

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS**

**County Government Center Board Room**

**March 23, 2010**

**7:00 P.M.**

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**A. CALL TO ORDER**

**B. ROLL CALL**

**C. CONSENT CALENDAR**

1. Minutes – February 23, 2010, Recessed Meeting
2. Approval of Mutual-Aid Agreement – Virginia Water/Wastewater Agency Response Network (VA-WARN)

**D. PUBLIC HEARING**

1. Property Transfer – 125 Riverview Plantation Drive

**E. BOARD CONSIDERATION**

1. Establishment of a Public Hearing on June 22, 2010, to Amend Section 32-D – Independent Water Systems Connection Fee to Increase the Fee from \$4,000 to \$8,000

**F. BOARD REQUESTS AND DIRECTIVES**

**G. ADJOURNMENT to April 27, 2010, at 7 p.m.**

**AT A RECESSED MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 23RD DAY OF FEBRUARY 2010, AT 4:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.**

**A. CALL TO ORDER**

**B. ROLL CALL**

Bruce C. Goodson, Chairman  
John J. McGlennon, Vice Chairman  
Mary Jones  
James O. Icenhour, Jr.  
James Kennedy

Sanford B. Wanner, Secretary  
Leo P. Rogers, County Attorney  
Larry Foster, General Manager

**C. BOARD DISCUSSION**

1. James City Service Authority FY 2010-2011 Budget Overview

Mr. Foster stated the purpose of the work session was to give the Board an update on the current James City Service Authority (JCSA) budget and the upcoming fiscal year. He stated that since the previous year's budget work session there were several unexpected factors that have impacted the JCSA and its revenues, including the current economic situation, the consent order from the Department of Environmental Quality which was still being considered, and the high levels of precipitation, which has impacted water demands. He stated that it was observed early that water demands had been reduced and proactive measures were taken to adjust spending. He commented that revenue is anticipated to follow a downward trend and staff expects a substantial reduction in revenues. He commented that the economy has had a significant impact on households and stated the proposed budget has no increase in service fees or connection fees. He reviewed factors impacting revenues including increased rainfall, reductions in demand from tourism, industrial needs, and new construction.

Mr. Bob Smith, Assistant General Manager, reviewed FY 2010 operating fund revenues and expenditures. Mr. Smith noted spending reductions including personnel and equipment costs. He commented on changes in rate structures and other measures to conserving electrical fees. He commented total savings were roughly \$800,000 for the remainder of the fiscal year. He reviewed revenue comparisons for the upcoming budget for planning purposes for an anticipated \$1 million shortfall over two years. He reviewed the anticipated reductions in the expenditure comparison and explained where the savings would be anticipated. He reviewed the Capital Improvements Program (CIP) fund revenues for FY 2010 and revisions to be made as a result of revenue shortfalls. He displayed revenue comparisons and CIP program projections and anticipated reductions. He summarized that there was a continued downward trend in revenues and spending reductions would allow for the budget to be balanced without increases in rates or connection fees.

Mr. Foster noted that while revenues were being reduced, there was still a consistent workload. He stated there may be reductions in operation costs in electricity or other costs, but it did not reflect a reduction in responsibilities. He stated that engineering staff has been reallocated to doing work on the Department of Environmental Quality (DEQ) Consent Order that would have otherwise been contracted out to an outside agency for a cost reduction.

Mr. McGlennon commented on CIP fund revenue comparisons. He noted that more proffers had been collected than anticipated.

Mr. Smith stated that some funds had been collected previously, but not allocated until this year.

Mr. McGlennon asked if it was correct that no proffer funds were anticipated next year.

Mr. Smith stated that proffers have not been historically budgeted because the funding is unpredictable.

Mr. McGlennon asked if this was a case of utilizing funding reserves.

Mr. Smith stated that was correct. He stated the funds were in the bank and never allocated for a specific project.

Mr. McGlennon stated there was no anticipated proffer funding for next year.

Mr. Smith stated there may be some carryover funds from this year of roughly \$30,000.

Mr. Foster stated that JCSA has been reluctant to try to anticipate proffer-related revenues.

Mr. McGlennon asked about the revenue projects in comparison to previous years related to weather as a factor in demand.

Mr. Foster stated that peak demands in the summer have been dramatically reduced in the past year. He stated that the average demand over the year was a reduction.

Mr. McGlennon asked if this was a conservative estimate based on last year's numbers rather than a typical year.

Mr. Smith stated that the trends of the first six months of the year have been applied to the remainder of the fiscal year to develop the anticipated reduction numbers. He stated there was a conservative projection into FY 2011.

Mr. McGlennon commented that this estimate is based on an unusually low-revenue-generating year.

Mr. Foster stated it was a conservative estimate based on decreased demands.

Mr. Smith stated weather impacts could change.

Mr. Wanner commented that Eastern State Hospital and school demand would likely increase industrial consumption due to new buildings opening in the near future.

Mr. Foster commented that the new buildings were likely more efficient with water use than the current operations, but the schools would be new demand.

Mr. Kennedy asked how the demand was being estimated and impacted by water-efficient appliances.

Mr. Foster commented that the experiences from previous years were considered most often. He stated that hopefully the impacts in the long run would be helpful, but at this time it was difficult to factor in that information. He commented that a major determining factor was the weather.

Mr. Goodson commented that weather patterns over the years could be considered.

Mr. Foster stated that the reductions this year were significant and there was a noticeable reduction in new construction which contributed to the ~~downfalls~~ reduced demands.

Mr. Goodson stated that water was produced cheaper from traditional wells than from the desalination plants. He asked if D-SAL production was reduced when revenues were decreased in order to reduce costs.

Mr. Foster stated that is being evaluated more closely, but there seemed to be a balance of the costs for the production. He stated he felt there was not a dramatic difference in cost. He stated the electricity cost reductions were a more viable saving method.

Mr. Goodson stated that the energy usage of each plant could be evaluated to maximize the utility dollars.

Mr. Foster stated that was correct and noted that the Chief Water Engineer, Mike Vergakis, has been working on these matters.

Mr. Goodson asked to hear a report on this matter.

Mr. McGlennon asked about the absence of the replacement and upgrading of lines in neighborhoods. He asked if this was being deferred at this time.

Mr. Foster stated that some were being deferred and the details would be available when the budget moves forward.

Mr. McGlennon asked if they were totally eliminated.

Mr. Foster stated they were not.

Mr. Smith stated that some of the projects were being deferred past the five-year window due to decreased revenues.

Mr. McGlennon stated that when the water supply agreement with Newport News Waterworks was considered, the revenue sources were problematic and rates would need to be adjusted if connections were not increased. He asked that older water systems and private water systems be addressed more rapidly. He stated there was great success with the rebate programs and that if the average citizen was consuming less, a modest increase would still provide savings in the overall water bill.

Mr. Foster stated there were some water systems that have been taken over by the JCSA which were inadequate by the current standards. He stated the CIP revenues derived from connection fees were about \$3 million less than three years ago due to economic conditions. He stated that CIP projects were being moved that were necessary to improve the overall water system. He stated those details would be available during the budget process.

Mr. McGlennon commented that he was glad to see a downward trend in water usage, though it had a negative impact on revenues.

Mr. Icenhour commented on the FY 2010 budget. He asked if there was a Board action required to adjust the FY 2010 budget.

Mr. Foster stated he did not believe it was necessary and the action has been taken administratively. He stated that it could be done if the Board requested or the budget was exceeded.

Mr. Icenhour stated his concern for the operating reserve budget being eliminated. He asked about the fund balance and what flexibility it would provide.

Mr. Smith stated that there was roughly \$32 million in the bank and roughly \$8 million that could be allocated for emergencies.

Mr. Foster stated that as the water purchase process was moving forward, the rating agencies recommended having a high-level fund balance.

Mr. Icenhour stated that the budget has been reduced for the current year and the next year to roughly \$12 million and asked if there was any operating reserve left for next year.

Mr. Smith stated there was in the amount of \$160,000 remaining in FY 2011.

Mr. Foster clarified that the revenues based on projections were fairly flat.

Mr. Icenhour asked if charges for independent water systems had been considered to reduce the subsidy by ratepayers.

Mr. Foster stated that Board direction was needed. He stated it would mean doubling the developer contribution from \$4,000 to \$8,000 per lot and that it would require a two-month notice for a public hearing to do so. He stated it would not make a major impact on this budget, so it could be done outside the normal budget process. Mr. Foster informed the Board that the fees were implemented about four years ago, but nothing had been collected since no new independent water systems had come online to incur the fee.

Mr. Icenhour asked if this also applied to the development on Jolly Pond Road which would serve several lots in the area.

Mr. Foster stated that three developments would be subject to the fees, including Liberty Ridge, Westport, Summerplace, and perhaps the Colonial Heritage project.

Mr. Foster stated the fee would apply to lots as they were platted and a fee increase could not be retroactively applied.

Mr. Icenhour commented that the independent water systems should be considered in the budget this year.

Mr. Goodson stated that it could not be advertised in the budget.

Mr. Foster stated that it could not be advertised in time and it was a very unpredictable revenue source.

Mr. Icenhour stated he felt the Board should move forward on the matter in order to avoid losing the chance of recovering the revenue.

Mr. Foster stated that if the Board wished, a public hearing could be requested at the March meeting and the matter could be considered after a 60-day time frame.

**D. RECESS**

At 4:48 p.m., Mr. Goodson recessed the Board of Directors until 7 p.m.

At 8:09 p.m., Mr. Goodson reconvened the Board.

**E. ROLL CALL**

Bruce C. Goodson, Chairman  
John J. McGlennon, Vice Chairman  
Mary Jones  
James O. Icenhour, Jr.  
James Kennedy

Sanford B. Wanner, Secretary  
Leo P. Rogers, County Attorney  
Larry Foster, General Manager

**F. CONSENT CALENDAR**

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

The motion passed by a unanimous voice vote.

1. Minutes – January 26, 2010, Organizational Meeting

2. Right-of-Way Agreement with Dominion Virginia Power for Tewning Road

**RESOLUTION**

**RIGHT-OF-WAY AGREEMENT WITH DOMINION VIRGINIA POWER FOR TEWNING ROAD**

WHEREAS, the extension of electric power lines by Dominion Virginia Power to serve the relocated Convenience Center is necessary; and

WHEREAS, because of the long lead times for the installation of new electric infrastructure, the General Manager of the James City Service Authority (JCSA) signed an agreement in order to keep the project on schedule; and

WHEREAS, the Board has been apprised of the necessity of the easement and its location and is requested to endorse the General Manager's signature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby acknowledges and endorses the General Managers signature of the Right-of-Way Agreement dated January 20, 2010, for JCSA property located on Tewning Road to provide access for necessary electric lines to service a relocated Convenience Center.

**G. BOARD REQUESTS AND DIRECTIVES**

Mr. McGlennon commented that there was a presentation during the work session about JCSA finances and commented on discussion on payment expected from developers for independent water systems outside the primary service area (PSA). He stated that the fee was supposed to be collected in order to balance the costs of the independent water systems to eliminate the subsidy from ratepayers. He asked that Mr. Foster bring forward a proposal to adjust the fees to cover those costs without adjusting the rates of ratepayers.

Mr. Goodson asked if there was a recent study on the cost to operate the independent water systems.

Mr. Foster stated he has and it was confirmed at \$4,000 per lot, typically a 3-acre lot. He clarified that Mr. Icenhour asked if revenues were proposed - deposited in a restricted account and the revenues would be applied to the expenses for operation of the independent water system.

Mr. McGlennon noted that he had a policy question.

Mr. Foster stated that he was clarifying for the sake of Mr. Icenhour.

Mr. Kennedy stated he would support evaluating that policy issue.

Mr. Goodson asked that the information be included in the memorandum.

**H. ADJOURNMENT** to March 23, 2010, at 7 p.m.

Mr. McGlennon made a motion to adjourn.

The motion passed by a unanimous voice vote.

At 8:12 p.m., Mr. Goodson adjourned the Board of Directors.

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Sanford B. Wanner  
Secretary to the Board

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## M E M O R A N D U M

DATE: March 23, 2010

TO: The Board of Directors

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

SUBJECT: Approval of Mutual-Aid Agreement – Virginia Water/Wastewater Agency Response Network (VA WARN)

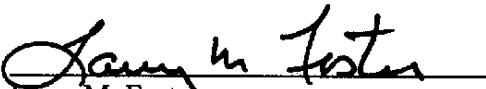
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The Virginia Section of the American Waterworks Association has organized and established the Virginia Water/Wastewater Agency Response Network (VA WARN) program. VA WARN establishes a system and protocol for water and wastewater utilities to help each other during an event such as a natural disaster where the resources of a specific utility may not be adequate to respond.

The VA WARN program has developed an internet site that can be accessed by a participating utility to post its needs with other participating utilities having the ability post available resources to respond to those needs. Participation in any event is completely voluntary. The requesting utility is responsible for reimbursing the supporting utility for the costs incurred. The provisions of the program are similar in concept to many of the mutual-aid agreements that James City County's Police and Fire Departments are participating.

Many of Virginia's utilities have already joined the VA WARN network. The concept of utility helping utility in times of need makes sense. Having established agreements and protocol through a mutual-aid agreement will simplify the process when an event occurs.

Staff recommends approval of the attached resolution authorizing the James City Service Authority to participate in the VA WARN program.

  
Larry M. Foster

LMF/nb  
MutAidAgmt\_mem

Attachment

## RESOLUTION

### APPROVAL OF MUTUAL-AID AGREEMENT – VIRGINIA WATER/WASTEWATER

#### AGENCY RESPONSE NETWORK (VA WARN)

WHEREAS, the National Infrastructure Protection Plan and in particular the Sector Specific Plan for the Water Sector developed by the United States Environmental Protection Agency (EPA) identifies the development of a Water and Wastewater Agency Response Network in each State as an important means of helping to ensure resilient water and wastewater infrastructure in the public interest; and

WHEREAS, in furtherance of such national Water Sector plan, Virginia's longstanding, nationally-recognized professional associations known as the Virginia Section of the American Water Works Association ("VA AWWA") and the Virginia Water Environment Association ("VWEA") have jointly formed the Virginia Water and Wastewater Agency Response Network ("VA WARN") Committee to develop the EPA recommended network and associated procedures for implementation in Virginia; and

WHEREAS, the VA WARN Committee has developed the attached form of a VA WARN Mutual-Aid Agreement for use by public and private Water Sector utilities for purposes of requesting assistance and responding to such requests as well as a related form of an Event Agreement for providing assistance of a defined scope on defined terms and conditions; and

WHEREAS, this VA WARN Mutual-Aid Agreement is intended to supplement and integrate with the Statewide Mutual-Aid Program administered by the Virginia Department of Emergency Management, with the Emergency Management Assistance Compact, and with other mutual-aid agreements of local, intrastate, and interstate scope; and

WHEREAS, the James City Service Authority owns and operates water and wastewater facilities and is responsible for public water supply or wastewater management in the Commonwealth of Virginia, and is therefore eligible to participate in VA WARN and the VA WARN Mutual-Aid Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, that the General Manager is hereby authorized to execute the VA WARN Mutual-Aid Agreement, which is hereby approved.

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Bruce C. Goodson  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23rd day of March, 2010.

MutAidAgmt\_res

## M E M O R A N D U M

DATE: March 23, 2010

TO: The Board of Directors

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

SUBJECT: Property Transfer – 125 Riverview Plantation Drive

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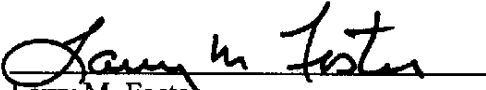
The Riverview Plantation Homeowners Association (HOA) acquired the Riverview Water System from the private owner and transferred ownership to the James City Service Authority (JCSA) in 2004, as part of an arrangement for the JCSA to take over the operation of the water system. A waterline from the Wexford Hills subdivision was subsequently constructed connecting the water systems serving the two neighborhoods.

As part of the arrangement, each property owner served by the water system was assessed \$5,000 to offset the costs of improvement to the Riverview Water System. Approximately four months ago the installation of a new water distribution system with Riverview Plantation was completed.

The waterline from Wexford Hills eliminated the need for the well facility that served the neighborhood. The well facility was abandoned and demolished leaving a .66 acre parcel. Test determined that a traditional septic system would not function. The only way to provide for sewerage disposal for the parcel was the installation of a \$25,000 ± drainfield. The cost of the drainfield has been determined to be more than the value of the parcel. This in essence rendered the parcel valueless.

The HOA has expressed a desire to have the parcel returned to be used as common property for the neighborhood. The Board of Directors of the HOA has demonstrated the leadership necessary to manage and maintain this and other common properties to the benefit/betterment of the overall neighborhood.

This meeting has been advertised as a public hearing on the transfer of this otherwise valueless parcel to the Riverview Homeowners Association for use by the overall community. After conducting a public hearing on the proposed property transfer, it is recommended that the Board approve the attached resolution authorizing the transaction.

  
Larry M. Foster

LMF/nb  
125Riverview\_mem

Attachment

**RESOLUTION**

**PROPERTY TRANSFER – 125 RIVERVIEW PLANTATION DRIVE**

WHEREAS, the Board of Directors has advertised and conducted a public hearing on the transfer of 125 Riverview Plantation Drive (Parcel Number 1640300011) to the Riverview Plantation Homeowners Association; and

WHEREAS, because of soil limitation, the cost to provide wastewater disposal for the parcel is more than the assessed value of the parcel rendering the parcel valueless.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes the General Manager of the James City Service Authority to sign the appropriate documents necessary to transfer the parcel to the Riverview Plantation Homeowners Association for the mutual benefit of the neighborhood.

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Bruce C. Goodson  
Chairman, Board of Directors

ATTEST:

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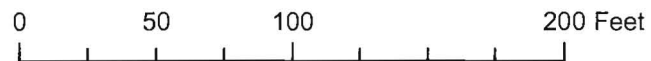
Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23rd day of March, 2010.

125Riverview\_res



# 125 Riverview Plantation Dr



This drawing is neither a legally recorded map nor a survey and is not intended to be used as such.

## M E M O R A N D U M

DATE: March 23, 2010

TO: The Board of Directors

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

SUBJECT: Establishment of a Public Hearing on June 22, 2010, to Amend Section 32-D-Independent Water Systems Connection Fee to Increase the Fee from \$4,000 to \$8,000

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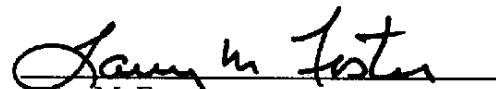
The County's Subdivision Ordinance requires the installation of a Central Water System for any parcel that is subdivided to create six or more residential lots or requires the installation of a new access street/road. The James City Service Authority (JCSA) currently operates six independent water systems that were installed in compliance with this requirement. Three new water systems to meet this requirement are in progress.

In 2004, recognizing that independent water systems that are constructed in accordance with the above do not generate adequate revenues to cover operating costs, the Board approved a \$4,000 per lot fee to a developer building an independent water system. The proceeds create an income generating fund to offset the costs of operating the requisite water system.

An updated assessment of the costs versus revenues for independent water systems indicates that the original \$4,000 fee is not adequate. The updated evaluation determined that an \$8,000 fee is necessary to generate adequate returns to offset costs over revenues for independent water systems. At its meeting on February 23, 2010, the JCSA Board of Directors directed that staff should advertise a public hearing for an increase in the fee to \$8,000.

Section 15.2-5136 of the Code of Virginia requires a 60-day notice for a public hearing when increasing water and sewer rates.

Staff recommends approval of the attached resolution authorizing the advertisement of the June 22, 2010, Board of Directors meeting as a public hearing on a proposal to increase from \$4,000 to \$8,000 the Independent Water System Fee provided for in Section 32-D in the JCSA's Regulations Governing Utility Service.

  
Larry M. Foster

LMF/nb  
PHIndepend\_mem

Attachment

**RESOLUTION**

ESTABLISHMENT OF A PUBLIC HEARING ON JUNE 22, 2010, TO AMEND

SECTION 32-D-INDEPENDENT WATER SYSTEMS CONNECTION FEE TO INCREASE

THE FEE FROM \$4,000 TO \$8,000

WHEREAS, Section 32-D of the James City Service Authority (JCSA) Regulations establishes a \$4,000 fee per lot to developers of independent water systems; and

WHEREAS, it has been determined that the proceeds from the investment of the fee is not adequate to offset the costs of operation of the water systems as was originally intended and that an updated financial assessment indicates that an \$8,000 per lot fee is necessary.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby establishes June 22, 2010, as a public hearing to receive comment on a proposal to amend Section 32-D of the Regulations Governing Utility Service by increasing the per lot fee for independent water systems to \$8,000.

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Bruce C. Goodson  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23rd day of March, 2010.

PHIndepend\_res

**The purpose of the retail service charge is to defray all costs of providing water service for domestic, commercial and industrial uses and for firefighting purposes, including repayment of moneys borrowed to acquire or construct the water system; operation and maintenance; and renewals, replacements and extensions.**

- D. Independent Water Systems Connection Fee. The developer of any Independent Water System for which the development plans are submitted 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~~ \$8,000 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 agreement 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 Facilities 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.
- E. Exceptions to local, system facilities charges. The provisions of Section 29 above shall be observed when there is a conflict between Section 29 and the provisions of Sections 32 (B) and 32 (C) above.
- F. Billing and account charges. The following charges shall be assessed for any customer billed by the Authority.



## Revenue versus Costs for Independent Water Systems

March 23, 2010

The number of customers, annual revenues and expenses for the most recent year for each of the independent water systems are as follows:

Water System	Customers	Revenues	Expenses *
Wexford(Riverview)	133	\$32,411	\$30,784
Racefield	33	10,793	32,203
Glenwood	33	6,251	37,015
Kings Village	48	13,304	33879
Ware Creek Manor	67	12,566	30,772
The Retreat	50	18,498.	37,416
Total	364	\$93,793	\$ 202,679
Average Revenue per Customer		\$257	
Average Costs per Customer		\$557	
Revenue less Costs		(\$300)	

Escrow per lot necessary to cover operating costs @ 3.5% return = \$8,571

\*((\$10,000 is added to each facility to cover the costs of tank painting, permitting and pump replacement, etc)