

A G E N D A

JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS

County Government Center Board Room

May 22, 2012

7:00 P.M.

A. CALL TO ORDER

B. ROLL CALL

C. CONSENT CALENDAR

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

D. PUBLIC HEARING

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

E. BOARD CONSIDERATIONS

1. Changes to the Regulations Governing Utility Service – Sewer Retail Service Rates
2. Resolution of Appropriation – James City Service Authority – Fiscal Year 2013 Budget
3. Resolution – Employer Contribution Rates for Virginia Retirement System
4. Resolution – Member Contributions by Salary Reduction for Virginia Retirement System

F. BOARD REQUESTS AND DIRECTIVES

G. ADJOURNMENT

052212bod_age

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 24TH DAY OF APRIL 2012, 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

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

The motion passed by a unanimous voice vote.

1. Minutes -
 - a. March 27, 2012, Regular Meeting
2. Contract Award – Water Storage Tank Maintenance – \$1,097,943

RESOLUTION

CONTRACT AWARD – WATER STORAGE TANK MAINTENANCE – \$1,097,943

WHEREAS, a Request for Proposal (RFP) has been advertised and evaluated for a contract for services for the maintenance and painting of 36 James City Service Authority (JCSA) and James City County water storage tanks; and

WHEREAS, a pre-proposal conference was held on January 25, 2012, with five firms attending; and

WHEREAS, Superior Industrial Maintenance Company is the only firm that submitted a qualified and responsive proposal and has been determined to be capable of providing the services defined in the RFP.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the Water Storage Tank Maintenance contract to Superior Industrial Maintenance Company in the amount of \$388,390 for the first year with the option to renew the contract for four additional years at a total cost of \$1,097,943.

D. PUBLIC HEARING

1. FY 13-14 Budget and Proposed Rate Increase

Mr. Larry Foster stated to the Board that the proposed budget is driven by a 2007 Consent Order from the Department of Environmental Quality (DEQ), which identified approximately \$60 million of expenditures needed to rehabilitate the sewer system over the next 20 years. Mr. Foster stated that the proposed budget includes a 15 percent sewer rate increase from \$2.80 per thousand gallons to \$3.22 per thousand gallons. He stated that this increase will generate approximately \$750,000. He stated that the total operating budget would be \$13,651,000, which is an 8 percent increase of the FY 11-12 budget. Mr. Foster informed the Board that the Capital Improvement Budget increased 24 percent over the FY 11-12 budget. He stated that the increase is due to rehabilitation of the sewer system. Mr. Foster also informed the Board that there is a proposed five percent rate increase in the FY 14 budget to continue generating revenue to address the Consent Order infrastructure improvements. He stated that also in the FY 14 budget there is a proposed transfer to take monies out of the operating budget and transfer into the Capital Improvement Program (CIP) to start addressing the rehabilitation of the Kingswood subdivision water system. Mr. Foster stated that no action is required of the Board and recommended that the Board adjourn the meeting until May 2 at 4 p.m. for further discussion and consideration of the budget.

Mr. Kennedy recommended that the Board be prepared to possibly discuss the budget on April 30.

Mr. McGlennon noted that in order to comply with the Consent Order, the County may have to take on some fairly large projects rather quickly. He requested that staff give some thought to the potential for bonding and perhaps do some of those projects in this better construction environment.

Mr. Kennedy commented that the prime window for construction may have passed. He stated that while he believes labor costs are still low, the cost of goods has escalated.

Mr. Foster advised the Board that the James City Service Authority (JCSA) is one of 12 entities competing for a very small number of specialty contractors.

Mr. Kennedy inquired if there had been any talks in the delays of enacting any of the orders.

Mr. Foster responded that there have been discussions, but there have been no commitments from the Department of Environmental Quality (DEQ) that it would be delayed.

Mr. Kennedy opened the Public Hearing.

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

The Board took no action on the FY 13-14 budget.

E. BOARD CONSIDERATION

1. Resolution Authorizing Participation in a Study of Further Regionalism of Sanitary Sewer Service and Assets

Mr. Foster informed the Board that the resolution would authorize a study to evaluate the possibility of consolidating all the sewer collection systems in the Hampton Roads area under the Hampton Roads Sanitary District (HRSD). He stated that since 2007, JCSA has been working on the Consent Order and that it has been a very difficult, very complex, ongoing matrix of improvements. He stated that the study would take approximately one year and would be administered by the Hampton Roads Planning District Commission (HRPDC). He stated that there would be no costs to JCSA and no commitment to participate or follow the recommendations of the study.

Ms. Jones noted that HRPDC supported the study. She stated that the purpose of the study is to take a look at the pros and the cons. She stated that the Board needs to make sure that jurisdictional lines are protected.

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

**RESOLUTION AUTHORIZING PARTICIPATION IN A STUDY OF FURTHER
REGIONALIZATION OF SANITARY SEWER SERVICE AND ASSETS**

WHEREAS, the James City Service Authority (JCSA) owns and operates a sanitary sewer collection system directly connected to the regional sanitary sewer system owned and operated by the Hampton Roads Sanitation District (HRSD), a political subdivision of the Commonwealth of Virginia; and

WHEREAS, HRSD and 13 of the 17 localities within Hampton Roads entered a Special Order by Consent with the State Water Control Board on September 26, 2007, (the Order) for the purpose of resolving certain alleged violations of environmental laws and regulations; and

WHEREAS, in the course of planning actions to meet the requirements of the Order, the potential to develop a more cost-effective set of actions to satisfy the requirements of the Order through consolidation of sanitary sewer assets under a single regional entity and reduce the costs to the ratepayer has been identified; and

WHEREAS, the collection of data, analysis, and study is required to determine whether the benefits that may be identified within Hampton Roads from further regionalization outweigh the challenges of regional consolidation of sanitary sewer service and assets.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby requests the Hampton Roads Planning District Commission (HRPDC) to conduct a study of further regionalization of sanitary sewer service and assets. Such a study shall be funded by HRSD in an amount agreeable to HRSD and completed by July 1, 2013.

BE IT FURTHER RESOLVED that the JCSA will provide access to information, data, assets, staff, and otherwise cooperate with the HRPDC and/or the HRPDC's agent in conducting the study of regional consolidation of sanitary sewer assets and participate in the evaluation of the results of the study.

BE IT FURTHER RESOLVED that this request does not bind the JCSA to participate financially in the Study or to accept, adopt, or comply with any conclusions or recommendations of the Study.

BE IT FURTHER RESOLVED that the Study will impact the JCSA's ability to accomplish all of the work required under the Order and as such, the conduct of the study is contingent on receiving an appropriate stay or deferral of activities required by the Order as necessary to:

1. Allow existing sewer managers and staff to participate fully in the study; and
2. Avoid further analysis, evaluation, or performance of sewer system rehabilitation, upgrades, or replacements that may not be cost-effective should further regionalization of sewer service and assets be achieved as a result of the study.

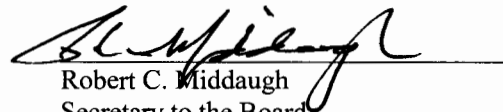
F. BOARD REQUESTS AND DIRECTIVES

Mr. Kennedy asked about water usage.

Mr. Foster stated that the average gallons of water demands in February 2012 were 3.7 million gallons per day and that before the weekend rain and the cooler weather, the demand was about 6 million gallons per day.

G. ADJOURNMENT

Mr. Kennedy adjourned the Board until April 30, 2012, at 6 p.m.


Robert C. Middaugh
Secretary to the Board

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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).

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G. ADJOURNMENT

Mr. Kennedy adjourned the Board until April 30, 2012, at 6 p.m.

Robert C. Middaugh
Secretary to the Board

MEMORANDUM COVER

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

Action Requested: Shall the Board approve the resolution authorizing vacation of an urban easement in Settlers Market in New Town?

Summary: FCP Settlers Market, LLC, the new owner of the Settlers Market located within the New Town development, desires to modify the approved building layout of the development. The proposed building location changes will encroach on an existing James City Service Authority (JCSA) Urban Easement and waterline. FCP Settlers Market, LLC has agreed to pay the costs of relocating the waterline.

Staff recommends adoption of the attached resolution.

Fiscal Impact: N/A

FMS Approval, if Applicable: Yes No

Assistant County Administrator

Doug Powell _____

County Administrator

Robert C. Middaugh _____

Attachments:

- 1. Memorandum
- 2. Resolution
- 3. Public Hearing Notice
- 4. Maps

Agenda Item No.: D-1

Date: May 22, 2012

MEMORANDUM

DATE: May 22, 2012

TO: The Board of Directors

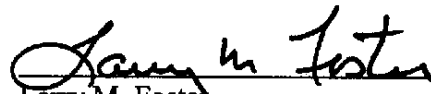
FROM: Larry M. Foster, General Manager, James City Service Authority

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

This meeting has been advertised as a public hearing to receive comment on a request to vacate portions of a James City Service Authority (JCSA) easement at 4600 Casey Boulevard in the Settlers Market Development in New Town.

FCP Settlers Market, LLC, the new owners/developers of the Settlers Market property in New Town, desires to change the original site plan requiring a re-alignment of a waterline located within the development and eliminating the need for portions of a JCSA easement also located on the parcel. FCP Settlers Market, LLC has agreed to pay for the realignment of the waterline and the JCSA has determined that the relocation of the waterline and vacation of portions of the easement on the parcel are acceptable.

Staff recommends that after conducting a public hearing, the Board approve the attached resolution authorizing the General Manager to sign the necessary documents vacating portions of a JCSA easement located on James City County Real Estate Tax Map Parcel No. 384330001A as shown on a plat prepared by AES Consulting Engineers.


Larry M. Foster

LMF/gb
SM-EasemtVac_mem

Attachments

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. 3843300001A.

James G. Kennedy
Chairman, Board of Directors

ATTEST:

Robert C. Middaugh
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 22nd day of May, 2012.

SM-EasemtVac_res

CERTIFICATION OF SOURCE OF TITLE

THIS IS TO CERTIFY THAT THE LAND EMBRACED IN THIS SUBDIVISION AND SHOW AS EXISTING TAX MAP PARCEL (38-4)(33-1A) IS IN THE NAME OF FCP SETTLER'S MARKET, L.L.C. AND WAS ACQUIRED FROM UNION BANK, N.A. BY DEED DATED JANUARY 31, 2011 AND DULY RECORDED IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF WILLIAMSBURG AND THE COUNTY OF JAMES CITY, VIRGINIA AS INSTRUMENT NUMBER 1010003643.

OWNER'S CONSENT AND DEDICATION

THE SUBDIVISION OF LAND SHOWN ON THIS PLAT AND KNOWN AS 'PLAT OF SUBDIVISION PARCEL 2A NEW TOWN SECTION 9 SETTLER'S MARKET AT NEW TOWN' IS WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF THE UNDERSIGNED OWNER.

BY: FCP SETTLER'S MARKET, L.L.C. (FCP I)

DATE

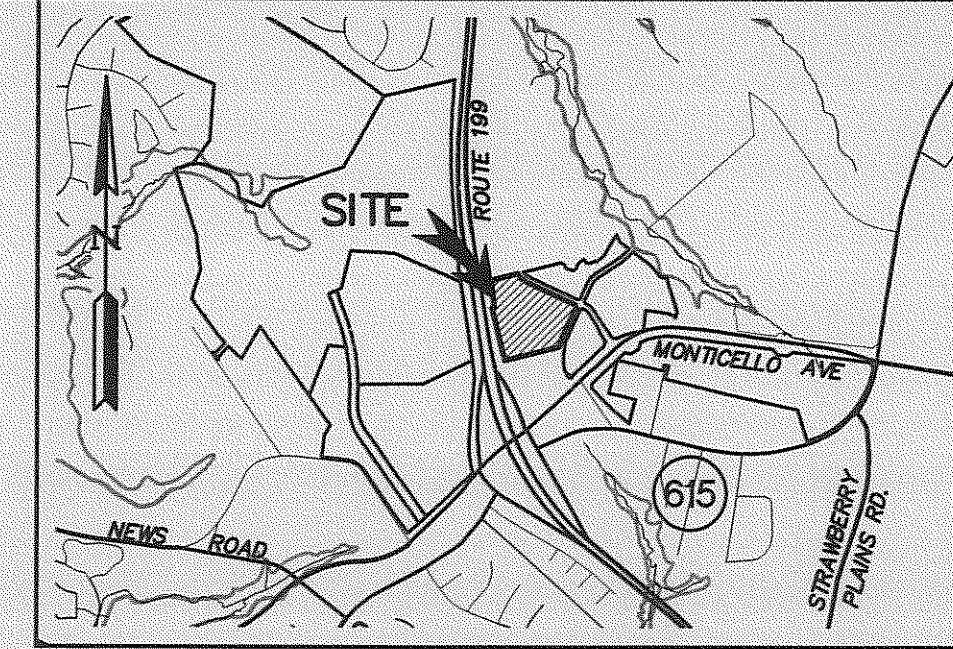
PRINTED NAME

TITLE

GENERAL NOTES

1. ANY EXISTING UNUSED WELLS SHALL BE ABANDONED IN ACCORDANCE WITH STATE PRIVATE WELL REGULATIONS AND JAMES CITY COUNTY CODE.
2. UTILITY EASEMENTS DENOTED AS "JCSA UTILITY EASEMENTS" ARE FOR THE EXCLUSIVE USE OF THE JCSA AND THE PROPERTY OWNER. OTHER UTILITY SERVICE PROVIDERS DESIRING TO USE THESE EASEMENTS WITH THE EXCEPTION OF PERPENDICULAR UTILITY CROSSINGS MUST OBTAIN AUTHORIZATION FOR ACCESS AND USE FROM THE JCSA AND THE PROPERTY OWNER. ADDITIONALLY, JCSA SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGE TO IMPROVEMENTS WITHIN THIS EASEMENT, FROM ANY CAUSE.
3. THIS PLAT IS FOR THE PURPOSES OF DEDICATING ADDITIONAL JCSA EASEMENT ONLY.
4. ALL PARCELS SHALL BE SERVED BY PUBLIC SEWER AND PUBLIC WATER.

REFERENCE DOC# 080008540
PART OF SUBDIVISION, BOUNDARY LINE ADJUSTMENT
AND PROPERTY LINE EXTINGUISHMENT PREPARED BY
AES CONSULTING ENGINEERS DATED 07/10/07



VICINITY MAP
SCALE 1"=2,000'

CERTIFICATE OF NOTARIZATION

STATE OF VIRGINIA, CITY/COUNTY OF _____
TO-WIT:

I, _____ A NOTARY PUBLIC IN AND FOR THE CITY/COUNTY AND STATE AFORESAID, DO HEREBY CERTIFY THAT THE ABOVE PERSONS WHOSE NAMES ARE SIGNED TO THE FOREGOING WRITING HAVE ACKNOWLEDGED THE SAME BEFORE ME IN THE CITY/COUNTY AND STATE AFORESAID.

GIVEN UNDER MY HAND THIS _____ DAY OF _____, 2010.

MY COMMISSION EXPIRES _____

NOTARY PUBLIC

NOTARY REGISTRATION NUMBER: _____

CERTIFICATE OF APPROVAL

THIS EASEMENT DEDICATION IS APPROVED BY THE UNDERSIGNED AND MAY BE ADMITTED TO RECORD.

DATE AGENT FOR JAMES CITY SERVICE AUTHORITY

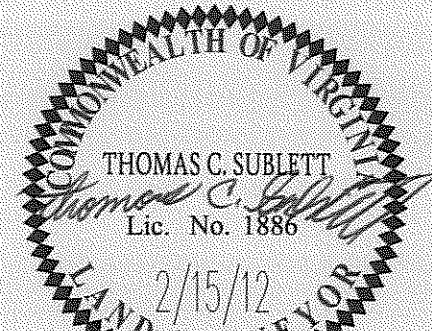
SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, THIS PLAT COMPLIES WITH ALL OF THE REQUIREMENTS OF THE BOARD OF SUPERVISORS AND ORDINANCES OF THE COUNTY OF JAMES CITY, VIRGINIA, REGARDING THE PLATTING OF SUBDIVISIONS WITHIN THE COUNTY.

Thomas C. Sublett 2/15/12
THOMAS C. SUBLETT, L.S. #1886 DATE

STATE OF VIRGINIA
CITY OF WILLIAMSBURG & COUNTY OF JAMES CITY CIRCUIT COURT. THIS _____ DAY OF _____, 20____.
THE PLAT SHOWN HEREON WAS PRESENTED AND ADMITTED TO THE RECORD AS THE LAW DIRECTS. @ _____ AM/PM
INSTRUMENT # _____

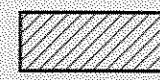

TESTE: _____
BETSY B. WOOLRIDGE, CLERK



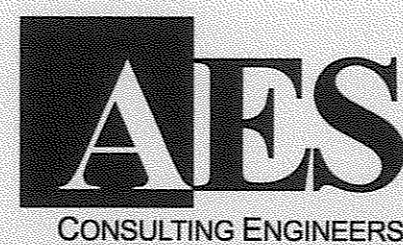
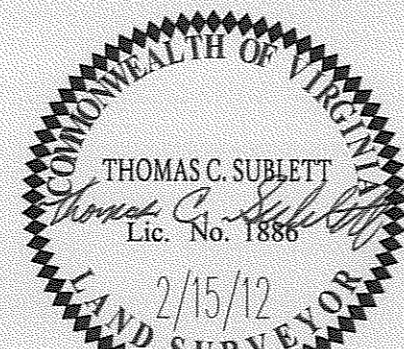
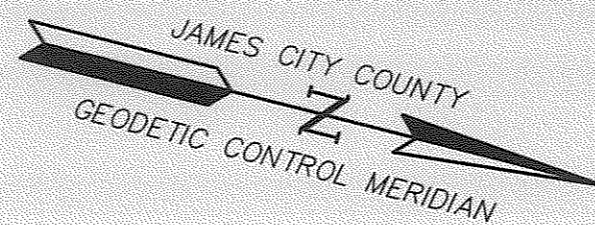
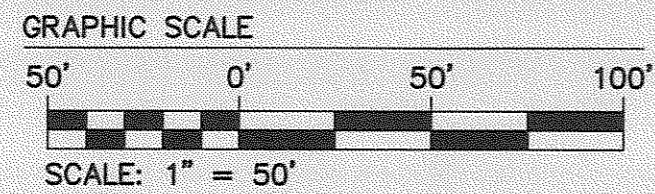
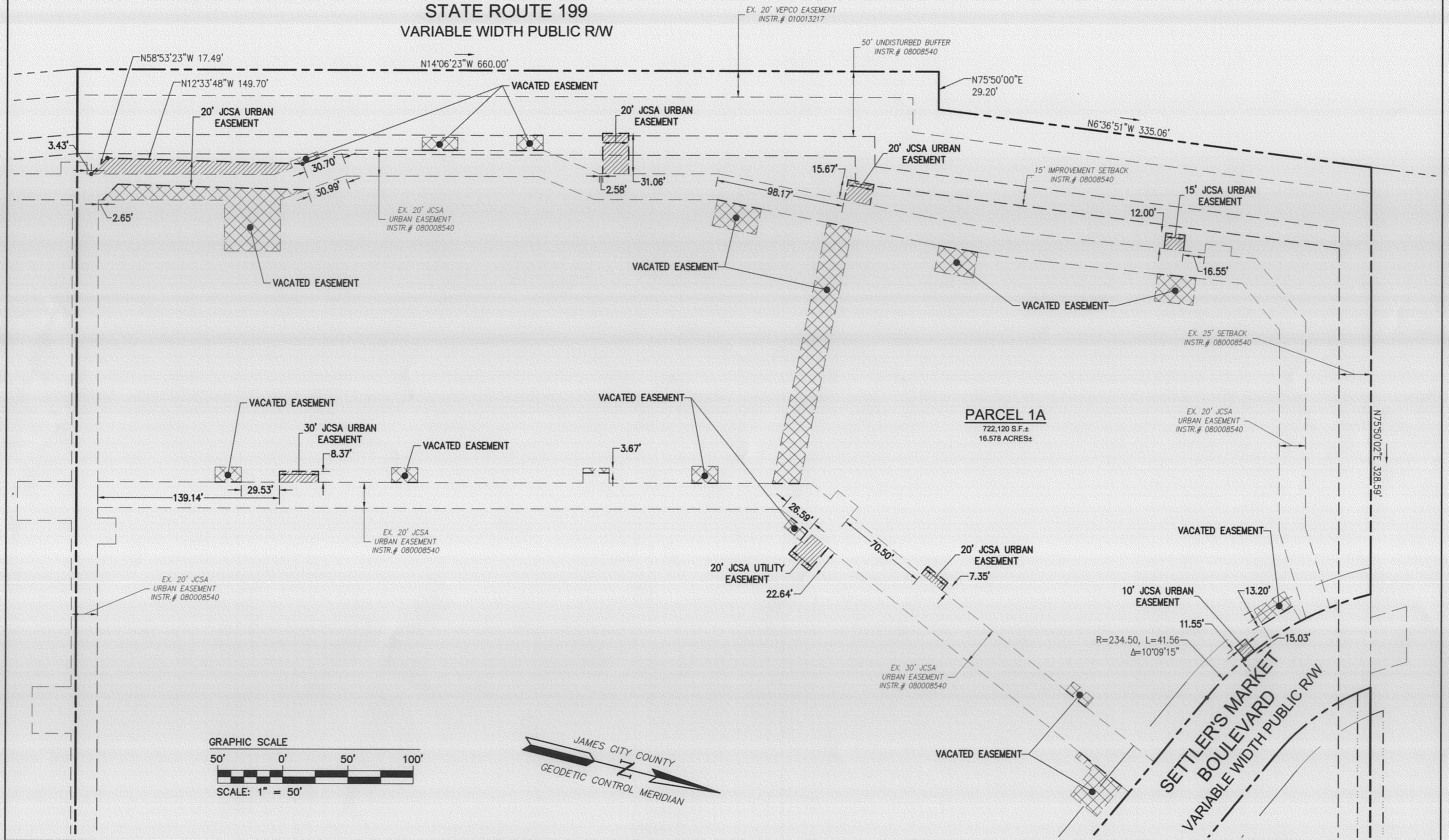
AES
CONSULTING ENGINEERS
5248 Olde Towne Road, Suite 1
Williamsburg, Virginia 23188
Phone: (757) 253-0040
Fax: (757) 220-8994
www.aesva.com

PLAT OF EASEMENT AND VACATION OF A PORTION OF EXISTING
JCSA UTILITY EASEMENT
SETTLER'S MARKET
SHOPPING CENTER

Project Contacts: JAG, TCS	
Project Number: 6632-S9-04	
Scale: 1"=50'	Date: 2/15/12
Sheet Number	
1 OF 2	

-  NEW JCSA URBAN EASEMENT
TOTAL AREA: 3,549 S.F.
-  JCSA URBAN EASEMENT TO BE VACATED
TOTAL AREA: 12,023 S.F.

REFERENCE DOC# 080008540
PART OF SUBDIVISION, BOUNDARY LINE ADJUSTMENT
AND PROPERTY LINE EXTINGUISHMENT PREPARED BY
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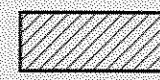



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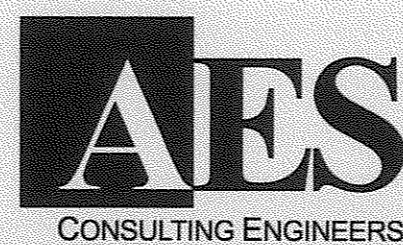
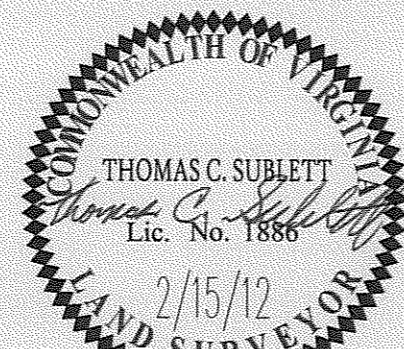
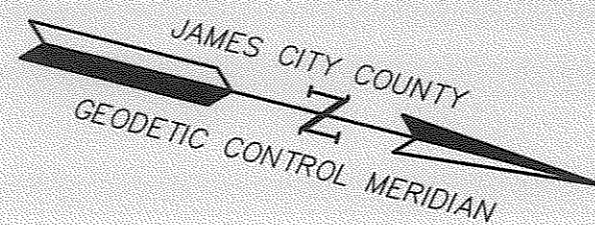
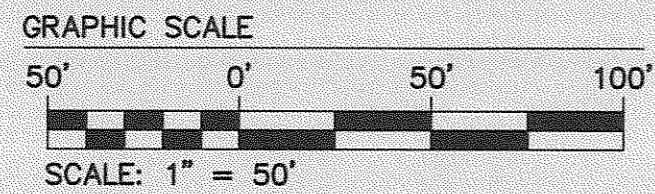
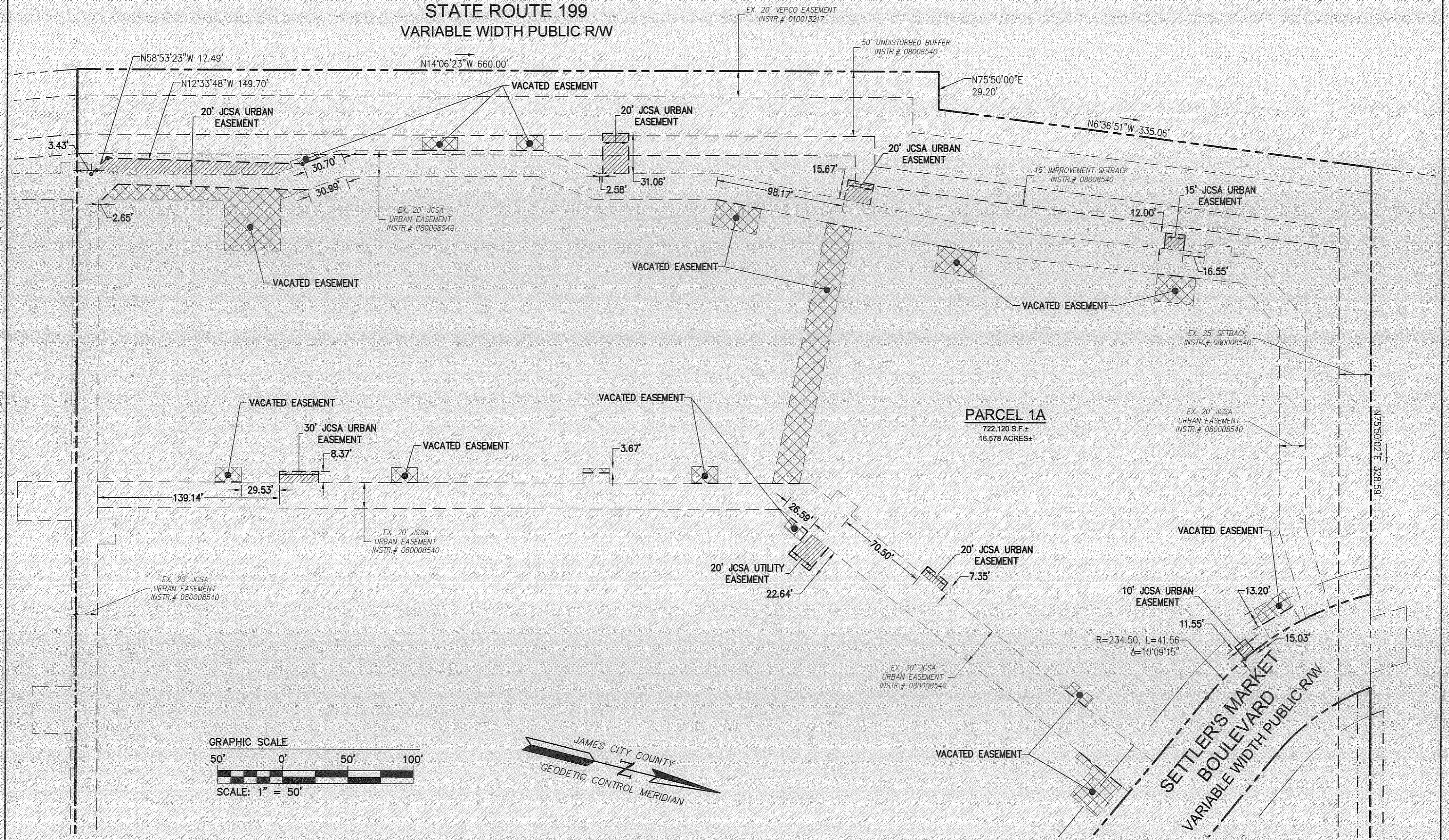
PLAT OF EASEMENT AND VACATION OF A PORTION OF EXISTING
JCSA UTILITY EASEMENT

SETTLER'S MARKET
SHOPPING CENTER

Project Contacts: JAG, TCS
Project Number: 6632-S9-04
Scale: 1"=50'
Date: 2/15/12
Sheet Number

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Fax: (757) 220-8994
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PLAT OF EASEMENT AND VACATION OF A PORTION OF EXISTING
JCSA UTILITY EASEMENT

SETTLER'S MARKET
SHOPPING CENTER

Project Contacts: JAG, TCS	
Project Number: 6632-S9-04	
Scale: 1"=50'	Date: 2/15/12
Sheet Number	

MEMORANDUM COVER

Subject: Changes to the Regulations Governing Utility Service - Sewer Retail Service Charges - James City Service Authority (JCSA) - Fiscal Year 2013 Budget

Action Requested: Shall the Board approve the resolution changing the Regulations Governing Utility Service regarding the sewer retail service rate increase used in preparation of the James City Service Authority (JCSA) Fiscal Year 2013 Budget?

Summary: The JCSA held a public hearing on the FY 13 JCSA budget on April 24, 2012.

Attached for Board consideration and adoption is a resolution authorizing a change in the sewer rate from \$2.80 to \$3.22 per thousand gallons of metered water. This rate was the basis for the proposed budget before the Board.

Staff recommends approval of the attached resolution.

Fiscal Impact:

FMS Approval, if Applicable: Yes No

Assistant County Administrator

Doug Powell _____

County Administrator

Robert C. Middaugh _____

Attachments:

- 1. Memorandum
- 2. Resolution

Agenda Item No.: E-1

Date: May 22, 2012

MEMORANDUM

DATE: May 22, 2012
 TO: The Board of Directors
 FROM: Larry M. Foster, General Manager, James City Service Authority
 SUBJECT: Changes to the Regulations Governing Utility Services – Sewer Retail Service Charges – James City Service Authority (JCSA) – Fiscal Year 2013 Budget

The attached resolution approves an amendment to the Regulations Governing Utility Service by changing the sewer retail service rate from \$2.80 to \$3.22 per thousand gallons of metered water. During a work session held on January 21, 2012, the Board was presented with a proposed sewer service rate change for Fiscal Year 2013. At its January 24, 2012, meeting, the Board authorized advertising a public hearing on the proposed change. The public hearing was subsequently held on April 24, 2012. A follow-up budget work session was held by the Board on April 30, 2012. The change was used in the preparation of the James City Service Authority's (JCSAs) Fiscal Year 2013 Budget.

The proposed change is listed below:

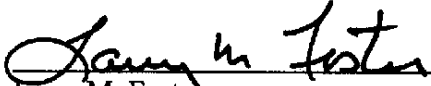
B. Wastewater Charges

- 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 (alternate metering method)	\$2.09	\$2.41

Attached is a resolution adopting the proposed changes, which would become effective July 1, 2012. Staff recommends adoption of the proposed resolution.


 Larry M. Foster

LMF/nb
 FY13RegChan_mem

Attachment

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.

James G. Kennedy
Chairman, Board of Directors

ATTEST:

Robert C. Middaugh
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 22nd day of May, 2012.

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

<u>Volume</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

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.

MEMORANDUM COVER

Subject: Resolution of Appropriation - James City Service Authority (JCSA) - Fiscal Year 2013 Budget

Action Requested: Shall the Board approve the resolution appropriating funds for the James City Service Authority (JCSA) Fiscal Year 2013 Budget?

Summary: The JCSA held a public hearing on the FY 13 JCSA budget on April 24, 2012.

Attached for Board consideration and adoption is the resolution of appropriation for the FY 13 JCSA budget.

Staff recommends approval of the attached resolution.

Fiscal Impact:

FMS Approval, if Applicable: Yes No

Assistant County Administrator

Doug Powell _____

County Administrator

Robert C. Middaugh _____

Attachments:

1. Memorandum
2. Resolution

Agenda Item No.: E-2

Date: May 22, 2012


MEMORANDUM

DATE: May 22, 2012
TO: The Board of Directors
FROM: Larry M. Foster, General Manager, James City Service Authority
SUBJECT: Resolution of Appropriation – James City Service Authority (JCSA) – Fiscal Year 2013 Budget

Attached for Board consideration and adoption is the resolution for the FY 13 appropriations for the James City Service Authority (JCSA):

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

Staff recommends adoption of the attached resolution.


Larry M. Foster

LMF/nb
ROA-FY13Budget_mem

Attachment

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**:

<u>Water Fund - Revenue:</u>	
Service Charges	<u>\$7,192,612</u>
 <u>Water Fund - Expenditures:</u>	
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**:

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

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

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

CAPITAL IMPROVEMENTS PROGRAM

<u>Revenues:</u>	
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>

<u>Expenditures:</u>	
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

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

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

James G. Kennedy
Chairman, Board of Directors

ATTEST:

Robert C. Middaugh
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 22nd day of May, 2012.

MEMORANDUM COVER

Subject: Employer Contribution Rates

Action Requested: Shall the Board of Directors approve the resolution to pay the Virginia Retirement System (VRS) Board-Certified Employer Contribution Rate for Fiscal Years 2013 and 2014?

Summary: The Board of Directors has to choose whether to pay the VRS Board-Certified Employer Contribution Rate of 7.83 percent of covered payroll for Fiscal Years 2013 and 2014 or to pay the Alternate Rate of 5.48 percent of covered payroll, which is 70 percent of the VRS Board-Certified rate. Our current Employer Rate is 4.99 percent.

Staff recommends paying the VRS Board-Certified Employer Rate, as we have always done in the past, to avoid underfunding our VRS account and the accompanying future liabilities and financial statement notes that would otherwise be required.

Fiscal Impact: The adopted FY 2013 budget and FY 2014 plan fund the VRS Board-Certified Employer Rate.

FMS Approval, if Applicable: Yes No

Assistant County Administrator

Doug Powell _____

County Administrator

Robert C. Middaugh _____

Attachments:

1. Memorandum
2. Resolution
3. 2012 Appropriation Act Item 468 (H)

Agenda Item No.: E-3

Date: May 22, 2012

MEMORANDUM

DATE: May 22, 2012

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority

SUBJECT: Employer Contribution Rates

The Board of Directors must choose whether the James City Service Authority (JCSA) will pay the Virginia Retirement System (VRS) Employer Rate certified by the VRS Board of Trustees for Fiscal Years 2013 and 2014 of 7.83 percent of covered payroll, or the Alternate Rate of 5.48 percent of covered payroll, which is 70 percent of the 7.83 percent rate listed above.

Background:

The VRS Employer Contribution Rate is recalculated every two years. Actuarial valuations are conducted and presented to the VRS Board of Trustees, which certifies an Employer Rate. Because the return on investment assumption was lowered from 7.5 percent to 7.0 percent and because the actuarial value of assets has declined since 2008, VRS Employer Rates have increased for Fiscal Years 2013 and 2014. The JCSA's Employer Rate is increasing by 2.84 percent of covered payroll.

To offer localities and schools some budget relief for the coming fiscal year with respect to the amount of their retirement contributions, the 2012 Appropriation Act, Item 468(H) (which is attached), allows the governing body to choose between paying the VRS Board-Certified Rate or the higher of the current rate or 70 percent of the VRS Board-Certified Rate for Fiscal Years 2013 and 2014. In the case of the JCSA, 70 percent of the new rate is higher, so choosing the Alternate Rate would increase our Employer Rate from the current 4.99 percent to 5.48 percent rather than to 7.83 percent.

If the lower, alternate rate is chosen, it will:

- Reduce contributions to our employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.
- Result in a lower funded ratio when the next actuarial valuation is performed and, thus, a higher calculated contribution rate at that time.
- Require that we include the Net Pension Obligation (NPO) under Governmental Accounting Standards Board (GASB) Standards in notes to our financial statements.
- Mirror what the State has done for many years with its VRS account, causing it to be underfunded.

Recommendation:

Pay the VRS Employer Rate certified by the VRS Board of Trustees for Fiscal Years 2013 and 2014 of 7.83 percent of covered payroll because:

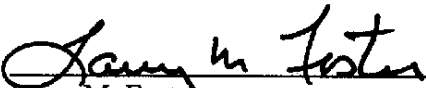
Employer Contribution Rates

May 22, 2012

Page 2

- This puts our VRS account in better financial standing.
- If we don't pay now, we will be paying even higher rates later.
- It avoids the mistake made by the Commonwealth in funding its own VRS accounts.
- It relieves us from having to include an NPO under GASB Standards in notes to our financial statements.
- The adopted budget contains funds to pay the VRS Board-Certified Rate.

The VRS requires adoption of the attached resolution before July 1, 2012.



Larry M. Foster

LMF/nb

EmpContBOD_mem

Attachments

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 § 51.1-145(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.

Governing Body/School Division Chairman

CERTIFICATE

I, _____, Clerk of the James City County Service Authority, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the James City County Service Authority held at _____, Virginia at _____ o'clock on _____, 2012. Given under my hand seal of the James City County Service Authority this _____ day of _____, 2012.

Clerk

**This resolution must be passed prior to July 1, 2012 and
received by VRS no later than July 10, 2012.**

2012 Appropriation Act Item 468(H)

Central Appropriations Language

“H.1. Except as authorized in Paragraph H.2. of this Item, rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions 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, eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium, ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2016-18 biennium, one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium.

2. Rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions may, at each participating employers option, be based on the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

3. Every participating employer must certify to the board of the Virginia Retirement System by resolution adopted by its local governing body that it: has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of electing or not electing to utilize the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees, as provided for in paragraph H.2.

4. Prior to electing to utilize the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees, as authorized in paragraph H.2, local public school divisions must receive the concurrence of the local governing body. Such concurrence must be documented by a resolution of the governing body.

5. The board of the Virginia Retirement System shall provide all employers participating in the Virginia Retirement System with a summary of the implications inherent in the use of the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees set out in paragraph H.2, and the alternate employer contribution rates set out in paragraph H.1.”

Explanation:

(This amendment allows for the phase-in of the VRS Board-approved employer contribution rates for local employers over three biennia.)

VIRGINIA ACTS OF ASSEMBLY -- 2012 RECONVENED SESSION

CHAPTER 822

An Act to amend and reenact § 51.1-144 of the Code of Virginia, relating to Virginia Retirement System employee contributions; local employees; school board employees.

[S 497]

Approved April 18, 2012

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-144 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-144. Member contributions.

A. Each member shall contribute five percent of his creditable compensation for each pay period for which he receives compensation.

The employer shall deduct the contribution payable by the member. Every employee accepting employment shall be deemed to consent and agree to any deductions from his compensation required by this chapter. ~~No deduction shall be taken from the compensation of a member after his normal retirement date if the member elects not to contribute.~~

B. In determining the creditable compensation of a member in a payroll period, the Board may consider the rate of compensation payable to the member on the date of entry or removal of his name from the payroll as having been received throughout the month if service for the month is creditable. If service for the month is not creditable, the Board may consider any compensation payable during the month as not being creditable compensation.

C. The minimum compensation provided by law for any member shall be reduced by the deduction required by this section. Except for any benefits provided by this chapter, payment of compensation minus the deductions shall be a full and complete discharge of all claims for services rendered by the member during the period covered by the payment.

D. No deduction shall be made from any member's compensation if the employer's contribution is in default.

E. The Board may modify the method of collecting the contributions of members so that the employer may retain the amounts deducted from members' salaries and have a corresponding amount deducted from state funds otherwise payable to the employer.

F. 1. Except as provided in ~~subdivision~~ *subdivisions 2, 3 and 4*, any employer may elect to pay an equivalent amount in lieu of all member contributions required of its employees. Such payments shall be credited to the members' contribution account. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.) ~~of this title~~, nor shall they be considered to be salary for purposes of this chapter.

2. A person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation if the person is (i) a member covered by the defined benefit plan established under this chapter, (ii) a member of the State Police Officers' Retirement System under Chapter 2 (§ 51.1-200 et seq.), (iii) a member of the Virginia Law Officers' Retirement System under Chapter 2.1 (§ 51.1-211 et seq.), (iv) a member of the Judicial Retirement System under Chapter 3 (§ 51.1-300 et seq.), or (v) earning the benefits permitted by § 51.1-138.

~~Each county, city, town, local public school board, or other local employer may elect to pay an equivalent amount in lieu of the member contributions required of its employees described in this subdivision. The county, city, town, local public school board, or other local employer may pay, in whole percentages, up to five percent of the creditable compensation otherwise required of such employees, provided that the employer pays the same percentage of creditable compensation for all such employees, and is paying all member contributions required under this section for all of its other member employees not described in this subdivision. Any portion of the five percent of creditable compensation required of a person who becomes a member on or after July 1, 2010, that is not paid by the county, city, town, local public school board, or other local employer, shall be paid by such person.~~

~~No employer other than a county, city, town, local public school board, or other local employer shall be allowed to elect to pay any amount of the member contributions required of a person who becomes a member on or after July 1, 2010.~~

3. *A member who is an employee of a county, city, town, or other local employer other than a local public school board, regardless of whether the member is a person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation as follows: (i) any member who commences or recommences employment on or after July 1, 2012, shall be required to contribute five percent of his creditable compensation upon commencing or recommencing*

employment and (ii) members in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation no later than July 1, 2016. Such member described in subdivision (ii) shall contribute a minimum of an additional one percent of his creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the member's contribution equals five percent of creditable compensation, but the county, city, town, or other local employer other than a local public school board may elect to require members to contribute more than an additional one percent each year, in whole percentages. In no case shall a member be required to contribute more than five percent of his creditable compensation for each pay period for which he receives compensation. No county, city, town, or other local employer other than a local public school board shall be allowed to elect to pay any amount of member contributions except to pay the difference between five percent and the employee contribution during the phase-in period described in this subdivision for a member who was in service on June 30, 2012.

4. A member who is an employee of a local public school board, regardless of whether the member is a person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation as follows: (i) any member who commences or recommences employment on or after July 1, 2012, shall be required to contribute five percent of his creditable compensation upon commencing or recommencing employment and (ii) members in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation no later than July 1, 2016. Such member described in subdivision (ii) shall contribute a minimum of an additional one percent of his creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the member's contribution equals five percent of creditable compensation, but the local public school board employer may elect to require members to contribute more than an additional one percent each year, in whole percentages. In no case shall a member be required to contribute more than five percent of his creditable compensation for each pay period for which he receives compensation. No local public school board employer shall be allowed to elect to pay any amount of member contributions except to pay the difference between five percent and the employee contribution during the phase-in period described in this subdivision for a member who was in service on June 30, 2012.

~~3.~~ 5. Notwithstanding any other provision of this section or other law, only those employers who were paying member contributions as of February 1, 2010, may pay member contributions. The provisions of this subdivision shall not apply to a county, city, town, local public school board, or other local employer.

G. Subject to the provisions of subsection F, any employer whose employees are paying member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code may phase in the payment of the member contributions on behalf of its employees upon notification to the Board of the employer's intent to make such payments. The Board shall approve the period of time by which the phase-in shall be completed not to exceed six years from the commencement of the phased-in payments.

H. Any employer that, by resolution of its governing body, elects to provide retirement coverage for its employees in accordance with § 51.1-130 on or after September 1, 1998, shall allow its employees to pay member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in lieu of paying the member contribution on behalf of its employees in accordance with the provisions of subsection F.

I. The Board may develop procedures to effect the transfer of member contributions paid by employers on or after July 1, 1980, and accrued interest on those contributions, to the member contribution account of the member, if such contributions have been previously deposited into the retirement allowance account of the employer.

2. That any county, city, town, local public school board, or other local employer that currently pays any portion of member contributions to the Virginia Retirement System that the member will be responsible for paying pursuant to the provisions of this act shall provide an increase in total creditable compensation, effective July 1, 2012, to each affected member who was in service on June 30, 2012, to offset the cost of the member contributions. Such increase in total creditable compensation shall be equal to the difference between five percent of an employee's total creditable compensation and the percentage of the member contribution paid by the local member on January 1, 2012. If a county, city, town, local public school board, or other local employer elects to phase in the member contributions pursuant to subdivision F 3 or F 4 of § 51.1-144 of the Code of Virginia, the increase in total creditable compensation may also be phased in at the same rate.

MEMORANDUM COVER

Subject: Member Contributions

Action Requested: Shall the Board of Directors approve the resolution to have the Virginia Retirement System (VRS) Plan 1 employees who are on our payroll as of June 30, 2012, pay the entire five percent Member Contribution and receive the accompanying salary offset effective July 1, 2012?

Summary: The Board of Directors must choose whether to require the Virginia Retirement System (VRS) Plan 1 employees hired prior to July 1, 2012, to pay the entire five percent VRS Member Contribution effective July 1, 2012, or to phase in the contribution and the accompanying salary offset over two to five years.

Staff recommends that you require all Plan 1 employees to pay the entire five percent VRS Member Contribution effective July 1, 2012, because it will treat all employees equitably, be easier to administer, and is in accordance with the proposed Fiscal Year 2013 budget.

Fiscal Impact: The adopted Fiscal Year 2013 budget funds the 5.7 percent salary offset, thus providing the money to implement Plan 1 employees paying the entire five percent VRS Member Contribution effective July 1, 2012.

FMS Approval, if Applicable: Yes No

Assistant County Administrator

Doug Powell _____

County Administrator

Robert C. Middaugh _____

Attachments:

1. Memorandum
2. Resolution
3. Chapter 822 of the 2012 Acts of Assembly (SB 497)

Agenda Item No.: E-4

Date: May 22, 2012

MEMORANDUM

DATE: May 22, 2012
TO: The Board of Directors
FROM: Larry M. Foster, General Manager, James City Service Authority
SUBJECT: Member Contributions

The Board of Directors must choose whether James City Service Authority (JCSA) employees who are Virginia Retirement System (VRS) Plan 1 Members (individuals whose membership date is before July 1, 2010, and who have service credit in VRS) will be required to pay the entire five percent Member Contribution effective July 1, 2012, or whether the five percent Member Contribution will be phased in over a period of two to five years.

Background:

In Fiscal Year (FY) 1971, the JCSA began to pay or “pick up” the five percent VRS Member Contribution on the employees’ behalf in lieu of a salary increase. In FY 1990 the State Retirement Act was re-codified, and an employer’s decision to pick up the Member Contribution became irrevocable. For FY 2013, Chapter 822 of the 2012 Acts of Assembly (SB 497), which is attached, requires that VRS members must pay the Member Contribution by salary reduction. Since it also requires an offsetting salary increase of at least five percent, implementing the change has a cost to localities. Therefore, localities have been extended the choice to have Plan 1 employees pay the entire five percent Member Contribution effective July 1, 2012, or to phase it in over two to five years.


Beginning this year, FY 2012, the JCSA began requiring VRS Plan 2 employees to pay the entire five percent Member Contribution by salary reduction. Those Plan 2 employees hired before July 1, 2011, were given a 5.7 percent salary offset. Beginning FY 2013, all localities must require employees who are hired on or after July 1, 2012, to pay the entire five percent Member Contribution. The choice of whether or not to phase in the employees’ paying the five percent VRS Member Contribution is limited to those Plan 1 employees already on the JCSA payroll in VRS-covered positions prior to July 1, 2012.

Recommendation:

Require all VRS Plan 1 employees to pay the entire five percent VRS Member Contribution effective July 1, 2012, because:

- This treats all employees the same. Phasing in the five percent over multiple years creates inequities especially in jobs with many incumbents, such as Utility Operations Assistant and Specialist.
- It is easier to administer one system for all employees.
- The proposed budget contains funds to pay the entire offset of 5.7 percent in FY 2013.

The VRS requires adoption of the attached resolution before July 1, 2012.


Larry M. Foster

LMF/nb
MemberContBOD_mem

Attachments

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 after 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 THEREFORE 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	%	%
FY2013 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 County 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 be 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 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 the James City County Service Authority for this purpose.

Governing Body Chairman

CERTIFICATE

I, _____, Clerk of the James City County Service Authority, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the James City County Service Authority held at _____, Virginia at _____ o'clock on _____, 2012. Given under my hand and seal of the James City County Service Authority this _____ day of _____, 2012.

Clerk

This resolution must be passed prior to July 1, 2012 and received by VRS no later than July 10, 2012.

2012 Appropriation Act Item 468(H)

Central Appropriations Language

“H.1. Except as authorized in Paragraph H.2. of this Item, rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions 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, eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium, ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2016-18 biennium, one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium.

2. Rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions may, at each participating employers option, be based on the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

3. Every participating employer must certify to the board of the Virginia Retirement System by resolution adopted by its local governing body that it: has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of electing or not electing to utilize the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees, as provided for in paragraph H.2.

4. Prior to electing to utilize the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees, as authorized in paragraph H.2, local public school divisions must receive the concurrence of the local governing body. Such concurrence must be documented by a resolution of the governing body.

5. The board of the Virginia Retirement System shall provide all employers participating in the Virginia Retirement System with a summary of the implications inherent in the use of the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees set out in paragraph H.2, and the alternate employer contribution rates set out in paragraph H.1.”

Explanation:

(This amendment allows for the phase-in of the VRS Board-approved employer contribution rates for local employers over three biennia.)

VIRGINIA ACTS OF ASSEMBLY -- 2012 RECONVENED SESSION

CHAPTER 822

An Act to amend and reenact § 51.1-144 of the Code of Virginia, relating to Virginia Retirement System employee contributions; local employees; school board employees.

[S 497]

Approved April 18, 2012

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-144 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-144. Member contributions.

A. Each member shall contribute five percent of his creditable compensation for each pay period for which he receives compensation.

The employer shall deduct the contribution payable by the member. Every employee accepting employment shall be deemed to consent and agree to any deductions from his compensation required by this chapter. ~~No deduction shall be taken from the compensation of a member after his normal retirement date if the member elects not to contribute.~~

B. In determining the creditable compensation of a member in a payroll period, the Board may consider the rate of compensation payable to the member on the date of entry or removal of his name from the payroll as having been received throughout the month if service for the month is creditable. If service for the month is not creditable, the Board may consider any compensation payable during the month as not being creditable compensation.

C. The minimum compensation provided by law for any member shall be reduced by the deduction required by this section. Except for any benefits provided by this chapter, payment of compensation minus the deductions shall be a full and complete discharge of all claims for services rendered by the member during the period covered by the payment.

D. No deduction shall be made from any member's compensation if the employer's contribution is in default.

E. The Board may modify the method of collecting the contributions of members so that the employer may retain the amounts deducted from members' salaries and have a corresponding amount deducted from state funds otherwise payable to the employer.

F. 1. Except as provided in ~~subdivision~~ *subdivisions 2, 3 and 4*, any employer may elect to pay an equivalent amount in lieu of all member contributions required of its employees. Such payments shall be credited to the members' contribution account. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.) ~~of this title~~, nor shall they be considered to be salary for purposes of this chapter.

2. A person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation if the person is (i) a member covered by the defined benefit plan established under this chapter, (ii) a member of the State Police Officers' Retirement System under Chapter 2 (§ 51.1-200 et seq.), (iii) a member of the Virginia Law Officers' Retirement System under Chapter 2.1 (§ 51.1-211 et seq.), (iv) a member of the Judicial Retirement System under Chapter 3 (§ 51.1-300 et seq.), or (v) earning the benefits permitted by § 51.1-138.

~~Each county, city, town, local public school board, or other local employer may elect to pay an equivalent amount in lieu of the member contributions required of its employees described in this subdivision. The county, city, town, local public school board, or other local employer may pay, in whole percentages, up to five percent of the creditable compensation otherwise required of such employees, provided that the employer pays the same percentage of creditable compensation for all such employees, and is paying all member contributions required under this section for all of its other member employees not described in this subdivision. Any portion of the five percent of creditable compensation required of a person who becomes a member on or after July 1, 2010, that is not paid by the county, city, town, local public school board, or other local employer, shall be paid by such person.~~

~~No employer other than a county, city, town, local public school board, or other local employer shall be allowed to elect to pay any amount of the member contributions required of a person who becomes a member on or after July 1, 2010.~~

3. *A member who is an employee of a county, city, town, or other local employer other than a local public school board, regardless of whether the member is a person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation as follows: (i) any member who commences or recommences employment on or after July 1, 2012, shall be required to contribute five percent of his creditable compensation upon commencing or recommencing*

employment and (ii) members in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation no later than July 1, 2016. Such member described in subdivision (ii) shall contribute a minimum of an additional one percent of his creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the member's contribution equals five percent of creditable compensation, but the county, city, town, or other local employer other than a local public school board may elect to require members to contribute more than an additional one percent each year, in whole percentages. In no case shall a member be required to contribute more than five percent of his creditable compensation for each pay period for which he receives compensation. No county, city, town, or other local employer other than a local public school board shall be allowed to elect to pay any amount of member contributions except to pay the difference between five percent and the employee contribution during the phase-in period described in this subdivision for a member who was in service on June 30, 2012.

4. A member who is an employee of a local public school board, regardless of whether the member is a person who becomes a member on or after July 1, 2010, shall be required to pay member contributions on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable compensation as follows: (i) any member who commences or recommences employment on or after July 1, 2012, shall be required to contribute five percent of his creditable compensation upon commencing or recommencing employment and (ii) members in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation no later than July 1, 2016. Such member described in subdivision (ii) shall contribute a minimum of an additional one percent of his creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the member's contribution equals five percent of creditable compensation, but the local public school board employer may elect to require members to contribute more than an additional one percent each year, in whole percentages. In no case shall a member be required to contribute more than five percent of his creditable compensation for each pay period for which he receives compensation. No local public school board employer shall be allowed to elect to pay any amount of member contributions except to pay the difference between five percent and the employee contribution during the phase-in period described in this subdivision for a member who was in service on June 30, 2012.

~~3.~~ 5. Notwithstanding any other provision of this section or other law, only those employers who were paying member contributions as of February 1, 2010, may pay member contributions. The provisions of this subdivision shall not apply to a county, city, town, local public school board, or other local employer.

G. Subject to the provisions of subsection F, any employer whose employees are paying member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code may phase in the payment of the member contributions on behalf of its employees upon notification to the Board of the employer's intent to make such payments. The Board shall approve the period of time by which the phase-in shall be completed not to exceed six years from the commencement of the phased-in payments.

H. Any employer that, by resolution of its governing body, elects to provide retirement coverage for its employees in accordance with § 51.1-130 on or after September 1, 1998, shall allow its employees to pay member contributions to the retirement system on a salary reduction basis in accordance with § 414(h) of the Internal Revenue Code in lieu of paying the member contribution on behalf of its employees in accordance with the provisions of subsection F.

I. The Board may develop procedures to effect the transfer of member contributions paid by employers on or after July 1, 1980, and accrued interest on those contributions, to the member contribution account of the member, if such contributions have been previously deposited into the retirement allowance account of the employer.

2. That any county, city, town, local public school board, or other local employer that currently pays any portion of member contributions to the Virginia Retirement System that the member will be responsible for paying pursuant to the provisions of this act shall provide an increase in total creditable compensation, effective July 1, 2012, to each affected member who was in service on June 30, 2012, to offset the cost of the member contributions. Such increase in total creditable compensation shall be equal to the difference between five percent of an employee's total creditable compensation and the percentage of the member contribution paid by the local member on January 1, 2012. If a county, city, town, local public school board, or other local employer elects to phase in the member contributions pursuant to subdivision F 3 or F 4 of § 51.1-144 of the Code of Virginia, the increase in total creditable compensation may also be phased in at the same rate.