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Augusta Water
Regular Board Meeting, Thursday, April 18, 2024, at 1:30 p.m.
Board Meeting 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
Michael L. Shull, Riverheads District
Timothy Simmons, Pastures District
Phil Martin, Executive Director
Brent Canterbury, Treasurer
Jean Marshall, Board Secretary
Randall Perdue, Legal Counsel

ABSENT: None

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

Vote was as follows:

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

Motion approved.

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APPROVAL OF MINUTES

Mr. Gordon moved, seconded by Mr. Simmons, to approve the Minutes of the Regular Board Meeting of March 21, 2024 which have been mailed to the members.

Vote was as follows:

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

Motion approved.

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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CLOSED SESSION

Mr. Gordon moved, seconded by Mr. Simmons to convene in Closed Session pursuant to Virginia Code 2.2-3711(A)(8) "Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, arising from events concerning nationwide PFAS Complex Litigation."

Vote was as follows:

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

Mr. Gordon moved, seconded by Mr. Shull to come out of closed session.

Vote was as follows:

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

Motion approved.

Mr. Gordon moved to certify that, to the best of each member's knowledge, only public business matters lawfully exempted from open meeting requirements which matters were identified in the motion authorizing the closed session, were heard, discussed, or considered in closed session.

Members certifying were Middleton, Gordon, Almarode, Dahl, Egeli, Shull, and Simmons.

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EXECUTIVE DIRECTOR'S HIGHLIGHTS

The Executive Director's Highlights were included in the Board packet and reviewed with the Board members. There were no questions or discussion by the Board members.

PROGRESS REPORT

The April Progress Report was included in the Board packet and reviewed with the Board members. There were no questions or discussion by the Board members.

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COMMITTEE REPORTS

Personnel Committee

Mr. Simmons, Chairman of the Personnel Committee, stated the Committee met with Staff on May 5 to discuss the potential of a 5% COLA and a 2% merit increase for Augusta Water employees. The Committee also discussed the development of a remote hybrid program, the addition of a Generator Technician position, a pay grade increase of 2.5%, an adjustment to the pay range of two current positions, and the possibility of budgeting for an employee Christmas bonus.

Mr. Martin stated the proposed 5% COLA increase and the proposed 2% merit increase would be for all full-time and part-time employees who are in good standing.

Mr. Martin explained Augusta Water currently has 54 emergency generators. The Generator Technician position, mentioned in Mr. Simmons' report, would be responsible for taking pump stations off line periodically and putting them on generator power to make sure they still function adequately in case of a power outage. This position would be a 24-hour on-call position and would also be responsible for maintaining and making sure the generators are in good working condition. This would be a Pay Grade 6 position, with a hiring range of \$64,217 - \$117,936.

Mr. Martin reminded the Board members there are currently three positions open in the Engineering Department: Engineering Manager, Senior Project Engineer, and Project Engineer. Only one of these positions will be filled. After reviewing and comparing starting salaries of similar positions advertised on the VA AWWA website, it was noted Augusta Water's starting salary is approximately \$20,000 lower than other agencies. The Personnel Committee and Staff are proposing the starting salary for the Engineering Manager position be increased, as well as revising some of the requirements for the position.

Mr. Simmons stated it is difficult to understand the concept of hybrid work for a utility; however, this concept is not isolated to Augusta Water. Companies within the state are moving more towards a hybrid format in support of work/life balance.

Mr. Shull asked if the Generator Technician will be required to have electrical and mechanical certifications. Mr. Martin confirmed those certifications would be required.

Finance Committee

Mr. Gordon, Chairman of the Finance Committee, stated the Committee met with Staff on April 12 to discuss the FY2025 budget.

FY2025 DRAFT BUDGET

Mr. Canterbury presented the FY2025 Draft Operating and Capital Budget to the Board members, as it was discussed at the aforementioned committee meetings.

An increase for health insurance was not included in the FY2025 budget due to the current reserve balance of \$1,515,000. The budget includes the proposed 5% COLA pay increase, as well as the 2% merit increase. A 3% variable rate increase to the water and sewer usage rates is recommended. Based on the recommended 3% rate increase, the average residential water and sewer bill for FY2025 would be \$173.79 bi-monthly, resulting in a \$3.96 bi-monthly increase and a yearly increase of \$23.76 to the average residential customer.

The following are projections for the FY2025 operating budget: Total revenue - \$25.0 million; total operating expenses - \$19.5 million; depreciation(noncash) - \$6.6 million; and debt payments - \$2.2 million. The budgeted debt coverage ratio for FY2025 is 3.06, which is above the Board specified guidelines.

Mr. Canterbury explained to the Board the projected expense changes in the FY2025 operating budget:

Increases/(Decreases)

Salaries & Benefits	\$1,133,000
Repair & Maintenance Supplies	\$ 362,000
Chemicals	\$ 341,000
Electricity	\$ 162,000
Management Consulting	\$ 100,000
Other	\$ 119,000

These changes result in an overall increase of \$2,217,000, which is a 9.20% increase from FY2024.

Water projects for FY2025 are estimated at \$3.3 million, sewer projects are estimated at \$1.6 million, and vehicles, equipment, and miscellaneous expenses are estimated to be \$0.5 million.

Other key projects for FY2025 include:

Water

Hickory Hill BS	\$1.297K
Churchville Storage Tank	\$ 853K
Mt. Sidney Storage Tank	\$ 327K
Dooms BS	\$ 216K
SSWL Replacement	\$ 210K
WWTP Equipment Replacement	\$ 100K

Sewer

I & I Projects	\$ 700K
Seasons Ridge PS	\$ 413K
WWTP Equipment Replacement	\$ 269K
Harriston WWTP Land	\$ 129K

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Other

Capital Equipment/Vehicles	\$ 389K
Computer Replacements	\$ 77K

Mr. Dahl asked for an explanation as to why the report shows the Capital Reserve Balance decreasing each year from now until 2028. He also asked for the average amount maintained in the Capital Reserve Balance over the last 10 years.

Mr. Canterbury stated the Board approved \$1M to be maintained in the Capital Reserve Balance.

Mr. Martin explained, due to conservative measures the Budget Dashboard shows the Capital Reserve Balance decreasing because it does not reflect additional income.

After further discussion by Board members and Staff, there were no further questions regarding the budget.

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FINAL REVISIONS TO THE 2024 STRATEGIC PLAN

Mr. Martin gave a PowerPoint presentation of the Final 2024 Strategic Plan to the Board members, stating any recommendations received from Board members have been incorporated into the Plan. Mr. Martin explained the Values will be changed to include four categories: Respect for All, Customer Focused, Environmental Commitment, and Embrace Innovation. Each category contains a defining paragraph. The Vision statement also changed to remove the word “independent” from its definition. The only change to the Mission statement was the organization name from Augusta County Service Authority to Augusta Water. Mr. Martin also reviewed the strengths, weaknesses, opportunities, and threats with the Board members. He discussed the eight goals shown in the presentation and pointed out which weakness, opportunity or threat each goal addressed. Once approved by the Board, the Plan will be published on the Augusta Water website and presented to employees during quarterly meetings.

There were no questions or comments by the Board.

Mr. Simmons moved, seconded by Mr. Dahl to adopt the Strategic Plan as presented.

Vote was as follows:

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

Motion approved.

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BOARD COMMENTS

Dr. Middleton, on behalf of the Augusta Water Board and Staff, offered condolences to Mr. Almarode on the loss of his mother-in-law in March.

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Mr. Almarode thanked the Board and Augusta Water staff for the condolences he and his family received during the recent loss of his mother-in-law.

Mr. Simmons thanked Staff for the work that is done and the support that is given in the personnel and financial areas. He also thanked the Board members for their support regarding the Personnel Committee recommendations.

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ADJOURNMENT

There being no further business, Mr. Shull moved, seconded by Mr. Dahl to adjourn the meeting at 3:42 p.m.

Vote was as follows:

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

Motion approved.

Board Secretary

Chairman