

AGENDA
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
REGULAR MEETING
COUNTY GOVERNMENT CENTER BOARD ROOM
101 MOUNTS BAY ROAD, WILLIAMSBURG, VA 23185
February 13, 2024
5:00 PM

A. CALL TO ORDER

B. ROLL CALL

C. PRESENTATION(S)

D. PUBLIC COMMENT

E. CONSENT CALENDAR

1. Minutes Adoption

F. PUBLIC HEARING(S)

G. BOARD CONSIDERATION(S)

1. Setting a Public Hearing - Fiscal Year 2025 Utility Rates

H. BOARD REQUESTS AND DIRECTIVES

I. GENERAL MANAGER'S UPDATE

1. February 2024 Dashboard Report

J. CLOSED SESSION

1. Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, specifically the fees charged for grinder pump maintenance, pursuant to Section 2.2-3711(A)(8) of the Code of Virginia
2. Certification of Closed Session

K. ADJOURNMENT

1. Adjourn until 5 pm on March 12, 2024, for the Regular Meeting

MINUTES
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
ORGANIZATIONAL MEETING
COUNTY GOVERNMENT CENTER BOARD ROOM
101 MOUNTS BAY ROAD, WILLIAMSBURG, VA 23185
January 9, 2024
4:00 PM

A. CALL TO ORDER

Mr. Icenhour called the meeting to order at approximately 4:23 p.m. following the James City County Board of Supervisors Organizational Meeting.

B. ROLL CALL

Barbara E. Null, Stonehouse District
John J. McGlennon, Roberts District
Ruth M. Larson, Berkeley District
Michael J. Hipple, Powhatan District
James O. Icenhour, Jr., Vice Chairman, Jamestown District

Scott A. Stevens, Secretary to the Board
Adam R. Kinsman, County Attorney
M. Douglas Powell, General Manager

C. ORGANIZATIONAL MEETING

1. 2024 Organizational Meeting

Mr. Icenhour sought a nomination for the Chair for the James City Service Authority (JCSA).

A motion to Nominate Barbara Null as Chairman was made by James Icenhour, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

Mr. Powell noted the next order of business was the nomination for JCSA's Vice Chair.

A motion to Nominate John McGlennon as Vice Chairman was made by Ruth Larson, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

Ms. Null sought a motion to adopt the Organizational Meeting resolution and any changes or times to the calendar.

Mr. Icenhour asked if the resolution was to be amended for the time change from 3 p.m. to 5 p.m.

Mr. Powell confirmed yes.

A motion to Amend the Organizational material to 5 p.m. was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

D. BOARD CONSIDERATION(S)

None.

E. BOARD REQUESTS AND DIRECTIVES

None.

F. ADJOURNMENT

1. Adjourn until 5 pm on January 9, 2024 for the Regular Meeting

A motion to Adjourn was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

At approximately 4:26 p.m., Ms. Null adjourned the Board of Directors.

MINUTES
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
REGULAR MEETING
COUNTY GOVERNMENT CENTER BOARD ROOM
101 MOUNTS BAY ROAD, WILLIAMSBURG, VA 23185
January 9, 2024
5:00 PM

A. CALL TO ORDER

B. ROLL CALL

Michael J. Hipple, Powhatan District
John J. McGlennon, Vice Chairman, Roberts District
James O. Icenhour, Jr., Jamestown District
Ruth M. Larson, Berkeley District
Barbara E. Null, Chairman, Stonehouse District

Scott A. Stevens, Secretary to the Board
Adam R. Kinsman, County Attorney
M. Douglas Powell, General Manager

C. PRESENTATION(S)

1. Proclamation - Douglas G. Lang

Mr. Powell addressed the Board noting that Mr. Lang retired from the James City Service Authority (JCSA) on January 1, 2024. He mentioned Mr. Lang had been employed with the JCSA for 44 years, adding he worked longer for the JCSA than any employee in its history. Mr. Powell recognized Mr. Lang for his many years of outstanding service to the JCSA.

The Board and citizens applauded.

Mr. Powell noted Mr. Lang was the seventh employee to be hired at the JCSA, adding to date the JCSA had 107 employees. He expressed positive remarks of Mr. Lang and cited the proclamation.

The Board and citizens joined in a standing ovation.

Mr. Powell presented Mr. Lang with a Certificate of Retirement and a signed copy of the proclamation.

Mr. Lang addressed the Board and citizens noting he appreciated the opportunity to serve the citizens in the community. He thanked the Board and citizens.

Ms. Null thanked Mr. Lang.

D. PUBLIC COMMENT

None.

E. CONSENT CALENDAR

1. Minutes Adoption

A motion to Approve was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

The minutes Approved for Adoption included the following minutes:

- o December 12, 2023, Regular Meeting

F. PUBLIC HEARING(S)

1. Conveyance of Real Property - 7311A Richmond Road

A motion to Approve was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

Mr. Powell addressed the Board noting the JCSA currently owned a 0.23-acre lot at Norge Elementary School for a well facility, which was no longer needed. He further noted the Williamsburg-James City County (WJCC) Schools conveyed the property to the JCSA at no cost in 1986. He stated WJCC requested that the JCSA convey the property back to them to facilitate the construction of a Pre-Kindergarten school-related facility. Mr. Powell noted staff recommended approval of the resolution.

Ms. Null asked if any Board members had questions.

Ms. Null opened the Public Hearing.

Ms. Null closed the Public Hearing as there were no speakers.

G. BOARD CONSIDERATION(S)

1. Contract Award – Job Order Construction Contract Services

A motion to Approve was made by Ruth Larson, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

Mr. Powell addressed the Board noting that a Request for Proposals was publicly advertised for qualified and experienced firms to perform Job Order Construction Contract Services on an as-needed basis for the JCSA, James City County, and WJCC Schools. He stated TMG Construction was selected as the most qualified firm. Mr. Powell noted staff recommended approval of the resolution.

Ms. Null asked if any Board members had questions.

2. Contract Award – Operations Center Data Room Air Conditioner Replacement - \$189,773

A motion to Approve was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

Mr. Powell addressed the Board noting the air conditioner units serving the Data Room in the JCSA Operations Center had reached the end of their useful lives and required replacement. He stated a quote was solicited from Warwick Mechanical Group, who currently had an annual HVAC support services contract with the County. Mr. Powell noted the contract contained cooperative purchasing language allowing the JCSA to purchase from the contract. He advised that Warwick Mechanical Group had successfully completed similar work for the JCSA in the past. Mr. Powell noted staff recommended approval of the resolution.

Ms. Null asked if any Board members had questions.

H. BOARD REQUESTS AND DIRECTIVES

Ms. Larson thanked Mr. Lang for his tremendous dedication to the JCSA. She mentioned Mr. Lang's passion for his work and hoped Mr. Lang would be a JCSA ambassador for recruitment purposes.

Mr. Powell replied he would speak to Mr. Lang regarding the opportunity.

I. GENERAL MANAGER'S UPDATE

1. Dashboard Report

Mr. Powell addressed the Board noting this dashboard represented the halfway mark of the current fiscal year. He stated all items were on trend with the exception of tap fees. Mr. Powell mentioned that the JCSA had exceeded the tap fee estimations.

J. ADJOURNMENT

1. Adjourn until 9 am on January 19, 2024 for the Budget Retreat

A motion to Adjourn was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

At approximately 4:38 p.m., Ms. Null adjourned the Board of Directors.

MINUTES
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
BUDGET RETREAT
JCSA OPERATIONS CENTER TRAINING ROOM
119 TEWNING ROAD, WILLIAMSBURG, VA 23188
January 19, 2024
9:00 AM

A. CALL TO ORDER

B. ROLL CALL

Michael J. Hipple, Powhatan District
John J. McGlennon, Vice Chair, Roberts District
James O. Icenhour, Jr., Jamestown District
Ruth M. Larson, Berkeley District
Barbara E. Null, Chair, Stonehouse District

Jason Purse, Assistant County Administrator
Adam R. Kinsman, County Attorney
M. Douglas Powell, General Manager

Mr. Powell welcomed the Board members, adding this year's meeting marked the second Annual Board of Directors Retreat. He thanked the members noting he had several points he wanted to address. Mr. Powell acknowledged several new faces to the meeting: Ms. Barbara Null, newest Board member, and Ms. Tawane Hill, Human Resource Analyst. Mr. Powell also acknowledged other staff members present and Mr. Andrew Burnham of Stantec, the James City Service Authority's (JCSA) rate study consultant.

C. BOARD CONSIDERATION(S)

1. FY 2025-2026 Budget

Mr. Powell noted the timeline for JCSA's budget process which included the November timeframe for rate study discussion. He further noted the rate study discussion occurred with Mr. Burnham to evaluate operating and capital expenses in relation to JCSA's rates. Mr. Powell stated the rate review encompassed both the two-year rate cycle and future rate cycles for maintenance of the reserve levels. He added this year was the last year of JCSA's current five-year rate plan. Mr. Powell cited the details of that five-year rate plan in relation to sewer and water rates. He noted some possible rate adjustments after meeting with Mr. Burnham in November. Mr. Powell stated Mr. Burnham would address those points in more detail later in the meeting, but the economic impact of the COVID-19 pandemic was a factor. He added several capital needs required more immediate attention than previously noted. Mr. Powell noted suggested solutions to these points would be addressed during the Retreat. He added the Board traditionally approved the JCSA budget advertisement at its February meeting which meant the rates to be advertised needed to be determined prior to that time. Mr. Powell introduced Mr. Burnham for the presentation.

Mr. Burnham greeted the Board, adding he and Stantec had a great working relationship with

JCSA. He stated he had a presentation and welcomed questions and discussion. Mr. Burnham noted the presentation consisted of four parts which encompassed an understanding of how utility rates were set, the process, its application at JCSA, and specific financial measurement tools and policies. He further noted he would also provide a recap of the 2020 rate study. Mr. Burnham addressed JCSA's current utility rate comparison of a typical residential customer with an average monthly usage of 5,000 gallons. He highlighted the water and sewer bills in the presentation, adding the rates reflected were representative of local governments and not part of the regional Hampton Roads Sanitation District rates. Mr. Burnham noted JCSA had the lowest combined bill, adding the typical bill was just under \$47. He added New Kent County was the next lowest local agency at nearly \$57 with the industry average at nearly \$70.

Mr. Hipple stated with the increased growth in New Kent County the water rate would likely increase. He asked about future projections particularly in relation to JCSA's low rates and the move from septic systems with added growth.

Mr. Burnham noted the changes with increased sewer and water combined systems in New Kent County. He further noted that some agencies had incremental increases identified within their Ordinances, adding the City of Norfolk had an annual 4% increase. Mr. Burnham added that many agencies were reevaluating the published rate changes due to varied factors. He referenced the current data and referenced Mr. Hipple's point that next year's rates could increase.

Mr. Hipple questioned the factors impacting the increase.

Mr. Burnham noted on a national level the increase was not specific to agencies' water supplies or wastewater treatment per se, but due to inflation. He stated the costs of materials, chemicals, construction, and other factors were affecting the forecasts. Mr. Burnham added regulatory changes and growth were also impacting factors, but inflation was the primary factor. He noted JCSA was in a strong position as it paid for its infrastructure with cash resources from rates or facility fees. Mr. Burnham further noted the cost of borrowing had also risen approximately 50%. He added the rate adjustments would likely be seen by other agencies.

Mr. Hipple asked if the public could be made aware of JCSA's low rates in relation to other agencies and current conditions.

Mr. Powell stated yes, adding this graph was published as part of JCSA's budget package.

Discussion ensued.

Mr. Burnham referenced the comprehensive rate studies done in 2016 and 2020. He noted an understanding of the necessary funds to meet the system needs, capital costs, debt requirements, and other factors. Mr. Burnham stated the analysis also included allocation of costs, cash reserves, and additional considerations. Mr. Burnham explained the revenue sufficiency process in more detail. He noted the Board's direction to have sustainable funding for Capital Improvements Program (CIP) from rates, adding JCSA would not be overly reliant on facility fees to pay for projects. Mr. Burnham stated not relying on borrowing to cover recurring and renewal needs was another consideration. He noted that point constituted a key pillar embodied in all the rate studies. Mr. Burnham continued the presentation addressing fixed cost recovery, adding JCSA had some of the lowest fixed monthly charges among area agencies. He provided additional details to that point. Mr. Burnham noted the importance of maintaining cash reserves to mitigate risks and discussed that point in more detail. He highlighted the points identified in the 2020 rate study and changes in the current study. Mr. Burnham noted the rate study was done in 2019 with many of the discussed points factored in for evaluation. He detailed those key points with consideration toward conservation factors, more efficient fixtures installed in homes, escalation factors, and others. He noted financial plans were developed for each of the two systems, water and sewer, and provided details on each system's plan.

Discussion ensued.

Mr. Burnham noted the use of available resources before raising utility rates. He cited these factors were the basis for the current forecast, adding many things had since changed. He noted the lower interest rates in 2020 and the current fiscal impact of the increased interest rate on current loans. Mr. Burnham further noted the cost of debt financing had significantly increased. He stated he wanted the Board to be aware of this point in comparison to the 2020 projections. Mr. Burnham noted the importance of adherence to the current plan to sustainably pay for infrastructure maintenance. He further noted another major change was operating cost versus the forecast with the water system approximately \$1 million higher and the sewer system approximately \$1.5 million higher. Mr. Burnham stated key areas were identified with chemical cost a major factor with a 35% increase since 2020. He added some agencies saw a higher increase depending on the type of chemicals used for their respective water systems. Mr. Burnham noted electrical expenses for the water systems had also increased significantly. He detailed other areas of increased costs.

Discussion ensued on costs.

Mr. Burnham noted the increased costs, which included personnel and other factors, were industry-wide and not exclusive to JCSA. He continued the presentation addressing the cost of plastic piping and other required equipment and products. Mr. Burnham noted the added impact to costs included the COVID-19 pandemic effect, staffing shortages, and supply chain issues. He stated the magnitude of some of the increases represented an unprecedented situation which affected both the operating and capital costs. Mr. Burnham cited several examples of increased capital costs and the correlating factors. He stated completion dates for project timelines were extended as a result of these factors.

Discussion ensued.

Mr. Burnham noted the additional challenge of fleet issues with increased costs for new vehicles. He further noted the extended wait time for replacement parts for existing fleet vehicles.

Mr. Hipple stressed the importance of taking care of JCSA employees as costs rose. He noted employees felt the increased costs with purchases, groceries, and other items. Mr. Hipple further noted the importance of cash reserves.

Mr. Burnham stated the importance of the staffing concerns. He noted many municipalities were behind on staff pay raises. Mr. Burnham stated cash reserves allowed for sustainability when revenue lessened.

Discussion ensued.

Mr. Burnham referenced the 2020 rate study data, which showed the 10-year CIP for the water system, was projected to be approximately \$27 million. He noted the current 10-year CIP for sewer was \$36 million, adding the nature of the sewer projects had not really changed but the costs had increased significantly. Mr. Burnham stated this was a nationwide trend. He noted a \$1 million increase on the capital cost side for essentially the same project types, which impacted buying power. Mr. Burnham further noted the forecasted 3.5% increase for water from the previous rate study in relation to current operating and capital costs would deplete the funds by 2029-2030. He added the projections indicated the current rate plan would not be sufficient for operation and capital spending. Mr. Burnham noted the same trend was seen for the sewer system. He added the current rate plan would deplete the funds by 2029.

Mr. Hipple noted the importance of saving more, adding a small incremental change was

critical.

Mr. Burnham addressed savings options and referenced the City of Chesapeake's Rate Stabilization Fund. He explained the City of Chesapeake used surplus funds were housed in the Rate Stabilization Fund for future shortfalls as needed. He noted the possibility of such a fund for JCSA if rates outperformed the plan, then the surplus could be housed in that fund for future needs.

Discussion ensued.

Mr. Burnham continued the presentation highlighting the updated financial plan. He provided details of the growth factor and other components of the plan. Mr. Burnham addressed escalation factors for various sections of the plan. He noted that the overall increase needed for the water system would go from 3.5% to 9% over the next three years. He stated the rate would then decrease to 6% and then 3% as numerous scenarios were reviewed. Mr. Burnham noted the approach to spread the cost over time was reflected by those percentages. He further noted the need in the current rate plan to identify current operating and capital costs which would promote structural balance over the next few years. Mr. Burnham stated an increase in the fixed rate charges was needed for revenue stability. He provided details of the graduated increase of the fixed fees and reiterated that even with the increases, JCSA was still lower than the average fees of surrounding localities.

Discussion ensued.

Mr. Burnham continued the presentation highlighting levels of annual revenue versus expenses and the reserve impact. He noted the importance of long-term balance while addressing the short-term balance of affordability and cash reserve. He further noted the sewer system projection was based on a similar plan. Mr. Burnham provided details on the percentages, escalation factors, and other components of the sewer plan. He noted the \$2 sewer fixed charge would increase with a graduated \$1 adjustment from 2025 to 2027. Mr. Burnham further noted there had been no rate increase for the sewer system in several years.

Discussion ensued.

Mr. Burnham noted the customer impact aspect. He provided details on an average single-family residence with a 5,000-gallon usage using the variable and fixed rates over the next few years. Mr. Burnham noted an approximate \$4 increase to the typical bill over that time. He further noted that even with the increase, JCSA would probably still be the lowest agency as the next closest was approximately \$12 higher in cost. Mr. Burnham continued noting separate water and sewer bill comparisons were done in relation to other agencies. He noted many agencies were already making rate adjustments.

Ms. Larson asked about the public communication piece.

Mr. Powell noted this information was being used for JCSA to build its current budget. He further noted the information would be presented to the Board of Directors at its February 13, 2024, meeting for the public hearing advertisement regarding the rates. Mr. Powell indicated the timeline and expectations and the challenges of public communication. He noted the new billing system and the use of postcards to notify customers of changes. Mr. Powell stated the normal communication channels would be used. He noted no sewer rate increase had been implemented in five years.

Mr. Icenhour suggested a Town Hall format for the information presentation. He noted the impact of inflation.

Discussion ensued on conservation, usage, and other points.

Ms. Luton noted JCSA's rebates for energy-saving appliances was already in place. She further noted JCSA's new billing system and the incorporation of those purchases as a future bill credit as potential incentives for customers. Ms. Luton stated JCSA had a high percentage of fixed costs. She noted the significance of long-term conservation and its impact to CIP costs.

Discussion ensued.

Ms. Larson noted she was unaware of the rebate program, and it was not mentioned when she recently bought a new appliance. She further noted that appliances no longer lasted as long as in the past. She added that aspect created an environmental problem for the landfills when appliances were dumped.

Mr. Icenhour questioned if high water and sewer bills in other localities was driven by development.

Mr. Burnham noted he would look deeper into the information on that point. He further noted drivers on the water side were impacting the numbers presented. He added some localities had long-standing contracts.

Mr. Icenhour asked if the localities operated off mostly surface water.

Mr. Powell responded that Isle of Wight County and the City of Suffolk did. He was unsure of details regarding their respective rates.

Discussion ensued.

Mr. Powell referenced Mr. Icenhour's earlier comment regarding a Town Hall meeting as a number of changes were being implemented by JCSA. He noted he was in favor of the meeting.

The Board concurred with that point and discussed the meeting format.

Mr. Powell asked the Board if it also concurred on moving forward with the presented plan.

The Board concurred.

Mr. Powell and the Board thanked Mr. Burnham.

At approximately 10:29 a.m., the Board recessed for a break.

At approximately 10:39 a.m., the Board reconvened.

2. Compensation Study

Mr. Powell noted at the Board's April 28, 2023, Retreat, JCSA was authorized to conduct a compensation study separate from the County's study. He further noted PFM was hired to conduct the study, adding PFM had conducted a similar study for JCSA five years earlier.

Ms. Larson asked if JCSA had acted on the first study.

Mr. Powell confirmed yes. He added the implementation came the following year due to the COVID-19 pandemic. Mr. Powell cited difficulties with recruitment and retention over the years, adding it had worsened during and after COVID-19. He noted the current turnover rate was 18%. Mr. Powell stated at the same time last year, JCSA had 25 employees with less than one year of service. He noted some improvement as that number had reduced to 18 employees in that service range. Mr. Powell further noted JCSA had 30 employees with less than two years

of service and 52 employees with five years or less.

Ms. Larson asked the cost of the 18% turnover. She referenced the cost of retraining, uniforms, and other variables for consideration.

Mr. Powell noted he had no dollar figure, but added the cost was significant. He reiterated the various components as Ms. Larson had mentioned. Mr. Powell noted JCSA, as a 24-hour day, 7-day week, 365-day operation, sometimes incurred overtime during vacancies which also drove up costs. He further noted the cost of training for employees such as obtaining a Commercial Driver's License (CDL). Mr. Powell noted the cost of turnover from both a financial and morale perspective.

Mr. Hipple reiterated that point.

Ms. Null asked if any sign-on bonuses were offered.

Mr. Powell responded that was a newer option which he had used on occasion.

Discussion ensued.

Mr. Mike Youshock, Chief Engineer, stated recent changes to the CDL licensing requirements in which a certified trainer, not JCSA, was used. He noted the additional expense with that change. Mr. Youshock further noted participants in the CDL training program were required to sign a payback agreement with specific criteria in place.

Ms. Hill confirmed JCSA had a commitment policy in place regarding sign-on bonuses. She provided details to the Board.

Mr. Powell confirmed JCSA had 107 full-time, permanent positions.

Ms. Luton noted 106-107 positions.

Mr. Powell stated that was roughly half of the total staff had five years of experience or less. He noted the need to create a compensation philosophy and provided details. Mr. Powell shared several compensation philosophies from other similar organizations which emphasized long-term relationships with employees. He stated that point resonated with JCSA and was incorporated into its compensation philosophy. Mr. Powell noted the use of a step schedule and provided details.

Discussion ensued.

Mr. Powell stated the proposed JCSA step schedule was designed to support early career retention. He detailed the process and highlighted other regional and state jurisdictions and/or public utilities that used a step schedule approach. Mr. Powell provided additional details on the projected implementation timeline. He noted part of the study addressed job positions and grade levels which was still being reviewed, adding he was not anticipating major changes in that area.

Discussion ensued.

Mr. Powell cited several examples of the step schedule and career ladders. He referenced the annual Cost-of-Living Adjustment (COLA). Mr. Powell provided additional details regarding the compensation philosophy and its implementation over the next few years. He noted JCSA was more competitive than during the last compensation study. Mr. Powell further noted JCSA was better positioned, particularly at the entry level, than five years earlier. He added that generally JCSA salaries were not as competitive at the median and maximum ranges. Mr.

Powell thanked the Board for its approval of the compensation study five years ago and the actions taken to move JCSA into a better position with salaries over the past years. He stated some history regarding JCSA's pay plan and recommendations for moving forward regarding compensation. Mr. Powell noted compensation studies done by surrounding localities and the competition for jobs. He referenced some upcoming budget points.

Discussion ensued.

Mr. Powell noted Mr. Youshock had previously worked in the step schedule environment, but other JCSA staff had not. Mr. Powell further noted Mr. Youshock had provided information on the process.

Discussion ensued.

Mr. Powell noted employment retention and recruitment was not solely based on the money. He stated the need for career development and organizational culture.

Discussion ensued.

Mr. Powell thanked the Board.

D. BOARD REQUESTS AND DIRECTIVES

None.

E. ADJOURNMENT

1. Adjourn until 5 pm on February 13, 2024, for the Regular Meeting

A motion to Adjourn was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Null

At approximately 11:16 a.m., Ms. Null adjourned the Board of Directors.

MEMORANDUM

DATE: February 13, 2024

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Setting a Public Hearing - Fiscal Year 2025 Utility Rates

The proposed Fiscal Year (FY) 2025 changes to the water and sewer service rates and fixed charges are designed to maintain adequate revenue amid increased operating and capital costs caused by significant inflation over the past several years and continued decreases in water usage.

The total monthly water and sewer bill for a typical 5,000 gallons per month residential user would increase by \$3.93 per month from \$46.71 to \$50.64. The combined bill would remain the third lowest among the 18 Hampton Roads localities.

The proposed FY25 rate changes reflect increases above the 2020 rate study multi-year rate plan the Authority followed from FY 2021 through FY 2024. While water service and water fixed rates increased incrementally each year of the original multi-year rate plan, the last increase to sewer service and sewer fixed rates was in FY20. The FY25 budget preparation process revealed the Authority could no longer follow the multi-year rate plan and still maintain adequate reserves and debt service coverage as required by the Authority's Financial Policy and bond covenants.

The rate increases address substantial cost increases in both the operating and capital budgets particularly in the areas of electricity, vehicles, construction, and supplies such as treatment chemicals. The water and sewer service rate and fixed charge increases provide enough revenue to cover these increased costs while continuing to promote water conservation and long-term revenue and rate stability.

The remaining proposed changes are: 1) an increase to the grinder pump maintenance fee to better match the program's current contract, inspection, and administrative costs and 2) implementation of a Certification of Annual Testing of Backflow Preventers fee of \$15 to cover current operational costs of backflow prevention testing enforcement and the Fats, Oils and Grease (FOG) abatement program for the wastewater collection system.

In accordance with Section 15.2-5136 of the Code of Virginia, a public hearing for changes in fees requires a minimum 14-day notice from the time the second public notice of the hearing is printed in a local publication. James City Service Authority staff is finalizing the FY 2025 budget and recommends the Board authorize staff to advertise a public hearing on April 9, 2024, for changes in the water and sewer service rates and fixed charges effective July 1, 2024, as listed in the attached resolution. The Board can change the advertised charges and rates during its subsequent budget discussions.

MDP/ap
PH-FY25UtilRts-mem

Attachment

RESOLUTION

SETTING A PUBLIC HEARING - FISCAL YEAR 2025 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 9, 2024, and request staff to review Section 17, General Rate Policy and Rate Schedule, Regulations Governing Utility Service and make changes to the rates as summarized in the attachments which will become effective July 1, 2024, if adopted.

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

Barbara E. Null
Chair, Board of Directors

ATTEST:

Teresa J. Saeed
Deputy Secretary to the Board

LARSON
ICENHOUR
MCGLENNON
HIPPLE
NULL

VOTES			
<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 13th day of February, 2024.

PH-FY25UtilRts-res

3. Grinder Pump Maintenance Charge.

- (a) Maintenance of sanitary sewer grinder pumps is the responsibility of the property owner, unless a residential property owner applies for and enters into a grinder pump service agreement with the Authority subject to compliance with the Authority’s current grinder pump policy. The Authority shall not maintain nonresidential grinder pumps or other commercial pump stations unless it is deemed to be in the best interest of the Authority.
- (b) If a residential grinder pump service agreement is entered into, an annual grinder pump maintenance charge of ~~\$450.00~~ \$425.00 shall be paid for each separate connection to a grinder pump. The payment for this charge will be prorated in equal amounts in the customers’ utility service charge billing.
- (c) Existing grinder pump service agreements, contracts, or grandfathered grinder pump maintenance agreements between the property owner and the Authority are not transferable or assignable by the property owner and automatically terminate upon transfer of title or ownership of the property.

4. Retail service charge. 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. Wastewater service charges shall be as follows:

(a) Metered water source.

Charge for all collection of wastewater.

- (1) Fixed Charge - Each customer bill shall include a fixed charge based upon the size of the meter serving the customer. The fixed charge for each billing cycle shall be calculated based on the monthly fixed charge chart below. This fixed charge is for expenses associated with operating and maintaining the wastewater collection system.

Meter Size	Monthly Fixed Charge
5/8"	\$ 3.01 2.00
3/4"	\$ 4.51 3.00
1"	\$ 7.51 5.01
1-1/2"	\$ 15.01 10.01
2"	\$ 24.02 16.01
3"	\$ 48.03 32.02
4"	\$ 75.05 50.03
6"	\$ 150.09 100.06
8"	\$ 240.15 160.10
10"	\$ 345.22 230.14

- (2) Volumetric Charge - The wastewater service charge shall be based upon a volumetric consumption (of water) charged as follows:

<u>Volume</u>	<u>Collection</u>
Per 1,000 gallons of water consumed	\$3.14 \$3.11
Per 100 cubic feet of water consumed	\$2.35 \$2.33

Wastewater volumetric charges may be reduced by a sub-metered reading if an irrigation sub-meter is registered with the Authority. Sub-meter reading adjustments will only be allowed up to the consumption in the current billing period and must be submitted by the required due date.

All single-family residential wastewater collection bills dated February 1, 2024, and later shall be capped at a maximum consumption of 8,000 gallons per monthly billing period and shall not be subject to reduction by a sub-metered reading. The February 1, 2024, effective date may be extended at the General Manager’s discretion.

- (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-Monthly</u>
Single-family residences	Each	\$ 14.00
Single-family mobile homes	Each	\$ 14.00
Mobile homes in parks	Each lot	\$ 12.42
Duplex, apartments and townhouses	Each	\$ 12.42
Manufacturing	1,000 square feet	\$ 3.70
Minimum		\$ 18.62
Warehouses	1,000 square feet	\$ 2.48
Minimum		\$ 15.50
Restaurants	Seat	\$ 1.65
Minimum		\$ 18.62
Commercial	1,000 square feet	\$ 6.18
Minimum		\$ 18.62
Churches	Each	\$ 13.55

- (e) System Facilities Charge Exemption. Any lots created after August 10, 2004, which are to be served by an Independent Water System, shall be exempt from the Water System Facilities Charge.

The purpose of the system facilities charge is to defray in part the cost of providing major supply, transmission main, booster pumping, distribution storage tanks, and distribution system. The charge shall be paid prior to the issuance of a plumbing permit from Building Safety and Permits.

2. Water service connection fee. A water service connection fee of \$1,436 for each separate connection to the Authority's water system shall be paid by each applicant upon approval of the application for service, and prior to the issuance of a plumbing permit by Building Safety and Permits and making the connection.

If the service connection is required by the Authority, the water service connection fee shall be paid and the Authority shall provide the service connection. Exceptions are as follows:

- a. If the service connection is not required by the Authority, the service connection fee shall be waived and the applicant shall be required to make the connection at their own expense.
- b. If a service connection previously installed by a developer exists to the applicant's property, the service connection fee is waived.
- c. Non-Residential properties are exempt from the service connection fee; however, the applicant must make the connection at their own expense.

The purpose of this charge is to defray in part the cost of installing water service connections where applicable.

4. Retail service charge. The water service charge shall be based on usage from a metered water source, as follows:

- (a) Fixed Charge - Each customer bill shall include a fixed charge based upon the size of the meter serving the customer. The fixed charge for each billing cycle shall be calculated based on the monthly fixed charge chart below. This fixed charge is for expenses associated with operating and maintaining the water distribution system.

Meter Size	Monthly Fixed Charge	
5/8"	\$ 7.52	6.02
3/4"	\$ 11.28	9.03
1"	\$ 18.78	15.04
1-1/2"	\$ 37.59	30.10
2"	\$ 60.15	48.16
3"	\$ 131.58	105.35
4"	\$ 225.56	180.59
6"	\$ 507.53	406.35
8"	\$ 601.53	481.61
10"	\$ 864.68	692.30

(b) Volumetric Charge - Water service shall be based upon a volumetric consumption charge, as follows:

Single Family Residential				
	Tier 1	Tier 2	Tier 3	Tier 4
	(monthly use)	(monthly use)	(monthly use)	(monthly use)
	0-4,000 gallons	4,001-8,000 gallons	8,001-12,000 gallons	12,001+ gallons
Rate Per 1,000 Gallons	\$4.20 \$3.98	\$7.62 \$7.22	\$15.24 \$14.45	\$23.62 \$22.39

Multi-Family Residential and Non-Residential	
All Meter Sizes	All Use
Rate Per 1,000 Gallons	\$ 6.63 6.28

The purpose of the retail service charge is to defray all costs associated with operation and maintenance, and capital improvement for providing water treatment, transmission, and distribution for domestic, commercial, and industrial uses and for firefighting purposes, including replacement, renewals, and extensions, and the repayment of money borrowed to acquire or construct the water treatment, transmission, and distribution system.

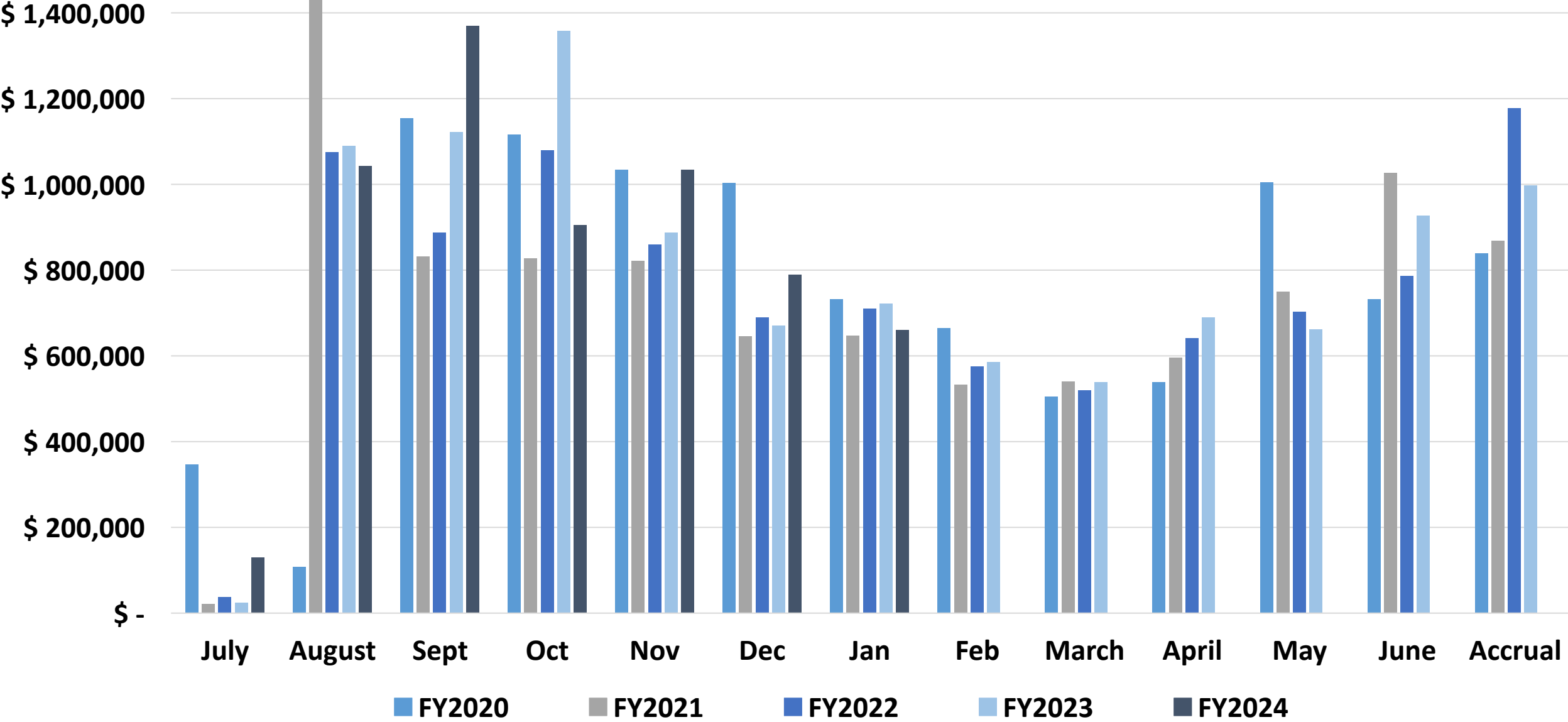
D. Independent Water Systems Connection Fee. The developer of any subdivision that requires an Independent Water System to comply with the County Subdivision Ordinance, shall be required to pay to the Authority a connection fee as follows:

1. An independent water system approved by the County and the Authority prior to April 26, 2011, shall pay a fee of \$4,000 per lot or residential unit. Payment shall be made prior to final approval of a subdivision plat.
2. An independent water system approved by the County and the Authority after April 26, 2011, shall pay a fee of \$8,000 per lot or residential unit. Payment shall be made prior to the acceptance by the Authority of the independent water production and treatment facility.

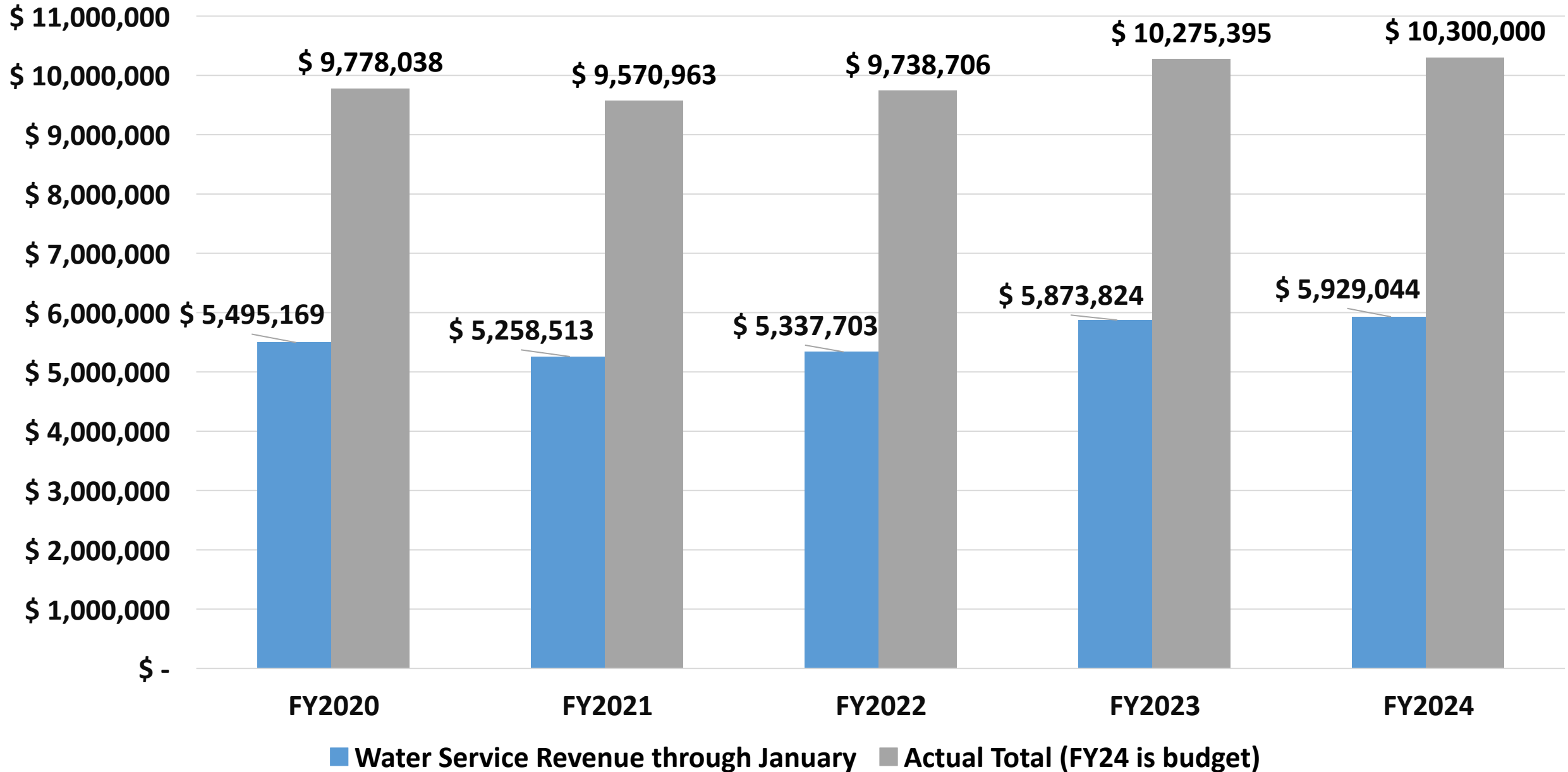
The monies collected shall be placed in a dedicated account; the proceeds and investment returns will be used to offset the costs of operating the Independent Water Systems created

- O. Returned payment charge. A charge of thirty dollars (\$30.00) plus any applicable bank or other charges incurred by the Authority as a result of the returned payment shall be assessed for any payment of a utility bill that is returned for insufficient or uncollected funds, or drawn on a closed or nonexistent account. If such payment was presented in order to avoid termination of service for nonpayment of a utility bill, or to have service restored after such termination, utility service shall be terminated and this charge, as well as all others due and payable, shall be submitted in cash, cashier's check, certified check, or money order before utility service is restored.
- P. Disconnection & Delinquency Notification Fees. Effective February 1, 2024, the following fees shall apply. The February 1, 2024 effective date may be extended at the General Manager's discretion.
1. A \$15 fee shall be billed when the Authority provides onsite notification of impending disconnection or disconnects the customer's meter due to delinquent charges.
 2. Meter locking or meter removal required to enforce disconnection shall incur a \$50 fee. Deliberately blocking access to the meter shall incur a \$50 fee.
 3. Removal of or damage to the meter lock placed for disconnection shall incur a \$100 fee. Damage to the meter or antenna shall incur a \$250 fee plus the cost of the replacement parts.
- Q. Certification of Annual Testing of Backflow Preventers Fee. A \$15 fee shall be charged for the annual certification of the testing and inspection of each backflow prevention device as required by the Cross Connection and Backflow Prevention Program, Section 6 – testing of Backflow Preventers, incorporated by reference in Section 16 of these Regulations. The fee shall be paid upon submission of the Backflow Test Form.

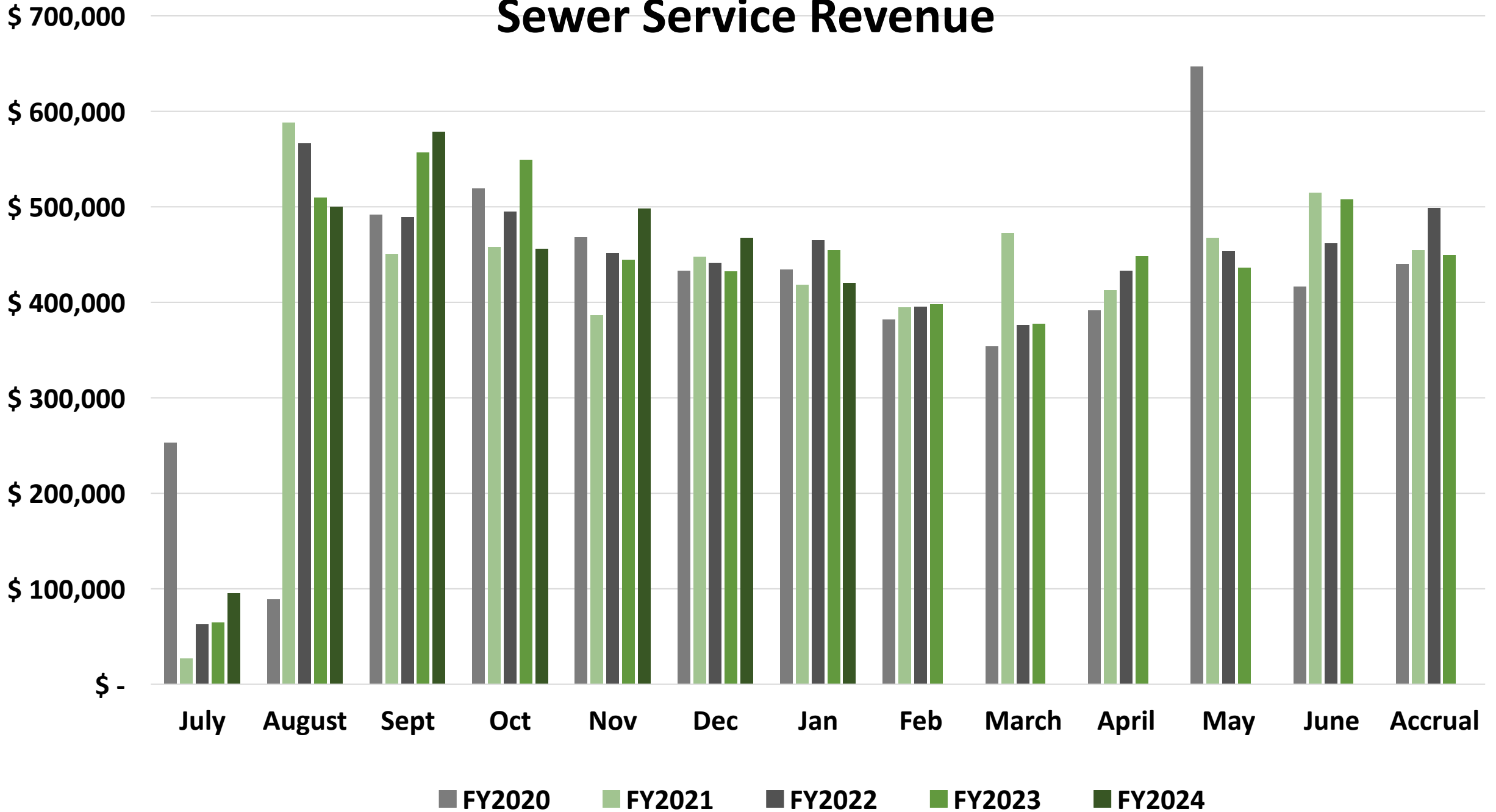
Water Service Revenue



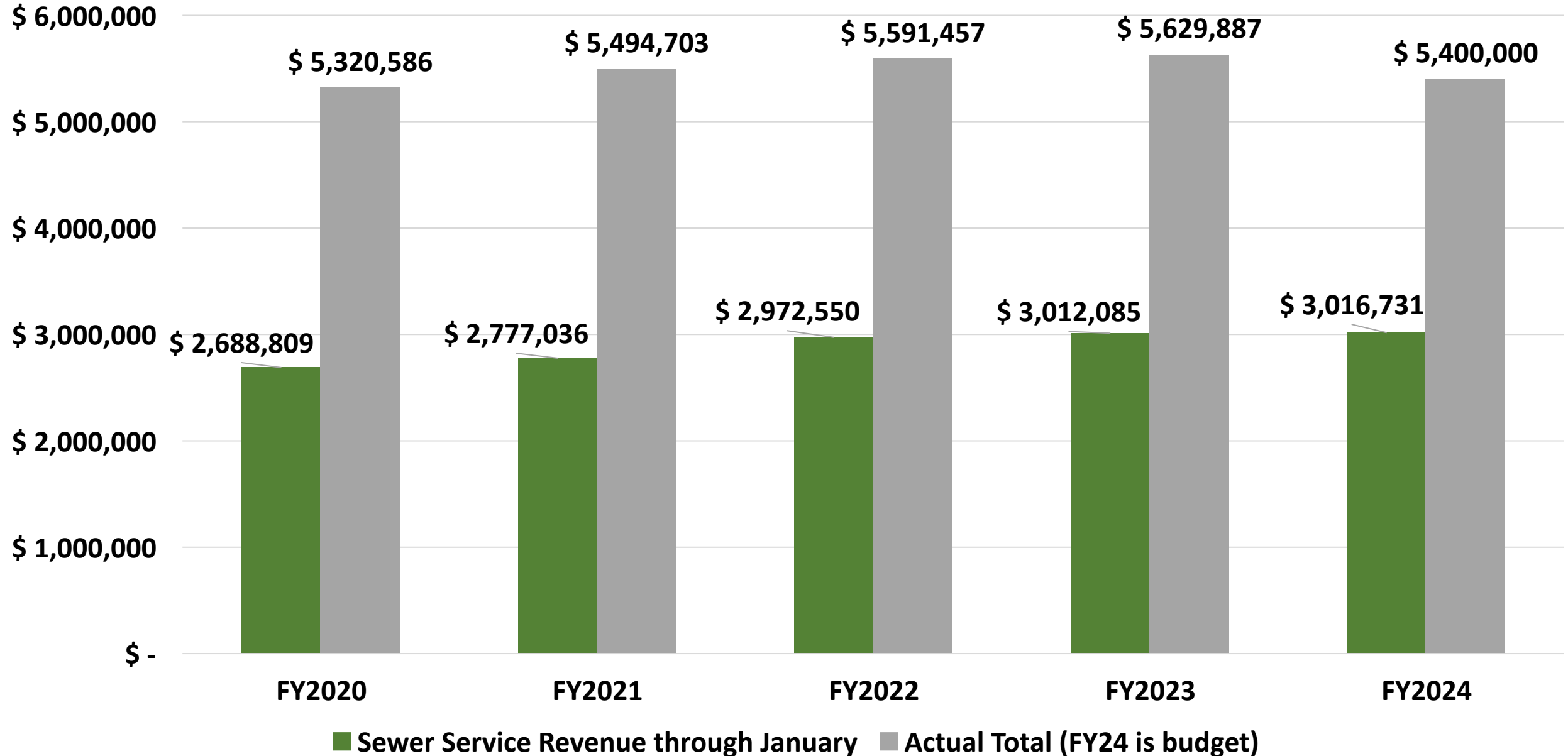
Water Service Revenue through January



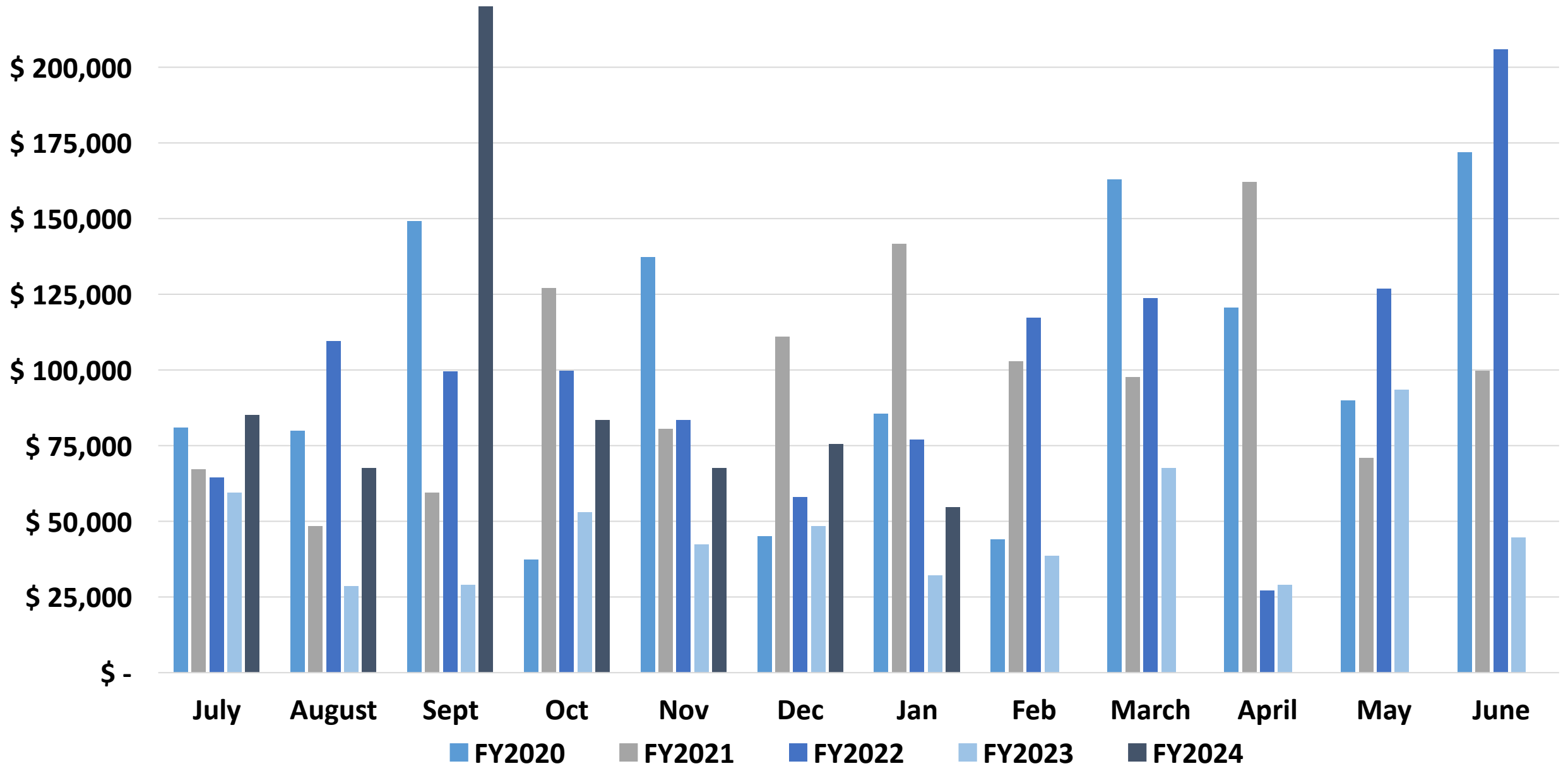
Sewer Service Revenue



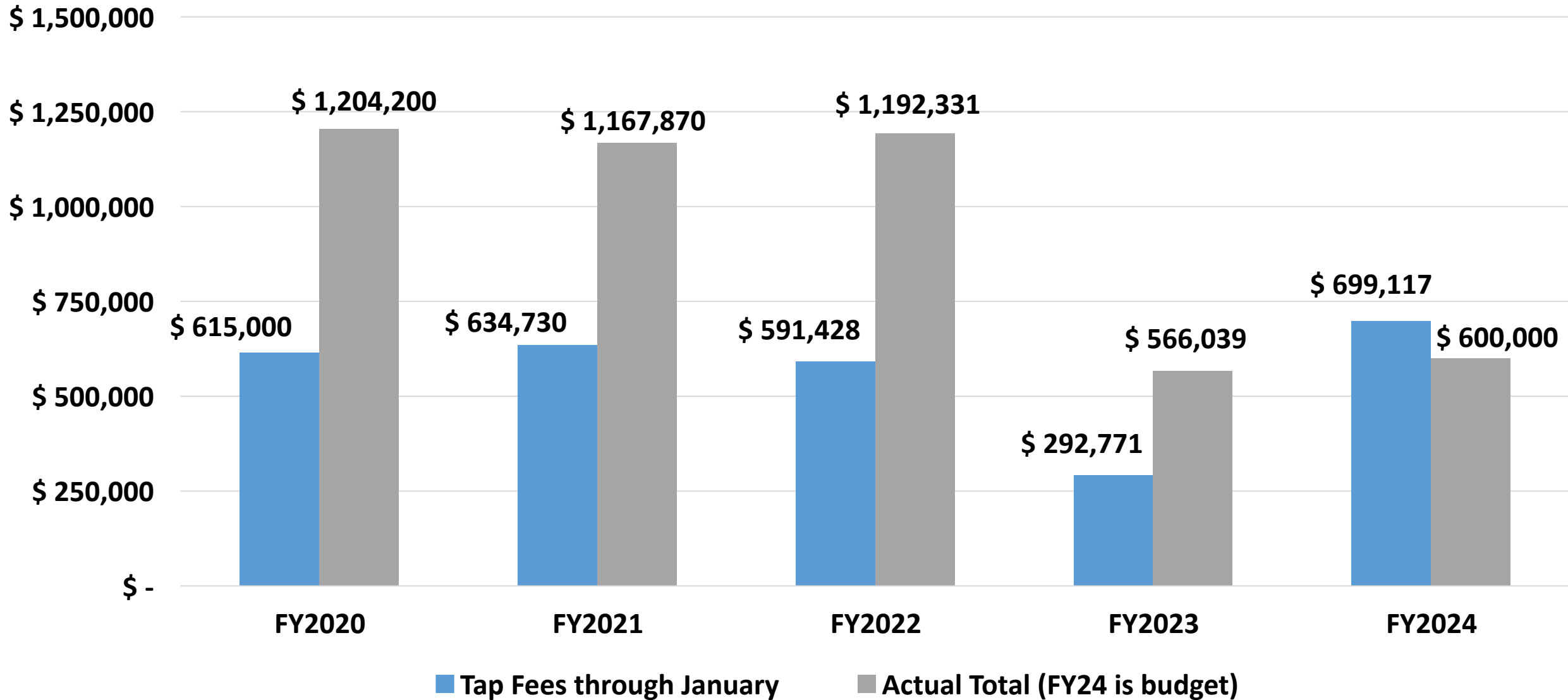
Sewer Service Revenue through January



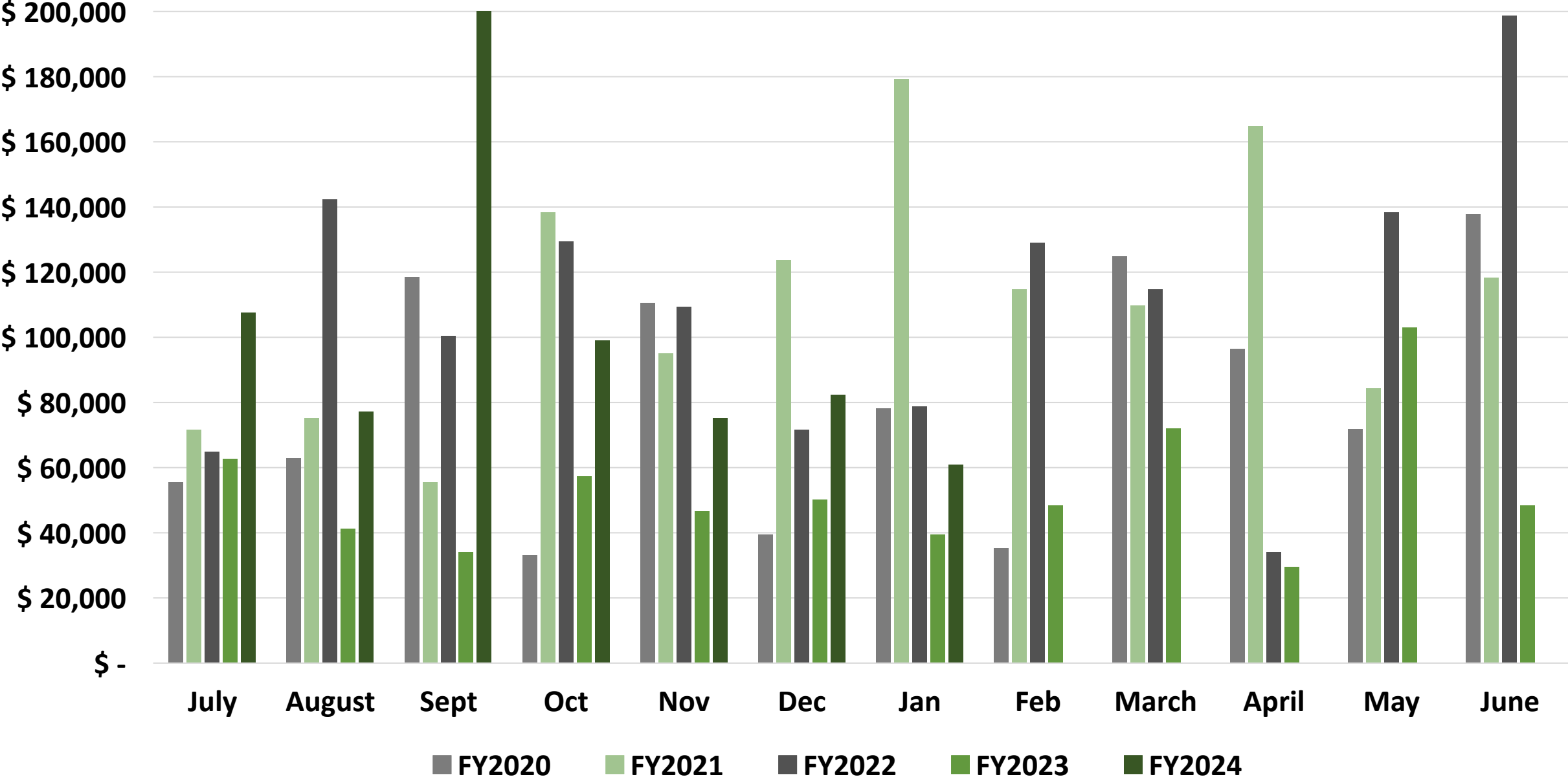
Water Tap Fees



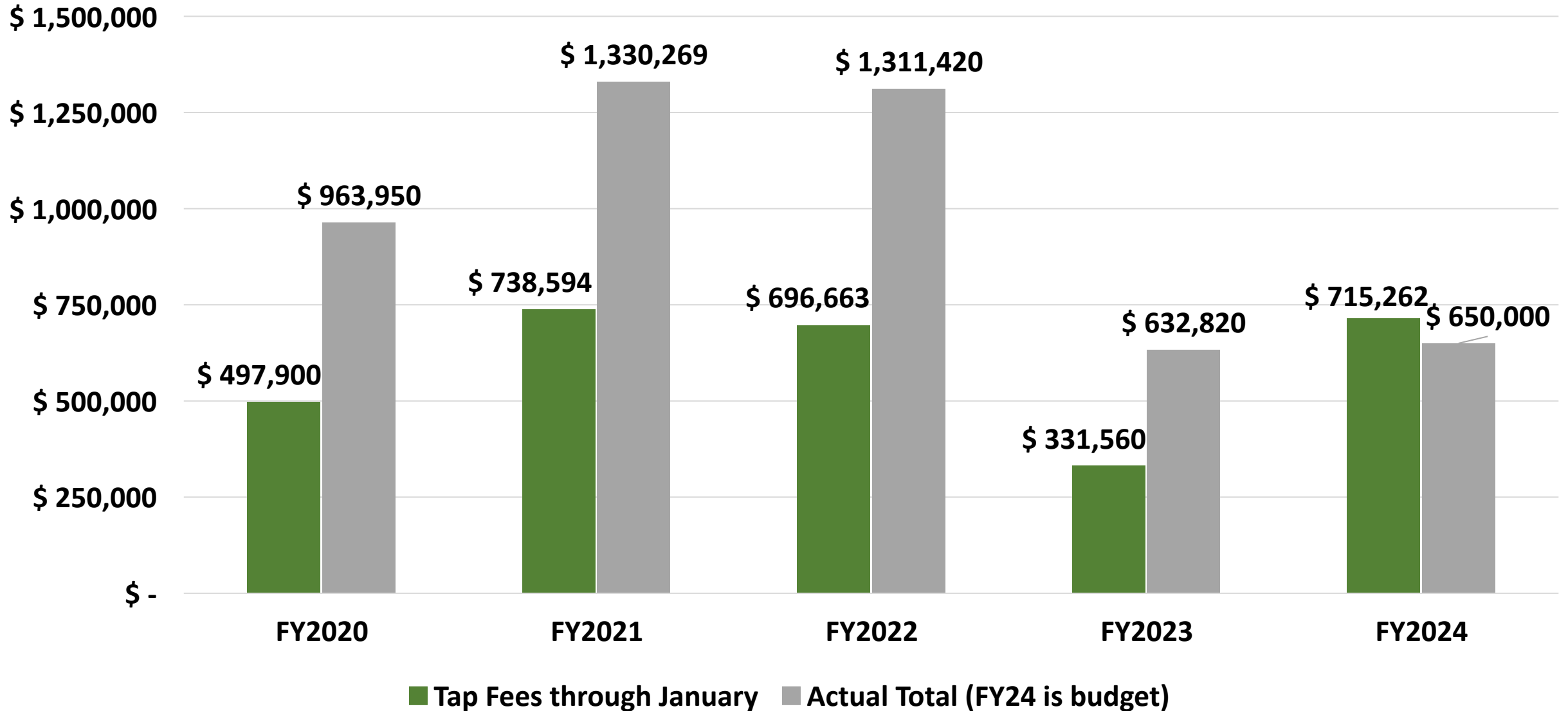
Water Tap Fees through January



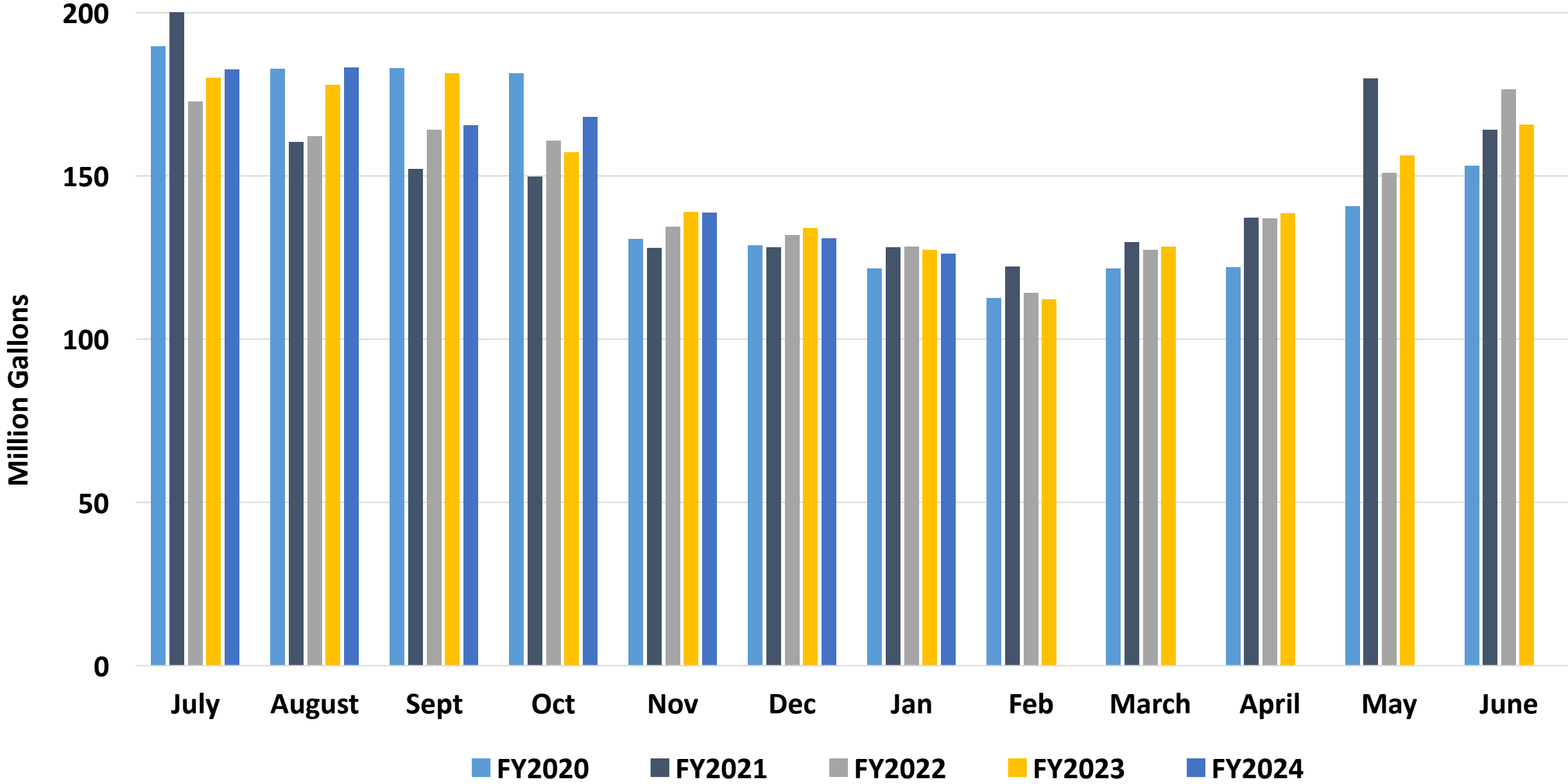
Sewer Tap Fees



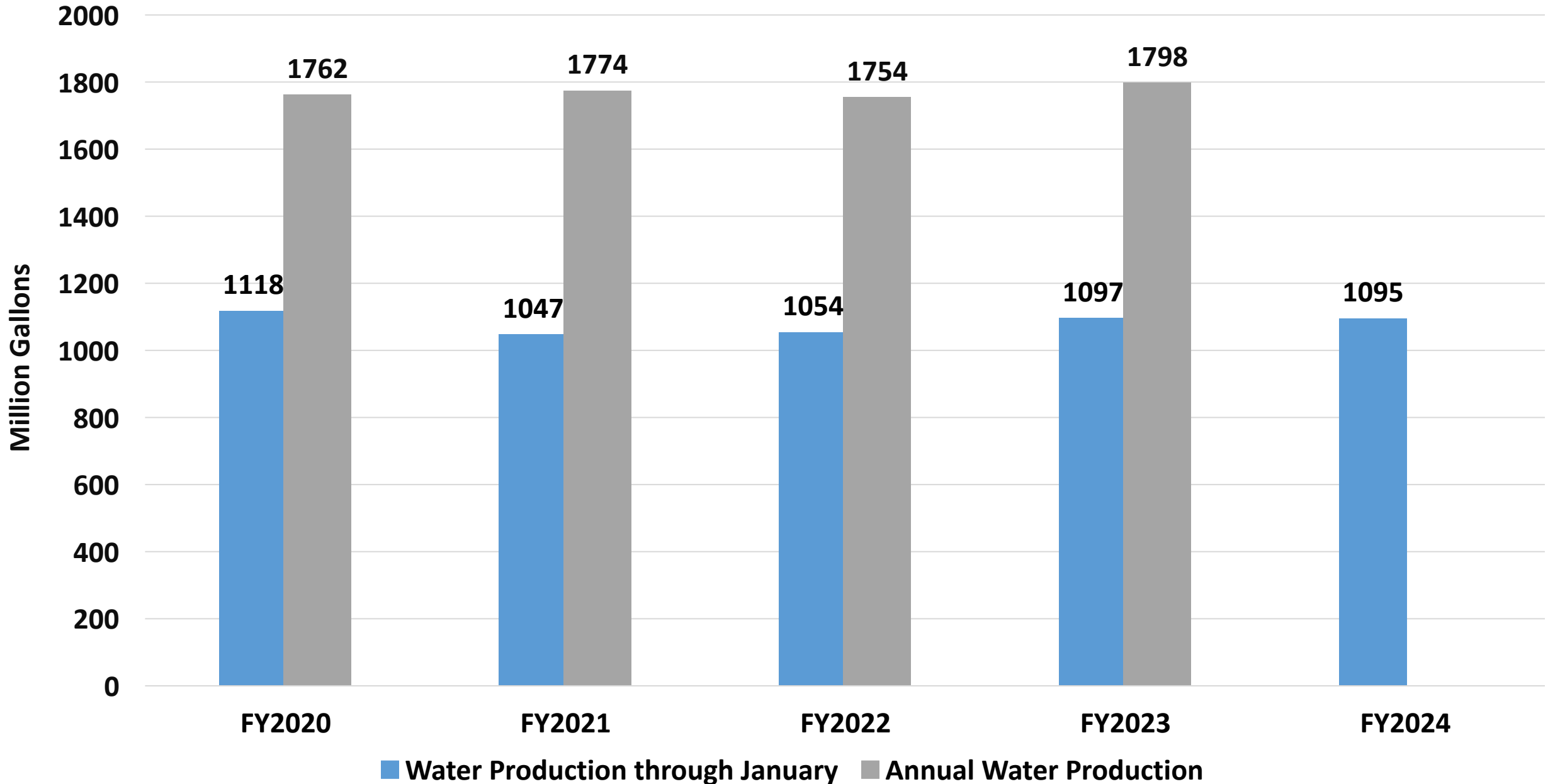
Sewer Tap Fees through January



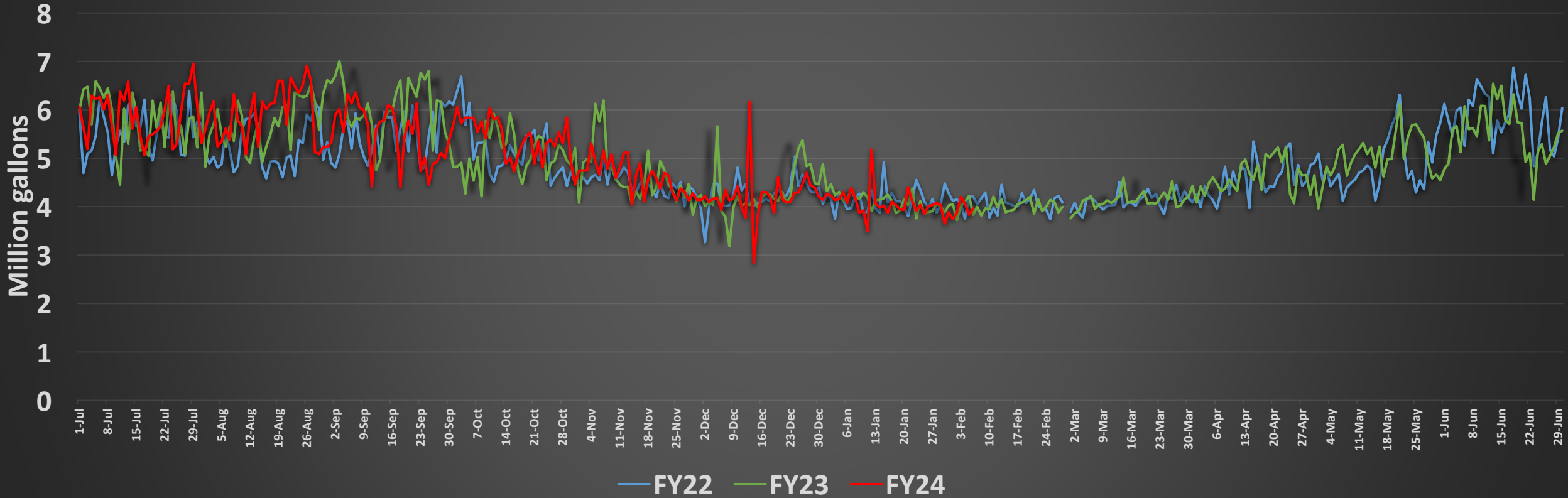
Monthly Water Production



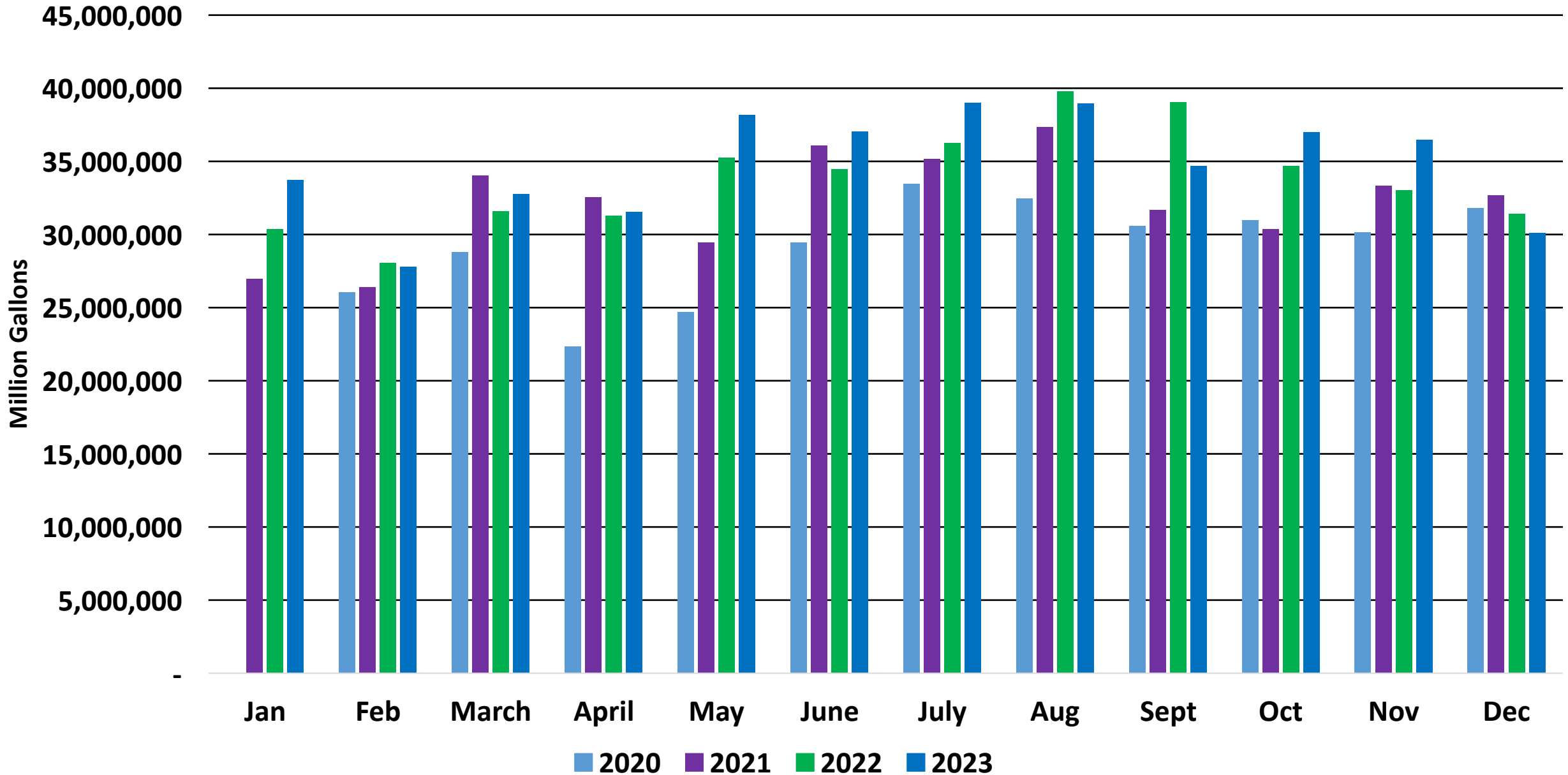
Water Production through January



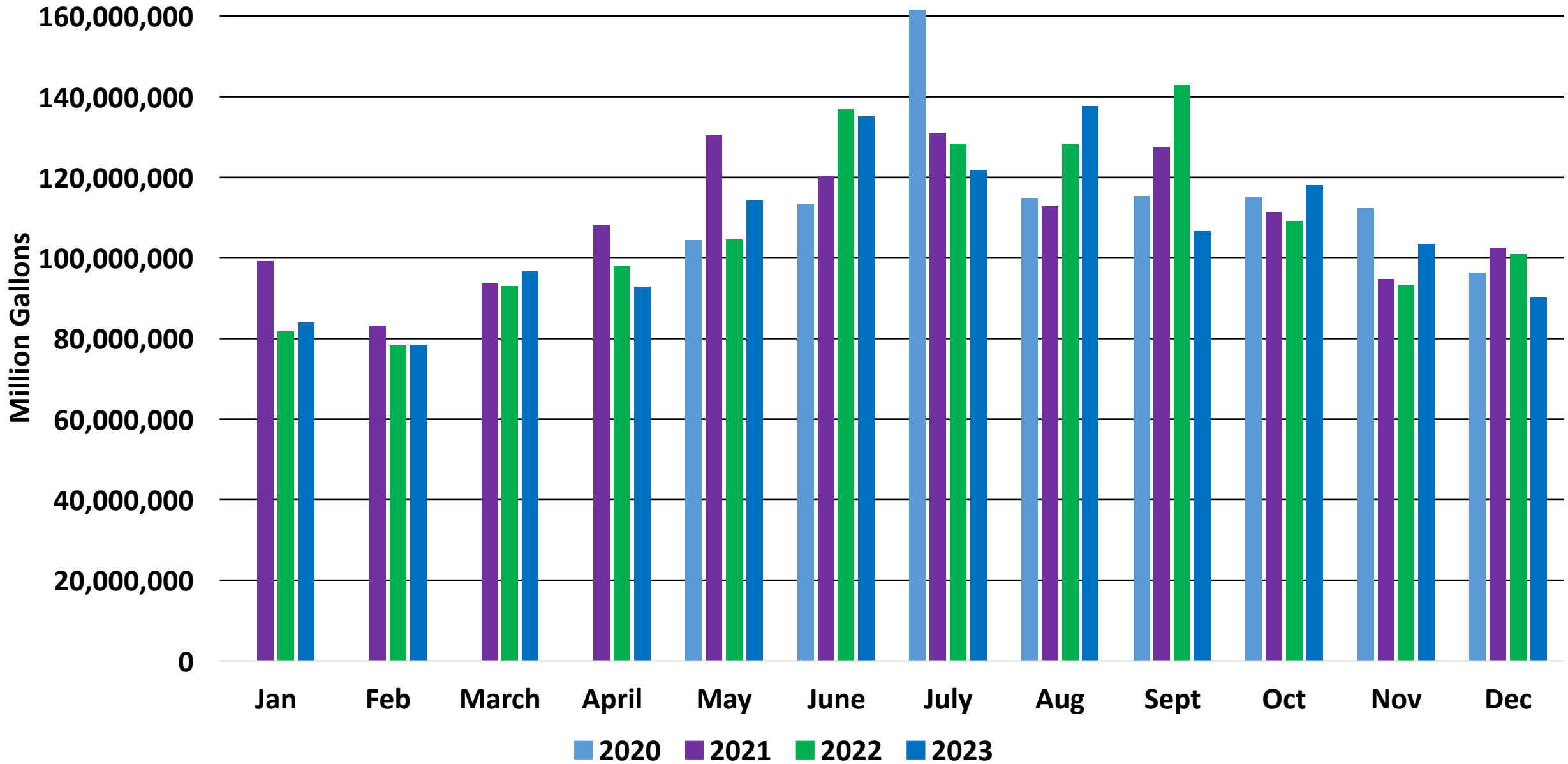
Daily Water Production



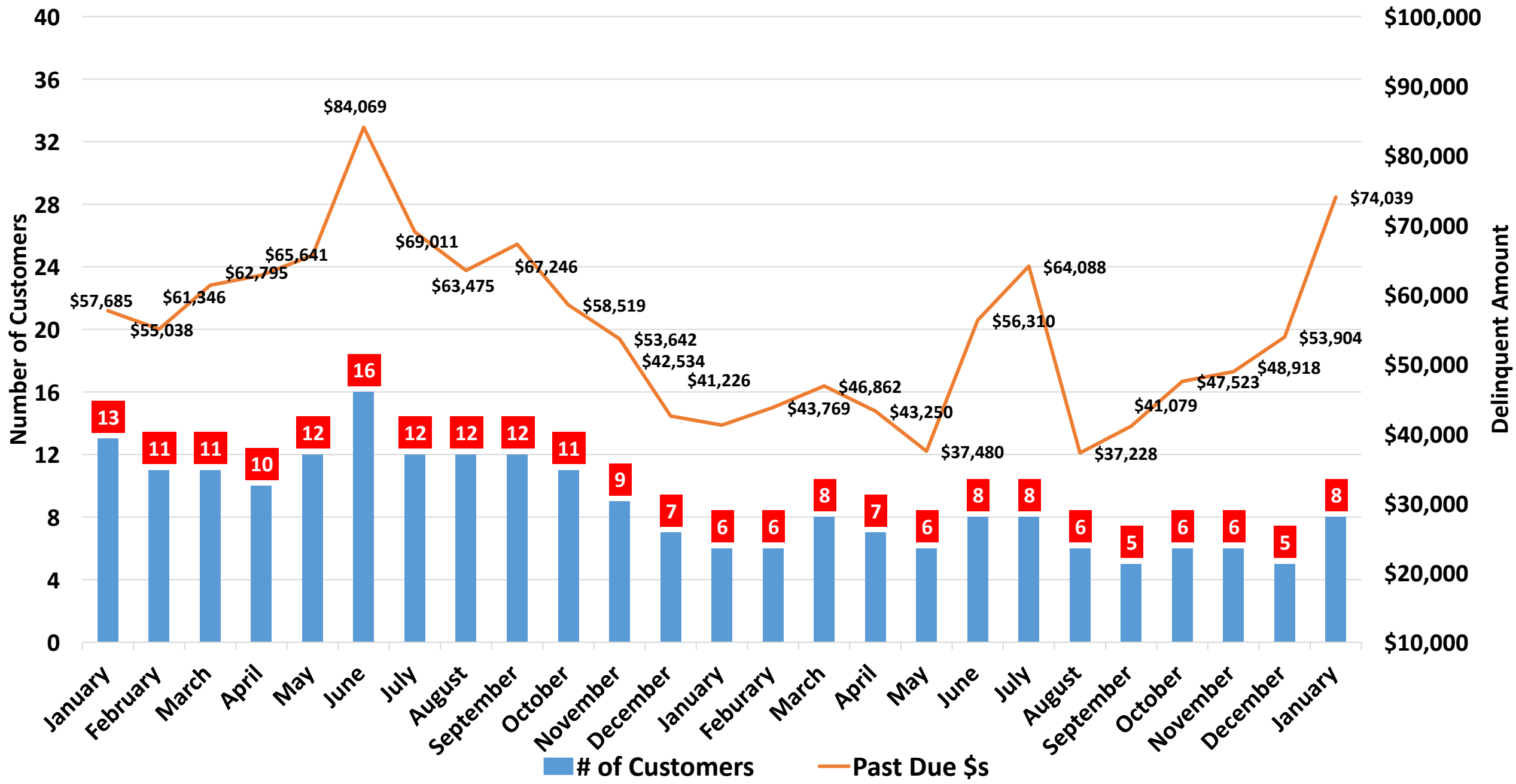
Commercial Consumption



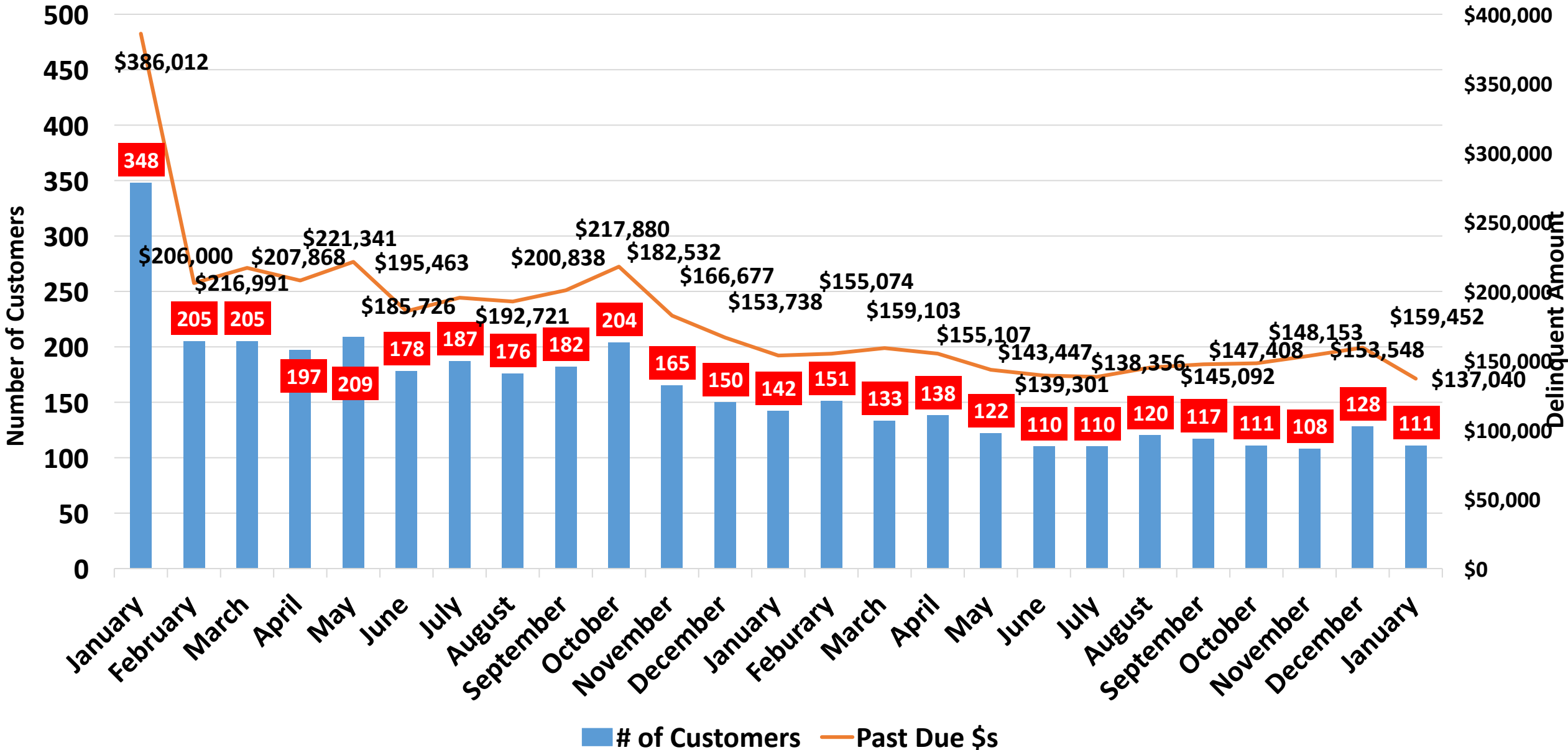
Residential Consumption



Delinquent Commercial Accounts Over \$500 and Over 90 Days



Delinquent Residential Accounts Over \$300 and Over 90 Days



Customer Service Call Volume

