

**AMHERST COUNTY SERVICE AUTHORITY BOARD  
MEETING MINUTES**

**AGENDA**  
September 3, 2019

Administration Building - 153 Washington Street - Public Meeting Room  
Amherst, Virginia 24521  
11:00 a.m.

- I. Call to Order**
- II. Citizen Comment**
- III. Approval of Agenda**
- IV. Approval of Minutes**
  - A. Minutes – August 6, 2019
- V. Special Presentation**
  - A. ACSA 2019 Cash ProForma Update  
R. T. Taylor, Davenport & Co., financial consultants to ACSA
- VI. Monthly Financial Report**
  - A. July 2019 Financial Report
- VII. Old Business**
  - A. Director's Report
- VIII. New Business**
  - A. Director Meeting With VDOT
  - B. Director's Schedule
- IX. Matters from the Members of the Service Authority Board**
- X. Adjournment**

## MINUTES

At a Regular Meeting of the Amherst County Service Authority Board, held at the Amherst County Administration building on Tuesday, the 3rd day of September, 2019, at 11:00 a.m., the following members were present:

### SERVICE AUTHORITY (ACSA) BOARD:

PRESENT: L. J. Ayers III, Chair	ABSENT: Kenneth M. Campbell, Vice Chair
David W. Pugh, Jr., Board Member	Claudia D. Tucker, Board Member
Jennifer Moore, Board Member	

STAFF PRESENT: Robert A. Hopkins, PE, ACSA Director of Public Utilities/Board Secretary  
Michael W. S. Lockaby, Amherst County Attorney  
Regina M. Rice, EA Clerk to Boards

OTHERS PRESENT: R. T. Taylor, Davenport & Company

### I. Call to Order

Board Chair Ayers called the meeting to order at 11:00 a.m.

### II. Citizen Comment

There was no public comment.

### III. Approval of Agenda

By motion of Director Moore, and with the following vote, the ACSA Board approved the agenda for September 3, 2019.

AYE:	Mr. Ayers, Mr. Pugh, and Ms. Moore
NAY:	None
ABSENT	Mr. Campbell, Ms. Tucker
ABSTAIN:	None

### IV. Approval of Minutes

By motion of Director Pugh, and with the following vote, the Board approved the minutes of the August 6, 2019 Board meeting.

AYE:	Mr. Pugh
NAY:	None
ABSENT	Mr. Campbell, Ms. Tucker
ABSTAIN:	Mr. Ayers and Ms. Moore abstained from voting on the minutes due to their absence from the August Board meeting.

### V. Special Presentation

#### A. ACSA 2019 Cash ProForma Update

Mr. Taylor used pgs. 1 – 6 of the report to describe the reasoning for annual ProForma updates, noting the need to keep the ACSA Board informed of ACSA's financial condition; the need to prevent "rate shock" to ACSA customers; the Virginia Resource Authority (lender) requirement to have annual revenues of at least \$1.15 for each \$1.00 of debt service; why adequate financial reserves are necessary; and the ACSA Board policy of maintaining reserves of at least 50% of operating revenues. He also discussed

2015 reports by the American Water Works Association of water and sewer rates and fees adjustments in the US over the last 5 years and are expected to have to be adjusted over the next 20 years to allow for replacement of aging infrastructure.

He discussed information on pgs. 7 and 8 of the history of ACSA adjustments of water and sewer rates and fees through and since the Great Recession, as well as the 2015 ACSA Board policy of annual modest rates and fees adjustments. He described the criteria on pgs. 9 and 10 used in the ProForma update. He then discussed information on pgs. 11 and 12 that was derived from ACSA's May 2019 benchmarking study comparing ACSA 2018 water and sewer rates and fees with the two other Lynchburg authorities (Bedford Regional Water Authority and Campbell County Utilities and Services Authority) and similar type and size authorities across Virginia, noting ACSA's favorable position regarding the ability to raise rates and fees in 2020.

Taylor then described his first scenario, Case 1, which presented the recommendations from ACSA staff to raise water and sewer rates 7.40% and 8.50%, respectively, no increase to the water basic service charge, \$1.00 increase to sewer basic service charge, and raise new services fees as follows: water connection increase to \$1,500, water availability fee increase to \$3,000, sewer connection increase to \$1,500, and sewer availability fee increase to \$4,500. He noted the increase in rates adjustment percentages from 2018 (6.60% and 7.75%, respectively) being due to (1) the final closure of Central Virginia Training Center, ACSA's historic largest water and sewer customers, in mid-2020, and (2) a mid-2019 capital improvements assessment by the City of Lynchburg wastewater treatment plant of approximately \$1 million to ACSA, at 0% interest for 20 years, requiring new annual debt service of \$51,120 per year. He noted that the increased new services fees will help keep the rates increases as low as possible for ACSA customers, many of whom are low- and fixed-income households. Hopkins added that the adjustments still keep ACSA's new service fees lower than the average of BRWA and CCUSA, which is necessary to facilitate economic growth in Amherst County. Taylor pointed out that the adjustments will keep the Debt Service Coverage at 1.31 as a minimum, compared to the 1.15 requirement. Hopkins pointed out the average monthly residential bill increases will be as shown in yellow on pgs. 19 and 20 and that, even with the larger percentage increases, ACSA non-designated reserves drop to the ACSA Board policy minimum of 50% of operating revenues in 2023 (see pg. 16) due to the high cost of capital improvements projects ACSA must undertake in the next 5 years.

Taylor then described his Case 2 scenario, which is the same as Case 1 except that it omits the new services fees adjustments. Without that additional revenue, the rates and fees adjustments are higher than Case 1: 7.75% for water and 9.00% for sewer. Minimum Debt Service Coverage would be 1.33 and ACSA's non-designated reserves would again drop to the ACSA Board policy minimum of 50% of operating revenues in 2023 (see pg. 16) due to the high cost of capital improvements projects ACSA must undertake in the next 5 years. Average residential water and sewer bills for customers would be higher than in Case 1.

Following discussion and several questions from Board member that were answered by Taylor and Hopkins, Board member Pugh made the motion that the Board adopt Case 1 of the ProForma as recommended by Taylor and Hopkins and instruct Hopkins to schedule and advertise a public hearing for the adjustments and also begin preparation of the ACSA 2020 Calendar Year Budget based on Case 1. With the following vote, Mr. Pugh's motion was approved:

AYE: Mr. Ayers, Mr. Pugh, and Ms. Moore  
NAY: None

ABSENT      Mr. Campbell, Ms. Tucker  
ABSTAIN:    None

## **VI. Monthly Financial Report**

### **A. July 2019 Financial Report**

Director Hopkins provided the Board with the July 2019 monthly report of ACSA finances. No Board action was required.

Hopkins reiterated the August 2019 Board meeting discussion about ACSA revenues being adversely affected by a drop in County development and new water and sewer connection fees revenue, and the 2019 decision by Central Virginia Training Center to discontinue its historic lump sum prepayments each June of water and sewer bills for the following year (the 2018 prepayments were \$82,630 for water and \$215,740 for sewer).

Compared to July 2018:

#### **1. Water**

Revenues:	Sales	+2.5%
		(+0.8% in June 2019 financial report)
		(would be +7.3% with 2018 CVTC prepayment)
	Total Revenues	-0.9%
		(-3.0% in June 2019 financial report)
		(would be +2.0% with 2018 new services)
		(would be +3.4% with 2018 CVTC prepayment)
		(would be +6.3% with 2018 new services and 2018 CVTC prepayment)
Connections:	-46.9%	(-127.5% in June 2019 financial report)
	21 new connections so far in 2019; 5 in July.	
	2019 new water connections:	
		33.3% of 2018 total
		98.1% of annual 5-year average
		32.3% of pre-recession average (65)

#### **2. Wastewater**

Revenues:	Sales:	-21.9%
		(-24.9% in June 2019 financial report)
		(would be +12% with 2018 CVTC prepayment)
	Total Revenues:	-20.2%
		(-24.75% in June 2019 financial report)
		(2019 new services revenues are now about equal to 2018 new services, so no real change)
		(would be +11% with 2018 CVTC prepayment)
		(would be +11% with 2018 new services and 2018 CVTC prepayment)
Connections:	+1.4%	(10 new connections in 2019; 4 in July.
	2019 new sewer connections:	
		45.5% of 2018 total
		90.9% of annual 5-year average
		66.7% of pre-recession average (15)

3. Combined Water and Wastewater

Sales: -4.1%  
(-6.2% in June 2019 financial report)  
(would be +8.5% with 2018 CVTC prepayments)

Revenues: -5.9%  
(-8.8% in June 2019 financial report)  
(would be -3.8% with 2018 new services)  
(would be +5.4% with 2018 CVTC prepayments)  
(would be +7.6% with 2018 new services and 2018 CVTC  
CVTC prepayments)

All Revenues: -5.8%  
(-8.7% in June 2019 financial report)  
(would be -3.7% with 2018 new services)  
(would be +5.4% with 2018 CVTC prepayments)  
(would be +7.5% with 2018 new services and 2018 CVTC  
CVTC prepayments)

Summary: Numbers do not look good, but they improved over the June 2019 financial report and if consideration is given to the reasons for the poor numbers, what the numbers would be with the level of 2018 new service connections and with the 2018 CVTC prepayments, the fact that development in the County is again on the upswing, and much of the money that CVTC historically paid in an annual June lump sum will be paid monthly over the next year, there is reason for optimism. The new Biscuitville restaurant is under construction, a new Madison Heights laundromat and new Waffle House restaurant are getting their construction permits, the new W4 Car Wash site plans are nearing approval, and several new residences are under construction; this means that many new water and sewer services will be in place by the end of 2019, bringing ACSA revenues up, and CVTC will make several monthly water and sewer bill payments, which will also enhance ACSA revenues.

**VII. Old Business**

A. Director's Report

Hopkins provided the Board updates on items from past meeting discussions.

1. James River Bank Stabilization

- \* Nothing new, except Hopkins coordination of a 9/5 stakeholders meeting of the Central Virginia Planning District Commission Hazard Mitigation Plan, completion of which, hopefully in January, will make ACSA immediately eligible for FEMA hazard mitigation project grant funding. ACSA projects could include more river bank stabilization, reservoir primary spillway repairs and improvements, DEQ-mandated reservoir dam improvements, James River raw water intake, ACSA-City water systems inter-connection, etc.

2. Water and Sewer Upgrade Projects

- \* Old Town Madison Heights Sanitary Sewer CDBG Grant Rehabilitation
  - Work is on schedule and should be completed this month (September).
- \* Woodvue Dr. Water Line Replacement
  - After more delays, VDOT approved concept (not permit) for Rte 29 work, with intervention of VDOT Residency Administrator (see New Business).
  - Biscuitville site temporary construction easement recorded; Dollar General water line easement in progress, should have in a week or so.
  - Director getting cost estimates and schedules for Phase 1: new water main under Rte 29 from Dollar General to Biscuitville. Contractors to perform work.
  - ACSA will perform Phase 2: water line extension across Biscuitville Rte 29 and Woodvue Dr. frontages (site plans approved).
  - ACSA will perform Phase 3: water line extension to end of Woodvue Dr., install hydrant(s) for fire protection, relocate existing serves, and abandon existing line
- \* Sanitary Sewer Extensions – American Legion Hall Area
  - After more delays, VDOT approved design; waiting for VDOT permit.
  - Easement acquisition on hold for Woodvue Dr. water line project, but to resume soon.
  - Expect to start Phase 1 construction summer 2019.

3. Business Friendliness Initiative (Board-adopted priorities)

- \* Priority 1a – 1d Water and sewer availability fees policy evaluation
  - Annual benchmarking study completed; ProForma presentation today.
- \* Priority 2 Major upgrade to communications efforts:
  - Staff continuing to solicit water-sewer customers' phone, email and text information for NOTIFY software use.
  - Director working with Public Safety Director Bryant on use of 911 System software for notifications to ACSA customers.
- \* Priority 3 Clear policy regarding ACSA construction of water & sewer lines
  - Nothing since last Board meeting.
- \* Priority 5 ACSA Board re-organization
  - Continuation to this meeting of discussion of proposed major changes to 2018 Board of Supervisors guidelines to Director and County Attorney for revised ACSA Board of Directors Charter, revised Articles of Incorporation, new citizen Board member appointment policy, and resolution for adoption, postponed to next Board meeting, due to absence of two Board members at this meeting, including the Board member proposing the changes.
  - Board member Pugh noted his past opposition to the changes, saying that any changes this close to an election should be made by the post-election Board, not this Board, due to expected change(s) in Board members.

\* Priority 6 Update ACSA Water Office building

- Director had ACSA Water Office site appraised, with \$155,000 sales value reported. This is less than tax-assessment value (if ACSA was taxed) and insurance replacement value, both approximately \$350,000. Low appraisal due to old building, site size and configuration, and location in residential neighborhood. Unlikelihood of site sale and low net from any sale makes relocation to another site unlikely. Director decided to start looking at updating existing building, circulating a list of proposed improvements to ACSA staff for input and getting a site property and boundary survey done soon. Results and proposed improvements to be reported to Board later. Expecting to implement phased, gradual site and building improvements, within annual budgets and without appropriations for reserves.

4. Asset Management Plan

\* Written Asset Management Plan

- No progress since last Board meeting, due to other, higher priority asset management work.

\* Infrastructure evaluations

- Hurt & Proffitt inspections of Ivanhoe Forest sanitary sewers done.
- ACSA staff inspected Old Madison Sewage Pump Station for improvements.
- 2<sup>nd</sup> dive inspection of reservoir primary spillway completed; awaiting report.
- With recent NASSCO re-certification, Director planning to resume manhole inspections in September.
- Director will attend one day of 2019 WaterJam to solicit information on mobile GPS equipment for sewer manhole locations.

\* Infrastructure improvements

- Woodvue Dr. water line replacement – see above.
- American Legion Hall area sanitary sewer extension – see above.
- Old Madison Sewage Pump Station upgrade – ACSA planning project for improvements.
- Reservoir primary spillway improvements – ACSA planning a project for repairs and improvements; will be costly work, phased and gradual, within annual budgets; no appropriations from reserves; starting 2020.

5. Amherst County High School Water-Sewer Operator Apprentice Program

- No progress since last Board meeting, due to higher priority work.
- Director to obtain information from Town Manager on Amherst apprentice program development.
- Director reviewing information from Western Virginia Water Authority about its 3-year-old apprentice program.
- Craig Maddox, Amherst County School Board, informed Director 2 weeks ago about near completion of Amherst County high school draft program development; will contact Director at draft completion to meet to discuss.
- Director learned in August about Virginia Rural Water Association work to develop Commonwealth-wide water-sewer operator apprentice program. Director submitted requested ACSA information and volunteered to serve

on development committee. Waiting to hear from VRWA.

## **VIII. New Business**

### **A. Director Meeting with VDOT on August 27**

\* Director re-scheduled a postponed meeting with VDOT Appomattox Residency Administrator Robert Brown (Don Austin's replacement). Purpose of meeting: discussions regarding a return to past inter-agency cooperative attitude, which has deteriorated over the last several years for unknown reasons. Consistent issues with VDOT Land Use Engineer and VDOT Rte. 130 Maintenance Shed Superintendent. Director provided several recent examples (Ridge St. water line replacement, Woodvue Dr. water line replacement, Wellview Dr. sanitary sewer extension, VDOT sidewalk project in Madison Heights), noting that the delays and problems would not have occurred when Mike McCormack administrated VDOT Amherst Residency (since closed). Director said that Amherst County departments and affiliated agencies like ACSA are in a two year "business friendliness initiative to improve customer service and economic development in the County, and what he hears most, from County and ACSA staff, developers, engineers, surveyors, and the public, is that the County is not the problem; VDOT is the problem. He noted that they reported not having similar problems with other counties in this District and thus preferring to work in those other counties and avoid Amherst. He also reported good work relationships with VDOT staff doing projects (Madison Heights sidewalks and Woodys Lake Road improvements) in Amherst County, and not billing VDOT for ACSA work to facilitate those projects, but even experiencing problems with the Land Use Engineer and Maintenance Shed Superintendent regarding those projects.

Discussions continued, with Brown describing VDOT staff requirements and mindset, but noting that he realizes they could be more "problem solvers" than "regulations enforcers", and he has talked to them about that and will do so again. He said he also wants a return to more cooperation with other agencies and will talk to VDOT staff about that. He also said that the Maintenance Shed workload is very high, which contributes to the lack of help for others. He also said he may lose the Superintendent to an opening for the Bedford Maintenance Shed Superintendent position. He proposed occasional follow-up meetings with Hopkins to discuss progress and that Hopkins copy Brown on emails and other ACSA submittals to the Land Use Engineer, both of which Hopkins accepted.

### **B. Director's Schedule**

- 9/2 Labor Day holiday
- 9/3 ACSA Board and Board of Supervisors monthly meetings
- 9/4 County Leadership Group meeting
- 9/5 CVPDC Hazard Mitigation Plan meeting, Amherst
- 9/6 Hurt & Proffitt projects meeting, Lynchburg
- 9/10 Old Town Madison Heights CDBG projects meeting
- 9/11 WaterJam, Virginia Beach
- 9/12 Webinar: lead service line replacement program
- 9/17 BOS monthly evening meeting
- 9/18 Webinar: disaster preparation strategies
- 9/19 VA Ass'n. of Municipal Wastewater Authorities meeting, Richmond
- 9/23 Central Virginia Training Center phased closure meeting
- 9/30 Board of Supervisors Strategic Planning, Sweet Briar College



**IX. Matters from the Members of the Service Authority Board**

Director Moore had no matter to discuss.

Director Pugh had no matter to discuss.

Director Campbell (having joined the meeting during Item VII) had no matter to discuss.

Director Ayers had no matter to discuss.

**X. Adjournment**


By motion of Director Pugh and with the following vote, the Board adjourned at 12:09 p.m.

AYE: Mr. Ayers, Mr. Campbell, Mr. Pugh, and Ms. Moore

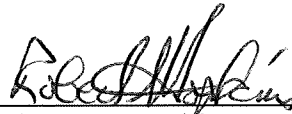
NAY: None

ABSENT Ms. Tucker

ABSTAIN: None



L. J. Ayers, III, Chair  
Amherst County Service Authority Board



Robert A. Hopkins, PE, Secretary  
Amherst County Service Authority Board