

**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.

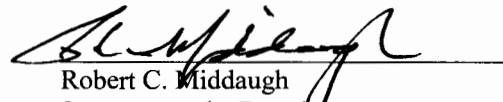
**F. BOARD REQUESTS AND DIRECTIVES**

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