

Jefferson County

Public Service District

Jefferson County Public Service District Regular Board Meeting May 4, 2015

The monthly meeting of the Jefferson County Public Service District was held at 7:00PM on Monday, April 6, 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, Joseph Freeze; District Legal Counsel, Jim Kelsh; from Thrasher Engineering, Wayne Morgan; from Dunn Engineering, Fred Hypes; 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 made no changes to the agenda.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve the agenda. Unanimously approved.

Public Comments

Dale Manuel, Jefferson County Commissioner, informed the Board that the Commission will be discussing sewer and water impact fees this week and hopes the District will support this effort by the County.

OLD BUSINESS

Review Minutes of April 6 regular board meeting

The minutes of the April 6, 2015 regular board meeting were approved as presented.

Action: Motion made by Mr. Strider and seconded by Mr. Weese to accept the April 6, 2015 regular board meeting minutes as presented. Unanimously approved.

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

Ms. Lawton stated that the District will need an estimated \$91,000 in payments to cover the disbursements for this month.

Action: No action required by the Board.

Discuss sewer collection and transmission project

Mr. Morgan, from Thrasher Engineering, informed the Board that the revised West Virginia Infrastructure and Jobs Development Council application which includes the revised Preliminary Engineering Report had been submitted by May 10th for consideration at their May 27th funding and technical committee meeting. If it is approved at this meeting it will go on to the June's full committee meeting.

Action: No action required by the Board.

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

Ms. Lawton informed the Board that she has a walk through scheduled for both systems with the contractor to address any final issues and complaints. She also stated the West Virginia Infrastructure and Jobs Development Council has not yet approved the request for additional grant funds to cover cost overrun on the project.

Action: No action required by the Board.

Update on strategic plan

Mr. Hypes from Dunn Engineering is continuing to work on drafting a strategic plan. He hopes to have a draft for the Board to review by the end of the month.

Action: No action required by the Board.

Approve sewer transmission agreement with Ranson

Chairman Appignani prepared a statement, which he read into record, regarding his concerns over recent actions by the Board and potential conflicts of interest. He had particular concerns with the revised transportation agreement with Ranson that the Board is to vote on at this meeting without taking into consideration his concerns and unanswered questions. Mr. Appignani also raised concerns about the possibility of a conflict of interest with Mr. Strider's participation with Ranson and his ownership of Clay Hill Farm. Mr. Appignani has taken his concerns to the West Virginia Ethics Commission and proposed to the Board to table a final vote on the agreement until an advisory opinion has been provided by the Ethics Commission.

Action: Motion made by Mr. Appignani to table a final vote on the revised transportation agreement with Ranson until an advisory opinion has been provided by the Ethics Commission. This motion failed due to a lack of a second.

Mr. Kelsh gave a brief update on the changes of the revised transportation agreement with Ranson. Since the approval by the Board last month, Ranson proposed a few minor changes.

Action: Motion made by Mr. Weese and seconded by Mr. Strider to approve the revised transportation agreement with Ranson as presented. Approved 2-0. Mr. Appignani abstained.

NEW BUSINESS

Request from Charlie Cheezum to discuss document on acquisition of Jefferson Utilities, Inc. assets

Mr. Cheezum made a request for an explanation on a document regarding the acquisition of Jefferson Utilities, Inc. assets which was given to the County Commission last year. Mr. Kelsh answered Mr. Cheezum's concerns by explaining the difference between a publicly owned utility versus a privately owned utility and the limitations of both in regards to an acquisition.

Action: No action required by the Board.

Request for sewer service from Fred Blackmer for Morgans' Grove Market

Mr. Blackmer made a request to the Board to consider a possible partnership with Shepherdstown to expand water and sewer service in the Shepherdstown area of the Morgan Grove Market. The Board requested Mr. Blackmer submit a proposal after discussing this idea with Shepherdstown.

Action: No action required by the Board.

Consider donation to D.A.R.E. Program sponsored by the Sheriff's Department

Over the past two years, the District has donated \$50 to the program and Ms. Lawton wanted the Board to consider donating again. Mr. Weese stated that he will donate the \$50 to the D.A.R.E. program this year on behalf of the District.

Action: No action required by the Board.

Consider renewing the WV Division of Natural Resource permit for Highland Farms

Ms. Lawton has already renewed the permit and revised the ownership to the District's name since there was no fee to do either. This permit allows the piping for a future wastewater treatment plant on this property, which the District owns, to send its discharge across the road to a point in Evitts Run where it will discharge into the Shenandoah River.

Action: No action required by the Board.

Discuss Charles Town strategic plan

The Board agreed that the new Charles Town strategic plan was well drafted, but would like more time to review it before making any comments so they tabled until next month.

Action: No action required by the Board.

Consider directing Jim Kelsh to offer to work with County Commission legal staff to investigate water and sewer impact fees

Ms. Lawton would like the Board to consider directing Mr. Kelsh to be of assistance to the County Commission regarding the investigation of sewer and water impact fees. Commissioner Dale Manuel stated

that any resources to investigate this matter would be greatly appreciated. Commissioner Jane Tabb commented that when the County staff is ready for help, they would be supportive of Mr. Kelsh's assistance. The County Commissioners present at the meeting will communicate to the County Commission that Mr. Kelsh is available to assist them.

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

Update on Senate Bill 234

Mr. Kelsh updated the Board on the new requirements of Senate Bill 234 that was passed into law and will go into effect on June 14, 2015. This new legislation made numerous changes to the regulation of public service districts (PSD's) and municipalities in West Virginia. One of the many changes is the requirement to maintain a working capital reserve in an amount no less than one eighth of actual annual operation and maintenance expenses. Mr. Kelsh stated that also under these new requirements, PSD's no longer need Public Service Commission approval to obtain loans, grants, or engineering contracts.

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

Update on Status of Current Public Service Commission Cases

East Jefferson Sewer Service, LLC vs JCPSD civil action case # 14-C-51 – There have been no new updates on this case.

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

Consider renewal of audit services by CoxHollida & Professionals for fiscal years ending 2015, 2016, and 2017

Cox Hollida & Professionals has served as the Districts accounting firm for the last several years. Both the Board and the Districts staff have been satisfied with the firm's performance and would like to continue using their services.

Action: **Motion made by Mr. Strider and seconded by Mr. Weese to approve the engagement letter from CoxHollida & Professionals for audit services for the fiscal years ending 2015, 2016, and 2017. Unanimously approved.**

Consider Fiscal Year 2015 budget revision

This revised budget has minor changes to various accounts to ensure these accounts don't go over for the year. The revised budget shows 115% coverage.

Action: **Motion made by Mr. Strider and seconded Mr. Weese to accept the Fiscal Year 2015 budget revision as presented. Unanimously approved.**

Presentation of draft Fiscal Year 2016 sewer operating budget

Mr. Young from CoxHollida & Professionals discussed the Fiscal Year 2016 sewer operating budget. As presented the budget shows 117% coverage. Due to the new Senate Bill 234 requirements, the District must create a working capital reserve with one eighth of the previous year's operation and maintenance expenses. To fund this reserve account, Mr. Young discussed the need for a rate increase. With too many unknowns regarding the Senate Bill 234 requirements, the Board tabled the approval of the budget until next month when more information is available.

Action: **No action required by the Board**

Presentation of draft Fiscal Year 2016 water operating budget

Mr. Young discussed the Fiscal Year 2016 water operating budget. Like the sewer budget, with the new Senate Bill 234 requirements the District had to create a working capital reserve. Since the water systems have been replaced, staff does not have sufficient historical data to calculate the operation and maintenance costs from the previous year. Mr. Young and staff used the fiscal year 2015 financial data to estimate a fiscal year 2016 working capital reserve. The fiscal year 2016 budget shows 115% coverage and it appears that we will be able to slowly fund the SB 234 requirement with existing rates.

Action: **Motion made by Mr. Strider and seconded Mr. Weese to accept the Fiscal Year 2016 water operating budget as presented. Unanimously approved.**

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 \$5,401.39. 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 \$177,331.72. Unanimously approved.

Approve transfer of \$1,393.04 from the Renewal & Replacement account to the Sewer Operating account for pump repair at Deerfield WWTP

Approve transfer of \$4,311.25 from the Series 2013A Bond account to the Sewer Operating account for strategic plan expenses

Approve transfer of \$5,546.38 from the Sewer Security Deposit account to the Sewer Operating account for security deposit refunds

Approve transfer of \$193.84 from the Water Security Deposit account to the Water Operating account for security deposit refunds

Action: Motion made by Mr. Strider and seconded by Mr. Weese to approve transfer of \$1,393.04 from the Renewal & Replacement account to the Sewer Operating account for pump repair at Deerfield WWTP; approve transfer of \$4,311.25 from the Series 2013A Bond account to the Sewer Operating account for strategic plan expenses; approve transfer of \$5,546.38 from the Sewer Security Deposit account to the Sewer Operating account for security deposit refunds; approve transfer of \$193.84 from the Water Security Deposit account to the Water 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

Joe Spurgis, Shepherdstown resident, lives across from Morgan's Grove Market and has invested in a water and septic system for his home and does not want to be forced to hook up to a new public system that was proposed in Mr. Blackmer's earlier presentation. Mr. Spurgis does not want to pay for Mr. Blackmer's project.

Russel Kitchner, Gap View Village in Harpers Ferry, is a neighbor of Mr. Appignani and has served with him on their developments HOA Board for many years. He was fundamentally impressed with Mr. Appignani's commitment to the community and to his best interest of the County. Mr. Kitchner was disturbed by the Board's unwillingness to consider the merits of Mr. Appignani's reservations and concerns and the unwillingness to give consideration to Mr. Appignani's earlier request. He stated this reflects poorly on the integrity of the District Board.

Jacquelyn Milliron, District customer, reiterated Mr. Kitchner's comments and appreciates Mr. Appignani's due diligence to deal with concerns. She questioned why the Board does not make the developers pay for the projects. Mr. Milliron is drafting a spreadsheet for the DC metro area of the various rates for service and has found the District rates to be much higher. She requested the Board perform the due diligence to find funding for the new sewer project rather than increasing the rates.

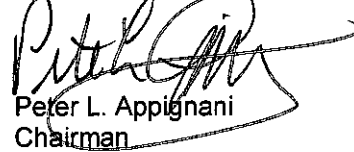
Heidi Parker, District customer, agreed with the statements from Mr. Kitchner and Mrs. Milliron and requested the Board make those who are building cover the costs.

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

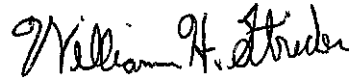
There being no further business at this time, the meeting was adjourned at 8:46PM.

The next regular meeting is scheduled for Monday, June 1, 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
William H. Strider
Treasurer

Statement Concerning the Sewer Transmission Agreement with Ranson

May 4, 2015

Over the past few months, I have had grave misgivings about some of the actions taken by this Board, particularly as regards actual or potential conflicts of interest. The minutes of our meetings reflect that I have raised these concerns. I did this in an earnest effort to resolve the questions before further action was taken under circumstances that might give rise to disqualifying conflicts of interest. My apprehensions were dismissed with little discussion, and no explanation that would remove or negate the causes of my concerns.

Of particular concern is the revised transportation agreement with Ranson on which the Board is poised to take a final vote tonight. Because my questions have received inadequate and unsatisfactory answers, I have taken it upon myself to study the issues more closely to determine if my concerns were unfounded. I regret that this study has not alleviated my misgivings; rather, it has elevated them.

In view of Mr. Strider's participation in Ranson's economic development and expansion plans, and his ownership interest in Clay Hill Farm, I believe that there is legitimate reason to question his participation in the discussion and voting on this issue. It also appears that if any of us were to vote in favor of the proposal, knowing that one of our members has a disqualifying conflict of interest, we would be equally guilty of a violation of the Governmental Ethics Act. Furthermore, as I have come to understand, when the public interest is involved, a lawyer may not represent a party where there is an actual or potential conflict of interest, even with the consent of all parties. In my opinion, both of these questions should have been resolved before this Board undertook consideration of the revision of the agreement with Ranson. Where any doubt exists, a definitive answer can easily be secured from the West Virginia Ethics Commission. Instead, this Board appears ready to commit the District to a multi-million dollar obligation, which may have been influenced by interests and allegiances that compete with those of the District.

I could not, in good conscience, proceed to a final vote when these questions remain unexamined. Therefore, I have submitted these questions to the Ethics Commission. My request will be taken up by the Commission at its meeting this Thursday, May 7, and its answer to the questions should follow shortly thereafter. Accordingly, I move that we table consideration of the revised agreement with Ranson until the Ethics Commission has provided its advisory opinion.

Peter Appignani, Chairman