

# 102

Augusta Water

Regular Board Meeting, Thursday, February 20, 2025, 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  
Phil Martin, Executive Director  
Brent Canterbury, Treasurer  
Jean Marshall, Board Secretary

ABSENT: Michael L. Shull, Riverheads District  
Timothy Simmons, Pastures District

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## CALL TO ORDER

The Chairman called the meeting to order at 1:30 p.m.

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## ADOPTION OF AGENDA

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

Vote was as follows:

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

Motion approved.

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## APPROVAL OF MINUTES

### **A. December 19, 2024 Minutes**

Mr. Egeli moved, seconded by Mr. Gordon to approve the Minutes of the Regular Board Meeting of December 19, 2024.

Vote was as follows:

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

Motion approved.

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**B. January 16, 2025 Minutes**

Mr. Gordon moved, seconded by Mr. Almarode to approve the Minutes of the Regular Board Meeting of January 16, 2025.

Vote was as follows:

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

Motion approved.

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**MATTERS PRESENTED BY THE PUBLIC**

No members of the public were in attendance to make comments and no public comments were brought forth by Staff.

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**EXECUTIVE DIRECTOR’S HIGHLIGHTS**

Mr. Martin informed the Board members the next stakeholders meeting with Augusta County will take place in March.

Mr. Martin informed the Board members the airport water line project is progressing. The costs came in slightly higher than what was anticipated; however, costs are within the Board approved budget for the project.

Mr. Martin presented the Board members with a news article regarding the recent water crisis in the City of Richmond and a movement being put into place to create a regional authority there.

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**PROGRESS REPORT**

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

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**COMMITTEE REPORTS**

There were no committee reports given.

STONE VALLEY UPSIZING

Mr. Martin gave the following report to the Board regarding the Stone Valley off-site sewer upsizing project.

Prior to 2015, Sunrise Investors, Inc. (Sunrise) began a residential development in the Stuarts Draft area known as Stone Valley. As part of this development, an offsite gravity sanitary sewer line was proposed. An agreement dated January 24, 2017 provided the gravity line would be completed by August 2, 2020.

When initial plans were submitted for the off-site gravity sewer main, Augusta County Service Authority (now Augusta Water, but hereinafter referred to as “Authority”) staff commented that the lines should be sized to accommodate the future build-out of the drainage area (in compliance with Authority Design Standards) and the Authority would participate financially in the upsizing per Authority policy. When subsequent plans were submitted, they did include upsized lines. Plans for the off-site sewer line were approved by VDOT on November 25, 2019 and by the Authority on November 26, 2019.

While typically required of the developer by policy, Sunrise declined to comply with Authority policy and secure pricing from three vendors. Given that, Authority staff compiled pricing from three vendors to determine the difference in material costs to upsize the lines. That amount was \$61,696.74 and was detailed in a letter to Sunrise dated March 6, 2020.

Sunrise did not begin construction of the off-site sewer line for some time, and a Pre-Construction meeting was not held until May 26, 2022. Construction was started after that, and on July 5, 2022, Matt Morris sent a letter to Sunrise in which he reiterated the participation amount from the Authority of up to \$61,696.74. This letter included a statement “If you agree to these terms please sign below.” The letter was signed by Samuel Argenbright for Sunrise on July 6, 2022 and returned to Matt Morris.

At a December 3, 2024 meeting with Augusta County representatives, Tim Fitzgerald mentioned that Mr. Argenbright had spoken to him about wanting payment for Augusta Water’s participation in the sewer line upsizing. Staff reiterated the agreed upon amount and noted that any request for additional money would need to be accompanied by proper documentation to even be considered. Sunrise then sent an email to Tim Fitzgerald on December 11, 2024, including some invoices, asking for \$188,034.30 which Mr. Fitzgerald forwarded to Augusta Water.

Staff has reviewed the request and found that our policy was not followed and that some information is missing. On December 13, 2024 staff emailed Sunrise a copy of our policy and documentation stating the original participation amount, and requested they engage us directly. To date, no formal response has been received. In a separate meeting, Mr. Argenbright told William Monroe the email to Tim Fitzgerald was all Augusta Water was going to get.

**CONCLUSION:**

Given the amount of the request and departure from some policy details, staff does not have the authority to approve the requested payment. Staff notes we have a signature from Sunrise Investors indicating their agreement to the terms of the July 5, 2022 letter, including the participation amount of up to \$61,696.74. Staff further notes that, per our policy, we obtained

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multiple quotes from vendors to establish this participation amount. If Sunrise had promptly completed the project, costs should have been in line with those quotes. Staff believes the financial consequences of Sunrise's decision to delay construction of the sewer line, thereby incurring substantially increased costs, should not be borne by our ratepayers.

**STAFF RECOMMENDATION:**

Staff recommends issuing payment to Sunrise Investors in the amount of \$61,696.74.

**BOARD DISCUSSION:**

Mr. Egeli asked if Augusta Water is required to pay the participation amount of \$61,696.74 to Sunrise Investors (Sunrise).

Mr. Martin confirmed \$61,696.74 was the amount agreed upon in the July 6, 2022 signed agreement between Augusta Water and Sunrise.

Mr. Dahl asked if the numbers have been reviewed to determine a cost differential from 2020 until now. He also inquired as to when the actual work was completed for the pump station.

Mr. Martin stated Sunrise started the work in 2022 right after signing the agreement and worked through the summer of 2024. Sunrise had already received at least part of the invoices before signing the agreement and was aware of the costs.

Mr. Gordon stated because Sunrise had the invoices from April, May, and June of 2022, they knew exactly what the costs were going to be before the payment agreement was signed in July of 2022.

Mr. Dahl asked when Augusta Water obtained pricing for the project. Mr. Martin stated pricing was obtained at the beginning of 2020.

Mr. Martin informed the Board members the temporary pump station was to be taken out of service in 2020; however, it is still in service. All of the pipe Augusta Water was participating in upsizing for the project has been installed. Augusta Water maintains the pump station, but does not pay the electrical costs.

Dr. Middleton asked if Augusta Water supplies temporary power if there is a power failure.

Mr. Martin stated if a power outage would occur, Augusta Water would supply a generator at the site. He noted when the original agreement was created in January of 2017, Mr. Argenbright, owner of Sunrise Investors, did not think a generator was necessary because the pump station was to be temporary.

Dr. Middleton asked if a fence had been installed around the pump station. Some discussion took place on this. Later in the meeting, it was determined a fence was installed.

Mr. Dahl asked what would have been the proper way for the developer to have handled the project.

Mr. Martin stated the best way the developer could have handled the off-site sewer project would have been to have built the gravity sewer line by the time outlined in the original agreement, which was August 2, 2020.

Mr. Egeli asked if the original agreement provided specific deadlines for the project.

Mr. Martin stated based on the 2017 original agreement, the project was to be completed by August 2, 2019. The agreement also stated if the plans were approved and the permits were obtained in a timely manner, the agreement could be extended to August 2, 2020. Staff and the developer met in July, 2019. At that meeting, the developer represented all the requirements from the 2017 agreement would be met by August 2, 2019 to allow the deadline to be extended to 2020.

Mr. Egeli asked if the developer met the extended deadline of August 2, 2020. Mr. Martin stated the developer did not meet the extended deadline. Staff met with the developer in September, 2020 and an amended agreement was written, once again extending the deadline to April 30, 2021. Construction still did not begin by the new extension date.

Dr. Middleton asked how the request for the payment came to Augusta Water. Mr. Martin stated the invoices were sent to the County Administrator, who then forwarded them to Augusta Water. Mr. Martin also gave additional history on this.

Dr. Middleton asked what would occur if the Board did not act on this request. Mr. Martin stated he could pay the amount agreed upon in the July 5, 2022 agreement, and if the Board wishes for him to pay more than that amount, they would need to act.

Mr. Dahl asked what the costs of the same materials purchased in 2022 would be in today’s market. Mr. Martin explained Staff had recently obtained costs for the same materials purchased in 2022 and found they would now cost approximately \$130,000.

Dr. Middleton summarized his understanding of the issue and then asked the Board if they wished to intervene and direct staff to pay more than the \$61,696.74, or if they wished to stand silent. After additional discussion, and after a review of the invoices submitted by Sunrise, the Board remained silent and did not direct staff to pay more than the \$61,696.74. Dr. Middleton thanked Mr. Martin for bringing this matter to the Board’s attention. Mr. Martin stated he would issue a check to Sunrise in the amount of \$61,696.74

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UPDATE ON 2025 VIRGINIA GENERAL ASSEMBLY

Mr. Martin gave an update on the bills proposed at the 2025 Virginia General Assembly Legislative Session. He highlighted three bills which passed in the House and the Senate.

**1. HB 2749 – Mandatory Reporting of Anomalies**

This bill requires owners of waterworks to report any critical equipment failure or malfunction or contaminant release to VDH-ODW as soon as practicable, but no more than six hours after discovery. This bill also requires owners of any waterworks that is required to submit a monthly operating report to VDH-ODW to report any noncritical

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equipment failure or malfunction which could adversely affect water quality, public health, or service continuity, and has not been repaired by their monthly reporting deadline.

**2. SB 1319 – PFAS in Industrial Wastewater**

This bill amends existing VAC 62.1-44.34:32. It is amended from “Mandatory Monitoring” to “Self-Reporting Bill”. It requires every Publicly Owned Treatment Works (POTW) to require certain new or existing industrial users to self-report use of per- and polyfluoroalkyl substances (PFAS) as part of a pretreatment program. POTW must convey information to DEQ within 90 days. This bill does cover landfills or other facilities or sites the Department has a reasonable basis to believe has significant soil or groundwater PFAS contamination.

**3. HB 2482 – Additional Contract Requirements**

This bill requires at least 8% of total labor hours for Capital Outlay Projects to be performed by those enrolled in approved apprenticeship programs. This bill passed the House and is expected to pass the Senate.

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BOARD COMMENTS

Mr. Almarode and Mr. Egeli thanked Augusta Water staff for the work they do.

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ADJOURNMENT

There being no further business, the meeting was adjourned at 2:47 p.m.

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Board Secretary

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Chairman