

HARDY COUNTY PUBLIC SERVICE DISTRICT

JUNE 6, 2018

4:00 P.M.

2094 US 220 South, Moorefield, West Virginia

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

The meeting was called to order at 4:10 p.m. by Chairman Matthew Gapp. Robert Harper made a motion to approve the minutes of the May 2, 2018 regular meeting minutes as presented. Matthew Gapp seconded the motion. The motion was approved.

Unfinished Business:

Upcoming Water Project Update – Logan Moyers provided an update on the upcoming water project including the organics removal system at the Baker water plant and the water line extensions. Mr. Moyers reported that he had received a response from Ixom regarding the comments he had sent requesting changes and revisions to the performance guarantee being offered by Ixom. He is reviewing the revised document as is project engineer, Kylea Radcliff, and they will soon discuss any further revisions that may be needed to the document with Ixom representatives as they work toward a document that is agreeable to all parties. He is hopeful that a revised equipment proposal and performance guarantee will be available for review and discussion at the next board meeting. Mr. Moyers also reported that work continues on design for a new building at the Baker water plant site that will house the organics removal system. Ms. Radcliff will be here next week to evaluate the proposed location for the building and to work on preliminary building design.

Mr. Moyers reported that work continues to finalize the mapping and permit work for the line extension projects. He is hoping to receive additional plans and maps from Thrasher, the project engineering firm, in the near future. It is hoped that the new plans will be available for review at the next board meeting.

The PSD's accountant has completed the Rule 42 financial review which is an assessment of the financial impact the project will have on the PSD and how much, if any, of an increase in rates is necessary as a result of the project. Mr. Moyers was happy to report that the Rule 42 showed that if the PSD receives the funding package as requested from USDA-RD, the PSD can construct the project without having to raise water rates. The funding request for the total project cost is \$955,000 in grant funds and a \$2 million low-interest loan. Kylea Radcliff met with USDA-RD representatives and was informed there are funds available in our District to fund projects and that the loan/grant ratio appeared acceptable. The PSD will have to go through the complete application review process before a binding commitment can be given by USDA-RD. We were informed that unfortunately the review and approval process may take a little longer than normal due to staffing issues at USDA-RD that has resulted in our area specialist having to cover additional areas around the State. However, USDA representatives did state that the information submitted by the District to USDA-RD at this point was in order and that would only speed the application review process.

Mr. Moyers requested direction from the board regarding a water customer on the Dover Hollow extension project who is requesting to be released from her agreement to receive water as part of the extension project due to a change in family situation and a financial hardship. Discussion was held regarding the request. No action was taken on this request. It will be tabled until the next board meeting.

Sewer Service Territory – Logan Moyers provided an update on the District's efforts, in conjunction with the Moorefield/Hardy County Wastewater Authority, to establish a defined boundary for the two entities sewer service territories. The proposed revision of sewer service territories would have the PSD serving eastern Hardy County and the Wastewater Authority serving western Hardy County. A public hearing has been set for July 3, 2018 at 9:45 a.m. at the office of the Hardy County Commission. A Class I legal ad notifying the public of the hearing will be placed in the Moorefield Examiner next week. Public notices will also be posted around both Moorefield and Baker. Following the public hearing, it is anticipated the County Commission will approve an order reducing the size of the PSD's sewer service territory which, at the same time, will effectively expand the Wastewater Authority's territory. Once the order has been approved, it will be filed with the West Virginia Public Service Commission to complete the process.

New Business:

Town of Moorefield Water Rate Increase – Lucas Gagnon, Town of Moorefield, was in attendance at the meeting to address questions regarding the Town of Moorefield's proposed water rate increase as part of the Town of Moorefield's upcoming project which includes construction of a new water plant. Mr. Gagnon explained that the Town hired an accountant to perform a class cost of service study and the proposed rates are what was recommended following the results of the study. The Town's resale rate that is charged to the PSD is proposed to increase from \$1.08 per thousand gallons of water to \$2.38 per thousand gallons of water, a 120% increase. Additionally, the residential customers of the Town will see approximately 30% increase and the industrial customers approximately a 60% increase. Mr. Gagnon said that it was determined that the PSD's rate had been too low for many years thus the reason for the larger percentage of increase. Once the rate increase has occurred, the PSD will have to increase rates to its customers in order to be able to pay the increased rate for purchased water to the Town. In the past the PSD has absorbed small increases without having to raise the rates to its customers but this proposed increase is too large to absorb and will result in an increase to the PSD's customers. Mr. Moyers stated that he felt that by asking to the PSD to take on a much larger percentage increase than other customers are being asked to take on, the Town was placing undue burden on the PSD to cover a larger percentage of the increase than can be justified. Following discussion, all board members were polled and it was unanimously voted to request a WVPSC review of the proposed rate increase by filing official protest of the Town's proposed rate increase. While the PSD fully supports the Town of Moorefield's project and the need for a new water plant, the board agreed with Mr. Moyers that it has an obligation to look out for the best interests of PSD customers and as a result would file formal protest to the increase proposed to the PSD. Mr. Moyers noted that the rate that will be determined by WVPSC is the rate that must be accepted following their review of the rate case. The WVPSC review will extend the approval process for the Town of Moorefield's rate increase by several months.

District Office Flood Damage- Logan Moyers reported that the PSD's office received significant damage as a result of the heavy rainfall the weekend of June 1-2 resulting in standing water throughout the entire office. Both front office computers were damaged and had to be replaced before business operations could resume. A professional carpet cleaning service was called to clean the carpets and dry out the office. This is not the first time the office has had water due to drainage issues at the front of the property. Mr. Moyers asked for direction from the board regarding the renovations and repairs needed on the building and the need for additional drainage work at the front of the property. Detailed discussion was held including a review of the exterior of the building and the PSD property. It was recommended to contact the District's engineer to get additional information about a modular temporary office, office renovations/construction, landscaping/drainage repairs, etc. Discussion was held regarding the possibility of building a new office rather than sinking significant money to repair the current aging office. Mr. Moyers will work to compile additional information for the board to consider regarding renovating the current office versus constructing a new office. A special board meeting may be needed prior to the next scheduled board meeting to act on the renting of a modular office to house the PSD while renovations or new construction takes place.

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

There being no further business, Rose Helmick made a motion that the meeting be adjourned. Robert Harper seconded the motion. The meeting was adjourned at 5:30 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.

Matthew B Gapp
Matthew Gapp, 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 June 6, 2018. 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.