

PUBLIC SERVICE AUTHORITY BOARD OF DIRECTORS

June 11, 2013

At a regular meeting of the Public Service Authority Board of Directors held on Tuesday, June 11, 2013 at 9:00 a.m. in the Board Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski, Virginia, the following Board members were present: Doug Warren, Chairman; Pete Crawford, Vice-Chairman; Dave Dean; Nancy Burchett; and Fritz Streff.

Staff members present included: Peter Huber, County Administrator; Diane Newby, Finance Director; Debra Boyd, PSA Billing; Ronnie Nichols, Director of Operations, Transportation and Maintenance; and Gena Hanks, Executive Secretary.

Dr. Warren called the meeting to order and welcomed those in attendance.

1. Citizen Comments

➤ Request from Jennifer Sherman for Reduction in Vergie Holmes Account

Mr. Hiss explained a request from Jennifer Sherman for relief of penalty and interest on the delinquent account of Vergie Holmes, Ms. Sherman's mother, who is deceased. Janet Jonas advised the delinquent account which Ms. Sherman had incurred and which resulted in a lien on the property, was discovered as a part of a title search on the property through the CDBG program. Ms. Jonas advised an applicant to the program is not denied program participation due to a lien being placed on property.

Board members discussed previous similar situations in the Baskerville community, the potential designation of Nancy Burchett to meet with the property owner to resolve the matter, and the potential to follow previous practice of eliminating penalty and half of interest, with the property owner to execute an installment payment agreement, with installments to be paid along with the current billing.

Ms. Burchett inquired if the property owner was requesting the removal of the lien. Ms. Jonas responded the property owner was not requesting removal of the lien, but rather a reduction in penalty and interest.

On a motion by Mr. Crawford, seconded by Ms. Burchett and carried, the PSA Board approved the elimination of the full penalty and half of interest on the Vergie Holmes account of which reduced debt from \$1,200 to \$834.10, with Ms. Sherman to execute an installment payment agreement for the remaining debt of \$834.10, as well as payment of regular monthly billing and an additional \$20 per month to pay debt.

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Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

2. Follow-up Items

a. New Pulaski Large Item Drop Center

Mr. Huber advised the PSA staff continued to work with the Town of Pulaski in identifying and building a full-service drop site in the vicinity of the Town of Pulaski.

As reported in the Board packet, Jared Linkous has suggested a number of revisions to the draft site plan in order to safely accommodate a full-service drop site in the location proposed by the Town behind Hot Wheels Auto Sales, noting the difficulty by the Town in making the site work, and further, that the Town is seeking to acquire additional property from Honeywell.

Dr. Streff expressed concern over the lack of a location to dispose of brush during the process of finding a drop site location.

Mr. Huber offered to advise the Town of Pulaski of the concerns by the PSA Board and provide an update at the July PSA Board meeting.

b. Town of Dublin/EPA Sewer Issue

Mr. Huber advised no response had been received from the Environmental Protection Agency.

c. Water Treatment Plant Dredging

Mr. Huber advised staff continues to work on this matter and described the purchase of a dredging tool. Mr. Huber described the potential for offering the tool to others that may want to do some dredging and use for sampling. Staff advised it would continue to evaluate options and provide updates as appropriate.

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d. Dublin Odor Issue

Mr. Huber described a report from Siemens, which was included in the Board packet, which shows a drop in the H₂S level following installation of the bioxide feed system. Mr. Huber advised the smells continue, but are not as the result of PSA chemicals. Mr. Huber described the permitting process by the Town and County, noting the PSA does not have the authority to control sewer discharges within the corporate limits of either town. Staff advised the situation would continue to be monitored.

3. Action Items

a. FY 2013-14 Budget Adoption

Mr. Huber reviewed in detail the proposed PSA budget, noting the PSA Board had tentatively approved the budget at its May 14th meeting, pending corrections to some of the spreadsheets as a result of the PSA Board member comments at the May Board meeting.

Board members discussed the following specific items in the budget: 2% salary increase for PSA employees; contingency; reserve balance; capital balance; revenues from refuse department; the need for future revenue increase; dumpster rates; the PSA's exclusive franchise; potential for setting aside of funds for water/sewer projects; and partnering with Giles County for in-house water construction.

On a motion by Ms. Burchett, seconded by Mr. Crawford and carried, the PSA Board formally approved the FY 14 PSA budget as presented.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

b. Meter Replacement

Mr. Huber described the steps taken in the original bidding of the meter replacements and also described Rural Development's purpose for rejecting the bid process. Mr. Huber also provided a summary prepared by Jared Linkous of key issues related to the bidding of the meters.

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On a motion by Mr. Crawford, seconded by Dr. Streff and carried, the Board approved staff recommendation to rebid the purchase of meters, as detailed in the records of this meeting.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

c. Community Sewer (Skyview Phase III, Fair Acres, Hubbard Way) – RD Loan \$1,249,000 – Letter of Conditions

On a motion by Mr. Dean, seconded by Ms. Burchett and carried, the Board approved the following loan resolutions to allow for working towards implementation of several smaller sewer line projects in the Skyview Subdivision.

**RESOLUTION OF GOVERNING BODY OF
THE PULASKI COUNTY PUBLIC SERVICE AUTHORITY**

The governing body of the Pulaski County Public Service Authority, consisting of five members, in a duly called meeting held on the 11th day of June, 2013, at which a quorum was present, RESOLVED as follows:

BE IT HEREBY RESOLVED that, in order to facilitate obtaining financial assistance from the United States of America, acting by and through Rural Development, an agency of the United States Department of Agriculture, (the Government), for the **Multi-Community Sewer Project**, the governing body does hereby adopt and abide by the covenants contained in the agreements, documents, and forms required by the Government to be executed.

BE IT FURTHER RESOLVED that the PSA Executive Director be authorized to execute on behalf of the Pulaski County Public Service Authority, the above-referenced agreements and to execute such other documents including, but not limited to, debt instruments and security instruments as may be required in obtaining the said financial assistance.

This Resolution, along with a copy of the above-referenced documents, is hereby entered into the permanent minutes of the meetings of this Board.

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LOAN RESOLUTION

A RESOLUTION OF THE **Board of Directors** of the **Pulaski County Public Service Authority** AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer** FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Pulaski County Public Service Authority** (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of \$1,249,000 pursuant to the provisions of **Chapter 28, Title 15.1, Code of VA (1950)**; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et. Seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statues and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes of time as required by Section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983 (c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement", and Form RD 400-I, "Equal Opportunity Agreement", including an "Equal Opportunity Clause", which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.

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7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time required.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the marking or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from the account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to the facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$1,249,000 under the terms offered by the Government; that the **Chairperson** and **Clerk** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolutions or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

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Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

Ms. Burchett inquired if the loan payment is included in the PSA budget. Mr. Huber advised the loan payment was not included in the budget, due to the lack of a principle payment for the first two years of the loan.

4. Consent Items

On a motion by Mr. Crawford, seconded by Ms. Burchett and carried, the Board approved the following "Items of Consent", items a through e as follows:

a. Minutes of Previous Meetings

The Board approved the minutes of the May 14, 2013 meeting, as well as a correction to the March 12, 2013 minutes to reflect that "Ms. Hanks" was the speaker in the second paragraph under "Citizen Comments" rather than Mr. Huber.

b. Balance Due & Lien Reports

The Board approved the following balance due and lien reports:

Balance Due	3/1/2013	4/1/2013	5/3/2013	6/3/2013
Current Balance	527,995.75	630,474.76	508,099.36	513,168.40
Over 30 Days	59,310.30	31,028.09	55,006.47	25,711.43
Over 60 Days	65,790.94	27,558.44	18,756.48	43,152.95
Over 90 Days	962,519.72	1,009,603.44	1,014,782.80	1,024,300.46
Total	\$ 1,615,616.71	\$ 1,698,664.73	\$ 1,596,645.41	\$ 1,606,333.24
Liens Filed				\$ 676,832.74

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	36,049.34	67,621.86	682,407.58	\$ 786,078.78
Commercial	3,163.31		40,949.04	\$ 44,112.35
Nonuser	194,109.33 see break down below			\$ 194,109.33
Total	\$ 233,321.98	67,621.86	\$ 723,356.62	\$ 1,024,300.46

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

	Inactive	Non User	Active	Total
Residential Water	31,933.76	34,522.86	4,115.58	70,572.20
Commercial Water	3,163.31		—	3,163.31
Residential Garbage	36,246.16	18,659.71	646,161.42	701,067.29
Commercial Garbage	13,946.34		27,002.70	40,949.04
Sewer	5,244.60	1,397.72	62,377.26	69,019.58
Penalty		14,440.24		14,440.24
Interest		125,088.80		125,088.80
Total	\$ 90,534.17	\$ 194,109.33	\$ 739,656.96	1,024,300.46

c. Budget Adjustments

The Board approved the following budget adjustments:

PSA FUND #16			
Account Number	Account Title		Amount Increase (Decrease)
REVENUES:			
500-016080-0100	Residential Refuse Revenues		\$ 15,000.00
500-016080-3000	Miscellaneous Refuse Revenues		8,000.00
500-030100-1000	Water Connection Fees		2,650.00
500-041010-0300	Miscellaneous Cell Tower Rent		9,000.00
		TOTAL	\$ 34,650.00
EXPENDITURES:			
500-041320-5110	Road/Street Lighting Electrical Services		\$ 800.00
500-042310-1170	Residential Refuse Salaries		(20,000.00)
500-042310-4602	Residential Refuse Central Garage Parts		(14,000.00)
500-042320-5840	Recycling Drop Centers Others Refuse Charges		10,000.00
500-042340-3800-005	Roll Off Refuse NRRRA Charges		(10,000.00)
500-042350-3800-005	Direct Landfill Use NRRRA Charges		10,000.00
500-046200-3500	Water Treatment Plant Printing & Binding		7,250.00
500-046200-2700	Water Treatment Plant Workers Compensation		1,200.00
500-046200-5110	Water Treatment Plant Electrical Services		9,550.00
500-047200-3800-002	Sewer Treatment Peppers Ferry		10,000.00
500-091000-1100	Miscellaneous Expenses (Peppers Ferry Bridge Util)		29,850.00
		TOTAL	\$ 34,650.00

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d. Billing Adjustments

The Board approved billing adjustments totaling a net credit of \$7,431.14.

e. Accounts Payable

The Board approved accounts payable for checks numbered 8008761 through 8008893, subject to audit.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None

5. Staff Reports

a. Financial Reports

Mr. Huber reported an error in a previous figure as to the PSA fund balance and provided a correction.

On a motion by Dr. Streff, seconded by Mr. Dean and carried, the PSA Board reviewed and accepted the financial statement as presented.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

b. Operational Report

1. Inmate Availability

Staff reported use of three inmates per day for the month of May 2013.

2. Drop Site and County Landfill Tonnage Reports

DROP SITE TOTAL
FOR THE MONTH OF MAY 2013

Site	Trips	Tons	Tons per haul
Dora Highway	8	23.67	2.95
Dublin	33	109.28	3.31
Fairlawn	9	41.50	4.61
Totals	50	174.45	3.48

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County Landfill Tonnage
(County customers & Refuse Department Haulers
for the Month of May 2013).

Commercial	Residential	Tires	Brush
2832.15	1189.05	1146	2.52

3. Cut Off List – PSA billing staff report the water/sewer cut off list for this month resulted in 34 water and two sewer cutoffs
4. Personnel Changes

There were no personnel changes.

c. Home Emergency Insurance Solutions

As provided in the Board packet, the PSA Board reviewed a copy of a notice received by some residents in the county regarding care and maintenance of water lines.

6. Staff To-Do Listing

Board members reviewed the following Items which staff is currently working on but for which there is no additional information to report to the Board at this time.

- a. Skyview/NRV Fairgrounds sewer funding
- b. Bioxide Feed System at Lee Highway Court
- c. South Side of Lake and Fairlawn Drop Centers
- d. Dublin PSA Office Relocation
Mr. Dean inquired regarding the status of the Dublin PSA office location and requested staff make contact with an appropriate representative of the vacant building, which previously housed the old New River Valley Medical facility, as to the potential for use as office space. Mr. Huber advised staff had conducted a solicitation of office space for rent and would also do the same for the Dublin area.
- e. Covered Water Meter Ordinance
- f. Radio Read
- g. Draper Area Wythe County Sewer/PSA Connection

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7. Other Matters

Mr. Dean inquired regarding the status of a meeting between the county engineer and Board of Supervisors/PSA Board members regarding water/sewer projects. Staff was requested to provide summary at the July PSA meeting.

Mr. Dean shared a recent situation where water had been shut off to the Newbern Heights Subdivision and expressed concern that citizens were not notified in advance of the shut off. Mr. Dean requested the county engineer serve as a liaison with the Town of Pulaski and share the PSA Board's concerns regarding this interruption in water service, as well as any future planned interruptions. Mr. Dean also requested the Town be asked to notify residents in advance of any planned interruptions in water service.

Mr. Huber provided the Board with a draft of the job description for the collections clerk and requested PSA Board members advise of any suggested changes prior to advertisement.

Mr. Huber described a previous commitment to a resident in Hazelwood Subdivision for the PSA to provide a connection to the PSA line in exchange for the property owner providing an easement with the current cost (following bidding of project) at \$8,000 from Meade Construction. Further, the \$8,000 bid was considerably lower than two other bids. Dr. Streff inquired if the low bid could be an error. Mr. Huber advised the county engineer had indicated that Meade Construction did not currently have active work and generally had been low on bid work.

Dr. Warren confirmed the PSA's previous commitment to provide the connection.

On a motion by Mr. Crawford, seconded by Mr. Dean and carried, the Board approved a connection to the line in the Hazelwood Subdivision and costs associated with connection at \$8,000.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

Mr. Huber described a water line leak underneath the pavement in the area on Rt. 11 and the intersection of old Rt. 11 at the Camp 1 facility and the issue related to traffic control to allow for the line to be installed. Mr. Huber also described options for water line location and the costs associated with the installation of the line.

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Mr. Dale Hoffman, former PSA employee in the water department, described his knowledge related to the line.

Dr. Streff made a motion to fixing the line leak as recommended by staff at a cost of \$6,800.

Mr. Huber confirmed staff recommendation was to repair the line; however, staff wanted the Board to be aware of the alternatives.

Board members discussed the meter location, the various alternatives provided by staff, and future plans for the property.

Dr. Streff withdrew his motion regarding fixing the line as recommended by staff.

The Board directed the county engineer to contact Board members individually and discuss alternatives, as well as provide an opinion to the Board on two options at the bottom of the hill.

Dr. Warren described an issue related to a call from a citizen in his neighborhood where residents in the area place garbage cans on the citizen's property for pickup on Wednesdays of each week and where cans are often left until the end of the week resulting in cans being blown around. Dr. Warren inquired if there was any action that could be taken by PSA staff.

Board members discussed similar issues throughout the county and the expected worsening of the situation throughout the summer. Mr. Huber suggested several alternatives including: extending the hours at the Dublin drop site on Sundays; PSA staff evaluating the rearranging of pickup days for areas where garbage cans are left on one property for multiple residents; continue evaluating potential drop site locations for south side of lake; and consider placing a dumpster at a location not visible to the general public, but for use by the specific residents.

Dr. Streff suggested PSA staff visit area referenced by Dr. Warren and provide update at future meeting.

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8. Adjournment

On a motion by Mr. Dean, seconded by Mr. Crawford and carried, the Board adjourned its regular June meeting. The next regular meeting of the PSA Board is scheduled for Tuesday, July 9, 2013 at 9:00 a.m. in the Board Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None

Doug Warren, Chairman

Nancy Burchett, Secretary/Treasurer