

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 25TH DAY OF MARCH 2008, 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 O. Icenhour, Jr., Chairman
Mary Jones, Vice Chairman
Bruce C. Goodson
James G. Kennedy
John J. McGlennon

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

C. PUBLIC COMMENT

- I. Mr. Robert Richardson, 2786 Lake Powell Road, commented on the rain barrel initiative.

D. CONSENT CALENDAR

Mr. Foster gave an overview of the Consent Calendar.

Mr. Kennedy made a motion to adopt the Consent Calendar.

The motion passed by a unanimous voice vote.

- I. Minutes – February 26, 2008

E. PUBLIC HEARINGS

- I. Extinguishment of Easements on Spencer Brothers Builders, Inc. and Kenneth C. and Mallory P. Spencer Properties

Mr. Foster stated the subject easements were no longer needed for the redevelopment of a property off Ironbound Road. He indicated that the project was the Powhatan Office Park project, also owned by the Spencers. He said the existing utilities were unnecessary. He displayed a map distinguishing the old and new easements and indicated that other utilities are available for this project. He recommended approval of the resolution for the extinguishment of the easements.

Mr. Icenhour opened the Public Hearing.

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

Mr. Kennedy made a motion to adopt the resolution.

On a roll call vote, the vote was AYE: McGlennon, Goodson, Jones, Kennedy, Icenhour (5). NAY:
(0).

RESOLUTION

EXTINGUISHMENT OF EASEMENTS ON SPENCER BROTHERS BUILDERS, INC. AND

KENNETH C. AND MALLORY P. SPENCER PROPERTIES

WHEREAS, the Powhatan Office Park project has necessitated the realignment of James City Service Authority (JCSA) easements to correspond with actual utility main locations that cross the properties; and

WHEREAS, there are existing JCSA Easements located on properties owned by Spencer Brothers Builders, Inc. and Kenny C. and Mallory P. Spencer that 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 authorizes the General Manager of the James City Service Authority to sign the appropriate documents extinguishing the easements on Parcel Nos. 47101000031C and 47101000031D.

2. Cellular Tower - AT&T - 4600 Warhill Trail

Mr. Foster stated this was a renewal of a contract for the relocation of a cellular tower on a water tank. He stated there was a contract on an existing water tower and this tank will be razed in the near future. He stated there would be a new tank to which the tower would be moved. He explained this was an amendment to the original lease agreement in order to move the equipment to the new tank. He recommended approval of the resolution.

Mr. Goodson asked if staff was ensuring cellular service would remain during the transition.

Mr. Foster stated that was correct.

Mr. Icenhour opened the Public Hearing.

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

Mr. McGlennon made a motion to adopt the resolution.

On a roll call vote, the vote was AYE: McGlennon, Goodson, Jones, Kennedy, Icenhour (5). NAY:
(0).

RESOLUTION

CELLULAR LEASE - AT&T - 4600 WARHILL TRAIL

WHEREAS, the James City Service Authority (JCSA) has a lease with AT&T for the location of cellular equipment on the Season's Trace water tank which will be razed during 2008; and

WHEREAS, AT&T, JCSA staff, and the County Attorney have agreed upon the terms of a lease including an access/egress easement, which allows for relocating the above cellular equipment to the Warhill water tank.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, after conducting a public hearing on leasing the public property to AT&T, authorizes the General Manager to sign the appropriate documents associated with the lease allowing AT&T to move and locate cellular equipment onto the Warhill water tank site.

3. **Abandonment of Easement - Colonial Heritage**

Mr. Foster stated that the application was for the abandonment of a sewer easement in Colonial Heritage. He stated that the easement was dedicated in the construction process, but there was movement of the water lines and the easement does not align with the constructed lines. He stated the proper easement has been dedicated and the resolution calls for the old easement to be abandoned. Mr. Foster recommended approval of the resolution.

Mr. Icenhour opened the Public Hearing.

As no one wished to speak to this mater, Mr. Icenhour closed the Public Hearing.

Mr. Kennedy made a motion to adopt the resolution.

On a roll call vote, the vote was AYE: McGlennon, Goodson, Jones, Kennedy, Icenhour (5). NAY: (0).

RESOLUTION

ABANDONMENT OF EASEMENT – COLONIAL HERITAGE

WHEREAS, the owners/developers of Colonial Heritage in Williamsburg recorded a sewer easement on the southern portion of the development that was not used due to construction challenges in the area where the easement was plated; and

WHEREAS, the sewer line was installed in an alternate location with a separate easement being provided for the new location, making the original easement unnecessary.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, having conducted the required public hearing, authorizes the General Manager to sign the appropriate documents to abandon the unused easement area that was previously provided by Colonial Heritage, LLC, the developer.

F. BOARD CONSIDERATION

1. Project Development Agreement - Long-Term Water Supply - Newport News Waterworks

Mr. Foster stated this agreement would serve water supply needs through 2040 and beyond, and noted that the agreement was based upon, but not contingent to, the King William Reservoir project which has been in discussion since 1993. He stated that another large groundwater withdrawal permit would not be approved by the Department of Environmental Quality (DEQ) so it was not an option to create a new groundwater facility. He stated the costs were based on a \$250 million project and the estimated project was \$289 million and has changed over time. He indicated that Newport News Water Works has supplement water available until King William Reservoir or another project is available. Mr. Foster noted that the agreement provides for a minimum 4 million gallons per day (MGD) under extreme conditions, an average of 5 MGD annually, and as much as 6.5 MGD available during peak water demands. He said the agreement would cost \$50 million, payable in two installments - \$25 million this year and \$25 million by 2019. He said this year's installment would be made through issuance of bonds, with flexibility in the 2019 payment date, which was chosen since this is when James City Service Authority (JCSA) would pay off current debt for a water treatment facility. He said the JCSA would be responsible for 20 percent of the fixed costs annually and noted that the agreement was not contingent on the construction of the King William Reservoir; rather Newport News Water Works was committing to provide the water under any circumstances.

Mr. Goodson asked how this agreement helped to provide water during peak demands.

Mr. Foster stated that there was a need for additional sources of water by 2015, to meet peak demands which were met in this agreement.

Mr. Goodson asked if there were other measures that could be made rather than make an agreement with another locality.

Mr. Foster stated that conservation to the point of being prohibitive would be the only other method.

Mr. Goodson stated that there was a responsibility to supply water to the citizens, but it is not known how much water is available in the groundwater system. He stated that he felt there was ease of mind in that JCSA could have this agreement with another locality in the event that groundwater is depleted.

Mr. Foster stated that he agreed and that the State DEQ monitors groundwater withdrawal permitting and they have stressed that another large groundwater withdrawal application would not be approved.

Mr. McGlennon asked about financing the project.

Mr. Foster stated that bond issues would pay the installment due this year, and staff would pick the most opportune time to issue those bonds. He said funds from increased connection fees last spring were collected to offset the cost of bonds.

Mr. McGlennon asked if there was analysis of the impacts of a decrease in new connections since the revenue projections were based on a steady rate of growth.

Mr. Foster stated that there was, but he did not have those numbers on hand. He indicated that he understood the analysis was reasonably acceptable.

Mr. McGlennon asked about the impact on rates for current customers if the connection fees did not occur as anticipated.

Mr. Foster stated that the rates would increase to provide the revenue needed.

Mr. McGlennon asked what options would be available prior to 2019, if long-term water projections are abated.

Mr. Foster stated that if the second payment in 2019 was not made, JCSA would get two MGD's.

Mr. McGlennon asked for clarification that JCSA would be able to get two MGD, but it would not be obligated to pay the second payment.

Mr. Foster stated that was correct.

Mr. Kennedy asked about the possibility of a second desal facility.

Mr. Foster stated the DEQ has indicated that it would not allow a permit for another large groundwater withdrawal.

Mr. Kennedy asked about water efficiency and conservation and the effects of irrigation. He noted that \$25 million for two MGD is twice the rate of the construction and operation of a desal plant.

Mr. Foster stated that was correct.

Mr. Kennedy stated that the Water Conservation Committee should look at conservation efforts that would produce the needed effects and increase restrictions on outdoor irrigation. He asked if a large corporation that required a large amount of water would be able to be located in the County under current usage levels.

Mr. Foster stated it could not.

Mr. Kennedy outlined measures that could be taken to reduce irrigation and unnecessary water use. He stated he was supportive of the project, but he was concerned about requiring more water for irrigation.

Mr. Foster stated that many rezonings require water restrictions that include many of the things he noted. He stated that the agreement was expensive, but there was not much additional opportunity to ensure future water availability.

Ms. Jones noted on comments from the James City County Concerned Citizens (J4C) and asked about proposed fee increases and how much was a direct result of this agreement.

Mr. Foster stated that he was not able to answer at this time, but he would have the information soon.

Mr. Kennedy asked if the rights could be sold if it is determined that the County does not need the additional water.

Mr. Rogers stated that if the JCSA decided to buy the additional 2 MGD, it cannot sell the water. He noted that it can be bottled or used by residential or business customers, but the JCSA could not serve it to another jurisdiction. He stated that the JCSA needed to make a decision by 2019 on whether the County needed the additional capacity or not.

Mr. McGlennon questioned if an economic development project needed 1 MGD we would have the capacity with this agreement.

Mr. Foster stated this was correct.

Mr. McGlennon stated there was always some risk, but asked what the capacity risk was with the current permit.

Mr. Foster stated that the agreement was structured so that any deficit from groundwater supply would be made up through this agreement. He stated that this agreement is not contingent on the construction of the King William Reservoir.

Mr. Icenhour commented on developing a State water plan that incorporating investing in infrastructure for grey water for industrial uses. He noted that small groundwater withdrawals were still being approved for individual developments and he commented that he was happy with the option of evaluating the need for the second half of the agreement.

Mr. Icenhour called for Public Comment.

1. Mr. Don Phillips, on behalf of West Point Hunt Club Inc., commented that he did not believe the projected population warranted the need for this agreement and the additional water. He stated that if the King William Reservoir is built, the customers would have to pay for the operation of the new facility. He recommended incentives for installation of high-efficiency fixtures.

Mr. Foster stated that the cost of the project was \$12.5 million and the cost of a desal facility was \$4.9 million.

2. Mr. Robert Richardson, 2786 Lake Powell Road, commented on misinformation to the public on this issue and requested deferral. He commented that drinking water should not be used for irrigation and demands will not go down with this project. He asked for a 90-day deferral and solicitation for public comment.

3. Mr. Steven Greenmouth, King William County, commented on the impact of the King William Reservoir on the property owners.

4. Ms. Tyla Matteson, Richmond, on behalf of Sierra Club, requested a 90-day deferral. She asked to investigate the water sources other than King William Reservoir.

5. Ms. Susan Garrett, King William County, commented on the effect of the King William Reservoir on property owners.

6. Mr. Kelly Place, 213 Waller Mill Road, Coastal Virginia Watermen, requested a public hearing for this matter. He commented on the cost of the water and indicated that the conservation efforts would be useless by increased development. He asked for explanation of alternate water resources besides the King William Reservoir and stated that this water would not be as pure as groundwater.

As no one else wished to speak to this matter, Mr. Icenhour closed the Public Comment period.

Ms. Jones asked if Mr. Foster would address the assurance that Newport News Water Works would have an adequate water supply even without the King William Reservoir project.

Mr. Foster stated that this was a contractual agreement and was not contingent on the King William Reservoir project. He stated that he believed that Newport News Water Works would meet the obligation set forth in the agreement.

Ms. Jones asked what the peak usage was this summer in relation to the amount permitted for withdrawal.

Mr. Foster stated that the County is afforded slightly less than 9 MGD under the current permit. He said this summer the peak was at 8.5 MGD, but the average usage now is about 3.8 MGD without outdoor water use. He stated the average for the year was 5 MGD.

Ms. Jones asked for clarification that a desal plant was more economical, but the permits for groundwater withdrawal would not be issued.

Mr. Foster stated this was correct and noted that he understood the City of Williamsburg was also in discussions at this time for a similar agreement with Newport News Water Works.

Mr. Icenhour commented on straining the system with high demand levels.

Mr. Foster confirmed this and stated that a peak level of 8.5 MGD was not threatening the groundwater withdrawal permit, as the permitted allowable withdrawal was an average over the entire year. He stated the high demands created stress on the system, and if one pump fails; it would put more stress on another facility. He stated it was difficult for those concerned with the day-to-day operation of the facilities and the amount of stress is a result of peak demand.

Mr. Kennedy stated that he believed these high peak demands were due to irrigation, and asked about the recommended irrigation rate of one-inch of water once per-week.

Mr. Foster stated that is the recommendation of the Virginia Extension Service.

Mr. Kennedy asked about reducing irrigation days from six to four, or limiting water for outdoor irrigation to one district per-day with two days of restriction.

Mr. Foster stated that staff has looked at this and raised the issue last spring, due to incredible increases in peak demands.

Mr. Kennedy asked how the peak levels would be affected if this was done.

Mr. Foster stated the peak levels would be reduced, but not proportionally.

Mr. Kennedy stated that water was discussed at a Planning Commission meeting, and at that time it was conveyed to him that there was plenty of water until 2014. He directed staff to monitor bills to see what is being used, and to possibly schedule a work session on the matter.

Mr. Foster stated that conservation could allow for the current water supply to last until 2014, but there needed to be action for a long-term solution. He stated that JCSA staff would continue to support and encourage water conservation.

Mr. Kennedy stated that he also felt grey water should be used, but legislators were not receptive. He indicated that he hoped to explore this in the future.

Mr. McGlennon stated that over the last several years there has been an aggressive pricing system that charged a higher fee for large amounts of water use, but this rate may need to be higher. He stated that the people who use more water should be paying for the increased cost of water. He noted that conservation should be encouraged.

Mr. Goodson made a motion to adopt the resolution.

On a roll call vote, the vote was AYE: McGlennon, Goodson, Jones, Kennedy, Icenhour (5). NAY: (0).

RESOLUTION

PROJECT DEVELOPMENT AGREEMENT - LONG-TERM WATER SUPPLY -

NEWPORT NEWS WATERWORKS

WHEREAS, the James City Service Authority (JCSA) has determined that additional water supply is needed to meet long-term demands; and

WHEREAS, staffs of JCSA and the City of Newport News have developed an agreement providing the terms for the JCSA to purchase supplemental water from the City of Newport News.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes its Chair to sign the appropriate documents providing the terms for the water purchase and expresses its appreciation to the City of Newport News for its cooperation in meeting the water needs of James City County.

G. BOARD REQUESTS AND DIRECTIVES

Mr. McGlennon stated that the Water Conservation Committee should reinvestigate conservation options, specifically in terms of irrigation, but others also. He asked about the exploration of an incentive program for replacing water fixtures with ones of higher efficiency.

Mr. Foster stated staff has begun that initiative.

Mr. McGlennon congratulated staff for the rain barrel program for water conservation and stormwater management.

Ms. Jones commented that drip irrigation is more efficient if irrigation is to be used.

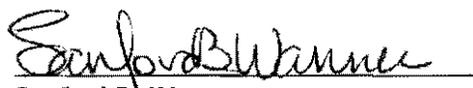
Mr. Kennedy stated that water conservation should be taken further in development projects.

H. ADJOURNMENT

Mr. McGlennon made a motion to adjourn to April 22, 2008.

The motion passed by a unanimous voice vote.

At 10:09 p.m. Mr. Icenhour adjourned the Board of Directors to April 22, 2008, at 7 p.m.


Sanford B. Wanner
Secretary to the Board

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