

Jefferson County

Public Service District

Jefferson County Public Service District Regular Board Meeting February 2, 2015

The monthly meeting of the Jefferson County Public Service District was held at 7:00PM on Monday, February 2, 2015 in the meeting room at the Districts office in Kearneysville. Those in attendance included: Chairman, Peter Appignani; Secretary, Richard Weese; Treasurer, Bill Strider; General Manager, Susanne Lawton; Administrative Assistant, Ashley Stottlemeyer; Operations Manager, Joe Freeze; District Legal Counsel, Jim Kelsh; from Thrasher Engineering, Wayne Morgan; and Liaison for the County Commission, Commissioner Jane Tabb.

CALL TO ORDER

Chairman Peter Appignani called the meeting to order at 7:00PM.

Approval of agenda

The Board approved the agenda after removing the item to approve resolution #10 for the water project.

Action: No action required by the Board.

Public Comments

None.

OLD BUSINESS

Review Minutes of January 5 regular board meeting

The minutes of the January 5, 2015 regular board meeting were approved as presented.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to accept the January 5, 2015 regular board meeting minutes as presented. Unanimously approved.

Update on the water systems improvement project for Glen Haven and Cavaland

- Approval of change order no. 4 for additional customer service line expenses to be paid with project budget contingency funds
- Presentation of change order no. 5 for additional customer service line expense exceeding presently available project funding
- Approval of change order no. 6 extending time for contractors to complete construction by 120 days, with commencement of the extension retroactive to January 29, 2015
- Discuss and consider approval of cost overrun

Ms. Lawton and Ken Beldin from Gwin Dobson & Foreman (GDF) walked both systems which are now substantially complete, except for a few minor issues that will be dealt with in the spring. Mr. Beldin explained to the Board the budget overrun issue of about \$79,000 from the contractor. He stated that the Bureau for Public Health agreed with giving the contractor the rest of the money in the contingency which totals \$39,841.50, leaving \$39,183.37 owed to the contractor. The budget overrun was due to problems the contractor had with the connections of twelve customers. Mr. Beldin is working with District staff and other state agencies to resolve the balance owed to the contractor. Mr. Beldin would like the Board to consider approving change order #4 and #5, but table #6.

Action: Motion by Mr. Strider and seconded by Mr. Weese to approve change order #4. Unanimously approved.

Action: Motion by Mr. Strider and seconded by Mr. Weese to approve change order #5. Unanimously approved.

Action: Motion by Mr. Strider and seconded by Mr. Weese to table the approval of change order #6. Unanimously approved.

Action: Motion by Mr. Strider and seconded by Mr. Weese to authorize Region 9, the administrator for the project, to pursue additional grant funding for the budget overrun. Unanimously approved.

Update on sewer collection and transmission project

Wayne Morgan from Thrasher Engineering is working with the Department of Environmental Protection and the Public Service Commission to revise the Preliminary Engineering Report. Mr. Kelsh informed the Board of the legal services agreement which needs to be revised per the RUS format.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve the revised legal services agreement for the sewer project in RUS format. Approved 2-1. Mr. Appignani voted against the motion.

Consider applying for RUS funding for acquisition of water and sewer utility assets of Jefferson Utilities, Inc., Shenandoah Junction, Inc. and East Jefferson Sewer, LLC and water project to replace and upgrade Keyes Ferry Acres, Westridge Hills, and Harpers Ferry Campsites

Mr. Kelsh sent a letter to Janna Lowery of USDA RUS regarding their policy that a majority of its funds on a project cannot be used for an acquisition. Mr. Kelsh would like to wait for a response from Ms. Lowry's office before making any decisions on this project.

Action: This item was tabled until next month.

Update on strategic plan

Ms Lawton informed the Board that Dunn Engineering is working on the strategic plan, but they have not yet submitted their update.

Action: No action required by the Board.

Discuss the District's financial status (status of paying bills)

Ms. Lawton stated that the District will need an estimated \$99,000 in payments to cover the disbursements for this month.

Action: No action required by the Board.

NEW BUSINESS

Consider Renewal of Generator Maintenance Agreement with Apparatus Repair & Engineering, Inc.

The past few years the District has entered into an agreement with Apparatus Repair & Engineering, Inc. (AR&E) for an annual preventative maintenance program for 20 of the District's generators. The staff would like to renew the annual contract.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to renew the contract with Apparatus Repair & Engineering, Inc. for generator maintenance with the annual cost of \$10,952.00. Unanimously approved.

Consider revision to annual leave policy in District handbook

Ms. Lawton requested a revision to the annual leave policy to eliminate the hours given to employees in the 20 years of service or more tier. Due to staffing issues, she would like to modify or eliminate this section of the policy. Given that no employee has 20 years of service Mr. Appignani stated that this would not solve the problem. The Board would like Ms. Lawton and Mr. Freeze to come back next month with further options.

Action: No action required by the Board.

Consider revision to recently approved Rule 42 for sewer project to allow portion for current rate increase to meet bond and cash flow needs and to be resubmitted

Ms. Lawton stated that due to coverage concerns, a revision may need to be made to the Rule 42 which was approved by the Board two months ago. This revision would be submitted to the Public Service Commission separate from the sewer project submission to initiate a rate increase to assist in the monthly cash flow shortage and assure bond coverage. Ms. Lawton stated that if the Board wishes to do so, staff will work with the Districts accountant to determine how much of an increase is needed. Mr. Appignani was concerned that the financial information for the month, provided to the Board, indicated bond coverage of 130% and if coverage was determined to be above 115% the District would not be granted a rate increase. Given the Districts current financial situation, the District should first determine if coverage would actually be below 115% before pursuing a Rule 42 rate increase.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to authorize staff and professionals to prepare a rate analysis for a non-project related Rule 42 for sewer bond coverage needs and request to see the details at the March board meeting so the Board can assess if a rate increase is needed. Motion was amended by Mr.

Strider and seconded by Mr. Weese to not exceed \$2500 for CoxHollida and Professionals to complete the Rule 42 if the analysis showed one was needed. Unanimously approved.

Discuss Post-Issuance Compliance of Bonds

Ms. Lawton informed the Board of a new requirement from the West Virginia Water Development Authority (WDA) to comply with the post-issuance compliance requirements of the Internal Revenue Code of 1986 as amended for all tax-exempt bonds issued by WDA. The District has two bonds that were listed for this requirement. Ms. Lawton stated that the District must adopt the new policy and appoint a compliance officer to complete annual forms and other documentation.

Action: Motion made by Mr. Weese and seconded by Mr. Strider to appoint Ms. Lawton as the compliance officer. Unanimously approved.

Update on Status of Current Public Service Commission Cases

PSC case # 12-0513 -PSD-PC (2012 sewer rate case) – Mr. Kelsh filed a motion with the Public Service Commission to reopen the case and file a four month extension for submitting the strategic plan.

PSC case # 13-1175-S-C (Old Standard, LLC complaint) & Circuit Court case # 14-C-51 – Ms. Lawton informed the Board that the PSC closed the case, but Mr. Rodecker filed a request for the PSC to reopen the case and clarify unanswered questions. Mr. Hammer filed an extension in the circuit court case and was granted 180 days.

Action: No action required by the Board.

Request from Mr. Cheezum for more information on the Old Standard, LLC and East Jefferson Sewer System cases

Mr. Cheezum requested more information on the Old Standard, LLC and East Jefferson Sewer System cases. Mr. Kelsh gave a brief overview of the cases and their current status. Mr. Cheezum also requested the letter addressed to him from Mr. Kelsh regarding ethical obligations of board members be posted on the Districts website. The Board agreed to his request.

Action: No action required by the Board.

Report on legislation of possible interest to the District by Jim Kelsh

Mr. Kelsh informed the Board of two legislative bills that may be of interest to them. The first bill, House Bill 2238, would require that the PSC be composed of one member from each of the federal legislative districts. The second bill, Senate Bill 234, would amend portions of Chapter 16 and 24 to revise the PSC jurisdiction over utilities.

Action: No action required by the Board.

Discussion of any Expenses over Budget

There were no items over budget this month.

Action: No action required by the Board.

Disbursements

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve disbursements for Public Service District water expenses in the amount of \$5,890.02. Unanimously approved.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve disbursements for the Public Service District sewer expenses in the amount of \$174,479.58. Unanimously approved.

Approve transfer of \$3,600.00 from the renewal & replacement account to the sewer operating account for driveway improvements at pump station 4-5

Approve transfer of \$5,321.02 from the renewal & replacement account to the sewer operating account for a pump repair at pump station 5-1

Approve transfer of \$6,696.66 from the sewer security deposit account to the sewer operating account for security deposit refunds

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve transfer of \$3,600.00 from the renewal & replacement account to the sewer operating account for driveway improvements at pump station 4-5; approve transfer of \$5,321.02 from the renewal & replacement account to the sewer operating account for a pump

repair at pump station 5-1; approve transfer of \$6,696.66 from the sewer security deposit account to the sewer operating account for security deposit refunds. Unanimously approved.

General Manager's Report

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

Action: No action required by the Board.

Other staff reports

None discussed.

Action: No action required by the Board.

Correspondence

None discussed.

Public Comment

Jacquelyn Milliron, Breckenridge resident, had questions about the sewer project and raising the rates. She questioned if consolidation was still being explored as an alternative. Ms. Milliron was also concerned why Ranson has agreements with developers for them to cover project costs, but the District developers do not help cover project costs.

Mr. Freeze and Commissioner Tabb exited the meeting. Mr. Morgan stayed for executive session.

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

Action: Motion made by Mr. Strider and seconded by Mr. Weese to return to public session. Unanimously approved.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to adjourn. Unanimously approved.

There being no further business at this time, the meeting was adjourned at 8:36PM.

The next regular meeting is scheduled for Monday, March 2, 2015 at 7:00pm at 340 Edmond Road, Suite A at the Districts office in Kearneysville.

Respectfully Submitted,



Peter L. Appignani
Chairman



William H. Strider
Treasurer