

**AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 9TH DAY OF DECEMBER 2008, 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 O. Icenhour, Jr., Chairman  
Mary Jones, Vice Chairman  
Bruce C. Goodson  
John J. McGlennon  
James Kennedy

Sanford B. Wanner, Secretary  
Leo P. Rogers, County Attorney  
Larry Foster, General Manager

**C. PRESENTATION**

**1. Annual Financial Report – Goodman and Company, LLP**

Ms. Tara Woodruff, Accounting Manager, introduced Mr. Fred Westphal of Goodman and Company, LLP.

Mr. Westphal, Partner at Goodman and Company, LLP, provided the Board with an overview of the firm's independent audit results of the County's financial statements for the year ending June 30, 2008. Mr. Westphal said that the opinions offered were evaluated using Generally Accepted Auditing Standards (GAAS) and are unqualified or clean opinions, and stated that the amounts are presented fairly.

Mr. Westphal noted that the water and sewer service revenues have declined in the past year, related to sewer services and the new billing service. He stated that this was properly supported by documentation.

Mr. Kennedy asked about the slowing growth rate in the County and the issuance of bonds for long-term water supply.

Mr. Westphal stated that the goals of conservation are contradictory to budgetary increases in revenues for water and sewer service. He stated that this was not directly related to the audit, but indicated that he appreciated the concern the County would have.

Mr. McGlennon asked if the assumption with the billing changes was that the revenue would be collected, but not necessarily in this fiscal year.

Mr. Westphal stated that there were billing errors that needed to be corrected that were run through Fiscal Year 2008. He stated that in the future there would be a return to a normal level in Fiscal Year 2009.

#### **D. CONSENT CALENDAR**

Mr. Foster gave an overview of the item on the Consent Calendar and recommended approval of the Consent Calendar.

1. Minutes – November 25, 2008, Regular Meeting

Mr. Kennedy made a motion to approve the minutes.

The motion passed by unanimous voice vote.

#### **E. BOARD REQUESTS AND DIRECTIVES**

Mr. Goodson asked for a study on the business to sell water and conservation. He asked for a model or report for an efficient amount of water that could be sold.

Mr. Foster stated that he was unaware of a model, but that there was a fine line to draw between water conservation due to the enormous cost for developing water supplies. He stated that he does not see any major changes in water demands, though it would not increase as quickly as in the last 15 years. He stated that his concern was over the connection fees that would be used to pay for the long-term water supplies. He stated that there were about 350 water connections this year, and in the past it has been double this number. He stated that this would be addressed with the next budget. He stated that he would do research to find information on this.

Mr. Kennedy stated that water was being conserved through technological advances in appliances that may need to be factored into the models. He stated that any elimination of outdoor watering would be reflected. He stated that conservation and promotion of this would affect the budget side.

Mr. Foster stated that the economic trends would be watched closely.

Mr. Kennedy asked if there was any type of credit or rebate for water smart appliances.

Mr. Foster stated that rebates are being issued and that he could provide a report on the numbers.

Mr. Kennedy asked how many households are taking advantage of the program.

Mr. Foster stated that it was surprisingly popular.

Mr. Kennedy asked if these fixtures and appliances are being promoted.

Mr. Foster stated that there is Energy Star and water conservation appliances coming on the market constantly, which will make a difference in water conservation.

Mr. Kennedy stated that he was looking forward to a Green Building Design forum. He stated that if citizens are interested, citizens should contact Mr. Steven Hicks.

Mr. Foster reminded the Board that record water demands were seen in the summer. He stated that the current demand trend was down, but that may or may not continue.

Mr. McGlennon stated that household usage of water has declined due to water conservation and appliance innovations.

Mr. Foster stated that he agreed.

Mr. McGlennon stated that the demand increase has been through irrigation demand, and that there was control since they did not have to pay for the treatment of water that is not sold. He stated that it was payment of additional capacity through fees that were going to be charged. He stated that 350 homes in a year is a large jump. He stated that it was something that would need to be balanced. He stated that he hoped to avoid the need for the second half of the agreement through changing habits and becoming more conscientious.

Ms. Jones stated that this was a good point.

Mr. Foster stated that would be a significant savings.

Ms. Jones asked Mr. Foster about the billing system and stated that she understood the end of the irregularity was near.

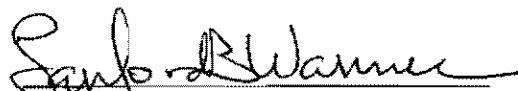
Mr. Foster stated that it should be sorted out by the first of the year.

#### **F. ADJOURNMENT**

Mr. McGlennon made a motion to adjourn.

The motion passed by unanimous voice vote.

Mr. Icenhour adjourned the Board at 8:58 p.m.

  
Sanford B. Wanner  
Secretary to the Board