



CAPITAL IMPROVEMENT PROJECTS REPORT

JULY 2011

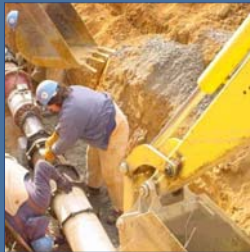
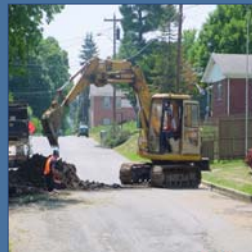


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PROJECTS UNDER CONSTRUCTION

CHESTNUT MOUNTAIN ROAD WATER SYSTEM EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$316,561 (\$28,778 per connection)

Funding Sources:

DWSRF loan—\$304,774

WCSA—\$11,787

This project consisted of the installation of approximately 4,700 feet of 4-inch water line and 500 feet of 2-inch water line along Chestnut Mountain Road. The system is located in the Taylors Valley area and receives water from Reservation Spring in the Taylors Valley Pressure Zone. The project serves an area previously relying on private wells, cisterns and springs, some of which were bacteriologically contaminated or did not provide an adequate quantity of water.

There are 17 existing homes in the project area. Of the 17 homes that could potentially be served, 11 have committed to purchasing a connection.

WCSA has contracted with Farmers Construction of Damascus, Virginia to install the water line (Contract 1) and with Boggs Municipal Services of Wise, Virginia to install the booster pump station and hydro-pneumatic tank station (Contract 2). Construction is underway and is expected to be complete by the end of June 2011.

GALVANIZED WATER LINE REPLACEMENT PHASE 1 – TOWN OF ABINGDON, TOWN OF GLADE SPRING & WEST CENTRAL WASHINGTON COUNTY

Engineering Services Provider:

The Lane Group

Total Cost:

\$10,000,000 (\$3,751 per connection)

Funding Sources:

Phase 1: Rural Development Loan—\$10,000,000

WCSA's distribution system consists of over 900 miles of water line, 200 miles (22%) of which is small galvanized steel pipe. About 40% (8,000) of our existing customers are directly connected to this type of pipe. As it ages, galvanized steel pipe has a tendency to corrode from the outside, leading to frequent leaks and water quality complaints. This type of pipe makes up approximately 86% of all repaired water leaks in WCSA's system and accounts for approximately 15% of WCSA's non-revenue water related to "real" water losses.

Because most of the galvanized pipe in WCSA's system is 2 inches or smaller in diameter, it can't provide adequate flow or pressure, nor is fire flow possible. This three-phase project will replace all galvanized pipe in our system over the next several years. Fire hydrants will be added where possible and practicable.

This project will directly impact approximately 8,000 existing connections (40% of customer base) and indirectly impact hundreds/thousands more. Phase 1 will improve service for about 2,666 connections.

For Phase 1, WCSA has contracted with Classic City Mechanical, Inc. of Roanoke to construct the work within the Town of Glade Spring and West Central Washington County (Divisions 1 and 2). Construction is underway and is expected to be complete by August 2011. WCSA has contracted with Boring Contractors of Abingdon (Division 3) to construct the portion of the work within the Town of Abingdon. Construction is underway and is expected to be complete by March 2012.

MIDDLE FORK WATER TREATMENT PLANT EXPANSION

Engineering Services Provider:

The Lane Group

Total Cost:

\$26,580,000 (\$882 per future connection based on 30,120 new residential equivalent connections)

Funding Sources:

Rural Development Loan—\$26,580,000

The “Interim” Expansion will increase the water production capacity of the Middle Fork Drinking Water Plant from 4.6 to 6.6 million gallons per day (MGD). This will be accomplished with the addition of tube settlers and one new filter. In addition, a new 12.0 MGD water pump station will be constructed.

The next phase of the project will expand the water production capacity of the plant from 6.6 to 12 MGD. A second new raw water intake will be constructed on the South Fork Holston River where raw water will be pumped from there to the existing water treatment plant via a new raw water line. Plant improvements include a new flocculation basin, energy recovery building, intermediate booster pump station, 3 adsorption clarifiers, 4 new dual media filters, refurbishment of 3 dual media filters, clear well addition, new chemical feed facilities, and administration facility upgrades.

WCSA has contracted Frizzell Construction of Bristol, Tennessee to construct the “Interim” 6.6 MGD Expansion. Construction is underway and is expected to be complete by August 2011.

WCSA has contracted with M.B. Kahn Construction Company of Columbia, South Carolina to construct the Raw Water Intake. Construction is underway and is expected to be complete by the fall of 2011.

WCSA has contracted with State Utility Contractors of Monroe, North Carolina to construct the Raw Water Transmission Line. Construction is essentially complete and final paperwork is being processed to close out the contract.

WCSA has contracted Judy Construction Company of Cynthiana, Kentucky to construct the 12 MGD Water Plant Improvements. Construction is underway and is expected to be complete by December 2012.

RICH VALLEY ROAD / MAIDEN CREEK ROAD WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$836,251 (\$21,442 per connection)

Funding Sources:

DWSRF loan—\$836,251

The project will construct approximately 21,560 feet of 6-inch water line and 8,016 feet of 4-inch water line along Rich Valley Road and Maiden Creek Road, located north of the Town of Abingdon and east of State Route 19. It will extend water lines to the project area from the existing Rt. 740 and Blackwell Chapel pressure zones. The project will serve an area currently relying on private wells, cisterns and springs, some of which are bacteriologically contaminated or do not provide an adequate quantity of water.

This project will directly impact approximately 66 homes. Of the 66 homes that could potentially be served, 39 have committed to purchasing a connection.

WCSA has contracted with Crosspointe Contracting of Abingdon. Construction is underway and is expected to be substantially complete by August 2011.

ROUTE 58 WATER STORAGE FACILITIES

Engineering Services Provider:

Draper Aden Associates

Total Cost:

\$4,746,000 (\$316 per connection)

Funding Sources:

Rural Development loan—\$4,746,000

The proposed project includes the construction of a new 4 million gallon water storage tank, access road and associated pipelines to serve as the primary storage facility for the WCSA water system. The tank will replace the existing 1 million gallon tank located on Route 58. The new tank will be the only storage facility between the water filtration plant and the three major pumping systems supplying the system. The existing storage tank is undersized and deteriorating; the new tank will provide operational efficiency and flexibility for the water plant, maximize protection of water quality and public health, and provide overall system reliability, especially in the case of a water plant maintenance or failure.

This project will directly impact approximately 15,000 existing connections.

WCSA has contracted with W-L Construction of Chilhowie, Virginia for site preparation (Contract 1) and with Crom Corporation of Gainesville, Florida for construction of the tank (Contract 2). Tank construction is underway and is expected to be complete by September 2011.

WCSA OFFICE BUILDING RENOVATIONS

Engineering Services Provider:

The Lane Group

Total Cost:

\$278,000

Funding Sources:

WCSA

This project consists of renovations to the customer intake area, roof, HVAC, driveway and parking area of the WCSA Administration Building. The existing customer intake area was not customer service minded, the existing roof has multiple leaks, the existing HVAC system has been plagued with problems for years and driveway and parking were not conducive to proper traffic flow.

WCSA has contracted with Trademark of Virginia, Inc. of Bristol to construct the renovations. Construction is underway.

WHITES MILL ROAD AREA WATER SYSTEM IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Total Cost:

\$3,000,000 (\$3,947 per connection)

Funding Sources:

Rural Development Loan—\$3,000,000

The existing water system in the area has a number of deficiencies including six substandard booster pump stations, undersized water mains, very limited or no fire protection, lack of storage, and frequent low pressure complaints. This project will construct approximately 38,000 linear feet of 8-inch and smaller water lines, one booster pump station, a 421,000 gallon water storage tank, and related improvements in order to better serve existing customers and allow system expansion to northern areas. The upgrades will eliminate six existing pump stations and improve water flows and pressures for existing WCSA customers within the project area.

The project will directly impact about 760 existing water connections.

WCSA has contracted with Tipton Construction Company of Bristol, Tennessee to install the waterline. Construction is underway and is expected to be complete by August 2011.

WCSA has contracted with Sun Contracting & Developers of Wytheville, Virginia to install the booster pump station. Construction is underway and is expected to be complete by June 2011.

WCSA has contracted with Mid Atlantic Storage Systems of Washington Court House, Ohio to install the water storage tank. Construction is underway and is expected to be complete by June 2011.

RECENTLY COMPLETED PROJECTS

GLOVE DRIVE WATER LINE IMPROVEMENTS

Engineering Services Provider:

Draper Aden Associates

Total Cost:

\$910,944 (\$10,975 per connection)

Funding Sources:

WCSA Cash Reserves

This project replaced older, undersized and corroding galvanized water lines along Stagecoach Road, Glove Drive and Farris Drive that required significant maintenance and often resulted in reduced water pressure and flow to our customers. Approximately 83 customers now benefit from improved water flow and pressure, and new fire hydrants were installed in areas that previously did not have them. Construction of the water line was completed in February 2010 by Crosspointe Contracting, Inc. of Abingdon, Virginia.

MXU BATTERY CHANGEOUT

Engineering Services Provider:

None

Total Cost:

\$1,214,000 (\$59 per connection)

Funding Sources:

WCSA

In 1998 WCSA replaced all of its aging and under registering water meters and opted for a radio read system that would allow for more accurate and timely reading of meters. Periodically, WCSA must replace the battery powered meter sending unit called an “MXU.” In 2010, using existing and part time staff, WCSA replaced all of the MXU’s.

ORCHARD HILL ROAD WATER LINE IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Total Cost:

\$444,766 (\$11,404 per connection)

Funding Sources:

WCSA Cash Reserves

This project replaced older, undersized and corroding galvanized water lines along Orchard Hill Road and Route 91 south and east of Damascus that required significant maintenance and often resulted in reduced water pressure and flow to our customers. Approximately 39 customers now benefit from improved water flow and pressure, and new fire hydrants were installed in areas that previously did not have them. Construction of the water line was completed in April 2010 by King General Contractors of Bristol, Virginia.

RICH VALLEY ROAD / LITCFHIELD ROAD WATER LINE EXTENSION

Engineering Services Provider:
WCSA

Total Cost:
\$650,947 (\$24,109 per connection)

Funding Sources:
DWSRF Loan—\$647,003

The project constructed approximately 20,132 feet of 6-inch water line and 6,684 feet of 4-inch water line along Rich Valley Road and Litchfield Road, located north of the Town of Abingdon, east of State Route 19. Water lines were extended to the project area from the existing Rt. 740 and Blackwell Chapel pressure zones via connection to the Rich Valley Road/Maiden Creek Road Water Project. The project serves an area that previously relied on private wells, cisterns and springs, some of which were bacteriologically contaminated or did not provide an adequate quantity of water.

This project directly impacted approximately 33 homes. Of the 33 homes that could potentially be served, 27 have purchased or have committed to purchasing a connection.

Construction was completed in February 2011 by Little B Enterprises of Castlewood, Virginia.

ROUTE 58 PUMP STATION STANDBY GENERATOR

Engineering Services Provider:

WCSA

Total Cost:

\$80,000 (\$13 per connection)

Funding Sources:

Mount Rogers PDC grant—\$40,000

WCSA Cash Reserves—40,000

The Route 58 Water Pump Station services about 14,000 connections daily. The Station consists of two sets of two pumps; one set is a “lead” and “lag” pump for the Town of Abingdon and surrounding area while the second set consists of a “lead” and “lag” pump for all of Western Washington County. Some customers in the service area include Scott County PSA, Johnston Memorial Hospital, Oak Park Industrial Park and Bristol/Washington County Industrial Park. In short, this Station services all of central, north central, south central and western Washington County.

With the operation of a few valves, this Station also has the capability of serving the entire eastern portion (east of the Town of Abingdon) of the WCSA distribution system or about 6,000 connections. For this reason, if there is ever a need to reduce or stop the flow of water to WCSA from the jointly owned WCSA / Town of Chilhowie Drinking Water Plant, we can maintain interrupted service to the area with this Station so long as it is provided adequate power. Some customers in this system include the Johnston Memorial Cancer Center, the new Johnston Memorial Hospital presently under construction, Glade Highlands Industrial Park, Washington County Industrial Park and Emory and Henry College.

Before the completion of this project the Pump Station was inoperable in the event of a power outage. On many occasions in the past this pump station has been inactivated due to prolonged power interruptions. WCSA already has standby generators for most of its smaller stations. This generator provides permanent standby power to the Station, meaning it can now sustain a prolonged power outage. It ensures proper operation of WCSA’s water distribution system and provides uninterrupted service for about 6,000 connections.

WCSA completed this project in April 2011 using existing staff.

SEVEN SPRINGS SECONDARY WATER SUPPLY

Engineering Services Provider:

Draper Aden Associates

Total Cost:

\$379,429 (\$76 per connection)

Funding Sources:

Mount Rogers Planning District Commission Grant—\$150,000

WCSA—\$229,429

Unlike much of WCSA's distribution system, the Seven Springs sub-system had only one source of supply, the Mill Creek Drinking Water Plant. This project replaced a temporary pumping station with a permanent pumping station and made a new secondary supply available via the Middle Fork Drinking Water Plant. This project increased the water supply to the Seven Springs pressure zone, serving the Town of Glade Spring, Meadowview, Emory and neighboring areas as well as the intermediate sub-system, the Mid-Mountain zone.

This project directly impacted approximately 5,000 existing connections which include two industrial parks, one college and five County schools. Construction was completed in June 2010 by Frizzell Construction of Bristol, Tennessee.

TUMBLING CREEK ROAD NORTH WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$62,563 (\$15,641 per connection)

Funding Sources:

DWSRF Loan—\$62,563

The project constructed approximately 3,700 feet of 4-inch waterline along Tumbling Creek Road in northern Washington County. The portion of the Hayters Gap system that is served by this project is supplied with water purchased from the Town of Saltville. The project serves an area that previously relied on private wells, cisterns and springs, some of which were bacteriologically contaminated or did not provide an adequate quantity of water.

This project directly impacted 4 homes. Of the 6 homes that could have potentially been served, 4 have purchased a connection. Construction was completed in June 2010 by Farmers Construction of Damascus, Virginia.

WESTERN WASHINGTON COUNTY WATER STUDY AND REPORT

Engineering Services Provider:

The Lane Group

Total Cost:

\$50,000 (\$50 per potential connection)

Funding Sources:

VDH Planning Grant—\$25,000

WCSA—\$25,000

This project includes the development of a Preliminary Engineering Report that evaluates the northwestern Washington County area between the end of WCSA's existing water lines near Providence Road in the east and Scott County to the west, including all roads that intersect Rich Valley Road in between, for the purpose of extending WCSA's distribution system to this area of Washington County. The report addressed water supply issues, the need for storage and pump stations, and identified the distribution system components needed to serve the residents in the area who are not currently WCSA customers. Alternatives and cost estimates were presented for serving the area and likely sources of funding were identified.

The study shows that there are 1,000 existing residents in the area who do not have public water. To service them 630,000 linear feet (119 miles) of water line, four hydro-pneumatic pump stations, one water storage tank and 14 pressure reducing valves must be constructed at a cost of \$35,500,000 (or \$35,500 per connection).

The study has been completed approved by the Virginia Department of Health.

PLANNED PROJECTS, STUDIES & REPORTS

ABINGDON WATER STORAGE TANK IMPROVEMENTS STUDY

Engineering Services Provider:

Adams-Heath Engineering

Total Estimated Cost:

\$1,550,000 (\$235 per connection)

Funding Sources:

To be determined

The need for improvements to this water storage tank was identified in the WCSA Water Distribution System Evaluation by Draper Aden Associates dated December 10, 1998. Possible improvements to be considered include rehabilitation of the tank, demolition and reconstruction of the existing tank at the current site, demolition of the existing tank and construction of a new tank at a new location, or other variations that become evident during the course of the study.

This project will directly impact approximately 6,600 existing connections and indirectly impact hundreds/thousands more.

A scoping meeting was held on May 6, 2011 and WCSA is currently working with Adams-Heath to finalize the Engineering Services Agreement.

BRISTOL AREA WATER SERVICE RESTRUCTURING

Engineering Services Provider:

The Lane Group

Total Cost:

\$900,000 (\$2,381 per connection)

Funding Sources:

WCSA

This project will extend the WCSA water supply to five areas adjacent to the City of Bristol, Virginia currently served water by the Bristol Virginia Utilities Authority. These areas include the Virginia Welcome Center (I-81), Wagner Road, Nininger Road, Island Road, and Terrace Drive. These five areas presently served by BVUA must be moved over to the WCSA supply/distribution system or other water supply alternative identified and implemented no later than February 6, 2013.

This project will directly impact approximately 378 existing customers, while an additional 28 existing county residents will have access to public water for the first time.

A preliminary engineering report has been approved by the Virginia Department of Health. The Lane Group is currently securing easements and we are awaiting final approval of plans and specifications by VDH. This project cannot begin until the Reedy Creek Water Distribution System Improvements project is started.

CHILDRESS HOLLOW ROAD

Engineering Services Provider:

To be determined

Total Cost:

To be determined

Funding Sources:

To be determined

The project constructed approximately 9,300 feet of 4-inch waterline along Childress Hollow Road, located west of Abingdon and north of Wyndale Road. The project will serve an area that previously relied on private wells, cisterns and springs, some of which are bacteriologically contaminated or do not produce an adequate quantity of water.

This project will directly impact 20 homes. Of the 20 homes that could have potentially been served, only 9 (45%) have signed user agreements indicating their commitment to purchasing a connection. However, this project would benefit the WCSA system by linking Spring Valley Road and Black Hollow Road.

This project will be considered for funding during the 2012 funding year. WCSA may consider funding that portion of the project where no connections are proposed. Approximately 6,850 feet of line may be funded by WCSA, while we would seek funding for the other 2,450 feet of line.

DAMASCUS SEWER STUDY

Engineering Services Provider:

The Lane Group

Total Cost:

\$60,000 (\$120 per existing connection)

Funding Sources:

To be determined

This study will identify, from an asset and liability standpoint, the possible acceptance by WCSA of the Town of Damascus Waste Water Collection and Treatment System. The study will be comprehensive in nature and in particular consider future growth of the Town, condition of existing infrastructure, condition of the plant and any pump stations the Town may have, future discharge limits and the cost to comply with them, a financial audit that includes assets and debts, the costs and impact to future growth of infiltration and inflow (I & I), the results of efforts made to correct I & I, rate structure changes required and a recommendation for implementation.

A scoping meeting was held at the end of May 2011. The engineering services contract has been executed and the Lane Group has begun work on the study.

EASTERN WASHINGTON COUNTY WATER SUPPLY STUDY

Engineering Services Provider:

Adams-Heath Engineering

Total Cost:

\$25,000 (\$33 per connection)

Funding Sources:

To be determined

This study will evaluate the feasibility of providing public drinking water to presently un-served areas of Washington County north of Route 58 and east of the I-81/Route 11 corridor. This would include approximately 750 homes in the following communities: Konnarock, Green Cove and White Top and along Kelly Chapel, Friendship and Flatwood Acres Roads and other roads in the area. Additionally, North Fork River Road in the northeastern Washington County will be evaluated. Residents in many of these areas have requested service from WCSA. We are presently unable to comply with their requests due to our lack of infrastructure.

Procurement of engineering services is underway with Adams Heath Engineering being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

We applied to the Mount Rogers Planning District Commission for Infrastructure Planning and Technical Assistance Funding in July 2011 and are presently awaiting a response.

EMORY-MEADOWVIEW-GLADE SPRING WASTEWATER CAPACITY STUDY

Engineering Services Provider:

The Lane Group

Total Cost:

\$25,000 (\$36 per connection)

Funding Sources:

WCSA

Since the construction of the Emory/Meadowview Sewer System in 1995, which included the Hall Creek Wastewater Treatment Facility and Glade Spring Sewer System in 1998, WCSA's sewer system in this area has grown with little to no long-term planning. In 1999, WCSA acquired the Washington County Industrial Park Wastewater Collection and Treatment System near Exit 22 of I-81 and the treatment system was taken offline in 2005 due to corrosion, the repair of which was determined to be financially unfeasible. Presently wastewater generated at this industrial park is conveyed through the Emory/Meadowview Collection System to the Hall Creek Wastewater Plant for treatment. Since the construction of the Southwest Virginia Regional Jail a few years ago, the capacity of our Abingdon Steel Pump Station has been exceeded. The peak flows at the pump station receiving the wastewater from the jail greatly exceed that which was projected. Relative to the Hall Creek treatment facility, the Abingdon Steel Pump Station is at the extreme end of our system.

For these reasons, WCSA must evaluate not only the Abingdon Steel Pump Station but all of the primary infrastructure between the pump station and the Hall Creek treatment facility to determine what improvements need to be made, not only to accommodate our existing customers (which number approximately 700), but any prospective customers that may wish to join the system in the future.

WCSA staff is presently working with the Lane Group to develop a draft scope of work.

We applied to the Mount Rogers Planning District Commission for Infrastructure Planning and Technical Assistance Funding in July 2011 and are presently awaiting a response.

EXIT 13 WASTEWATER COLLECTION SYSTEM PHASE 1— WESTWOOD AREA

Engineering Services Provider:

The Lane Group

Total Cost:

\$3,869,000 (\$15,173 per connection)

Funding Sources:

Southern Rivers Grant—\$980,000

Rural Development Grant—\$1,000,000

Rural Development Loan—\$1,579,000

WCSA—\$310,000

This project will provide wastewater service to the high density residential area between Interstate 81 exits 13 and 14. Phase 1 of the project will provide sewer service to homes along Old Jonesboro Road including the Westwood and Westwood View subdivisions. WCSA will own, operate and directly service this new collection system while the Town of Abingdon will receive and treat the wastewater collected.

This project will directly impact approximately 255 existing homes and is the backbone for serving more than 360 existing homes.

WCSA is now concluding the acquisition of the few easements that remain. Design, permits, and approvals are ongoing and soon to be complete. Additionally, WCSA is finalizing plans with the Town of Abingdon that will connect the Exit 13 Project to the Town's west interceptor along Stone Mill Road. The WCSA Board of Commissioners has authorized staff to advertise the project for construction bids in July. Construction should begin in October or November of 2011.

EXIT 13 WASTEWATER COLLECTION SYSTEM PHASE 2— LEE HIGHWAY AREA

Engineering Services Provider:

Anderson & Associates

Estimated Cost:

\$2,431,397 (\$19,767 per connection)

Funding Sources:

To be determined

The proposed project is Phase 2 of WCSA's overall plan to provide sewer service in the I-81 Exit 13 area. The proposed collection system will drain by gravity to the Spring Creek Pump Station which will be constructed as part of Phase 1. WCSA will own, operate and directly service this new collection system while the Town of Abingdon will receive and treat the wastewater collected.

The installation of Phase 2 will provide sewer service along a 3,000 foot corridor of U.S. Route 11 (Lee Highway) located to the north of I-81. In addition to providing service to existing residences and businesses promoting growth in the corridor, Phase 2 will provide the sewer mains necessary to convey wastewater from future collection system expansions along Lee Highway to the Spring Creek Pump Station which will further promote growth along Lee Highway.

Extension of the Phase 2 collection system to Oak Park will allow the diversion of flow that is currently being treated by the Bristol regional plant to the Abingdon treatment plant. This will free up a portion of the 572,000 gallon per day capacity that the County has in the Bristol system and allow for more development in the Western area of the County that flows to Bristol. Connection of Oak Park Industrial Park to the Phase 2 collection system will allow for the current pump station located in the park to be taken out of service, thereby saving electrical power and operations and maintenance effort and cost.

This project will directly impact 123 homes and 24 businesses.

Phase 1 must be completed before Phases 2 and 3 can begin. An engineering services contract with Anderson & Associates is presently being finalized.

We applied to the Mount Rogers Planning District Commission for Infrastructure Planning and Technical Assistance Funding in July 2011 and are presently awaiting a response.

EXIT 13 WASTEWATER COLLECTION SYSTEM PHASE 3— FOXFIRE/McCRAY DRIVE AREA

Engineering Services Provider:

Anderson & Associates

Estimated Cost:

\$1,281,412 (\$11,976 per connection)

Funding Sources:

To be determined

The proposed project is Phase 3 of WCSA's overall plan to provide sewer service in the I-81 Exit 13 area. Phase 3 will connect a total of 107 existing homes in the Foxfire and Westwood subdivisions of the Exit 13 area. These residences cannot be served by Phase 1 of the Exit 13 Sewer project as they are located in a separate watershed and their wastewater will not gravity flow into the Phase 1 sewer main. This project will consist of approximately 13,800 linear feet of force main. Wastewater collected at the station will be installed to connect to the sewer main of Phase 1. The wastewater will flow by gravity to and be pumped by the planned Spring Creek Pump Station to the Town of Abingdon's collection system for treatment at the Town's Wolf Creek Water Reclamation Facility.

This project will directly impact 107 existing homes.

Phase 1 must be completed before Phases 2 and 3 can begin. An engineering services contract with Anderson & Associates is presently being finalized.

We applied to the Mount Rogers Planning District Commission for Infrastructure Planning and Technical Assistance Funding in July 2011 and are presently awaiting a response.

EXIT 14 WASTEWATER INTERCEPTOR

Engineering Services Provider:

The Lane Group

Total Cost:

\$654,947

Funding Sources:

WCSA

This project will involve construction of some 18,000' of 16" force main sewer line from the proposed WCSA Spring Creek pump station to the Town of Abingdon's west interceptor. Major modifications are presently being made to the plans to accommodate stakeholder reported conflicts. Advertisement of this project for construction bids is expected in the fall of 2011.

GALVANIZED WATER LINE REPLACEMENT PHASE 2

Engineering Services Provider:

The Lane Group

Total Cost:

\$10,000,000 (\$3,751 per connection)

Funding Sources:

Rural Development Loan—\$10,000,000

WCSA's distribution system consists of over 900 miles of water line, 200 miles (22%) of which is small galvanized steel pipe. About 40% (8,000) of our existing customers are directly connected to this type of pipe. As it ages, galvanized steel pipe has a tendency to corrode from the outside, leading to frequent leaks and water quality complaints. This type of pipe makes up approximately 86% of all repaired water leaks in WCSA's system and accounts for approximately 15% of WCSA's non-revenue water related to "real" water losses.

Because most of the galvanized pipe in WCSA's system is 2 inches or smaller in diameter, it can't provide adequate flow or pressure, nor is fire flow possible. This three-phase project will replace all galvanized pipe in our system over the next several years. Fire hydrants will be added where possible and practicable.

Phase 2 will most likely include Western Washington County, the remainder of the Town of Abingdon and surrounding areas, and areas southwest of Abingdon between Abingdon and Glade Spring.

A scoping meeting for Phase 2 was held on May 13, 2011. We plan to start construction in the Fall of 2012.

GALVANIZED WATER LINE REPLACEMENT PHASE 3

Engineering Services Provider:

The Lane Group

Total Cost:

\$10,000,000 (\$3,751 per connection)

Funding Sources:

Rural Development Loan—\$10,000,000

WCSA's distribution system consists of over 900 miles of water line, 200 miles (22%) of which is small galvanized steel pipe. About 40% (8,000) of our existing customers are directly connected to this type of pipe. As it ages, galvanized steel pipe has a tendency to corrode from the outside, leading to frequent leaks and water quality complaints. This type of pipe makes up approximately 86% of all repaired water leaks in WCSA's system and accounts for approximately 15% of WCSA's non-revenue water related to "real" water losses.

Because most of the galvanized pipe in WCSA's system is 2 inches or smaller in diameter, it can't provide adequate flow or pressure, nor is fire flow possible. This three-phase project will replace all galvanized pipe in our system over the next several years. Fire hydrants will be added where possible and practicable.

Construction will begin in the fall of 2014.

GREEN SPRING ROAD WATER LINE IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Total Cost:

\$200,000 (\$5,128 per connection)

Funding Sources:

WCSA

This project will construct approximately 3,800 feet of 6-inch water line along Green Springs Road from the intersection of Green Springs Road and Cummings Street in the south to the intersection of Green Springs Road/Pecan Street and Main Street. This project should allow WCSA to improve hydraulics, improve water quality and eliminate the frequency of water line breaks in the area.

This project will directly impact approximately 39 existing connections which include two established restaurants and one shopping center.

A scoping meeting was held on May 6, 2011 and WCSA is currently working with Adams-Heath to finalize the Engineering Services Agreement.

HIDDEN VALLEY ROAD AREA WATER STUDY

Engineering Services Provider:

The Lane Group

Total Cost:

\$25,000 (\$568 per connection)

Funding Sources:

To be determined

This study will address extension of the WCSA distribution system to serve residents in the Hidden Valley Area (adjacent to Route 19/58 near Russell County), many of whom have reported quality and quantity problems with their existing private water sources. Due to elevation changes, the project will likely result in the addition of two or three pressure zones to the existing distribution system. The potential areas that could benefit from this study may include: Hidden Valley Road, Porterfield Highway, Dysart Drive, Welsh Lane, Winter Haven, Fields Lane, Shirley Drive, Rock Ledge Lane, Swiss Lane, Douglas Drive, Snowbird Lane, Cliffhanger Road, Cedar Tree Lane and Erin Drive. The study would include a preliminary engineering report that identifies alternatives and the cost associated with the alternatives.

This project could directly impact 73 existing homes, 44 of which (60%) have agreed to purchase connections. However, it should be noted that the service area may be redefined as a result of the study.

WCSA has applied for funding from the Virginia Department of Health Drinking Water State Revolving Fund (DWSRF) in the form of a Planning/Design Grant; we are awaiting a response. We have also applied to the Mount Rogers Planning District Commission for Infrastructure Planning and Technical Assistance Funding and are awaiting a response.

Procurement of engineering services is underway with The Lane Group being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

HILLANDALE ROAD WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$59,942 (\$19,981 per connection)

Funding Sources:

To be determined

The project would construct approximately 1,500 feet of 4-inch water line along Hillandale Road (Route 779) in Washington County. It would connect to a 6-inch water line along Maiden Creek Road (Route 741), currently under construction, which was funded by DWSRF in 2008. As the line would be fed by a 4-inch line, fire flow is not a design consideration. No pump stations or tanks are required to accomplish the project.

This project could provide water to 3 existing residences that do not presently have access to a public water supply. All three of these residences are committed to purchasing a connection to the WCSA water system upon completion of this project. Residents presently rely on private wells. Bacteriological testing of 2 of the private water supplies of committed users in the project area revealed coliform bacteria (total and E. coli) in both of the samples taken, which represents a health risk to the users of these private water supplies. Additionally, residents report that their water is insufficient in quantity. A waterline extension to the area would solve these problems by providing an ample supply of safe drinking water to the residents along Hillandale Road.

WCSA applied for funding from the Virginia Department of Health in March 2011; we are presently awaiting a response. We have also applied to the Mount Rogers Planning District Commission for Construction Funds and are awaiting a response.

LEE HIGHWAY/CLEAR CREEK WATER LINE UPGRADE

Engineering Services Provider:

The Lane Group

Total Cost:

\$1,064,000 (\$21,280 per connection)

Funding Sources:

To be determined

In an effort to replace some 4 miles of aging 6” asbestos cement water line along Lee Highway from Route 1717 Industrial Park Road to the City of Bristol Virginia and Clear Creek Road from Wallace Pike south to the City of Bristol Virginia, WCSA has undertaken a two phase project to eliminate this pipe from service. This pipe is prone to catastrophic failures, requires special handling when being maintained and was insufficient to meet the areas water supply needs.

The project will impact approximately 50 existing connections.

Phase 1 of the project replaced water line along Lee Highway in 2006. Phase 2 of the project is to replace the line on Clear Creek Road and is scheduled for replacement in 2014.

LOWRY HILLS WASTEWATER COLLECTION SYSTEM

Engineering Services Provider:

The Lane Group

Total Cost:

\$2,237,721 (\$10,408 per connection)

Funding Sources:

To be determined

WCSA is actively moving towards extending sewer service to the high density residential area in western Washington County between the City of Bristol, Virginia and Interstate 81 Exit 10 area. The first phase of this effort, named West Central Sewer Improvement—Phase 1A, was installed in 1999. This project installed a 9,600 linear feet sewer line from the City of Bristol, Virginia’s sewer collection system eastward along Route 11 (Lee Highway). In addition to serving the potential and existing customers along this line, the intent of this project was to have the line act as a main interceptor for the I-81/Lee Highway area on the western end of Washington County immediately adjacent to Bristol, Virginia. Future sewer projects will connect to the Phase 1A line which currently conveys flow into the Bristol, Virginia system for treatment at the Bristol regional wastewater treatment plant.

The proposed Lowry Hills Sewer Collection System is WCSA’s next planned project in this area and is to provide sewer service to approximately 215 existing homes in the Lowry Hills subdivision. This project will consist of approximately 24,700 linear feet of 8-inch and 6,300 linear feet of 6-inch gravity sewer. The subdivision is located in two separate watersheds. The northern 140 homes will flow northward through a proposed 8-inch sewer line that will connect to the existing Phase 1A sewer main. Through the Phase 1A main, the wastewater will flow into Bristol, Virginia’s collection system and be treated at Bristol’s regional treatment plant. The 75 homes on southern side of the subdivision will flow to the existing WCSA collection system located in The Virginian Golf Club development. Wastewater from this collection system flows through the Sinking Creek interceptor into Bristol, Virginia’s collection system for treatment at the Bristol regional treatment plant.

The project would directly impact 215 existing homes. Procurement of engineering services is underway with The Lane Group being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

MENDOTA COMMUNITY WATER SYSTEM IMPROVEMENTS

Engineering Services Provider:

The Lane Group

Total Cost:

\$415,900 (\$6,932 per connection)

Projected Funding Sources:

DHCD—\$365,900

WCSA—\$50,000

This project will extend a 6-inch water line to the Scott County line, whereby WCSA would purchase water from the Scott County Public Service Authority to serve the Mendota community. Mendota residents are currently served by a well owned and operated by WCSA, which is their only source of water. The water from this well contains iron and manganese, two minerals that do not directly pose a health risk but do cause the water to have an unpleasant odor, a cloudy red appearance, an undesirable taste, and cause stains on water fixtures and clothing. The project will improve service for 60 households or 240 residents of the community considered to be low-or moderate income status.

A Preliminary Engineering Report for this project has been prepared by the Lane Group and approved by the Virginia Department of Health. The Lane Group has prepared and submitted a funding application to DHCD; we are presently awaiting a response.

MILL CREEK DRINKING WATER PLANT STUDY AND REPORT

Engineering Services Provider:

The Lane Group

Total Cost:

\$25,000 (\$5 per WCSA connection)

Funding Sources:

Mount Rogers PDC Grant—\$15,000

Town of Chilhowie and WCSA Reserves—\$10,000

This project includes the development of a preliminary engineering report that will evaluate the feasibility of developing additional raw water sources, and the feasibility and cost of upgrading and expanding the capacity of the existing Mill Creek (Membrane) Water Treatment Plant and/or ensure its continued operation well into the future. Pending the feasibility and acceptability of the findings of the Study, the project also includes implementing the Study's recommendations. This facility has been in continuous operation since 1999.

This project will directly impact approximately 5,000 existing connections within the WCSA distribution system which include two industrial parks, one college and five County schools.

The PER is approximately 50% complete.

MONTE VISTA DRIVE/CRESCENT ROAD WATER DISTRIBUTION SYSTEM IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Estimated Cost:

\$939,000 (\$6,260 per connection)

Funding Sources:

To be determined

A PER prepared by Draper Aden Associates for this area recommended improvements in the Route 91 (Monte Vista) corridor near Glade Spring, including the replacement of aging and/or insufficiently sized water line, reconfiguring the existing pressure zones in the area and taking the Manhaim pump and tank out of service. Hydraulic conditions in the pressure zone make the tank a liability to our operations rather than an asset.

This project will directly impact approximately 150 existing connections and indirectly impact 300 connections.

Procurement of engineering services is underway with Adams Heath being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

NORDYKE ROAD WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$414,829 (\$29,631 per connection)

Funding Sources:

DWSRF loan—\$387,829

WCSA—\$27,000

This project will construct approximately 7,830 feet of 8-inch and smaller water line and associated appurtenances along Nordyke Road, Sunbird Drive, New Castle Drive and Argonne Drive. Approximately 2,810 feet of the new water line will replace an existing 2-inch galvanized line and provide better service to 16 existing customers. The residents who are not currently served by WCSA presently rely on private wells, springs and cisterns, some of which are bacteriologically contaminated or do not provide an adequate quantity of water.

This project will directly impact approximately 18 homes. Of the 18 homes that could potentially be served, 14 have committed to purchasing a connection.

WCSA staff has started the environmental review process and preliminary planning and hope to have the project advertised for bids by the end of 2011.

NORTH FORK RIVER ROAD AT TUMBLING CREEK WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$109,981 (\$27,495 per connection)

Funding Sources:

To be determined

The project would connect to a future 4-inch water line along the southern portion of Tumbling Creek Road (a project funded by DWSRF in 2010; scheduled to begin construction in late 2011 or early 2012) and extend it 1,400 feet to the east along North Fork River Road. As the line would be fed by a 4-inch line, fire flow is not a design consideration. No pump stations or tanks are required to accomplish the project.

This project could provide water to 6 existing residences that do not presently have access to a public water supply. Four (4) of these residences are committed to purchasing a connection to the WCSA water system upon completion of this project. Residents presently rely on private wells. Bacteriological testing of 75% of the private water supplies of committed users in the project area revealed coliform bacteria (total and E. coli) in all of the samples taken, which represents a health risk to the users of these private water supplies. Additionally, residents report that their water is insufficient in quantity. A waterline extension to the area would solve these problems by providing an ample supply of safe drinking water to residents along North Fork River Road.

WCSA applied for funding from the Virginia Department of Health in March 2011; we are presently awaiting a response. We have also applied to the Mount Rogers Planning District Commission for Construction Funds and are awaiting a response.

RED FOX LANE WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$64,290 (\$21,430 per connection)

Funding Sources:

To be determined

The project would connect to an existing 4-inch water line paralleling Clinchburg Road, located in northern Washington County, and extend it 1,570 feet to the south along Red Fox Lane and then Raccoon Drive. As the line would be fed by a 4-inch line, fire flow is not a design consideration. No pump stations or tanks are required to accomplish the project. All 3 residences that could potentially be served have committed to purchasing a WCSA water connection. Residents presently rely on private wells. Bacteriological testing of the 2 private water supplies in the project area revealed coliform bacteria (total and E. coli) in both of the samples taken, which represents a health risk to the users of these private water supplies. Additionally, residents report that their water is insufficient in quantity. A waterline extension to the area would solve these problems by providing an ample supply of safe drinking water to the residents along Red Fox Lane and Raccoon Drive.

WCSA has applied for construction funds for this project with the Virginia Department of Health for the past four years but have been unsuccessful thus far. We have downsized the project area and re-applied in March 2011; we are confident that the project could be funded during the upcoming funding cycle. We have also applied to the Mount Rogers Planning District Commission for Construction Funds and are awaiting a response.

REEDY CREEK ROAD WATER DISTRIBUTION IMPROVEMENTS

Engineering Services Provider:

The Lane Group

Total Cost:

\$3,232,667 (\$1,796 per connection)

Funding Sources:

DWSRF loan—\$4,334,000

This area suffers from frequent leaks and breaks caused by aging water lines, and a significant amount of WCSA resources are expended to maintain these aging lines. This area of the system contributes significantly to system-wide water loss. Portions of this area of the system do not comply with VDH regulations regarding minimum lengths of 2-inch line, fire flows and pressure. The existing system cannot accommodate any extensions of water service to the unserved areas north of it. This project will resolve each of these issues with the construction of over 62,000 linear feet of new water line.

This project will directly impact approximately 1,800 existing connections, including one County school.

Construction bids were opened June 23, 2011. Division 1 (Reedy Creek Road, Benhams Road, Goose Creek Road, Pairgin Road and Wallace Road) was awarded to Classic City Mechanical, Inc. of Winterville, Georgia for \$2,732,877. Division 2 (Campground Road) was awarded to Teaters Trucking, Inc. of Chilhowie, Virginia for \$499,789.50. The project is scheduled to be completed approximately 10 months after construction begins.

RICH VALLEY ROAD / WHITES MILL ROAD WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$1,472,102 (\$43,297 per connection)

Funding Sources:

DWSRF loan—\$1,394,102

WCSA—\$78,000

This project will construct approximately 31,250 feet of 8-inch water line and associated appurtenances along Whites Mill Road and Rich Valley Road. It will increase overall system reliability by connecting four (Abingdon, Whites Mill, Route 740 and Route 19) pressure zones to one another, and the Whites Mill zone could be used at least temporarily to serve Route 19 and /or Route 740. Residents presently rely on private wells, springs and cisterns, some of which are bacteriologically contaminated or do not provide an adequate quantity of water.

This project will directly impact approximately 56 homes, one non-profit organization (the Whites Mill Foundation), and one school (Greendale Elementary). Of the 56 homes that could potentially be served, 34 have committed to purchasing a connection.

WCSA staff has started the environmental review process and preliminary planning and hope to have the project advertised for bids by the end of 2011.

ROUTE 58 CORRIDOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Total Cost:

\$1,691,000 (\$846 per connection)

Funding Sources:

To be determined

A PER prepared by Draper Aden Associates indentified deficiencies in this project area, including a lack of water storage capacity, unreliable pressure management, fire flow unreliability and questionable duration especially during source interruptions. Our water source that feeds Damascus is subject to interruption of service due to seismic and weather events that cloud the water, which has the potential to interfere with disinfection. The Virginia Department of Health requires the use of this water supply to be suspended until normal water quality is reestablished. The duration of these interruptions is not possible to predict, especially when caused by an earthquake.

Removing the spring from service demands that the staff start back-feeding water to Damascus from the Route 58 pressure zone near Abingdon. The long distance between the Route 58 water storage facilities and Damascus presents pressure management (both “high” and “low”) problems for the system. These pressure surges enhance the probability of large and destructive leaks/breaks and the interruption of service for many of our customers, especially in the Damascus area.

The project will also enhance reliability of service for our own customers and that of other entities we will serve in the future, notably the Sutherland community, Alvarado and areas east of South Holston Lake.

This project will directly impact approximately 2,000 existing connections.

Procurement of engineering services is underway with Adams Heath being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

SMYTH CHAPEL ROAD WATER SYSTEM IMPROVEMENTS

Engineering Services Provider:

Adams-Heath Engineering

Estimated Cost:

\$200,000 (\$2,000 per connection)

Funding Sources:

To be determined

The project would consist of necessary water system improvements that would result in the elimination of a substandard pump station. Consideration the ultimate fate of existing fire hydrants downstream of that pump station which likely cannot provide acceptable flow rates for combating a fire will be part of the scope of the project. Alternatives identified and evaluated shall include, but not necessarily be limited to, establishing a pressure zone which allows for growth and improvements to or replacement of the substandard pump station to meet VDH standards.

This project will directly impact approximately 100 connections.

Procurement of engineering services is underway with Adams Heath being selected for the study. A contract for the study is expected by the fall of 2011 with work commencing toward year end.

SUTHERLAND COMMUNITY WATER SYSTEM EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$829,962 (\$19,301 per connection)

Funding Sources:

US EPA—\$287,000

US Forest Service (ARRA)—\$69,746.30

TN Department of Economic and Community Development—\$600,000

This project will serve the Sutherland community in the Shady Valley area of Johnson County, Tennessee. This project will extend approximately 19,100 feet of water line along South Shady Avenue south of Damascus, Virginia and along Highway 133 and adjacent roads in Johnson County, Tennessee. A pitless adapter type pump station will be constructed on the Virginia side and two hydro-pneumatic storage tanks will be constructed on the Tennessee side. WCSA has partnered with the First Tennessee Development District, Johnson County and the U.S. Forest Service to construct this project. The proposed extension will serve an area currently relying on private wells, cisterns and springs, some of which are bacteriologically contaminated or do not provide an adequate quantity of water.

Approximately 43 homes will be served. The project funds provide for installation of water connections and service lines for Low-to-Moderate Income residents.

This project is in the final design phase.

TUMBLING CREEK ROAD SOUTH WATER LINE EXTENSION

Engineering Services Provider:

WCSA

Total Cost:

\$83,411 (\$20,853 per connection)

Funding Sources:

DWSRF loan—\$72,911

WCSA—\$10,500

The project will connect to an existing 4-inch water line along the southern portion of Tumbling Creek Road in northern Washington County and extend it 2,540 feet to the south to the intersection of North Fork River Road. Residents presently rely on private wells, springs and cisterns, some of which are bacteriologically contaminated or do not provide an adequate quantity of water.

Of the 7 homes that could potentially be served, 4 have committed to purchasing a connection.

WCSA staff has started the environmental review process and preliminary planning and hope to have the project advertised for bids by the end of 2011.

WESTERN WASHINGTON COUNTY SEWER STUDY AND REPORT

Engineering Services Provider:

The Lane Group

Total Cost:

\$85,500 (\$122 per existing connection)

Funding Sources:

Mount Rogers Planning District Commission planning grant—\$26,462

Southeast Rural Community Assistance Program – \$10,000

Washington County—\$24,269

WCSA—\$24,269

This project includes the development of a Preliminary Engineering Study and Report that evaluates the feasibility of providing wastewater collection and treatment for the western Washington County area, except for the City of Bristol, between Interstate 81 Exit 13 and the Tennessee State Line western boundary of the county. The report addressed wastewater needs in this area and evaluated collection and treatment alternatives including expanding agreements with Bristol Virginia Utilities Authority and the Town of Abingdon and/or the construction of new collection and treatment systems. Alternatives and cost estimates were presented for serving the area and likely sources of funding were identified.

The study and report are essentially complete. Study findings and recommendations were presented to a joint session of the Washington County Board of Supervisors, Washington County Industrial Development Authority Board of Directors and Washington County Service Authority Board of Commissioners on April 21, 2011. The IDA Directors and WCSA Commissioners passed the proposed resolution but the Board of Supervisors did not. Follow-up meetings were held with all but one of the Board of Supervisors members on May 17 and 19, 2011. At present, a revised resolution is being considered by the Board of Supervisors.