
Bedford Regional Water Authority – Board of Directors Regular Board Meeting – Minutes April 19, 2022

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, April 19, 2022, 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
Jay Gray
Kevin Mele (Virtually)
Thomas Segroves
Walter Siehien

Members Absent:..... Rusty Mansel

Staff & Counsel Present:.. Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director
Rhonda English – Director of Engineering (Virtually)
Jill Underwood – Director of Finance
Megan Pittman – Director of Administration (Virtually)
Melissa Meador – Human Resources Manager (Virtually)
Mike Ramsey – Wastewater Operations Manager

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.

2. Review of Agenda

The following agenda was reviewed as shown. Revisions are shown in ***bold italics***.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Hearing for Rate Adjustments
 - a. Presentation about Rates
 - b. Public Comments about Rates
4. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end March 2022
 - b. Summary of March 23, 2022 Finance Committee Meeting
 - i. Resolution 2022-04.01: Rates
 - ii. Resolution 2022-04.02: Operating Budget
 - iii. Resolution 2022-04.03: Capital Budget
5. Public Comments for all issues other than the public hearing
6. Approval of Minutes: March 15, 2022 – Regular Board Meeting
7. Operations Report: Presented by Nathan Carroll
8. Administration Report: Presented by Megan Pittman
9. Engineering Report: Presented by ***Rhonda English***

- a. Project Reports
 - b. Draft Capital Improvement Plan 2022-2025
10. Closed Session Pursuant to Section 2.2-3711 A. 1 of the Code of Virginia, specifically to review the annual evaluation of the Executive Director
 11. Resolution 2022-04.04: Contract with Executive Director
 12. Other business not covered on the above agenda
 13. Motion to Adjourn

3. Public Hearing for Rate Adjustments

a. Presentation about Rates

The public hearing was opened at 7:01 p.m. Mr. Key gave a short presentation about the history of the rates beginning in fiscal year 2014 through the projected rates for fiscal year 2024. This is a ten-year equalization process that began at the formation of the BRWA. One change to the original study was in fiscal year 2021 when a rate change was not made due to the pandemic. At the end of equalization, all customers will pay the same rate. The goal every year has been to have around a \$3 increase per month for water and a \$3 increase per month for sewer.

b. Public Comments about Rates

Nancy Leighton lives in the Town of Bedford in a home that was built about three years ago. She said she was there to protest the increase of the rates. This year is hard due to inflation and the costs of everything going up, especially for retirees and those on fixed incomes. She is also not sure about the quality of water she currently receives, and she feels like she is being overcharged for sewer in the summer.

Mary Russell lives in the Town and Country subdivision. She is soon to be retired and with rates increasing it is putting a strain on her income. She has spoken with her neighbors and she thinks this will be a strain on them as well. She also said she agreed with Ms. Leighton's points.

The public hearing closed at approximately 7:15 p.m.

4. Financial Report: Presented by Jill Underwood

a. Financial Statements through month end March 2022

Due to the billing system implementation, disconnects were not performed in February and March and were resumed in April. The monthly disconnect information can be viewed on the Tracking Data for the Customer Service Department report in the board packet.

The budget goal was 75% for March with operating revenues at 77% and operating expenses at 69%. Some expenses are seasonal and expenses are expected to climb in the spring and be closer to the budget goal. Capital Recovery fees received this FY are 97% of the total budgeted amount, with water at 81% and sewer at 152%. There were 13 new connections in Forest during March.

Debt Service for all of the VRA bonds have been paid for the fiscal year and the full \$2 million moral obligation has been received from Bedford County.

b. Summary of March 23, 2022 Finance Committee Meeting

The Committee reviewed the budget; there is a forecasted increase of 5.3% for revenues and a 9.1% increase for expenses. The increase in expenses is partly due to inflation. There are also two new part-time positions included in the budget.

The Committee also reviewed the Capital Improvement Plan (CIP). Ms. Underwood reviewed how the amount for the CIP budget is calculated. There has been an excess of around \$300,000 of fees received this year that will be added to the CIP budget. The debt from VRA will be eliminated in FY23 and FY26, however, the moral

obligation from the County will also be eliminated from the revenue. The Town debt from consolidation will escalate in FY23. The Ivy Creek Sewer debt will begin in FY24. The dollar amounts listed on the CIP sheet are higher than the \$1.2 million budgeted for projects to show all the projects holistically since some projects are being funded separately.

Ms. Underwood reviewed the replacement funds and why these accounts were created. These types of projects used to be funded through the CIP budget. However, years ago these replacement accounts were created to give staff more flexibility in making these purchases and allow for other larger scale projects to be funded with the CIP. This also allows staff to build the accounts over time to fund larger purchases.

Ms. Underwood and Mr. Key answered questions from the board about specific projects.

i. Resolution 2022-04.01: Rates

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 April 2022, beginning at 7:00 p.m.:

WHEREAS, to provide sufficient revenue to cover all of the expenditures that are included in the proposed FY 2022-2023 operating budget, certain changes have been proposed to the Authority schedule of rates and charges; and,

WHEREAS, the Authority has provided sufficient notice in the Bedford Bulletin on March 23, 2022 and March 30, 2022 and conducted a public hearing on Tuesday, April 19, 2022 to solicit public comments on the proposed changes to the schedule of rates; and,

WHEREAS, the Board of Directors of the Authority has reviewed the proposed changes to the schedule of rates and rate information and desires to implement these changes; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Bedford Regional Water Authority does hereby authorize the Executive Director to proceed with implementing the rates as properly advertised. The new rates will be effective for all usage beginning on June 1, 2022 and for all bills sent out after June 30, 2022.

Member Segroves made a motion to approve this Resolution.

Member Mele made a Second to approve.

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

ii. Resolution 2022-04.02: Operating Budget

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 April 2022, beginning at 7:00 p.m.:

WHEREAS, the Board of Directors of the Authority has been presented with the FY 2022-2023 Budget, with a summary indicating Total Revenues in the amount of \$19,369,113 and Cash Operating Expenses in the amount of \$16,956,438 and Total Expenditures (including depreciation) in the amount of \$21,544,038 (the "Operating Budget Summary"); and,

WHEREAS, in support of the Operating Budget Summary, a Detailed Report of Revenues and Expenditures for FY 2022-2023 (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 2022-2023 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.

On behalf of the Finance Committee, Member Segroves made a motion to approve this resolution. Being a motion from a committee, a second motion was not needed.

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

iii. Resolution 2022-04.03: Capital Budget

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 April 2022, beginning at 7:00 p.m.:

WHEREAS, the Board of Directors of the Bedford Regional Water Authority approved the Fiscal Year 2022-2023 Operating Budget ("Operating Budget") resolution 2022-04.02, with Total Revenues in the amount of \$19,369,113 and Cash Operating Expenses in the amount of \$16,956,438; and,

WHEREAS, the total operating coverage minus replacement capital as of July 1, 2022 is projected to be \$912,676; and,

WHEREAS, the total Capital Recovery Fees received during FY 2022 is projected to be \$300,000 in excess of the current fiscal year approved budget amount; now,

WHEREAS the Finance Committee has reviewed the complete listing of proposed purchases and projects expenditures, and have recommended approval to the Board of Directors; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Bedford Regional Water Authority does hereby approve of proceeding with the FY 2023 Capital Improvement Projects presented in the amount of \$1,212,500 with the specific authorization given to the Executive Director to add, delete, or reprioritize the items on the attached project listing as long as the total amount of the capital expenditures does not exceed the amount listed above without further board action; and,

BE IT FURTHER RESOLVED, that if the excess Capital Recovery Fees received in FY 2022 do not exceed the amount specified in the FY 2022 budget by the projected figure of \$300,000, then the amount of the Capital Improvement Projects funding for FY 2023 will be decreased by the corresponding amount of shortfall from the projected excess of FY 2022 Capital Recovery Fees.

On behalf of the Finance Committee, Member Segroves made a motion to approve this resolution. Being a motion from a committee, a second motion was not needed.

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

5. Public Comments for all issues other than the public hearing

There were no public comments.

6. Approval of Minutes: March 15, 2022 Regular Board Meeting

The regular Board Meeting Minutes from March 15, 2022, were reviewed.

Member Gray made a motion to approve the minutes.

Member Moldenhauer seconded the motion.

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

7. Operations Report: Presented by Nathan Carroll

Mr. Carroll began with a synopsis of what happened on April 15th. A load of chemicals was delivered to the Central Wastewater Treatment Plant (CWWTP) around 7:40 am. The delivery was sodium bisulfite; however, a delivery of sodium hypochlorite was also on order and was expected first. When the delivery driver arrived, he was directed to the hypochlorite tank. When the two chemicals were mixed, a chemical reaction occurred creating a thermal reaction and chlorine gas vapor. After the incident was over, the remaining bisulfite was put in the correct tank and the mixed chemicals were properly disposed of within the wastewater treatment process onsite.

Mike Ramsey, Wastewater Operations Manager, discussed how to prevent this in the future, including:

- Requiring two signatures for chemical deliveries with one signature being a member of management.
- Adding additional labels to tanks.
- Label the fill lines.
- Lock the fill line caps.
- Train thoroughly.
- Require retraining.

Steps that have already been taken post-incident include:

- Internal after-action review held on April 18th.
- Temporary labels added to bisulfite and hypochlorite tanks.
- A draft of a checklist for chemical deliveries has been developed. This will be reviewed by the Safety Coordinator and will be in effect before the next delivery.

The Central WWTP is not the only BRWA plant that receives bulk chemicals. Mr. Carroll added that the water treatment plants also receive bulk chemicals and these measures will be adapted for those facilities as well.

There will be costs associated with this incident. This matter will be turned over to the BRWA's insurance provider to determine who will pay the cost.

Mr. Key added that this incident is minor compared to what the effect would have been if the BRWA still had chlorine gas onsite, instead of these two chemicals. These were replaced in 2019 to make the CWWTP a safer facility for staff and the community.

Mr. Key reviewed the staff's response and how they worked with other agencies on site. He was pleased with the media's representation and the relationships between the agencies.

Mr. Carroll said there is a potential for a fine and also the possibility the tank will need to be replaced. He said that he appreciated Cody Lawhorn (Marketing Communications Specialist), Darryl Burks (Safety Coordinator), and Megan Pittman on-site during the incident to help handle the situation.

8. Administration Report: Presented by Megan Pittman

Ms. Pittman reviewed a few more points about the communications on Friday. She stated that she appreciated the staff that was on-site to help coordinate efforts. This included BRWA staff and representatives from the Town and County of Bedford. They hope to have a communications debrief between the entities. She also said she is pleased with the fair and factual press coverage, as well as the media being respectful of the boundaries on the scene. There have been follow-up interviews since Friday. The stories will be included in next month's board packets; however, she will include

highlights in the weekly update. She said they also learned it was helpful to have two people on-site handling communications and have also learned a few lessons for any future emergencies.

In response to a question from the board, Mr. Key will check to see if the Town or County would like a statement or presentation at their next meeting.

Ms. Pittman also reviewed the news articles included in the packet that focused on the Moneta Park water line extension.

9. Engineering Report: Presented by Rhonda English

a. Project Reports

The parking lot will be closed out after the punch list items are complete. The fencing contractor will be finished by June 30th. The contractor for the Ivy Creek project is keeping an eye on the pipe costs, which have increased considerably since originally quoted, and looking into opportunities to help reduce the overall costs of the project. The contractor is also reaching out to see if there is ARPA money available through DEQ to help fund this project. The Moneta Storage Lot 6 project is closed out. The 460 pump station is continuing, with walls, sidewalk, and much of the gravel area complete.

b. Draft Capital Improvement Plan 2022-2025

The full list of projects with priority funding is listed near the end of the report for current and future projects, totaling around \$70 million. Mr. Moldenhauer would like a paper copy of the CIP report. Ms. English said she will put a copy at the front desk and also provide it to the board members.

10. Closed Session Pursuant to Section 2.2-3711 A. 1 of the Code of Virginia, specifically to review the annual evaluation of the Executive Director.

Member Segroves moved that the Board of Directors go into Closed Meeting pursuant to Section 2.2-3711 A.1 of the Code of Virginia (1950), as amended, to review the annual evaluation of the Executive Director. Member Gray seconded the motion.

Member Moldenhauer was out of the room for this vote.

- Board Member Votes: 5 Aye; 0 Nay; 0 Abstain. The motion carried.

- The board entered into closed session at approximately 8:25 pm.

At approximately 9:25 pm Member Segroves moved that the board exit closed session and return to open session. Member Mele seconded the motion.

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

- Member Gray moved that the Board of Directors take a roll call vote certifying that to the best of the member's knowledge only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body.
 - Board member votes:
 - Aye: Bob Flynn, Jay Gray, Kevin Mele, Michael Moldenhauer, Thomas Segroves, Walter Siehien
 - Nay: None
 - The motion passed.

11. Resolution 2022-04.04: Contract with Executive Director

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 April 2022, beginning at 7:00 p.m.:

WHEREAS, on July 1, 2013 upon the formation of the Authority the Board of Directors ("Board") hired Brian M. Key, PE as their Executive Director; and,

WHEREAS, the Board desires to have a contractual agreement for the position of the Executive Director, and would like to now enter into such an agreement with Mr. Key; and,

WHEREAS, Mr. Key and the Board have agreed to enter into a new contract effective April 20, 2022; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Bedford Regional Water Authority does hereby approve of and direct the Chairman of the Board to execute an employment agreement with Mr. Key containing the terms that were reviewed with the Board.

Member Moldenhauer made a motion to approve this Resolution.

Member Siehien made a Second to approve.

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

12. Other Business

There was no other business discussed.

13. Motion to Adjourn:

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

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

The meeting adjourned at approximately 9:45 pm.

Prepared by Megan Pittman – Director of Administration

Approved: May 17, 2022