

**AT A REGULAR MEETING OF THE MONTGOMERY COUNTY PUBLIC SERVICE
AUTHORITY, HELD ON THE 4th DAY OF MAY 2015, 7:00 P.M., MULTI PURPOSE ROOM
#2, MONTGOMERY COUNTY GOVERNMENT CENTER, CHRISTIANSBURG, VIRGINIA:**

PRESENT:	William Brown	-Chair
	Christopher Tuck	-Vice Chair
	Mary Biggs	-Secretary-Treasurer
	Annette Perkins	-Member
	Matthew Gabriele	-Member
	Todd King	-Member
	Gary Creed	-Member
	Robert C. Fronk	-PSA Director
	Karri Cridlin	-Secretary to PSA Board
	Craig Meadows	-County Administrator
	Marty McMahan	-County Attorney
	Steve Howard	-Planning Commission

ABSENT:

CALL TO ORDER

Chair William Brown called the meeting to order and determined that a quorum was present.

PUBLIC ADDRESS SESSION

Mr. Donald Alls of 2260 Gate Road came before the Board to ask for reimbursement of a \$2,000 facility fee that he claimed was paid in October 2002. The Director told Mr. All's that he would research this more, and would contact him.

CONSENT AGENDA

On a motion by Christopher Tuck, seconded by Todd King, and carried; IT WAS RESOLVED, that the Public Service Authority hereby approves the Consent Agenda, dated May 04, 2015.

The vote on the foregoing motion is as follows:

AYE

NAY

ABSENT DURING VOTE

Mary Biggs

Annette Perkins

Todd King

William Brown

Gary Creed

Christopher Tuck

Matthew Gabriele

**R15-05-01
RESOLUTION APPROVING PROPOSED
RATES, FEES AND CHARGES
FOR WATER SERVICE**

On a motion by Matthew Gabriele, seconded by Christopher Tuck, and carried; IT WAS RESOLVED, that the Public Service Authority advertised a public hearing notice for rate adjustments in the *New River Current* section of the *Roanoke Times* on Sunday, April 12 and Sunday, April 19, 2015; and

WHEREAS, the Authority held a public hearing on May 4, 2015 to receive citizen comments on the adoption of the proposed rate adjustments for all Authority owned water and sewer systems.

NOW, THEREFORE, BE IT RESOLVED, that in accordance with the Code of Virginia, Chapter 51, Virginia Water and Waste Authorities Act, Section 15.2-5136, Rates and Charges; the Public Service Authority hereby approves and adopts the following rate adjustments to become effective May 4, 2015

WATER RATE

Proposed 5% Increase From \$7.24 to \$7.60 per 1,000 gallons

The roll call vote on the above resolution is as follows:

AYE	NAY	ABSENT
Matthew Gabriele	Todd King	
Annette Perkins		
Gary Creed		
Mary Biggs		
Christopher Tuck		
William Brown		

After the motion Member Creed made the following statement for the record:
If we do not vote for this increase, it will probably be a 10% increase to make up the difference with no increase for one year.

**R15-05-03
RESOLUTION APPROVING
PSA FY 2016 BUDGET**

On a motion by Mary Biggs, seconded by Matthew Gabriele, and carried; IT WAS RESOLVED, that the Public Service Authority hereby approved the annual budget for FY 2016, in the total amount of \$3,767,850 – (\$2,184,782 Water & \$1,583,068 Sewer); and, that the Director is hereby authorized to utilize the budget as an official document of the Authority to become effective July 1, 2015.

The roll call vote on the foregoing motion is as follows:

AYE	NAY	ABSENT
Annette Perkins	Todd King	
Mary Biggs		
Matthew Gabriele		
Gary Creed		
Christopher Tuck		
William Brown		

R15-05-02
RESOLUTION ACCEPTING HIGHLANDS AT HUCKLEBERRY RIDGE PH I
WATER LINE CHATTEL DEED AND EASEMENTS

On a motion by Christopher Tuck, and seconded by Todd King; IT WAS RESOLVED, that the Board of Directors of the Montgomery County Public Service Authority, hereby agree to approve Chattel Deed and Easements for the Highlands at Huckleberry Ridge Ph I waterline facilities; and, that facilities: and that said Chattel Deed provides fee simple transfer on the constructed water lines, valves, fittings, laterals, connections, storage facilities, pumps, manholes and any and all equipment and appurtenances to the Montgomery County Public Service Authority. The Chattel Deed is hereby attached and made part of this Resolution by reference.

BE IT FURTHER RESOLVED, that the Chair of the Montgomery County Public Service Authority is hereby authorized to sign the above referenced Chattel Deed for the purpose of acknowledging acceptance of the Deed on behalf of the Directors of the Montgomery County Public Service Authority.

WATERLINE AND SANITARY SEWER LINE EASEMENTS

Tax Parcel No.	Owner
67-12)-A	Highlands at Huckleberry Ridge LLC
67-(12)-B	Bluestone Land, LLC
67-(12)-C	Bluestone Land, LLC

The roll call vote on the following motion is as follows:

AYE	NAY	ABSENT DURINIG VOTE
Todd King		Annette Perkins
Matthew Gabriele		
Gary Creed		
Mary Biggs		
Christopher Tuck		
William Brown		

DIRECTOR'S REPORT

1. Monthly Activities Report

The April 2015 report is attached for review.

2. Water Breaks / Pipe Failures at Elliston-Lafayette Elementary School

We experienced three water main breaks on the 8" PVC pipe main to the new Elliston-Lafayette Elementary School on June 18, June 20, and July 2, 2014. There have been at least six pipe failures of the same nature on the 8" PVC pipe main since October 2012. The pipe failures were straight-line splits in the "bell" end of the pipe. The estimated repair cost was about \$2,500 for each repair. We kept damaged pipe joint sections from the last 2 breaks and sent one to the pipe manufacturer for evaluation. The pipe manufacturer's report stated the pipe failure was the result of improper installation and "additional joints are susceptible to similar stress induced failures."

After reviewing with Montgomery County Public School (MCPS), MCPS staff issued a letter to the general contractor, Branch & Associates claiming a "Latent Defect" in the water line installation. The contractual relationship and responsibility for the waterline construction is between the general contractor and MCPS. The PSA took over ownership of the waterline

based upon certifications and assurances from MCPS and their agents. A meeting was held October 1, 2014 with the general contractor, pipeline subcontractor, MCPS staff and PSA staff to review the situation and available information. The pipeline subcontractor submitted a letter dated November 5, 2014 claiming that even-though the pipe was installed/joined

improperly, the fault is from over-compaction of the fill material above the pipe that was required by the project specifications.

There has been a lack of substantial action by the general contractor since November 2014 in response to multiple MCPS inquiries. During this period, the general contractor replied to say they are “seeking the advice of third party experts” and “want to resolve the issue as quickly as possible.”

As directed during the February 2015 PSA Meeting, the County Attorney sent an email to MCPS requesting repayment for PSA expenses for water main repairs and future reimbursement of repairs for 3 years. The MCPS Asst. Superintendent for Operations sent the past repair costs to the general contractor to which we are still awaiting a reply.

It may be time to consider other options in order to protect the PSA interest due to the lack of response. The terms and conditions that lead to PSA acceptance of this water line have been proven invalid due to the documented improper installation/joining and over-compaction identified by the pipeline subcontractor.

3. Fire Department Merrimac Training Center

County fire departments are developing a training center with “burn building” in the Merrimac area. The water supply to the center will be from the 12-inch PSA water main along Merrimac Road. The water supply line is scheduled for installation during the first week of May 2015.

Currently, it is uncertain how much water will be used at this facility. It is estimated that a single fire hose line would use 250 gallons per minute, 15,000 gallons per hour and 120,000 gallons in an 8-hour day. This facility could use a volume of water equal to, or greater than the current daily use of the entire water system.

4. Engine Damage and Repairs to Pipe Truck

The PSA Maintenance Crew operates a 2009 Ford F450 diesel 1-ton truck as a “pipe truck” for storage of repair parts and crew equipment/tools. The truck is configured with storage bed with bins for securing parts and major equipment/tools along with a pipe rack. This truck was purchased new in January 2009 for \$41,995 and the current vehicle mileage is +/-59,500. This vehicle suffered an engine breakdown on February 23, 2015 and was taken to Duncan Ford for evaluation. Duncan Ford issued a report March 12, 2015 which indicated the engine damage was the result of fuel contamination. The repair would have been made under warranty except that the damage was the result of fuel contamination. The repair quote from Duncan Ford to repair the engine was \$19,170.93.

On March 16, 2015, an insurance claim was filed with our insurance carrier VACo. VACo’s adjuster inspected the vehicle on March 20, 2015 and we received a claim payment of \$17,028.45 on April 3, 2015.

During the April 2015 PSA Board Meeting, the Director was instructed to determine the trade-in value of the truck for application along with the insurance payment towards purchasing a new vehicle in lieu of repairing the 2009 vehicle.

We initially contacted the dealer about a trade-in of the truck in its’ current condition towards a new vehicle and did not receive a favorable response. Subsequently, we listed the vehicle for sale in the internet. After two weeks, the highest offer received was \$6,700. While not enough to consider trade-in over repair, we did learn of a supplier of rebuilt engines and discussed replacement of the damaged engine with a remanufactured engine. After evaluation, we had the dealer order a remanufactured engine as it is estimated to cost less or equal to repairing the damaged engine and should take less time to complete. In addition, the remanufactured engine has a two year warranty while the repaired engine would only have a one year warranty.

5. Virginia Department of Health Planning Grant

We were awarded a \$50,000 Virginia Department of Health (VDH) Planning Grant on August 28, 2014 to develop a preliminary engineering report (PER) for the interconnections

of PSA water systems required by the Joinder. Anderson and Associates (A&A) was awarded a contract on October 10, 2014 to prepare the PER.

The PER includes the projects required by the executed Amended and Restated Water Agreement as part of the Joinder. The project for the Bethel / Exit 109 area includes supplying 95,124 gallons per day (gpd) for the three projects previously rezoned and 1,000,000 gpd for an industrial development identified by the Montgomery County Economic Development Department. The projects for the other areas include growth in the village areas as identified in the Montgomery County 2025 Comprehensive Plan. The total cost of all projects is \$6,759,950.

The cost of the Plum Creek and Bethel projects scheduled in the next five years per the Water Agreement is \$4,220,950. The estimated project cost increase to supply the additional demands for the Bethel / Exit 109 projects and industrial development over the original Joinder Study demands is \$471,400.

In comparison, the cost for the Plum Creek and Bethel projects as identified in the Joinder Study (June 2012) was \$2,865,599. It appears the Joinder Study under-estimated project costs, possibly due to time lapse, as evidenced by the single Joinder project completed to date (Warm Hearth by PSA) where the actual project cost was \$118,400 and the cost included in the Joinder cost was \$81,500.

The PER was completed and submitted to VDH the week of April 20, 2015. We expect to receive comments back from VDH in about 30 days. A&A plans to review the PER with the PSA Board of Directors during the June 2015 meeting provided the PER is approved by VDH.

AUTHORITY MEMBERS' REPORT

Member Gabriele- No Report
Member King- No Report
Member Perkins- No Report
Member Creed – No Report
Member Biggs- No Report
Member Tuck - No Report
Member Brown - No Report

ADJOURNMENT

There being no further business, the Chair adjourned this meeting to the next meeting scheduled for June 1, 2015.