



**AMHERST COUNTY SERVICE AUTHORITY BOARD
MEETING MINUTES**

AGENDA

May 2, 2023

Administration Building - 153 Washington Street - Public Meeting Room
Amherst, Virginia 24521
1:30 p.m.

- I. Call to Order**
- II. Citizen Comment**
- III. Approval of Agenda**
 - A. ACSA Board Meeting Agenda for May 2, 2023
- IV. Approval of Minutes**
 - A. Draft Minutes for April 4, 2023, ACSA Board Meeting
- V. Monthly Financial Report**
 - A. ACSA Financial Report March 2023
- VI. Old Business**
 - B. Assistant Director's Report
- VII. New Business**
 - A. ACSA Resolution 2023-A-0005 Interim Executive Director and Acting Secretary Appointment
 - B. ACSA Resolution 2023-0006-R Gateway Sanitary Sewer Project Funding
 - C. 2023 Pro-Forma Cashflow Update
 - D. ACSA Draft Budget FY 23-24
 - E. Miscellaneous Matters
- VIII. Citizen Comment**
- IX. Closed Session**
 - A. Closed Session anent Candidates for the Executive Director Position and a separate discussion regarding the Interim Executive Director Appointment
- X. Matters from the Members of the Service Authority Board**
- XI. Adjournment**

MINUTES

At a regular meeting of the Amherst County Service Authority Board, held at the Amherst County Administration Building on Tuesday, the 2nd day of May 2023, starting at 1:30 p.m., the following members were present:

SERVICE AUTHORITY (ACSA) BOARD:

PRESENT: Edgar J.T. Perrow, Jr., Board Chair
Wesley Woods, Board Vice Chair
Tom Martin, Board Member
Drew Wade, Board Member
David Pugh, Board Member

Mr. Perrow arrived after the approval vote of the April 4, 2023, Meeting Minutes (at approximately 1:32 pm)

STAFF:

PRESENT: Richard Hall, Assistant Director
Mark Popovich, Amherst County Attorney

I. Call to Order

Board Vice-Chair Woods called the meeting to order at 1:30 pm.

II. Citizen Comment

Board Vice-Chair Woods opened the floor for comment by meeting attendees.

With no citizen wishing to speak, Mr. Woods closed Citizen Comment.

III. Approval of Agenda

a. ACSA Board Meeting Agenda for May 2, 2023

By motion of Board Member Martin, and with the following vote, the ACSA Board voted to approve the meeting agenda for May 2, 2023.

AYE:	Mr. Woods, Mr. Martin, Mr. Pugh, Mr. Wade
NAY:	None
ABSENT:	Mr. Perrow
ABSTAIN:	None

IV. Approval of Minutes

a. ACSA Board Meeting – April 4, 2023

By motion of Mr. Martin, and with the following vote, the ACSA Board voted to approve the draft minutes for the April 4, 2023, ACSA Board meeting:

AYE:	Mr. Woods, Mr. Martin, Mr. Wade, Mr. Pugh
NAY:	None
ABSENT:	Mr. Perrow (Mr. Perrow arrived after this vote)
ABSTAIN:	None

Following the approval vote for the April 4, 2023 Meeting Minutes, Vice-Chair Woods turned the meeting over to Board Chair Perrow.

V. Monthly Financial Report:

A. March 2023 Financial Report

Mr. Hall compared ACSA finances for March 2023 to the prior month and year-to-date through the same period from the previous year:

1. ACSA Operations Revenues – Water
 - a. Revenues:
Sales (top line & boxed area of Section I.A) + \$42,210.94 (+ 5.83%) vs. 2022
Total revenues + \$115,739.78 (+12.31%) vs. 2022
 - b. Connections:
Through March, 9 new water service connections (3 in March):
20.0% of 2022 total (45, an increase of 1 from 2021)
20.45% of 5-year annual average (44.0)
13.85% of pre-recession annual average (65)
Tap fees: + \$12,040.00 (+20.42%) vs. 2022
2. ACSA Operations Revenues – Wastewater
 - a. Revenues:
Sales (top line & boxed are of Section I.B) + \$115,930.30 (+52.62%) vs. 2022
Total revenues + \$ 63,215.41 (+27.67%) vs. 2022
 - b. Connections:
Thru February, 7 new service connections (3 in March):
70.00% of 2022 total (10, a decrease in 6 from 2021)
44.30% of 5-year annual average (15.8)
46.67% of pre-recession annual average (15)
Tap fees: +\$ 42,980.00 (+433.33%) vs. 2022
3. ACSA Operational Revenues – Water and Wastewater
 - a. Sales: + \$ 164,143.24 (+15.67%) vs. 2022
 - b. Total Revenues: + \$179,040.19 (+ 15.08%) vs. 2022
4. Non-Operational Revenues - \$210.84 (-2.04%) vs. 2022
Total ACSA Revenues + \$178,829.35 (+14.72%) vs. 2022
6. Summary:
March water sales decreased - \$30,032.59 (-9.63%) from February, however, for the year sales are up +\$42,210.94 (+5.83%) compared to 2022. Total water revenues for 2022 are +\$115,932.30 (+ 12.31%) better than 2022.

ACSA had 3 new water service connections in March, the same no. as March 2022. Tap fees for 2023 are up (-\$12,040.00 +20.42%) than for 2022.

March wastewater sales increased \$25,127.67 (+38.31%) from February. Total sales for 2023 compared 2022 are up \$115,932.30 (+52.62%). Total wastewater revenues for 2023 are up \$63,215.41 (+25.67%) better than 2022.

There were 3 new wastewater service connections in March, 2 more than March of 2022. Tap fees for 2023 are up \$42,980.00 (433.33%) compared to 2022.

Combined water and wastewater sales for 2023 are up \$164,143.24 (+15.67%) compared to 2022. Total operational revenues for 2023 are up \$179,040.19 (15.08%) compared to 2022. Non-operational revenues are down -\$210.84 (-2.04%) from 2022, resulting in total ACSA revenues for 2022 being up \$178,829.35 (14.72%) from 2022.

ACSA received \$7,578.11 in March from the State Debt Setoff Program to defray unpaid and uncollectable utility account balances, bringing the total in 2023 to \$7,578.11. This total is \$14,907.27 less the bad debt set-off for 2022 (\$22,485.40) reported at the December Board meeting.

A comparison of the number of active service connections 5 years ago (March 2018) and now results in the following table:

	<u>2017</u>	<u>2022</u>	<u>Change</u>
No. of business water connections	422	427	+5
No. of residential water connections	5,582	6,040	+458
No. of total water connections	6,004	6,467	+463 **
No. of business sewer connections	202	206	+4
No. of residential sewer connections	832	908	+76
No. of total sewer connections	1,034	1,114	+80 ***

** An average annual increase of 92.6 connections.

*** An average annual increase of 16.0 connections.

Mr. Hall presented the financial report as written.

There were no other Board member comments.

VI. Old Business:

A. Assistant Director's Report

Updates since the last Board meeting are in bold italics.

1. James River Bank Stabilization Project

- No change to the severity of the problem.
- The U. S. Army Corps of Engineers permit and VA Marine Resources Commission permit for the bank stabilization project have been issued. All permits are issued; work can start when ready.
- Hopkins was notified by Senator Warner's staff in early August that the requested \$2M project funding in Congressionally Directed Spending is included in the draft U. S. 2023 Fiscal Year Budget and is expected to be in the approved budget and be available in July 2023. Hopkins has asked if roject construction can proceed before July 2023 and still be reimbursed with the CDS funding and is waiting for

an answer. Sen. Kaine's office emailed Hopkins 12/22 that ACSA's CDS funding request is in the Congress-approved budget and awaits the President's signature.

- Unless erosion accelerates, Hopkins plans to delay construction – with the possible exception of placing the rockslide boulders in the river – until the CDS funding is available.

- ACSA received an email from EPA March 7 about the administration of the \$2M Congressional Directed Spending. Assistant Director Hall is addressing it.
- ***April 19 ACSA received another email for the final implementation guidance for the FY 2023 Community Grant projects (also known as Congressionally Directed Spending [CDS], or Community Project Funding [CPF], or Earmarks). ACSA will sit for a 30 minute meeting explaining the requirements. Mr. Hall to schedule.***

2. Water and Sewer Rehabilitation/Extension/Replacement & Other Infrastructure Projects

- Woodvue Dr. Water Main Replacement
 - * Hopkins is working on easement acquisitions for a project by ACSA staff. This work is delayed until 2023 due to other water main extension projects with higher priority (Colony Rd, Ned Brown Rd, and Monacan Indian Nation developments on Dixie Airport Rd.).
- Joint ACSA-County sanitary sewer extension program, Lakeview Dr.
 - * ***There was no General Contractor attendance at the April 12th pre-bid meeting. In efforts to attract additional potential bidders, Addendums # 1 & 2 have been established to extend the dates for substantial completion and final completion from 120 /150 to 210 / 240 respectively. Also, the bid date has been extended from 2 pm on Thursday, April 27, 2023 to 3:30 pm on Monday, May 1, 2023.***

Mr. Hall explained only one bid was received that seemed beyond estimated budget costs. More information is forthcoming once recommendations are received from our engineering consultant. ACSA may be looking to accomplish this task in a different manner.

- Sewage Lift/Pump Station Upgrades
 - * ACSA is finishing review of Hurt & Proffitt plans to update controls and equipment at Abbitts, Reichard Rd. and Lighthouse pump stations for bid and completion in 2023.
- VC Mobile Home Park:
 - * The original 1250' water main installation scope of work was completed in early October.
 - * The additional 300' of water main installation is approved by CVTC; Hopkins is working on the easement plat approval. Construction is expected to be completed in ***early May.***
 - * Sidewalk reconstruction is substantially complete and will be finished in March.
 - * Reimbursements received to date from the \$250,000 appropriated to the project by the Virginia General Assembly total \$108,210.97. Reimbursement Request #5 for \$76,033.63, was submitted March 1. Reimbursement account balance is \$65,755.40.

- RiverEdge Park:
 - * Hopkins spoke to City Water Resources Dept. Manager Tim Mitchell about shutting down the City water supply later in 2022, when the Colony Rd. water main installation is complete, and installing a valve on the City water supply pipe to Central VA Training Center just past the RiverEdge Park service connection, so the City can continue to supply the Park and a few other services on Rocky Hill Rd. near John Lynch Bridge, and ACSA will begin supply VC Mobile Home Park and CVTC Lower Rapidan with water.
- Graham Creek Reservoir Dam Improvements Project:
 - * **Construction began in late April 2022 and achieved final completion April 2023.**
 - * Stone revetment work on the property across Graham Creek from the end of the spillway is finished. Hopkins has emailed the owners for inspection and comments.
 - * **H&P will apply for ACSA's \$250,000 grant reimbursement from the VA Dept. of Conservation and Recreation in April, after the project is finished.**
 - * **The construction completion of the entrance gate (outside of capital project for spillway improvements) is still underway. ACSA is seeking a qualified fabricator for this work.**
- West Vail Court Sanitary Sewer Extension:
 - * The adjacent property easement is recorded.
 - * ACSA has two phone quotes for directional bore construction and is waiting for 2 more. Work will be delayed until summer (late August?) 2023 to allow hoped for hot, dry weather to dry out the wetlands; right now, the area is much too wet from recent months of rain for construction. The developer is informed and agreed, with the understanding that the work will be done.
- Amherst County Gateway (River Road) Sanitary Sewer Extension
 - * Hurt & Proffitt completed preliminary field survey and geotechnical (rock search) work. Sewer installation above the rock is possible, and rock depth at the low point between the road and river is 13'. Two wetwells can be installed there and controls, power, etc. on higher ground north of the road to keep them out of the floodplain.
 - * Hopkins met the property owners on the preferred locations on the south and north sides of River Rd for the pump station. Both owners may be willing to sell a portion of their land.
 - * ACSA, County staff, and financial consultants Davenport & Co. and Sands-Anderson are working on ways to fund the project. Options discussed to date include an ACSA revenue bond, a USDA grant, a DEQ grant, use of Tax Increment Financing (TIF), and County establishment of a Special Tax District (STD), a developer bond or other surety, or some combination of the above.
 - * Davenport reported at the 1/17 Supervisors meeting about 7 responses to the bank funding RFP; Webster is the initial preferred choice. Sands-Anderson drafted documents for a \$10M ACSA revenue bond for this project (\$2.5M) and ACSA's James River Raw Water Intake Project (\$7.5M). Davenport will present to the ACSA Board (see Agenda Section VII.A) and Supervisors today for a decision to be made whether one or both will be included in the RFP selection. The Supervisors, in their last two meetings, claimed responsibility for the Gateway project debt service, though the infrastructure will be owned by ACSA. The intake

project is ACSA's financial responsibility.

- * ***The Amherst BOS agreed to proceed at its April 18, 2023 meeting. ACSA Resolution 2023-A-0006-R is being presented to the ACSA Board to execute interim Financing for this project.***

- Amherst Senior Center

- * Discussions regarding funding the sanitary sewer project are continuing (see above).

- Seminole Plaza Shopping Center – 2022 Sanitary Sewer Overflow Complaints

- * At its 11/1 meeting, the ACSA Board requested staff to draft a letter to the VA Dept. of Environmental Quality asking for assistance in resolving this matter. DEQ replied in mid-November with a preliminary plan to arrange a meeting of jurisdictional stakeholders to try to assign responsibility(s). Hopkins has tentatively scheduled several meetings, but has been unable to get all requested attendees to commit.
 - * In late January, Hopkins received a letter from shopping center owners attorneys Gentry-Locke refuting responsibility for the sewers, but stating willingness to occasionally address overflows. Hopkins replied, after County Attorney Popovich approval of the draft. See the attachments.
 - * In late February, Gentry-Locke forwarded to Hopkins documents they say demonstrate that the shopping center owners sold the sanitary sewer system; Hopkins is reviewing the documents.
 - * Also in late February, Hopkins was contacted by another shopping center property owner to get the main shopping center owners' contact information, so he can pursue recovery of \$2500 in costs to him for a sewer blockage and backup.

3. EDA Business Friendliness Initiative

- Priority 1a Complete evaluation of water and sewer availability fees

- * The ACSA budget year is changing from calendar (January to December) to fiscal (July to June) in July 2023, requiring only a truncated six month budget in early 2023. Adjustments to rates and fees will be implemented with the full 2023 – 2024 budget cycle. The annual benchmarking of rates and fees was completed 11/18/2022, presented to the ACSA Board at its December meeting and sent to financial consultants Davenport & Co. for preparation of the 2023 Pro- Forma Cash Flow Update and recommended rates and fees adjustments for FY2023. ACSA staff and Davenport staff discussed the Pro-Forma preparation March 22. ***Davenport plans to present the 2023 Pro-Forma Cashflow Update at ACSA's May 2, 2023 Board meeting.***
 - * The ACSA Board February meeting included a report indicating that water and wastewater and availability fees for commercial and industrial development projects have dramatically increased with the change by the ACSA Board November 2022 to fees assessment by water meter size. Hopkins' suggestion to fix the problem was tabled. ACSA staff is proceeding with Board direction to monitor and report to the Board quarterly about availability fees for the rest of 2023.
 - * ***A draft budget for Fiscal Year 2023 is being prepared by ACSA staff for preliminary Board review in May and adoption at the June ACSA Board meeting.***
- Priority 2 Major upgrade to communications efforts

- * Nothing new since the last ACSA Board meeting.
- Priority 3 Policy regarding ACSA extensions of public utility lines
- * The ACSA Board denied at its March meeting a proposal by Hopkins that ACSA work with the Monacan Indian Nation on a water main extension down Cedar Gate Road to facilitate MIN development of a 1400 acre parcel (Laurel Cliff Farm).
- * The ACSA Board denied at its March meeting a proposal by Hopkins that ACSA work with the developer Sam Patel on a water main extension into his property in Madison Heights to alleviate water supply issues and facilitate development of Patel's Madison Heights Town Centre project.
- Priority 4 Strategic plan for development and services initiatives
- * See Priority 3.
- Priority 6 ACSA Water Office improvements
- * Hopkins and Hall are working with State officials on a possible lease of and Water Office relocation to Building 10 of the Lower Rapidan area of Central Virginia Training Center.

4. COVID-19

- Low Income Household Water Assistance Program
- * A preliminary launch of the program occurred in October, with continuing problems delaying the ultimate launch until a later date, but utilities can enroll in the program.
- * A draft Vendor Agreement revision was received, reviewed by Hopkins and the County Attorney, and included in Section VII.C for ACSA Board consideration of program participation. Hopkins is concerned about program development, implementation, and potential adverse impacts on ACSA and no longer recommends ACSA participation.
- * At its 11/1 meeting, the ACSA Board acted on recommendations from the Executive Director and County Attorney to postpone enrollment in LIHWAP to a later date.

5. Regulatory Updates

- Perfluoralkyl and Polyfluoralkyl Substances (PFAs)
- * In June, ACSA accepted proactive testing of ACSA water sources by Southeast Rural Community Community Assistance Program at no cost. The work has been delayed by delays in SERCAP getting the test kits, but ACSA is expected the work to be done and results provided soon.
- Unregulated Contaminant Monitoring Rule, Phase 5
- * ACSA is preparing for the initiation of UCMR5, with sampling to begin in October. ACSA solicited proposals from laboratories, but only got one response, from MicroBac. The UCMR4 lab, EuroFins, did not respond, and the other lab ACSA has worked with on other issues, Pace Laboratories, is not certified for this kind of testing.
- Permit Reissuance Application Submittal - Virginia Pollutant Discharge Elimination System (VPDES), Permit No. VAG40008, for Potable Water Treatment Plant.
- This general permit will expire June 30, 2023.
- Application with \$600.00 fee for permit reissuance and modifications was sent to DEQ on March 10, 2023. This application was completed and submitted by Mr. Hopkins, Executive Director.

- ***On April 14, 2023, DEQ requested the Safety Data Sheets for the chemicals that ACSA listed on the registration statement. Once they have received this, ACSA is informed the registration will be considered complete for reissuance.***

6. Town Wastewater Services in Poplar Grove

- The ACSA Board authorized Town reading of ACSA water meters in Poplar Grove for sewer billing. Hopkins suggested ACSA add the wastewater services to ACSA water customer accounts, ACSA bill for water and wastewater services, then send the sewer money to the Town, and the Town pay for ACSA sewer billing administration. Hopkins and McGuffin agreed this would be better, but require a formal ACSA-Town agreement. Hopkins asked the County Attorney to research an agreement.

7. ***James River Raw Water Intake***

- The engineering services Request for Proposals was issued, with 14 consultants contacting Hopkins to get a copy. A pre-proposal meeting was held at the site Feb. 22, with 6 consultants attending.
- ACSA received 2 engineering services proposals. Staff attempted to schedule proposals review and interviews for the last week of March, but at its March meeting, the ACSA Board tabled that effort pending replacement of retiring Executive Director Hopkins.

8. Utility Billing

- As previously mentioned, ACSA has a long-standing practice of physically mailing "post card" utility bills. As a follow-up to discussions at the November 1, 2022 Board meeting, ACSA is exploring options to eliminate "post card" billing.
- ACSA has reached out to 2 potential sources to eliminate post card billings.
 1. ACSA is exploring deeper into opportunities with the same vendor that the City of Lynchburg, Campbell County Utility & Water Authority, Bedford County Regional Water Authority, & Rockbridge County Public Service Authority uses for outsourced billing.
- Other Opportunities being explored:
 1. E-checks
 2. Text to pay
- In an effort to counteract cost increase of post card billings, ACSA met with InvoiceCloud, virtually, January 24, 2023. -additional information to follow.
 1. Additional electronic notices.
 2. Link to pay in the emailed invoice
 3. Additional customer use of electronic billing to reduce paper billing.
 4. A virtual demonstration scheduled for February 9, 2023, was cancelled by the vendor. A new schedule has not been established- hopefully will take place in March. A cost proposal will follow the demonstration.
- Slowly, more residential customers are requesting that they receive bills via the mail, reverting away from ACSA efforts for electronic billings. The majority of commercial customers are in favor of receiving bills via email.
- This item is on hold for involvement of ACSA's replacement for the Executive Director position.

9. EPA's Lead and Copper Rule Revisions (LCRR)

- LCRR's regulatory compliance deadline is October 16, 2024.

- (Verbally learned from training) Virginia adopted the 1986 Safe Drinking Water Act Lead Ban with a 2-year grace period. All construction after 1988 is hopefully constructed with the absence of lead.
- ACSA is in the process of compiling community records by date of construction for every account. This may be an approved tool to prioritize areas of our Community Water System that may likely to have lead service lines. More information is forthcoming. Compilations are grouped according to ACSA's established 24 residential books and 2 commercial books.
- Research concludes approximately 74% of ACSA's residential accounts connect to structures constructed prior to 1989.
- Research concludes approximately 77% of ACSA's commercial accounts connect to structures constructed prior to 1989.
- ACSA Assistant Director Hall participated in a Webinar provided by VA Department of Health (DOH) / Office of Drinking Water (ODW) on 10/13/2022. Additional inventory guidance/requirements were provided. Listed are a few major training points:
 - ODW will provide a template to be completed and submitted at completion
 - Water System service piping and private (customer owned) service line must be classified as 1) lead, 2) galvanized requiring replacement (galvanized service lines that are or ever were downstream from a lead service line or lead gooseneck can adsorb and contribute to lead in drinking water and must be replaced), 3) non-lead, or 4) lead status unknown. In addition to occupied working connections, includes fire service lines, abandoned and or vacant buildings with connections turned off.
 - Visual identification methods include: view of meter setter connection to private service line, excavation of service line, inside home point of entry inspection, closed-circuit television (CCTV), magnet test, scratch test, etc.
- ACSA Assistant Director Hall invited a third-party vendor to view the DOH/ODW webinar on 10/13, to follow-up with a scope of services and cost proposal. Proposal submitted is in the ballpark of \$28K. Does not include: any physical site work or test kits to be sent to unknown inventoried lines (\$26 to \$30 each) All work is remote and accomplished from information fed by ACSA.
- Discussions with one neighboring community water system indicates they are placing full efforts to inventory service lines on the utility side of water meters; private lines will follow.
- Executive Director Hopkins and Assistant Director Hall discussed a schedule to perform physical verifications with ACSA Operations Manager on December 16, 2022. Progress reports to follow.
- ACSA crew has is actively inspecting meter setter connections in book #1 (Old Madison area) for inventory observation / reporting.
- A meeting was held March 9, 2023 with Tamara Anderson, Project Manager Financial and Construction Assistance Program, (FCAP) Virginia Department of Health - Office of Drinking Water for funding application discussions, an application requirement for LEAP (Lead Assistance Elimination Program) funding.
- ACSA Utility Crew supervisor reports service line piping materials inventory at meter setters are complete Book #1, Old Madison area – approximately 180 accounts.

10. Non-Revenue Water.

- Capturing data for reporting non-revenue water is a work-in-progress. Data comes from Water Operators, Utility Crew Leaders, Meter Readers, Accounting Clerks, Encode (Utility Billing Software) and Amherst Public Safety.

- Assistant Director Hall touched base with the Amherst Public Safety and Public Works Directors concerning non-revenue water on December 7, 2023, both of which committed to tracking their use of beneficial non-revenue water. Monthly un-metered water consumption information is being received from Public Safety & Public Works.

There were no other Board Member comments concerning the Executive Director's report.

VII. New Business

A. ACSA Resolution 2023-A-005-R Interim Executive Director and Acting Secretary Appointment

The Executive Director and Secretary of the Amherst County Service Authority, Mr. Robert Hopkins, resigned his position April 7, 2023. In order to ensure continued operations, the Amherst County Service Authority Board deem it appropriate to appoint an Interim Executive Director and Acting Secretary.

Attachment: VII.A ACSA Resolution 2023-A-005-R Interim Executive Director and Acting Secretary Appointment is not a part of these meeting minutes but can be made available by request to the Interim Executive Director.

By motion of Mr. Martin, and with the following vote, the ACSA Board voted to approve ACSA Resolution 2023-A-005-R:

AYE:	Mr. Perrow Mr. Woods, Mr. Martin, Mr. Wade, Mr. Pugh
NAY:	None
ABSENT:	None
ABSTAIN:	None

B. ACSA Resolution 2023-A-006-R Gateway Sanitary Sewer Project Funding

The ACSA Board is being asked to adopt and execute ACSA Resolution 2023-A-006-R, approving issuance of a Water and Sewer System Revenue Bond Anticipation Note, and the associated Finance Agreement, Support Agreement, & Form Series B Note, referenced in the Resolution for ACSA's Gateway Sanitary Sewer Project.

Attachment: VII.B ACSA Resolution 2023-A-006-R Gateway Sanitary Sewer Project Funding is not a part of these meeting minutes but can be made available by request to the Interim Executive Director.

Mr. Perrow asked if this resolution will be forwarded to the Amherst County Board of Supervisors for approval following ACSA's vote. Mr. Daniel Siegel, bond/legal counsel, Sands Anderson, PC, provided information to Mr. Perrow's question, indicating it is not necessary to forward this decision to the Amherst Board of Supervisors and this loan should close on May 11, 2023.

Mr. Hall explained that a Memorandum of Understanding will be forth-coming and will be part of permanent financing that will establish Amherst County's backing of this project financing until ACSA revenues from the project will support the financing costs.

There were no other Board comments concerning this Agenda Item.

By motion of Mr. Wade, and with the following vote, the ACSA Board voted to approve the adoption and execution of Resolution 2023-A-006-R, for project financing of the Gateway Sanitary Sewer Project.

AYE:	Mr. Perrow Mr. Woods, Mr. Martin, Mr. Wade, Mr. Pugh
NAY:	None
ABSENT:	None

ABSTAIN: None

C. 2023 Pro-Forma Cash Flow Update

The ACSA Board adopted a truncated six month budget for the first half of 2023 to transition its financial operations from a calendar year to a fiscal year. With the end of this budget cycle approaching, ACSA requested a Proforma Cash Flow Update from Davenport & Co. This update will assist with preparations of a draft budget for the upcoming budget cycle, that will allow ACSA to meet its annual operating & maintenance obligations. Recommendations for a 2023 / 2024 ACSA rates and fees adjustments is planned for the August 2023 ACSA Board Meeting.

Attachment: VII.C 34th Annual VA Water & Waste Water Rate Report is not a part of these meeting minutes but can be made available by request to the Interim Executive Director.

A draft Pro-Forma Cash Flow Update was hand-delivered to the Board for a presentation from Mr. R.T. Taylor of Davenport & Co. A copy of this hand-delivered draft report can be obtained by request to the Interim Executive Director.

Mr. R.T. Taylor from Davenport & Co. began presenting to the ACSA Board. A Pro-Forma Update report is typically complete in the fall. With the conversion of ACSA's financial operations from a Calendar year to a Fiscal Year, calculations are being performed early, at the end of a short budget cycle for the conversion. Mr. Taylor mentioned ACSA's 2022 financial audit is not complete. He has received un-audited financial information from both ACSA and the County Finance Department for a draft Pro-Forma report. This report offers the ACSA Board max rates for next year's budget process. ACSA sets the rates and the Amherst Board of Supervisors issues a public notice and adopts these revised rates into the County Ordinance.

Mr. Taylor explains the Pro-Forma is presented to give the Board information to make good decisions regarding rate increases, that will cover capital and operational needs, etc. Also, ACSA's debt covenance with the Virginia Resources Authority requires a key benchmark that establishes for every dollar of revenue minus expenses, the Service Authority must maintain at least \$1.15 left over for every dollar of debt service. ACSA has an internal best practice of maintaining non-designated financial reserves at or above 50% of budgetary revenues to be able to cover unforeseen expenditures. ACSA has an aspirational internal policy of reaching 75% of budgetary revenues.

The Draper Aden Associates rate report/comparison indicates the following comparison of a 15 peer group study:

- 1) ACSA's water bill is slightly higher than the other 14 peer group averages**
- 2) ACSA's water bill lower than 6 of the other 14 peer group averages**
- 3) ACSA's water bill is slightly higher than the two municipal service authorities that we compare ourselves to (Campbell County Utility and Service Authority & Bedford Regional Water Authority)**
- 4) ACSA's Connection fee is below the average compared to the peer group**
- 5) ACSA's availability fees are slightly above average compared to the peer group**
- 6) Sewer rates for ACSA are slightly higher than some but lower than others compared to the peer group.**

The upshot is ACSA has been approached with significant development/growth in the community.

Projects that are implemented in the update is replacing of existing lines in the system annually, the mandatory \$7.5M James River intake project and the mandatory upgrade of another future project (Williams Creek Pump Station upgrade).

Current ACSA reserves are at good levels but the Authority may wish to increase the reserves. They are at current levels due to funding transferred from the County for future projects.

Preliminary recommendations:

- 1) Increase user rates for water by 6.76% to \$6.58 per HCF
- 2) Increase sewer by 7.76% to \$10.13 per HCF
- 3) Increase the basic service fee for water and sewer by \$1.00, commencing in FY 2025 and beyond

Mr. Woods asked for clarification. With the recommended increases, ACSA will be the highest in the peer group study. Mr. Taylor replied assuming all other systems stay flat and do not increase fees, this will be the case.

Mr. Wade asked how the non-designated reserve funds would be affected if the County contributions for future projects were removed. Mr. Taylor does not have this information for this meeting.

Mr. Pugh asked if the last rate increase was 4.38%. This information is useful for his evaluation of the proposed increase. He also asked what mandatory project is referenced other than the James River intake. Mr. Hall replied it's the Williams Run Sewer Pump Station Upgrade. Mr. Pugh mentioned the \$7.5M James River Raw Water Intake project restricts the Board, considering being business friendly and the impact on residents. Mr. Perrow interjected he has initiated further conversations with DEQ to fully understand the requirement of the James River Raw Water Intake. Maybe this project scope can be reduced and fund other needs.

Mr. Martin asked the question- what would the scenario be if ACSA is not in the position increase rates? Mr. Taylor replied without rate increases ACSA may not be able to meet required benchmarks. Mr. Taylor referenced page 11 of the update to show ACSA will hit their target low of 1.15% of debt service coverage in the year 2026 with the proposed rate increases, considering the future projects.

Mr. Perrow is concerned that the target rate should not get below 50% at any time. ACSA should not inspire to meet 75% at this time.

Mr. Perrow asked about the timing of the rate increases. Mr. Hall indicated the rates would be in effect July 1, 2023, at the beginning of the new fiscal year; ACSA's last rate increase was February of 2022.

Mr. Hall asked if development/community growth is considered for this report. Mr. Pugh mentioned we must approach scenarios carefully since proposed developments may never take place.

Mr. Perrow asked if additional scenarios could be presented – water at 6% and 5% for water rate increases and sewer rate increase for 7% and 6% for sewer. Mr. Taylor reminded that if the current proposed increases are no put into place, ACSA will not meet its bond covenant in 2026.

Mr. Taylor informed that Davenport must provide a certificate to VRA and Truist that shows ACSA will meet the coverage by increasing the revenue rates per the Pro-Forma Update report.

Mr. Woods mentioned ACSA should look at increasing the basic water monthly service fee.

Mr. Perrow revised his request for additional scenarios to only include rate increases of 6% water and 7% sewer and a scenario to show a \$1.00 increase for the monthly water basic fee.

Mr. Perrow asked the Board to get any other updates or suggestions to Mr. Hall to forward to Mr. Taylor by close of business Tuesday, May 9, 2023.

There were not other Board Member comments concerning this Agenda Item.

D. ACSA Draft Budget, FY 23/24

It was hopeful, the new County financial software would be operational and adequately communicating with ACSA Water Office financial software in time for the adoption the FY'23/24 budget. However, on-going efforts to transition to the new county software is still in progress; new ACSA procedures and formatting for the up-coming budget year, that will coordinate with the Amherst Financial software has not been established. For this reason, the previous ACSA adopted budget format is being presented.

To continue operations financially, the attached draft budget is being presented with a request for review and comment. A final draft proposed budget will be included in the June ACSA Board Meeting for consideration/adoption, as the new fiscal year approaches.

Attachment: VII.D ACSA Draft Budget, FY23-24 Staff Report is not a part of these meeting minutes but can be made available by request to the Interim Executive Director.

Mr. Hall presented the draft budget explaining the line items for the truncated six-month budget were extended for a twelve-month period. These line item figures were slightly inflated by the previous Executive Director to reflect inflation. Other line items that are annual payments, e.g. insurance premiums, are carried straight forward. New line items for up-coming construction projects are listed.

Mr. Martin asked if COLI of 7% is added. Mr. Hall responded 7% is added plus 1% for operational salary adjustments, i.e. promotions, licensures, etc.

Mr. Perrow requested the Board consider if the Executive Director Compensation listed is adequate.

There were no other Board member comments concerning this Agenda Item.

E. Miscellaneous Matters

ACSA submits required monthly bacteriological samples at multiple locations throughout our Community Water System (QTY-15). On the form that accompanies the samples, we are also required to record residual disinfectant levels, in this case, a free chlorine residual reading. The Notice of Alleged Violation indicated ACSA failed to enter the residual chlorine reading in the report for the Abbitts Garage location when the sample was taken on February 1, 2023. We've since received the Report of Analysis from the Commonwealth of Virginia, Division of Consolidated Laboratories, indicating the absence of Total Coliforms and E. Coli by Colisure regarding this sample and location. ACSA did, in fact, take the chlorine residual reading and it was normal. However, ACSA failed to fill in the box on the form that lists the chlorine residual reading.

ACSA will report this Notice of Alleged Violation in our Consumer Confidence Report (CCR) for 2023. With this method of reporting, no other action is required.

Attachment: VII.E Notice of Alleged Violation 2023043 is not a part of these meeting minutes but can be made available by request to the Interim Executive Director.

Mr. Hall reported a Notice of Alleged Violation issued to ACSA by the Department of Health, Office of Drinking Water on April 3, 2023. This report was presented as written in the summary.

Mr. Perrow requested clarification and asked Mr. Hall to answer yes or no to the following questions:

- 1) **"There are no issues with the quality of our (ACSA's) water from this test sample."
Mr.. Hall replied "that is correct."**
- 2) **"The only problem was there was a clerical error where a box wasn't checked."
Mr. Hall answered "yes."**

VIII. Citizen Comment

Board Chair Perrow opened the floor for comment by meeting attendees.

With no citizen wishing to speak, Mr. Perrow closed Citizen Comment.

IX. Closed Session for the Purpose of Discussion and Consideration of Prospective Candidates to fill the upcoming vacant ACSA Executive Director Position.

- A. The ACSA Board is entering into closed session for discussion, or consideration, of prospective candidates for employment.

Closed meetings by public bodies are authorized for certain limited purposes. The ACSA Board is entering into closed session for the authorized purpose of discussion, or consideration of prospective candidates to fill the upcoming vacant position of ACSA Executive Director.

By motion of Mr. Wade, and with the following vote, the ACSA Board voted to enter closed session, pursuant to section 2.2-3711(A)(1) of the Code of Virginia, 1950, as amended, to discuss, or consider prospective candidates to fill the upcoming vacant position of the ACSA Executive Director.

AYE:	Mr. Perrow, Mr. Woods, Mr. Martin, Mr. Wade, Mr. Pugh
NAY:	None
ABSENT:	None
ABSTAIN:	None

Mr. Perrow requested Mrs. Linda Felix, Amherst County Human Resources Director and Mr. Jeremy Bryant, Amherst County Interim Administrator to join the ACSA Board in the closed session.

Mr. Perrow announced the ACSA Board is out of Closed Session.

By motion of Mr. Woods, and with the following vote the ACSA Board certified by recorded vote, that to the best of each Board member's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed session, were heard, discussed, or considered in the closed session.

Recorded Vote:

AYE:	Mr. Perrow
AYE:	Mr. Woods

AYE: Mr. Martin
AYE: Mr. Pugh
AYE: Mr. Wade

Following the Closed Session Certification, by Motion of Mr. Woods, the ACSA Board voted to increase the Interim Executive Director salary by 10 percent from the date of Mr. Hopkin's departure up to the point a replacement is appointed and working. This item is pursuant to discussions of the Closed Session.

AYE: Mr. Perrow, Mr. Woods, Mr. Martin, Mr. Wade, Mr. Pugh
NAY: None
ABSENT: None
ABSTAIN: None

X. Matters from the Members of the Service Authority Board

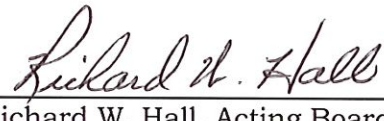
There were no Board member comments concerning this item.

V. Adjournment

Mr. Perrow announced the meeting adjourned at 2:37 pm.



Edgar J.T. Perrow, Jr., ACSA Board Chair



Richard W. Hall, Acting Board Secretary