

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 22ND DAY OF MAY 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
W. Wilford Kale, Jr.
John J. McGlennon

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

C. CONSENT CALENDAR

1. Minutes
 - a. April 24, 2012, Regular Meeting

Mr. McGlennon made a motion to approve the Consent Calendar.

D. PUBLIC HEARINGS

1. Vacation of James City Service Authority (JCSA) Urban Easement in Settlers Market in New Town

Mr. Foster advised the Board that this matter was advertised as a public hearing on a proposed vacation of easements in the Settlers Market development as requested by FCP Settlers Market, LLC, the new owners/developers. He stated that the easements are located on a parcel at 4600 Casey Boulevard. He stated that the easements are requested to be vacated as a result of redevelopment of the project. He stated that it was determined that the vacation of the easements will not have any negative impact to the James City Service Authority (JCSA). Mr. Foster also stated that the water line that was installed will be relocated at the expense of the applicant.

Mr. Icenhour asked if this process would allow them to start construction.

Mr. Foster responded yes.

Mr. Kennedy opened the public hearing. No one spoke. Mr. Kennedy closed the public hearing.

Mr. McGlennon made a motion to approve the resolution.

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

RESOLUTION

VACATION OF JAMES CITY SERVICE AUTHORITY (JCSA) URBAN EASEMENT

IN SETTLERS MARKET IN NEW TOWN

WHEREAS, FCP Settlers Market, LLC, the owners/developers of Settlers Market in New Town, has requested that the James City Service Authority (JCSA) extinguish portions of an easement in the Settlers Market development at 4600 Casey Boulevard to accommodate an adjustment in the building layout of the project; and

WHEREAS, FCP Settlers Market, LLC has agreed to pay the cost of relocating the waterline that is located within the easement area to be extinguished and the JCSA has determined that extinguishing the easements as proposed by FCP Settlers Market, LLC is acceptable.

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 extinguish the unnecessary easement areas as identified on a plat prepared by AES Consulting Engineers, dated February 15, 2012, and located on James City County Real Estate Tax Map Parcel No. 384330001A.

E. BOARD CONSIDERATIONS

1. **Changes to the Regulations Governing Utility Service – Sewer Retail Service Rates**

Mr. Foster advised the Board that the proposal officially approved amendments to the JCSA regulations that would change the sewer rate from \$2.80 per 1,000 gallons of metered water to \$3.22. He stated that the proposed rate change would increase revenues for the JCSA by an estimated \$750,000 and that those funds would be used to address sewer infrastructure deficiencies associated with the consent order.

Ms. Jones asked Mr. Foster to review discussion at the April 30, 2012, work session regarding rate increase alternatives.

Mr. Foster responded that the options were to issue bonds or to pay for the consent order deficiencies on a pay-as-you-go basis. Either option would require an increase in revenues to pay for the cost of the improvements. He stated that the Board left it open on how they wanted to address the financing. Mr. Foster stated that he recommended the pay-as-you go method. Mr. Foster stated that JCSA is preparing a rehabilitation plan that will be sent to the Department of Environmental Quality for approval; the plan will define the rehabilitation projects and a schedule for the rehabilitation effort. He stated that it is a long-term project with estimated costs of \$60 million over a 20-year period. This is the first step in generating the additional revenues.

Mr. McGlennon stated that the Board had no choice but to adjust the rates in order to cover the expenses needed to address the Consent Order to improve the infrastructure. Mr. McGlennon made a motion to approve the resolution.

On a roll call vote, the vote was: AYE: McGlennon, Icenhour, Kale (3). NAY: Jones, Kennedy (2).

RESOLUTION

CHANGES TO THE REGULATIONS GOVERNING UTILITY SERVICES –

SEWER RETAIL SERVICE CHARGES – JAMES CITY SERVICE AUTHORITY (JCSA) –

FISCAL YEAR 2013 BUDGET

WHEREAS, the Board of Directors of the James City Service Authority (JCSA) conducted a public hearing on April 24, 2012, for a proposed change to the Regulations Governing Utility Service.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby adopts the change to Section 32, General Rate Policy and Rate Schedule, Regulations Governing Utility Service as summarized below, which will become effective for all bills mailed on or after July 1, 2012:

B. Wastewater Charges

5. Retail service rates.

(a) Metered water source.

Charge for all collection and treatment of wastewater.

	<u>Current Rate</u>	<u>FY 13 Proposed Rate</u>
<u>Volume</u>	<u>Collection</u>	<u>Collection</u>
Per 1,000 gallons of water consumed	\$2.80	\$3.22
Per 100 cubic feet of water consumed	\$2.09	\$2.41

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

Mr. McGlennon asked if it was possible to rescind the vote.

Mr. Rogers responded yes, but it would need to be done by a member who voted in favor of the matter.

Mr. McGlennon inquired of Supervisor Kennedy and Supervisor Jones on how they intended to pay for the improvements without raising rates.

Mr. Kennedy responded that he raised some of the issues during the work session.

Ms. Jones responded that Mr. Foster discussed that there are other options and expressed that she would like to explore those options rather than passing on an increase to the citizens. Ms. Jones stated that she intends to vote in favor of the overall budget, but at this time she is not comfortable voting for a fee increase.

Mr. McGlennon stated that the Board talked about the possibility of bonding. He stated that bonds have to be repaid. Mr. McGlennon asked Mr. Foster if he would review the financing options discussed at the April 30, 2012, work session.

Mr. Foster responded that he reviewed projected estimates and with \$750,000 available in new revenue from the proposed increase in sewer rates, the JCSA would be able to offset the debt requirements of \$7 to \$8 million. He stated that the challenge is not whether the County funds the improvements through the operating funds on a pay-as-you-go basis or if they are funded through a bond issue, additional funds will be required to offset the additional costs to address the Consent Order.

Mr. Kennedy inquired if all of the regulations have been approved by the Environmental Protection Agency (EPA).

Mr. Foster responded that the JCSA is under an oversight from the Department of Environmental Quality, which is working under the guidance of the U.S. Environmental Protection Agency. He stated that the rehabilitation plan will be submitted in the spring of 2013. The approach is to start generating additional revenue in order to have cash flow to address the construction projects.

Mr. Kale made the observation that if the JCSA funded the Consent Order projects with bonds, the JCSA would still have to raise fees sooner than later to cover repayment of the bonds.

Mr. Foster stated that would be true.

Mr. McGlennon stated that he was not going to rescind his vote.

2. Resolution of Appropriation – James City Service Authority – Fiscal Year 2013 Budget

Mr. Foster advised the Board that the resolution establishes the FY 2013 budget parameters.

Mr. Kale made a motion to approve the resolution.

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

RESOLUTION OF APPROPRIATION

JAMES CITY SERVICE AUTHORITY (JCSA) – FISCAL YEAR BUDGET 2013

WHEREAS, the General Manager has prepared a proposed budget for the fiscal year beginning July 1, 2012, and ending June 30, 2013; and

WHEREAS, the Board of Directors has considered said budget and does now propose 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**:

Water Fund - Revenue:
Service Charges

\$7,192,612

Water Fund - Expenditures:

Administration Fund Allocation	\$2,666,997
Operations and Maintenance	3,091,171
Capital Equipment Outlay	49,500
Debt Service Fund	1,380,944
PDA Operating Costs	<u>4,000</u>
	<u>\$7,192,612</u>

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

Sewer Fund - Revenue:

Service Charges	<u>\$6,458,548</u>
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Sewer Fund - Expenditures:

Administration Fund Allocation	\$3,682,997
Operations and Maintenance	1,691,291
Grinder Pump Expenses	313,860
Capital Equipment Outlay	20,400
CIP Transfer - DEQ Consent Order	<u>750,000</u>
	<u>\$6,458,548</u>

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

ADMINISTRATIVE FUND

Revenues:

Allocated to Water Fund	\$2,666,997
Allocated to Sewer Fund	<u>3,682,997</u>
	<u>\$6,349,994</u>

Expenditures:

Personnel Expenses	\$4,499,183
Operating Expenses	1,706,811
Capital Outlay	<u>144,000</u>
	<u>\$6,349,994</u>

CAPITAL IMPROVEMENTS PROGRAM

Revenues:

Water Facility Charges	\$1,952,200
Sewer Facility Charges	1,364,160
Sewer Fund Transfer-DEQ Consent Order	<u>750,000</u>
	<u>\$4,066,360</u>

Expenditures:

Water Supply	\$2,113,000
Sewer System Improvements	1,703,360
Other Projects	<u>250,000</u>
	<u>\$4,066,360</u>

DEBT SERVICE FUND

Revenues:

Water Fund Contribution	\$1,380,944
Capital Improvements Program Contribution	<u>1,648,000</u>
	<u>\$3,028,944</u>

Expenditures:

Revenue Bonds, Series 2003	\$1,380,944
Revenue Bonds, Series 2008	<u>1,648,000</u>
	<u>\$3,028,944</u>

3. Resolution – Employer Contribution Rates for Virginia Retirement System

Mr. Foster advised the Board that the resolution is the companion resolution that the Board approved earlier as the Board of Supervisors for the James City County Employees. He stated that it establishes the contribution rate for JCSA employees at 7.83 percent for FY 13-14.

Mr. Icenhour made a motion to approve the resolution.

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

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2012 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the James City County Service Authority 55455 does hereby acknowledge that its contribution rates effective July 1, 2012 shall be based on the higher of a) the contribution rate in effect for FY 2012, or b) seventy percent of the results of the June 30, 2011 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2012-14 biennium (the "Alternate Rate") provided that, at its option, the contribution rate may be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 5L1-145(I) resulting from the June 30, 2011 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the James City County Service Authority 55455 does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2012:

(Check only one box)

The Certified Rate of 7.83%

The Alternate Rate of 5.48%; and

BE IT ALSO RESOLVED, that the James City County Service Authority 55455 does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution; and

NOW, THEREFORE, the officers of James City County Service Authority 55455 are hereby authorized and directed in the name of the James City County Service Authority to carry out the provisions of this resolution, and said officers of the James City County Service Authority are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by James City County Service Authority for this purpose.

4. Resolution – Member Contributions by Salary Reduction for Virginia Retirement System

Mr. Foster advised the Board that this was another companion Virginia Retirement System (VRS) resolution for JCSA employees establishing that effective July 1, 2012, JCSA employees would pay the five percent share of VRS contributions.

Mr. McGlennon made a motion to approve the resolution.

On a roll call vote, the vote was: AYE: McGlennon, Icenhour, Kale, Jones, (4). NAY: Kennedy (1).

Member Contributions by Salary Reduction for Counties, Cities,
Towns, and Other Political Subdivisions
(In accordance with Chapter 822 of the 2012 Acts of Assembly (SB497))

Resolution

WHEREAS, the James City County Service Authority 55455 employees who are Virginia Retirement System members who commence or recommence employment on or idler July 1, 2012 ("FY2013 Employees" for purposes of this resolution), shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code § 414(h) on a pre-tax basis upon commencing or recommencing employment; and

WHEREAS, the James City County Service Authority 55455 employees who are Virginia Retirement System members and in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code § 414(h) on a pre-tax basis no later than July 1, 2016; and

WHEREAS, such employees in service on June 30, 2012, shall contribute a minimum of an additional one percent of their creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the employees' contributions equal five percent of creditable compensation; and

WHEREAS, the James City County Service Authority 55455 may elect to require such employees in service on June 30, 2012, to contribute more than an additional one percent each year, in whole percentages, until the employees' contributions equal five percent of creditable compensation; and

WHEREAS, the second enactment clause of Chapter 822 of the 2012 Acts of Assembly (SB497) requires an increase in total creditable compensation, effective July 1, 2012, to each such employee in service on June 30, 2012, to offset the cost of the member contributions, such increase in total creditable compensation to be equal to the difference between five percent of the employee's total creditable compensation and the percentage of the member contribution paid by such employee on January 1, 2012.

BE IT THERERFORE RESOLVED, that the James City County Service Authority 55455 does hereby certify to the Virginia Retirement System Board of Trustees that it shall effect the implementation of the member contribution requirements of Chapter 822 of the 2012 Acts of Assembly (SB497) according to the following schedule for the fiscal year beginning July 1, 2012 (i.e., FY2013):

Type of Employee	Employer Paid Member Contribution	Employee Paid Member Contribution
Plan 1	%	%
Plan 2	%	%
FY 2013 Employees	0%	5%

(Note: Each row must add up to 5 percent.); and

BE IT FURTHER RESOLVED, that such contributions, although designated as member contributions, are to be made by the James City Service Authority in lieu of member contributions; and

BE IT FURTHER RESOLVED, that pick up member contributions shall be paid from the same source of funds as used in paying the wages to affected employees: and

BE IT FURTHER RESOLVED, that member contributions made by the James City County Service Authority under the pick up arrangement shall he treated for all purposes other than income taxation, including but not limited to VRS benefits, in the same manner and to the same extent as member contributions made prior to the pick up arrangement; and

BE IT FURTHER RESOLVED, that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the pick up contributions made by the James City County Service Authority directly instead of having them paid to VRS; and

BE IT FURTHER RESOLVED, that notwithstanding, any contractual or other provisions, the wages of each member of VRS who is an employee of the James City County Service Authority shall be reduced by the amount of member contributions picked up by the James City County Service Authority on behalf of such employee pursuant to the foregoing resolutions.

NOW, THEREFORE, the officers of James City County Service Authority 55455 are hereby authorized and directed in the name of the James City County Service Authority to can out the provisions of this resolution, and said officers of the James City County Service Authority are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by the James City County Service Authority for this purpose.

F. BOARD REQUESTS AND DIRECTIVES

Mr. Kennedy asked how the recent rains impacted revenues.

Mr. Foster responded that water sales have been fairly consistent. He stated that water demand over the past two weeks has been less than what it was for the month of April.

Mr. Kennedy questioned if the JCSA started the odd/even watering days.

Mr. Foster stated that the odd/even watering days began on May 1, 2012.

Mr. Icenhour inquired if the potential drought has been abated from the rain.

Mr. Foster responded that as of a month ago, the stream flows in Virginia were below normal.

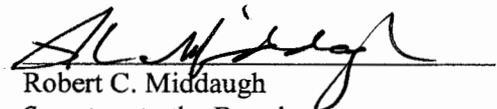
Mr. Icenhour requested an update on the potential drought information.

G. ADJOURNMENT

Mr. Kale made a motion to adjourn the meeting.

The motion passed by a unanimous voice vote.

Mr. Kennedy adjourned the Board until June 26, 2012, at 7:00 p.m.


Robert C. Midaugh
Secretary to the Board

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