

A G E N D A

JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS

County Government Center Board Room

January 24, 2012

7:00 P.M.

- A. CALL TO ORDER**
- B. ROLL CALL**
- C. PRESENTATION - None**
- D. ORGANIZATIONAL MEETING**
 - 1. Organizational Meeting of the Board of Directors
- E. CONSENT CALENDAR - None**
- F. PUBLIC HEARINGS - None**
- G. BOARD CONSIDERATION**
 - 1. Setting a Public Hearing - FY13 Utility Rates
- H. BOARD REQUESTS AND DIRECTIVES**
- I. ADJOURNMENT** to February 28, 2012 at 7 p.m.

MEMORANDUM COVER

Subject: Organizational Meeting

Action Requested: Shall the Board of Directors approve the resolution to organize at its first meeting in January?

Summary: The Board of Directors organizes at its first meeting in January and elects its Chairman and Vice Chairman, establishes meeting dates, place and times, makes appointments to commissions and committees, and agrees on specific provisions of Robert's Rules of Order for conducting its meetings.

Staff recommends adoption of the 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.: D-1

Date: January 24, 2012

MEMORANDUM

DATE: January 24, 2012
TO: The Board of Directors
FROM: Leo P. Rogers, County Attorney
SUBJECT: Organizational Meeting

The Board should first take action on the election of the Chairman and the Vice Chairman. Following those elections, I have attached for your consideration a resolution establishing times and dates of your meetings for the year 2012 and the date of the 2013 organizational meeting as established in the attached resolution, as well as proposed parliamentary rules to assist in the conducting of your business. These rules are consistent with past years.

Leo P. Rogers

LPR/nb
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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 2012.

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 2012.

1. Regular meetings of the Board of Directors shall be held following the regular Board of Supervisors' meetings on the fourth Tuesday of each month, except in August and December when the Board meeting shall be held following the regular Board of Supervisors' meetings on the second Tuesday of such months. The meetings shall be held following the 7:00 p.m. Board of Supervisors meeting.
2. The 2013 organizational meeting shall be held on the fourth Tuesday in January 2013 following the 7:00 p.m. Board of Supervisors meeting.
3. The Board of Directors agrees to follow Robert's Rules of Order, Newly Revised 10th Edition, October 2000, and more specifically, the provisions which pertain to the "Conduct of Business in Boards," at page 469 et. seq., in particular, the A Procedure in Small Boards@ 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.

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 24th day of January, 2012.

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MEMORANDUM COVER

Subject: Setting a Public Hearing – FY 13 Utility Rates

Action Requested: Shall the Board authorize setting a public hearing for its April 24, 2012, meeting, to receive public comment on a proposed sewer rate increase?

Summary: The James City Service Authority (JCSA) entered into a Consent Order with the Virginia Department of Environmental Quality (DEQ) that requires an estimated \$60-70 million in costs to rehabilitate the sewer system over the next 20 years. This will require an annual expenditure of \$3-4 million. Annual connection fee revenues are projected to offset \$1.4 million of these expenses.

A sewer rate increase requires a 60-day notice of public hearing. Staff recommends that the Board authorize setting a public hearing for April 24, 2012, to receive public comment on a proposed 15 percent increase in the sewer rate. The rate increase will generate approximately \$750,000 per year in new monies. The additional revenues will be used to offset some of the costs associated with the Consent Order sewer rehabilitation.

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

Agenda Item No.: G-1

Date: January 24, 2012

MEMORANDUM

DATE: January 24, 2012

TO: The Board of Directors

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

SUBJECT: Setting a Public Hearing – FY 13 Utility Rates

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

In September 2007, the Board authorized the JCSA to enter into a Consent Agreement with the Virginia Department of Environmental Quality (DEQ) that provided the terms for the JCSA to address sewer system overflows. During the same timeframe, all local government sewer providers in the Hampton Roads area entered into a similar Consent Agreement. The Consent Agreement establishes a specific and defined process that began with a Sewer System Evaluation Survey (SSES) to include a thorough assessment of the JCSA's sewer collection system in order to identify deficiencies. Typically these deficiencies include sewer pipe and manhole deterioration that allows the inflow and infiltration of extraneous water into the sewer system overloading pipes, pumps, and treatment facilities during rainfall events. As an example, during heavy rain events, flows to Hampton Roads Sanitation District (HRSD) treatment facilities can more than double.

The JCSA began its SSES by measuring sewer flows in individual sewer collection basins to determine where flows exceeded acceptable and defined levels. Sewer flows during heavy rain events are reliable indicators of the amount of extraneous water flows into the sewer system. These flows are a reasonable measure of the integrity and reliability of the sewer collection system. After months of evaluating sewer flows, the JCSA determined that 42 of the JCSA's 76 sewer collection basins exceeded the defined flow parameters and are in need of rehabilitation of the sewer collection infrastructure within these basins. Addressing the deficiencies is expected to require an approximately 20-year rehabilitation effort at an estimated cost of \$60-\$70 million. This effort results in a \$3-\$4 million per year addition to the Capital Improvement Program.

Traditionally the JCSA has funded its Capital Improvement Program with revenues generated through connection fees. The amount of connection fees collected is directly related to new residential and commercial construction in James City County. The current downturn in the economy has reduced the number of new buildings being constructed and thus the amount of revenue from connection fees. Since the beginning of the economic downturn in 2008 sewer connection fees have averaged approximately \$1.4 million per year with only modest, if any, increases anticipated in the next few years. Assuming connection fee revenues continue at current rates, an estimated \$2.1 million in additional revenue will be needed to fund the sewer infrastructure rehabilitation program requirements of the Consent Agreement.

The next major benchmark in meeting the terms of the Consent Agreement is to submit a sewer system rehabilitation plan to DEQ in November 2012. Rehabilitation projects are expected to begin in the spring/summer of 2013, thus funding for the rehabilitation should be considered during the FY 2013 budget process. Connection and service fees are the two primary revenue options available to the JCSA. A five percent increase in the Sewer Service Rate will increase revenues by approximately \$250,000 per year at current usage trends. Sewer connection fees are another possible revenue source; however, considering the current housing market increased connection fees are not advisable.

Setting a Public Hearing – FY 13 Utility Rates

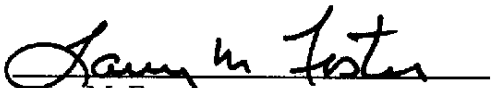
January 24, 2012

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In accordance with Section 15.2-5136 of the Code of Virginia, a public hearing for increases in sewer fees requires a 60-day notice from the time the second public notice of the hearing is printed in a local publication. In order to meet the notice requirement for an April 24, 2012, Budget Public Hearing, the Board will need to authorize staff to advertise a rate increase at its January 24, 2012 meeting. The Board can reduce or eliminate the advertised rate increase during its subsequent budget discussions. JCSA staff is in the process of preparing the FY 13 budget and recommends that the Board authorize staff to advertise a public hearing on April 24, 2012, for a 15 percent sewer rate increase. A 15 percent rate increase will increase the JCSA sewer rate from \$2.80 to \$3.22 per 1,000 gallons of metered water or from \$2.09 to \$2.41 per 100 cubic feet of metered water.

It is estimated that the proposed rate will increase the annual sewer fees for the average customer by \$7.56 per quarterly billing period based on an average monthly water use of 6,000 gallons. The JCSA currently has one of the lowest residential sewer rates in the Hampton Roads area and Virginia and has not had a sewer rate increase since 2007. A 15 percent increase in the sewer rate will generate an additional \$750,000 in revenue to offset some of the costs of the anticipated \$2.1 million needed to address the Consent Order sewer infrastructure rehabilitation requirements. Future sewer rate increases will likely be necessary depending on sewer connection fee revenues. Future revenue needs will be more clearly defined as the Consent Order process evolves.

Approval of the attached resolution authorizing the advertisement of a public hearing to receive public comment on a proposed increase of 15 percent in the sewer rate effective July 1, 2012, is recommended.


Larry M. Foster

LMF/nb

FY13UtilRates_mem

Attachments

RESOLUTION

SETTING A PUBLIC HEARING – FY 13 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 that the Board of Directors of the James City Service Authority, James City County, Virginia, will hold a public hearing on April 24, 2012, and request staff to review Section 32, General Rate Policy and Rate Schedule, of the Regulations Governing Utility Service and make changes to the rates as summarized below, which will become effective July 1, 2012, if adopted:

B. Wastewater Charges

5. Retail service rates.

(a) Metered water source.

Charge for all collection and treatment of wastewater

	Current Rate	FY 13 Proposed Rate
<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.

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 24th day of January, 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.