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Bedford Regional Water Authority – Board of Directors Regular Board Meeting – Minutes May 21, 2024

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, May 21, 2024, in the Board Meeting Room in Bedford Water’s Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Bob Flynn, Chair
Jay Gray, Vice Chair
Donald Barger, Jr.
Rusty Mansel
Michael Moldenhauer
John Sharp

Members Absent:..... Kevin Mele

Staff & Counsel Present: . Brian Key – Executive Director
Rhonda English – Deputy Director
Jill Underwood – Director of Finance
Thomas Cherro – Director of Operations
Megan Pittman – Director of Administration (virtually)

1. Call to Order

The meeting was called to order by the Chair at approximately 7:00 p.m. The Pledge of Allegiance and a moment of silence were conducted.

2. Review of Agenda

The following agenda was reviewed as shown. Revisions are shown in ***bold italics***.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Hearing for Rate Adjustments
 - a. Open Public Hearing
 - b. Presentation about Rates
 - c. Public Comments about Rates
 - d. Close Public Hearing
4. Action Item Following Rate Hearing
 - a. **Resolution 2024-05.01**: Rate Policy 2.00
 - b. **Resolution 2024-05.02**: Rate Information Policy 2.01
5. Public Comments for all issues other than the public hearing
6. Approval of Minutes: April 16, 2024 – Regular Board Meeting
7. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end April 2024
 - b. Summary of April 24, 2024 Finance Committee Meeting
 - c. **Resolution 2024-05.03**: Operating Budget

d. Resolution 2024-05.04: Policies

8. Operations Report: Presented by Tom Cherro
9. Administration Report: Presented by Megan Pittman
10. Projects Report: Presented by Rhonda English
 - a. Project Summary Reports
 - b. **Resolution 2024-05.05: Capital Improvement Projects**
11. Executive Report: Presented by Brian Key
 - a. Winoa Sewer Lift Station
12. Other business not covered on the above agenda
13. Motion to Adjourn

3. Public Hearing for Rate Adjustments

a. Open Public Hearing

The public hearing opened at 7:01 pm.

b. Presentation about Rates

Ms. Underwood gave a presentation with an overview of the rates. Last fiscal year, the BRWA reached equalization based on the consolidation agreement. However, the model did not project increased levels of inflation. Due to these higher costs, the BRWA proposes to raise base fees, increasing each the water and the sewer base rate by \$2. The rates were advertised in *The Bedford Bulletin* as required. This is a 3.8% increase in water fees for the average customer. There is a 3.3% increase in sewer fees for the average customer.

c. Public Comments about Rates

Nancy Leighton, a Town resident who lives on Peaks Street, expressed her discontent with the increased fees she is incurring.

d. Close Public Hearing

The public hearing closed around 7:11 pm.

4. Action Item Following Rate Hearing

a. **Resolution 2024-05.01: Rate Policy 2.00**

Passing the resolution was necessary to adopt the rates and support the FY 2025 operating budget. A copy of the advertisement showing the proposed rate changes was presented during the rate hearing portion of the meeting.

Mr. Sharp said he would like the water and sewer fees to increase to \$1 each. Mr. Gray said that he does not want to see an increase either; however, to deliver a lower cost, the BRWA would have to consider what service would have to be cut to lower the rate they would be comfortable doing.

Mr. Key said that the Finance Committee discussed this rate increase after the comments from the board at the April meeting. Due to the CIP needs and an increase in debt next year, the Committee is still recommending the \$2 for both



water and sewer increase. The employee salary increase was also discussed, and the percentage was changed based on the board's comments last month.

The board asked to review the budget before voting on the rates.

Ms. Underwood gave an overview of the proposed budget. After initial requests, Finance worked with staff to trim down the requests. The focus was on operational needs rather than CIP since \$1.25 million in ARPA funds will be used for capital projects and around \$450,000 from the operating budget. There is an increase of 5.3% in revenue to the budget compared to the current fiscal year. The moral obligation remains \$1 million through the fiscal year 2026. The BRWA is continuing to draw down outside funding and/or grants for Ivy Creek, Town ARPA, and Lead Service Line Inventory. For expenses, there is an increase of 4% from the current fiscal year. This includes a total increase of 1.5% in salaries, a 4.3% increase in health insurance, and overall IT costs, which have increased due to network security and the trend to cloud-based software as a service, and an increase in chemicals for treatment.

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 21st day of May 2024, beginning at 7:00 p.m.:

WHEREAS, the Bedford Regional Water Authority (the "Authority") is a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5159 (the "Act"); and,

WHEREAS, the Authority desires to have a comprehensive set of policies governing the manner in which the Authority conducts its regular business, and the Authority directs that these policies be grouped together into an operating policy manual; and,

WHEREAS, to provide sufficient revenue to cover all of the expenditures that are included in the proposed FY 2024-2025 operating budget, certain changes have been proposed to the Authority schedule of rates and charges; and,

WHEREAS, the Authority has provided sufficient notice in the Bedford Bulletin on April 24, 2024 and May 1, 2024 and conducted a public hearing on Tuesday, May 21, 2024 to solicit public comments on the proposed changes to the schedule of rates; and,

WHEREAS, the Board of Directors of the Authority has reviewed the proposed changes to the schedule of rates and rate information and desires to implement these changes; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Bedford Regional Water Authority does hereby adopt the revised Rate Policy 2.00 and further authorizes the Executive Director to proceed with implementing the rates as properly advertised. The new rates will be effective for all usage beginning on June 1, 2024 and for all bills sent out after June 30, 2024.

On behalf of the Finance Committee, Member Gray made a motion to approve this resolution.

Being a motion from a committee, a second motion was not needed.

Board Member Votes: 4 Aye 2 Nay 0 Abstain. The motion carried.

b. **Resolution 2024-05.02:** Rate Information Policy 2.01

With the approval of Resolution 2024-05.01 for the rates, modifications are required to the 2.01 Rate Information policy; some of the changes proposed include the following:

- Fire Meter Assemblies Mach 10 meters
- Leachate rate

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WHEREAS, the Authority desires to have a comprehensive set of policies governing the manner in which the Authority conducts its regular business, and the Authority directs that these policies be grouped together into an operating policy manual; and,

WHEREAS, with the approval of the Rates Policy 2.00 with Resolution 2024-05.01, changes are needed to the Rate Information Policy 2.01; and,

WHEREAS, meter technology changes require revisions to the Rate Information Policy to cover the new fire flow meters that utilize solid state ultrasonic meter, now,

THEREFORE, BE IT RESOLVED by the Board of Directors of the Bedford Regional Water Authority that the changes to the above noted policy be hereby adopted by the Authority.

This resolution shall take effect immediately.

On behalf of the Finance Committee, Member Gray made a motion to approve this resolution.

Being a motion from a committee, a second motion was not needed.

Board Member Votes: 5 Aye 1 Nay 0 Abstain. The motion carried.

5. Public Comments for all issues other than the public hearing

There were no public comments.

6. Approval of Minutes: April 16, 2024 - Regular Meeting

The regular Board Meeting Minutes from April 16, 2024, were reviewed.

Member Moldenhauer made a motion to approve the minutes.

Member Mansel seconded the motion.

- Board member votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.

7. Financial Report: Presented by Jill Underwood

a. Financial Statements through month end April 2024

The Customer Service statistical report, the balance sheet, the statement of revenue, and expenses were included in the packet. The budget goal was 83% for April, with operating revenues at 87% and operating expenses at 72%. Capital Recovery fees received this FY are 103% of the total budgeted amount, with water at 102% and sewer at 104%. The ARPA funds from the County have been moved into the VA Investment Pool to earn interest until the funds are used next FY for CIP.

The audit is scheduled for the third week of August.

b. Summary of April 24, 2024 Finance Committee Meeting

The Committee discussed the budget changes spoken about earlier in the meeting. The Committee also discussed a few financial policies that needed to be updated. Below is a summary of these policies:

- a. Policy 2.10 New Customer Requirements- define and provide further explanations on customer requirements
- b. Policy 2.11 Billing and Payments- add language for unauthorized connection for disconnections due to nonpayment
- c. Policy 2.30 Transfers- clarify language for customers moving within the service area; this change is due to billing system capabilities
- d. Policy 2.71 Filling Station- revised language on contacting the Authority and the process for applying for service.
- e. Policy 10.10 Purchasing- added language for Uniform Guidance, as required for the Single Audit.
- f. Policy 10.33 Reserve Accounts- defined the role of the Account Manager and added the Water and Sewer Facilities accounts.

The Committee also discussed putting a time limit on developer prepayment credits issued in 2005. Staff will work with legal counsel to see if this is possible.

c. **Resolution 2024-05.03: Operating Budget**

The Finance Committee reviewed the operating budget at their meetings on March 19, 2024, April 8, 2024, and April 24, 2024. The draft budget was discussed with the Board at the April 16, 2024, regular board meeting and presented to the Board at the May 21, 2024, regular Board meeting.

At a regular meeting of the Bedford Regional Water Authority (“Authority”) Board of Directors, held in the Board Meeting Room at the Authority’s Administrative Annex Building on the 21st day of May 2024, beginning at 7:00 p.m.:

WHEREAS, the Board of Directors of the Authority has been presented with the FY 2024-2025 Budget, with a summary indicating Total Revenues in the amount of \$20,292,861 and Cash Operating Expenses in the amount of \$17,805, 604 and Total Expenditures (including depreciation) in the amount of \$22,393,204 (the “Operating Budget Summary”); and, **WHEREAS**, in support of the Operating Budget Summary, a Detailed Report of Revenues and Expenditures for FY 2024-2025 (the “Line Item Budget”) has been submitted to the Board indicating line item expenditures within the categories contained in the Operating Budget Summary; and,



WHEREAS, the Finance Committee of the Board of Directors has thoroughly reviewed this information and recommends that the Authority approve the Operating Budget as presented; now,

THEREFORE, BE IT RESOLVED, that after careful consideration of the Authority's fiscal position, its anticipated revenues, its necessary expenses, as well as its bond covenants, the Board of Directors of the Bedford Regional Water Authority does hereby:

- 1) approve the Fiscal Year 2024-2025 Line Item Budget, and thereby authorize and appropriate the Total Expenditures contained in the Operating Budget Summary subject to receipt of the Revenues estimated therein; and;
- 2) authorize the Executive Director to move items with discretion within the Operating Budget Summary Categories from line item to line item, consolidate or delete line items, and otherwise spend funds in the Operating Budget Summary categories without further action on the part of the Board; and,
- 3) require that the Executive Director ensure that a report of the Revenues and Expenditures be made to the Board at its regular meetings and more often if requested.

On behalf of the Finance Committee, Member Gray made a motion to approve this resolution.

Being a motion from a committee, a second motion was not needed.

- Board Member Votes: 6 Aye, 0 Nay, 0 Abstain

d. Resolution 2024-05.04: Policies

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 21st day of May 2024, beginning at 7:00 p.m.:

WHEREAS, the Bedford Regional Water Authority (the "Authority") is a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5159 (the "Act"); and,

WHEREAS, the Authority desires to have a comprehensive set of policies governing the manner in which the Authority conducts its regular business, and the Authority directs that these policies be grouped together into an operating policy manual; and,

WHEREAS, revisions to the policies listed below were recommended by staff to the Finance Committee ("Committee");

2.10 New Customer Requirements

2.71 Filling Station

2.11 Billing and Payments

10.33 Reserve Accounts

2.30 Transfers

10.10 Purchasing

and, **WHEREAS**, at a meeting that was held on April 24, 2024 the Committee reviewed the policies noted above and has recommended the revisions to the policies to be presented to and approved by the Board of Directors of the Authority; now,

THEREFORE, BE IT RESOLVED by the Board of Directors of the Bedford Regional Water Authority that the above noted policy revisions be hereby adopted by the Authority.

On behalf of the Finance Committee, Member Gray made a motion to approve this resolution.

Being a motion from a committee, a second motion was not needed.



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- Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

8. Operations Report: Presented by Thomas Cherro

Mr. Cherro said that there are still a high quantity of lines being hit by fiber line installers. These damages can be charged to the installer; however, it is very taxing on locators and maintenance crews. A large amount of water has been unaccounted for; a leak was found on Plunkett Street that contributed to this loss..

9. Administration Report: Presented by Megan Pittman

Ms. Pittman reviewed the articles included in the board packet, which discussed the BRWA's strategic plan and the location of the County Fair in August. She also said the issue discussed in the closed session in April has been resolved per the Board's direction. Questions can be answered in a closed session or by contacting Brian or Megan individually.

10. Projects Report: Presented by Rhonda English

a. Project Summary Reports

The Stoney Creek Reservoir dam had an emergency action response tabletop exercise. There was also discussion of possible grant funding for the dam. The Ivy Creek Project has a change order request for \$478,000; the hope is for discussion and negotiation to lower the cost. This change would come to the board for approval. The Helm Street notice to proceed has been issued, and demolition will occur shortly.

b. **Resolution 2024-05.05:** Capital Improvement Projects

Ms. English reviewed the CIP project listing provided in the board packet. These projects include Stoney Creek Reservoir improvements, various projects at Central Water and Wastewater Treatment plants for upgrades, a minor safety upgrade at Moneta Wastewater Treatment Plant, the first phase of a data visualization project, a few maintenance purchases, and upgrades at the Smith Mountain Lake Water Treatment Facility.

The Finance Committee reviewed the FY 2024-2025 CIP Budget, which includes both internal purchases and projects, at meetings held on April 8, 2024, and April 24, 2024; if the board concurs with the list of projects that was provided in the board packet, the Committee stated that they are prepared to make a motion to approve this resolution for the approval of the CIP budget.

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 21st day of May 2024, beginning at 7:00 p.m.:

WHEREAS, the Board of Directors of the Bedford Regional Water Authority approved the Fiscal Year 2024-2025 Operating Budget ("Operating Budget") with resolution 2024-05.03,



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with Total Revenues in the amount of \$20,292,861 and Cash Operating Expenses in the amount of \$ 17,805, 604; and,

WHEREAS, the total operating coverage minus replacement capital as of July 1, 2024 is projected to be \$451,257; and,

WHEREAS, funds from the American Rescue Plan Act (ARPA) were received on a reimbursement basis from Bedford County in the amount of \$1,250,000 and are currently invested with the Virginia Investment Pool (VIP) and are available to fund capital projects; now,

WHEREAS the Finance Committee has reviewed the complete listing of proposed purchases and projects expenditures, and have recommended approval to the Board of Directors; now, **THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Bedford Regional Water Authority does hereby approve of proceeding with the FY 2025 Capital Improvement Projects presented in the amount of \$1,668,500 with the specific authorization given to the Executive Director to add, delete, or reprioritize the items on the attached project listing as long as the total amount of the capital expenditures does not exceed the amount listed above without further board action.

On behalf of the Finance Committee, Member Gray made a motion to approve this resolution.

Being a motion from a committee, a second motion was not needed.

- Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

11. Executive Report: Presented by Brian Key

a. Winoa Lift Station

Jonathan Buttram, Chairman of the Town Economic Development Authority, gave a presentation about the Winoa Lift Station. The Town signed a purchase agreement with Winoa in 2021 for the Regional Center for Work Force Training. The steps to close on this property are complete, except for the conveyance of the lift station due to the cost of fixing the station. An offer was given to the BRWA that if they took action on this tonight, Bison Printing has agreed to cover the upfront costs of \$77,000 previously requested from the BRWA, with the total funding offered from Bison, Winoa, and Town of \$300,000.. Alfons Beisser, an owner of Bison Printing, said this was an important project, and they wanted to fill in the gap in funding to replace the lift station.

The board discussed the offer and asked questions. Mr. Flynn requested a written proposal and a special board meeting on Thursday, May 30th at 7 pm to discuss this proposal in closed session.

12. Other Business not covered on the above agenda

Mr. Key showed a framed flag and certificate that an employee who returned from military leave presented to the BRWA upon his return.

13. Motion to Adjourn:

There being no further business to discuss, Moldenhauer made a motion to adjourn and Barger seconded the motion.

Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

The meeting adjourned at approximately 10:15 pm.

Prepared by Megan Pittman – Director of Administration
Approved: June 18, 2024