

HARDY COUNTY PUBLIC SERVICE DISTRICT
APRIL 3, 2019
4:30 P.M.
2094 US 220 South, Moorefield, West Virginia

Present: Rob Harper, Rose Helmick, Justin Basye, Logan Moyers, Connie Sherman, HCPSD; Tre Kerns, The Thrasher Group and Jean Flanagan, Media.

The meeting was called to order at 4:30 p.m. by Chairman Robert Harper. Robert Harper made a motion to approve the minutes of the February 6, 2019 regular meeting minutes and the March 11, 2019 special meeting minutes as presented. Justin Basye seconded the motion. The motion was approved.

New Business:

South Fork Road Water Extension Request – A copy of a letter received from a homeowner located on South Fork Road requesting water service was included as part of the board packets. The requesting customer lives approximately seven miles past the end of the main water line on South Fork Road. Logan Moyers stated that a main water line extension that would extend to serve the requesting customer would be multi-million dollar project for the District. Moyers suggested that in order for the District to undertake a project of that expense, it would have to be done as part of a large federally funded project and he suggested it be looked at for inclusion in the District's next major project. There was discussion as to whether there would be enough property owners willing to commit to connecting to any potential water extension in the area to justify an extension of that size and expense. Logan Moyers said the District would survey potential customers in the area to aid in making that determination in advance of the District's next major project. Following discussion, Robert Harper made a motion that the District respond in writing to the customer indicating that the District will keep the request on file and will further evaluate this potential extension for inclusion as part of the District's next major project. Justin Basye seconded the motion. It was unanimously approved.

PSD Property Acquisition - The District has been approached by the owner of the property adjacent to the District's office regarding the District's potential interest in purchasing additional acreage including a 5-bay garage/shop facility and barn. The property being offered to the District, in total, consists of approximately 1.5 acres. The property was recently appraised at \$211,000.00 and a copy of the appraisal was provided to the District. The owner is willing to negotiate a purchase price with the District and is offering the District a five year (60 months) rent-to-own agreement, which the District views as the same as a five year 0% interest loan. Board members were shown the property boundaries and viewed the 5-bay garage/shop facility on the property. Logan Moyers discussed with the board the possibility of the District purchasing a portion of the entire 1.5 acre tract that includes the 5-bay garage/shop facility but not the barn. Moyers has spoken to the property owner about this possibility and reported to the board that the owner is open to such a proposal. Following discussion, Logan Moyers suggested the board take no action on this potential property purchase until other property purchase options are reviewed by the District. The District has been asked by the Hardy County Commission to consider purchasing acreage in the Robert C. Byrd Industrial Park, east of Moorefield, and relocating their office and shop facilities to that location. The District board expressed a willingness to consider relocating its facilities to the RCB Industrial Park, however there are a few potential issues with a proposed relocation to that site which must be addressed before it can be further considered. The first issue is that the District has been working with FEMA for the past year to acquire grant funding to be used for the reconstruction of the District's office at its current location. It must be determined if FEMA would allow those grant funds to be used at a location other than the location that has been discussed with FEMA during application

for the funding. Logan Moyers informed the board that FEMA recently obligated over \$213,000.00 in grant funds to the District, which the District intends to use toward the reconstruction of the District's damaged office facility. Of the over \$213,000.00 total grant allocation from FEMA, Moyers reported that approximately \$159,000 was obligated for damages resulting from the June 2018 severe storm and approximately \$54,000 was for mitigation projects the District applied for that would aid in preventing any future flooding occurrences to the District's facilities. If FEMA will not allow these grant funds to be used at the RCB Industrial Park location, that would prevent the District from considering a move to that location. Logan Moyers informed the board that he contacted FEMA representatives and asked if the FEMA grant funds can be used for construction of a new office at the RCB Industrial Park and was informed that FEMA would likely allow the approximately \$159,000.00 to be used to construct a new facility at an alternate location, but that the approximately \$54,000 to be used for mitigation projects could only be used at the District's current office location. Moyers told the board as he sees it, that the inability to use the \$54,000 at the RCB Industrial Park location should not prevent the District from considering a move to that location, because those funds could only be used for work that would prevent future flooding occurrences and flooding should not be a concern at the RCB Industrial Park locations being considered by the District so that work would not be necessary at those locations. Another issue that would have to be resolved before a move to the RCB Park could be considered relates to the covenants for the property put in place by the owner of the RCB Park property, the Hardy County Rural Development Authority (HCRDA). Logan Moyers informed the board that there were some restrictions within the Park's covenants that would require written allowances from the HCRDA which would specify that the District would not be held to those specific portions of the Park's covenants including, a restriction that no materials could be stored outside of buildings, a restriction that all driveways, loading areas, etc. must be paved with asphalt or concrete and a restriction that requires the exterior of all buildings in the Park be constructed of brick, face block or decorative stone. Moyers said he didn't anticipate that the HCRDA would have any issue granting these specific allowances because no other constructed properties in the Park are adhering to these portions of the covenants but, he said, given the past relationship between the District and the HCRDA, he thought it important that the District get these allowances in writing from the HCRDA. Moyers shared a series of photos taken of current properties in the Park that showed numerous instances of materials being stored outdoors, gravel driveways/loading areas and buildings that were not constructed with face brick/block or decorative stone. The last issue that was discussed which must be resolved is the negotiation of a per acre price for any property the District would purchase in the RCB Park. Logan Moyers presented to the board, a complete list of all property sales that have occurred in the RCB Park. A total of nine properties have been sold in the Park since the HCRDA began developing the property and the presented list contained all those purchasers broken down by classification as either a state/county government agency or a for-profit private developer, and listed the per acre price paid by each purchaser. Historically, for-profit private developers have been charged a greater per acre price as compared to state/county government agencies that have purchased property in the RCB Park. Logan Moyers told the board, he feels as though the District should be charged in accordance with the other state/county government agencies that have purchased property in the Park rather than at the per acre rates being charged to for-profit private developers. Moyers suggested contacting the HCRDA in writing expressing the District's concerns over the issues discussed during the meeting and requesting to meet with the HCRDA board to determine if the two groups could reach an agreement that would allow the District to purchase property in the Park and move the District's office to that location. Moyers reminded the board that if the HCRDA is not willing to meet the requirements the District has in order to move to the RCB Park, there is an attractive offer on the table for additional property at the current office location, which would justify the District walking away from negotiations with the HCRDA should the HCRDA be unwilling to meet the requirements of the District. Board member, Rose Helmick, stated that she felt it best not to request a meeting with the HCRDA board to discuss the District's requirements. Ms. Helmick suggested the District board along with District General Manager, Logan Moyers, meet with HCRDA Executive Director, Mallie Combs rather than the

entire HCRDA board. Moyers said he felt it important to get the two boards together, as all decisions will be made by the two boards and not himself or Ms. Combs. Rose Helmick disagreed and reiterated that she felt it appropriate to first meet with only Ms. Combs before getting the two boards together for a meeting. Following discussion, Robert Harper made a motion to contact Mr. Combs in writing to request a sit-down meeting with her at her earliest convenience to discuss the possibility of the District purchasing land in the RCB Park for a new office/shop facility. Justin Basye seconded the motion. It was unanimously approved.

Unfinished Business:

Baker WTP Upgrade Project Update - Logan Moyers gave an update on the progress of the Baker WTP Upgrade project. Mr. Moyers reported that Tre Kerns, the project coordinator with the Thrasher Group, has been in contact with our regional USDA-RUS representative regarding the status of our funding application. Mr. Kerns informed the board that everything was in order and that the USDA state office has completed its review of the funding application along with the associated engineering plans and documents and the regional office was now in the process of completing the underwriting for a funding commitment. Kerns also provided emails from the District's regional representative in which the representative indicated she has been unable to move the underwriting process forward due to staffing shortages, but that she hopes to have the underwriting completed and a funding commitment to the District sometime in late April or early May. Logan Moyers informed the board that due to the delay in our funding award, it will be necessary to request an extension of the Notice of Intent (NOI) that was filed by our attorney with WVPSC. (A NOI indicates to the WVPSC that the District will soon be making a certificate case filing.) Moyers also reminded the board that the District has planned to submit a request for a certificate case waiver once a funding commitment had been received. However, following a conversation with the District's attorney, it was suggested that the District go ahead and file the request for a waiver now, before a funding commitment has been received as the funding commitment should not have a bearing on whether or not WVPSC is willing to grant a waiver. Tre Kerns will work with the District attorney to put together the necessary information for the waiver request. If the District's attempt to secure a waiver is successful, it will mean the project can immediately move to the bid process following receipt of a funding commitment, thereby cutting several months off the projects timeframe for completion.

Hampshire County Resale Request - Logan Moyers provided an update on the status of potentially selling bulk water to Central Hampshire PSD at the Hampshire County line on US 220 North. In mid-March Moyers and District Chairman Robert Harper attended a meeting setup by Region VIII Planning & Development Council along with Central Hampshire PSD representatives and engineers. Engineers for Hampshire County reviewed multiple options for Central Hampshire PSD to provide public water to the Purgitsville area. The District was asked at the meeting when we can be prepared to enter into a water purchase contract with Central Hampshire PSD because this will be needed prior to Central Hampshire PSD's securing funding for any potential project. Logan Moyers told those in attendance at the meeting that the District would have to evaluate its available capacity within its purchase agreement with the Town of Moorefield before it could agree to enter into an agreement with Central Hampshire PSD. Logan Moyers informed the District board that after reviewing the purchase history of the District, it typically purchases between 11 million and 12 million gallons from the Town of Moorefield each month, although on occasion, the purchased volume nears 13 million gallons per month. The District's current agreement with the Town allows for a maximum of 15 million gallons per month and Central Hampshire PSD anticipates that it would need to purchase no more than 1.5 million gallons per month. Moyers said that it is important to allow for some leeway in the volume of water the District purchases each month and the maximum allowable volume and with that in mind, it would be irresponsible of the District to enter into a purchase agreement with Central Hampshire PSD allowing them to purchase an additional 1.5 million gallons per month on top of the District's current purchase volume without first increasing the maximum volume the District can purchase from the Town. Moyers went on to say that the District had

previously planned to revise its existing water purchase contract with the Town of Moorefield to increase the District's maximum allowable purchase volume upon completion of the Town's new water plant, however he had been in contact with Lucas Gagnon, Town of Moorefield, and he is willing to begin working on the new contract right away so as not to hold up the water project for Hampshire County. Moyers reported that the District and the Town are currently working on a new purchase agreement that would specify that upon completion of the Town's water plant project, the maximum allowable volume the District can purchase each month will increase from 15 million to 25 million gallons per month. The new agreement will need approval by the District's board and the Moorefield Town Council before it becomes effective.

District Office Rebuild Project - Logan Moyers reported that he continues to work with FEMA and the West Virginia Department of Homeland Security and Emergency Management (WVDHSEM) representatives regarding grant funds for expenses and damages associated with the June 2018 storm. Mr. Moyers reported that the District has been obligated over \$213,000.00 in total grant funds from FEMA. Of the total grant allocation, approximately \$159,000 has been obligated for damages resulting from the June 2018 severe storm and approximately \$54,000 was obligated for mitigation projects that will aid in preventing any future flooding occurrences to District facilities. The District recently received a check in the amount of \$22,000 from the State of West Virginia that references the federal disaster number but included no other information. Logan Moyers said the check is obviously related to the FEMA grant funds but the amount does not match any invoices submitted for reimbursement. Moyers has asked the WVDHSEM about the check and for some direction as to how the District should handle it but thus far has gotten no explanation or direction regarding the check. Board Member Rose Helmick suggested to hold the check until the State could provide some direction. Logan Moyers also told the board that FEMA has informed him that they have now turned the project over to WVDHSEM and that FEMA is now out of the picture and all future correspondence and direction will come from and be with WVDHSEM. Moyers said he has contacted representatives at WVDHSEM and has requested direction as to how the District can proceed with the expenditure of FEMA grants funds and is currently awaiting direction from WVDHSEM.

Miscellaneous Business:

Rate Increase Questions - Board member Rose Helmick requested additional information at the last board meeting in regard to some questions she had relating to WVPSC's rules associated with rate increases, specifically pass through rate increases. These questions came about when discussing that sometime in 2021 when the Town of Moorefield's water plant project has been completed, the Town will increase purchased water costs to the District by approximately \$200,000.00 annually, thereby necessitating that the District increase its rates to cover that increase in purchased water costs from the Town. Logan Moyers provided the information requested by Ms. Helmick in the meeting packets. The information provided included the section of WV state code that details pass-through rate increases. Ms. Helmick had requested clarification that pass-through increases could only consider increased purchased water costs and nothing more. The state code section clarified that issue and does state that only increases in purchased water can be considered in a pass-through increase. Moyers also presented a series of questions he posed to the District's attorney and provided those questions and the attorney's responses to board members. The attorney clarified in a pass-through rate increase, only the full amount of the increase in purchased water costs can be considered, nothing more and nothing less. The attorney also clarified that if the District board opted not to go the route of a pass-through rate increase the only other option was a going-level rate increase and that type of increase will consider the full amount of the increase in purchased water costs as well as other costs and for that reason a going-level increase will result in a higher rate than a pass-through increase. At Helmick's request, Moyers also provided a breakdown listing of the District's expenses by percentage for the past fiscal year. Ms. Helmick requested that the

information be presented in a pie chart rather than a broken-down list of expenses by percentage. Mr. Moyers said he would make the requested changes and provide that information in the form of a pie chart to board members in next month's meeting packet.

There were no members of the public in attendance for comment.

There being no further business, Robert Harper made a motion that the meeting be adjourned. Rose Helmick seconded the motion. The meeting was adjourned at 5:45 p.m.

The next regular scheduled board meeting will be held **May 1, 2019, 4:30 p.m.** in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Robert Harper, Chairman

These minutes represent a summary of the subject discussed and the actions taken by the members of the Hardy County Public Service District for the regular meeting held on April 3, 2019. The meeting and proceedings were electronically recorded. In the event there may be discrepancies or contradictions between the written minutes and the audio recording, the audio recording shall take precedence.