

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY**

**County Government Center Board Room**

**January 27, 2004**

**7:00 P.M.**

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**A. ROLL CALL**

**B. CONSENT CALENDAR**

1. Organizational Meeting Resolution
2. Minutes - January 13, 2004, Organizational Meeting

**C. BOARD CONSIDERATIONS**

1. Setting a Public Hearing - FY 05-06 Utility Rates
2. Setting a Public Hearing - Amendment to the Regulations Governing Utility Services - Establishment of a Rate Equalization Fund

**D. BOARD REQUESTS AND DIRECTIVES**

**E. ADJOURNMENT**

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MEMORANDUM

DATE: January 27, 2004  
TO: The Board of Directors  
FROM: Frank M. Morton, III, County Attorney  
SUBJECT: Organizational Meeting

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I have attached for your consideration a resolution establishing times and dates of your meetings for the year 2004, as well as proposed parliamentary rules to assist in the conducting of your business. These rules are consistent with past years.

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Frank M. Morton, III

FMMIII/gb  
orgmtg04.mem

Attachment

## RESOLUTION

### ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS

WHEREAS, the Board of Directors of the James City Service Authority, James City County, Virginia, is desirous of establishing rules for the conducting of its business for the year of 2004.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that the following rules shall apply for the year 2004.

1. Regular meetings of the Board shall be held following the second Board of Supervisors' meetings each month. The meetings shall be held following the 7:00 p.m. Board of Supervisors' meeting. In August and December when there is only one Board of Supervisors' meeting, a Board meeting can be scheduled if needed.
2. The Board shall, for parliamentary purposes, follow Robert's Rules of Order and more specifically those provisions which pertain to the conduct of Business in Boards, Newly Revised, 1981 at p. 404 as follows:
  - a. Members are not required to obtain the floor before making motions or speaking, which they can do while seated.
  - b. Motions need not be seconded.
  - c. There is no limit to the number of times a member can speak to a question, and motions to close or limit debate generally should not be entertained.
  - d. Informal discussion of a subject is permitted while no motion is pending.
  - e. The Chairman can speak in discussion without leaving the chair; and can make motions and votes on all questions.

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Jay T. Harrison, Sr.  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 27th day of January, 2004.

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**AT AN ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 13TH DAY OF JANUARY, 2004, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.**

**A. ROLL CALL**

Michael J. Brown, Chairman  
John J. McGlennon, Vice Chairman  
Jay T. Harrison, Sr.  
M. Anderson Bradshaw  
Bruce C. Goodson

Sanford B. Wanner, Secretary  
Frank M. Morton, III, County Attorney  
Larry M. Foster, General Manager

**B. ORGANIZATIONAL MEETING**

Mr. Brown asked for nominations for Chairman for 2004.

Mr. Goodson nominated Mr. Harrison as Chairman for 2004.

There being no other nominations, Mr. Brown requested a roll call vote to elect Mr. Harrison as Chairman.

On a roll call vote, the vote was: AYE: Bradshaw, Goodson, McGlennon, Brown, Harrison (5). NAY: (0).

Mr. Harrison nominated Mr. McGlennon as Vice Chairman and asked for any additional nominations.

There being no other nominations, Mr. Harrison requested a voice vote to elect Mr. McGlennon as Vice Chairman.

The motion passed by a unanimous voice vote.

**C. CONSENT CALENDAR**

Mr. Foster withdrew Item No. 2, Setting a Public Hearing – Amendment to the Regulations Governing Utility Service – Establishment of Rate Equalization Fund, from the Consent Calendar.

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

The motion passed by a unanimous voice vote.

1. Minutes

- a. October 14, 2003, Work Session
- b. October 28, 2003, Joint Work Session
- c. November 25, 2003, Regular Meeting
- d. December 16, 2003, Work Session

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

**E. ADJOURNMENT**

Mr. Brown made a motion to adjourn until 7 p.m. on January 27, 2004.

The motion passed by a unanimous voice vote.

Mr. Harrison adjourned the Board at 9:36 p.m.

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Sanford B. Wanner  
Secretary to the Board

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<u>Volume</u>	<u>Collection</u>
Per 1,000 gallons of water consumed	<del>\$2.50</del> 2.70
Per 100 cubic feet of water consumed	<del>\$1.87</del> 2.02

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

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:

<u>Residential:</u>	<u>Volume</u>	<u>Charge</u>
First Block	Less than 15,000 gallons per Quarter	<del>\$2.30</del> <b>2.40</b> per 1,000 gallons ( <del>\$1.72</del> <b>1.80</b> per 100 cubic feet)
Second Block	The next 10,000 gallons up to 30,000 gallons per Quarter	<del>\$2.60</del> <b>2.70</b> per 1,000 gallons ( <del>\$1.945</del> <b>2.02</b> per 100 cubic feet)
Third Block	More than 30,000 gallons per Quarter	<del>\$7.45</del> <b>7.55</b> per 1,000 gallons ( <del>\$5.57</del> <b>5.64</b> per 100 cubic feet)
 <u>Nonresidential:</u>	 <u>Volume</u>	 <u>Charge</u>
	Per 1,000 gallons	<del>\$2.60</del> <b>2.70</b>
	Per 100 cubic feet	<del>\$1.94</del> <b>2.02</b>

**MEMORANDUM**

DATE: January 27, 2004

TO: The Board of Directors

FROM: Robert H. Smith, Assistant Manager, James City Service Authority

SUBJECT: Setting A Public Hearing - FY 05/06 Utility Rates

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Staff requests the Board of Directors set a Public Hearing for April 27, 2004, for proposed utility rate changes to coincide with the public hearing on the FY 2005 Budget. At a Work Session held on December 16, 2003, the Board was presented with a Water and Sewer Rate Study for FY 05/06 that projected change to both the water and sewer rates. These changes are recommended in preparation of the JCSA FY 05/06 Budget.

Traditionally, during the January Board of Directors’ meeting, staff requests the Board to set a public hearing date for proposed utility water and sewer rate changes. Notice of Public Hearing of April 27, 2004, will be advertised on February 5, 2004, and April 8, 2004. This Public Hearing is in accordance with Section 15.2-5136 of the Code of Virginia, which requires a 60-day notice for sewer-related service charge changes.

The proposed changes are listed below:

**1. Residential Water Retail Service Rate (Inverted-Block Rate):**

<u>Quarterly Consumption</u>	<u>FY 04 Current Rate</u>	<u>FY 05 Proposed Rate</u>	<u>FY 06 Proposed Rate</u>
<b>1<sup>st</sup> Block:</b>			
Less than 15,000 gallons	\$2.30 per 1,000 gallons (\$1.72 per 100 cubic feet)	\$2.40 (\$1.80)	\$2.50 (\$1.87)
<b>2<sup>nd</sup> Block</b>			
More than 15,000 gallons but less than 30,000 gallons	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
<b>3<sup>rd</sup> Block</b>			
More than 30,000gallons	\$7.45 per 1,000 gallons (\$5.57 per 100 cubic feet)	\$7.55 (\$5.64)	\$7.85 (\$5.87)

**2. Nonresidential Water Retail Service Rate:**

Flat Rate	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
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**3. Sewer Retail Service Rate:**

Flat Rate	\$2.50 per 1,000 gallons (\$1.87 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.90 (\$2.17)
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Staff recommends approval of the attached resolution to set the Public Hearing for April 27, 2004.



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Robert H. Smith

CONCUR:

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Larry M. Foster

RHS/tlc  
0506utilrates.mem

Attachments

**RESOLUTION**

**SETTING A PUBLIC HEARING - FY 05/06 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 27, 2004, and request staff to review Section 32, General Rate Policy and Rate Schedule, Regulations Governing Utility Service and make changes to the rates, fees, and charges which are summarized below which will become effective July 1, 2004, if adopted.

**1. Residential Water Retail Service Rate (Inverted-Block Rate):**

<u>Quarterly Consumption</u>	<u>FY 04 Current Rate</u>	<u>FY 05 Proposed Rate</u>	<u>FY 06 Proposed Rate</u>
1 <sup>st</sup> Block: Less than 15,000 gallons	\$2.30 per 1,000 gallons (\$1.72 per 100 cubic feet)	\$2.40 (\$1.80)	\$2.50 (\$1.87)
2 <sup>nd</sup> Block More than 15,000 gallons but less than 30,000 gallons	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
3 <sup>rd</sup> Block More than 30,000gallons	\$7.45 per 1,000 gallons (\$5.57 per 100 cubic feet)	\$7.55 (\$5.64)	\$7.85 (\$5.87)

**2. Nonresidential Water Retail Service Rate:**

Flat Rate	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
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**3. Sewer Retail Service Rate:**

Flat Rate	\$2.50 per 1,000 gallons (\$1.87 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.90 (\$2.17)
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BE IT FURTHER RESOLVED, that the proposed amendments be made part of this resolution.

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Jay T. Harrison, Sr.  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 27th day of January, 2004.

0506utilrate.res

**JAMES CITY SERVICE AUTHORITY**

**NOTICE OF PUBLIC HEARING**

**UTILITY RATES**

The Board of Directors of the James City Service Authority will hold a Public Hearing on April 27, 2004, at 7:00 p.m., in the Building F Board Room, County Government Center, 101 Mounts Bay Road, James City County, Virginia, to consider the following:

**1. Residential Water Retail Service Rate (Inverted-Block Rate):**

<u>Quarterly Consumption</u>	<u>FY 04 Current Rate</u>	<u>FY 05 Proposed Rate</u>	<u>FY 06 Proposed Rate</u>
1 <sup>st</sup> Block: Less than 15,000 gallons	\$2.30 per 1,000 gallons (\$1.72 per 100 cubic feet)	\$2.40 (\$1.80)	\$2.50 (\$1.87)
2 <sup>nd</sup> Block More than 15,000 gallons but less than 30,000 gallons	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
3 <sup>rd</sup> Block More than 30,000gallons	\$7.45 per 1,000 gallons (\$5.57 per 100 cubic feet)	\$7.55 (\$5.64)	\$7.85 (\$5.87)

**2. Nonresidential Water Retail Service Rate:**

Flat Rate	\$2.60 per 1,000 gallons (\$1.95 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.80 (\$2.09)
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**3. Sewer Retail Service Rate:**

Flat Rate	\$2.50 per 1,000 gallons (\$1.87 per 100 cubic feet)	\$2.70 (\$2.02)	\$2.90 (\$2.17)
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Public comments are invited at the scheduled Public Hearing. All interested parties are invited to attend. Comments, in writing, may be addressed to General Manager, James City Service Authority, P.O. Box 8784, Williamsburg, VA 23185.

All proposed rates governing water and sewer service utility are proposed to be implemented July 1, 2004, and will be effective for all bills mailed on or after July 1, 2004.

Larry M. Foster  
General Manager  
James City Service Authority

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Daily Press - Display February 5, 2004 and April 8, 2004  
AD 4" x 6" - Neighbors Section

DISTRIBUTION: FMS Accounting - Charge to 101-100-0200  
Toano Satellite Office  
JCSA - Bob Smith  
PH File

MEMORANDUM

DATE: January 27, 2004

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority  
Frank M. Morton, III, County Attorney

SUBJECT: Setting a Public Hearing - Amendment to the Regulations Governing Utility Service -  
Establishment of Rate Equalization Fund

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Staff requests the Board of Directors set a Public Hearing for April 13, 2004, to receive comment on a proposed Rate Equalization Fund for development of independent water systems constructed after the date of approval of the amendment to the Regulation Governing Utility Service establishing the provisions for the fund. At a Work Session held on December 16, 2003, information was presented as a part of a Cost of Service Study for Independent Water Systems. This Study concluded that:

- The establishment of separate rates for customers served by the independent systems would have no material impact upon the Primary Service Area customers, but would have a major impact (increase) on bills of the customers served by the independent systems.
- The administration and maintenance of independent system rates will create an additional administrative burden for the Customer Service/Billing Department.
- A simple means of eliminating the cost differences for future independent water systems is to establish a "Rate Equalization Fund" to be funded by: 1) the developer when the lots are recorded at \$4,000 per lot; or 2) lien placed on the lot when it is recorded and collected when the lot is sold; or 3) a combination of the two previous options.

As a result of the findings and conclusions presented above, two recommendations were made as follows:

- Maintain the current practice of using a common rate structure for all James City Service Authority (JCSA) customers.
- For new independent water systems, establish a "Rate Equalization Fund" by charging a one-time "upfront" \$4,000 payment for all new lots established to be paid by the developer when the lot is sold - payment will be secured by a lien.

At the Work Session the Board agreed in concept to establishing a Rate Equalization Fund. The establishment of the proposed Rate Equalization Fund will require an amendment to the JCSA's Regulations Governing Utility Service. Staff has developed the following three options for collecting the fees for the Rate Equalization Fund.

1. Developer shall pay \$4,000 for each lot or dwelling unit at the time of subdivision/site plan approval. This would ensure that the payments would be made upfront to the JCSA. This option has the least risk for the JCSA and reduces administrative costs of collection. However, this option is the most costly for the developer. The \$4,000 would need to be financed into the cost of development. The developer would not be able to use the proceeds from the sale of lots/units to pay the fee.
2. The \$4,000 fee is paid out of closing for each lot or dwelling unit on the property. This option would have the least cost for the developer and would ensure that the payment would not be due until the developer has money from the sale of lots or units. This option has the greatest risk and highest costs to the JCSA. Placing a lien on the property to secure payment imposes additional costs for both the developer and the

JCSA. In addition, unless the lien was a first priority lien on the property, the JCSA's interest is not fully secured. In the event of a foreclosure, the lender or subsequent developer may be able to avoid the JCSA lien and therefore not make any additional payments. This creates a scenario where lots/units sold by the initial developer will pay the fee, but lots/units developed after the initial developer defaults may not have to pay the fee. The JCSA would have a financial stake in ensuring that the initial developer succeeds. Staff does not believe that the JCSA should be in the position of an "investor" in the project. In the alternative, requiring a first priority lien would cause financial concerns for the developer and its lender. A lender will surely try to get the JCSA subordinate its interest. Developers and lenders could offer a bond, letter of credit, escrow account, or other surety instrument in exchange for the JCSA releasing its lien. Staff does not recommend this approach due to the risk and costs involved and the fact that the JCSA begins to incur cost when the independent water system is accepted, which occurs prior to the sale, if the first lot is the development. The JCSA would be incurring costs to operate and maintain the system without assurance of when it would receive payment. A downturn in the economy could result in an independent water system being constructed with few if any lots being sold.

3. The developer pays \$2,000 for each lot or dwelling unit at the time of subdivision/site plan approval and the remaining balance would be paid at the time of closing. The JCSA's interest would be secured by filing a notice against the property in the real estate records and by obtaining surety (letter of credit, bond, escrow, etc.) at the time of subdivision/site plan approval. This option shares some of the risks and costs between the JCSA and the developer. The JCSA receives a partial payment about the same time it accepts financial responsibility for the independent water system. The JCSA receives the remainder when each lot or unit is sold. The developer will likely finance the \$2,000 payment upfront as part of the cost of development, but would be able to defer the remaining \$2,000 until the sale of a lot or unit. The developer would incur an additional expense of providing surety at the time of subdivision/site plan approval, but this would be a nominal sum that could be financed over the course of development. There would also be a notice filed in the real estate records to protect both of the parties that the second \$2,000 payment would be paid out of closing. It is important to remember that the \$2,000 payment is made when the developer sells the lot/unit to the first purchaser. Therefore, the developer will have some control over what happens at closing. The risk to ensure that such payment is made should be placed on the developer. Staff recommends this option because it more fairly allocates costs and expenses between the JCSA and the developer. Under this option neither the developer nor the purchaser would need to pay the entire amount in one lump sum. In addition, the JCSA will receive a partial payment of the fee near the time it begins incurring costs for operating and maintaining the system. In addition, the \$2,000 payment at the time of subdivision/site plan approval with aid in offsetting the costs incurred by the JCSA should lot sales extend over a period of years.

Assuming the Board authorizes staff to proceed, notice of the April 13, 2004, Public Hearing will be advertised in the January 29, 2004 and March 11, 2004 editions of the Daily Press and the March 20, 2004 edition of the Virginia Gazette. This Public Hearing is in accordance with Section 15.2-5136 of the Code of Virginia, which requires a 60-day notice for water and sewer-related rate changes. The Board's guidance on which option for collecting the Rate Equalization Fee will be helpful in preparing the advertisement of the Public Hearing.

Setting a Public Hearing - Amendment to the Regulations Governing Utility Service - Establishment of a  
Rate Equalization Fund  
January 27, 2004  
Page 3

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Larry M. Foster

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Frank M. Morton, III

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