

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS**

**County Government Center Board Room**

**April 26, 2011**

**7:00 P.M.**

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**A. CALL TO ORDER**

**B. ROLL CALL**

**C. CONSENT CALENDAR**

1. Minutes – April 12, 2011, Regular Meeting

**D. PUBLIC HEARING**

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

**E. BOARD CONSIDERATION**

1. FY 2012 James City Service Authority Budget

**F. BOARD REQUESTS AND DIRECTIVES**

**G. ADJOURNMENT**

042611bod\_age

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 12TH DAY OF APRIL 2011, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

**A. CALL TO ORDER**

**B. ROLL CALL**

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

Robert C. Middaugh, Secretary  
Leo P. Rogers, County Attorney  
Larry M. Foster, General Manager

**C. CONSENT CALENDAR**

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

The motion passed by a unanimous voice vote.

1. Minutes – March 22, 2011, Regular Meeting
2. Contract Award – Furnishings for New James City Service Authority (JCSA) Operations Center – \$143,825

**RESOLUTION**

**CONTRACT AWARD – FURNISHINGS FOR NEW JAMES CITY SERVICE AUTHORITY**

**(JCSA) OPERATIONS CENTER – \$143,825**

WHEREAS, funds are available in the FY 2011 Capital Improvement Program budget for purchase of furnishings for the new James City Service Authority (JCSA) Operations Center; and

WHEREAS, cooperative purchasing action is authorized by Chapter 1, Section 5, of the James City County Purchasing Policy and the Virginia Public Procurement Act and The Cooperative Purchasing Network (TCPN) issued a cooperative purchasing contract to Smarter Interiors as a result of a competitive sealed Request for Proposals; and

WHEREAS, JCSA and Purchasing staff determined the contract specifications met the Authority's requirements for furniture in the amount of \$143,825 with Smarter Interiors.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes the Secretary to the Board to execute a contract with Smarter Interiors for furnishings in the amount of \$143,825.

**D. PUBLIC HEARING**

1. FY 2012 James City Service Authority Budget

Mr. Foster stated that Ms. Sue Mellen, Assistant Manager of Financial and Management Services, would cover the James City Service Authority (JCSA) Budget along with the County budget. He stated that this was an opportunity for public comment on the JCSA budget prior to adoption on April 26, 2011.

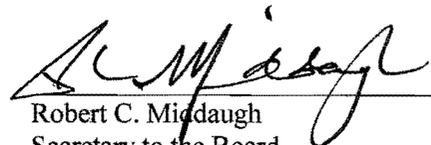
Mr. Kennedy opened the Public Hearing.

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

**E. BOARD REQUESTS AND DIRECTIVES - None**

**F. RECESS**

At 8:54 p.m., Mr. Kennedy recessed the Board to April 18, 2011, at 7 p.m. for a budget work session.

  
Robert C. Middaugh  
Secretary to the Board

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Mr. Kennedy opened the Public Hearing.

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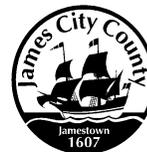
**E. BOARD REQUESTS AND DIRECTIVES - None**

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Robert C. Middaugh  
Secretary to the Board



**MEMORANDUM COVER**

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

**Strategic Management Plan Pathway:** 1.a - evaluate service delivery costs

**Action Requested:** Shall the Board approval the resolution authorizing an increase of independent water system fees from \$4,000 to \$8,000 per lot?

**Summary:** Investment returns from independent water system fees do not provide adequate revenue to cover costs of operations of independent water systems when combined with revenues received from service. A Board requested evaluation of cost versus revenues indicates a fee of \$8,000 per lot is necessary to offset the deficit.

Approval of an increase in the fee is recommended with two options offered for determining when the fee will be paid. These two options are as follows:

Option 1 - Provides for the collection of the fee when lots are platted.

Option 2 - Provides for the developer to pay \$2,000 per lot for ALL planned lots with the acceptance of the independent water system serving the development. The balance would be paid when the building permit is issued for the home to be constructed on the lot.

Staff recommends approval of the attached resolution.

**Fiscal Impact:** N/A

**FMS Approval, if Applicable:** Yes  No

**Assistant County Administrator**  
  
Doug Powell \_\_\_\_\_

**County Administrator**  
  
Robert C. Middaugh \_\_\_\_\_

**Attachments:**  
1. Memorandum  
2. Resolution

**Agenda Item No.:** D-1  
  
**Date:** April 26, 2011

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

DATE: April 26, 2011  
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.

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. The 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, the proceeds of which would be used to offset the costs of operating the independent water system. Because local government is 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. Revenues from the development are limited during build-out while expenses to operate the well facility are not significantly reduced. As an example, the JCSA has taken over the responsibility of operating the water system serving the first development impacted by the fee. The development currently has two active water connections serving model homes.

As referenced above, the JCSA starts incurring expenses as soon as it takes over a water system while revenues are minimal. Typically developments occur in phases; requiring the fees to be paid for all lots planned for the development may be onerous. Two options are offered as follows:

Option No. 1 - Payment of fees for all lots when subdivided. This option would require the payment of fees prior to final approval of a subdivision plan 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

April 26, 2011

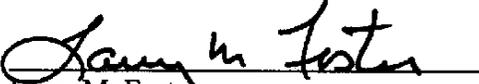
Page 2

Option No. 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 homes will connect to the water system.

Staff recommends approval of 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.

  
Larry M. Foster

LMF/nb

AmendSec32-D\_mem

Attachment

**RESOLUTION**

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

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

WHEREAS, at its June 22, 2010, meeting, the Board conducted a public hearing on the Amendment of Section 32-D of the James City Service Authority's Regulations Governing Utility Service to increase the per lot fee for developers of independent water systems from \$4,000 to \$8,000 but ultimately deferred action on the proposed fee increase; and

WHEREAS, it has been determined that the returns from the investment of the proceeds from the fee is not adequate to offset the costs of operation of the independent water system as 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, effective May 1, 2011, 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 will be collected for each lot proposed to be created prior to the final approval of any subdivision plat.

BE IT FURTHER RESOLVED that notwithstanding the foregoing, the fee for Independent Water Systems shall remain \$4,000 per lot for those Independent Water Systems, which, as of the date of this resolution, have been installed in conjunction with an approved subdivision and have been dedicated to and accepted by the James City Service Authority.

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James G. Kennedy  
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 26th day of April, 2011.

AmendSec32-D\_res

**RESOLUTION**

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

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

WHEREAS, at its June 22, 2010, meeting, the Board conducted a public hearing on the Amendment of Section 32-D of the James City Service Authority's Regulations Governing Utility Service to increase the per lot fee for developers of independent water systems from \$4,000 to \$8,000 but ultimately deferred action on the proposed fee increase; and

WHEREAS, it has been determined that the returns from the investment of the proceeds from the fee is not adequate to offset the costs of operation of the independent water system as 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, effective May 1, 2011, 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 lots, based on the developments Master Plan, 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.

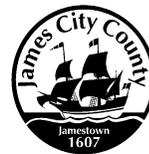
BE IT FURTHER RESOLVED that notwithstanding the foregoing, the fee for Independent Water Systems shall remain \$4,000 per lot for those Independent Water Systems, which, as of the date of this resolution, have been installed in conjunction with an approved subdivision and have been dedicated to and accepted by the James City Service Authority.

\_\_\_\_\_  
James G. Kennedy  
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 26th day of April, 2011.



**MEMORANDUM COVER**

**Subject:** Resolution of Appropriation – James City Service Authority (JCSA) – Fiscal Year 2012 Budget

**Strategic Management Plan Pathway:** N/A

**Action Requested:** Shall the Board approve a public hearing for the James City Service Authority (JCSA) Fiscal Year 2012 budget?

**Summary:** The JCSA Board of Directors held a public hearing on April 12, 2011, on the FY 2012 JCSA budget. Attached for Board consideration and adoption is the resolution of appropriation for FY 2012.

Staff recommends approval of the attached resolution.

**Fiscal Impact:** None

**FMS Approval, if Applicable:** Yes  No   
\_\_\_\_\_

**Assistant County Administrator**  
  
Doug Powell \_\_\_\_\_

**County Administrator**  
  
Robert C. Middaugh \_\_\_\_\_

**Attachments:**  
1. Memorandum  
2. Resolution

**Agenda Item No.:** E-1  
  
**Date:** April 26, 2011

MEMORANDUM

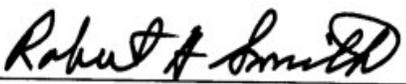
DATE: April 26, 2011  
TO: The Board of Directors  
FROM: Robert H. Smith, Assistant General Manager, James City Service Authority  
SUBJECT: Resolution of Appropriation – James City Service Authority (JCSA) – Fiscal Year 2012 Budget

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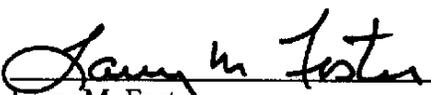
Attached for Board consideration and adoption is the resolution for the FY 12 appropriations for the James City Service Authority:

- Water Fund
- Sewer Fund
- Administration Fund
- Capital Improvement Program
- Debt Service Fund

Staff recommends adoption of the attached resolution.

  
Robert H. Smith

CONCUR:

  
Larry M. Foster

RHS/nb  
ROA\_JCSAFY12\_mem

Attachment

RESOLUTION OF APPROPRIATION

JAMES CITY SERVICE AUTHORITY (JCSA) – FISCAL YEAR 2012 BUDGET

WHEREAS, the Assistant General Manager has prepared a proposed budget for the fiscal year beginning July 1, 2011, and ending June 30, 2012; and

WHEREAS, the Board of Directors has considered said budget and now proposes to adopt the budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that the following amounts are hereby adopted and appropriated for operations and activities in the amounts as shown below:

1. The following amounts are hereby appropriated in the **Water Fund**:

<u>Water Fund - Revenue:</u>	
Service Charges	<u>\$6,723,356</u>
 <u>Water Fund - Expenditures:</u>	
Administration Fund Allocation	\$2,475,829
Operations and Maintenance	2,835,083
Capital Equipment Outlay	23,000
Debt Services Fund	1,383,444
Project Development Agreement Operating Costs	<u>6,000</u>
	<u>\$6,723,356</u>

2. The following amounts are hereby appropriated in the **Sewer Fund**:

<u>Sewer Fund - Revenue:</u>	
Service Charges	<u>\$5,890,038</u>
 <u>Sewer Fund - Expenditures:</u>	
Administration Fund Allocation	\$3,419,003
Operations and Maintenance	2,087,535
Grinder Pump Expenses	309,000
Capital Equipment Outlay	<u>74,500</u>
	<u>\$5,890,003</u>

3. The following amounts are hereby appropriated for the funds as indicated:

**ADMINISTRATIVE FUND**

<u>Revenues:</u>	
Allocated to Water Fund	\$2,475,829
Allocated to Sewer Fund	<u>3,419,003</u>
	<u>\$5,894,832</u>

<u>Expenditures:</u>	
Personnel Expenses	\$4,212,590
Operating Expenses	1,552,742
Capital Outlay	<u>129,500</u>
	<u>\$5,894,832</u>

**CAPITAL IMPROVEMENTS PROGRAM**

<u>Revenues:</u>	
Water Facility Charges	\$1,927,000
Sewer Facility Charges	<u>1,344,000</u>
	<u>\$3,271,000</u>

<u>Expenditures:</u>	
Water Supply	\$1,645,000
Sewer System Improvements	1,466,000
Other Projects	<u>160,000</u>
	<u>\$3,271,000</u>

**DEBT SERVICE FUND**

<u>Revenues:</u>	
Water Fund Contribution	\$1,383,444
Capital Improvements Program Contribution	<u>1,645,000</u>
	<u>\$3,028,444</u>

<u>Expenditures:</u>	
Revenue Bonds, Series 2003	\$1,383,444
Revenue Bonds, Series 2008	<u>1,645,000</u>
	<u>\$3,028,444</u>

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James G. Kennedy  
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 26th day of April, 2011.

ROA\_JCSAFY12\_res