

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 26TH DAY OF APRIL 2011, 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
Bruce C. Goodson
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 adopt the item on the Consent Calendar.

The motion passed by a unanimous voice vote.

D. PUBLIC HEARING

1. Amend Section 32-D Independent Water Systems Connection Fees to Increase the Fee from \$4,000 to \$8,000

Mr. Foster explained the additional costs of Independent Water Systems and noted that the Board requested that staff evaluate the fee structure associated with Independent Water System Connections. He stated that there were two options based on the increased fee for the Board's adoption which differed based on when the fee would be collected from developers. He stated that there was a grandfathering provision for accepted water systems. He stated that staff was available to answer questions.

Mr. Icenhour commented that the grandfathering would largely impact Liberty Ridge since the well system is complete.

Mr. Foster stated that was correct.

Mr. Icenhour stated that water systems over 100 homes allowed for a break-even point in revenue, but smaller systems resulted in deficits.

Mr. Foster stated that was correct.

Mr. Icenhour stated that the property in question was not expected to be built out for some time, and therefore the James City Service Authority (JCSA) would be supporting it for some time.

Mr. Foster stated that was correct.

Mr. McGlennon asked when the Liberty Ridge system came online.

Mr. Foster stated that it was six weeks ago.

Mr. McGlennon stated that he had brought this issue forward some time ago with the concern that additional systems would come online during the delay. He stated that the entity that was being grandfathered was aware of this process for a year.

Mr. Kennedy asked when the independent water system for Liberty Ridge came before the JCSA.

Mr. Foster stated it has been some time, but roughly five years.

Mr. Kennedy asked if these fees were raised when connection fees were raised.

Mr. Foster stated that occurred three or four years ago.

Mr. Kennedy asked if any developments were grandfathered in this process.

Mr. Foster stated that it was not because connection fees inside the Primary Service Area (PSA) were uniformly applied. He stated that the independent water system was not required to pay a connection fee due to the concept that the developer would be paying for all of the infrastructure.

Mr. Kennedy asked if independent water systems were brought into the main service system.

Mr. Foster stated that was correct.

Mr. Kennedy asked if this was done recently.

Mr. Foster stated that two independent water systems were combined which improved the economics of the system.

Mr. Kennedy asked how close Liberty Ridge was to public water.

Mr. Foster stated it was adjacent to a central waterline at Centerville Road.

Mr. Kennedy stated concern about best management practices concerning the PSA, including increased independent water systems. He stated that he would have hoped to discuss the transfer of PSA rights. He stated that for the investment put into the system, the developer could have purchased PSA rights to connect to the central water system.

Mr. McGlennon asked where to draw the line with this method.

Mr. Kennedy stated that he was unsure, but he thought that it would make sense in certain cases in order to protect property.

Mr. Kennedy opened the Public Hearing.

1. Mr. Robert Duckett, Peninsula Housing and Builders Association (PHBA), commented that slow recovery was occurring in the housing market, but that it was increasing. He stated that his membership believed this fee increase would impede the modest growth that was occurring. He stated that independent water systems were the wrong tool to preserving the PSA and that land use densities were the better tool to address PSA matters. He stated that PHBA members would support Option 2 if the Board wished to act on this item. He stated membership did not believe it would be fair to increase the fees on water systems already accepted by the JCSEA.

2. Mr. Robert Spencer, 9123 Three Bushel Drive, stated that he supported an \$8,000 fee and noted that he did not support citizens inside the PSA subsidizing citizens outside the PSA. He commented that he supported the transfer of PSA rights and cluster development.

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

Mr. Icenhour made a motion to adopt the Option 2 resolution which increases the fee to \$8,000 collected at subdivision plat and grandfathers in the Liberty Ridge system. He stated that he was concerned that this matter was deferred until an additional system came online, but he could support it. He stated that collecting the fees at subdivision plat allowed for most of the fees to subsidize the cost.

Mr. Goodson stated that he does not support the current policy which controls land use, not which makes practical sense. He stated that the independent systems cost more to maintain, but developers are forced to install them outside the PSA. He stated concern for the environmental impact as a result of installing septic systems in the Chesapeake Bay Watershed. He stated that developers wanted to be under the central water system and there was a possibility that the County would be required to connect to these systems in the future. He stated that he made a motion to substitute Mr. Icenhour's motion with approval of Option 2.

Mr. Rogers stated that the resolution on the floor needed to be considered first.

Mr. Kennedy asked the current structure for connection fees.

Mr. Foster stated that it was \$500 per tap.

Mr. Kennedy asked when the fee was collected.

Mr. Foster stated it was collected at the building permit stage.

Mr. Kennedy asked where the portion of 25 percent was established.

Mr. Foster stated that he offered it as an option.

Mr. McGlennon stated that when there were fewer homes developed, the per-unit cost is higher.

Mr. Foster stated that was correct.

Mr. Goodson stated that when the system was new, the maintenance costs would not be needed until later.

Mr. Foster stated that was partially true.

Mr. Kennedy stated that the highest demand on the central water system was for lawn irrigation.

Mr. Foster stated that it was a major contributor in the summer months. He stated that he was subsidizing green grass for other JCSA customers.

Mr. McGlennon commented that due to the rate structure, the homeowner was paying a large portion of the cost.

Mr. Kennedy stated that rates may need to be raised in order to pay for Newport News Water Works water. ^(word?)

Mr. Foster stated that if the next payment was not made, half the allocation would not be available.

Mr. Kennedy stated the projects that were being delayed were significant.

Mr. Foster stated that was correct.

Mr. Kennedy stated that he was frustrated with increased demands as a result of irrigation.

Mr. Foster stated that since the groundwater was bought, JCSA is not currently utilizing the Newport News water and there were no customers for it.

Mr. Kennedy stated that he supported the fee and recovering the cost, but he was uncertain about the split of the costs.

Mr. McGlennon stated that he believed the current policy should be maintained.

Mr. Kennedy stated that the full \$4,000 cost was currently collected.

Mr. Foster stated that was correct.

Ms. Jones stated that she was supportive of Mr. Goodson's motion.

Mr. Kennedy stated that he would support the original motion.

On a roll call vote, the vote was: AYE: McGlennon, Icenhour, Kennedy (3). NAY: Goodson, Jones (2).

RESOLUTION

AMEND SECTION 32-D INDEPENDENT WATER SYSTEMS CONNECTION FEES

TO INCREASE THE FEE FROM \$4,000 TO \$8,000

WHEREAS, at its June 22, 2010, meeting, the Board conducted a public hearing on the Amendment of Section 32-D of the James City Service Authority's Regulations Governing Utility Service to increase the per lot fee for developers of independent water systems from \$4,000 to \$8,000 but ultimately deferred action on the proposed fee increase; and

WHEREAS, it has been determined that the returns from the investment of the proceeds from the fee is not adequate to offset the costs of operation of the independent water system as intended; and

WHEREAS, an updated financial assessment indicates that an \$8,000 per lot fee is required to generate adequate funds to offset the costs of operating independent water systems.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, effective May 1, 2011, hereby amends Section 32-D of the Regulations Governing Utility Service by increasing the per lot fee for Independent Water Systems to \$8,000 and providing that the fee will be collected for each lot proposed to be created prior to the final approval of any subdivision plat.

BE IT FURTHER RESOLVED that notwithstanding the foregoing, the fee for Independent Water Systems shall remain \$4,000 per lot for those Independent Water Systems, which, as of the date of this resolution, have been installed in conjunction with an approved subdivision and have been dedicated to and accepted by the James City Service Authority.

E. BOARD CONSIDERATION

1. FY 2012 James City Service Authority Budget

Mr. Foster stated that there was a public hearing on the JCSA budget on April 12, 2011, and a budget work session on April 18, 2011. He stated there were no rate increases and recommended approval of the budget.

Mr. McGlennon made a motion to adopt the resolution.

On a roll call vote, the vote was: AYE: Goodson, McGlennon, Icenhour, Jones, Kennedy (5). NAY: (0).

RESOLUTION OF APPROPRIATION

JAMES CITY SERVICE AUTHORITY (JCSA) – FISCAL YEAR 2012 BUDGET

WHEREAS, the Assistant General Manager has prepared a proposed budget for the fiscal year beginning July 1, 2011, and ending June 30, 2012; and

WHEREAS, the Board of Directors has considered said budget and now proposes 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**:

Water Fund - Revenue:

Service Charges

\$6,723,356

Water Fund - Expenditures:

Administration Fund Allocation	\$2,475,829
Operations and Maintenance	2,835,083
Capital Equipment Outlay	23,000
Debt Services Fund	1,383,444
Project Development Agreement Operating Costs	<u>6,000</u>
	<u>\$6,723,356</u>

2. The following amounts are hereby appropriated in the **Sewer Fund**:

Sewer Fund - Revenue:

Service Charges	<u>\$5,890,038</u>
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Sewer Fund - Expenditures:

Administration Fund Allocation	\$3,419,003
Operations and Maintenance	2,087,535
Grinder Pump Expenses	309,000
Capital Equipment Outlay	<u>74,500</u>
	<u>\$5,890,003</u>

3. The following amounts are hereby appropriated for the funds as indicated:

ADMINISTRATIVE FUND

Revenues:

Allocated to Water Fund	\$2,475,829
Allocated to Sewer Fund	<u>3,419,003</u>
	<u>\$5,894,832</u>

Expenditures:

Personnel Expenses	\$4,212,590
Operating Expenses	1,552,742
Capital Outlay	<u>129,500</u>
	<u>\$5,894,832</u>

CAPITAL IMPROVEMENTS PROGRAM

Revenues:

Water Facility Charges	\$1,927,000
Sewer Facility Charges	<u>1,344,000</u>
	<u>\$3,271,000</u>

Expenditures:

Water Supply	\$1,645,000
Sewer System Improvements	1,466,000
Other Projects	<u>160,000</u>
	<u>\$3,271,000</u>

DEBT SERVICE FUND

Revenues:

Water Fund Contribution	\$1,383,444
Capital Improvements Program Contribution	<u>1,645,000</u>
	<u>\$3,028,444</u>

Expenditures:

Revenue Bonds, Series 2003	\$1,383,444
Revenue Bonds, Series 2008	<u>1,645,000</u>
	<u>\$3,028,444</u>

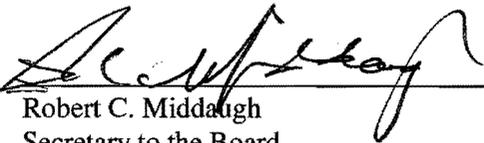
F. BOARD REQUESTS AND DIRECTIVES - None

G. ADJOURNMENT

Mr. McGlennon made a motion to adjourn.

On a roll call vote, the vote was: AYE: Goodson, McGlennon, Icenhour, Jones, Kennedy (5). NAY: (0).

At 10:34 p.m. Mr. Kennedy adjourned the Board of Directors.


Robert C. Middaugh
Secretary to the Board

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