

AG E N D A
JAMES CITY COUNTY BOARD OF DIRECTORS
REGULAR MEETING
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
February 23, 2016
6:30 PM

A. CALL TO ORDER

B. ROLL CALL

C. CONSENT CALENDAR

1. Minutes Adoption - January 26, 2016 Organizational Meeting
2. Setting a Public Hearing - Fiscal Year 2017 Utility Rates
3. Refunding of Outstanding James City Service Authority Bonds

D. PUBLIC HEARING(S)

E. BOARD CONSIDERATION(S)

F. BOARD REQUESTS AND DIRECTIVES

G. GENERAL MANAGER'S UPDATE

H. ADJOURNMENT

1. Adjourn until 6:30 pm on March 22, 2016 for the Regular Meeting

ITEM SUMMARY

DATE: 2/23/2016
TO: The Board of Directors
FROM: Teresa J. Fellows, Administrative Coordinator
SUBJECT: Minutes Adoption - January 26, 2016 Organizational Meeting

ATTACHMENTS:

	Description	Type
□	January 26, 2016 Org. Meeting Minutes	Minutes

REVIEWERS:

Department	Reviewer	Action	Date
Board Secretary	Fellows, Teresa	Approved	2/11/2016 - 7:23 AM

MINUTES
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
REGULAR MEETING
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
January 26, 2016
6:30 PM

A. CALL TO ORDER

As the former Chairman was no longer a sitting member of the Board, the Vice Chairman called the meeting to order.

B. ROLL CALL

John J. McGlennon, Roberts District
Ruth M. Larson, Berkeley District
P. Sue Sadler, Stonehouse District
Michael J. Hipple, Powhatan District
Kevin D. Onizuk, Vice Chairman, Jamestown District

M. Douglas Powell, General Manager
Adam R. Kinsman, Interim County Attorney and Deputy Clerk to the Board

C. ORGANIZATIONAL MEETING

1. Organizational Meeting of the Board of Directors

A motion to Approve was made by Mr. McGlennon and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

A motion to Elect Mr. Onizuk as Chairman was made by Ms. Sadler and the motion result was Passed.

The motion passed by unanimous voice vote.

A motion to Elect Ms. Sadler as Vice Chairman was made by Mr. Onizuk and the motion result was Passed.

The motion passed by unanimous voice vote.

D. CONSENT CALENDAR

A motion to Approve was made by Mr. McGlennon and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

1. Minutes Adoption - December 8, 2015, Regular Meeting

2. Contract Award - Lift Station 4-7 Control Building Replacement

E. PUBLIC HEARING(S)

F. BOARD CONSIDERATION(S)

1. Request for Permission to Connect to Sewer System

A motion to Approve was made by Mr. McGlennon and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

Mr. Powell addressed the Board giving an overview of the memorandum included in the Agenda Packet.

Mr. McGlennon asked for clarification as to how this application is different than applications heard by the Board of Supervisors that are outside of the Primary Service Area (PSA).

Mr. Powell stated that the PSA is a growth management tool that corresponds to policies set forth by the Board. In this case, this is an applicant in a neighboring County that is requesting a hook up to an already existing sewer line. There is no growth implication for the County in regard to this application.

Mr. Hipple asked about the applicant's water supply.

Mr. Powell stated that the applicant initially asked about the water connection, but staff informed them that it would not be possible considering the current reduction potential of our water withdrawal permit. The applicant did not make a formal request for a water connection.

Significant discussion ensued regarding setting a precedence for a water request by approving the sewer connection and what, if any, impacts this connection might have on residents of the County.

Mr. Powell stated that the JCSA has the sewer capacity to grant this connection and more customer's means more revenue for the JCSA.

Mr. McGlennon stated that he is inclined to support the request because it is only a sewer connection. If it were water, then he would definitely say no.

G. BOARD REQUESTS AND DIRECTIVES

H. ADJOURNMENT

1. Adjourn until 6:30 p.m. on February 23, 2016

A motion to Adjourn was made by Mr. Hipple and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

At 6:44 p.m., Mr. Onizuk adjourned the Board.

Bryan J. Hill
Secretary to the Board

ITEM SUMMARY

DATE: 2/23/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager

SUBJECT: Setting a Public Hearing - Fiscal Year 2017 Utility Rates

ATTACHMENTS:

	Description	Type
▣	Memorandum	Cover Memo
▣	Resolution	Resolution
▣	Revised Regulation	Backup Material

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	2/4/2016 - 11:59 AM
Publication Management	Boles, Amy	Approved	2/4/2016 - 1:14 PM
Legal Review	Kinsman, Adam	Approved	2/11/2016 - 11:20 AM
Board Secretary	Fellows, Teresa	Approved	2/11/2016 - 11:45 AM
Board Secretary	Kinsman, Adam	Approved	2/16/2016 - 12:03 PM
Board Secretary	Fellows, Teresa	Approved	2/16/2016 - 1:45 PM

MEMORANDUM

DATE: February 23, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Setting a Public Hearing - Fiscal Year 2017 Utility Rates

The Board of Directors has a history of providing the resources for the James City Service Authority (JCSA) to meet its mission while being sensitive to the impact of service rates on the customer.

As stated at the January 23, 2016 retreat and in the 2015 JCSA rate study, incremental rate increases are recommended to successfully manage aging infrastructure, fixed costs and debt service coverage and to prepare for substantial future water permitting and water sourcing challenges. The proposed changes to the water and sewer service rate and fixed charge reflect the multi-year plan from the rate study. The total monthly water and sewer bill for a typical 5,000 gallons per month residential user would increase by \$2.30 per month from \$31.30 to \$33.60. The water bill would remain the lowest in the region and the combined bill would remain the lowest in the region except for the City of Williamsburg.

The two remaining rate changes are an increase to the meter test deposit to reflect current charges passed to the JCSA by the testing vendor and the creation of a wastewater service rate for unmetered commercial condensate discharge. These changes would not generate significant revenue, but are recommended to clarify the JCSA Regulations and to ensure that JCSA recovers costs associated with these activities.

In accordance with Section 15.2-5136 of the Code of Virginia, a public hearing for changes in fees requires a minimum 14-day notice from the time the second public notice of the hearing is printed in a local publication. JCSA staff is currently preparing the Fiscal Year 2017 budget and recommends the Board authorize staff to advertise a public hearing on April 26, 2016, for changes in the water and sewer service rates and charges effective July 1, 2016, as listed in the attached resolution. The Board can change the advertised charges and rates during its subsequent budget discussions.

MDP/ab
PH-UtiRatesFY17-mem

Attachments

RESOLUTION

SETTING A PUBLIC HEARING - FISCAL YEAR 17 UTILITY RATES

WHEREAS, the Board of Directors of the James City Service Authority desires to set a Public Hearing for proposed utility rate changes to the Regulations Governing Utility Service.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that the Board of Directors will hold a Public Hearing on April 26, 2016, and request staff to review Section 32, General Rate Policy and Rate Schedule, Regulations Governing Utility Service and make changes to the rates as summarized in the attachments, which will become effective July 1, 2016, if adopted.

BE IT FURTHER RESOLVED that the proposed amendment be made part of this resolution.

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	_____	_____	_____
LARSON	_____	_____	_____
ONIZUK	_____	_____	_____
SADLER	_____	_____	_____
HIPPLE	_____	_____	_____

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23rd day of February, 2016.

PH-UtiRatesFY17-res

SECTION 32. GENERAL RATE POLICY AND RATE SCHEDULE

A. General rate policy. The determination of rates for the Authority is based upon three interrelated elements:

1. Revenue requirements. Revenue requirements to ensure proper operation and maintenance, development and perpetuation of the system, legal requirements imposed by the Code of Virginia and by debt agreements, and maintenance of the Authority financial integrity.

Revenue requirements are generally defined under either a cash basis or a utility basis. EPA mandates a utility basis for a system constructed with grant funds and the major regulatory agencies endorse the utility basis for defining revenue requirements.

A brief visual comparison is shown below:

<u>Revenue requirements defined</u>	<u>Cash basis</u>	<u>Utility basis</u>
Operations and maintenance	X	X
Debt service - interest expense	X	X
Debt service - payment of principal and reserves	X	
Annual requirements for improvements	X	
Return on investment		X
Depreciation		X

The Authority endorses and uses the cash basis to define revenue requirements with improvements financed from commodity service charges and connection fees.

2. Allocation of costs to services provided. Water and wastewater systems are designed and built with several objectives and the associated costs should be allocated to these cost components, as follows:

<u>Water</u>	<u>Wastewater</u>
Base costs for service	Base costs for collection
Demand costs	Base costs for treatment
Customer costs	Demand costs
Direct fire protection	Customer costs
Future capacity	Future capacity

Water and wastewater systems must have the capacity, and therefore generate costs, to provide basic services for average consumption. They must also be designed to meet customer demands for peak usage - seasonal, maximum day and maximum hour. There are certain costs that are also associated with customers, such as meter reading and billing, that are not associated with usage. Water systems also provide capacity (and incur costs) for fire protection.

If a system can be developed to isolate these costs and assess them based upon the parties benefitted, then the "cost of service" assignment of costs philosophy is best met. This procedure is identified as the Base-Extra Capacity Method. The Authority has adopted a goal of fully implementing the base-extra capacity method to associate charges with service.

This rate policy is a major step in pursuit of that goal and generally has included the following basic tenets:

- (a) Base costs will be assigned to the overall customer base and a separate charge will be assessed for customer costs. The base costs will be billed, whenever possible, on the basis of demand or usage, using water consumption as measured by a meter.
- (b) Costs of excess capacity shall be assessed against the entire customer base until a satisfactory method can be developed to assess these costs to specific beneficiaries.
- (c) The costs of future capacity for both water and wastewater, as well as the specific costs for fire protection have been financed in the past by contributions from the County. A specific identification of the costs and benefits associated with future capacity and fire service should better define and clarify the County's role in utility financing.

3. Distribution of costs to customer classes. In the past the Authority has allocated costs to various customer classes based upon an estimate of equivalent residential units with average service requirements. The rate revisions proposed attempt to eliminate estimates of usage and substitute actual usage for customer classes based upon metered consumption. These rates clearly attempt to establish service charges most directly in relationship to the cost of service. Customer classes are defined by meter size. This meter size determines the capacity for service and therefore reflects the customer's proportional estimated use. Actual use will be the basis for billing unless actual use cannot be measured. In that case, estimated use based upon equivalent residential units will be assessed.

Costs relating to unique uses of the system, such as separate fire connections and grinder pumps, are proposed to be assessed separately to those customer classes who benefit.

The following are the rates and fees:

B. Wastewater charges.

1. System facilities charge. A system facility charge for wastewater collection service to be furnished through each new separate service connection which is to be made to a public sewer, regardless of who may have paid for the installation of the public sewer to which the connection is to be made, shall be paid by each applicant for service prior to the installation of service, as follows:

(a) Metered water service

Commercial, industrial, institutional, multifamily residential, and single-family residential:

<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>	<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>
5/8 Residential	\$ 400 per Bathroom Fixture	3	\$24,000
5/8 Nonresidential	2,500	4	37,500
3/4	3,500	6	75,000
1	4,000		
1-1/2	7,500		
2	12,000		

(b) Metered water service.

For mixed-use structures such as apartments, townhouses, timeshares, and residential condominium projects, the developer has three options to establish connection fees:

- (1) Individually meter each unit \$400 per Bathroom fixture
- (2) Meter each building in multibuilding projects \$400 per Bathroom fixture
or
- (3) Master meter the entire project \$325 per Bathroom fixture

Note: Should Option No. 3, master meter be selected, a \$325 per Bathroom fixture will be assessed and the JCSA will not be responsible for the water distribution system beyond the master meter or the on-site wastewater collection system. Meter size will be determined by the JCSA Engineering Division.

(c) Non-metered water service.

Where water is provided by an unmetered source, the following estimated charges shall be assessed:

<u>Activity, Use</u>	<u>Unit</u>	<u>Charge</u>
Single-family residences	Each	\$300 per Bathroom fixture
Single-family manufactured homes	Each	1,000
Manufactured homes in parks	Each lot	1,000
Two family, apartments and townhouses	Each	300 per Bathroom fixture
Schools (with showers)	Student	80
Schools (without showers)	Student	50
Motels and hotels	Room	650
Minimum		2,500
Manufacturing	Msf	300
Minimum		1,200
Warehouses	Msf	100
Minimum		1,200
Service stations	Each	1,200
Camping facilities	Each space	500
Minimum		1,200
Restaurants	Seat	20
Minimum		1,200
Commercial	Msf	N/A
Minimum		1,500
First	30,000 sq. ft.	500
Next	10,000 sq. ft.	450
Next	10,000 sq. ft.	400
Over	50,000 sq. ft.	350

The purpose of this charge is to defray in part the cost of providing force mains, pump stations, transmission mains, booster pumps, and other system facilities. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

2. Local facilities charge. A local facilities charge of \$1,050 for each separate connection to public sewer shall be paid by each applicant who desires to secure wastewater service therefrom, which charge shall be paid prior to the approval of the application for service; provided, however, in any instance where satisfactory evidence shows that an applicant has paid the cost of installation of the local facility to which the connection is to be made, either by installing the local facility at his expense and then conveying the same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such local facilities, the local facilities charge shall be waived. Additionally, when the Authority did not install or have a rebate agreement, the local facilities charge shall also be waived.

In situations where a new wastewater system has been installed by the Authority and whereas any applicant adjacent to this new system that has an existing septic system desires to secure wastewater service therefrom, the local facilities charge shall be waived for a period of 12 months from the completion date of the new wastewater system installation.

The purpose of this charge is to defray in part the cost of installing collection mains which are necessary to provide wastewater collection service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

3. Grinder Pump Installation and Maintenance Charge.

- (a) Any applicant for a sewer connection requiring a residential grinder pump may purchase the grinder pump (that meets Authority Standards and Specifications) plus ancillary parts from the Authority at cost if the grinder pump is necessary to replace an existing septic system. In addition, if the connection to the public sewer system is replacing a septic system, the applicant is eligible for the deferred payment plan discussed in Paragraph G, Section 2.
- (b) The Authority may, at the applicant request, install the residential grinder pump for the cost of materials as stated above plus labor and equipment costs. These costs are in addition to the normal Sewer System Facilities Charge if required. Grinder pumps will normally be installed within the existing right-of-way where the force main is located. If the topography dictates that the grinder pump be located within the applicant's property then the Authority will prepare the necessary plat and easement for the applicant to execute to permit installation of the grinder pump on the applicants property.
- (c) An annual grinder pump maintenance charge of \$260.00 shall be paid for each separate connection to a grinder pump when the operation and maintenance of said residential grinder pump is the responsibility of the Authority. The payment for this charge will be prorated in equal amounts in the customers' utility service charge billing. The Authority shall not maintain nonresidential grinder pumps or other commercial pump stations unless such utility maintenance is deemed by the Authority to be in the interest of the public health or is necessary to protect the integrity of the system, or such facility is located within a designated Reservoir Protection Zone.
- (d) Maintenance of sewage grinder pumps is the responsibility of the property owner. The property owner may contract with the JCSA for maintenance services. Maintenance contracts are between the property owner and the JCSA, and are not transferable or assignable by the property owner. Upon a transfer of title or ownership of the land upon which the grinder pump is located, a new contract for maintenance may be formed with the JCSA at the owner's election. Any prior

contracts for sewage pump maintenance shall be terminated upon transfer of title or ownership.

4. Service connection charge. A service connection charge shall be paid by each applicant for each new service connection prior to the approval of the application therefor, as follows:

<u>Service installed by:</u>	<u>Charge</u>
Developer, applicant	\$10 per connection inspection fee
Authority	Actual cost times 1.25, including overhead

The purpose of this charge is to defray the cost of installation or inspection of a service connection from the public sewer main in the street to the curb or property line.

The service connection charge shall be waived provided the applicant has paid a local facilities charge and the sewer service line is not greater than 6 inches in diameter for a gravity main or 2 inches in diameter for a force main. In the event that the service connection charge is not waived, the local facilities charge will be applied against the service connection charge.

5. Retail service rates. The wastewater service charge shall be based on usage from a metered water source where available. For wastewater service on an unmetered water source a meter size equivalent shall be used, based upon an estimated charge.

- (a) Metered water source.

Charge for all collection and treatment of wastewater

- (1) Fixed Charge-Each customer bill shall include a Fixed Charge based upon the size of the meter serving the customer. The Fixed Charge for each billing cycle shall be calculated based on the quarterly fixed charge chart below. This Fixed Charge is for expenses associated with operating and maintaining the wastewater collection system.

Meter Size	Quarterly Fixed Charge
5/8"	\$ 5.66 5.77
3/4"	\$ 8.49 8.66
1"	\$ 14.15 14.43
1-1/2"	\$ 28.30 28.85
2"	\$ 45.28 46.16
3"	\$ 90.56 92.32
4"	\$ 141.50 144.25
6"	\$ 283.00 288.50
8"	\$ 452.80 461.60
10"	\$ 650.90 663.35

(2)

<u>Volume</u>	<u>Collection</u>
Per 1,000 gallons of water consumed	\$2.93 \$2.99
Per 100 cubic feet of water consumed	\$2.20 \$2.24

Metered water usage shall be reduced by a metered reading from a landscaping meter or similar device if the landscaping meter or device is registered with the Authority.

A copy of the deduction meter reading must be received by the Authority 20 days prior to the end of each billing period. Regardless of the length of time, sub-meter reading adjustments will only be allowed up to the consumption in the current billing period.

(b) Unmetered water source.

Where no meter exists or where meter readings are not made available by the water supplier to the Authority, then the following estimated charges shall be assessed:

<u>Activity, use</u>	<u>Unit</u>	<u>Collection</u>
Single-family residences	Each	\$ 42.00
Single-family mobile homes	Each	42.00
Mobile homes in parks	Each lot	37.25
Duplex, apartments and townhouses	Each	37.25
Schools (with showers)	Student	4.25
Schools (without showers)	Student	2.65
Motels and hotels	Room	18.55
Minimum		186.70
Manufacturing	Msf	11.10
Minimum		55.85
Warehouses	Msf	7.45
Minimum		46.50
Service stations	Each	49.95
Camping facilities	Each space	16.25
Minimum		64.25
Restaurants	Seat	4.95
Minimum		55.85
Commercial	Msf	18.55
Minimum	1,000 Sq. Ft.	55.85
Churches	Each	40.65

Swimming pools	Sfe	40.65
Laundromats	Sfe	40.65

Commercial condensate discharge shall be billed annually at the current wastewater collection metered retail service rate. The bill shall be based on a condensate volume estimate prepared by the customer or customer's designated representative and approved by JCSA Engineering.

Others to be established when needed.

The purpose of the retail service charge is to defray all other costs of providing wastewater collection for domestic, commercial and industrial uses including replacement, renewals, extensions; and repayment of money borrowed to acquire or construct the wastewater collection and transmission system.

C. Water charges.

1. System facilities charge. A system facilities charge for water service to be furnished through each new separate service connection which is to be made to a public water main, regardless of who may have paid for the installation of the public water main to which the connection is to be made, shall be paid by each applicant for service prior to the installation of the water service connection, as follows:

(a) Metered water service.

Commercial, industrial, institutional, multifamily residential and single-family residential:

<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>	<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>
5/8 Residential	\$ 500 per Bathroom fixture	3	\$24,000
5/8 Nonresidential	2,500	4	37,500
3/4	3,500	6	75,000
1	4,000		
1-1/2	7,500		
2	12,000		

(b) Metered water service.

For mixed-use structures such as apartments, townhouses, timeshares, and residential condominium projects, the developer has three options to establish connection fees:

- (1) Individually meter each unit - \$500 per Bathroom fixture
- (2) Meter each building in multibuilding projects - \$500 per Bathroom fixture
or
- (3) Master meter the entire project - \$350 per Bathroom fixture

Note: Should Option No. 3, master meter be selected, a \$350 per Bathroom fixture will be assessed and the JCSA will not be responsible for the water distribution system beyond the master meter or the on-site wastewater collection system. Meter size will be determined by the JCSA Engineering Division.

The purpose of this charge is to defray in part the cost of providing major supply, transmission main, booster pumping and distribution storage facilities. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

2. Local facilities charge. A local facilities charge of \$1,300.00 for each separate connection to an existing water main shall be paid by each applicant who desires to secure water service therefrom, which charge shall be paid prior to the approval of the application for service; provided, however, in any instance where satisfactory evidence shows that an applicant for a connection has paid the cost of installation of the local facility to which the connection is to be made, either by installing the local facility at his expense and then conveying the same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such local facility, the local facilities charge shall be waived. Additionally, where the Authority did not install or have a rebate agreement, the local facilities charge shall also be waived.

The purpose of this charge is to defray in part the cost of installing mains, valves and fire hydrants which are necessary to provide water service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

3. Service connection charge. A service connection charge shall be paid by each applicant for each new service connection and meter installation prior to the approval of the application, as follows:

<u>Installation of connection by</u>	<u>Charge</u>
Developer, applicant	\$10 per meter inspection fee
Authority	Actual cost times 1.25, including overhead

The purpose of this charge is to defray the cost of installation or inspection of a service connection from the water main in the street to the curb or property line and the installation of a meter either at the curb or property line or within the premises.

The service connection charge shall be waived provided the applicant has paid a local facilities charge and the water service line is not greater than 2 inches in diameter. In the event that the service connection charge is not waived, the local facilities charge will be applied against the service connection charge.

4. Retail service charge. Water service shall be based upon a commodity charge for all consumption, as follows:

- (a) Fixed Charge-Each customer bill shall include a Fixed Charge based upon the size of the meter serving the customer. The Fixed Charge for each billing cycle shall be calculated based on the quarterly fixed charge chart below. This Fixed Charge is for expenses associated with operating and maintaining the water distribution system.

Meter Size	Quarterly Fixed Charge
5/8"	\$ 8.19 7.22
3/4"	\$ 12.29 10.83
1"	\$ 20.48 18.05
1-1/2"	\$ 40.95 36.10
2"	\$ 65.52 57.76
3"	\$ 131.04 115.52
4"	\$ 204.75 180.50
6"	\$ 409.50 361.00
8"	\$ 655.20 577.60
10"	\$ 941.85 830.30

- (b) Water service shall be based upon a commodity charge for all consumption, as follows:

Single Family Residential			
Meter Size	Tier 1 (quarterly use)	Tier 2 (quarterly use)	Tier 3 (quarterly use)
5/8"	0-15,000	15,001-30,000	30,000+
3/4"	0-22,500	22,501-45,000	45,000+
1"	0-37,500	37,501-75,000	75,000+
1-1/2"	0-75,000	75,001-150,000	150,000+
2"	0-120,000	120,000-240,000	240,000+
3"	0-240,000	240,001-480,000	480,000+
4"	0-375,000	375,001-750,000	750,000+
6"	0-750,000	750,001-1,500,000	1,500,000+
8"	0-1,200,000	1,200,001-2,400,000	2,400,000+
10"	0-1,725,000	1,725,001-3,450,000	3,450,000+
Rate Per 1,000 Gallons	\$ 2.80 2.47	\$ 5.60 4.93	\$ 13.15 11.59

Multi-Family Residential and Non-Residential		
All Meter Sizes	All Use	
Rate Per 1,000 Gallons	\$ 4.14 3.65	

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 \$8,000 to the JCSA for each lot or residential unit created by the subdivision prior to final approval of a subdivision plat. Any approved subdivision that has been dedicated to and accepted by the JCSA as of April 26, 2011, shall remain at \$4,000 per lot.

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.
1. Account charge. An account charge of \$10.00 (\$20.00 if the meter is read) shall be paid by each applicant for continuing service, whether for a new account or for a transfer of account, for water and/or wastewater service.

The purpose of this charge is to defray the cost incurred in clerical and bookkeeping activities, the turning on of services and/or meter reading required for each new account or transfer of account.

2. Transaction charge for late payment. A transaction charge for late payment of 1.5% will be assessed on the balance due once the bill is delinquent and then every 30 days thereafter. The late charge will be added to a bill in the event the bill is not paid within 30 days following the date thereof.

The purpose of this charge is to defray the cost associated with the rebilling of accounts not paid on a prompt basis.

3. Interest charge for late payments with a lien. An interest charge for late payment of 8 percent simple interest on the principal (delinquent amount) due, shall be added to any account when a lien has been placed upon real estate. Such lien on any real estate may be discharged by the payment to the Authority of the total lien amount, penalty, and the interest which has accrued to the date of the payment.
4. Restoration of service charge. Where service has been terminated on account of the nonpayment of any bill, a restoration of service charge of \$30.00 (\$100.00 for a single service wastewater customer not on metered water service) shall be paid before service is restored, except as defined in Section 17 (A)(2).

The purpose of this charge is to defray the expenses of terminating and restoring service, including clerical and bookkeeping activities.

5. Meter test deposit. A test of a water meter shall be done at the request of a water customer upon payment of a meter test deposit as defined in Section 11. If the meter is found to be 3 percent or more fast then the deposit shall be refunded. If inoperable or 25 percent or more slow, the deposit shall be credited against a revised billing. The deposit shall be determined by meter size, as follows:

<u>Meter size</u>	<u>Deposit</u>
5/8" - 2"	\$30
3" and over	\$80
5/8" to 1"	\$75
Greater than 1"	\$100

6. Fire hydrant charge. For customer-requested hydrants installed under the provisions of Section 21, there shall be an installation cost of actual cost plus an allowance of 25 percent for overhead. The applicant shall deposit with the Authority an estimated fee prepared by the Authority, subsequently adjusted at the completion of the installation with costs exceeding the estimate billed or, in case the estimate exceeds the cost, refunded to the applicant.

The purpose of this charge is to assess to the user the cost of installing fire hydrants for the benefit of the applicant.

- 7. Temporary water service charge. Under the provisions of Section 22, an applicant for temporary service shall pay, upon application, for the estimated costs of installing, replacing and removing the facilities which are required to furnish such services plus an allowance of 25 percent for overhead. The applicant shall receive a refund if the estimate exceeds the actual. The applicant shall also pay service charges and all charges caused by a late payment or nonpayment. The applicant may also be required to post a deposit as described in Section 6.
- 8. Fire connection detector check meter charge. Fire connection detector check meters shall be read and billed at least annually or on a more frequent basis, as determined by the Authority. Rates governing normal water usage shall be assessed.

Fire connection detector check meters monitor non-fire flow usage from a fire connection and there should be little or no water activity.

- G. Multiple charges bills. All charges and fees above are in addition to charges and fees assessed and owed to Newport News Waterworks, the Hampton Roads Sanitation District, or any other private or municipal utility.
- H. No free service. There shall be no utility service provided to any customer without the assessment of service charges.
- I. Plan Review Fee. The following charges shall be assessed for the appropriate plan. The purpose of this charge is to defray cost incurred for time used to provide engineer technical review.

<u>Document</u>	<u>Collection</u>
REZONINGS	
5 acres or less	\$100
Greater than 5, but less than 10 acres	\$150
Greater than 10 acres	\$200
SPECIAL USE PERMITS (SUP)	
General	\$200
Family Subdivision	\$ 50
Wireless Communication Facilities	\$ 50
Other	\$ 50
SITE PLANS	
<u>Administrative Review</u>	
Residential Structures (Multifamily)	\$300 plus \$5 per unit

Nonresidential Structures	\$300
Mixed Use Structures	\$200 plus \$5 per residential unit
Utility Easement Plat Review	\$300

Planning Commission Review

Residential Structures (Multifamily)	\$300 plus \$5 per unit
Nonresidential Structures	\$300
Mixed Use Structures	\$300 plus \$5 per residential unit
Utility Easement Plat Review	\$300

Amendment to an Approved Plan

Residential Structures (Multifamily)	\$150 plus \$2 per residential unit
Nonresidential Structures	\$150
Mixed Use Structures	\$150 plus \$2 per residential unit
Utility Easement Plat Review	\$150
Each additional review after second resubmission	\$150

MASTER PLAN REVIEW

Initial Review	\$600
Revision of plan	\$600

CONCEPTUAL PLAN FOR WATER AND SEWER

General	\$100
Master Utility Plans and Modeling	\$300
Each additional review after second resubmission	\$150

SUBDIVISION PLAN REVIEW

No Public Improvements Required	\$75
Public Improvements Required	\$300 per plan plus \$5 per lot
Wastewater Pumping Station	\$2,000
Well Facility	\$3,000
Each additional review after second resubmission	\$150

- J. Inspection Fee. There shall be an inspection fee of \$25.00 for the third and subsequent inspections for water and sewer service connections. These will include, but are not limited to, water meter box installations, water and sewer service line connections, and grinder pump installations. This charge will be paid prior to the third and/or subsequent inspections.

The purpose of this fee is to defray the expenses of making multiple on-site inspections to correct previously identified deficiencies.

- K. Sub-Meter Account Charge. An account charge of \$18.00 shall be paid annually by each customer who has established a Sub-Meter Account. The payment for this charge will be prorated in equal amounts in the customer utility service charge billing.

The purpose of this charge is to defray the cost incurred in clerical and bookkeeping activities. The sending out and receiving of sub-meter forms for each reading and making adjustments to the respective accounts.

- L. Inspection Fee for Water and Sewer Lines. There shall be a fee for the inspection of public water and sewer installations. Such fee shall be \$2.87 per foot for every foot of water main and sewer main constructed and shall be submitted at the time of filing an application for a certificate to construct.

The purpose of this change is to defray the cost incurred to make the actual inspection of the water and sewer lines.

- M. Outdoor Water Use Fee. The following fee or fees will be assessed for any customer or builder who installs referenced outdoor watering devices or systems.

- 1. Outdoor Hose Bib Fee. There shall be Outdoor Hose Bib Fee of \$500.00 established for each residential and commercial account that has an outdoor hose bib installed. This fee will be paid prior to issuance of Plumbing Permit by the County Code Compliance Office.
- 2. Lawn Irrigation System Fee. There shall be a Lawn Irrigation System Fee established for each residential and commercial account as described below:

<u>Lot Size</u>	<u>Connection Fee</u>
Up to 10,000 Sq. Ft.	\$250.00
10,001 to 30,000 Sq. Ft.	\$500.00
30,001 to 45,000 Sq. Ft.	\$800.00
Over 45,000 Sq. Ft.	\$1,400.00

This fee will be paid to the JCSA prior to issuance of a Lawn Irrigation Permit by the County Code Compliance Office.

The purpose of the above fees are to defray in part the cost of providing major supply, transmission main, booster pumping and distribution storage facilities.

ITEM SUMMARY

DATE: 2/23/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager

SUBJECT: Refunding of Outstanding James City Service Authority Bonds

ATTACHMENTS:

	Description	Type
▣	Memorandum	Cover Memo
▣	Resolution	Resolution

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	2/16/2016 - 3:00 PM
Publication Management	Burcham, Nan	Approved	2/16/2016 - 3:22 PM
Legal Review	Kinsman, Adam	Approved	2/16/2016 - 4:43 PM
Board Secretary	Fellows, Teresa	Approved	2/16/2016 - 5:04 PM
Board Secretary	Kinsman, Adam	Approved	2/16/2016 - 5:05 PM
Board Secretary	Fellows, Teresa	Approved	2/16/2016 - 5:14 PM

MEMORANDUM

DATE: February 23, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Refunding of Outstanding James City Service Authority Bonds

Staff has been working with representatives of Davenport and Company, James City Service Authority's (JCSA) financial advisors, and Hunton and Williams, bond counsel, on possible refinancing of outstanding JCSA debt. Interest rates have dropped to the point where JCSA can refinance an existing borrowing and reduce the annual debt service payment. No additional debt is incurred nor are payments extended since the new bond proceeds will be used to retire the existing debt.

The 2008 Water and Sewer System Revenue Bonds were issued in the amount of \$27,100,000 to pay Newport News for the right to purchase raw water, and have a balance of \$23,550,000. Savings in debt service spending from the refunding are estimated to be in excess of \$3.2 million through 2040. The average annual savings is expected to be approximately \$135,000. Pending our conversation with the rating agencies we may be able to free up the \$1.6 million Debt Service Reserve Fund (DSRF) that was funded with bond proceeds from the Series 2008 Bonds. The original plan was to use this to pay the final maturity (2040). However, if we are able to sell the Series 2016 Refunding Bonds without a DSRF and it would add an additional \$1.6 million cash flow savings that would be spread out over the remaining 23 years.

Staff recommends approval of the attached resolution prepared by our bond counsel. If the Board approves the resolution, it will be asked to ratify the form of the public offering of securities at the March meeting.

MDP/nb
Refinan08Bonds-mem

Attachment

The undersigned Secretary of the James City Service Authority certifies that:

1. A regular meeting of the James City Service Authority was held on February 23, 2016, at which the following members were present and absent:

PRESENT: _____

ABSENT: _____

2. A resolution entitled "Resolution Authorizing the Issuance and Sale of up to \$27,000,000 Water and Sewer System Revenue Refunding Bonds, Series 2016, of James City Service Authority and Providing for the Refunding of All or a Portion of its \$27,120,000 Water and Sewer System Revenue Bonds, Series 2008," was adopted at such meeting by the [unanimous] vote of the members of the Authority present at the time of such vote.

3. Attached hereto is a true and correct copy of the foregoing resolution as recorded in full in the minutes of the meeting on February 23, 2016.

4. This resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the James City Service Authority this ____ day of February, 2016.

(SEAL)

Secretary,
James City Service Authority

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$27,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, OF JAMES CITY SERVICE AUTHORITY AND PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF ITS \$27,120,000 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008

WHEREAS, the James City Service Authority (the “Authority”) is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act ((formerly the Virginia Water and Sewer Authorities Act) Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) by the Board of Supervisors of James City County, Virginia (the “County”), and is authorized to acquire, construct, operate and maintain water, sewer and other facilities and to borrow money and to issue its revenue bonds to pay all or part of the cost of such facilities;

WHEREAS, the Authority and U.S. Bank National Association, or a successor thereto (the “Trustee”), have entered into a Master Indenture of Trust dated as of April 1, 2003, as supplemented and amended (collectively, the “Master Indenture”), which authorizes the Authority to issue bonds to refund bonds previously issued by the Authority;

WHEREAS, the Authority has previously issued its \$27,120,000 Water and Sewer System Revenue Bonds, Series 2008 (the “Series 2008 Bonds”), which are currently outstanding in the principal amount of \$23,550,000;

WHEREAS, it is desirable to issue one or more series of bonds in the principal amount of up to \$27,000,000 (the “Series 2016 Bonds”), the proceeds of which will be used to (a) refund all or a portion of the Series 2008 Bonds (those Series 2008 Bonds actually refunded referred to as the “Refunded Bonds”), (b) fund as necessary any reserves, and (c) pay costs of issuing the Series 2016 Bonds and refunding the Refunded Bonds;

WHEREAS, the form and details of the Series 2016 Bonds will be as set forth in a Third Supplemental Indenture of Trust (the “Third Supplemental Indenture”), between the Authority and the Trustee, the form of which has been presented at this meeting;

WHEREAS, with the consent and approval of a majority in aggregate principal amount of the bonds outstanding under the Master Indenture, the Authority and the Trustee may amend the terms or provisions of the Master Indenture or any supplement thereto;

WHEREAS, the Authority has determined to amend certain provisions of the Master Indenture, which amended provisions are set forth in the Third Supplemental Indenture, and to which the initial holders of the Series 2016 Bonds will be deemed to have consented by their purchase of the Series 2016 Bonds; and

WHEREAS, the Authority staff and Davenport & Company LLC, as financial advisor to the Authority (the “Financial Advisor”), have recommended that the Authority offer the Series 2016 Bonds for sale through one of the following methods: (a) a public offering through a competitive sale (a “Competitive Sale”), or (b) a public offering through a negotiated underwriting (a “Negotiated Sale”);

BE IT RESOLVED BY JAMES CITY SERVICE AUTHORITY:

1. The Authority authorizes the issuance and sale of the Series 2016 Bonds, in one or more series, pursuant to the Third Supplemental Indenture as Bonds under the Master Indenture; provided (a) the principal amount of the Series 2016 Bonds shall not exceed \$27,000,000; (b) the final maturity of the Series 2016 Bonds shall be on or before December 31, 2040, (c) the aggregate price at which the Series 2016 Bonds are sold to the purchaser shall not be less than 100% of the principal amount thereof plus accrued interest, and (d) the Series 2016 Bonds in the aggregate shall have a true interest cost not to exceed 5.0% (taking into account any original issue discount or premium); and, provided further that the refunding of the Refunded Bonds in the aggregate shall result in net present value debt service savings to the Authority of at least 3.0% with respect to the principal amount of the Refunded Bonds (calculated pursuant to industry standards).

2. The proceeds of the Series 2016 Bonds shall be used as set forth in the Third Supplemental Indenture.

3. (a) The General Manager of the Authority is authorized to determine whether to sell the Series 2016 Bonds through a Competitive Sale or a Negotiated Sale.

(b) If the General Manager determines that the Series 2016 Bonds shall be sold through a Competitive Sale, the General Manager is authorized, on behalf of the Authority and in collaboration with the Financial Advisor, to take all proper steps to advertise the Series 2016 Bonds for sale, to receive public bids and to award the Series 2016 Bonds to the bidder providing the lowest “true” or “Canadian” interest cost, subject to the limitations set forth in Section 1. Following a Competitive Sale, the General Manager shall file a certificate with the Secretary or Assistant Secretary of the Board setting forth the final terms of the Series 2016 Bonds. The actions of the General Manager in selling the Series 2016 Bonds by Competitive Sale shall be conclusive, and no further action with respect to the sale and issuance of the Series 2016 Bonds shall be necessary on the part of the Board.

(c) If the General Manager determines that the Series 2016 Bonds shall be sold through a Negotiated Sale, the General Manager is authorized, on behalf of the Authority and in collaboration with the Financial Advisor, to choose an investment banking firm or firms to serve as underwriters for the Series 2016 Bonds and to execute and deliver to the underwriters, as purchasers of the Series 2016 Bonds, a bond purchase agreement reflecting the final terms of the Series 2016 Bonds. The bond purchase agreement shall be in a form approved by the General Manager, in collaboration with counsel to the Authority, the Financial Advisor and the Authority’s bond counsel. The actions of the General Manager in selling the Series 2016 Bonds by Negotiated Sale shall be conclusive, and no further action with respect to the sale and issuance of the Series 2016 Bonds shall be necessary on the part of the Board.

(d) Following the determination of which method(s) of sale shall be used, the General Manager is hereby authorized to determine the final terms of the Series 2016 Bonds, which authorization shall include the authorization to (i) determine or approve the principal amount, interest rates, maturity schedules and the price to be paid for the Series 2016 Bonds by the purchaser, subject to the limitations set forth in Section 1, (ii) determine the redemption

provisions of the Series 2016 Bonds, if any, and (iii) determine the dated date and the principal and interest payment dates of the Series 2016 Bonds, all as the General Manager determines to be in the best interests of the Authority.

4. The Chairman or Vice Chairman (either of whom may act and who are referred to together as the “Authorized Officer”), are authorized and directed to execute the Third Supplemental Indenture and deliver it to the Trustee. The Third Supplemental Indenture shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes (including changes in the name and series identification of the Series 2016 Bonds) not inconsistent with this resolution as may be approved by the Authorized Officer, his execution to constitute conclusive evidence of the Authority’s approval of any such completions, omissions, insertions and changes.

5. The Authorized Officer and the Secretary or Assistant Secretary are authorized and directed to execute the Series 2016 Bonds in accordance with the Third Supplemental Indenture, to deliver them to the Trustee for authentication, and to cause the Series 2016 Bonds so executed and authenticated to be delivered to or for the account of the purchasers upon payment of the purchase price therefor.

6. The Preliminary Official Statement describing the Bonds, in the form of the Authority’s Preliminary Official Statement dated August 8, 2008, presented to this meeting, is hereby approved as the general form of the Preliminary Official Statement by which the Bonds will be offered for sale. The General Manager, in consultation with the Financial Advisor and, with respect to any specific disclosure issues, members of the Authority, is authorized to finalize the Preliminary Official Statement by making such updates and modifications as the General Manager may consider appropriate. After the Bonds have been sold, the General Manager, in consultation with the Financial Advisor, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement. The execution thereof by the General Manager shall constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes. The Authority shall arrange for the delivery to the purchaser of an electronic copy and, if requested, a reasonable number of printed copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the purchaser initially sells any of the Bonds.

7. The General Manager is authorized and directed to determine which maturities (or portions thereof) of the Series 2008 Bonds shall constitute the Refunded Bonds. The Refunded Bonds are specifically called for redemption on January 15, 2018, at 100% of the principal amount thereof. Such call for redemption shall be irrevocable from and after the issuance of the Series 2016 Bonds. Notice of such redemption in accordance with the provisions of the Master Indenture and the Third Supplemental Indenture is hereby approved. The Trustee is authorized and directed to execute initial and final subscription forms for the purchase of direct obligations of the United States Government and such other contracts and agreements necessary to provide for the defeasance of the Refunded Bonds as are approved by the General Manager, in collaboration with the Financial Advisor and the Authority’s bond counsel.

8. The officials and employees of the Authority are authorized and directed to deliver all certificates and instruments and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Series 2016 Bonds, including, but not limited to, a certificate setting forth the expected use and investment of the proceeds of the Series 2016 Bonds to show that such expected use and investment will not violate the provisions of the Internal Revenue Code of 1986, as amended, and related Treasury regulations applicable to “arbitrage bonds” and Internal Revenue Service Form 8038-G.

9. The Authorized Officer is hereby authorized and directed to execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”) setting forth the reports and notices to be filed by the Authority and containing such covenants as may be necessary to assist the purchaser of the Series 2016 Bonds in complying with the provisions of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended. The Continuing Disclosure Agreement shall be substantially in the form of the Authority’s prior Continuing Disclosure Agreements, which is hereby approved for purposes of the Series 2016 Bonds; provided that the Authorized Officer, in collaboration with the Financial Advisor, may make such changes in the Continuing Disclosure Agreement not inconsistent with this Resolution the Authorized Officer may consider to be in the best interest of the Authority. The execution thereof by such Authorized Officer shall constitute conclusive evidence of such officer’s approval of any such completions, omissions, insertions and changes.

10. All other actions of the officials, employees or agents of the Authority previously taken in conformity with the purpose or intent of this resolution and in furtherance of the issuance and sale of the Series 2016 Bonds are approved and confirmed.

11. All other resolutions or parts thereof in conflict herewith are repealed.

12. This resolution shall take effect immediately.

Adopted: _____, 2016.

ITEM SUMMARY

DATE: 2/23/2016
TO: The Board of Directors
FROM: Teresa J. Fellows, Administrative Coordinator
SUBJECT: Adjourn until 6:30 pm on March 22, 2016 for the Regular Meeting

REVIEWERS:

Department	Reviewer	Action	Date
Board Secretary	Fellows, Teresa	Approved	2/15/2016 - 3:47 PM