

# 113

Augusta Water

Regular Board Meeting, Thursday, April 17, 2025, at 1:30 p.m.

Field Operations Training 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  
Timothy Simmons, Pastures District  
Phil Martin, Executive Director  
Brent Canterbury, Treasurer  
Jean Marshall, Board Secretary

ABSENT: Michael L. Shull, Riverheads District

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

Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, 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, 20, 2025.

Vote was as follows:

Yeas:	Middleton, Gordon, Almarode, Dahl, Egeli, 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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EXECUTIVE DIRECTOR’S HIGHLIGHTS

Mr. Martin presented the Board members with various news articles addressing challenges utility companies are experiencing. He also presented information contained on the Augusta Water website regarding fluoride in drinking water. Mr. Martin mentioned the website provides information only and does not endorse the pros or the cons of fluoridation.

Mr. Martin stated upon a request from the Town of Craigsville, Augusta Water provided materials needed to reseed one of the basins at their wastewater treatment plant.

Mr. Martin informed the Board, Augusta Water will be hosting an emergency response training conducted by Mike Lynn, formerly of Albemarle County Service Authority, later in the year. Mr. Martin also reminded the Board Augusta Water will be hosting the VDH Office of Drinking Water and Virginia Tech for the Operation and Maintenance of Distribution Systems training in May. Many utilities from the state will be represented at the training.

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PROGRESS REPORT

Mr. Martin reviewed the March Progress Report with the Board members. He informed the Board construction of the Mt. Sidney Water Tank is nearing completion.

There were no questions or comments 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 April 9. Topics which were discussed were a job description for a Utility Project Manager position, proposed revisions to the policy concerning sick leave when an employee who is not retiring leaves the company, a 5% pay increase for employees, increasing the bottom of the pay scale by 3% and the top of the pay scale by 4%, and the possibility of a \$1,500 Christmas bonus.

Mr. Martin stated Engineering Technicians within Augusta Water do not have a position in which to advance once they have advanced to an Engineering Technician II. William Monroe, Director of Engineering, presented a job description to Staff for a Utility Project Manager. This request is not to add another position, but will allow an existing Engineering Tech II to advance to a Utility Project Manager, once the advancement qualifications have been met. Also

discussed with the Committee is the desire to have two superintendents in Treatment Operations. When Pat Conroy, previous Superintendent for Treatment, announced his retirement, Hal McWhorter, who at that time was the supervisor of the Middle River WWTP, was named as Mr. Conroy's replacement. For several months, Mr. McWhorter worked closely with Mr. Conroy. It was during this time Staff realized the benefits of having two superintendents within the department. Staff desires to reclassify a current position as a second Superintendent position. This will allow one superintendent to supervise the functions and procedures of water treatment and the other superintendent to supervise the functions and procedures of wastewater treatment. Staff and the Committee also discussed changing the Augusta Water Personnel Policy to increase the sick leave cash-out when an employee leaves the company. As Vice-chairman of the Board, Mr. Gordon will finalize this policy change. As Mr. Simmons mentioned in his report, the Committee is recommending a 5% pay increase for all employees; this increase will not be based on merit. The Committee also discussed the possibility of an employee Christmas bonus. While the proposed FY2026 budget does include the bonus, the final decision to award it will be made by the Board later in the year.

### **Finance & Audit Committee**

Mr. Gordon, Chairman of the Finance and Audit Committee, reported the Committee met on April 10 to discuss the draft budget. The Committee recommends a 3% rate increase in order to keep up the steady financial path Augusta Water has been on for several years. It has been proven the yearly rate increases have been essential in eliminating debt each year, and has kept the company from taking on additional debt.

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### **FY2026 Draft Budget**

Mr. Canterbury gave a PowerPoint presentation on the FY2026 Draft Operating and Capital Budget to the Board members, as it was discussed at the aforementioned committee meetings. He presented the projected increases and decreases as shown below.

An increase for health insurance was not included in the FY2026 budget due to the current reserve balance of \$1,842,000. The budget includes the proposed 5% pay increase. A 3% variable rate increase to the water and sewer usage rates is recommended. Based on the recommended rate increase, the average residential water and sewer bill for FY2026 would be \$177.89 bi-monthly, resulting in a \$4.10 bi-monthly increase and a yearly increase of \$24.60 to the average residential customer, with a net of \$191.50 per year from each residential customer.

Salaries & Benefits	\$ 359,000	Lead Service Line Inv.	(\$ 250,000)
Equipment	\$ 323,000	Management Consulting	(\$ 200,000)
Depreciation	\$ 100,000	Chemicals	(\$ 136,000)
Electricity	\$ 90,000	Interest Expense	(\$ 60,000)
Lab Testing	\$ 90,000	Fuel	(\$ 55,000)
Engineering Consulting	\$ 70,000	Other	\$ 150,000
Contracted Services	\$ 65,000		
Repair/Maint. Supplies	\$ 53,000		

Mr. Dahl asked why chemical costs are decreasing for FY2026. Staff explained Treatment Operations is using different technology which allows for greater accuracy of chemical use.

The following are projections for the FY2026 operating budget: Total revenue - \$26.2 million; total operating expenses - \$20 million; depreciation (noncash) - \$6.7 million; and debt payments - \$2.0 million. The budgeted debt coverage ratio for FY2026 is 3.71, which is above the Board specified guidelines.

Mr. Canterbury explained to the Board the projected expense changes in the FY2026 operating budget and stated the changes result in an overall increase of \$589,000, which is a 2.23% increase over FY2025.

Water projects for FY2026 are estimated at \$3.0 million, sewer projects are estimated at \$4.3 million, and vehicles, equipment, and miscellaneous expenses are estimated to be \$1.2 million, for a total of \$8.5 million.

Other key projects for FY2026 include:

**Water**

Mt. Sidney North BS	\$ 721K
Dices Spring Softener	\$ 516K
Waterline Replacement	\$ 455K
Churchville Water Tank	\$ 250K
Jolivue Water Tank Rehab	\$ 230K
Bulk Water Facility	\$ 135K
Blue Hole Land	\$ 104K

**Sewer**

Vesper View Headworks	\$1,283K
Inflow & Infiltration	\$ 750K
WWTP Equipment	\$ 652K
Folly Mills Force Main	\$ 645K
Fishersville WWTP Roof	\$ 370K
Grandview PS	\$ 288K

**Other**

JT24 Bore Machine	\$ 335K
Capital Equip/Vehicles	\$ 915K

Mr. Dahl asked what is the maximum bore the JT24 machine can achieve. Staff stated it should be able to make at least a 6” bore and possibly an 8” bore. It also has the ability to cut through rock.

Mr. Dahl asked Mr. Canterbury to explain why there is a drop in the operating cash fund in future years as shown in the presentation. Mr. Canterbury stated it is driven by the cost of the projects in those future years and how the projects are being paid for. He explained it is preferable to pay for the replacement of assets out of the cash operating fund balance. As each budget cycle approaches, Staff evaluate the proposed projects and defer some projects to future years, depending upon the availability of resources and funds.

## **Revisions to Augusta County Service Authority By-laws**

Mr. Martin stated, the Executive Director's FY-24 Performance Review included a Goal to "Conduct a comprehensive review of existing By-Laws". Mr. Martin has reviewed the existing ACSA By-Laws, examined by-laws of other similar organizations, and solicited comments from Augusta Water Department Directors.

"Redline" and "Clean" copies of the proposed changes were included in the Board packets. A summary of the proposed changes is outlined below:

1. An Article on "Operation" has been added. This article lays out our service area and how we will treat customers.
2. Dates have been updated for Board member service terms.
3. A statement has been added addressing the potential situation where a member has not been officially appointed before the current members term expires.
4. The stated reasons the County Board of Supervisors could remove one of our Board members have been updated.
5. A statement on using Authority email for all business email correspondence has been added.
6. A statement that Special Committees, appointed by the Chair, shall serve until dissolved by the Chair has been added.
7. A statement that email notice for a Called meeting shall constitute "written notice" has been added.
8. Definition of a Quorum has been updated to specify "physically present".
9. Code of Virginia reference on participation via teleconference has been updated.
10. Requirement to post meeting notices in the office of the Board Secretary has been removed.
11. A statement stating Meeting Agendas will be delivered by email at least 3 working days in advance of a meeting has been added.
12. Language on Group Approvals was updated to reflect current Purchasing Policy.
13. The notice requirement for amendments to the By-Laws was reduced from 10 days to 6 days. It was also added that this notice shall be made by Authority email.
14. Various type, date and formatting changes were also made.

Mr. Egeli stated he is concerned about the repeated use of the word "shall" in the amended by-laws. The current legal trends indicate "shall" no longer means *required* or *must comply with*.

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After some discussion by the Board members regarding this concern, Mr. Simmons moved, seconded by Mr. Dahl to approve the by-laws as presented, and to give the Executive Director the authority to change the wording of the by-laws as recommended by Augusta Water’s legal counsel.

Vote was as follows:

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

Motion approved.

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BOARD COMMENTS

Board members thanked Mr. Canterbury and Faun Runkle, Director of Human Resources, for the work they do, as well as all staff for keeping Augusta Water on a good pathway as an organization.

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ADJOURNMENT

There being no further business, Mr. Gordon moved, seconded by Mr. Dahl to adjourn the meeting at 2:24 p.m.

Vote was as follows:

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

Motion approved.

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Board Secretary

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Chairman