

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS**

**County Government Center Board Room**

**August 10, 2010**

**7:00 P.M.**

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**A. CALL TO ORDER**

**B. ROLL CALL**

**C. CONSENT CALENDAR**

1. Minutes – July 27, 2010, Regular Meeting

**D. BOARD CONSIDERATION**

1. Amend Section 32-D, Independent Water Systems Connection Fees to Increase the Fee from \$4,000 to \$8,000 (deferred from July 27, 2010)

**E. BOARD REQUESTS AND DIRECTIVES**

**F. ADJOURNMENT** to September 22, 2010

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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 2010, AT 7 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. CONSENT CALENDAR**

Mr. Goodson reviewed the items on the 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 –
  - a. May 25, 2010, Regular Meeting
  - b. June 22, 2010, Regular Meeting
2. Bid Award – Ironbound Water Storage and Booster Facility – \$725,000

**RESOLUTION**

**BID AWARD - IRONBOUND WATER STORAGE AND BOOSTER FACILITY - \$725,000**

WHEREAS, the plans and specifications for the Ironbound Water Storage and Booster Facility were publicly advertised and competitively bid with three firms submitting a bid; and

WHEREAS, Shaw Construction Corporation submitted the low bid and was determined capable of completing the project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the Ironbound Water Storage and Booster Facility Improvements to Shaw Construction Corporation for a bid of \$725,000.

3. Contract Award – Small Jet Vector Truck – \$204,424

**RESOLUTION**

CONTRACT AWARD – SMALL JET VECTOR TRUCK – \$204,424

WHEREAS, funds are available in the James City Service Authority’s FY 2011 Capital Improvement Program budget for the purchase of a Small Jet Vector Truck; and

WHEREAS, cooperative purchasing procedure is authorized by Chapter 1, Section 5 of the James City County Purchasing Policy and the Virginia Public Procurement Act, and the Houston-Galveston Area Council issued a cooperative purchasing contract to Vac-Con as a result of a competitive sealed Invitation to Bid.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the contract for the Small Jet Vector Truck to Vac-Con in the amount of \$204,424.

4. Formal Acceptance of Water and Sewer Systems – FY 2010

**RESOLUTION**

FORMAL ACCEPTANCE OF WATER AND SEWER SYSTEMS – FY 2010

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

WHEREAS, these water and sewer infrastructures have been constructed in accordance with technical requirements of the JCSA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, does hereby formally accept the dedication of the water and sewer systems listed below, as of June 30, 2010.

Water Dedications

<u>Development</u>	<u>Value</u>
Avid Medical Expansion	\$ 10,100
New Town – Block 8, Phase 1A	85,350
New Town – Block 8, Phase 1B	164,475
Pleasant Hill Carwash	45,070
Prime Outlets – Phase 7	125,550
Stonehouse Glen – Phase 2	223,850
Weatherly at White Hall	226,350
Windmill Meadows	258,350
WindsorMeade Villas	<u>128,705</u>
Total:	<u>\$1,267,800</u>

Sewer Dedications

<u>Development</u>	<u>Value</u>
New Town – Block 8, Phase 1A	\$ 116,570
New Town – Block 8, Phase 1B	227,360
Pleasant Hill Carwash	1,205
Prime Outlets – Phase 7	7,185
Stonehouse Glen – Phase 2	445,070
Stonehouse Presbyterian Church Sewer	54,000
Weatherly at White Hall	240,230
Windmill Meadows	947,835
WindsorMeade Villas	<u>128,615</u>
Total:	<u>\$2,168,070</u>

5. Virginia American Recovery and Reinvestment Act (ARRA) Contract

**RESOLUTION**

**VIRGINIA AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) CONTRACT**

WHEREAS, the James City Service Authority (JCSA) partnered with the Department of Mines, Minerals, and Energy (DMME) in applying for American Recovery and Reinvestment Act (ARRA) funds for energy conservation rebates; and

WHEREAS, the ARRA funding request was approved by the Department of Energy (DOE) and initially accepted through a Letter of Commitment (LOC); and

WHEREAS, the LOC does not explicitly “flow down” special provisions required by the DOE and Virginia which apply to all ARRA sub-recipients; and

WHEREAS, a contract that outlines JCSA’s participation in the Virginia Appliance Rebate Program is now required.

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’s signature on the Virginia ARRA contract.

6. Bank Resolution Amendment

**RESOLUTION**

**BANK RESOLUTION AMENDMENT**

BE IT RESOLVED that Towne Bank, Williamsburg, Virginia, be and it is hereby designated as depository for the James City Service Authority funds and that funds so deposited may be withdrawn upon a check, draft, note, or order of the Board of Directors; and

BE IT FURTHER RESOLVED that all checks, drafts, notes, or orders drawn against said accounts be signed by two of the following:

Larry M. Foster	OR	General Manager
Robert C. Middaugh, Jr.	OR	Secretary
Robert H. Smith	OR	Treasurer
Tara Woodruff		Assistant Treasurer

whose signatures shall be duly certified to these financial institutions and that no checks, drafts, notes, or orders drawn against these financial institutions shall be valid unless so signed.

BE IT FURTHER RESOLVED that said Bank is hereby authorized and directed to honor and pay any checks, drafts, notes or orders so drawn, whether such checks, drafts, notes or orders be payable to the order of any such persons signing and/or countersigning said checks, drafts, notes or orders, or any of such persons in their individual capacities or not, and whether such checks, drafts, notes or orders are deposited to the individual credit of the person so signing and/or countersigning said checks, drafts, notes or orders, or the individual credit of any of the other officers or not. For cash investment purposes, the Bank is also authorized and directed to honor requests for the transfer of money from savings to checking, checking to savings, and transfers from checking or savings to purchase Certificates of Deposit, repurchase agreements or to make other lawful investments when requested by Robert H. Smith, Treasurer, or Tara Woodruff, Assistant Treasurer. This resolution shall continue in force and said Bank may consider the facts concerning the holders of said offices, respectively, and their signatures to be and continue as set forth in the Certificate of the Secretary, accompanying a copy of this resolution when delivered to said Bank or in any similar subsequent certificate, until written notice to the contrary is duly served on said Bank.

7. Optional Long-Term Care Insurance

**RESOLUTION**

**OPTIONAL LONG-TERM CARE INSURANCE**

WHEREAS, the Virginia Retirement System (VRS) is allowing local governments to participate in their optional long-term care insurance; and

WHEREAS, long-term care insurance may be beneficial to employees to protect their assets if they need long-term care in a nursing home, assisted living facility, or at home; and

WHEREAS, employees will be able to take advantage of group rates, payroll deduction, and guaranteed issue; and

WHEREAS, the benefit is 100-percent employee paid and revocable after three years.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, does hereby authorize the County Administrator to enter into an agreement with VRS to offer Long-Term Care Insurance.

BE IT FURTHER RESOLVED that the Board of Supervisors of James City County, Virginia, does hereby adopt the attached revision to Chapter 5, Employee Benefits, of the James City County Personnel Policies and Procedures Manual.

**D. PUBLIC HEARINGS**

1. Extinguishment of Easement – 5560 Williamsburg Landing Drive

Mr. Foster stated that this item was an extinguishment of an easement at 5560 Williamsburg Landing Drive, owned by Williamsburg Landing. He reviewed the location of the easement and stated the extinguishment was a result of relocation of a waterline. He recommended approval of the resolution following the public hearing.

Mr. Goodson opened the public hearing.

As no one wished to speak to this matter, Mr. Goodson closed the public hearing.

Mr. McGlennon made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

**RESOLUTION**

**EXTINGUISHMENT OF EASEMENT – 5560 WILLIAMSBURG LANDING DRIVE**

WHEREAS, after receiving comment at a public hearing held on July 27, 2010, the Board of Directors of the James City Service Authority determined that portions of the waterline easement located at 5560 Williamsburg Landing Drive, Parcel No. 4820100003 and identified on a plat prepared by AES Consulting Engineers, and dated June 23, 2010, are no longer needed.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby extinguishes the above-mentioned easement.

2. Extinguishment of Easement – 3316, 3320, and 3324 Hillcrest Trail

Mr. Foster stated this easement is located in the Stonehouse development that was dedicated when the sewer line was relocated to a different area. He stated this was the formal extinguishment of the easement that would remove the liability on the three lots where the easement is located. He reviewed the location of the easement. He stated that there was no need to use these easements and recommended approval of the resolution following the public hearing.

Mr. Goodson opened the public hearing.

As no one wished to speak to this matter, Mr. Goodson closed the public hearing.

Mr. McGlennon made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

## **RESOLUTION**

### **EXTINGUISHMENT OF EASEMENT – 3316, 3320, AND 3324 HILLCREST TRAIL**

WHEREAS, after receiving comment at a public hearing held on July 27, 2010, the Board of Directors of the James City Service Authority determined that the sewer easement that was established by a subdivision plat, prepared by AES Consulting Engineers, and dated November 2, 2001, on Parcel Nos. 0540200008 (3316 Hillcrest Trail), 0540200009 (93320 Hillcrest Trail), and 0540200010 (3324 Hillcrest Trail) is no longer needed.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby extinguishes the above-mentioned easements.

#### **E. BOARD CONSIDERATIONS**

1. Amend Section 32-D, Independent Water Systems Connection Fees to Increase the Fee from \$4,000 to \$8,000 (deferred from June 22, 2010)

Mr. Kennedy stated he would like to defer this item again in order to have a broader discussion with this matter included. He asked if there was any pressing matter that required immediate action.

Mr. Foster stated that there was one development that was nearly ready to pay the fee, which could occur before this matter was addressed by the Board.

Mr. Kennedy asked if the development would be subject to this fee change.

Mr. Foster stated that the development would not be subject to the fee change if the fee was paid before the Board approved the increase.

Mr. Kennedy asked if there was a way to put a freeze on the policy for a few months.

Mr. Rogers stated that the Board could not do that if the Board adopted the regulation. He stated that the Board could defer this item until August after the Board has had an opportunity to discuss Rural Lands and the Primary Service Area (PSA). He stated that when the Board meets with the Planning Commission, the Board could get a better idea of when it might take action.

Mr. Icenhour stated he felt a definite time should be established to act on this item. He stated staff should receive a clear idea about what should be discussed related to this item.

Mr. Goodson stated that discussion could be held at the joint meeting with the Planning Commission. Mr. Goodson asked if it was necessary to bring the JCSA into session during the work session.

Mr. Rogers stated that the James City Service Authority (JCSA) would meet on August 10, 2010, and the matter could be deferred to that date.

Mr. Kennedy stated he did not anticipate that all the items previously discussed would be addressed at that meeting.

Mr. McGlennon stated he supported the decision to defer this item, but hoped that action on this item would not be delayed until all the issues related to Rural Lands were discussed.

Mr. Goodson stated this item would be deferred until August 10, 2010.

Mr. Foster noted that he would not be in attendance at the meeting on August 10, 2010.

2. Amendments to Section 34, Withdrawal Impact Mitigation Plan – Regulations Governing Utility Service

Mr. Foster stated that the JCSA was required by the Department of Environmental Quality (DEQ) to have a Withdrawal Impact Mitigation Plan that defines the process, procedures and philosophy for the mitigation of adverse impacts of existing wells resulting from JCSA groundwater withdrawals. He explained this proposal would amend Section 34 as required by the Department of Environmental quality groundwater withdrawal permits. He stated that the JCSA has mitigated over 170 claims over the last 12 years. He stated that no claim has elevated that far and believed that every claim has been dealt with quickly. He recommended approval of the resolution.

Mr. McGlennon made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

## **RESOLUTION**

### **AMENDMENTS TO SECTION 34 WITHDRAWAL IMPACT MITIGATION PLAN –**

#### **REGULATIONS GOVERNING UTILITY SERVICE**

WHEREAS, the James City Service Authority's (JCSA) Regulations Governing Utility Service – Section 34 establishes procedures to address adverse impacts on private wells resulting from JCSA permitted groundwater withdrawals; and

WHEREAS, a mitigation plan is required for all permitted groundwater withdrawals and the Virginia Department of Environmental Quality has dictated minor modification to the JCSA's Plan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Director of the James City Service Authority, James City County, Virginia, hereby amends Section 34 of the Regulations Governing Utility Service to reflect those modifications shown on the attachment.

#### **F. BOARD REQUESTS AND DIRECTIVES**

Mr. Goodson asked for an update on water demands.

Mr. Foster stated that Mr. Wanner declared Stage I drought conditions last Tuesday and the water demands have been reasonably below the threshold. He stated that the recent heat wave pushed demands over the threshold very quickly. He stated demand is consistently in the 8-9 million gallons a day and the system was responding well to the demand. He stated that it was a concern of staff, but he did not anticipate going to



Stage II drought conditions, which would require mandatory prohibition of outside water use. He stated if there was a change in customer demand, it was minor.

Mr. Kennedy asked if there was a drop when outdoor irrigation was not permitted.

Mr. Foster stated demand dropped to roughly 6 million gallons a day.

Mr. Kennedy asked about the possibility of moving to twice-a-week irrigation. He stated that there was 4 million gallons a day for outdoor irrigation, which he felt was unacceptable. He asked if the Board would discuss this in the future.

Mr. Icenhour commented on water main breaks in Season's Trace and Ford's Colony. He asked if this was attributed to demand, high temperatures, or other factors.

Mr. Foster stated this could be attributed to extreme weather conditions and electrification of the waterlines from underground power lines which stress the integrity of the lines.

Mr. Icenhour thanked Mr. Foster and JCSA staff for the quick response to the waterline break. He asked if there was a way to track irrigation wells.

Mr. Foster stated that the JCSA has been tracking private wells since the early 1990s.

Mr. Icenhour asked if there was an increase in irrigation wells. He stated he had heard of interest lately due to the drought conditions and water restrictions.

Mr. Foster stated he has seen a slight increase. He stated that he saw this as an important reason to be conscientious of water rates.

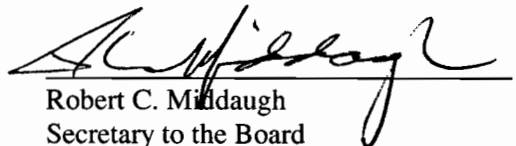
Mr. Foster expressed his appreciation for Mr. Wanner's leadership in the County.

**G. ADJOURNMENT** to August 10, 2010.

Mr. McGlennon made a motion to adjourn.

The motion passed by a unanimous voice vote.

At 8:13 p.m. Mr. Goodson adjourned the Board until August 10, 2010.

  
Robert C. Mindaugh  
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 27TH DAY OF JULY 2010, AT 7 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. CONSENT CALENDAR**

Mr. Goodson reviewed the items on the 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 –
  - a. May 25, 2010, Regular Meeting
  - b. June 22, 2010, Regular Meeting
2. Bid Award – Ironbound Water Storage and Booster Facility – \$725,000

**RESOLUTION**

**BID AWARD - IRONBOUND WATER STORAGE AND BOOSTER FACILITY - \$725,000**

WHEREAS, the plans and specifications for the Ironbound Water Storage and Booster Facility were publicly advertised and competitively bid with three firms submitting a bid; and

WHEREAS, Shaw Construction Corporation submitted the low bid and was determined capable of completing the project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the Ironbound Water Storage and Booster Facility Improvements to Shaw Construction Corporation for a bid of \$725,000.

3. Contract Award – Small Jet Vector Truck – \$204,424

**RESOLUTION**

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WHEREAS, funds are available in the James City Service Authority’s FY 2011 Capital Improvement Program budget for the purchase of a Small Jet Vector Truck; and

WHEREAS, cooperative purchasing procedure is authorized by Chapter 1, Section 5 of the James City County Purchasing Policy and the Virginia Public Procurement Act, and the Houston-Galveston Area Council issued a cooperative purchasing contract to Vac-Con as a result of a competitive sealed Invitation to Bid.

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4. Formal Acceptance of Water and Sewer Systems – FY 2010

**RESOLUTION**

FORMAL ACCEPTANCE OF WATER AND SEWER SYSTEMS – FY 2010

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

WHEREAS, these water and sewer infrastructures have been constructed in accordance with technical requirements of the JCSA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, does hereby formally accept the dedication of the water and sewer systems listed below, as of June 30, 2010.

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<u>Development</u>	<u>Value</u>
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Total:	<u>\$2,168,070</u>

5. Virginia American Recovery and Reinvestment Act (ARRA) Contract

**RESOLUTION**

**VIRGINIA AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) CONTRACT**

WHEREAS, the James City Service Authority (JCSA) partnered with the Department of Mines, Minerals, and Energy (DMME) in applying for American Recovery and Reinvestment Act (ARRA) funds for energy conservation rebates; and

WHEREAS, the ARRA funding request was approved by the Department of Energy (DOE) and initially accepted through a Letter of Commitment (LOC); and

WHEREAS, the LOC does not explicitly “flow down” special provisions required by the DOE and Virginia which apply to all ARRA sub-recipients; and

WHEREAS, a contract that outlines JCSA’s participation in the Virginia Appliance Rebate Program is now required.

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’s signature on the Virginia ARRA contract.

6. Bank Resolution Amendment

**RESOLUTION**

**BANK RESOLUTION AMENDMENT**

BE IT RESOLVED that Towne Bank, Williamsburg, Virginia, be and it is hereby designated as depository for the James City Service Authority funds and that funds so deposited may be withdrawn upon a check, draft, note, or order of the Board of Directors; and

BE IT FURTHER RESOLVED that all checks, drafts, notes, or orders drawn against said accounts be signed by two of the following:

Larry M. Foster	OR	General Manager
Robert C. Middaugh, Jr.	OR	Secretary
Robert H. Smith	OR	Treasurer
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whose signatures shall be duly certified to these financial institutions and that no checks, drafts, notes, or orders drawn against these financial institutions shall be valid unless so signed.

BE IT FURTHER RESOLVED that said Bank is hereby authorized and directed to honor and pay any checks, drafts, notes or orders so drawn, whether such checks, drafts, notes or orders be payable to the order of any such persons signing and/or countersigning said checks, drafts, notes or orders, or any of such persons in their individual capacities or not, and whether such checks, drafts, notes or orders are deposited to the individual credit of the person so signing and/or countersigning said checks, drafts, notes or orders, or the individual credit of any of the other officers or not. For cash investment purposes, the Bank is also authorized and directed to honor requests for the transfer of money from savings to checking, checking to savings, and transfers from checking or savings to purchase Certificates of Deposit, repurchase agreements or to make other lawful investments when requested by Robert H. Smith, Treasurer, or Tara Woodruff, Assistant Treasurer. This resolution shall continue in force and said Bank may consider the facts concerning the holders of said offices, respectively, and their signatures to be and continue as set forth in the Certificate of the Secretary, accompanying a copy of this resolution when delivered to said Bank or in any similar subsequent certificate, until written notice to the contrary is duly served on said Bank.

7. Optional Long-Term Care Insurance

**RESOLUTION**

**OPTIONAL LONG-TERM CARE INSURANCE**

WHEREAS, the Virginia Retirement System (VRS) is allowing local governments to participate in their optional long-term care insurance; and

WHEREAS, long-term care insurance may be beneficial to employees to protect their assets if they need long-term care in a nursing home, assisted living facility, or at home; and

WHEREAS, employees will be able to take advantage of group rates, payroll deduction, and guaranteed issue; and

WHEREAS, the benefit is 100-percent employee paid and revocable after three years.

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**D. PUBLIC HEARINGS**

1. Extinguishment of Easement – 5560 Williamsburg Landing Drive

Mr. Foster stated that this item was an extinguishment of an easement at 5560 Williamsburg Landing Drive, owned by Williamsburg Landing. He reviewed the location of the easement and stated the extinguishment was a result of relocation of a waterline. He recommended approval of the resolution following the public hearing.

Mr. Goodson opened the public hearing.

As no one wished to speak to this matter, Mr. Goodson closed the public hearing.

Mr. McGlennon made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

**RESOLUTION**

**EXTINGUISHMENT OF EASEMENT – 5560 WILLIAMSBURG LANDING DRIVE**

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The motion passed by a unanimous voice vote.

## **RESOLUTION**

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#### **E. BOARD CONSIDERATIONS**

1. Amend Section 32-D, Independent Water Systems Connection Fees to Increase the Fee from \$4,000 to \$8,000 (deferred from June 22, 2010)

Mr. Kennedy stated he would like to defer this item again in order to have a broader discussion with this matter included. He asked if there was any pressing matter that required immediate action.

Mr. Foster stated that there was one development that was nearly ready to pay the fee, which could occur before this matter was addressed by the Board.

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Mr. Rogers stated that the James City Service Authority (JCSA) would meet on August 10, 2010, and the matter could be deferred to that date.

Mr. Kennedy stated he did not anticipate that all the items previously discussed would be addressed at that meeting.

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Mr. Goodson stated this item would be deferred until August 10, 2010.

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Mr. McGlennon made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

**RESOLUTION**

**AMENDMENTS TO SECTION 34 WITHDRAWAL IMPACT MITIGATION PLAN –**

**REGULATIONS GOVERNING UTILITY SERVICE**

WHEREAS, the James City Service Authority's (JCSA) Regulations Governing Utility Service – Section 34 establishes procedures to address adverse impacts on private wells resulting from JCSA permitted groundwater withdrawals; and

WHEREAS, a mitigation plan is required for all permitted groundwater withdrawals and the Virginia Department of Environmental Quality has dictated minor modification to the JCSA's Plan.

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Mr. Foster stated that Mr. Wanner declared Stage I drought conditions last Tuesday and the water demands have been reasonably below the threshold. He stated that the recent heat wave pushed demands over the threshold very quickly. He stated demand is consistently in the 8-9 million gallons a day and the system was responding well to the demand. He stated that it was a concern of staff, but he did not anticipate going to



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Mr. Kennedy asked if there was a drop when outdoor irrigation was not permitted.

Mr. Foster stated demand dropped to roughly 6 million gallons a day.

Mr. Kennedy asked about the possibility of moving to twice-a-week irrigation. He stated that there was 4 million gallons a day for outdoor irrigation, which he felt was unacceptable. He asked if the Board would discuss this in the future.

Mr. Icenhour commented on water main breaks in Season's Trace and Ford's Colony. He asked if this was attributed to demand, high temperatures, or other factors.

Mr. Foster stated this could be attributed to extreme weather conditions and electrification of the waterlines from underground power lines which stress the integrity of the lines.

Mr. Icenhour thanked Mr. Foster and JCSA staff for the quick response to the waterline break. He asked if there was a way to track irrigation wells.

Mr. Foster stated that the JCSA has been tracking private wells since the early 1990s.

Mr. Icenhour asked if there was an increase in irrigation wells. He stated he had heard of interest lately due to the drought conditions and water restrictions.

Mr. Foster stated he has seen a slight increase. He stated that he saw this as an important reason to be conscientious of water rates.

Mr. Foster expressed his appreciation for Mr. Wanner's leadership in the County.

**G. ADJOURNMENT** to August 10, 2010.

Mr. McGlennon made a motion to adjourn.

The motion passed by a unanimous voice vote.

At 8:13 p.m. Mr. Goodson adjourned the Board until August 10, 2010.

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Robert C. Middaugh, Jr.  
Secretary to the Board

**MEMORANDUM**

DATE: August 10, 2010

TO: The Board of Directors

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

SUBJECT: Amend Section 32-D Independent Water Systems Connection Fees to Increase the Fee from \$4,000 to \$8,000

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At its June 22, 2010, meeting the Board conducted a public hearing on the Amendment of Section 32-D of the Regulations Governing Utility Service by increasing the per lot fee from \$4,000 to \$8,000 for all developments required by the County's Subdivision Ordinance to have an independent water system. The fee was implemented in 2004 to create an escrow fund to generate revenue to offset the expenses over revenues for the operation of independent water systems. After receiving public comment at the public hearing, the Board deferred action on the proposed fee increase until the July 27, 2010, meeting.

To establish the recommended fee, all revenues and only operating expenses were calculated for the six existing independent water systems. No capital costs or administrative fees were used in the calculation except for an allocation of \$10,000 per year, per facility, to cover capital expenses. This appeared reasonable since water tanks have to be painted approximately every ten years at a cost of approximately \$50,000. Department of Environmental Quality (DEQ) permits have to be renewed every ten years at a cost of \$6,000 and motor/pumps and wells have to be replaced at random intervals at an estimated cost of \$100,000 each. Revenue was based on actual receipts from each system over the most recent 12 months. Once compiled, revenues and expenses were divided by the combined total number of customers for all six systems to establish a per customer average for revenues and expenses (\$257/\$557).

Receipts from the fee were directed to be placed into an interest-bearing account where the proceeds of which would be used to offset the costs of operating the independent water systems. Because local governments are limited to conservative investment practices, a 3.5 percent return was calculated which is currently considerably higher than can be expected but is hopefully consistent with returns in the long-term. Once all was calculated, it was determined that an \$8,000 fee per lot was needed to offset the cost of operating an independent water system.

The fees are required to be paid for all planned lots in the development when the developer requests the James City Service Authority (JCSA) to accept the operation of the well facility and water system. Development can take years to build-out with limited revenues during this period while expenses to operate the well facility are not significantly reduced. No developments requiring independent water systems have reached the level of maturity to require the payment of the fee. One development is very near requesting the JCSA to take over its independent water system.

As referenced above, the JCSA starts incurring expenses as soon as it takes over a water system while revenues are minimal. However, receiving fees for all lots created upon accepting the water system may be onerous. Two options are offered as follows:

- 1) Payment of fees for all lots when subdivided. Developments of any size are typically completed in phases. This option would require the payment of fees prior to final approval of a subdivision plat based on how the developer phases the project.

Amend Section 32-D Independent Water Systems Connection Fees to Increase  
the Fee From \$4,000 to \$8,000

August 10, 2010

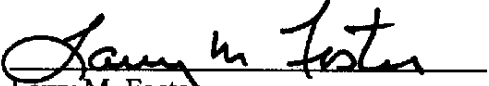
Page 2

- 2) Payment of 25 percent of the fee (\$2,000) for all planned lots prior to acceptance of the water facilities with the balance of the fees required when the plumbing permit is issued for the structure. This is the process and timing for collection of connection fees currently.

Both options offer revenue for startup cost associated with the independent water system while deferring a substantial amount of the fee until a later date that is closer to the date that any homes will connect to the water system.

It is recommended that the Board approve the attached resolution amending Section 32-D of the Regulations Governing Utility Service by increasing the Independent Water System Connection Fee from \$4,000 to \$8,000 and providing that the fee be collected prior to final approval of a subdivision plat.

A second resolution is included to offer the Board the opportunity to direct that the fee be collected in accordance with Option No. 2 above.

  
Larry M. Foster

LMF/nb  
IndWtrSyFee\_mem

Attachments

**RESOLUTION**

**AMEND SECTION 32-D INDEPENDENT WATER SYSTEMS CONNECTION FEES TO**

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

WHEREAS, to Amend Section 32-D of the James City Service Authority's Regulations Governing Utility Service establishing a \$8,000 fee per lot for developers of an independent water system; and

WHEREAS, it has been determined that the proceeds from the investment of the proceeds from the fee are not adequate to offset the costs of operation of the independent water system as was intended; and

WHEREAS, an updated financial assessment indicates that an \$8,000 per lot fee is required to generate adequate funds to offset the costs of operating independent water systems.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby amends Section 32-D of the Regulations Governing Utility Service by increasing the per lot fee for Independent Water Systems to \$8,000 and providing that the fee be collected for each lot proposed to be created prior to the final approval of any subdivision plat.

\_\_\_\_\_  
Bruce C. Goodson  
Chairman, Board of Directors

ATTEST:

\_\_\_\_\_  
Robert C. Middaugh  
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, 2010.

IndWtrSyFee1\_res

Option 1

Revised ~~July 1, 2008~~ *August 10, 2010*

**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 *final approval of a subdivision plat.* ~~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; and
    - 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.

## Option 2

Revised July 1, 2008 August 10, 2010

**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. Payment of 25 percent of the fee (\$2,000) is required for each planned lot or the development prior to acceptance of the water facilities with the balance of the fee (\$6,000) required for each lot prior a when the plumbing permit being issued for the structure.~~

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; and
    - 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.
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- 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:

<u>Water System</u>	<u>Customers</u>	<u>Revenues</u>	<u>Expenses *</u>
Wexford(Riverview)	133	\$32,411	\$ 30,784
Racefield	33	10,793	32,203
Glenwood	33	6,251	37,015
Kings Village	48	13,304	33,879
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 at 3.5% return=			\$8,571

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

**RESOLUTION**

**AMEND SECTION 32-D INDEPENDENT WATER SYSTEMS CONNECTION FEES TO**

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

WHEREAS, to Amend Section 32-D of the James City Service Authority's (JCSA's) Regulations Governing Utility Service establishing a \$8,000 fee per lot for developers of an independent water system; and

WHEREAS, it has been determined that the proceeds from the investment of the proceeds from the fee are not adequate to offset the costs of operation of the independent water system as was intended; and

WHEREAS, an updated financial assessment indicates that an \$8,000 per lot fee is required to generate adequate funds to offset the costs of operating independent water systems.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby amends Section 32-D of the Regulations Governing Utility Service by increasing the fee for Independent Water Systems to \$8,000 and providing that 25 percent of the fee for all planned lots be collected when the JCSA accepts the water facility and distribution system from the developer with the balance of the fee being collected when the plumbing permit for homes built in the development served by the water system is issued.

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Bruce C. Goodson  
Chairman, Board of Directors

ATTEST:

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Robert C. Middaugh  
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, 2010.

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