

**AGENDA
PULASKI COUNTY
PUBLIC SERVICE AUTHORITY**

**Regular Meeting
Tuesday, Oct. 11, 2011
9:00 a.m.**

Follow-up Agenda

ACTION ITEM

KEY STAFF

(Dr. Warren welcomed Ms. Burchett as a new member of the PSA Board)

(Mr. Huber introduced Pat Luce with Waste Industries (related to item 2g on agenda) and Crystal Handy and Jennifer Wilsie with the PDC (related to item 2a1)

1. Citizen Comments

(Mr. Huber provided an update as it related to concerns shared by Mr. Carl Lambert at the September 26th Board of Supervisors meeting re: water and sewer service to county)

(Mr. Dean expressed concerns that other counties are providing public water and sewer to outside parts of the county, such as Carroll County – Staff to research Carroll County situation and provide update - Place update on future agenda)

Mr. Linkous/
Mr. Huber
Ms. Hanks

(Dr. Warren suggested citizens were discovering it may be cheaper to use private wells)

(Mr. Huber described funding put forth by the county towards Commerce Park and advised the park is fairly well self supporting, utilities improvements to the park are funded through grant funds and is also being supported by other localities)

2. Finance

a. Follow-up from Previous Board Meetings:

1. Subordination of PSA Liens to CDBG
Program Requirements

(Staff explained the ongoing lien situation for homes in the Dora Highway and Baskerville areas of the county and advised that the county was successful in obtaining CDBG for housing rehabilitation – Staff also explained the process for rehabilitation)

(Crystal Handy and Jennifer Wilsie described how the Home Consortium staff works with the home owner to better understand practices for maintaining home finances; that federal funds cannot be provided on property that can be foreclosed on; and the Home Consortium would allow for the PSA to commit to forgoing foreclosure for the next 20 years)

(Mr. Huber advised Sam Campbell was being asked to draft a specific repayment agreement and consider subordinating PSA liens)

(Mr. Crawford expressed concern over forgiving of PSA debts for lack of payment – Ms. Handy clarified the Consortium is not asking the PSA to forgive debt, but is asking the PSA not to foreclose on property)

(Mr. Huber recommended a debt service agreement be prepared for the six homes, with the stipulation that the agreement applies only to homes that have home funds in it)

(Mr. Loyd confirmed if PSA approves to not foreclose then PSA would maintain first lien to all other liens – Mr. Loyd expressed concern over the potential by the PSA to setting a precedent – Mr. Huber advised the PSA has never foreclosed on property due to delinquent payments on PSA accounts)

(Board approved drafting of agreement indicating the PSA would retain first lien position and agree not to foreclose on six properties, subject to review and approval by Sam Campbell – Obtain homeowners names and addresses and place in minutes)

Mr. Huber
Ms. Hanks

2. Fluoridation Concerns

(Staff provided an update on findings related to fluoridation concerns – Dr. Warren presented his findings on pros and cons for providing of fluoridation of water)

(Mr. Crawford inquired as to the chemicals used in water – Staff advised of the chemical optimization study which is underway and which will provide the chemicals being used and alternatives – Provide update to PSA Board once prepared)

Mr. Linkous

3. Recommendations for Balancing Sewer Budget

(Staff provided update and recommended actions (filed with the records of this meeting) – Board members inquired as to the number of pump stations currently in operation and the increase expected)

(Staff explained the Draper Aden report and responded to questions by Board members re: the report)

(Mr. Dean suggested looking in depth as to use of grant money to fund projects as an option for balancing budget)

(Mr. Loyd inquired as to intended use of money that was saved on Skyview project – Mr. Huber advised money went back into the General Fund and can be used for whatever purpose desired by the PSA Board)

(Board approved purchasing 100 radio read type meters to use for test purposes then to be relocated to a specific route to determine the efficiency of the reading process)

Mr. Linkous

4. Town of Dublin Water Billing

(Mr. Huber provided update including the possibility that the high billing for the town could be due to a meter error and noted the billing issue was also as a result of the timing for setting of rates for the following year – Mr. Huber reported asking the Town to advise of its preference to being a “partner” or “customer” with feedback to be reported to PSA Board once received from Town of Dublin – Place on future agenda)

Ms. Hanks

(Mr. Loyd questioned status of present relationship with Town of Dublin system – Mr. Huber advised the relationship has been that of a “partnership”)

5. Request for Waiving of Portion of Oleta Gravley Account

(Mr. Huber described the location of the Gravley properties, as well as the potential location for water lines – Staff to determine if separate billings are occurring for each property, if neighbors who are non-users are paying and determine if any other dwellings in the Gravleys name are paying – Place update on November agenda)

Ms. D. Boyd/
Mr. Huber

Ms. Hanks

6. Skyview Phase One

(Staff reported Rural Development authorized construction of Skyview Phase I)

7. Amnesty Program Report
(Staff provided summary of customer participation in amnesty program)
 8. Parrott Water Tank
(Staff reported REMSI has agreed to contribute 50%, or a maximum of \$10,000, to the cost of repairing the road to the Parrott water tank, noting the road was worse than expected and that the contractor had moved off site)
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- b. Review of Financial Report
(Staff report provided – Board accepted)
 - c. Balance Due & Lien Reports
(Mr. Loyd expressed concern over the reporting process – Staff to provide picture of vac truck once received, as well as arrange for viewing of truck as convenient) Mr. Nichols
 - d. Budget Adjustments
(Mr. Loyd inquired as to timeline for completion of Orchard Hills & Highland Park projects – Staff advised projects are basically completed, with cleanup work to be done and billing started for Orchard and Rolling Hills for non-user fees, with Highland Park non-user fees expected to go into effect January 1, 2012 – Board approved budget adjustments) Ms. Newby
 - e. Billing Adjustments
(Approved) Ms. Newby
 - f. Accounts Payable
(Approved) Ms. Spence
 - g. Waste Industries Proposal
(Mr. Huber introduced Pat Luce of Waste Industries who provided a report on the potential for privatizing waste collection who asked if there was any interest in putting out RFP for services – Staff

advised pros and cons would need to be reviewed related to potential operations, treatment of employees, management of equipment, etc. – Staff to review current agreement to determine if Town of Pulaski and Dublin would need to approve privatization – Board approved proceeding with drafting RFP & presenting back to PSA Board for review – Place on November agenda)

Mr. Huber/
Mr. Nichols

Ms. Hanks

- h. Drop Center Improvements
(Staff reported \$387,000 in money set aside for closing landfill expenses could be made available for the purpose of upgrading the county's drop center, these funds are as a result of overage put in reserves for the Ingles Mtn landfill – Staff advised NRRA determined that reserves were no longer needed – Staff to confirm calculations are accurate)

Mr. Huber

3. Operations

- a. Minutes of Previous Meetings
(Approved, with correction to removing certain sections of balance due and lien report – Copy and index minutes)
- b. Inmate Availability Report
(Reported one inmate per month)
- c. Drop Site Total & County Landfill Tonnage Reports
(Reported)
- d. Personnel Changes
(Reviewed)
- e. Rescheduling of November Board meeting
(Rescheduled to Wednesday, November 9th due Election Day falling on regular meeting Day – Notify press with monthly notices)
- f. Wireless Authority Use of Water Tanks
(Presented draft agreement with Wireless Authority for the use of PSA water tanks – Place on future agenda)

Ms. Duncan

Ms. Safewright

Ms. Hanks

g. Johnny Crowder Sewer Service
(Staff advised the issue is whether there would be a non-user fee applied – Place staff recommendation on future agenda) Ms. Hanks

h. Agreement with Pulaski County Sewerage Authority
(Staff reported proposal for labor costs, plus 15%, had been sent to PCSA with no response to date – Place on future agenda) Ms. Hanks

4. Informational Items
• None

5. Current Authorized Projects

(Mr. Loyd inquired if anything had developed related to providing a drop site on the south side, or improvements to the Dora Highway site – Staff reported the site under consideration on the south side appears to have some unknown activity, which may result in the county being unable to acquire the property - Further, the Town of Pulaski continues to work with Honeywell on the potential for relocating the Dora Highway site – Staff also advised the county has option on the adjacent property currently owned by Verizon for the relocating of the Sheriff's offices)

(Dr. Warren inquired re: the status of extending sewer to the NRV Fairgrounds – Staff advised review is ongoing, noting monies had been allocated to extend line to Rt. 100 at the entrance to Commerce Park)

a. Action Items

- Skyview/NRV Fairgrounds sewer funding
- Construction of Commerce Park Utility Project
- Drop Center location South side of Claytor Lake
- Evaluation of "radio read" water meter option

b. Pending Items

- Lakewood Estates emergency response plan
- Evaluation of joint negotiation of rail crossing fees

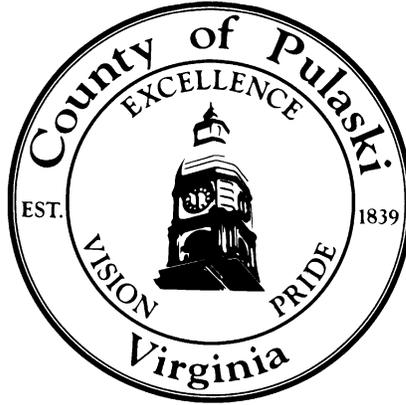
6. Other Matters

(Staff reported receipt of information from Jim Bell detailing the percentage of delinquent accounts over 90 days (not being paid over 90 days) is 2.9% for water, 3% for sewer, 3.1% garbage with overall 3.1% delinquent accounts over 90 days – Provide update at April 2012 meeting – Place on agenda)

Ms. Hanks

(Mr. Loyd inquired as to status of the suit regarding the account on Thornspring Church Road. Staff reported no update had been received from Attorney Sam Campbell)

7. Adjournment



Administration

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October 7, 2011

TO: PSA Board of Directors

FROM: Staff

SUBJECT: Report Regarding Agenda Items

1. Citizen Comments – At the September 26 Board meeting, Mr. Carl Lambert voiced concerns that County general funds had not been invested in public water and sewer services outside of industrial parks. I noted the high cost of serving all parts of the County and the lack of fairness for those not receiving service to be paying for those who do through their property taxes.
2. Finance - (Items having significant financial impact on the Authority)
Please give Diane a call at 540 980-7705 if you have any questions or concerns regarding the financial reports so that further research can be done and clarification provided prior to, or at the Board meeting.
 - a. Follow-up from Previous Board Meetings:
 1. Subordination of PSA Liens to CDBG Program Requirements - ***Enclosed*** is the subordination agreement template for the Baskerville PSA liens as reviewed by the NRV HOME Consortium's attorney. Any dollar amounts, or instrument numbers, were left in the document as placeholders and are not representative of actual dollar amounts or instruments. I have asked Sam Campbell to review the document and have asked him to also prepare a payment agreement to address these situations. However, Sam is on vacation this week and it is unlikely that I will have a response from him prior to the PSA meeting. We have also invited a CDBG administrator's attendance at the PSA meeting to answer questions the Board may have.
 2. Fluoridation Concerns - I checked with Dr. Southern's office regarding fluoridation concerns. They responded that they can notice a difference between children and adults who are on wells

vs. public water service in the decreased number of cavities in those using fluoridated water. The office also referred me to the American Dental Association website for further information and in particular to the following 72 page document: http://www.ada.org/sections/professionalResources/pdfs/fluoridation_facts.pdf. Please let Gena or Barbara know if you would like a printed version.

3. Recommendations for Balancing Sewer Budget – Jared Linkous has researched this matter and has determined that a combination of the following issues are resulting in the unbalanced sewer budget:
 - a. Topography – The lay of the land in Pulaski County and the distribution of customers results in the current operation of 13 sewer pump stations. On average, these stations are serving 75 households each. This figure has increased from 55 customers per lift station less than six months ago. Proper maintenance and high operational costs for these stations make it structurally difficult to reduce costs.
 - b. Low Customer Numbers – Having relatively few customers in comparison to the PSA’s water system (970 sewer vs. 4,794 water), increases the per customer amount needed to balance the sewer budget.
 - c. Inflow and Infiltration – Direct flow of rainwater into the sewer system through downspout connections and infiltration of groundwater through cracks in the sewer collection system increases the volume of water to be treated without a corresponding increase in revenue. During the last 12 months, the PSA has averaged approximately 458,000 gpd to the PFRWTA while billing for approximately 285,000 gpd. This is approximately 62% average in unaccountable flows through inflow, infiltration and inaccurate meters.
 - d. Inaccurate Water Meters – Mechanical water meters have difficulty capturing low-flow conditions, and meter accuracy typically decreases over time. A large number of PSA water meters were originally installed over 30 years ago. A combination of inflow, infiltration and inaccurate water meters results in larger than normal unaccounted for sewer flows for which revenue cannot be generated.

Recommended actions for addressing these issues are as follows:

- a. Topography – Focus on gravity line extensions as much as possible so as to avoid the construction of additional pump stations.

- b. Low Customer Numbers – Continue to extend gravity collection system or raise rates. The number of sewer customers continues to grow, as a result of the recently completed projects. The number of sewer customers has increased from 670 to 970 in less than six months. A copy of the PSA rate structure is ***enclosed***. The rates vary from project to project to ensure the non-user fees cover the debt service for each project. However, this structure also complicates determining an average rate for comparison purposes with other localities. Regardless, an average rate has been estimated to be approximately \$33.47 for 5,000 gallons. The USDA Rural Development recommended rate is 1.5% of the median household income (MHI), which for Pulaski County would be \$47.79 for 5,000 gallons. A summary sheet for comparison with similar localities and their associated RD recommended rates has also been ***enclosed*** as is a chart showing water and sewer bills as a percent of the median household income. Finally, ***enclosed*** is a statewide rate study as conducted by Draper Aden.
- c. Inflow and Infiltration (I/I) – I/I is an all too common problem with sanitary sewer systems. However, 62% unaccountable flow on an average basis is excessive. PSA staff has been evaluating a large source of I/I between the Volvo facility and the Corporate Center. Large amounts of stormwater runoff have been entering the area and Volvo staff is currently evaluating the possibility of detaining the stormwater to release at a slower rate. An exhibit comparing the sewer flow data in the area to available rainfall data has been ***enclosed***. PSA staff has also recently learned that the I/I for the New River Community, along with a few other smaller areas, is estimated by PFRWTA as a result of inoperable or non-existent flow measuring devices within the PSA system. PSA staff is currently researching options to measure this flow to improve the accuracy of the PFRWTA billing process. Current estimates used by PFRWTA assume 50% of the I/I entering the Dublin Interceptor belongs to the PSA systems that are currently not measuring flow.
- d. Inaccurate Water Meters – Because meter inaccuracies vary based on flow rates and flow rates vary for each household over the course of the day, meter inaccuracies are best measured by replacing a select number of meters and comparing the resulting change in the overall readings. Using a statistical approach to determining how many of the 4,767 residential meters in the system should be tested would depend on how accurate the PSA board would want the results to be:

- a. Replacing 355 meters provides a 95% accuracy rate
- b. Replacing 200 meters provides a 93% accuracy rate
- c. Replacing 100 meters provides a 90% accuracy rate

Meters are generally bench tested 10-15 meters at a time in large quantities. Therefore, test meters should be removed and replaced for testing. This would allow for the purchase of residential water meters with radio read technology. After being distributed on a random basis in the system, these meters would then be reinstalled on a cluster basis within one meter route as a radio read meter test.

- a. 355 meters at a cost of \$85,000
- b. 200 meters at a cost of \$50,000
- c. 100 meters at a cost of \$25,000

4. Town of Dublin Water Billing – Due to the increased complexity of completing audit reports, it is unlikely that the current method for billing the Town of Dublin and the Town of Pulaski can continue to function. In the development of a new billing method, the options seem to be:

- a. Treat towns as true partners by giving them the benefit of volume usages (this is likely to require some type of “settle up” process), or
- b. Treat towns as large volume customers with the PSA setting a fixed rate to include some surplus buffer to compensate for the possibility of the PSA taking a loss.

The Town of Dublin has been asked to consider these two basic approaches. Suggestions from PSA Board members regarding these two approaches would also be appreciated.

5. Request for Waiving of Portion of Oleta Gravley Account – As shown on the ***enclosed*** aerial photograph and the 1963 septic application with the house number in question circled. We plan to ask Ms. Tate’s assistance in reconciling these maps. However, Ms. Gravley’s house is clearly within 300 feet of the PSA’s water line. The PSA’s policies pertain to direct distance rather than specific connection distances. Running the water line for the longer distance would not be an issue if there were a problem with the well. Thus, continued charging of non-user fees is recommended.

An alternative (not recommended) would be to set the connection fee for any non-users water customers as being the amount of non-user fees they would have paid since the specific system was completed, plus 5% interest.

6. Skyview Phase One – We received notification this week that Rural Development authorized construction of Skyview Phase One. The special meeting of the PSA Board was much appreciated in our efforts to get this portion of the project constructed within the Rural Development deadline.
7. Amnesty Program Report – Debbie Boyd has provided the following summary of customer participation in the amnesty program.

NAME	ADDRESS	AMT TAKEN OFF	AMT COLLECTED
Keith O'dell	5805 Baptist Hollow Rd	\$142.42	\$464.25
Oletha Gravley	3373 Honaker Road	\$0	\$2,825.74 GB only
Richard Hamblin	5921 Lyons Road	\$64.14	\$427.23
Peter Leonard	5368 Little Pine Lane	\$127.04	\$538.74
Chip Dunford	6271 Swiss Knob Drive	\$1,262.10	\$933.55
Robin Hodges	5997 Wilderness Rd # 31	\$47.58	\$275.96
Carl Letner	2410 Cox Hollow Road	\$112.77	\$593.57
Marie Arnold	5163 Baskerville Street	\$1,372.05	\$25.00
Barbara Hendricks	5157 Baskerville Street	\$452.54	\$90.00
Andrew Arnold	5149 Baskerville Street	\$1,442.71	\$45.00
Andrew Arnold	5151 Arnold Lane	\$485.33	\$0
	Total	\$5,508.68	\$3,393.30

8. Parrott Water Tank Road – REMSI has agreed to contribute 50% of the cost toward repairing the road to the Parrott water tank, up to \$10,000, thus reducing the cost of this project to the PSA.
 - b. Review of Financial Report - A copy of the revenues and expenditures summaries are ***enclosed*** for the Board's review.
 - c. Balance Due & Lien Reports – The following report is provided:

Balance Due	7/1/2011	8/2/2011	9/1/2011	10/3/2011
Current Balance	573,118.99	446,481.59	443,962.88	582,967.89
Over 30 Days	90,828.32	59,388.84	34,850.55	29,137.19
Over 60 Days	14,423.61	9,939.42	35,011.64	32,870.89
Over 90 Days	785,599.10	784,412.06	787,290.25	781,392.14
Total	\$ 1,463,970.02	\$ 1,300,221.91	\$ 1,301,115.32	\$ 1,426,368.11
Leins Filed				\$ 359,566.74

Details of Accounts Delinquent for 90 days or more

Detail by type of customer and level of service billed for

	Garbage & Water	Sewer Only	Garbage Only	Total
Residential	32,810.20	8,955.09	548,261.35	\$ 590,026.64
Commercial	1,458.20	-	21,063.43	\$ 22,521.63
Nonuser	168,843.87	See Non-User Breakdown	-	\$ 168,843.87
Total	\$ 203,112.27	8,955.09	\$ 569,324.78	\$ 781,392.14

Detail by type of customer and active, inactive and non-user accounts

	Inactive	Non User	Active	Total
Residential Water	27,273.88	168,843.87	5,536.32	201,654.07
Commercial Water	1,458.20	See	-	1,458.20
Residential Garbage	45,970.38	Non-User	502,290.97	548,261.35
Commercial Garbage	16,944.83	Breakdown	4,118.60	21,063.43
Sewer	2,147.51		6,807.58	8,955.09
Total	\$ 93,794.80	\$ 168,843.87	\$ 518,753.47	781,392.14

	Non-user Breakdown
Resi Water/Garbage	\$ 167,560.35
Sewer	\$ 1,283.52
Grand Total	\$ 168,843.87

- d. Budget Adjustments – Approval of the ***enclosed*** budget adjustment is requested.
- e. Billing Adjustments - Adjustments totaling a net credit of \$25,167.83 are submitted as described on the ***enclosed*** report.
- f. Accounts Payable - Review and approval of the ***enclosed*** accounts payable is requested.
- g. Waste Industries Proposal – ***Enclosed*** are documents submitted by Waste Industries regarding the possible privatization of the PSA refuse operation. Privatization would require an increase in roll-off charges mostly affecting James Hardie and other industries. The next step would be issuing an official request for proposals, should the Board be interested in pursuing this option.
- h. Drop Center Improvements – Ronnie Nichols has been working with the New River Resource Authority and has determined that \$387,000 in money set aside for post closing landfill expenses could be made available

for the purpose of upgrading the County's drop centers. These are landfill fees previously earmarked for landfill closure costs but no longer needed due to the expansion of the landfill's customer base.

3. Operations:

- a. Minutes of Previous Meetings - ***Enclosed*** are the minutes of the September 2011 meeting for review and comment. ***Please call Gena prior to the meeting at 980-7705 with any changes so that revised copies of the minutes can be provided at the meeting.***
- b. Inmate Availability Report - Staff reports the PSA generally had use of one inmate per day for the month of September.
- c. Drop Site Total & County Landfill Tonnage Reports – The following are updated drop site and landfill tonnage reports:

**Drop Site Total
for the Month of September 2011**

Site	Trips	Tons	Tons per haul
Dora Highway	17	39.18	2.30
Dublin	31	109.68	3.53
Fairlawn	5	36.58	7.31
Totals	53	185.44	3.49



**County Landfill Tonnage
(County customers & Refuse Department Haulers
for the Month of September 2011)**

Commercial	Residential	Tires	Brush
481.23	1091.12	609	9.45

- d. Personnel Changes – The ***enclosed*** personnel changes as prepared by Norma Spence are presented for the Board's review.
- e. Rescheduling of November Board meeting - Due to PSA Board meeting also being held on Election Day, several Board members had suggested moving the November meeting. I would recommend moving the meeting to Wednesday, November 9th.
- f. Wireless Authority Use of Water Tanks – ***Enclosed*** is a draft agreement with the Wireless Authority for the use of the PSA water tanks.

- g. Johnny Crowder Sewer Service – As is the case with Ms. Gravley, my recommendation is to charge non-user fees if any part of the residence can be served by the PSA. While this situation is not ideal, this recommendation is based on the expectation that Mr. Crowder would seek to connect to the PSA’s sewer system should his septic system ever fail.
 - h. Agreement with Pulaski County Sewerage Authority – We have passed on the PSA’s proposal for labor cost, plus 15%, but have not received a response to date.
4. Informational Items:
- None
5. Current Authorized Projects - The staff currently has the following projects on their “to do” list but we do not have any additional information to report regarding these items at this time.
- a. Action Items:
 - Skyview/NRV Fairgrounds sewer funding
 - Construction of Commerce Park Utility project
 - Drop Center for the South side of Claytor Lake
 - Evaluation of “radio read” water meter option
 - b. Pending Items:
 - Lakewood Estates emergency response plan
 - Evaluation of joint negotiation of rail crossing fees
6. Other Matters – Any other matters which may arise following distribution of the agenda packet.

/gh