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Augusta Water

Regular Board Meeting, Thursday, December 19, 2024, at 1:30 p.m.

Field Operations Training Room

PRESENT: Andrew C. Middleton, Chairman, North River District  
Garry R. Gordon, Vice Chairman, Middle River District  
Harvey Almarode, South River District  
Allen Dahl, Beverley Manor District  
Matthew Egeli, Wayne District  
Michael L. Shull, Riverheads District  
Timothy Simmons, Pastures District  
Phil Martin, Executive Director  
Brent Canterbury, Treasurer  
Jean Marshall, Board Secretary

ABSENT: None

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## CALL TO ORDER

The Chairman called the meeting to order at 1:31 p.m.

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## ADOPTION OF AGENDA

Mr. Martin requested the Agenda be revised to add Middle River Fuel Tanks as Item 10, with all other Items following subsequently.

Mr. Gordon moved, seconded by Mr. Dahl to adopt the revised Agenda as presented.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, and Shull  
Nays: None  
Absent: Simmons

Motion approved.

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## APPROVAL OF MINUTES

Mr. Almarode moved, seconded by Mr. Egeli, to approve the Minutes of the Regular Board Meeting of November 21, 2024, which have been mailed to the members.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, and Shull  
Nays: None  
Absent: Simmons

Motion approved.

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#### MATTERS PRESENTED BY THE PUBLIC

Mrs. Tammy Johnston of 99 Cranberry Drive, Stuarts Draft addressed the Board members regarding the possibility of extending water lines to residents who live on or near Mullins Lane. Her son, Ryan Johnston, who was not able to attend the meeting, lives on Mullins Lane and south of the quarry on Rt. 608. Mr. Johnston's well is dry and the two stream beds near his property, Stoney Brook Run and Love Run have dried up also. Mr. Johnston's family has to purchase water for consumption and for cooking, not only because the well is dry, but also because sand from the quarry gets into the well water when it is not dry. She asked the Board to please consider extending public water service to Mullins Lane.

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#### EXECUTIVE DIRECTOR'S HIGHLIGHTS

1. Mr. Martin presented articles to the Board members regarding fluoride in drinking water. One article spoke of a class action law suit by parents of children in Buffalo, New York against city officials, for the removal of fluoride from the public water sources and the damages caused to children's dental health because of the removal. The city did not publicly announce the removal of the fluoride beforehand. Mr. Martin discussed the importance of remaining transparent regarding any future decisions Augusta Water may make about fluoride in the public water sources. He informed the Board Augusta Water's website will be updated in the near future to include more extensive information on fluoride.

2. Mr. Martin informed the Board members he attended a VAMWA meeting earlier this week. He learned at the meeting it is expected at least one PFAS bill will be presented during the General Assembly session starting in January. It is also expected the bill will be specific to the Ocoquan area. Other topics of discussion at the meeting were restoration efforts for the Chesapeake Bay and the JLARC Data Center report. Dr. Middleton asked if Augusta Water has had any requirement to measure PFAS in the influent to the wastewater treatment plants. Mr. Martin stated there have not been any requirements made to date.

3. Mr. Egeli asked why the Systems Administrator and Staff Accountant positions have not been filled yet, and what job duties are not being completed due to the lack of staff. Casey McCracken, Director of IT explained the former Systems Administrator resigned creating the vacancy, and while many applications have been received, the applicants do not possess the right skillset for this position. Mr. McCracken stated due to the lack of staffing, some of the projects have been slowed down, such as getting off of Augusta County's domain. Mr. Canterbury stated the Staff Accountant position is open due to the resignation of the previous Staff Accountant. Applications for this position have been received, but the applicants do not meet the educational criteria or possess the required experience. The two staff members in Finance are sharing the duties of this position.

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#### PROGRESS REPORT

The November Progress Report was included in the Board packet and was reviewed with the Board. There were no questions or comments by the Board members.

COMMITTEE REPORTS

TECHNOLOGY COMMITTEE

Dr. Middleton reported the Technology Committee and Staff met before today’s Board meeting. The Committee is currently focusing on upgrading the Weyers Cave Wastewater Treatment Plant within the next couple years. A report was given during the meeting on the complexities of the plant in terms of repairing and upgrading the aged components. Staff will continue to investigate the most effective way to prepare for a possible upgrade.

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FINANCE COMMITTEE

Mr. Gordon reported the Finance and Audit Committee received and reviewed the audit report from PBMares. The report was unmodified, which means Augusta Water’s financial statements were well prepared and complied with account standards. The Committee commended Mr. Canterbury and his staff on a job well done.

There being no discussion by the Board members, Mr. Shull moved, seconded by Mr. Egeli to accept the audit report as presented by the Finance Committee.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli,  
Shull, and Simmons  
Nays: None

Motion approved.

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2024 YEAR END FINANCIAL REPORT

Mr. Canterbury reviewed the FY-24 financial highlights with the Board, which were included in the Board packets. He reported operating revenues were \$26.3M in FY-24, \$2.4M above budget, and \$2.2M above FY-23. Water consumption in FY-24 was 0.1% below budget, while sewer usage was 0.7% above budget. Operating expenses were \$15.7M in FY-24, \$1.5M below budget and \$0.3M above FY-23. Operating income was \$4.3M for the year, which was approximately \$4.1M above budget and \$2.0M above the prior year. The main causes for the increase were higher sewer usage, operating revenues being \$2.4M above budget, and lower than budgeted operating and depreciation expenses. The net position increased approximately \$7.2M, which is above the budget by approximately \$6.4M, and \$3.7M above the prior year. Augusta Water invested \$5.9M in capital assets in FY-24. Debt covenants were met with a 3.87 debt coverage ratio for FY-24, which is higher than the budgeted amount of 2.22 and above the FY-23 actual amount of 2.92. Higher than budgeted operating revenues, interest income, availability fees, and lower than budgeted operating expenses were the main drivers of the increase.

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Augusta Water’s finances remained stable during FY-24 and are well positioned to move into FY-25 and beyond. Sound financial planning by Staff and the Board during the upcoming budget process will ensure Augusta Water’s finances are adequate for years to come.

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CHANGE ORDER – MIDDLE RIVER FUEL TANKS

Mr. Martin informed the Board members new above-ground fuel tanks to be located at Middle River were budgeted at \$117,000. Quotes were requested from four suppliers and the original low quote for \$115,050.00 was submitted by Unity Fuel Solutions of Houston, Texas. The Unity quote included language stating the shipping cost was an estimate and, due to the instability of the shipping market, the actual price could change.

Unity has provided us with a corrected and final amount for shipping showing an increase of \$7,695.00. The additional shipping charge does put the final total cost over our budgeted funding. Since the total is in excess of \$100,000, it requires approval by the Board of Directors.

It should be noted that, even with the increased shipping costs, the quote from Unity is still the lowest quote by \$17,236.86 (Envirosafe was second-low at \$139,981.86).

There being no discussion by the Board members, Mr. Egeli moved, seconded by Mr. Gordon to approve the Change Order to add \$7,695.00 to the total price.

Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, Shull, and Simmons
Nays:	None

Motion approved.

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BID AWARD – FY-25 SEWER COLLECTION SYSTEM REHABILITATION

Mr. Martin explained Invitation for Bid (ITB) number 2503 was issued on October 24, 2024, requesting sealed bids for trenchless pipe rehabilitation of 13,009 linear feet of sanitary sewer line by cured in place pipe (CIPP) including 386.4 vertical feet of manhole rehabilitation and 138 lateral reinstatements. One Addendum was issued on November 14, 2024 addressing questions raised by bidders and a second Addendum was issued on November 19, 2024 revising the amount of 8” pipe rehabilitation, the number of lateral reinstatements and the time of the bid opening.

Bids were opened on November 21, 2024. Of the six bids received, Am-Liner East offered the lowest total cost at \$771,889.32. All bids exceed the budgeted amount of \$700,000. A submittal from Insituform Technologies was received after the bid opening deadline and it was returned to them unopened.

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The scope of the project was determined by inspecting lines in the sewer collection system and scoring defects by the National Association of Sewer Service Companies (NASSCO) standardized system, then including any pipe segments scoring above a specified defect value.

When groundwater or surface water find their way into sanitary sewer lines, it increases the amount of flow and thereby the cost to pump and to treat the sewage. Lining of sewer mains creates water-tight lines and reduces those costs.

After discussion by the Board members, Mr. Shull moved, seconded by Mr. Dahl to award the bid to Am-Liner East in the amount of \$771,889.32, with additional funding above the \$700,000 budgeted amount being supplied from available Reserve Funds.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, Shull, and Simmons  
Nays: None

Motion approved.

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BOARD COMMENTS

Mr. Egeli thanked the staff who organized the Employee Christmas luncheon.

Mr. Almarode thanked the members of the Technology Committee for the work they did in preparing the report submitted at the Technology Committee meeting today.

Mr. Shull referred to the matter brought before the Board by Mrs. Johnston. He stated the area she referred to is zoned General Agriculture. The Augusta County Comprehensive Plan does not allow for public water and sewer services in this area. Mr. Martin explained, extending public water service to Mullins Lane would cost approximately one million dollars. Given this is a low-density area, it would be difficult to support a project of this size. After further discussion on the subject by the Board members, it was determined unless Augusta County changes the Comprehensive Plan to allow public water service in this area, Augusta Water is restricted from extending it.

The Board members wished Augusta Water staff a Merry Christmas and a Happy New Year.

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ADJOURNMENT

There being no further business, Mr. Egeli moved, seconded by Mr. Dahl to adjourn the meeting at 2:34 p.m.

Vote was as follows:

Yeas: Middleton, Gordon, Almarode, Dahl, Egeli, Shull, and Simmons

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Nays:           None

Motion approved.

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Board Secretary

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Chairman