

HARDY COUNTY PUBLIC SERVICE DISTRICT
SPECIAL MEETING
JUNE 19, 2018
4:00 P.M.
2094 US 220 South, Moorefield, West Virginia

Present: Rob Harper, Rose Helmick, Logan Moyers, Connie Sherman, HCPSD; Lucas Gagnon, Town of Moorefield; Jean Flanagan, Media.

The meeting was called to order at 4:25 p.m. by Vice Chairman Robert Harper. The purpose of the meeting was to discuss the Town of Moorefield proposed rate increase, excavation at HCPSD office property, temporary office space and HCPSD office remodeling work. Chairman Matthew Gapp was not present at the meeting.

Town of Moorefield Water Rate Increase – Board member Robert Harper had requested this topic be brought back up for discussion during the special meeting. Mr. Harper expressed that he was reconsidering his position on the matter and wanted further discussion as part of the special meeting. Mr. Harper along with fellow board members Rose Helmick and Matthew Gapp took unanimous action at the June 6, 2018 regular PSD board meeting to protest the proposed 120% increase in the rate charged to the PSD for the water it purchases from the Town of Moorefield. As part of that same action the board requested that a fair and just rate be determined by the Public Service Commission of West Virginia (WVPSC). Following the board's action at the June 6, 2018 meeting, representatives from the Town of Moorefield contacted PSD board members and requested that they reconsider protesting the Town's proposed rate. The Town told PSD board members there were two reasons they felt the board should reconsider protesting the rate increase. First, the Town said they are concerned that the Town's existing water plant would fall into complete disrepair during the two to four months it would take WVPSC to make a determination on a fair rate for the PSD and if that would happen before the new plant could be constructed, all public water customers in western Hardy County would be without public water service. Second, the Town suggested the PSD was currently "getting a deal" and that the rate the PSD was currently paying was not as high as the PSD should be getting charged.

In response to the board now considering rescinding its previous action, PSD General Manager Logan Moyers presented a letter, addressed to the PSD board and PSD customers, which he read aloud and provided a copy to all persons present at the meeting. The letter explained in detail, his opinion that it is not in the best interest of the PSD or PSD customers for the board to rescind its previous action to protest the proposed rate increase and to request that WVPSC determine a fair rate. Mr. Moyers stated that while the PSD supports the Town of Moorefield's project, he feels that the cost of the project needs to be spread fairly and evenly among all customer classes and that the PSD's 120% increase, which is a much larger increase than the increases proposed to other customer classes, is excessive. Mr. Moyers stated that the PSD Board's task was to act in the best interest of the PSD and its customers and that continued operation of the water plant is the responsibility of the Town of Moorefield and should not be considered if the PSD board is looking out for the best interest of PSD customers. He also said he finds it hard to believe the Town's claim that its existing plant can operate without issue for the two years it will take to obtain final clearances and complete construction of the new plant but the plant will fall into complete disrepair and cease to operate if two to four months was added to that timeframe. Mr. Moyers also reminded the board that the PSD was in a similar situation in 2016 when the Town of Moorefield proposed a rate increase which the PSD felt was excessive. The PSD protested the rate increase in 2016 and asked WVPSC to make a determination on a fair rate, just as it had done at the June 6, 2018 meeting. After reviewing the proposed increase in 2016, WVPSC determined the rate proposed by the Town was indeed too high and that a fair and just rate for the PSD was just one penny higher than the rate they were already paying. As a result the Town raised the PSD's rate by one penny to what WVPSC determined was a fair rate. The PSD is currently paying a rate to the Town that was determined to be a fair and just rate by the WVPSC so it is simply not true for the Town to suggest that the PSD "has been getting a deal" and not paying its fair share.

Following the reading of the letter, Rob Harper made a motion to revisit the board's decision to protest the Town's proposed rate increase. Rose Helmick seconded the motion. Ms. Helmick then requested to contact Michael Griffith, the accountant who helped determine the Town of Moorefield's proposed rate increases, by phone conference to answer questions on how he calculated the proposed increases to the resale, industrial and residential customers of the Town of Moorefield. Mr. Griffith was contacted and explained that he did his best to mimic how WVPSC would conduct a class cost of service study in calculating the rates for the Town of Moorefield's customers. Mr. Griffith stated that he went to painstaking detail in an attempt to set the resale and industrial rates fairly by removing the fire protection fee from the resale rate and also by keeping the cost to cover depreciation at a minimum for the resale rate. Mr. Griffith went on to say, in reference to the one penny increase determined by WVPSC in 2016, that he felt there were inaccuracies in the data WVPSC used to calculate the rate and at the time the Town of Moorefield chose not to argue the increase determined by WVPSC. Following the phone call with Mr. Griffith, Jean Flanagan asked about the inaccurate data used by WVPSC during the 2016 study as stated by Mr. Griffith. Lucas Gagnon replied that it was likely due to WVPSC using data from the Town's annual report it submits to WVPSC which may have contained some inaccurate information. Mr. Gagnon also stated that during the 2016 rate protest the only rate reviewed by the WVPSC was the resale rate and that the rates for other classes got the increase the Town had proposed so that is why the other rate classifications are being raised at a lower percentage this time around. Mr. Gagnon also reiterated what he had previously told PSD board members that the additional two to four months the WVPSC would take to determine a fair rate for the PSD could be detrimental to the Town due to the poor condition of their existing water plant. Lucas Gagnon also provided the resale rates of several surrounding PSDs and all were paying a resale rate higher than the Town of Moorefield's proposed resale rate.

Discussion ensued amongst the board as to whether the members should vote to rescind their previous motion to have a fair rate determined by WVPSC. Rose Helmick asked if the WVPSC review could be expedited to alleviate the Town's concern that its existing plant cannot make it an additional two to four months. Mr. Moyers said it can be requested to expedite the process but there are no guarantees that it would happen. Rob Harper suggested that if the board opts to rescind its motion to protest the proposed increase at this time, that the rate be review again once the new plant is operational and there is data available regarding actual operation and maintenance expenses associated with the new plant. Logan Moyers informed the board that State code requires the rate to be protested within a 30 day window of the Town issuing its proposed rates and cannot be protested at a later date. Rose Helmick expressed that she had not considered the emergency situation with the Town of Moorefield's existing water plant when she previously voted to protest the rate. She stressed the importance of having a continued water source for everyone and said that she failed to consider this point when she initially voted to protest the proposed water rate increase. Robert Harper made a motion to rescind the previous action of the last PSD board meeting to protest the Town of Moorefield's proposed water rate increase and to file a motion to dismiss the formal complaint case with the WVPSC. Rose Helmick seconded the motion, saying her decision was based on the emergency need for a continued water supply and what she feels is in the best interest of the County as a whole. The motion was approved. Logan Moyers will work with the PSD attorney to rescind the board's previous action to protest the rate and have a fair rate determined for the PSD.

Excavation at HCPSD Office- Logan Moyers has met with representatives of the WVDON and private contractors regarding site work needed at the PSD office property to avoid future drainage issues resulting in water damage to the PSD office. All parties agree that the best option to prevent future issues is to have a portion of the bank located along the roadside of the PSD office property removed and a retaining wall be built along with a rip rap ditch across the front of the property and a drop inlet and culvert installed to divert the water to the back of the property. Mr. Moyers has gotten a few estimates from private contractors to complete the work or another option would be for the PSD to utilize the State contract with the WVDON's heavy equipment contractor. However, an issue with using the contractor on contract with the State would be that the contract only covers operation heavy equipment and another firm would need to be hired for installation of the retaining wall. For this reason, Mr. Moyers believes it would

better serve the PSD to use a private contractor. He also suggested that if the board opts for a complete rebuild of the PSD office in the existing footprint of the current building, they should consider raising the floor of the new office several inches to further aid in preventing any future water damage to the office. Mr. Moyers also stated he feels it would make the most sense to remodel/rebuild in the same footprint of the existing building citing the importance of keeping the parking lot open area for deliveries, material storage and parking PSD equipment. Representatives from FEMA visited the PSD office and informed the PSD to not move forward with any excavation work until a decision has been made by the federal government as to whether an emergency declaration will be issued for damages from the June 1, 2018 storm that resulted in the water damage. FEMA representatives suggested a determination on an emergency declaration would be made by the end of July. The cost estimate from private contractors for the excavation work is \$30,000.00 and it is hoped that if a disaster declaration is made FEMA funds will be available to assist with the cost of the excavation. It is hoped that more information will be available at the July meeting. No action was taken at this time.

Temporary Office Space – Logan Moyers reported that the PSD had mold testing performed in the office following the water damage that occurred on June 1, 2018 and the results of the mold testing showed elevated levels of mold in the PSD office. Due to the results of the mold testing, the PSD has been informed it will need to relocate to temporary office space due to potential health risks associated with the mold species present. Mr. Moyers has checked into leasing available office space in the Town of Moorefield and has also looked at several different options for modular office rentals. After looking at all options Mr. Moyers informed the board it would be most economical to lease a modular office to be located adjacent to the current office. This would also suit the PSD better as it would not be as difficult or as costly to move the telemetry equipment to a modular office and it would allow the staff to have easy access to the PSD shop and equipment. The most affordable of several quotes received for modular office rentals was from a company named ModSpace, located in Baltimore, MD, at a cost of \$15,887.79 which includes delivery, setup and a 6 month lease agreement. The trailer must be ADA accessible. The PSD can cut the total cost by over \$8,000.00 by choosing not to have skirting installed and by constructing the handicap ramp onsite rather than renting a ramp from the supplier. The modular will be a 12 x 60 office trailer consisting of 2 offices, bathroom and open area for waiting on customers. Robert Harper made a motion to move forward with acquiring a temporary modular office from ModSpace without skirting and without rental of the ADA ramp (which will be built onsite.) Rose Helmick seconded the motion. Mr. Moyers explained that there would be additional costs in the setup of the temporary office relocation including the relocation of the telemetry equipment, establishing phone/internet service and, having other utilities provided to the modular such as electric, water and septic service.

HCPSD Office Rebuild/Renovation- Discussion was held regarding the direction of the PSD office and the consensus was to rebuild an office in the footprint of the existing building following the completion of the site excavation work. Logan Moyers was instructed to move forward with working with Thrasher Engineering on a design, cost estimates and time frame. We will need to go through the public bid process and additional information will be forthcoming at future meeting. No action was taken.

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 5:55 p.m.

The next regular scheduled board meeting will be held **July 11, 2018, 4:00 p.m.** in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.



Robert Harper, Vice-Chairman