

AT A MEETING OF THE MIDDLESEX WATER AUTHORITY HELD IN THE
BOARD ROOM OF THE HISTORIC COURTHOUSE AT 6:00 P.M. ON
WEDNESDAY, SEPTEMBER 15, 2021:

Present: Greg Chambers, Chair
Lud Kimbrough
Janet Riggs, Vice Chair

Absent: James Michael Reed, Treasurer
Carlton S. Revere, Secretary

Matt Walker, Executive Director
Heather Lewis, Authority Attorney
Betty Muncy, Staff Secretary

CALL TO ORDER

The meeting was called to order by the Chairman, Greg Chambers, at 6:00 p.m. Mr. Chambers noted a change to the agenda to move action on the Dominion Easement Agreement to after the first public comment section. There were no objections.

PUBLIC COMMENT

Mr. Chambers opened the meeting for public comment. Katie Karnes, candidate for the Board of Supervisors, expressed her concern that the public is not informed about the costs involved with the water project. While information may be available on the website or by attending meetings, it is not always current. She asked that a detailed explanation be produced and published in letter form or in the Southside Sentinel to include all costs and sources of funding.

M. V. (Tammy) Putney, echoed the concern of information not being forthcoming. Mr. Putney expressed his questions: estimated final cost, total number of customers, average monthly fees, number of change orders, loans for project by the County and MWA, the amount of County funding to support the project, projected expenses for the County tax-payers.

John Fleet expressed concern for funding and whether the project was sustainable by those subscribing to it and without using other taxpayers to fund it. Mr. Fleet noted that there were several people he knew of, himself included, that no longer wanted a connection because the meter was not being put where the property owner wanted it. The majority of people that he is in contact with are not in favor of having this system and are afraid that they will be the ones paying for it.

Ed Robins expressed his concern for the funding. Mr. Robins said that according to the Commissioner of the Revenue, there are 7200 taxpayers of homes and businesses in the County. If 650 of those are subscribers, then 91% of County property owners will be paying the additional costs to support 9% on the water system. Mr. Robins questions the benefits to the tax base of running water and sewer lines to Topping for the campground. As a businessman, is there any profit in doing that? Mr. Robins noted that he expressed his concern to the Board of Supervisors about the amount of debt owed by the County and the burden on taxpayers. Mr. Robins asked for a response as to where the money is to come from.

Mr. Chambers noted that typically the Authority has not had much public comment and asked Mrs. Lewis and Mr. Walker if it was appropriate to respond. Mr. Walker noted that he could address some of the questions. He noted that there is a financial model that shows that a substantial amount of revenues would be generated by user fees. It is the Authority's intention that once the project is completed, that a complete breakdown of costs could be prepared for the newspaper. It is Mr. Walker's hope that water service would be available as early as November 1 to customers in Phases 1 and 2, so that revenue will start flowing in.

Mr. Walker added that the current debt of the County is very low compared with other counties and is all at very low interest rates. The Board of Supervisors made a conscious decision several years ago that water and sewer were needed in some of the village clusters in the county, primarily to take residential tax burdens off waterfront property owners and many others in the County. The theory was that with a little development in these areas, the burden would come off those property owners, who felt like they were providing the bulk of the tax revenue. The Board has held a tight line on tax increases over the years and done a lot to support schools and many organizations that the County belongs to.

Mr. Chambers noted that he would be very open to reviewing the financial model. He noted that the capital costs have changed as new customers have been added; fire hydrants will serve everyone in the County, not just the subscribers. The financial model for this project shows it as viable at 400 customers. The original project needed more customers and had higher capital and operational costs and it was decided not to move forward. This is a much more viable project and makes water and fire protection available to much more of the County. Mr. Walker added that the County financial contribution is currently \$257,000, annually. This funding helps to off-set the interest costs on the USDA loans, 1.8% for 40 years. This is a temporary funding source, until the Authority begins to generate water and have paying customers. The original loans from the County totaling \$1.67 million to pay for engineering costs and purchasing the well site has already been repaid to the County. Mr. Chambers did add that the County has provided a grant of \$700,000 that went toward the purchase of the first round of fire hydrants; an additional \$1.1 million has been spent by the Water Authority for additional hydrants requested by the fire chiefs and to increase pipe and pump sizes to accommodate the additional flow needed. This is a big part of the reason that the County has continued to support the Authority financially. At the minimum \$45.00 per month rate for customers, the model is very sustainable.

Mr. Walker added that moving the location of water withdrawal to the Rosegill wells, allowed the Authority to pick up several large customers – two County schools, Christ Church School and Greys Point Campground – and also avoided the cost of a very expensive desalination plant in Deltaville. Mr. Chambers noted that the Authority is financially independent from the County, with members appointed by the Board of Supervisors, who could be removed at any time.

Mr. Robins asked if the subscribers are aware of the costs involved with connecting their home to the water meter. Mr. Walker stated that during the information meetings, it was explained that the waterline would be located at the edge of the property line and that costs to the property owners would vary depending on how long the run to their distribution system would be. Mr. Robins believes that most customers are not aware that they are responsible for making that connection. He added that he believed if there had been more community involvement, then there would not be so many questions about what is going on. Mr. Walker countered that it could be that the ones that have the most questions, are not subscribers to the system, because they have not needed to know.

Ms. Karnes added that the Authority is missing the education piece because this may not have been a concern to those people that were not subscribers at the beginning, but she said that they now have lots of questions. Mr. Walker agreed that there will need to be more community outreach to at least inform those along the route of their choices should they have issues with their existing well. This will occur once the system is up and running. The mission of the Authority is to go where there is a need and to try and serve those areas first.

Ms. Karnes added that the community still deserved to have some information now, not to have to wait until the project is complete. Mr. Chambers noted that the contracts are all fixed based contracts with a contingency fund set aside for change orders. Right now, that contingency fund is in good shape, as there have been some change orders that have resulted in increases, but there have also been some substantial credits.

Jackie Taylor noted that by having town hall meetings, the Authority was still expecting potential subscribers to come to them, rather than the Authority providing all information, including potential costs to the property owner, up front. Mr. Walker noted that at many of the sign-on meetings, citizens had the opportunity to talk one-on-one with Authority members and the engineers to ask questions. With regard to the budget, Mrs. Taylor said that the Authority should know where they stand now with the budget and project costs and it should not have to wait until April. Mr. Walker noted again that the contract costs were set and that they were also laid out in the Letter of Conditions required for borrowing money from the USDA. That Letter of Conditions, that shows all the related costs could be provided to the public. Mr. Walker also added that the USDA would not have agreed to loan money to the Authority if the project was not sustainable through its own rates. Rates are \$45 per the first 3,000 gallons and \$10 per every 1,000 gallons after that; these have been the rates that were established several years ago. Ms. Taylor noted that people she has talked with are not aware of the additional charge

over 3,000 gallons. She would have them contact Mrs. Muncy with any additional questions.

Mr. Putney noted that if the Subscriber Agreement included language that customers had to run their own lines to the meter, then he did not see how they could not know about it. Mr. Walker stated that the language is in the Agreement. Mr. Walker stated that the Authority was also trying to work with subscribers if they needed to relocate where the meter was being placed. Mr. Chambers added that copies of the Agreement and rate sheets are available on the Authority webpage.

There being no additional questions, the public comment period was closed.

DOMINION BLANKET ENCROACHMENT AGREEMENT

Mrs. Lewis advised the Authority that she had worked out her concerns with Dominion’s counsel and recommended the Authority approve the agreement. This sets out how Dominion Energy and the Water Authority will operate within the same utility easement. The motion to accept the blanket encroachment agreement with Dominion Energy was made by Mrs. Riggs, seconded by Mr. Kimbrough and carried by a roll call vote with the three members present voting in favor and zero opposed.

MINUTES

The motion to approve the minutes from the July 21, 2021 and August 4, 2021 meetings was made by Mrs. Riggs, seconded by Mr. Kimbrough and carried unanimously by a roll call vote with the three members present voting in favor and zero opposed.

EXPENSES

The motion to approve disbursements number 3102 – 3125, totaling \$4,370,984.92 was made by Mr. Kimbrough, seconded by Mrs. Riggs and carried unanimously.

BUDGET SUPPLEMENTS & TRANSFER

The motion to approve the following budget supplements and transfer was made by Mrs. Riggs, seconded by Mr. Kimbrough and carried unanimously:

BS FY 2022-02	3-1-041060-0001 (\$222,300.00)	4-1-090010-0042 \$222,300
Appropriating funds for a check that was written in FY 21 but not cashed and voided in FY 21. It was rewritten from FY 22 funds.		
BS FY 2022-03	3-021-024040-0001 and 3-1-041050-1101 (\$2,563,159.22)	4-21-099010-0045 and 4-1-099010-0042 \$2,563,159.22

Appropriating USDA Funds received 7/26/21 to fund Requisition #8 for June pay applications and reimbursements.		
BS FY 2022-04	3-021-024040-0001 and 3-1-041050-1101 (\$347,172.21)	4-21-099010-0045 and 4-1-099010-0042 \$347,172.21
Appropriating a portion of USDA previously received to be applied to Requisition #9 for July pay applications and reimbursements. Available balance in Construction Account = \$709,172.21 - \$362,000 to be used to maintain operating budget of \$262,000 + \$100,000 = \$347,171.21. This amount will be deducted from total MWA commitment to the project per the LOC of \$3,751,000.00		
BS FY 2022-05	3-1-018990-0001 (\$655,753.86)	4-1-099010-0042 \$655,753.86
Appropriating 1 st draw from CoBank to Construction Expense. This wire was sent to the regular checking account rather than the Construction Account.		
BS FY 2022-06	3-1-011030-0001 (\$9,200.00)	4-1-099010-0042 \$9200.00
Appropriating \$9,200.00 of original project connection fees collected between July 1 and August 17, 2021 used to MWA portion of construction costs. Combined with \$573,725 from BT FY2022-01 and applied to expenses on USDA Expense Requisition #9 – 8/17/21.		
BS FY 2022-07	3-1-041060-0001 (\$726.00)	4-1-099010-0042 \$726.00)
Appropriating funds for 4 easement compensation checks that were written and voided in FY 21 and rewritten in FY 22.		
BT FY 2022-01	4-1-089000-0030 (\$573,725)	4-1-099010-0042 \$573,725.00
Transferring \$573,725 of original project construction fees collected prior to July 1, 2021 to be used toward MWA portion of construction costs. Monies from this transfer will be combined with \$9,200 from BS FY2022-06 and applied to expenses on USDA Expense Requisition #9 – 8/17/21		

EASEMENT ACQUISITION

Mrs. Lewis reported that two temporary easements were received and acceptance of those was requested. The motion to accept and sign easements received for Tax Map 39-92 and 39-93 was made by Mr. Kimbrough, seconded by Mrs. Riggs and carried unanimously.

PROJECT UPDATE

Charlie Beam, Project Manager with Bowman Consulting, presented updates on each construction phase. Phase 1A is approximately 85% complete and expects to be fully operational by the end of the month. Phase 1B and 2 are almost 100% complete. Phase 1B has the lines full of water and has been pressure tested. Phase 2 should be full and tested by the end of the week. These phases are awaiting some hydrant extensions to complete the construction side. Phase 3A west is about 45% complete with pipe in the ground; Phase 3A east is about 200 yards from a tie-end with the Phase

3B pump station. There may be some additional easements needed to get past Karen's Wild Hair, because construction as designed would undermine the building foundation. It is proposed to extend the line from Wilton Creek Road on the south side of Route 33, past the building and then cross back over to the north side. Phase 3B is about 65% complete with work on the pump skid to be delivered tomorrow, work on the roofing and continuing to work on the above ground tank. Phase 4 is approximately 45% complete and the contractor hopes to have all pipe in the ground by the end of December. Testing and tie-in should be completed by April and the system operational.

Regarding pressure testing, Phase 1B maintained 150 psi for 2 hours and had no issues.

Mr. Walker added that there will come a time when the Authority will have to put out an RFP for its own contractor to handle additional customers. This may need to take place around December/January. The Phase 4 contractor has expressed concern about needing a cutoff date so that he can end his contract.

COLLECTIONS

Mrs. Muncy gave an update on collections to date. There are a total of 690 subscribers, with total connection fees required in the amount of \$3,426,000. Of that, \$675,825 has been received to date. Invoices for remaining balances due from Phase 1B and 2 customers have been sent as well as reminder notices to Phase 3A and Phase 4 customers that invoices will follow.

ENGINEERING AMENDMENT

Mrs. Lewis reported that this item has been tabled for discussion at a future meeting.

CHANGE ORDER #4 – PHASE 3B

Mr. Chambers reported that this change order is one of the more substantial ones that included increases due to site conditions and engineering changes to correct some design features in the pumping system and increase the header on the pump station. This has been discussed extensively and had an external engineering firm review the design. The motion to approve change order #4 – Phase 3B, for \$97,185.00, was made by Mr. Kimbrough, seconded by Mrs. Riggs and carried unanimously.

PUBLIC COMMENT

The public comment section was opened. No one presented a request to speak, and the public comment period was closed.

CLOSED SESSION

The motion to convene for a Closed Meeting pursuant to Virginia Code Section 2.2-3711(A)(8), consultation with legal counsel employed by the Middlesex Water Authority regarding the specific legal matter of its contract with Bowman Consulting, was made by Mrs. Riggs, seconded by Mr. Kimbrough and carried unanimously.

OPEN SESSION

Upon reconvening in its Open Meeting, the following motion was made by Mr. Kimbrough, seconded by Mrs. Riggs and carried unanimously:

To the best of the Authority members knowledge, only public business matters lawfully exempted by the motion by which the closed session was called were considered or discussed in the closed session.

ADJOURN

Mrs. Lewis noted that should the Authority need to meet in October, the meeting would be held on the 4th Wednesday, October 27, 2021, and the public and Authority members would be notified.

There being no further business, the motion to adjourn until either the regular meeting on November 17 or a special meeting on October 27, 2021, was made by motion of Mr. Kimbrough, seconded by Mrs. Riggs, and carried unanimously.

Greg Chambers, Chair