



**Bedford County Public Service Authority – Board of Directors
Regular Board Meeting – Minutes
December 20, 2011**

A regularly scheduled meeting of the Board of Directors of the Bedford County Public Service Authority (“Authority”) was held on Tuesday, December 20, 2011 in the Board Meeting Room in the Authority’s Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Jerry Falwell, Jr. – District 5 – Chairman
Carl Wells – District 3 – Vice Chairman
Gerald Foutz – District 1
Bob Flynn – District 2
Roger Hessenius – District 4
Annie Pollard – District 6
Thomas Segroves – District 7

Staff Present: Brian Key – Executive Director
Jill Underwood – Financial Manager
Megan Rapp – Administrative Assistant

1. Call to Order:

The meeting was called to order by the Vice Chairman at 7:00 pm.

2. Review of Agenda:

The following agenda was reviewed as shown below (*revisions in bolded italics*):

1. Call to Order
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: November 15, 2011 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end November 2011
6. Director’s Report: Presented by Brian Key
 - a. Financial Evaluation of Moneta Water Treatment Plant
 - b. Strategic Plan
 - c. Cedar Rock Wastewater System Transfer
 - d. Project Activity Reports
 - e. Customer Service Statistical Summary
 - f. 2011 Annual Report**
7. Other business not covered on the above agenda
8. Motion to Adjourn

3. Public Comments

There were no speakers present during the public comment period.

4. **Approval of Minutes:**

- a. The regular Board Meeting Minutes from November 15, 2011 were approved as written with the exception of the following changes:
 - Under section 6, item d, the following sentence was revised
The committee recommended that the **resident customer** be allowed to drill a well, but still require the **resident customer to connect to become a customer of** the Authority with all regular connection fees and user fees being paid.
 - Under section 6, item d, the following sentence was revised
Authority staff is trying to get everything in place to build a ~~new water treatment plant~~ **redundant water supply** as required in the reversion document.

Mr. Flynn made a motion to approve the minutes as revised. Mr. Hessenius seconded the motion.

- Board member votes: 5 Aye 0 Nay. The motion passed.

5. **Financial Report:**

Jill Underwood, Financial Manager, presented the following information.

- a. Mrs. Underwood reviewed some of the details pertaining to the financial reports for the period ending November 2011. The targeted budget goal for November was 42%; operating revenues were 39%, and operating expenditures were 36%. The facility fees collected for November were \$9,750, which is less than were collected during prior months. The Authority is still making all the set asides into the capital funds for all fees received during the year. There has been \$12,000 in developer prepayment credit redemptions for the year, all of which were used in the Farmington subdivision in Forest for sewer connections. The Lake Forest water system was approved for transfer by the State Corporation Commission and therefore was recorded in fixed assets in November. There were no capital purchases made during November.

Questions were asked about specific topics and were answered by Mrs. Underwood to the satisfaction of the board.

6. **Director's Report:**

Brian Key, Executive Director, presented the following information.

- a. Financial Evaluation: The financial evaluation of constructing a new water treatment plant in Moneta, including the expansion of the distribution system to Forest, was presented by Morgan Keegan. Mr. Key explained that a Preliminary Engineering Report (PER) report was completed previously that indicated it looked favorable for the Authority to build a new water treatment plant; however, the scope of the PER did not include a financial analysis containing details like operating revenue, total operating expenses, and debt service. The request from the board was to expand the analysis and perform a financial evaluation; Morgan Keegan was hired to do this. Three representatives from Morgan Keegan were present to review the report with the board; this included Kevin Rotty, Melissa Weicker, and James Johnson.

Morgan Keegan's summary was that building the new facilities is more expensive in the short-term but would be less expensive in the long-term. The board concluded that the Authority should proceed with the permitting process and regulatory reviews necessary to prepare for beginning the design work.

Mr. Falwell and Mrs. Pollard joined the meeting during the financial evaluation discussion.

- b. Strategic Plan: Included in the board packet was a draft of the strategic plan. In the November meeting it was proposed to expand the scope of the project; however, it was decided to proceed with the original scope and schedule to expedite the planning process and involve the board sooner.
The long-term objectives that were reviewed with the board include the following:
- 1) expand services on both a local and regional level
 - 2) develop the work force to be highly effective
 - 3) expand public relations
 - 4) use technology to expand and streamline processes
- The strategic plan will be the guiding system for the next five years. Mr. Hessenius asked if the Authority would go through another QualServe process. Mr. Key responded that the merger with Bedford City's utilities might be an opportune time for the QualServe process to be utilized again. Overall the board agreed that the proposed strategic plan is what the board wanted for the Authority.
- c. Cedar Rock Wastewater System Transfer: In November, the Water and Sewer Committee asked for an analysis on whether or not it would be feasible to take over the Cedar Rock Wastewater System. The Operations, Maintenance, Engineering, and Finance departments all analyzed the conditions of the system to offer a recommendation of whether or not the system should be taken over. Based on the financial analysis, if the Authority currently took over the system it would cost more to operate than it would generate in revenue; furthermore, even if all possible connections were made in the system, it would still operate at a financial loss each year. Mr. Key recommended not taking ownership of the system based on the analysis. Mr. Segroves recommended that the Authority stay away from taking over small systems that are a hindrance on the staff and would operate at a financial loss. Mr. Key explained that there was an opportunity to set-up a different rate structure for this system to allow the Authority to break even, but in the past the Authority has decided against charging different rates for different communities. On direction from the board, the Authority will not proceed with taking ownership of the Cedar Rock wastewater system.
- d. Project Activity Reports: The project reports were provided for the board in their packet. Representatives from Wiley|Wilson, Anderson & Associates, and GHD were in attendance and were available to answer questions. Few questions were asked about the reports, all of which were addressed by Mr. Key.
- e. Customer Service Statistical Summary: Mr. Key presented the statistical summary for the customer service report containing data from December 2010 to November 2011, with the most current month's data located in the far-right column. Mr. Key explained that a credit card processing vendor was met with in December and in-house credit card transactions will likely begin soon. The process being utilized will provide a secure way of doing point of sale credit card transactions and will be a free service for the Authority customers; the Authority will pay a small fee for each transaction, however the benefits of the system outweigh the costs.
- f. 2011 Annual Report: The board was informed that the structure of the annual report for 2011 will be slightly different as it will be combined with the Consumer Confidence Report (CCR). The entire report will be mailed to all customers at only a slight increase in cost over the expense of sending out the 2010's CCRs alone. Mr. Key asked what process the board would like to take in reviewing the report as it was being drafted; he recommended that staff put together the report and present it to the

Personnel Committee for their review, and the board agreed with this recommendation.

Mr. Key told the board that almost all the goals from the 2010 Annual report had been met. One of the items that still needed to be completed was the preparation of the PER for the treatment options of the Lakes water treatment plant; this project was delayed until the results from the financial analysis were known, but would likely begin in early 2012.

7. Other business not covered on the above agenda.

Mr. Hessenius announced that due to personal reasons, and an imminent move out of Bedford County, he has tendered his resignation on the board effective December 31, 2011. A resolution was signed and read commemorating Mr. Hessenius' service.

Resolution 201112-01, to show appreciation for Roger Hessenius, was provided to the board as follows:

201112-01

At a regular meeting of the Board of Directors of the Bedford County Public Service Authority ("Authority"), held in the Authority's Board Meeting Room, on the 20th day of December, 2011 **WHEREAS, Mr. Roger Hessenius** served on the Authority Board of Directors over a span of 13 years, holding the offices of Vice-Chairman and Chairman and serving faithfully and skillfully on the Authority's Personnel Committee, Water and Sewer Committee, and Finance Committees; and,

WHEREAS, Mr. Hessenius is the longest serving board member on the current board, having begun service on the board at the June 1998 board meeting; and,

WHEREAS, under the guidance of **Mr. Hessenius**, the Authority has grown from serving about five thousand customers to more than eight thousand customers, and from a staff of twelve employees to a staff of thirty-three employees; and,

WHEREAS, the Authority wishes to express its most sincere appreciation for the dedicated service and leadership provided by **Mr. Hessenius** to the Authority during his tenure; now, **THEREFORE, BE IT RESOLVED,** that the Bedford County Public Service Authority, at a regular meeting duly called and held, wish to commend and thank **Mr. Hessenius** for his wise counsel and friendship over the years; and further determines, **and does hereby declare,** that he was a good and faithful servant to the Authority and to the citizens of Bedford County, whose selfless dedication and devotion will be truly missed; and the Authority further commemorates his years of faithful and dedicated service and duly expresses its appreciation for the time and effort he has unselfishly given on behalf of the Authority and the businesses and citizens of Bedford County; and,

BE IT FURTHER RESOLVED, that a certified copy of this resolution be transmitted by the secretary to the Board of Supervisors of Bedford County, Virginia, with the request that it be read aloud at the next regular meeting of such Board.

8. Motion to Adjourn:

There being no further business to discuss, Mr. Wells made a motion to adjourn and Mr. Foutz seconded the motion.

- Board member votes: 7 Aye 0 Nay. The motion passed.

The meeting adjourned at approximately 9:25 pm.

Respectfully Submitted:

Brian M. Key, PE – Secretary / Treasurer

Jerry Falwell, Jr. – Chairman

Prepared By Megan Rapp – Administrative Assistant
Approved: January 17, 2012