

A G E N D A

JAMES CITY SERVICE AUTHORITY

County Government Center Board Room

March 23, 2004

7:00 P.M.

A. ROLL CALL

B. CONSENT CALENDAR

1. Minutes - January 27, 2004, Regular Meeting

C. BOARD CONSIDERATION

1. Hampton Roads Sanitation District - Interest Participation Agreements Amendment

D. BOARD REQUESTS AND DIRECTIVES

E. ADJOURNMENT

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 27TH DAY OF JANUARY 2004, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Jay T. Harrison, Sr., Chairman
John J. McGlennon, Vice Chairman
M. Anderson Bradshaw
Bruce C. Goodson
Michael J. Brown

Sanford B. Wanner, Secretary
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. CONSENT CALENDAR

Mr. McGlennon made a motion to adopt the item on the Consent Calendar.

The motion passed by a unanimous voice vote.

1. Organizational Meeting Resolution

RESOLUTION

ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS

WHEREAS, the Board of Directors of the James City Service Authority, James City County, Virginia, is desirous of establishing rules for the conducting of its business for the year of 2004.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that the following rules shall apply for the year 2004.

1. Regular meetings of the Board shall be held following the second Board of Supervisors' meetings each month. The meetings shall be held following the 7:00 p.m. Board of Supervisors' meeting. In August and December when there is only one Board of Supervisors' meeting, a Board meeting can be scheduled if needed.
2. The Board shall, for parliamentary purposes, follow Robert's Rules of Order and more specifically those provisions which pertain to the conduct of Business in Boards, Newly Revised, 1981 at p. 404 as follows:

- a. Members are not required to obtain the floor before making motions or speaking, which they can do while seated.
- b. Motions need not be seconded.
- c. There is no limit to the number of times a member can speak to a question, and motions to close or limit debate generally should not be entertained.
- d. Informal discussion of a subject is permitted while no motion is pending.
- e. The Chairman can speak in discussion without leaving the chair; and can make motions and votes on all questions.

2. Minutes - January 13, 2004, Organizational Meeting

C. BOARD CONSIDERATIONS

1. Setting a Public Hearing – FY 05-06 Utility Rates

Mr. Larry M. Foster, General Manager of the James City Service Authority, requested the Board set a Public Hearing for April 27, 2004, for proposed utility rate changes.

The Board and staff discussed the rate change alternatives and the consensus of the Board was to preserve the residential water rate for the first block and increase the second and third blocks.

Mr. Brown made a motion to adopt the resolution with the amendment that the rates reflect the Board's consensus and FY 06 rates reflect the FY 05 rates.

The Board discussed the motion.

Mr. Brown accepted the Board's recommendation that reference to the FY 06 rates be removed.

Mr. Brown made a motion to adopt the resolution with the amendment that the rates for FY 05 reflect the Board's consensus and that reference to FY 06 be removed.

On a roll call vote, the vote was: AYE: Bradshaw, Goodson, Brown, McGlennon, Harrison (5). NAY: (0).

RESOLUTION

SETTING A PUBLIC HEARING - FY 05 UTILITY RATES

WHEREAS, the Board of Directors of the James City Service Authority desires to set a Public Hearing for proposed utility rate changes to the Regulations Governing Utility Service.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that the Board of Directors will hold a Public Hearing on April 27, 2004, and request staff to review Section 32, General Rate Policy and Rate Schedule, Regulations Governing Utility Service and make changes to the rates, fees, and charges, are summarized below, which will become effective July 1, 2004, if adopted:

1. Residential Water Retail Service Rate (Inverted-Block Rate):

| <u>Quarterly Consumption</u> | <u>FY 04 Current Rate</u> | <u>FY 05 Proposed Rate</u> |
|---|---|--------------------------------|
| 1st Block: Less than 15,000 gallons | \$2.30 per 1,000 gallons (\$1.72 per 100 cubic feet) | No Change |
| 2nd Block More than 15,000 gallons but less than 30,000 gallons | \$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet) | \$2.71 (\$2.03) |
| 3rd Block More than 30,000gallons | \$7.45 per 1,000 gallons (\$5.57 per 100 cubic feet) | \$7.60 (\$5.69) |

2. Nonresidential Water Retail Service Rate:

| | | |
|-----------|---|--------------------|
| Flat Rate | \$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet) | \$2.70 (\$2.02) |
|-----------|---|--------------------|

3. Sewer Retail Service Rate:

| | | |
|-----------|---|--------------------|
| Flat Rate | \$2.50 per 1,000 gallons (\$1.87 per 100 cubic feet) | \$2.70 (\$2.02) |
|-----------|---|--------------------|

BE IT FURTHER RESOLVED, that the proposed amendments be made part of this resolution.

2. Setting a Public Hearing – Amendment to the Regulations Governing Utility Services – Establishment of a Rate Equalization Fund

Mr. Larry M. Foster, General Manager of the James City Service Authority, requested the Board provide staff guidance to set a Public Hearing on April 13, 2004, on a proposed Rate Equalization Fund for development of independent water systems constructed after the date of approval of the amendment to the Regulations Governing Utility Service establishing the provisions for the fund.

The Board and staff discussed the options and which option would provide the ability for the Authority to quickly recover costs.

The Board reached a consensus on Option 1, whereby the developer will pay \$4,000 for each lot or dwelling unit at the time of subdivision/site plan approval.

Mr. McGlennon made a motion to advertise a Public Hearing for April 13, 2004, to establish a Rate Equalization Fund, whereby a developer will pay \$4,000 for each lot or dwelling unit at the time of subdivision/site plan approval.

On a roll call vote, the vote was: AYE: Bradshaw, Goodson, Brown, McGlennon, Harrison (5). NAY: (0).

D. BOARD REQUESTS AND DIRECTIVES

Mr. Goodson recommended the policy be established for the disposal of the proceeds within the Rate Equalization Fund if no longer needed.

E. ADJOURNMENT

Mr. Brown made a motion to adjourn.

The motion passed by a unanimous voice vote.

Mr. Harrison adjourned the Board at 7:50 p.m.

Sanford B. Wanner
Secretary to the Board

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M E M O R A N D U M

DATE: March 23, 2004

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority

SUBJECT: Hampton Roads Sanitation District - Interest Participation Agreements Amendment

The James City Service Authority (JCSA) has three Interest Participation Agreements with the Hampton Roads Sanitation District (HRSD). Interest Participation Agreements are used when a local government desires to have HRSD install a wastewater interceptor to serve a new area prior to HRSD's plans to install the interceptor.

The Agreements, in essence, act as a financial incentive for HRSD to install a sewerage interceptor earlier than otherwise planned. The Agreements provide for the participating local governing body to pay, at an agreed-upon interest rate, on the capital costs of the desired project. The Agreements also provide that 70 percent of all service fees collected from those served by the interceptor be credited to the interest costs of the Agreements until the service fee credit exceeds the interest costs for three consecutive quarters.

The JCSA has three Interest Participation Agreements with HRSD. The Agreements include the following:

- North Trunk C - Lightfoot area along Route 60 and Lightfoot Road;
- North Trunk D - Lightfoot area to Stonehouse Commerce Center via Rochambeau Highway; and
- Monticello Interceptor - Strawberry Plains Road to Monticello Avenue (Extended) at Greensprings Plantation Drive.

The North Trunk C Agreement is a joint agreement with York County that provided for the extension of HRSD sewer service in the Lightfoot Corridor. The revenue requirements for the JCSA's portion of the Agreement have been met. Because York County's revenue requirements have not been met, the Agreement is still in place.

The North Trunk D Agreement provided for the extension of an HRSD interceptor to the Stonehouse Development. The JCSA has a separate agreement with the Stonehouse developer providing for the reimbursement to the JCSA of the interest expense associated with the Interest Participation Agreements.

The Monticello Interceptor Agreement provided for a HRSD force main to be extended along Monticello Avenue (Extended) to divert sewerage flows away from a force main on Jamestown Road. The sewerage flows in the Jamestown Road force main were predicted to exceed capacity in the near future.

The interest rate for the three original Agreements was established at six percent. To take advantage of the recent favorable interest rates, HRSD has refinanced the loans associated with the above Agreements. The new rate is 3.6 percent, which will substantially reduce the interest expense. An amendment to the original Agreements is necessary to affect the new interest rate.

Staff recommends that the Board approve the attached resolution authorizing the Chairman to sign the documents necessary to amend the Interest Participation Agreements with HRSD in order to affect the reduced interest expense.

Hampton Roads Sanitation District - Interest Participation Agreements Amendment

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Larry M. Foster

LMF/gs
HRSD_IPA.mem

Attachment

RESOLUTION

HAMPTON ROADS SANITATION DISTRICT -

INTEREST PARTICIPATION AGREEMENTS AMENDMENT

WHEREAS, the James City Service Authority (JCSA) has entered into three Interest Participation Agreements with the Hampton Roads Sanitation District (HRSD) to foster the construction of sewerage interceptors earlier than otherwise needed by the HRSD; and

WHEREAS, the three Interest Participation Agreements are referred to as follows:

- North Trunk C - serving the Lightfoot corridor;
- North Trunk D - serving areas from Lightfoot to the Stonehouse Development; and
- Monticello Interceptor - serving the areas along Monticello Avenue (Extended); and

WHEREAS, the Interest Participation Agreements provide for the JCSA to pay a six percent interest rate on the capital costs of the project until 70 percent of the revenues from the sewerage interceptor exceed the interest costs for three consecutive calendar quarters; and

WHEREAS, the HRSD refinanced the loans associated with the Interest Participation Agreements offering the opportunity to reduce the interest rate to 3.6 percent.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, authorizes the Chairman to sign all documents necessary to amend the three Interest Participation Agreements to take advantage of the reduced interest rates.

Jay T. Harrison, Sr.
Chairman, Board of Directors

ATTEST:

Sanford B. Wanner
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23th day of March, 2004.

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