

A G E N D A

JAMES CITY SERVICE AUTHORITY

County Government Center Board Room

August 10, 2004

7:00 P.M.

A. CALL TO ORDER

B. ROLL CALL

C. CONSENT CALENDAR

1. Minutes - July 27, 2004, Regular Meeting
2. Regulations Amendment, Utility Inspection Fees, Public Hearing

D. PUBLIC HEARING

1. Amendment to the Regulations Governing Utility Service - Independent Water System Connection Fee (continued from July 27, 2004)

E. BOARD REQUESTS AND DIRECTIVES

F. ADJOURNMENT

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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 JULY 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
Leo P. Rogers, Acting County Attorney
Larry M. Foster, General Manager

B. CONSENT CALENDAR

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

The motion passed by a unanimous voice vote.

1. Minutes - June, 2004, Regular Meeting
2. Formal Acceptance of Water and Sewer Systems

RESOLUTION

FORMAL ACCEPTANCE OF WATER AND SEWER SYSTEMS

WHEREAS, certain water and sewer infrastructures have been constructed by developers and dedicated to the James City Service Authority; and

WHEREAS, these water and sewer infrastructures have been constructed in accordance with technical requirements of the James City Service Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, does formally accept the dedication of the water and sewer systems listed below, as of June 30, 2004.

Water Dedications

<u>Development</u>	<u>Value</u>
Colonial Heritage - Section 1, Phase 1	\$ 198,635
Colonial Heritage Boulevard	142,850
Ford's Colony - Section 32B	140,480
Fenwick Hills - Phase 1	307,560
Lake Powell Forest - Phase 3	85,225
Powhatan Secondary - Section 7A	101,720
Powhatan Secondary - Section 7B	37,225
Powhatan Village - Phases 1, 2, & 3	171,895
Powhatan Woods - Section 2	165,875
Stonehouse - Section 5B, Phase 1	111,370
Stonehouse - Section 5B, Phase 2	46,050
Stonehouse - Section 5B, Phase 3	116,165
Wellington - Phase 3	150,860
Williamsburg Plantation - Section 5	77,240
Williamsburg Plantation - Section 6, Phase 1	30,900
Williamsburg Plantation - Sections 7 & 8	<u>37,850</u>
Totals:	<u>\$1,921,900</u>

Sewer Dedications

<u>Development</u>	<u>Value</u>
Colonial Heritage - Section 1, Phase 1	\$ 318,226
Colonial Heritage Boulevard	126,750
Ford's Colony - Section 32B	185,673
Fenwick Hills - Phase 1	604,416
Lake Powell Forest - Phase 3	126,064
Powhatan Secondary - Section 7A	173,750
Powhatan Secondary - Section 7B	44,419
Powhatan Village - Phases 1, 2, & 3	196,480
Powhatan Woods - Section 2	225,182
Stonehouse - Section 5B, Phase 1	446,348
Stonehouse - Section 5B, Phase 2	57,680
Stonehouse - Section 5B, Phase 3	70,779
Wallace Warehouse	5,790
Wellington - Phase 3	249,025
Williamsburg Plantation - Section 5	109,934
Williamsburg Plantation - Section 6, Phase 1	84,307
Williamsburg Plantation - Sections 7 & 8	<u>107,967</u>
Total - Sewer	<u>\$3,132,790</u>

3. Contract Modifications to Contract K00-083, JCSA Lift Station 1-2 Replacement and Powhatan Creek Force Main

RESOLUTION

CONTRACT MODIFICATION TO CONTRACT K00-083

JCSA LIFT STATION 1-2 REPLACEMENT AND POWHATAN CREEK FORCE MAIN

WHEREAS, the County's Purchasing Policy requires the Board of Directors approval for contract changes that exceed 25 percent of any existing contract, or \$50,000, whichever is greater; and

WHEREAS, changes that exceed the stated threshold are necessary to provide the required design and construction administrative services under Contract K00-083 with Michael Baker Jr., Inc.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes the County Administrator or his designee to execute the necessary contract change document for additional construction administrative and inspection services for the Lift Station 1-2 Replacement and Powhatan Creek Force Main project, in the total amount of \$5,760. This brings the total of all change orders for the project to \$55,256.

C. PUBLIC HEARINGS

1. Authorization to Sell Property - 303 St. George's Boulevard (St. George's Hundred) and 1899 Jamestown Road (Cardinal Acres Drive)

Mr. Larry Foster stated that water production facilities have been demolished on two parcels in residential neighborhoods and the JCSA has not identified any future use for the properties.

Mr. Foster recommended the sale of the two parcels located at 303 St. George's Boulevard in St. George's Hundred and 1899 Jamestown Road in Cardinal Acres following a Public Hearing on the proposed sale.

Mr. Harrison opened the Public Hearing.

As no one wished to speak to this matter, Mr. Harrison closed the Public Hearing.

Mr. McGlennon made a motion to adopt the resolution authorizing the sale of the property.

The motion passed by a unanimous voice vote.

RESOLUTION

AUTHORIZATION TO SELL PROPERTY -

303 ST. GEORGE'S BOULEVARD (ST. GEORGE'S HUNDRED) AND

1899 JAMESTOWN ROAD (CARDINAL ACRES DRIVE)

WHEREAS, the James City Service Authority (JCSA) has identified two parcels of property located at 303 St. George's Boulevard (St. George's Hundred) and 1899 Jamestown Road (Cardinal Acres Drive) that were previously used as water production facilities that are no longer in use; and

WHEREAS, the water production facilities that were located on the parcels have been demolished and no future use of the property has been identified.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, approves of the sale of the property with said property being sold for at least 90 percent of the appraised value as determined by the Office of Real Estate Assessment, and that the General Manager of the James City Service Authority is authorized to sign the appropriate documents associated with the sale of the two parcels.

2. **Amendment to the Regulations Governing Utility Service - Independent Water Systems Connection Fee**

Mr. Foster stated that a Public Hearing has been advertised to receive public comment on the proposal to amend the James City Service Authority's (JCSA) Regulations Governing Utility Service to allow for the assessment of an Independent Water System Connection Fee.

Mr. Foster requested the Board continue the Public Hearing to August 10 to permit staff time to address issues raised at the Work Session concerning the proposal.

Mr. Harrison opened the Public Hearing.

1. Mr. Robert Duckett, Peninsula Home Builders Association, stated that comments would be held until the continued meeting on August 10.

Mr. Bradshaw urged Mr. Duckett and others that may have comments regarding the proposal to submit those comments to the Board prior to the meeting on August 10 for due consideration.

Mr. Harrison continued the Public Hearing to August 10.

D. BOARD REQUESTS AND DIRECTIVES - None

E. ADJOURNMENT

Mr. Goodson made a motion to adjourn.

The motion passed by a unanimous voice vote.

Mr. Harrison adjourned the Board at 10:07 p.m.

Sanford B. Wanner
Secretary to the Board

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MEMORANDUM

DATE: August 10, 2004

TO: The Board of Directors

FROM: Robert H. Smith, Assistant Manager, James City Service Authority
Jeremy C. Vaughn, Law Clerk, James City County Attorney's Office

SUBJECT: Regulations Amendment: Utility Inspection Fees, Public Hearing

We request that the Board of Directors set a Public Hearing for October 26, 2004, on a proposed change to the JCSA Regulations Governing Utility Service changing when utility inspection fees are collected from developers in James City County. This change is to coincide with an amendment to Section 19-15(2) of the County Subdivision Ordinance.

The proposed amendment allows the Service Authority to issue the certificate to construct at a different phase of the development process rather than at the time of land-disturbing permit. The current regulation requires that a "*Certificate to Construct*" be issued from the JCSA before a "*Land Disturbance Permit*" can be issued to a developer to begin a project. This necessitates a developer having utility plans already completed and approved at the beginning of a project as the fee assessed for the "*Certificate to Construct*" is based upon the size of the utility infrastructure to be constructed. Often, the development's land disturbance can commence weeks or months before the need for utility plans arises.

The proposed amendment would streamline the process by eliminating the need for the County's Environmental Division to coordinate the "*Certificate to Construct*" by severing the two approval processes and allowing the JCSA to change when the certificate is issued. This change makes the process easier for the Service Authority and easier for the developer. There will be no change to the amount of the inspection fee.

Notice of the October 26, 2004, Public Hearing will be advertised on August 14, 2004, and August 21, 2004, in accordance with Section 15.2-5136 of the Code of Virginia, which requires a 60-day notice period for sewer-related fee changes.

We recommend approval of the attached resolution to set the Public Hearing for October 26, 2004.

Robert H. Smith

Jeremy C. Vaughn

RHS/JCV/gb
utilityreg.mem

Attachments

RESOLUTION

REGULATIONS AMENDMENT: UTILITY INSPECTION FEES, PUBLIC HEARING

WHEREAS, the Board of Supervisors of the James City Service Authority (JCSA) desires to set a Public Hearing to discuss a proposed amendment to the Regulations Governing Utility Service changing the time for assessing utility inspection fees from the issuance of a land disturbance permit to when the JCSA issues a certificate to construct.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, will conduct a Public Hearing on October 26, 2004, to receive public comment on a proposed amendment to Section 32, Clause K, of the Regulations Governing Utility Service changing the time the utility inspection fee is due, which would become effective immediately, if adopted.

BE IT FURTHER RESOLVED, that the complete proposed amendment be made a part of this resolution.

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 10th day of August, 2004.

utilityreg.res

Attachment:

SECTION 32. GENERAL RATE POLICY AND RATE SCHEDULE

- K. Inspection Fee for Water and Sewer Lines. There shall be a fee for the inspection of public water and sewer installations. Such fee shall be \$1.43 per foot for every foot of water main and sewer main constructed and shall be submitted at the time of filing an application for a ~~land disturbance permit~~ certificate to construct.

The purpose of this change is to defray the cost incurred to make the actual inspection of the water and sewer lines.

MEMORANDUM

DATE: August 10, 2004

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority
Leo Rogers, Acting County Attorney

SUBJECT: Amendment to the Regulations Governing Utility Service - Independent Water Systems Connection Fee

A Public Hearing on the Independent Water System Fee was carried over from the July 27, 2004, meeting of the Board. At the meeting there was a question on whether the \$4,000 per lot fee would cover the operating deficit of independent water systems. It was unclear if the currently assessed System Facility Fee (approximately \$2,400 per home) was also necessary to cover operating deficits. Further discussions with representatives of Municipal and Financial Service Group (MFSG), the firm performing the financial analysis to clarify the question, revealed that the System Facility Fee is not necessary to cover the operating deficits for independent water systems. When originally discussed, the fee was referred to as a Rate Equalization Fund fee. As the discussion progressed, staff determined that a more appropriate term for the fee is Independent Water System Connection Fee.

Over the past several years it became increasingly evident that the James City Service Authority (JCSA) was experiencing a substantial financial deficit on the operation and maintenance of independent water systems. Consequently, the JCSA commissioned MFSG in the Fall of 2003 to study the matter. MFSG confirmed that the costs to operate the six independent water systems owned by the JCSA exceed the revenues generated. This deficit is subsidized by the customers served by the Central Water System. MFSG recommended a fee of \$4,000 per lot or residential unit ("lot") for any lots created in the future in order to address the issue of the deficits experienced by new developments served by independent water systems. At a Work Session held on December 16, 2003, the Board agreed in concept to impose such a fee.

Section 19-57 of the County's Subdivision Ordinance requires that the developer of any major development (six lots or more) install a water system to serve the development and upon completion turn the water system over to the JCSA. This requirement was incorporated into the Subdivision Ordinance to promote the health, safety, and welfare of the community and the County by: 1) ensuring that an adequate water supply with a qualified dependable operator is available for the homes served by the water system; 2) ensuring an adequate and dependable flow of water to provide fire protection; 3) providing a level of protection to the aquifer supporting the JCSA and County's efforts to safeguard the groundwater system; and 4) precluding the JCSA and County from having to incur the expense of retrofitting a neighborhood with a public water system should a private water system or private wells fail to serve the homes. In the late 1970s, the County incurred significant expense constructing water lines to serve the Sandhill neighborhood after several of the private wells serving individual homes failed.

While different options have been discussed, staff recommends a \$4,000 per lot Independent Water System Connection Fee. At its meeting on January 27, 2004, the Board decided that the fee should be imposed at the time the JCSA accepts the dedication of the facilities of the independent system. This is the point at which the JCSA actually begins incurring expenses related to operating the system and connections will typically begin shortly thereafter.

Should the independent water system be connected to the Central Water System, staff recommends funds

being held in the dedicated account be used to pay the construction costs to connect to the Central Water System. Any remaining monies would continue in the fund and be used as needed to offset operating costs of other independent systems.

Staff's position is consistent with the JCSA imposing a uniform connection fee for all users of an independent water system. The connection fee of \$4,000 per lot was determined based on the additional JCSA costs for collectively operating all Independent Water Systems. All connection fees are to be set aside in an account for the JCSA to provide service to independent water systems. As such, staff believes that the funds in this account will have a collective rather than individual purpose.

As the Board is aware, Delegate G. Glenn Oder requested an opinion from the Attorney General's Office on the legal authority of the JCSA, imposing the Independent Water System Connection Fee as proposed. By a letter dated June 10, 2004, Delegate Oder received an opinion from the Chief of the Opinions Section at the Attorney General's Office confirming the JCSA's authority to impose the proposed fee. A copy of that opinion was included in the Board's Reading Folder on July 27, 2004.

Staff recommends that the Public Hearing be reopened for public comment and that after receipt of public comment, approval of the attached resolution amending the JCSA's Regulations Governing Utility Service by establishing a \$4,000 Independent Water System Connection Fee for each lot of a residential development requiring an independent water system and incorporating the provisions discussed above.

Larry M. Foster

CONCUR:

Leo P. Rogers

LMF/adw
indepwtrfee4.mem

Attachment

RESOLUTION

AMENDMENT TO THE REGULATIONS GOVERNING UTILITY SERVICE -

INDEPENDENT WATER SYSTEMS CONNECTION FEE

- WHEREAS, on December 16, 2003, staff and consultants presented the Board of Directors with a Cost of Service Study prepared by Municipal & Financial Services Group (MFSG) demonstrating that the costs to operate exceeded revenues for the six Independent Water Systems owned by the James City Service Authority (JCSA); and
- WHEREAS, MFSG recommended the establishment of a fee on water connections, serving new independent water systems, the proceeds of which as well as any investment income would be used to offset the costs of operating the independent water systems established after an effective date to be determined by the Board of Directors; and
- WHEREAS, MFSG determined that a fee of \$4,000 per connection is necessary to offset the costs over revenues for independent water systems; and
- WHEREAS, the proceeds from the connection fee will be deposited in a dedicated Independent Water System Fee Account and used to offset the operating deficit of the water system; and
- WHEREAS, Section 15.2-5136 (G) of the Code of Virginia requires that a Public Hearing be conducted on any proposal to implement or increase an existing water fee; and
- WHEREAS, the notice of Public Hearing, to be held on July 27, 2004, appeared in the May 15 and 24, 2004, Daily Press; and
- WHEREAS, by a letter dated June 10, 2004, the Attorney General's Office issued an opinion confirming the authority of the JCSA to impose an Independent Water System Connection Fee; and
- WHEREAS, the JCSA proposes to amend the Regulations Governing Utility Service in order to promote the health, safety, and welfare of the community and the County by: 1) ensuring that an adequate water supply with a qualified dependable operator is available for the homes served by the water system; 2) ensuring an adequate and dependable flow of water to provide fire protection; 3) providing a level of protection to the aquifer supporting the JCSA's and County's efforts to safeguard the groundwater system; and 4) precluding the JCSA and County from having to incur the expense of retrofitting a neighborhood with a public water system should a private water system or private wells fail to serve the homes.
- NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby amends the James City Service Authority's Regulations Governing Utility Service by adding Section 32-D as follows:

The developer of any independent water system for which the development plans are submitted after in accordance with the provisions of Section 19-57, Water Facilities of the Subdivision Ordinance, shall be required to pay a per-lot or residential unit Independent Water System Connection Fee of \$4,000 to the JCSA for each lot or residential unit created by the subdivision prior to the JCSA accepting the facilities for operation and

maintenance.

The monies collected shall be placed in a dedicated account; the proceeds and investment returns will be used to offset the costs of operating the Independent water systems created after August 10, 2004. Should it become financially practical for the JCSA to connect an independent water system constructed under these provisions to the JCSA Central Water System and all necessary land use approvals are obtained from the County, then the monies deposited in the account for such system shall be used to offset the costs of constructing the infrastructure to connect the two water systems. Any balance of the funds will remain in the JCSA account and be used to offset the operating deficits of the independent water system created after August 10, 2004.

1. Contractual Agreement. Any developer (person, corporation, or partnership) of an independent water system that is to be dedicated to the JCSA shall enter into an agreement with the JCSA prior to approval by the JCSA of the Independent Water Facility submission. The contract shall set forth, at a minimum, the following:
 - a. The location, size, and capacity of the facilities to be constructed;
 - b. The developer's obligation to comply with the requirements of the JCSA regulations Section 29.A.2; and
 - c. The obligation of the developer to dedicate and the JCSA to accept the facilities pursuant to Section 29.A.4. of the JCSA regulations and after payment of the Independent Water Connection Fee set forth in Paragraph D above.
2. System Facility Charge Exemption. Any lots created after August 10, 2004, which are to be served by an Independent water system, shall be exempt from the Water System Facilities Charge set forth in Section 32.c.1 of the Regulations Governing Utility Service.

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 10th day of August, 2004.

indepwtrfee4.res