

## County Business

### VIRGINIA:

At a regular meeting of the King George County Service Authority Board of Directors, held on Monday, the 21<sup>st</sup> day of April, 2020 at 5:30 p.m. in the Board Room of the Revercomb Building at 10459 Courthouse Drive, King George, Virginia:

**PRESENT:** Annie Cupka, Vice-Chairman  
Neiman C. Young, County Administrator

**Remote Presence:** Cathy Binder, Chairman  
Michael Bennett, Member  
James Morris, Member  
Allen R. Parker, Jr., Member  
Matt Britton, County Attorney

**Cathy Binder:** I call to order this meeting of the King George Service Authority. Please take notice that three or more of the board members are participating by electronic or remote means, without a quorum physically present, pursuant to the King George County emergency continuing of government ordinance previously adopted by the board supervisors. This action is taken as a result of the COVID-19 pandemic and the governor's orders regarding limiting of gatherings and staying in place.

Electronic participation is encouraged and pursuant to the emergency ordinance, physical attendance by the public is not allowed. I now turn it over to all members of the board to state whether they are physically present or are participating by electronic or remote means. I am the chairman and I am promoting-- joining by remote mean. This is Cathy Binder. Mr. Morris?

**Jim Morris:** James Morris, attending remotely.

**Cathy Binder:** Mr. Parker?

**Allen Parker:** Allen Parker, attending remotely.

**Cathy Binder:** Miss Cupka?

**Ann C. Cupka:** Ann C. Cupka, attending in person. Thank you.

**Cathy Binder:** Mr. Bennett?

**Michael Bennett:** Mike Bennett, attending remotely.

**Cathy Binder:** All right. The county administration and the clerk are responsible for receiving public comment. Notice of opportunities for the public to access and participate have been widely disseminated on the county website and through other county resources. I direct the clerk to include this statement in the members remotely participating and those physically present to be memorialized in the minutes. Mr. Bennett, can you please give an invocation?

**Michael Bennett:** I can. Let's pray. Dear God, we ask you to watch over us in this difficult time. We ask you to be with our first responders, our healthcare providers. We ask you to help us be wise in our decisions tonight in this meeting, amen.

**Cathy Binder:** Amen. Mr. Weakley. Can you give the Pledge of Allegiance?

**Jonathan Weakley:** Yes ma'am. I believe everyone can see the flag in the background. I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God indivisible, with liberty and justice for all.

**Cathy Binder:** Thank you, everyone. Just give me one moment so I can get back to my agenda. All right. Do we have any amendments to the agenda?

**Mr. Weakley:** Madam Chair, I do have a question to see if it qualifies for an amendment to the agenda. Under billing convenience fees, that's a topic we're going to discuss for discussion items. I would like to loop into that if it's okay. Late fees, it's just treated all the same, unless you want that as a separate item under the discussion items.

**Cathy Binder:** I don't mind. You can put it in there as fees. They're all fees. Mr. Britton, is that okay to do?

**Matt Britton:** Yes.

**Cathy Binder:** All right. We'll just leave that on there, so that would not be a change, correct?

**Jonathan Weakley:** That is correct madam chair, then there are no amendments to the agenda.

**Cathy Binder:** All right, thank you so much, Mr. Weakley. Right now, we have public comment. Comments will be limited to three minutes per person in order to afford everyone an opportunity to speak. If comments relate to a specific public hearing item, we ask that you offer those comments at the time of the public hearing. Are there anyone present to give public comment or anybody online?

**Ann C. Cupka:** Madam Chair, there is no one present in the boardroom for public comment.

**Cathy Binder:** Thank you, Miss Cupka. Now we will move on to the reports from members of the board. Miss Cupka, you go first.

**Ann C. Cupka:** Thank you, ma'am, I have no report this evening.

**Cathy Binder:** Thank you. Mr. Bennett.

**Michael Bennett:** Thank you, madam chair, I actually have two items I'd like to share. First on Easter Sunday there was a fire in Fairview Beach. I bring this up because there were allegations that the fire hydrants did not work, and after **that** there was insufficient water pressure from the fire hose. The Service Authority is responsible for the fire hydrants, not the fire department. However, in fact the fire hydrant worked just fine. I spoke to Chief Moody, and he advised me that there was plenty of water volume and water pressure to fight the fire, and the fire was extinguished.

However, one other issue came to light that I'd like to mention just as a public service. When 9-1-1 calls are made from a cell phone in Fairview Beach and Potomac Landing, the calls go to a cell tower in Charles County Maryland. After talking with Sheriff Giles about this, residents were advised to emphasize that the emergency they are calling about is in King George County, Virginia.

Just to make sure Charles County knows where to record the call, one of the calls about the fire got referred from Charles County to Caroline County and then King George. I don't know for certain, but it seems possible that the same thing could happen anywhere along the Potomac River. The second issue I want to record on involves the FEMA grant from all the bank stabilization plan in Fairview Beach, which as we all know is designed to save the state road, the Service Authority sewage lines and private homes that are at risk for marooning.

On April 8<sup>th</sup>, Mr. Werle sent out of the email advising that Schnabel engineering had submitted three draft environmental assessments to FEMA for their review and comments. It appears that the third draft environmental assessment was accepted by FEMA, but as of today it was not yet posted for public comments. Once it is posted, there will be a 30-day period for public comment. Hopefully the grant will be finalized within the next six weeks or so possibly by early to mid-June.

Progress has been very slow, but progress has been made since the last report. Thank you, madam chair, that's all I have.

**Cathy Binder:** Thank you, Mr. Bennet. Mr. Parker.

**Allen Parker:** No report this evening.

**Cathy Binder:** Thank you. Mr. Morris?

**Jim Morris:** Yes, ma'am. I received an email from supervisor Stonehill. He had received it. It was from a resident who had concerns about her water bill. I responded in an email to her explaining the situation. If I might just jump on what Mr. Bennett was saying in reference to 9-1-1, it's not just with Maryland. Anytime you are near a border, and you make a phone call to 9-1-1, it goes to the closest tower, so you could hit Westmoreland, you could hit Issue Maryland, you could hit Stafford County, so to the citizens, I'd like to say make sure you say that the problem is in King George County, so they can route the call directly. Thank you.

**Cathy Binder:** Thank you very much Mr. Morris. For my board report, I just want to thank Mr. Weakley and all the other members of the Service Authority for providing service to our citizens during this time. Thank you for your service. Next up is the consent agenda. Do I have a motion?

**Ann C. Cupka:** I move to approve the consent agenda as presented.

**Cathy Binder:** Do I have a second?

**Michael Bennett:** Second.

**Cathy Binder:** Any discussion? All of those in favor.

**All Together:** Aye.

**Cathy Binder:** Any nays? Chair votes aye, motion carries. Thank you. Now move on. To report from the county attorney, watershed implementation plan legal update. Mr. Britton.

**Matt Britton:** Can you hear me fine?

**Cathy Binder:** Yep, I can hear you. Can you hear him in the boardroom?

**Ann C. Cupka:** Yes, we can.

**Matt Britton:** Okay, great. This is the WIP III plan. It's been around for a little bit. The county sent in some comments in a letter to Governor Northam on behalf of the board of supervisors objecting to some of the parts of the plan. That was on 8/22/19. They were expressing concerns about the cost, effects and ability of all the counties involved, but especially King George ability to comply and the cost of compliance.

There was a law firm that picked up the Virginia Association of Municipal Wastewater agencies. There's a lead plaintiff on the case and several counties joined in that lawsuit, including King George as we border two of the rivers in question, and the King George Service Authority specifically not the county itself. When that case was filed, it's being handled by outside counsel, and I don't have a lot of background on the facts and circumstances on it.

Basically, the state put in the WIP III plan, and we objected to a number of it-- of its provisions and contents, and as a result of that, a suit was filed in Hanover County Circuit Court under what's called the Administrative Procedures Act, an administrative lawsuit saying that it shouldn't-- the plan shouldn't be implemented. The lawyers that are handling the case, I've been in contact with them and the motion to dismiss the lawsuit was filed by the state and the Governor.

They want to agree to the motion to dismiss it on the grounds that in the motion to dismiss, the state, the Commonwealth of Virginia, and the Governor have stated that the WIP III plan, the phase III watershed implementation plan is neither a case, decision, nor a regulation, nor does it constitute agency action, so that's legalese for it's not legally binding at this time.

In order to solidify that, council got budget amendments, specifically house built 30 of the conference report to state that the Department of Environmental Quality, DEQ, which is the environmental department like EPA for the Feds shall work with the permittees, those are the people holding permits, including King George County Service Authority through a work group, including local government representatives, and they will give their input as of December first of 2020.

Basically, suit was filed to stop the implementation of the WIP III plan, and they-- the State said, "Hey, this isn't the plan which is mandatory yet. We haven't even imposed it. If you dismiss your suit, we'll do the budget amendments," and our Council and all the other people in the suit are saying, "Yes, that's good enough for us, as long as it's not mandatory."

I've spoken with counsel. He believes that this is the best way to go, and with the information that I have on this, I agree and I think that Mr. Weakley does, so I would ask that the board consider either giving a consensus for voting to give Mr. Weakley the authority and myself the authority to tell Council that we can agree to the State's motion to dismiss this and go on the new budget amendments allowing participation and comments before they implement anything.

**Cathy Binder:**

Anybody have any discussion on that, Miss Cupka?

**Ann C. Cupka:**

Yes, Madam Chair. Mr. Britton, so basically what you're saying is that per the terms of the order of dismissal from the judge, it will be these are basically just guidelines and don't have the regulatory T's that they thought.

**Matt Britton:**

Yeah. It's a convoluted thing because we're getting our lawsuit dismissed. Normally that would be bad, as you know when you file a lawsuit and it gets dismissed. But in the way to settle it, they basically said, "Hey, if you agree to dismiss your lawsuit, we'll state affirmatively on the record," which they did that this is non-binding. They have legal words for it that I read before and that before, and that before anything gets implemented, anyone affected, you all get to give us comments and have a seat at the table.

I specifically asked the question, is there any negative impact on King George County or King George County Service Authority? I asked that question to our Council, and he said, no, there is not. He thinks that this is a good settlement.

**Ann C. Cupka:**

Thanks very much for clarifying.

**Cathy Binder:**

Thank you, Mr. Bennett.

**Michael Bennett:**

Not surprisingly, I have a couple questions, Mr. Britton. Number one, is our dismissal without prejudice, and in other words, would you bring the case again if we want to?

**Matt Britton:**

It is an Administrative Procedures Act case, and because I-- because I'm not handling that case, I can't give you 100%. It's a plea in bar and a motion to dismiss, so the dismissal basically says that the case never should have been brought and it is not ripe. If the plea in bar were granted, it would not be a dismissal with prejudice because it would have said it was void ab initio, never-- as though it never existed.

I can't answer that question without getting Chris Pomeroy on the line. This plea in bar would cause the current APA action to be dismissed with prejudice, but because the grounds are that this was not an enforceable regulation, therefore there's nothing to appeal under the APA, the Administrative Procedures Act. It could be brought again once the regulation is put into place.

If we gave comments, they rejected the comments, and then they implemented the WIP III plan in December and January of next year, then a new appeal under the APA could be filed and I don't think that it would be stopped. But in order to get an actual, a definitive 100% answer to that case whether this would stop future actions, we would need to get counsel handling-- Chris Pomeroy on the line, and we can push it over to the next meeting in order to do that.

**Michael Bennett:**

I'm not sure we need to do that, but let me explain why I'm asking that. When this case was first brought to us as board, as I recall, even though we discussed it in closed session because of the legal matter, I guess we're going to discuss it now in an open session, but does that sound like something we should be doing, Mr. Britton?

**Matt Britton:**

You mean entering into the dismissal?

**Michael Bennett:**

Well, I want to ask you a question based on what we were told in closed session before, and I'm not sure if that's a good idea or a bad idea.

**Matt Britton:**

Oh, sorry about the question. No, I don't think that's a good idea to do it in open session. If you want to maintain the privilege, you want to maintain the executive session or closed session confidentiality, I think we need to go into closed session and ask that question.

**Michael Bennett:**

I'm not trying to slow things down. Let me ask a little bit different question and see if that gets me where-- gets the information I'm trying to get to. What you're telling us is the state of Virginia is saying that these regulations that they put out are not really regulations, and so they're admitting that in writing that they are not binding and they are not enforceable, and they are not really regulations. Is that correct?

**Matt Britton:** Yes, specifically, it states in their motion to dismiss. This is not a case decision or a regulation, nor does the alleged action constitute an agency action.

**Michael Bennett:** Assuming some day in the future these regulations do become enforceable and they take whatever state action is required to make that happen, is it fair to say if at that time we thought there was some reason to file suit over these regulations, we would be able to do that?

**Matt Britton:** Yes, that is my understanding. That's what I was told, and because of the admission by the state that this is not ripe to be brought since there's nothing to appeal, since it's not regulation, that once the regulations were put into place, that would be the proper time to bring an action.

This case would be dismissed with prejudice because there is no-- they are saying we don't have standing, but because of the unusual procedural nature of it, that's correct. What you just said, there is nothing to appeal. We shouldn't have appealed it. If there is something to appeal, that'll happen when we make it a regulation and you can do it then.

I can't guarantee that this come off going to make the argument. Hey, you took the bite at the apple and you agreed to do a dismissal, but that would seem to be barred by their statement that there's nothing to appeal because of what they've filed which is a-- It's not a rare, but it's an uncommon thing called a plea in bar which basically bars the action at this time for failure to state a cause of action and the failure to state a cause of action is that it isn't a regulations, so you can't sue us. When it becomes a regulation, sue us.

**Michael Bennett:** Well, on the assumption that if it becomes a regulation and if there are legitimate reasons to appeal it, then I'm not opposed to dismissing this case at this point in time, but it's conditioned on those concerns from my perspective.

**Matt Britton:** If I could suggest Madam Chair that any motion or consensus that was given to Jonathan and I, it would be conditioned on me clarifying that with counsel, that it's his legal opinion, that if and when this becomes ripe to meaning that it becomes an enforceable agency action or regulations, that his opinion is that we certainly would have the ability to contest it again at that time, because I understand the impact is potentially quite high on the Service Authority and the County.

**Cathy Binder:** Yes, that's fine.

**Michael Bennett:**

Mr. Britton, I know I'm putting you on the spot here and I apologize for that because I know you're not counsel on this case and you're also relatively new as County Attorney, but you're not-- you're not that familiar. Is it fair to say with the case, it was actually filed about these purported regulations? In other words, you don't really know all the ins and outs of that because you really haven't been the attorney responsible for that. Is that right?

**Matt Britton:**

That's absolutely accurate. My sum total knowledge is reading our motion to dismiss, reading the plea in bar, and reading the County's letter of August 22nd, 2019, setting out five objections, six objections to the county and the Service Authority made to Governor Northam, I do not have in-depth details.

Jonathan did at my request send me the WIP III plan which I reviewed, I would say in a manner so that I can familiarize myself with the plan, but that's exactly correct. There's no way, for instance, I could go into court and litigate this. I would have to spend many hours. If you wanted that-- an opinion for me as well, I would have to sit down with counsel-- Chris Pomeroy is his name and become familiar with it, and make an independent judgment.

These opinions are not my own. They are based on our lawyers opinions that he says this is a good deal and that this is what they were seeking as a reasonable settlement to get a seat at the table before the implementation of the WIP III plan, but I had not made that independent decision on my own.

**Jonathan Weakley:**

Madam Chair, if I may add to the conversation? I'm in agreement with what Matt is suggesting. You will have a seat at the table if this turns from a plan into what will be a regulation via rulemaking. That process goes to the public comment, period. There's a review. There's notification of that period, and then you certainly could address as Mr. Bennett, I believe was alluding to any whether it be satisfaction or dissatisfaction with the proposed regulation at that time.

Matt, I just encourage so it's protected for confidentiality if you could circulate what Mr. Pomeroy sent far as the motion to dismiss and may bring some more information definitely for what Mr. Bennett is asking and some of this is legal terms I don't claim to have a handle on, but I think it's fair to say as a GM to the board that by agreeing or authorizing counsel and a general manager to respond to Mr. Pomeroy about the dismissal, I think it's appropriate.

I would recommend it. For the fact that this is not a regulation, the State recognizes that realizing the legal terms they used, and since it's not a regulation, you can't bring suit. I believe they're aware of the information and that was being contested in the plan that they'll look to come back with the regulation in the future, which I believe will also include timetables.

If they're going to try to push localities into meeting certain newer limits via regulation, there will be a timeline. I believe there is plenty of time should they introduce something new or revisit to look to make this a regulation. It would be appropriate for the GM in or Council to bring it back at that time should the board want to have further consideration.

**Cathy Binder:** Thank you, Mr. Weakley. Mr. Bennett, do you have any other questions?

**Michael Bennett:** I don't. I'm willing to make the motion when the time comes unless you want to hold the rest of the board first.

**Cathy Binder:** I'd like to see if anyone else has any questions first and then go with the motion. Mr. Morris?

**Jim Morris:** No, ma'am, no questions.

**Cathy Binder:** Mr. Parker?

**Allen Parker:** No question, ma'am.

**Cathy Binder:** Thank you. I appreciate the due diligence on this is. It's a very complicated issue, but in its original implementation, it would greatly affect the service authority and George County, so I'm happy to see some resolving to this issue and the State understanding that they need to keep us in the loop and we have more input. Do I have a motion?

**Michael Bennett:** Madam chair, I'd like to make a motion. I move that the service authority board of directors accept the recommendation of counsel, Chris Pomeroy, as brought to us by Mr. Britton, that we consent to a dismissal of the lawsuit that we were a part of about the WIP III implementation what we thought were regulations, contingent on the fact that we will still have the right to appeal if the regulations do become final that we believe there were legal grounds to do so.

**Cathy Binder:** Thank you. Do I have a second?

**Allen Parker:** Mr. Parker seconds the motion.

**Cathy Binder:** Mr. Parker seconds. Any discussion?

**Michael Bennett:** I Just want to make sure Mr. Britton, do you believe that covers our bases?

**Matt Britton:** Yes, I think that was just fine. That's exactly what we need and before Jonathan and I agree to it on behalf of the Service Authority, I will get in writing from Mr. Pomeroy that in his opinion, this will not affect our ability to contest in quarter, otherwise any final regulation or agency action that they might take after receiving input from the Service Authority.

**Cathy Binder:** Any discussion for the discussion? All those in favor?

**All Together:** Aye.

**Cathy Binder:** Any nays? Chair votes aye, motion carries. Thank you for your work on this, Mr. Weakley and Mr. Britton.

**Matt Britton:** You're welcome, and I'll forward that onto to the board and Jonathan once I get their confirmation either direction and **[00:26:12 inaudible]** from Council.

**Cathy Binder:** All right, thank you. All right, Mr. Weakley time for the budget presentation.

**Jonathan Weakley:** Okay. Mr. Dines is bringing that up on the screen. Can all members remotely see the presentation on their screens?

**All Together:** We can.

**Jonathan Weakley:** Okay. All right. Thank you. Thank you, madam chair, members of the board. Based off our last budget discussions, which was held at our last board meeting for the board of directors, I bring forth you tonight the FY-21 budget. This is a balanced budget. As I bring it up-- next slide please, Chris. I just want to point to your attention that prior budgets, there were four budget categories, so you had water operations as a category, sewer operations, water maintenance, and water sewer made up the four budget categories.

Per the board of directors, direction from last year was to condense that down to two budget categories, which the finance department did a phenomenal job. I know by looking at it, there must have been several headaches to do that because when you're looking at actuals and past historical information, you're going back from pages back and forth, and that and that.

Per that direction, that is what we bring forth to you tonight as those two budget categories of water and sewer. Operations and maintenance would be included for each of those two categories. For the FY-21 water budget, the request for expenditures is \$1,696,389. Sewer is \$3,038,199. The transfer to capital, that includes debt service, projects, and reserves. It's at \$2,003,529, bringing the total expenditures for FY-21 to \$6,738,118.

The last bullet, we'll bring to your attention the overall increase of expenditures from FY-20 to FY-21 is \$209,234, and we're going to break out here what those-- some of those expenditures are. Next slide, please. Before I continue on members of the board, if there's any questions on this slide, we need to go back, please stop me at any point and we'll address those at that time.

Under the water department are water budget. Excuse me, there was an increase of \$230,255, that that was the increase from FY-20. The second bullet point lays out some of those focal points that will be addressed through that increase. We have well house repairs and really, I should have combined the well house repairs and the water tank maintenance together.

Some of those items are listed on a Virginia Department of Health, Office of Drinking Water list. We had a similar list from the Office of Drinking Water. It's not a consent order. They don't levy that per se as DEQ does on the sewer side, but it is a list of deficiencies that we are currently addressing, and we'll need to continue to address, so the well house repairs listed there are focused from that list.

There will be some well system exploratory items we have to do this year that were specified in our groundwater withdrawal permits such as the geophysical logging we talked about few meetings ago. We can look at that physical data. We can see if we need to basically raise any pumps. If we have to possibly drill any new wells, all this data will come together and explore this year, so we can bring back solid recommendations and a plan to the board directions for approval and ultimately over to DEQ who administers the groundwater withdrawal program to make sure they approve that and we would proceed after.

Those are some focal points around the water budget increase. On the sewer category, there was an increase from FY-20 the FY-21 proposed budget of \$246,301. The sewer key focal points, just a continuing theme of last year, we've made strides and towards our consent order with

DEQ and other noticeable repairs, just to those treatment facilities and pump stations as well.

There were many pump stations. We're down to one pump operating. I believe there were between 8 to 10 when I came onboard. I'm happy to report. We have redundancy now at those stations, but there are other items with pump stations. We'll have to address with our plan that was submitted and approved recently by DEQ. I was happy to report that to the board that the priority one, two, and three that was outlined in the pump station PR, we did receive an approval letter.

We're going to be addressing those pump station items this year, that's listed in the sewer key focal points as your remote auto-dialer replacements. That was priority one, so we have a 12-month timeline. We have to achieve that so that funding is in FY-21 expenditures, and then we had chemical increase. This is a comment for some existing or some board members that were here during-- last year, when we thought we were going to have some chemical savings.

We cut out a third-party vendor, but I want to explain fully to those members and newer members that the increase that we see this year. One is a increase just due to there's a rising composite index and usually most companies apply that, and then the second reason is, when we went back and said, look, compliance is a number one factor here. We're trying to get our consent order. We need to do what is necessary for process control to do that, so going back through chemical feed rates had to be adjusted and that's where the extra increase stems from.

We do realize currently we're running a negative balance that we will take, and we're running favorable on our budget right now, and we realize there'll have to be some line transfers at the end of the year, but we did forecast and plan for that in the FY-21 budget, so that is the majority of the increase. I did put a number up there, but I can tell you \$90,000 alone for the all the dollar and the push to test functions for the 35 stations is part of that 246,301.

Those are the FY-21 expenditure increases. Madam Chair or any board member, before I move on to the revenue side, do we have any questions?

**Cathy Binder:**

Does anybody have any questions? Miss Cupka?

**Ann C. Cupka:**

No, ma'am.

**Cathy Binder:** Mr. Bennett?

**Michael Bennett:** No ma'am.

**Cathy Binder:** Mr. Morris?

**Jim Morris:** No questions.

**Cathy Binder:** Mr. Parker.

**Allen Parker:** No, ma'am.

**Cathy Binder:** All right. We can move on, Mr. Weakley.

**Jonathan Weakley:** All right. Mr. Dines, next slide, please. Hopefully you can see it on-- can you all see it on your screen okay from this top right-hand corner? Just want to make sure you all can see it. Can you see it okay now? This is the FY-21 revenue summary. As I mentioned earlier, this is a balanced budget, so revenues need to-- have to match your expenditures. I'll jump right away to the bottom right hand corner of the total revenues.

We anticipated \$6,738,118. That matches the expenditure total from the prior slides that you were just presented, but we want to get it through the breakdown here that you have before you is how we come to the total revenues. Starting at the first revenue columns on the left from top to bottom, your water and sewer fees that are listed in the first two rows, that's what you're expected to receive on consumption. That's based on the billing for the actual usage.

If you use 1,000 gallons or 12,000 gallons, whatever your bi-monthly bill is, that's what those fees represent. We also know that on our bill, it's not just consumption fees, we have debt fees and a capital fee as well. The next two columns: water debt fee and sewer debt fee is what we anticipate receiving for those debt fees services and for those who watch it on or maybe listening online as well and the public, debt fees are-- go directly to our debt service.

I can appreciate and recognize our rates of where they're at in the concern that citizens and myself as a general manager have, but I do want to make it clear that those debt fees are used to pay debt service. The board of directors a few years ago, decided to break the bill up a little more for transparency to show customers, what are they paying in consumption? What are they paying in debt fees and the capital fee? Which as that grows, we put that in capital reserve to help fund future capital products. Those are those for those first four lines: the

consumption fees and the debt fees that are part of the billing portion that helps fund the operations and pays debt service.

The next two, which are debt water connection fees and debt sewer connection fees, those are off of-- the operative word there is connection fees, so when someone comes and pays for a connection whether it's residential or commercial, there is a debt portion of that whole total of the connection fee. We have a projection and you're going to see it later in the slides of 50 total connections for water and sewer. That's full-service connections and there are two water only projections in this year's budget.

Last year, what was noticed there was mention at a prior budget meeting of a difference of a delta between the anticipated connection fees we would collect this year versus prior year, and going back there was a projection of more than 50 in there. There were some commercial plus some additional water only accounts, so that's why we reflect. We went back to the 50 number, which is actually what Davenport recommended and that's what our five-year rate plan is based on.

I did go above and beyond to add that to water only because we seem to still get water only, so that that's beyond Hopyard. Primarily, they come along the courthouse water system, and we have a couple other than may ask about some of our other service areas, but those numbers are based on 50 full-service connections and two water only.

Next two columns, water availability fee. You have a water connection fee. Again, those are all part when folks go pay for that connection, there's availability, so what that is essentially saying is that your right to reserve capacity essentially at that treatment facility, or that treatment system whether its water or wastewater. The connection fees, the sewer availability fees again, all that is wrapped up when someone goes apply for service.

These are new connections. These are new customers. Staying with the connection fees, your top right-hand column sewer connection fees, same thing. Someone's paying to connect, that's the revenue we expect off those 50 connections. Penalties, we did go up a little bit, but we try not to budget our revenue on penalties. Last year, it was 72,000. I bump that up a little bit to 80,000, so that's an \$8,000 increase.

However, year to date, we are really high on penalties. That was late fees. I don't know if tampering fees is part of that number or not. I believe it is because that is treated as a penalty. That's a \$250 fee for

someone who tampers with the meter. We raised it up to 80. We're well beyond that this year, but the thought is not to try to budget it as you would a connection fee because your hopes are you are getting your revenue on time.

We don't know with the current situation where we're going to be, and I'm going to have a comment on penalty later on discussion item that I think you'll find relevant why I would not increase that any higher? Account service fees. When someone sets up that account, that's basically the fees that we collect off that, so you have folks movement in, setting up accounts. There's a \$34,000 projection. There was no increase from last year.

Bulk water sales. I kept that at \$9,000, although we're doing very well this year. I did not want to project more because we have to balance out what we sell to for bulk water to water haulers. We know that's a need in the county, primarily people filling pools or whatever they need that water for, but that water comes from our waters, our well systems and we are under a groundwater withdrawal permit.

We watch what we are using naturally in the system, what we're withdrawing versus what we're selling because we don't want to have ourselves addicted to or fixed, I should say would be the most appropriate term to a revenue number on bulk water sales and find ourselves in issue with compliant with our withdrawal limits, so we kept that the same.

Septic billing, kept it flat, same as last year. We hope at some point to increase that, so we can start offering that service again to our septic haulers who are local. Right now, those folks are leaving the county, so that's potential-- that is revenue that's leaving the county to dispose of that septic hauling in another locality. We had the ability to help out on emergency situation for haulers, but at some point--

Our service management is getting a little better, but at some point in the near future and hopefully maybe next year we can bring forth the plan that we feel solid to generate some extra revenue from septic hauling, and that would be disposed at the diagram plant hauling. That's our own wall septic hauling facility, so no increase at this time because we don't have a campaign welcoming haulers to start disposing again at Danbury.

The fire suppression availability fees, same flat as last year. That doesn't really come about often. Someone says, hey, I want to tap into your fire

line, those are availability fees are-- excuse me, tap into your water main for fire suppression. Those are availability fees. What our operator fee, same as last year, that would look to try to cover any cost that primarily would be for the schools, it was originally for two water systems of the schools, but one of those systems are properties that is transferred to the county.

We do not charge the county for looking at that-- monitoring that well house. That's the old middle school, which is offline anyway, but we wouldn't look to charge the county, so-- and then your capital reserve fee on the customer's bill, I believe it's currently a \$2.20 charge bi-monthly, and that is going up projected to \$2.29, but that's the capital reserve fees.

We anticipate receiving off of the bill. The capital reserve and your water and sewer debt fees, those are fixed fees on your bill. The water and sewer fees would move up and down based on your consumption, so that's the breakdown for the revenue. Next slide, please Mr. Dans. The total revenues again, it's a balanced budget, \$6,738,118. That is an increase from last year's revenues of \$209,234.

I do want to make mention, the five-year rate plan that was approved last year by the board of directors. Last year, it was a 10% increase. This year's already approved rate increase for FY-21 is 4%, but I want to specify how that is applied. When the five-year rate plan was presented and ultimately approved, it was understood that that rate would be-- that increase would be applied across all of those billing items.

As you heard me mention in the prior slide, your consumption fees, so that's your water and sewer pan off your dual service customer or one or the other, but that 4% increase would be on your rate for the consumption side, on the debt service side, and on the capital reserve fees side. You're going to see what those numbers are here momentarily, but I did want to make mention that that will be a 4% increase this year.

The last bullet point continues on that this was part of the approved plan. The 4% rate increase is effective July 1st, 2020, but since we are bi-monthly billing right now, that won't be reflected until you receive your September 2020 utility bills. For example, we are reading now-- we're finishing up this month, customers will receive their bill and May, we'll go read again, and June and then that bill will come out, July which is

based on 2020 or the prior FY-20 rates ,and then we receive your bill in September.

It's for the prior two months which would have captured the new FY-21 rates. Any questions on the revenues? Chris, next slide. Any questions on revenues?

**Cathy Binder:**

Is there any questions? Just state your name first if you have a question, board members?

**Jonathan Weakley:**

Madam chair, there are no questions. I wanted to include this slide and we will have whenever the board approves advertising, and that's an item I'm going to talk about here momentarily. I wanted to make sure I captured the wording correctly because we are not advertising proposed rates. I'm trying to merely convey to the general public what the adopted rates are, and that's what I try to capture in that first heading to your right of the page.

It has your prior adopted rates in FY-20, so those are rates that you are paying now. Your water consumption fees, your wastewater fees, all that breakdown I just mentioned from your bill, the adopted FY-21 rates, which are effective July 1<sup>st</sup> 2020, are reflected in that right-hand column. Two key points to mention, what we try to capture in a budget presentation in an advertisement in a paper, do you know customers are going to fall in one of the two categories in the bold at the bottom?

You're either a minimum bimonthly residential customer, so that bill currently is based on 3,000 gallons or less or zero to 3,000 gallons. You would pay one \$146.60 every two months, so that's bi-monthly. The new rate increase would take that up to a bi-monthly bill of one 152.46. If you are what we call our average bi-monthly residential bill and that's based on 10,000-gallon usage, your current bill is at 262.87. That would be at 273.78. Again, the 4% is reflected there.

Next slide, Chris-- or Mr. Dan, sorry. We couldn't capture all the rates or everything on that one slide, so this slide shows you basically there's no proposed increase, then that's what we listed out. Bulk water sales, we already spoke about we're not increasing unusual wastewater fees, so if someone's got some heavy strength waste, that's what would apply there and that's covering in our regulation.

I'm not recommending or proposing an increase there. We really seldom come into that. Actually, I haven't had to deal with that in my tenure so far here at the Service Authority. Septic disposal rate, no change there.

Again, at some point we would like to bring that action or that function back, that revenue stream back, but there's no proposed increase at this time. The new utility, account deposits, all those we're looking to stay the same.

Two hundred and fifty dollars, if you are opening out a water and sewer account, or if you are water only or sewer only, then the deposit is only \$125. I want to point out for the board members, so when you're going through your warrants, you ever come across refunds, and you see all these cheques going out to refunds to this citizen, refunds to that person, that's where that comes from.

If a person-- they set up their account, they pay a deposit, whether it's for one service or both, so we're either dealing with the \$125 or \$250, then there-- if they paid in full, they get that full amount back when they leave that residence. However, if someone leaves and we're trying to pay out that last bill, monies will be deducted and then any credit here remaining will be refunded to them, so that's two scenarios you would have.

You would have a refund in full or partial refund based on if that deposit was used to help cover some of that last bill, but no changes there. I just thought it was important to mention, definitely to newer members. If you see that come across your warrant sheets when you're approving those refunds, that's where that money is coming from.

Tampering fee, there is no recommendation to increase. We never like to assess that. However, we institute a new tag policy that has a serial number on it. We had an older locking mechanism but not all meters or setters are designed the same over the years, so we went with this new tag procedure and it's worked okay. I say that respectfully because we're not trying to gouge people, but it is required that the Service Authority is the authorized personnel to turn service on turn service off and occasionally you'll have a customer who hasn't paid, they go back and cut themselves on. This is pre COVID-19 that I'm referring to, we're not cutting off, shutting off at this time. Unmetered connections, I know this is a-- has been a discussion in the past with the board. We will try to put a meter in, if we can find lines or the customer has identified lines, I believe it's less than 50. Actually, we resolve one, I think this week or last week down in Fairview beach, which is a good thing because if you could see-- if you notice an unmetered customer is paying on the higher rate because there there's no verification of if they're using less or using more so when that regulation rate was adopted, that was the method

that was applied, so when we can put a meter we will notify the customer. Try to find that meter, install a meter and then adjust their account set up in the system as a metered customer, so that unmetered connection rate would go away, but that 4% increase is also realized that you see to the right under the unmetered connection. Lastly you have fire suppression availability fees as again, no increase. We really don't get a lot of those folks come and request, so no changes there. Next slide please Chris. All right, so on my budget summary, I thought it was important to break down-- what is a 4% increase mean? Again, a minimum bill is based on a customer who uses between zero to 3,000 gallons bi-monthly, so that's two months usage. They would see an increase of \$5.86 for that bi-monthly. I didn't break it down for monthly, so obviously that's a little over \$2 per month of increase. I just kept it at bi-monthly since that's what we bill on. If you are an average bi-monthly customer, again that's rates up to 10,000 gallons. You're seeing an increase on your bi-monthly bill of \$10.51. I wanted to specify or clarify not only for the board, but for those who may be on the general public listening online. The rate increase is the cover water in the sewer maintenance backlog and address DEQ consent order items plus those BDH items mentioned earlier. That's what we're trying to do there, that was discussed heavily when the board was entertaining the 5-year rate plan and also considered prior to and after their approval of the 5-year rate plan, so that's where that money is programmed to be used for. The connection projections for FYI21, I touched on those a little bit earlier, what we project for FYI21 are 50 water and sewer connections. Those are full-service connections, and we know right now they're primarily continue to come in out of the Hop Yard subdivision or the Hop Yard development. We do have projected to water only, we have a couple to come in whether it's down near Mount Rose or out somewhere else in the courthouse system. We do have those that come in occasionally. We're also projecting zero commercial connections. We don't have anything before. We know there's development out there, but we have nothing that's far along where we feel comfortable and counting towards our projection numbers. Keeping with connections, I just wanted you to see where we're at year to date on FYI20 connection, so that's currently we're at 65 water and sewer connections full-service connections. We have water only, and there were three commercial connections, so we're well above the projected connections for FYI20, and that's going to show up when we-- at some point I'm going to bring to you a cash flow projection at the end of the year report I can at least do that once I receive May, we normally get those the month after, so some time the middle of June I would have made, that kind of give you

an idea of where we're ending up. But what you're going to see in there are those favorability for the extra connections are above and beyond the projections, plus you're going to see that realize debt restructuring the lower payment. That's what we have for connection projections. Any questions on this slide?

**Cathy Binder:**

Any questions. All right move on Mr. Weakley.

**Jonathon Weakley:**

All right, Mr. Dines you can move to-- make sure if that was my last. Madam Chair, that was my last slide. That is the budget presentation that I give to the board of directors. Again, it is a balanced budget. That's what you asked to do, I think it hits on all aspects of what you're trying to do with your reserves for the cash on hand. We are being prudent and responsible by meeting our debt service payments. We're also trying to address items via consent order or items to VDH. We're not that all at one time, I've said this last year, and I will continue to say this as we go through and shorten those lists of items. What we trying to do it in a respectful and responsible way, and as you're aware Dr. Young and I will be working in tangent later on, on the capital, so you will see where future dollars anticipated to be spent from those capital, from those reserves for future years. A balanced budget finished before you I think it's reflective of the 5-year rate plan that the board has already adopted and I believe it's captured all of our needs in our food fiduciary responsibility and meeting our debt payments. Madam Chair, with that I have a board report-- me go to my last-- Mr. Dan if you can bring that up. Do you have the board packet loaded? I'd read my board report. Did everybody receive their board report for the budget? This is just summary from my board report. The presented FYI21 budget is a balanced budget, this budget reflects the many work sessions held by the board to include their input, the budget maintains our commitment to debt service as well as maintaining the appropriate amount of funds to operate the Service Authority. In 2019, the Service Authority board of directors approved the 5-year rate plan, therefore the FYI21 rates have already been approved. The next step would be to approve advertising of the FYI21 budget and hold a public hearing. My recommendation to the Service Authority board of directors is to authorize the general manager to advertise the FYI21 budget as presented which includes the approved FYI21 rates and improve to hold a public hearing for budget purposes on May 19<sup>th</sup>, 2020.

**Cathy Binder:**

Miss Cupka, I heard your mic cut on there a second.

**Ann C. Cupka:**

Yes, ma'am. Are you ready for a motion?

**Cathy Binder:** Yes, I'm ready for a motion.

**Ann C. Cupka:** I move to authorize the general manager to advertise the Fiscal Year '21 budget as presented, which includes the approved Fiscal Year '21 rates and approved to hold a public hearing for budget purposes on May 19<sup>th</sup>, 2020.

**Cathy Binder:** Do I have a second?

**Mr. Parker:** Second.

**Cathy Binder:** Any discussion? All those in favor.

**All Together:** Aye.

**Cathy Binder:** Any nay? Chair votes aye. Motion carries. All right. Hold on a second let me go back to my agenda. All right, next up we have the approval to advertise the budget. We have our citizen budget letter response. Hold on a second, I'll be ready to read that. All right, as of last meeting, the board directed Mr. Weakley in conjunction with assistance by Mr. Bennett to provide a response to questions, including from Ms. Dodge about the Authorities five-year rate plan.

Mr. Bennett has drafted the response based on various input of information and the response is as follows, and I will read the response and enter it into the record. We realize that rate increases may be unpopular and obviously have financial impact on our customers, the board never takes some lightly or without extensive review analysis and input. We must always balance the needs of properly running utility business and the impact on our customers.

The board determined and maintains that the rate increases set in 2019 are necessary and appropriate. In FY 2017-18, rates were not increased for Service Authorities customers. However, in April of 2019, the board determined that in order to meet the regulatory requirements, repair and maintain our facilities and to provide acceptable services, rates must be increased. The only source of the funding is revenue received from our customers and additional funding is needed to meet these requirements.

In addition, the service Authority must continue to plan for the future both in terms of identifying needs and costs. The future capital needs are both real and financially challenging. We have approximately \$15,000,000 in expected needed capital improvements coming up in order to fully comply with the applicable regulations, address our aging

systems, support infrastructure, provide additional capacity to support future development, and grow our customer base.

The \$15,000,000 figure is based on at least the following information. Four hundred and fifty thousand dollars in water system repairs, 300,000 of that for Ninde Store system, plus approximately a \$152,000 in miscellaneous water system cost per our utility master plan. Seven hundred and seventy-three thousand dollars for pump station repairs, \$2,000,000 for a new sludge handling facility, \$11.4 million to decommission Kirkland Perkins corner and Oakland Park and \$364,000 for miscellaneous weights water treatment repairs.

In order to meet these needs, we implemented a five-year financial plan last year. Our financial advisors who are experts in this area, and who will have considerable experience with Virginia counties and municipalities of all types and sizes helped us craft the way forward that involves three key actions. The five-year rate increases to generate additional revenue, restructuring a large portion of our existing debt to lower our interest payments and free up about \$4 million in cash for immediate expenses and obtaining a \$15 million line of credit to help pay for major capital needs.

All of these actions are essential to raise the funds necessary to meet our present and future financial requirements. In addition, the rate increases were a primary condition for a restructuring our existing debt. Before they would restructure our debt, the Virginia Resources Authority, which is also known as the VRA required the board to formally vote on the plan with specific language they approve and required to raise rates for five consecutive years.

For the board to now renege on this promise to the VRA would violate the agreement and our moral obligation. Such action will result in serious financial harm to the Services Authority going forward and jeopardize our ability to secure VRA financial assistance in the future. All of our actions including the five-year rate increases are designed to put the Service Authority on a sound operational footing both now and for the foreseeable future.

The best solution going forward for both the organization and our customers is to substantially increase our customer base. The Service Authority needs more customers and more connection fees, both commercial and residential. New development is essential to the future of the Service Authority and to reducing the burden on our small

customer-base. While we understand that some may not fully agree with the rates, we hope the information we have provided explains our position.

After reading that, we will go to Mr. Weakley in the building convenience fee. Mr. Weakley?

**Jonathon Weakley:** Thank you, madam chair, and just to touch back, we will enter that into the record.

**Cathy Binder:** Thank you.

**Jonathon Weakley:** Yes, ma'am. Can everyone see the utility bill payment options letter before you on your screen?

**Male Speaker:** Yes, sir.

**Jonathon Weakley:** I had this added late last week just to capture. I know there was a few board members that may have received questions and all about convenience fees, and actually looking back we did not touch on that when a presentation was given, so my apology. We're not trying to keep information from our customers, but I did some research on this and all for this is the following response for that. I'm going to summarize this a little bit because I'm going to try to be respectful of time.

But basically, the Service Authority pays a monthly fee to MuniBilling to offer online payment options for our customers. Our customers in the past through the old system when they wanted to pay by credit card, if they paid in person that would be at the treasurer's office. They paid it 3% convenience fee. If they paid online via credit card, they paid at 3.5% convenience fee, so convenience fees were there before.

However in researching, I thought it was imperative to go ahead and spell out what are those fees now to put them out there for discussion and then if the board so chooses to-- are okay with the fee structure and the rationale, we propose this online, so it's very clear to the general public of these fees and options that they have, so there are many payment methods or options that a customer can choose, so they can still pay by cheque that's physical emailing the check if they want to do that.

That's only the cost of the postage stamp and the billing address is in bold print below item1. Item2, you can pay your bill, utility bill using online banking, so there is no cost unless your bank or financial institution charges you for that, so you can set that up for withdrawal as

you would whether it be your light bill or a car payment or whatever online banking that you currently use as a customer.

If you like to pay by echeque, you can do that over the phone, that is a flat 60 cents convenience fee. Some folks are-- like to do that, that is the these-- not the prevalent option in looking at what folks paid in convenience be by echeque from April the 1st through April 16, and April 16 was when the bills were due for this billing cycle. We've seen about \$6 total was charged for all combined E-cheques. Item 4, certainly customers if they elect to do so they can pay by phone using a credit card and the following fee structure applies per the payment range, so if you're paying in that first range of opinions of \$50, you pay a flat \$1.49 convenience fee. The next range, you pay a \$2.94 convenience fee and so forth as you go through.

The only time it jumps from a dollar amount flat rate of convenience fee is when you fall into that last range of \$200.01 to \$5,000 and we don't really have \$5,000. There may be a few exceptions of those who may pay that and has to be on a commercial account obviously, but you would pay 2.99% convenience fee. In doing the math, I know one customer I think paid \$14 and something.

You basically take whatever your payment you're making times 2.99% and that will tell you what your convenience fee is. I realize it is another- - it is a fee. I would say to you that this is actually less than what the convenience fees that customers were paying for those who chose the credit card option. I think it is imperative that we the Service Authority get these options out there, so the customer can elect one, the consumers aware of the charges, they're aware of their options and they can pick from whatever option they want to choose to pay their bill.

That is what my research uncovered as far as the fee. The last two items at the bottom or the customer service number from MuniBilling if you have billing questions and then their email, so if you're trying to email them any information for account setup, that is the email address at the bottom. Madam Chair, that is my overview for convenience fees. Any questions?

**Cathy Binder:**

Thank you, Mr. Weakley. I know I'm one of the people who asked for this because I've had a few customers ask why we have this, and I still have a question on why there's a tiered service. I don't know if you found that, I mentioned that to you last week.

**Jonathon Weakley:**

Yes, ma'am, thank you for that question. What MuniBilling was trying to do is to break it up to give some relief as you go through. If you applied that 2.99% across each of those rates, they're very close, so they want to come a little under. If you apply the flat rate like what was done prior if someone's paying by credit card, it was just a flat rate.

Again, it was a flat 3.5% if you were doing credit card online or 3% flat rate if you were in person paying by credit card, so whether that's a academic type of fault that they put in there, that was their explanation. It's due to their try to give some relief where you would not have to have a flat fee. I mean in a flat 2.99% fee across all those ranges.

**Allen Parker:**

Question for you. Looking at this, if I do the math, the convenience fee is the high end of the range. If I multiply 2.99% times 50, that's \$1.49. I multiply 2.99 times a hundred, it's about-- it's actually just slightly under 294, but it's on the high. It's basically paying at the high end of the range, so why is it tiered-- I guess I would ask why is it tiered like that, and why is it not 2.99% for which is your general credit card payment fee for the whole-- for whatever your bill is.

**Jonathon Weakley:**

I don't have any rationale--

**Allen Parker:**

If you have \$50 bill, right, you'll pay \$1.49, but if you have a \$50.01 bill, you'll pay \$2.94. That's basically the equivalent of 2.99%, not quite the opposite of the 2.99 per hundred, so you're paying at the high-end if you went up to 50.01. Why wouldn't it just be 2.99% for the whole gambit? Do you understand what I'm saying?

**Jonathon Weakley:**

Yes, sir, and I think that's a good point. If that's the desire of the board, we can go back and ask them to apply the 2.99% and just do it even so it's flat, so it would be consistent with the past. To be honest with you, when they proposed this, I didn't give any comment back far as negative that this is undoable. I will say it's less than what folks were paying. If the board would like to see a flat fee only across the board as a percentage wise, I can certainly make that request or give that directive should the board give that to me of MuniBilling and they will do that. But that is the current structure that is set up.

Again, there are payment options there, so depending on someone wants to incur a fee or not those convenience fees for paying by credit card are cheaper than what the older model was before switching to MuniBilling.

**Cathy Binder:** Does anybody else have any other questions? No other questions? Well, Mr. Weakley, I do have one question. Why is it 2.99? Why couldn't it be 2.5? Or is that what they have to charge is 2.99%? Like if we made it a flat fee.

**Jonathon Weakley:** I'd have to ask that question of MuniBilling. This was a percentage again. I know the idea was trying to come under a little lower than what was prior, but other than that I have no response for that. I can quiz them of that, ask that question of them, but I do know the original--

**Allen Parker:** My guess Mr. Weakley is that's the credit card processing fee in general when you process the credit-- for the credit card companies to process a credit card transaction, they charge somewhere around 3% of the fee that you're applying for their fee to process the credit card, so my guess is that 2.99% is what MuniBilling would be paying to process the credit card because it's in line with what you would normally pay for credit card processing fees.

**Jonathon Weakley:** I would agree with that rationale. Some of you I've talked to offline with, and I just gave some examples of other services you may pay online a convenience fee for, and I would only speak to my own personal when I register my kids for sports programs online. I pay a convenience fee when I load their lunch cards with money. There's a convenience fee for that online.

Not saying that's right or wrong, I have full appreciation for our customers, but these are the current fees, so if the board has a desire to do a flat percentage, please convey. If you're fine with this, please convey because I would like to get the final product up on the website, so folks are weren't aware of their payment options and what those costs are.

**Cathy Binder:** Do I have a consensus that this just to leave it the way it is and have Mr. Weakley post it on our website? How does everybody feel about that? Miss Cupka?

**Ann C. Cupka:** Ma'am, I would just go with how it is. I'm going to be painfully honest here. The term is convenience fee. Convenience means it's convenient for the purchaser. It's a tool, we're giving them the ability to use their credit card to make the payment. Part of that incurs a cost, and if that's the 2.99% that MuniBilling is paying and it sounds like everyone realizes that's pretty standard across the credit card industry. If you don't want to pay that then choose another option. There are plenty of other means

of payment available to avoid having to pay that convenience fee. That's all I'll say.

**Jonathon Weakley:**

Madam Chair, I suppose if I may jump in, this just come to the mind too because I believe at least one member had asked about the absorption cost. MuniBilling ran a report for me. I only have the data from April 1st to April 16, so that's when they officially, that transition occurred. If you want to know the absorption fees, so the convenience fee-- if you were looking to absorb it as a service for it, again, this is only 16 days of data, there were \$6 total convenience fees charged by echeque method.

For credit card, just in a 16-day period, there was \$2,700 for convenience fee, so we pay \$33.45 monthly for our customers to be able to have the online convenience, but you can see with the absorption rate would be. Just based on 16 days, you've run \$2,700 times 12. It's up to the board. I take directives from you all. My recommendation would be in line with Miss Cupka's statement is that there are options there. I'm not sure if other places give options, but we provide those. Sorry, Madam Chair, I thought that was fair to interject what the absorption rates that we have seen so far should that be a desire of the board.

**Cathy Binder:**

Yes, I know. Mr. Weakley, I asked you about that absorption fee, so I appreciate you getting that data. Mr. Morris, do you have any comment?

**Jim Morris:**

No, I think it's fine as is.

**Cathy Binder:**

Mr. Parker, you leave it as is?

**Allen Parker:**

Yeah, I'll bring it up to the possibility of doing it at 2.99 as a flat, but it doesn't make a huge impact.

**Cathy Binder:**

Mr. Bennett.

**Michael Bennett:**

I agree with what Miss Cupka said. I'm fine with it.

**Cathy Binder:**

All right. Well, Mr. Weakley got his consensus just will take that and post it on the website.

**Jonathon Weakley:**

Thank you.

**Cathy Binder:**

Mr. Weakley, you had another thing to add to that?

**Jonathon Weakley:**

Yes, ma'am. Late fees, I cannot find a regulation, the legal authority given to me to waive late fees. As you recall, one of the actions I did take was a follow along the SCC guidelines of not disconnecting any service

for 60 days and that ramp runs through May 17<sup>th</sup>. Even though we're not regulated by a SEC, I thought it was prudent to follow that, people are going through hardships. People are using more on water. We definitely see it.

We're going to be pushing our-- close to our numbers on withdrawal limits, but I know the DEQ folks will understand. Folks need water. As far as late fees, I would recommend the approach the same back when we dealt with sequestration. It was only about four people there. If folks are demonstrating hardships to COVID-19, that we just simply request, this would eliminate any late fees at that time, that they were just present-- so we're treating this case by case basis when I'm talking about, but they were present there their letter, their hardship.

For example, when my-- and I'm not saying this for sympathy, when my wife was furloughed she received a letter from her employer that would-- you use to present whether it's unemployment or what have you, so these are just normal documentation because I can only do based on justification. I would want to pull the board and get your approval or at least consensus of me to waive a late fees during the COVID-19 under the understanding that folks would present that documentation that gives me the justification to say yes, we're going to waive those late fees. I think it's the right thing to do. However, I did not find that legal authority, so I'm making that request for the board here tonight to allow me to waive late fees during this COVID-19 for those who have been affected and that show that documentation.

**Cathy Binder:**

Mr. Britton, do we have to have a vote on that or just consensus?

**Matt Britton:**

I don't know about the late fees. I did research this matter for a County on a different issue and that can only be done by ordinance relating to late fees interest and penalties on taxes and spoke with the treasure about that, so I haven't looked into this. I was not aware of this, and so I don't know whether or not there's an authority in the bylaws or in the Service Authority procedures. But if Jonathon has looked and didn't find it, I assume that there is none, so but I don't know whether or not there is some authority or some specific action the board has to take.

**Cathy Binder:**

Would it be your opinion to table this to the next meeting or--?

**Jonathon Weakley:**

If I may just add in, I know you asked for legal opinion. The regulations which the late fees are found in section 30, but the regulations the only late fee language that it gives is when customers are disputing the bill. Let's say your bill is \$200 and you don't agree with all the usage that's

calculated to \$200, the undisputed portion, you're required to pay but there is no late fee applied during that dispute period, so that is the only language that's used in late fee. Again, by regulation, I would have to apply it because that's the only provision given.

**Matt Britton:**

My concern Madam Chair is that you would have to amend the regulation in order to give the authority. I don't know that a simple voice vote is going to be effective without researching it. I can't give an answer to off the cuff that you could rely on.

**Cathy Binder:**

I think it would be better to table it to the next meeting, so that you can look it up and give us a good valid legal opinion. Mr. Weakley, does that affect anybody or--

**Jonathon Weakley:**

No, that that doesn't affect. I've mentioned MuniBilling and obviously there is oversight of sending that to Mr. Britton for review. Looked like maybe a simple temporary suspension or so would grant you that right, but I'm not legal, so let Mr. Britton and I get together on this, certainly we come together again in two weeks. We definitely have that hold on accounts waiting that decision, so none of that has been applied at this time.

**Matt Britton:**

Typically, what would happen I think would be that there would be a motion to amend the Service Authority regulations to set the penalties interest in late fees at zero for a period of time, for instance, until a date certain or until the local emergency where the Governor's orders of disaster end, and I think that would be-- I have not-- that's the concern that I have whether there's the authority to waive late fees penalties and interest.

For instance, there is no such authority under state law for counties to do that, so I think that it should be in good form when you pass it whatever way. I'm sure that we can get there to do the right thing as Jonathon said, but I just want to make sure that I'm giving you the right advice on the correct and legal way to do that. Not that I assumed there would be a lot of challenges to it, but if there were, I would want to make sure that you had done it at the correct fashion.

**Jonathon Weakley:**

Madam Chair, thank you. Mr. Britton and here that I'd say let's just staff legal and myself. Bring that back, understand the amendment to the ordinance we can bring back that language, let you all view it ahead of time and then look for a voice vote then.

**Cathy Binder:** We'll just table that for the moment. Mr. Weakley, that brings you up with your general managers' report.

**Jonathon Weakley:** I'm going to keep this brief. I did say I want to give you an update. This is a quarterly review, next slide please of our treatment facilities. They are operating well. As far as compliance, we are meeting our year-to-date and you can see, just go back at your leisure and look at the annual limits as our permanent limits and right below that is our year-to-date, so you can see where we're at.

We're tracking very well. Kudos to the staff. They're the ones that are making that happen. Management level reviews and just makes comments as we go but staff is doing a phenomenal job. Mr. Dan, please flip through. I'll say when to stop after you go to next slide, please. Next slide, next slide, and next slide. Unless there's questions on the nutrient tracking again, I'm just reporting that we're doing well there.

No concerns, well below the thresholds which will help us as we get to the end of the year, we actually have credits, we're going to look to sell this year. They are class B, so they're not valued as much but we're not paying in for a credit. Other items just the mention and I've already given you this our connection so that was covered in the budget. I just wanted to keep you up to date. I believe we actually received three or four additional connection fees from Hop Yard this week, so that number continues to grow.

Other than the email I sent you-- that I received from Mr. Stewart, I believe that was on Friday or yesterday, forgive me on the date. DEQ did officially approved via letter. These submitted pump stations PR and that is the schedule we will track. Already one has 12-month timeline for completion. Priorities 2 are up to 24 months and priority 3 is up to 24 months, so you will see some of that as we bring forward capital planning. Some of those numbers will reflect those status, so madam chair, that's all I had for my general managers' report.

**Cathy Binder:** Thank you, Mr. Weakley. I'm so happy to hear that we are-- we could actually sell credits this time. We have come as Mr. Bennett always says, we've come a very long way getting out of that ICU. Let me bring up my agenda again.

**Michael Bennett:** Madam chair.

**Cathy Binder:** Yes, go ahead Mr. Bennett.

**Michael Bennett:** I just want to second what you said. For those of us who've seen what a struggle it was to meet those permit requirements over the years, that report from Mr. Weakley is absolutely fantastic in terms of his accomplishments, and I just want to give kudos to him and his entire staff on the wastewater side because all five of those plants are doing great. Thank you,2 Mr. Weakley.

**Jonathon Weakley:** Thank you, sir for the comments and I will definitely pass that along to staff. I know they will appreciate hearing that from the board. Thank you.

**Cathy Binder:** Yeah. I can add to that even more. Mr. Bennett, I've been here for the whole haul, so it's really-- I-- just kudos to your staff as Mr. Bennett said.

**Jonathon Weakley:** Thank you, madam chair.

**Cathy Binder:** Do we have a motion for adjournment?

**Ann C. Cupka:** I move to adjourn to May 5th, 2020 at 5:30 p.m.

**Cathy Binder:** Do we have a second? Any discussion? All those in favor?

**Mr. Parker:** Second

**All Together:** Aye.

**Cathy Binder:** Chair votes aye. This meeting is hereby adjourned. The next meeting will be held by electronic means and remote participation only, and we closed to the public being physically present. All citizens are encouraged to participate in advance or during the meeting by electronic means as provided by the County. Right now, we will take a ten-minute break for the board of supervisors to come into the bill-- come into the room and get set and do their proper social distancing, so in ten minutes which would be 7:13, we will start the board of supervisors. Thank you and see you in ten minutes.

**[END OF TRANSCRIPT]**