Jefferson County Public Service District
Regular Board Meeting
September 6, 2011

The monthly meeting of the Jefferson County Public Service District was held at 7:00PM on Tuesday, September 6, 2011 in the meeting room at the Districts office in Kearneysville. Those in attendance included: Chairman, Joe Hankins; Secretary, Jim Cummins (arrived late); Treasurer, Peter Appignani; General Manager, Susanne Lawton; Administrative Assistant, Ashley Stottlemyer; Operations Manager, Joe Freeze; Pentree Engineers, John Tuggle and Zane Summerfield; District Legal Counsel, Jim Kelsh; and liaison for the County Commission, Commissioner Lyn Widmyer.

Chairman Hankins called the meeting to order at 7:02PM. Since Mr. Cummins was running late to the meeting, the Board decided to handle the budget discussions first until he arrived.

NEW BUSINESS

Discussion of any Expenses over Budget
Ms. Lawton informed the Board that the Fleet Services account is over budget this month.
Action: **No action taken by the Board.**

Disbursements
Action: **Motion made by Mr. Appignani and seconded by Mr. Hankins to approve disbursements for Cavaland water expenses in the amount of $4,927.00, Glen Haven water expenses in the amount of $3,607.99. Approved 2-0.**

Action: **Motion made by Mr. Appignani and seconded by Mr. Hankins to approve disbursements for the Public Service District expenses in the amount of $147,813.98. Approved 2-0.**

Approve Transfer of $2,707.23 from Sewer Security Deposit Account to Sewer Operating for Security Deposit Refunds
Action: **Motion made by Mr. Appignani and seconded by Mr. Hankins to approve the transfer of $2,707.23 from Sewer Security Deposit Account into Sewer Operating Account for Security Deposit Refunds. Approved 2-0.**

Approve Transfer of $1,250.00 from Future Needs Account to Sewer Operating for Web Pay Invoice
Action: **Motion made by Mr. Appignani and seconded by Mr. Hankins to approve the transfer of $1,250.00 from Future Needs Account into Sewer Operating Account for Web Pay Invoice. Approved 2-0.**

Public Comments
Tom Baldau, Harpers Ferry resident, commented on the decision by the Public Service Commission (PSC) to deny the District's Flowing Springs Wastewater Treatment Plant certificate application. He agreed with the decision and believed the Board owed the community and rate payers an apology for wasting the money and effort on a wastewater treatment plant that is not necessary. He requested to repeat his comments when Mr. Cummins arrives.

Consider Purchase of Sewer Camera
Mr. Freeze discussed the need for purchasing a sewer camera for District staff. There have been numerous occasions when staff has needed to use one, but no other utilities in the area currently have one that is working. He would like to purchase a color camera with accessories and at least 150 feet of cable not to exceed $5000. The Board agreed that a sewer camera was needed for District staff.

Action: **Motion made by Mr. Appignani and seconded by Mr. Hankins to purchase the sewer camera discussed or a similar model with options not to exceed $5,000.00. Approved 2-0.**

OLD BUSINESS

Update on Flowing Springs Wastewater Treatment Plant Project
Mr. Kelsh updated the Board on the denied decision on the Flowing Springs wastewater treatment plant certificate case at the Public Service Commission (PSC). He informed the Board that the West Virginia Department of Environmental Protection would appreciate a letter from the District if the Flowing Springs wastewater treatment plant is not going to be pursued so the funds committed to this project can be released for other projects. The Board has the legal right to appeal the PSC ruling on the case by September 11th if they wish to do so. The Board took public comments on this issue.

Mr. Cummins then arrived to the meeting at 7:23PM.

Todd Baldau repeated his comments he made earlier in the meeting.

Commissioner Patsy Noland, Jefferson County Commission, was disappointed in the PSC decision, but was not surprised. She felt the Flowing Springs wastewater treatment plant is needed, but with the make-up of the Supreme Court at this time an appeal would not be successful.

Jacquelyn Milliron, intervener in the Flowing Springs PSC certificate case, stated she was not against wastewater treatment plants or the location of the proposed Flowing Springs wastewater treatment plant, but was against plants that are solely paid for by her, a customer of the District. Ms. Milliron commended the Districts staff, particularly Ashley Stottlemyer, for the help in providing her with requested documents.

Commissioner Lyn Widmyer, Liaison to the Jefferson County Commission, requested the District figure out what happens next regarding sewer capacity in the County due to recent permit requests by developers.

Heidi Parker, intervener in the Flowing Springs PSC certificate case, agreed with the results of the PSC decision and stated the ones needing the plant should be the ones who pay for it, not the rate payers. Ms. Parker was not against the project itself or the location of the plant, but the means of paying for the costs. She believed that wasted time was spent on something that should not have gotten this far and even more time should not be spent by the District filing an appeal.

With there being no further public comments, Mr. Hankins expressed his thoughts. He stated there has been no project he has personally worked harder on and he takes full accountability of pushing the project forward. Mr. Hankins explained that projects have a window of opportunity and timing was not in favor of this project with the current status of the economy and funding options. He did not offer an apology for the project as requested because he felt the project needed to move forward and it is his personal opinion that it will be needed in the future. One of the challenges of the Board is thinking ten or twenty years in advance. The Board was trying to think in advance, involve the public, play by the rules, and illustrate complete transparency throughout the entire process of this project. Mr. Hankins stated there is no value in moving forward with an appeal, but the District will construct a new plan and move forward because wastewater in the County is in poor shape and investments will have to be made in the future.

Action: **Motion made by Mr. Appignani to not pursue actions to file an appeal with West Virginia Supreme Court and send a letter to DEP informing them that the Flowing Springs plant is not going to be pursued so the funds committed to this project can be released for other projects.**

Further discussions were made at this time. Mr. Cummins stated he supports Mr. Hankins' comments and feels there is no need to apologize for pursing this project. He explained that the repercussions for the County will be negative in that small wastewater treatment plants will be proposed if capacity is not available. Mr. Appignani agreed with Mr. Cummins comment regarding the small plants.

Action: **After discussions, the motion was approved unanimously.**

Mr. Kelsh made the comment and commended the Board as being one of the most knowledgeable and hardworking Board's in the State of West Virginia when it comes to water and wastewater issues, with Mr. Hankins being highly respected throughout the state.

Review Minutes of August 1 Regular Board Meeting
The minutes of the August 1, 2011 regular Board meeting were approved as presented.

Action: **Motion made by Mr. Appignani and seconded by Mr. Cummins to accept the August 1, 2011 minutes as presented. Approved 2-0. Mr. Hankins abstained due to his late arrival at that meeting.**

NEW BUSINESS

Introduction of a Possible Project by Citizens of the Blue Ridge Act and the Westridge Hills Homeowners Association for a Public/Private Partnership between Jefferson Utilities, Inc and the District
John Maxey, a member of the Citizens of the Blue Ridge Act requested this item to be put on the agenda in hopes of the District possibly pursuing a project under the Public Private Partnership agreement the District currently has with Jefferson Utilities. Mr. Maxey informed the Board that the Westridge Hills test wells project that was taken on by the County was completed last month and resulted in two high production commercial design wells drilled out to 8-inch diameter, one with a rate of 150 gallons per minute that was tested by a long-term two week drawdown test and the other producing over 50 gallons per minute before the pump was installed. He stated the Dunn Engineering Report estimated that 50 gallons per minute were needed to solve the problems in the mountain communities, which the two Westridge Hills have proven to exceed. Mr. Maxey has suggested the District submit an application to the West Virginia Infrastructure and Jobs Development Council for a project to own and operate the wells to supply water to the mountain customers. These wells are on the property of the Westridge Hills Homeowner Association, which he stated, has offered to donate both the land and wells to the District. According to Mr. Maxey, the costs of this proposed project would be an estimated $1.5 million.

Mr. Kelsh stated that the District currently has a design loan debt from a previous 1998 Blue Ridge project for $145,000 that will need to be paid when the District undertakes another water project. He also stated that the current Memorandum of Understanding the District has with Jefferson Utilities would need to be revised to reflect this new proposed project if the District decides to pursue. The Board commended the County for donating the funds to complete the test wells project in Westridge Hills, but would like to wait for the final report from the County to be published before making any decisions. The District would also like to discuss this proposal with Jefferson Utilities before responding to Mr. Maxey's request. The Board deferred this item to Executive Session for further discussions.

Action: **No action taken by the Board.**

Discuss Status of Capacity Assurance Agreement (CAA) for Jefferson County Development Authority
Mr. Kelsh updated the Board. With the Public Service Commission denying the Flowing Springs certificate case, they also denied the funding package which included the Capacity Assurance Agreement the District currently has with the Jefferson County Development Authority. The Development Authority recently paid the District $1 million to reserve capacity by entering into a Capacity Assurance Agreement with the District. Mr. Kelsh informed the Board of three different options the Board could possibly take including refunding the $1 million dollars to the Development Authority, hold onto the money and negotiate a new agreement and resubmit to the Public Service Commission, or refund the $1 million dollars and negotiate a new agreement and resubmit to the Public Service Commission.

Tom Bayuzik was in the audience and informed the Board that the Development Authority will be making a recommendation at their Board Meeting on September 13th and will notify the District of their decision.

Action: **No action taken by the Board.**

Consider Options and Process Path for Creating/Revising PSD Strategic Plan
With the denial of the Flowing Springs wastewater treatment plant certificate case, the District is considering drafting an RFP for a strategic plan long term planning of infrastructure in the County. Mr. Appignani suggested looking into consolidation options in the plan with Charles Town or Ranson. Mr. Cummins stated

that developing a strategic plan to incorporate growth the District does not have control on will be difficult and the help of other entities will be needed, but he believes the plan is necessary. Mr. Appignani responded to Mr. Cummins comments stating the District would have professionals draft the plan and revisit every couple years for updates. Commissioner Widmyer stated that a strategic plan would be a great asset to the County and its citizens.

Action: **Motion made by Mr. Appignani to professionally undertake the creation of a strategic plan. A brief discussion took place before any further actions.**

Bob Woodrome, resident of Gap View, suggested completing the Flowing Springs project in stages since the project was too large for its time.

Mr. Hankins commented that the Charles Town strategic plan is a useful document which the District should draft something similar and have consensus with Charles Town and Ranson. He agreed with Mr. Appignani to look into consolidation and suggested getting independent assistance with drafting the plan.

Ms. Milliron, intervener in the Flowing Springs PSC certificate case, stated that what's been missing in the Flowing Springs project is what's in the best interest of the customers. She suggested the District keep in mind the customers interests and what's both environmentally and economically feasible when drafting the plan.

The Board would like staff to draft a Request for Proposals for next month's agenda.

Action: **Mr. Appignani amended his original motion and Mr. Cummins seconded to have staff work with the Board to draft a scope for a Request for Proposals and refine with public input and bring back at the October meeting as a first step of creating a strategic plan. Unanimously approved.**

Consider Refinance or Repayment Options for BAN for Flowing Springs Project Expenses

Mr. Kelsh informed the Board of the BAN expiration that is coming up on January 6th which was initially approved two years ago to pay for engineering design work by Pentree totaling $750,000 for the Flowing Springs Wastewater Treatment Plant. He reviewed the three options the Board could choose to take including pursuing a design loan from West Virginia Department of Environmental Protection (DEP), a bond from West Virginia Infrastructure and Jobs Development Council (IJDC), or refinancing the BAN with DEP, MVB Bank, or another private lender. Ms. Lawton received rates from MVB for a 3, 5, and 10 year loan. She would also like to borrow the necessary $300,000 to upgrade pump station 5-3 in Burr Industrial Park. Along with the $750,000 debt of the BAN, Pentree also has $1.3 million invested in the Flowing Springs project that needs to be paid by the District. Mr. Kelsh informed the Board that the District must get approval from the Public Service Commission for any type of loan or grant. The Board would like Chuck Young from Cox Hollida Price to complete a cash flow analysis before making any financial decisions. Ms. Lawton is going to get loan rates options from multiple banks for next month.

Action: **No action taken by the Board.**

Report on Phase II WIP Summit in Martinsburg 31 August 2011

Mr. Hankins, Ms. Lawton, and the Districts newly hired engineering technician, Matt Piepenburg, along with numerous elected officials, DEP, engineers, local government employees, the public and state legislatures attended the Chesapeake Bay Summit in Martinsburg held by Region 9. The Chesapeake Bay program, phase I and II WIP, nutrient trading, and stormwater rulemaking were discussed at the meeting.

Action: **No action taken by the Board.**

Consider Upgrades to Glen Haven and Cavaland Water Systems

Ms. Lawton recently completed funding requests from Bureau for Public Health and Region 9 for possible funding assistance for the Glen Haven and Cavaland water systems projects. In 2009, Gwin, Dobson, & Foreman (GDF) engineers completed an evaluation study on both systems and proposed recommendations for upgrading each. The Board would like Ms. Lawton to contact GDF about possibly moving forward on the upgrade projects and draft an addendum to the original agreement. This item will be on the agenda next month.

Action: **No action taken by the Board.**

Discuss Upgrades to Pump Station 5-3

The District is continuing to experience daily problems at this pump station. Pentree has prepared an estimate to rebuild the pump station, but finding the money to cover the costs is an issue. Ms. Lawton suggested possibly rolling the costs into the refinance of the BAN loan. She will ask for an option which will include these costs in with the BAN costs when researching with banks and the loan options. She is also going to have Chuck Young from Cox Hollida Price draft an analysis based on findings from the banks on the added costs to cover the $300,000 in upgrade costs. District staff will prepare a Request for Proposals while awaiting the analysis.

Action: **No action taken by the Board.**

General Manager's Report

Ms. Lawton updated the Board on activities since last month's meeting.

Cavaland Landscaping - Ms. Lawton received a proposal from Ellen May regarding landscaping around the Cavaland well house costing around $385. The Board agreed with the proposal and would like to proceed.

Action: **No action taken by the Board.**

Public Comment

None.

Correspondence

None.

Action: **Motion made by Mr. Hankins and seconded by Mr. Appignani to convene in executive session for the purpose of discussing litigation and contract negotiations. Unanimously approved.**

Mr. Appignani excused himself from the discussions on the Jefferson Utilities, Inc General Investigation case currently at the Public Service Commission.

Action: **Motion made by Mr. Hankins and seconded by Mr. Cummins to return to public session. Unanimously approved.**

Action: **Motion made by Mr. Hankins and seconded by Mr. Cummins to adjourn. Unanimously approved.**

There being no further business at this time, the meeting was adjourned at 11:52PM

The next regular meeting is scheduled for October 3, 2011 at 7:00pm at 340 Edmond Road, Suite A at the Districts office in Kearneysville..

Respectfully Submitted,

Joseph A. Hankins
Chairman

Peter L. Appignani
Treasurer