addition, water revenue increased by 11.27% and sewer revenue increased by 7.38%. Customer Service has been effectively communicating with customers to collect from past due accounts.

Customer Service began assessing late charges this month. The General Assembly approved the budget that once signed into law will put a moratorium on utility disconnections for all utilities in the state. This moratorium will last as long as a state of emergency is declared. This is anticipated to be signed into law sometime after election day. The Authority was planning on beginning disconnects on November 12 and will not be able to begin this if the moratorium is passed prior to this date. Payment plans would also be required for customers and the Authority would also have to submit reporting items annually to the government. The highest amount of uncollected revenue from bills since the pandemic began is around \$140,000.

Ms. Underwood reviewed some of the details about the financial reports for the period ending September 2020. The targeted budget goal for September was 25%; operating revenues were 30%, and operating expenditures were 19%. Capital recovery fees received are 58% of the total budgeted amount, with water at 44% and sewer at 104%. There were 15 new connections in Forest and six in Moneta in September.

The moral obligation funds from the County were received for the October principal and interest VRA payments. Bids for the GAC contactor at the Smith Mountain Lake Water Treatment Facility have been received. Progress has continued on the wastewater treatment plant upgrades at Mariners Landing including SCADA updates for both water and wastewater. The PRV for Mariners Landing was placed into service on September 21.

For the ESCO project funding with VRA, the bonds are scheduled to price on October 28; the rate was 1.75% based on the preliminary report, and the goal is to close in mid-November. The Ivy Creek sewer project in Forest is planned to be have financing with the Virginia Revolving Loans Funding and is anticipated to have 0.5% interest with principal forgiveness netting 0% interest; this loan will close in spring 2021.

6. Operations Report: Presented by Nathan Carroll

a. Work Order Summary

Mr. Carroll updated the board on the implementation of the new asset management software. This will roll out the week of February 8, 2021. This new system will be a long term system that will provide a great benefit to the Authority, especially with the union of GIS and asset management.

The water connection at Mariners Landing went very well; no water quality complaints were filed and water pressure stayed steady. The fire department did



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hydrant testing this past weekend in Mariners Landing and found some high water pressure that the Operations team is investigating. The goal is to have SCADA for water operations available this week; the wastewater SCADA implementation is more complicated and will take several months to install.

Ms. Gunnoe asked about the work being done in front of the County Administration building yesterday. Mr. Key stated that he was informed today about the details of the leak which was caused by a deteriorated galvanized service line pipe.

7. Administration Report: Presented by Megan Pittman

a. Public Relations Information

Ms. Pittman reviewed the various media articles included in the board packet, including a blog post written by VRSA highlighting the Authority's excellence in safety, specifically highlighting how the Authority has been extremely thorough, innovative, and proactive in dealing with the pandemic.

8. Engineering Report: Presented by Rhonda English

a. Projects Summary

The DEQ Bunker Hill Loop project has all the approvals needed and construction is anticipated to begin in a few weeks. The annual construction term contract is out for bid.

b. Policies and Projects Committee Meeting Summary October 13, 2020

i. **Resolution 2020-10.01:** Prepayment for Forest Middle School Lift Station

Included in board packets was the information in regards to prepayment approval for Westyn Village LLC to perform upgrades to the Forest Middle School lift station; this request was reviewed by the Policies and Projects Committee Meeting on October 13, 2020.

Ms. Gunnoe asked how this will affect the Lake Vista lift station issues. Ms. English stated that the timing of these two projects will work together well, as the upgrades should occur after the Lake Vista improvements have already been made.

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 20th of October 2020, beginning at 7:00pm
WHEREAS, the Authority received a request from Westyn Village LLC ("Developer") for prepayment credits in the amount of \$602,820 per the Prepayment Policy 4.40 ("Policy") for the reimbursement of construction expenses for upgrades to the Authority's Forest Middle School Lift Station ("Station") in Forest, Virginia ("Project"); and,
WHEREAS, remaining capacity of the Station is unable to support Westyn Village Phase 2 and Phase 3 ("Development") as proposed by the Developer, or support further development in the drainage area of the Forest Middle School Lift Station; and,
WHEREAS, the Developer agrees to upgrade the Station to provide a minimum additional capacity of 25,000 gallons per day average and 44 gallons per minute peak flow above and beyond the additional capacity needed to serve their development; and,

WHEREAS, the Project is proposed as a future Capital Improvement Project for the Authority; and,
WHEREAS, the Authority desires to bring the Station up to its current standards which may increase the cost estimate for the Project as provided by the Developer; and,
WHEREAS, the Authority anticipates partial issuance of Prepayment credits upon receipt of bonding for the Project with the remaining credits to be issued upon final construction completion and verification of costs; and,
WHEREAS, the Policy states that “Each project proposed for reimbursement shall be evaluated by the Board of Directors on a case by case basis”, and the Policies and Projects Committee (“Committee”) has reviewed the request at a Committee meeting that took place on October 13, 2020; and,
WHEREAS, the Committee recommended partial approval of the prepayment credit issuance requested by the Developer with the requirement that the Developer hold some financial responsibility towards the Project cost; now,
THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the Executive Director to execute an agreement with the Developer for the issuance of prepayment credits as a reimbursement of the Project in an amount not to exceed \$100,000 less than the verifiable costs of construction for the Project.

On behalf of the Policies and Projects Committee, Member Siehien made a motion to approve this Resolution.

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

- Board Member Votes: 7 Aye, 0 Nay, 0 Abstain. The motion carried.

ii. **Resolution 2020-10.02: Ivy Creek Interceptor and 460 Pump Station Agreement**

This resolution is for the board to consider entering into an Interim Agreement with E.C. Pace and CHA for the Ivy Creek Interceptor and 460 Pump Station PPEA project. The step of an Interim Agreement for preliminary stage services is not required before a Comprehensive Agreement through the PPEA process; however, this step allows work to begin with less financial commitment as the Authority awaits funding through the Clean Water Revolving Loan Fund.

The initial draft of a Preliminary Stage Agreement was included in the board packet as well. Tasks proposed to begin under this agreement include survey, design, permitting, easement acquisition, and interim pumping solutions at the Lake Vista pump station. The draft agreement is currently in the process of detailed internal and legal reviews.

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 20th of October 2020, beginning at 7:00pm

WHEREAS, the Board of Directors authorized acceptance of an unsolicited proposal for the Ivy Creek Interceptor, Divisions 5 and 6, and the Route 460 Pump Station (“Project”) on April 21, 2020 in Resolution 2020-04.04; and,

WHEREAS, the Project was publicly advertised per the Authority’s policy Document 10.45 – Public-Private Education Facilities and Infrastructure Guidelines (“Policy”) and received additional proposals for the Project; and,

WHEREAS, a Selection Committee (“Committee”) comprised of three Authority staff personnel was created for the selection of a Design-Builder for the Project; and,

WHEREAS, the Committee has followed the guidelines set forth in the Policy; and,

WHEREAS, the Committee reviewed information and held interviews with all three proposing Design-Builders and unanimously agreed to recommend to the Board of

Directors that they approve of the execution of a contract with E.C. Pace Company, Inc. as the Design-Builder providing the best value for the Project; and, **WHEREAS**, an agreement (“Agreement”) has been prepared by E.C. Pace Company, Inc. to provide Preliminary Stage services for the Project including development of a Guaranteed Maximum Price (“GMP”) for Project construction, and the Board of Directors has been provided with a copy of the draft Agreement for their review; and, **WHEREAS**, the Executive Director concurs with the Committee’s recommendation and recommends the award of the Agreement; and, **WHEREAS**, the Executive Director will execute the Agreement following the review, editing, and approval from legal counsel; and, **WHEREAS**, the Policies and Projects Committee discussed the scope of the proposed Agreement on October 13, 2020 and are recommending approval of the agreement to the Board of Directors; now, **THEREFORE, BE IT RESOLVED**, that the Bedford Regional Water Authority Board of Directors authorize the Executive Director to execute the Agreement with E.C. Pace Company, Inc. that is substantially similar to the attached Agreement in the amount not to exceed \$1,366,900.

On behalf of the Policies and Projects Committee, Member Siehien made a motion to approve this Resolution.

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

- Board Member Votes: 7 Aye, 0 Nay, 0 Abstain. The motion carried.

9. Executive Director’s Report: Presented by Brian Key

Mr. Key explained to the board that a FOIA request was received from Blue Ridge Towers. Mr. Key has requested that Blue Ridge Towers coordinate their schedule ahead of time when they need to be onsite. The Wheats Valley location is still progressing, however, the tower is not on site yet. Mr. Key does not think that the FOIA is aimed at any legal action against the Authority from Blue Ridge Towers, but rather just an effort to seek information about the Authority’s communications with the County.

Mr. Key also discussed the \$500,000 per year grant over a three year period from the County. The County has drafted a memorandum of understanding with the stipulation that the capital recovery fee not be increased above \$5,800 for the three years they are providing the funding. The Board of Supervisors is set to review and approve the memorandum next Monday. Mr. Darby advised that a moral obligation may need to be executed by the County in the future. Mr. Flynn asked about how much fees could increase before reaching \$5,800. Mr. Key responded that there is room to increase the capital recovery fee and still be less expensive than an onsite sewage disposal option. Mr. Key suggested that the capital recovery fee be rolled into the rate discussion at the November Finance Committee meeting. The proposed rates for FY2020-2021 did not have an increased capital recovery fee.

Town Council has asked the BRWA to present at their October 27 meeting. Ms. Gunnoe stated that she would try to attend with Mr. Key.

Mr. Key said that three board members will come off the board at the end of 2020; as such, Mr. Key would like to have everyone onsite at the December board meeting and that the Authority would provide dinner. The board agreed to hold the meeting at the Smith Mountain Lake Water Treatment Facility for physical distancing; management will also be invited. Mr. Hodge and Mr. Moldenhauer were complimentary of the progress the Authority has made since its inception. Mr. Moldenhauer suggested that the board bring candidate suggestions to the Board of Supervisors and Town Council for consideration.

10. Legal Counsel Report

Mr. Darby reviewed the contract for a new billing service, Invoice Cloud. He suggested deleting the reference to the terms and conditions which can be changed at any time. He also is working with Ms. Underwood on the transition to Invoice Cloud.

Mr. Darby also monitored the status of the Forest Sewer Board of Supervisor's commitment of funds and the DEQ approval process and reviewed the existing support agreements. Mr. Darby and Ms. Underwood determined it would be a good idea to have a reimbursement resolution.

Mr. Darby has completed the engineering certifications that are required for the VRA Fall Pool ESCO Financing. This transaction should close smoothly on November 18.

Mr. Darby also reviewed the FOIA request for the Authority.

Mr. Darby and Mr. Key commended the professionalism and work that Authority staff has been able to perform during the pandemic.

11. Other Business

No other business was discussed.

12. Motion to Adjourn:

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

- Board member votes: 7 Aye; 0 Nay; 0 Abstain. The motion carried.

The meeting adjourned at approximately 8:36 pm.