

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY**

**County Government Center Board Room**

**October 24, 2000**

**7:00 P.M.**

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- A. ROLL CALL**
  - B. BOARD CONSIDERATION**
    - 1. Water Purchase Agreement
  - C. BOARD REQUESTS AND DIRECTIVES**

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

DATE: October 24, 2000

TO: The Board of Directors

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

SUBJECT: Elements of Water Purchase Agreement Between Newport News Waterworks and James City Service Authority

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The James City Service Authority (JCSA) has identified the need for a temporary supplemental water supply to meet projected water needs until a more permanent water supply is available. The JCSA is proceeding with the application process for a permit to withdraw water from the Potomac Aquifer to support a 5 million gallons per day (mgd) membrane treatment facility. The facility, if permitted, will be available to provide potable water to JCSA customers in approximately 2006.

In addition, the Board of Directors continues to support the King William Reservoir. A decision from the U.S. Corps of Engineers on the permit for the project is expected in Spring 2001. If approved, water from the project will be available to the Virginia Peninsula in 10-15 years.

In conjunction with Newport News Waterworks (NNWW), the JCSA evaluated available water supplies and water system hydraulics in a study identified as "Feasibility of Distribution System Interconnections on the York-James Peninsula" completed in June 2000. The study identified that, while the JCSA had a projected water deficit, there is adequate water available to meet the overall Peninsula's needs through 2012. Water demand projections indicate that the JCSA may not be able to meet peak summer water demands as early as 2003. The hydraulic analysis indicates that between 1.1 and 1.8 mgd of water could be made available to the JCSA from the NNWW system through relatively simple and inexpensive interconnections of the two systems.

JCSA and NNWW staff have agreed on elements of a proposed water agreement that will be used to craft a formal agreement. The agreement will provide the terms for the purchase of bulk treated water from NNWW. A copy of the elements of the agreement is attached. A summary of the elements that are proposed to be included in the agreement as follows:

- Water Rate: \$1.65 per 1,000 gallons.
- Term: Five years with 2 two-year extensions subject to mutual consent of JCSA and NNWW.
- JCSA to pay for infrastructure improvements; NNWW to manage.
- JCSA responsible for providing information to customers on change in water characteristics.
- JCSA and NNWW to jointly evaluate regional groundwater project if King William Reservoir is denied.
- JCSA agrees to implement same water conservation restrictions as NNWW in areas provided by NNWW.

The Board should be aware of two operational issues that will be impacted as a result of the purchase of water from NNWW. First, a 1 million gallon water storage tank will be required on the "upstream" side of the area served with NNWW water before the interconnection can be activated. The ideal location for the tank is in the Monticello Avenue and Route 199 area. Staff is investigating sites for the tank. Once the site is acquired, it will take approximately 18 months to obtain a special use permit and construct the facility. The storage tank

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was identified as a needed improvement by 2005 in the JCSA Master Infrastructure Plan without the interconnection. The interconnection accelerates the need for the tank.

Second, the arrangement to purchase water from NNWW will increase the JCSA's operating costs. The water purchase does not reduce operating costs because it is necessary to continue operating the same amount of infrastructure as in the past. The impacts of the water purchase would be reflected in the FY 2002 budget and could require an increase in water rates.

It is recommended that the Board approve the attached resolution endorsing the elements of the water purchase agreement with NNWW. A formal agreement will be brought to the Board for approval at its meeting on November 28, 2000.

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Larry M. Foster

LMF/alc  
waterpurch.mem

Attachments

**RESOLUTION**

**ELEMENTS OF WATER PURCHASE AGREEMENT BETWEEN**

**NEWPORT NEWS WATERWORKS AND THE JAMES CITY SERVICE AUTHORITY**

WHEREAS, the James City Service Authority (JCSA) has identified the need for an additional water supply to meet projected demands until permanent water supply can be finalized; and

WHEREAS, the JCSA and Newport News Waterworks (NNWW) have evaluated available water supplies within the region and determined that additional water supply is available in the NNWW systems; and

WHEREAS, the water can be made available through a relatively inexpensive interconnection of the two public water systems; and

WHEREAS, proposed elements to be incorporated into a formal agreement have been developed by JCSA and NNWW and staff.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, agrees in concept to the proposed elements of the agreement and directs staff to proceed with the preparation of a formal agreement.

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James G. Kennedy  
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 24th day of October, 2000.

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