

Stafford County Utilities Commission
Meeting Minutes
September 10, 2013

I. Call to order

Chairman Bill Tignor called to order the regular meeting of the Utilities Commission at the Stafford County Government Center on September 10, 2013 in the A, B, C Conference Room.

II. Roll call

Cheryl Giles conducted a roll call. The following persons were present: Joyce Arndt, David Bohmke, John Harris, and Bill Tignor. Dale Allen, Janet Spencer, Deidre Jett, Bryon Counsell and Cheryl Giles were present for the Utilities Department. Deputy County Administrator Keith Dayton was also present.

III. Public Presentations

No public presentations.

IV. Approval of minutes from last meeting

The August 6, 2013 minutes were approved as written.

V. Commission Members' Comments

Mr. Bohmke thanked Ms. Jett for additional information she provided on short notice.

VI. Director's Report

Ms. Spencer thanked the Commission members for their input, guidance, and support over the past months of the CIP, bond issuance, and water and sewer rate increase. She reported that a significant water outage occurred earlier today. The outage was caused by a contractor that hit a 2-inch waterline near the Dominion Virginia office on Warrenton Road. It impacted a large area and took five hours to restore.

Mr. Counsell provided an update about the Rocky Pen Run dam construction. He reported that the embankment and spillway are essentially complete. The pump station is in the mechanical phase and is projected to be completed in January. The clearing is progressing smoothly and is almost complete. Demolition of three houses will take place soon. The distribution lines that run between the projects along Greenbank Road and the Giant on Route 17 will begin in early November. Plans to solicit bids for a new Celebrate Virginia Water Tank are projected for later this year.

Mr. Tignor asked when the reservoir is expected to be filled. Mr. Counsell responded that information is being compiled for the necessary events that need to take place and mid-October would be the earliest that filling would begin.

Mr. Allen requested the commission consider adding the following two items to the agenda:

- Impact of the Rate and Fee Adjustments
- Public Hearings to Consider Easements to be Granted to Dominion Virginia Power as Part of the Rocky Pen Run Reservoir Project

Mr. Tignor made a motion to add the items to the agenda. The motion was seconded by Mr. Bohmke and passed unanimously.

VII. Unfinished Business

1. Pump and Haul Discussion

Mr. Tignor provided a recap of the recommendations discussed at last month's meeting.

Discussion ensued about how to proceed with the pump and haul sub-committee's recommendations.

Mr. Harris made a motion that a public hearing be held next month by the Commission to seek the public's input about the pump and haul sub-committee's recommendations. Mr. Bohmke seconded the motion and it passed with a 3-1 vote. Mr. Tignor was the opposing vote.

2. Rocky Pen Run Financial Update

Ms. Jett reported that \$1.6M was spent in August. During the month of September and October, Ms. Jett estimated that spending will be about \$3M. The overall costs have increased to about \$230,000 for various items. The bulk of the costs were \$100,000 to Mersino for dewatering services for the dam, a \$84,150 change order to Haymes Brothers, and \$25,000 for demolition of houses.

VIII. New Business

1. Advertise a Public Hearing to Place County-Owned Property into Conservation as Part of Environmental Mitigation for Rocky Pen Run Dam Project

Mr. Counsell reported that at the Board's February 21, 2012 meeting, the Board approved changes to the Mitigation Plan. The revised plan included county-owned property near the dam and included additional acres near the Rappahannock River Intake Pump Station. The public hearing is to consider execution of a Declaration of Restrictions for the property near the Rappahannock River Intake Pump Station into conservation as part of the Environmental Mitigation Plan for the Rocky Pen Run Dam.

Mr. Bohmke made a motion to recommend approval of proposed resolution R13-291, which would authorize advertisement of a public hearing to place county-owned property into conservation as part of the Environmental Mitigation Plan for the Rocky Pen Run Dam and Reservoir project. The motion was seconded by Mr. Harris and passed with a 4-0 vote.

2. Consider Subsidized Pump and Haul at 28 Boundary Drive

Mr. Allen reported that the property is a single-family house located in Lake Arrowhead. The drainfield has failed and the health department has certified that there is no conventional alternative to repair it. Correspondence from the soil scientist states that there is no available advance system to repair the drainfield and there is no opportunity for a direct discharge. A well is located in the backyard that precludes use of the backyard for a drainfield. The county's subsidized policy requires that there be an existing drainfield, that there be no feasible alternative to repair the system and that the property be owner-occupied.

Staff seeks the Commission's recommendation for the pump and haul request.

Mr. and Mrs. Luttrell, homeowners for 28 Boundary Drive, stated that the property is 42 years old and is currently being rented. When they had the septic system pumped, they were informed that a pipe needed to be repaired, but later found out that it was not a pipe, but it was the system that had failed.

Discussion ensued about the criteria for subsidized pump and haul.

Mr. Tignor asked if the property would be eligible for non-subsidized pump and haul. Mr. Allen responded that it would be eligible for non-subsidized pump and haul.

Ms. Arndt commented that if approved for subsidized pump and haul and the property were demolished and a new house built and sold, the subsidized program will benefit speculators rather than long-term homeowners it was designed to protect.

Mr. Harris commented that the homeowners had done their part when they purchased the home. They had a building permit and a soil scientist had certified that the land could handle a drainfield. The county and state failed the homeowners by certifying the soils at that time. It has now become a financial issue. Mr. Harris suggested a public hearing be held to solicit the public's input to address the issue.

Mr. Bohmke stated that because the property is owner-occupied, it seems appropriate to put it on non-subsidized pump and haul.

Some discussion ensued about county water and sewer monthly costs versus pump and haul monthly costs.

Mr. Luttrell asked if there are plans to extend public water and sewer to the Lake Arrowhead area. Mr. Allen responded that there is a special sewer district in the Land Use Plan; however, there is no program to put sewer in that area.

Mr. Bohmke made a motion to recommend approval of R13-303, which would deny pump and haul at 28 Boundary Drive. The motion was seconded by Mr. Tignor. Mr. Harris and Ms. Arndt opposed the motion. The motion failed to advance with a 2-2 vote.

Mr. Harris commented that the homeowners are financially invested in the property. The county and state governments have a responsibility to address the issue. If public water and sewer cannot be extended to that area, then an alternative solution should be proposed to address the issue. Mr. Harris suggested an arrangement be made with the homeowners to grant their request for a 12-month or 18-month period or until the Board can address the issue. Mr. Allen explained that the subsidized policy requires the homeowners pay the availability and connection charges. If they paid the charges and only received a 12 or 18 month pump and haul agreement, it may not be financially fair to the homeowners.

Mr. Allen asked if the Commission would prefer that the item be withdrawn from the Sept. 17th Board agenda. Mr. Tignor responded that unless the homeowners are willing to proceed without a recommendation from the Commission, he sees no other alternative but to withdraw it from the Sept. 17th Board agenda. Mr. Dayton responded that it could be noted in the background report that the vote was 2-2 and there would be no

recommendation. Also, it could be referenced that the Commission expressed concern that the property is not owner-occupied.

Mr. Dayton informed the homeowners that if the item is denied at the Sept. 17th Board meeting, then they would have the option to come back and try for the non-subsidized pump and haul.

Ms. Arndt made a motion to recommend non-subsidized pump and haul at 28 Boundary Drive. The motion was seconded by Mr. Tignor and passed with a 4-0 vote.

3. Consider the Use of a Low Pressure Sewer System for TM 54C-1-18A and 54C-1-19

Mr. Allen reported that a request to utilize a Low Pressure Sewer System (LPSS) to subdivide two lots along Little Whim Road was received. The owners submitted an application for a minor subdivision and it showed a drainfield on each proposed lot. The county's ordinance prohibits them from using drainfields in the Urban Service Area (USA). There is no public sewer in the vicinity that they can discharge to. The only public sewer possibility to develop the lots is a LPSS. The county has a resolution that requires the Board's approval to use a LPSS for development projects. In the past, the Board has decided LPSS requests on the basis of whether or not the area was planned for gravity sewer. In this case, it is in the Little Falls Run sewer shed, the area to the north and the south are served by pump stations. The lots are individually owned and most are single-family dwellings. For these reasons, there may never be gravity sewer service to these lots.

Mr. Harris asked if the LPSS would change the zoning density. Mr. Allen responded the owners have not applied for rezoning. They submitted an application for a minor subdivision.

Mr. Harris inquired about the reason LPSS are not supported. Mr. Allen responded that LPSS are generally not supported because the grinder pumps are not maintained or they cease to function during power outages.

Mr. Tignor made a motion to recommend approval of R13-299, which would allow the use of a LPSS for TM54C-1-18 and 54C-1-19. The motion was seconded by Ms. Arndt and passed with a 3-1 vote. Mr. Harris was the opposing vote.

4. Falls Run Interceptor Replacement Project Emergency Casing Replacement

Mr. Allen reported that during the construction of the Falls Run Sewer Interceptor, it was required that a steel sewer pipe under I-95 be removed that was located in a tunnel liner. The contractor discovered that the steel pipe was corroded and that the casing had collapsed in places. At the time, the choice to repair it was to bore another bore under I-95 at a cost of more than \$2M. A proposal to pull the old steel sewer out and insert a new 42-inch steel casing inside the tunnel liner was selected as an alternative option. It was determined to be an emergency because of several reasons, but mainly due to the condition of the tunnel liner. The contract and purchase order have been signed and construction is due to begin. The resolution is to notify the Board about the contract because the cost exceeds the \$100,000 limit.

Mr. Harris made a motion to recommend approval of R13-300, which would notify the Board of the increase in the Falls Run Interceptor Replacement Project due to an emergency casing replacement under I-95. The motion was seconded by Mr. Bohmke and passed with a 4-0 vote.

5. Pump and Haul Agreement for Stafford Regional Airport

Mr. Allen reported that in the past, Stafford Regional Airport (SRA) has been approved for unsubsidized pump and haul. They have a public sewer system, but it discharges into pump and haul tanks. The unsubsidized pump and haul policy requires the Commission's and Board's approval to expand or alter the structure that is on pump and haul. The airport wants to put a new terminal building and a new hangar on the pump and haul system. There would be no expense to the county and it would be entirely paid for by the airport.

Mr. Harris asked if there is any practical or engineering reason that precludes the airport from being on gravity sewer. Mr. Allen responded that the airport is quite a distance from the gravity sewer. They would need to get easements across several properties and it would be a large expense for the airport to build a gravity sewer. Mr. Harris commented that he recalled the airport's initial development argument before the Board and Planning Commission was the airport's proximity to water and sewer.

Ms. Arndt made a motion to recommend approval of R13-301, which would amend the pump and haul agreement at the SRA. The motion was seconded by Mr. Tignor and passed with a 3-0 vote. Mr. Harris voted present. Mr. Harris commented that the initial proposal by the airport was its advantage to Centreport Parkway and its proximity to water and sewer. By not connecting to it, it is not contributing to the overall design.

6. Award Contract for Emergency Generator for the Claiborne Run Pump Station

Ms. Spencer reported that the emergency generator at the Claiborne Run Sewage Pump Station is no longer able to power the pumps. The pump station generates an average of 2,100 gallons of sewage per minute. The pump station is the last stop for all wastewater generated in South Stafford before it goes to the Little Falls Run Wastewater Treatment Facility. If there is a power outage, the generator would not work.

Mr. Harris made a motion to recommend approval of R13-305, which would award a contract for an Emergency Generator for the Claiborne Run Pump Station. The motion was seconded by Mr. Bohmke and passed with a 4-0 vote.

7. Accept Donation of 2-Acre Site for New Courthouse Area Water Tank

Mr. Allen reported that Medicorp had a proffer when they developed the hospital site to provide a site for the water tank. They wanted to use the site as a medical campus and provide a substitute site. They have been working with a developer to identify an acceptable substitute site located on Jumping Branch Road. Staff has looked at the site and has done a preliminary geo-tech investigation and has determined the site is suitable to the original proffered site. Details of the contract are being worked on between the County and Medicorp that would allow Medicorp to donate the site and relieve them of proffers to provide a site that was identified in the General Development Plan.

Mr. Tignor asked if the new water tank would replace the water tank located in Paradise Estates. Mr. Allen responded that yes it would replace that tank. It would be completed with the same elevation as the Embrey Mill Water Tank. It would be 60 feet taller than the existing tank and would provide additional water pressure to the higher elevations in the Courthouse area.

Mr. Harris made a motion to accept the donation of the 2-acre site for the new Courthouse Area Water Tank. Mr. Bohmke seconded the motion and it passed with a 4-0 vote.

8. Contract Amendment with Schnabel Engineering for Additional Construction Management Services for the Rocky Pen Run Dam Project

Mr. Counsell reported that as the project progressed, several unforeseen events happened that required additional work. There are not sufficient funds in the contract to cover the additional work. Staff is requesting additional funds to cover the additional construction costs of the dam.

Per Mr. Dayton's request, Mr. Counsell provided information about how the scope of services was determined at the beginning of the project. Mr. Dayton commented that the scope of services expanded partly due to the contractor's work plan. Mr. Counsell explained that awarding of the dam construction contract and the relationship it has with the water treatment facility made it necessary to complete construction of the dam as soon as possible. Mr. Counsell also provided several factors that arose after construction began.

Mr. Harris asked what the cost was to design the project. Mr. Counsell responded that he did not have the exact cost but it was 10% of the original contract which is \$2.9M. The additional funds, \$286,990, that are being requested are to cover the remainder of the work that has to be completed.

Mr. Bohmke stated that if the information about the additional funding was known three or four months ago, the action item should not have been an add-on to the agenda. Because the information was not reported earlier, there is not an opportunity to engage Schnabel with another offer.

Mr. Dayton commented that when construction and professional services contracts are executed, they are typically increased. The question is how well costs could have been anticipated for the level of service provided. Typically, if everything goes as planned, there are little or no funds remaining on the contracts.

Mr. Harris asked if the funding falls within Engineering Services on the Expenditures Report for the dam. Ms. Jett responded yes it does and it reflects some of the original engineering contracts. The additional funding was not included in the August Expenditures Report, but will be included in the September Expenditures Report.

Ms. Arndt made a motion to recommend approval to award a contract to Schnabel Engineering for additional construction management services for the Rocky Pen Run Dam Project. The motion was seconded by Mr. Bohmke and passed with a 3-1 vote. Mr. Harris voted present.

9. Public Hearing To Consider Easements Be Granted to Dominion Virginia Power as Part of the Rocky Pen Run Reservoir Project

Mr. Counsell reported that the public hearings are to grant easements to Dominion Virginia Power. One easement is associated with the new water treatment plant and the other easement is associated with the Rappahannock River Intake Pump Station. Mr. Counsell informed the Commission that one resolution is to authorize the County Administrator to advertise the public hearings and the other resolution is to convey the easements to Dominion Virginia Power.

Mr. Bohmke made a motion to recommend approval of the two resolutions. The motion was seconded by Mr. Harris and passed with a 4-0 vote.

10. Rate and Fee Adjustments

Ms. Jett reported the following as a response to the questions received from Mr. Bohmke.

1. What is the difference of the rate increase that was passed versus the rate increase that was proposed?
The rate increase that was proposed was 9.5% for FY13, FY14 and FY15. The rate increase that was approved was 8% for FY13, 7% for FY14, and 6% for FY15.
2. What impact do the reduced rates have on the CIP?
Some of the projects will be delayed due to the rate adjustments (see PowerPoint handout, page 3 for list of projects affected). The Moncure Booster Pump Station was the only project moved out of the 5-year CIP. The dates will be re-evaluated during the next budget cycle. Staff will update the Commission sometime during the fall.
3. What impact do the reduced rates have on operating revenue?
The Utilities Commission recommendation was 9.5%. In the FY14 proposed budget, which was prepared before the commission's recommendation, staff's recommendation was 8.9%. There will be a decrease in revenue due to the rate decrease and timing of the rate increase.
4. What is Utilities year-to-date budget?
The budget is prepared and reviewed monthly. The water and sewer fees are down \$1.1M, which is due to the rate increase being delayed. Because July and August were very rainy, the revenue was 15.5%. Water and sewer availability fees are coming in very strong. If the fees continue at this pace, revenue will be upward to the \$750 range. Funding for OPEB will not be funded at \$300,000, but will be funded following the General Fund Policy of using health care savings to fund OPEB.

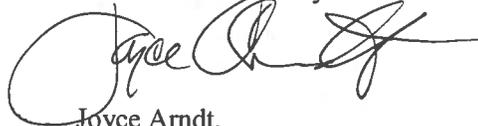
Mr. Bohmke inquired if delayed operating revenue had been offset by the strong water and sewer availability fees received. Ms. Jett responded that because we are not required to get to a one-time coverage yet, we don't have to make the impacts to the operating budget. Next year, we will be building off of the 7% rate increase and will get the full year benefit of it and hopefully will have an increase in water sales.

Mr. Tignor asked if the casing for the Falls Run Interceptor was something that was previously planned to be completed. Mr. Allen responded that it was not previously planned. The plan was to pull a 36-inch HDPE sewer liner through the existing tunnel liner. Because the existing casing had collapsed, an alternate approach had to be added to the project. It was an unanticipated event.

IX. Adjournment

There being no further business, Mr. Tignor adjourned the meeting at 9:07PM.

Minutes submitted by:

A handwritten signature in black ink, appearing to read "Joyce Arndt", written over a large, stylized initial "J".

Joyce Arndt,
Recording Secretary