

A G E N D A

JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS

County Government Center Board Room

October 26, 2004

7:00 P.M.

A. CALL TO ORDER

B. ROLL CALL

C. CONSENT CALENDAR

1. Minutes
 - a. July 27, 2004, Work Session
 - b. August 10, 2004, Regular Meeting

D. PUBLIC HEARING

1. Amendment to the Regulations Governing Utility Service - Utility Inspection Fees

E. BOARD CONSIDERATIONS

1. Award of Contract - Engineering Services for Design of Water Storage Facilities
2. Easement Agreement - Lift Station 5-1 deCamp

F. BOARD REQUESTS AND DIRECTIVES

G. ADJOURNMENT

AT A WORK SESSION OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 27TH DAY OF JULY 2004, AT 4:00 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. BOARD CONSIDERATION

1. Independent Water System Connection Fee

Mr. Larry Foster, General Manager of the James City Service Authority (JCSA), provided an overview of the number of independent water systems the JCSA operates, the Code of Virginia requirements for independent water systems, and a brief overview of the guidance the Board has provided in the concept of assessing a fee.

Mr. Foster recommended a per-unit fee be assessed for independent water systems; fees be assessed on lots or units created by development plans submitted after August 1, 2004; the fee be paid before acceptance by JCSA; the revenue from the fee be deposited in a restricted fund; investment returns would be used to offset expenses associated with operating independent water systems; and any remaining fee revenue would remain in the fund.

Mr. Brown inquired why the initial idea to offset the additional operating cost of the water system has evolved to offsetting the additional cost of the connections and if it is wise.

Mr. Foster stated that a connection fee evolved and is being considered rather than a revenue equalization fund fee to better define what the fee reflects.

Mr. Brown stated concern about mixing operating funds and deficits for independent water systems with the capital costs associated with system facility.

The Board discussed the recommendation of the staff and the name of the fee.

Mr. Rogers commented that the name change and the timing of the collection applies to when the dedication to the JCSA occurs versus when the subdivision is approved. The Independent Water System Connection fee is paid when the JCSA accepts the independent water system.

The Board and staff discussed the revenue anticipated to be generated from the \$4,000 fee to offset the operating cost; that it is not anticipated the investment will result in a 4 percent return to meet the differential; the timing of the connection fee collection; and concern that issues expressed by members of the community resulted in the revamping of a rate equalization fee to a connection fee, and covering expenditures associated with the maintenance and upgrading of the Central System.

Mr. Robert Duckett, Director of Government and Community Relations for the Williamsburg Home Builders Association (WCBA), and Seth Saunders, President, spoke on behalf of the WCBA.

Mr. Duckett stated that there is agreement that JCSA customers want to recuperate proper costs associated with providing water service; however, there is disagreement about the staff recommendation that it is not the fairest way to recover those costs, and the Home Builder Associations do not support the proposed connection fee.

Mr. Duckett stated that the independent water systems benefit the entire community and therefore the additional costs and operating costs should be borne by the community at-large.

Mr. Brown stated that an independent water system outside the Primary Service Area (PSA) is of benefit to those on the water system and they benefit from all the services associated with the system; they do not sink their own individual wells, which will impact the groundwater availability to the community at-large.

Mr. Duckett stated that fire protection does not recognize PSA boundaries and an adequate water supply and water pressure permits fires to remain under control through adequate/improved fire protection.

Mr. Duckett stated that it is understood that operations and maintenance cost of independent water systems are higher than the Central Water System; and the capital costs of the independent water systems such as tap fees are usually handled by the developer.

Mr. Duckett recommended that the JCSA maintain the existing tap fees structure for which the collection of the fee occurs at the issuance of the building permit; and recommended the Independent Water System customers would pay one-half to two-thirds of the proposed \$4,000 connection fee, the remainder would be subsidized by the community at-large.

Mr. Rogers stated that payment of a connection fee should not be a part of the building permit process. This would constitute a hidden lien. The owners of the property must let potential customers know that they will be subject to the fees in excess of what other County residents will pay.

Mr. Bradshaw inquired if the tap fees are included in the connection fee.

Mr. Foster stated that the consultant indicated that the tap fees are considered in addition to the connection fee.

Mr. Seth Saunders, President of the WCBA, stated that independent water system customers will be asked to pay varying rate structure fees and stated that the overall system-wide rates will continue to increase. They will be paying more. Up-front costs in their community will not be treated with equity.

The Board and Mr. Saunders discussed the scale of operation and costs associated with the operation, maintenance, and upgrade of independent water systems; how the desalinization plant is to be funded; the tying of the independent water system to the central system over time; and how the connection fee could be refunded.

Mr. Foster inquired if the Board is comfortable with the \$4,000 independent water system connection fee or would the Board like to increase the fee.

Mr. Rogers and Mr. Wanner suggested that if the Board would like to consider the adjustment of the connection fee, the Board could defer action on the proposal.

The Board and staff discussed the advertisement requirements for the Independent Water System Connection Fee and that there is adequate time for advertising should the Board wish to defer action and adjust the fees or to change the purpose of the fees.

Mr. Foster inquired if the Board wanted to consider a two-tier system for Independent Water System Connection Fees where the developer paid part and the homeowner paid part.

The Board indicated a two-tier fee system is not desired.

C. RECESS

At 5:57 p.m., Mr. Harrison recessed the Board for a dinner break.

Sanford B. Wanner
Secretary to the Board

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 10TH DAY OF AUGUST 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
Robert H. Smith, Assistant 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 - July 27, 2004, Regular Meeting
2. Regulations Amendment, Utility Inspection Fees, Public Hearing

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.

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.

C. PUBLIC HEARING

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

Mr. Robert Smith, Assistant Manager of the James City Service Authority (JCSA), stated that the Public Hearing has been continued from July 27 to receive public comment on the proposal to amend the JCSA's Regulations Governing Utility Service to allow for the assessment of an Independent Water System Connection Fee, and requested the Board's approval of the amendment.

Mr. Harrison opened the Public Hearing.

1. Mr. Seth Saunders, President of the Williamsburg Community Builders Association, stated appreciation for the discussions the JCSA staff has had with representatives, stated opposition to the establishment of the \$4,000 fee to be paid by the developers, and stated that the price of water should not be different for developments based upon its location.

2. Mr. Robert Duckett, Director of Public Affairs of the Peninsula Home Builders Association, complimented staff and members of the Board for the professionalism displayed during discussions on the establishment of the Independent Water System Connection Fee. He stated that the various builder association concerns still exist regarding the proposal such as the increased impact on housing costs does not promote water conservation, and the one-time flat fee does not take into account many factors that vary from system-to-system such as demand. He recommended a rate fee in proportion to water usage as an alternative; and proposed that due to the public benefits of the independent water system, the costs of a water system should be distributed amongst the public and not assessed exclusive to lots. He stated that water system utility fees' exemption is understandable. Finally, he stated that water conservation will not be encouraged because homeowners will not face the actual costs of the water use because the fee will move part of the cost over to the mortgage.

3. Mr. Tim Trant, Attorney with Kaufman & Canoles, evaluated the proposed regulation change as requested by the Peninsula Home Builders Association and the Williamsburg Community Builders Association. He stated his opinion regarding the proposal and its validity, commented that the Attorney General opinion is an informal opinion from the Office of the Attorney General and therefore is not afforded the same weight as an opinion from the Attorney General, that the fairness and reasonableness of the fee is not expressed in the opinion and is speculative in nature; that there are questions regarding the fairness and reasonableness of the fee regarding the use of an up-front one-time fee to recoup ongoing operational and maintenance costs that vary from system to system; questioned the timing and party to be charged for a fee, being the developer of the subdivision at the time of the dedication of the system, and not the ultimate customer of the JCSA who would be generating the operating and maintenance costs; claimed that the fee

is proposed to cover the projected maintenance and operating cost by its interest only and not by the interest and principal, the principal is speculatively to be disposed if and when the system is connected to the JCSA central system; stated that the opinion does not address if the fee imposes a special taxing district on lands outside Primary Service Area (PSA), which the JCSA has no authority to impose; claimed that the fee is based on speculative costs and therefore is an impact fee and the JCSA lacks the ability to impose such a fee; believed that the requirement that the systems be dedicated to the JCSA raises regulatory takings questions; and requested the Board take into consideration these points when acting on the proposal.

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

Mr. McGlennon stated that the conservation issue is not impacted by the fee as the customers would not be paying their full cost of operation anyway and this proposed fee is an effort to recover some of the money the JCSA would be losing in operating the systems.

The Board briefly discussed the builder associations' rate structure proposal for different water systems and the JCSA has concurred that it is not an appropriate avenue.

Mr. Brown requested Mr. Rogers' response to Mr. Trant's comments and concerns regarding the legality and appropriateness of the proposal.

Mr. Rogers stated that staff and the Board has considered the concerns as the proposal was developed. He stated that the JCSA begins incurring costs associated with the independent water system when it receives it so in the test for reasonableness and fairness the Board can make that determination to impose the fee on the party dedicating the system and that the system is an improvement necessary for the sale and development of the lots. The only entity who can pay the fee at the time the JCSA starts to incur the costs is the owner/developer. Although there are alternatives available to impose the fee, that does not mean the proposal is not fair and reasonable. He stated that Mr. Trant was not accurate when he stated that the increased costs were recovered from interest on the fee. According to the consultant's report, principle and interest is calculated in covering the cost. He stated there was no merit to the establishment of the special tax district. In terms of the fee being somehow construed as an impact fee, that goes back to when and how the fee is imposed. The proposal is designed so it is not an impact fee. In the opinion of the County Attorney's office and the Attorney General's office, the fee does not constitute an impact fee. With regard to the County Ordinance requirement, there are valid public purposes for requiring independent water systems. Some of those public purposes are identified in the resolution adopting the independent water system connection fee.

Mr. Bradshaw thanked the builders for their questions and stating their concerns. He commented that utility and user fees are used to provide water and therefore utilities are paid by those that use the services, the increased housing costs' impact may or may not occur, independent water system costs vary from system to system, however, some mechanism is needed to recover the funds used to operate and maintain the system and this proposal is acceptable. He commented that depending upon where one stands, the benefits of the independent water system not connected to the central system vary.

Mr. McGlennon made a motion to adopt the resolution.

On a roll call vote, the vote was: AYE: Bradshaw, Brown, McGlennon, Harrison (4). NAY: Goodson (1).

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.

D. BOARD REQUESTS AND DIRECTIVES - None

E. ADJOURNMENT

Mr. Bradshaw made a motion to adjourn until September 28, 2004.

The motion passed by a unanimous voice vote.

At 8:22 p.m., Mr. Harrison adjourned the Board to 7:00 p.m. on September 28, 2004.

Sanford B. Wanner
Secretary to the Board

MEMORANDUM

DATE: October 26, 2004
TO: The Board of Directors
FROM: Robert H. Smith, Assistant Manager, James City Service Authority
SUBJECT: Amendment to the Regulations Governing Utility Service - Utility Inspection Fees

The Board of Directors has advertised for a Public Hearing on 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 was 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.

Attached is a resolution adopting the proposed change, which would become effective October 26, 2004. Staff recommends adoption of the proposed resolution.

Robert H. Smith

CONCUR:

Larry M. Foster

RHS//gb
regsamend.mem

Attachments

RESOLUTION

AMENDMENT TO THE REGULATIONS GOVERNING UTILITY SERVICE -

UTILITY INSPECTION FEES

WHEREAS, the Board of Directors of the James City Service Authority (JCSA) conducted a Public Hearing on October 26, 2004, to receive public comment on 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, hereby adopts the 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 26th day of October, 2004.

regsamend.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: October 26, 2004

TO: The Board of Directors

FROM: Michael D. Vergakis, Chief Engineer, James City Service Authority

SUBJECT: Award of Contract - Engineering Services for Design of Water Storage Facilities

A major component of the James City Service Authority (JCSA) Central Water System is elevated water storage facilities. Currently, JCSA operates and maintains three elevated water storage facilities. These facilities are located in the Toano, Season's Trace, and Eastern State areas of the County. As the Central Water System grows, these existing facilities will become less adequate in size and elevation to provide the system pressures required to meet the various customer demands and fire flow. The proposed project will provide for two new elevated water storage facilities. One elevated storage facility will be constructed in the Stonehouse Commerce Park and the other at the Sports Complex. As part of this project, the existing three elevated storage facilities will be demolished. This project will be completed in 2007/2008 with an estimated cost of \$5 million.

Engineering firms interested in assisting JCSA in the design, construction, and demolition were invited to submit a Statement of Qualification and Technical Proposal through the Request for Proposal process.

Seven firms expressed interest by submitting Statements of Qualifications and Technical Proposal. The seven firms were then given the opportunity to expand on their background/experience, understanding of the project, approach, and opportunities for innovation in an interview presentation with the selection committee. The selection committee consisted of a four member team consisting of Michael Vergakis, Chief Engineer- Water; Bruce Capps, Water Production Superintendent; Don Breland, Senior Buyer; and Larry Foster, General Manager.

In April 2004, the Board was apprized of this project and its benefit to the JCSA Water System. At the time, the estimated costs for the water storage facilities were slightly less than \$3 million. The estimated costs did not include the engineering fees or the cost of improvements to the water distribution system to further maximize the benefits of the proposed water tanks. As the Board is aware, the cost of steel has increased dramatically in recent months. The current estimate cost to build the proposed tanks is \$5 million to include the above. In addition, it appears that the tanks will need to be constructed on a faster schedule than originally planned. Because of the increase in costs and accelerated schedule, there may be a need to discuss a long-term financing plan for the project with the Board. A specific financing plan cannot be developed until more information is developed through the design process and market conditions when competitive bids are solicited.

Gannett Fleming Inc., is the top selected firm of the seven interviewed. Once selected, a fee of \$349,111 was negotiated based on an agreed upon scope of services.

Staff recommends the Board approve the attached resolution awarding the Contract for Engineering Service for Design of Water Storage Facilities to Gannett Fleming Inc., for a fee of \$349,111.

Contract Award - Engineering Services for Design of Water Storage Facilities

October 26, 2004

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Michael D. Vergakis

CONCUR:

Larry M. Foster

MDV/gs
gannetflem.mem

Attachment

RESOLUTION

AWARD OF CONTRACT - ENGINEERING SERVICES FOR DESIGN OF

WATER STORAGE FACILITIES

WHEREAS, the staff of the James City Service Authority has determined the need to build two elevated water storage tanks and remove three small existing tanks and not located at the optimum level to support the water system; and

WHEREAS, proposals to provide engineering services were requested from qualified firms, with seven firms responding and interviewed by a selection team; and

WHEREAS, the selection team choose and recommends Gannett Fleming Inc., as the most capable firm of those submitting proposals to provide the engineering services associated with the project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, authorizes the James City Service Authority to enter into a contract with Gannett Fleming Inc., in the amount of \$349,111 for the provision of engineering design service associated with building two elevated water tanks and associated water system improvements.

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 26th day of October, 2004.

gannettflem.res

MEMORANDUM

DATE: October, 26, 2004
 TO: The Board of Directors
 FROM: Danny Poe, Chief Engineer, Wastewater, James City Service Authority
 SUBJECT: Easement Agreement - Lift Station 5-1/deCamp

The James City Service Authority (JCSA) has established Capital Improvement Program (CIP) funding to rehabilitate seven air ejector style lift stations over the course of the next four years. The stations were originally constructed in the early to mid 1970s. While evaluating one of the stations (LS 5-1 located at the end of Neck-O-Land Road), a field survey was conducted to determine if the station could be eliminated by extending gravity sewer to the downstream station in the Powhatan Shores neighborhood. It was confirmed that gravity sewer extension and elimination of LS 5-1 is possible.

A present value analysis of the Operation and Maintenance (O&M) life cycle costs for the lift station, based on a 50-year life and an interest rate of 3 percent, yielded a value of \$167,000. The cost to rehabilitate the station, as proposed under the CIP, is estimated to cost \$55,000 including design and construction.

Construction of a gravity sewer extending from LS 5-1 to the station in Powhatan Shores (1645 feet) is estimated to cost less than \$132,000. Other project costs including design, easements, and lift station demolition are estimated to be \$18,000. O&M life cycle costs for the subject gravity sewer main are expected to be less than \$5,000.

The cost benefit analysis is summarized below:

< Total cost to rehabilitate and maintain LS 5-1:	\$222,000
< Total cost to extend gravity sewer and eliminate LS 5-1:	<u>155,000</u>
Net savings with gravity option:	\$ 67,000

The most feasible alignment for a gravity sewer extension is along the boundaries of the deCamp property (see attached sketch). The deCamps cleared the trees on the property within the past year with intentions of constructing a home and stabling horses. JCSA has negotiated terms for an agreement with the deCamps to allow construction of a gravity sewer main on their property. Under this agreement, JCSA, with Board approval, would transfer ownership of the LS 5-1 property to the deCamps in exchange for permanent and temporary construction easements. Other minor concessions including the waiver of JCSA local fees for two sanitary sewer connections (a value of \$2,100) are also included in the agreement. James City County Real Estate Assessments estimated the value of the permanent and temporary easements to be \$4,300, and the value of the lift station parcel to be \$900. Although no monetary assessment was made with regard to the increased marketability of the deCamp property if the lift station is eliminated, there is inherent value to be realized.

Sufficient funding is available in the overall air ejector rehabilitation CIP 2005 Budget to cover costs associated with the gravity sewer extension and lift station demolition.

Staff recommends approval of the attached resolution authorizing the JCSA General Manager to sign the agreement and appropriate documents to transfer the lift station property to the deCamps in exchange for the proposed gravity sewer easements.

Easement Agreement - LS5-1/deCamp

October 26, 2004

Page 2

Danny Poe

CONCUR:

Larry M. Foster

DP/gb
easementagr.mem

Attachments

RESOLUTION

EASEMENT AGREEMENT - LIFT STATION 5-1/DECAMP

WHEREAS, the James City Service Authority provided in its Capital Improvement Program for the rehabilitation of Lift Station 5-1 located on Neck-O-Land Road; later it was determined that the construction of a gravity line rerouting sewer to a nearby pump station was more economical, eliminating the long-term costs and liability of operating the sewer pump station; and

WHEREAS, the proposed gravity sewer line will cross private property owned by Philip D., Trustee, and Virginia deCamp requiring an easement on the property; and

WHEREAS, the deCamps have agreed to provide the easement in exchange for the property on which Lift Station 5-1 is located and the waiver of the two local connection fees for future structures on their property.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, authorizes the General Manager to sign the agreement and appropriate documents associated with transferring the Lift Station 5-1 property to the deCamps in exchange for the necessary easement to construct a gravity sewer line, rerouting wastewater flows to a nearby lift station allowing Lift Station 1-5 to be eliminated.

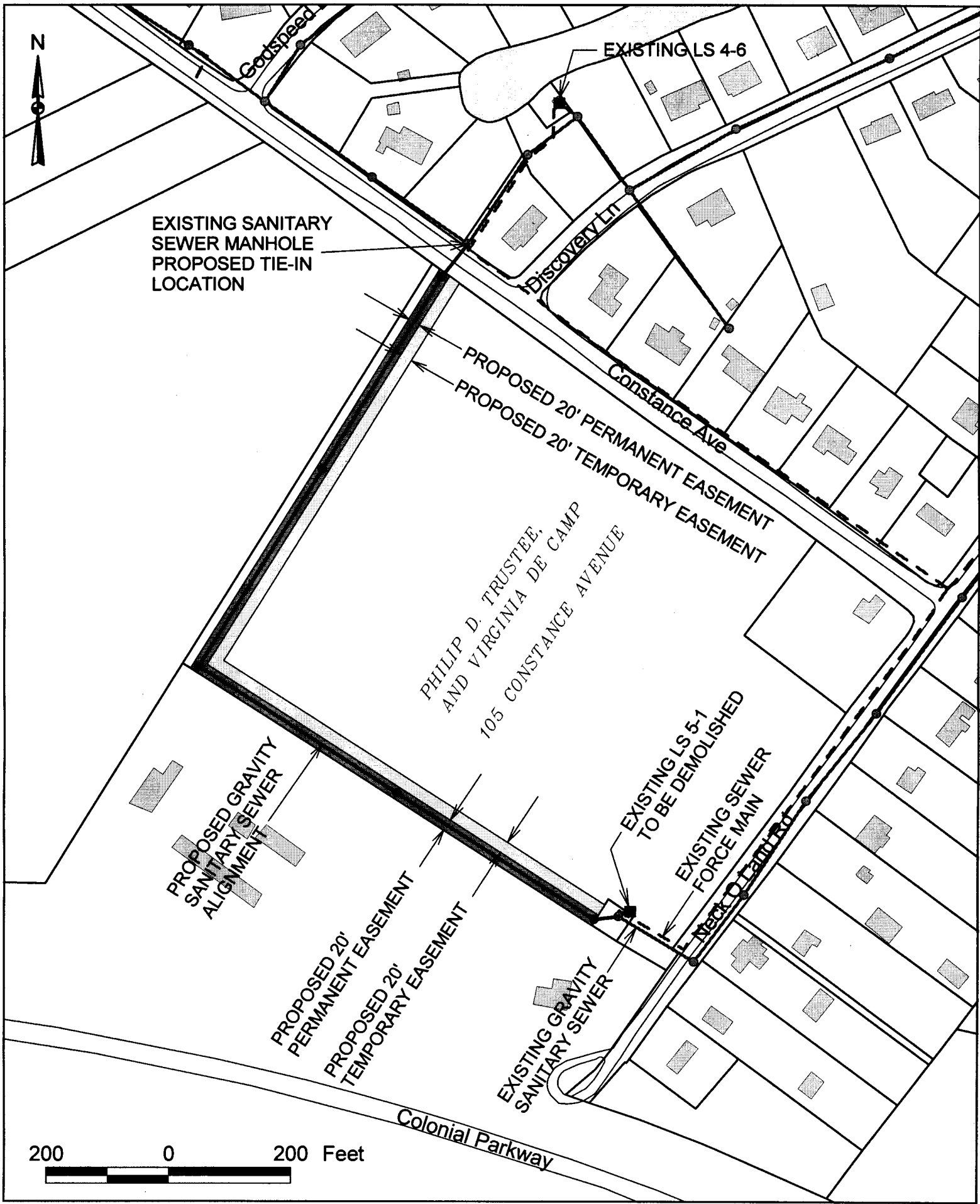
Jay T. Harrison, Sr.
Chairman, Board of Directors

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 26th day of October, 2004.

easementagr2.res



EXISTING SANITARY
SEWER MANHOLE
PROPOSED TIE-IN
LOCATION

EXISTING LS 4-6

Discovery Ln

Constance Ave

PROPOSED 20' PERMANENT EASEMENT
PROPOSED 20' TEMPORARY EASEMENT

PHILIP D. TRUSTEE,
AND VIRGINIA DE CAMP
105 CONSTANCE AVENUE

PROPOSED GRAVITY
SANITARY SEWER
ALIGNMENT

PROPOSED 20'
PERMANENT EASEMENT
PROPOSED 20'
TEMPORARY EASEMENT

EXISTING LS 5-1
TO BE DEMOLISHED

EXISTING SEWER
FORCE MAIN

EXISTING GRAVITY
SANITARY SEWER

Colonial Parkway

200 0 200 Feet