

June 16, 2009

At the special meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday the 16th day of June, 2009; at 7:00 p.m., there were present:

William G. Fore, Jr.

Sally W. Gilfillan

Robert M. Jones

Charles W. McKay

Howard F. Simpson

Lacy B. Ward

Mattie P. Wiley

Absent: James C. Moore

Also present: Wade Bartlett, County Administrator; Jonathan L. Pickett, Director of Planning and Community Development; Mike Johnson, Southampton County Administrator; Tim Slaydon, PE, Wiley/Wilson; Randall C. Allen, Attorney; Jimmy Sanderson, Davenport & Company; Carlos Norris, Crowder Construction; Dane Hall, Crowder Construction; Fred Pribble, Draper Aden Associates; Cheryl Stephens, Draper Aden Associates; Mike Larson, Crowder Construction; Lynell Stanhope, Crowder Construction; Jeff Kapinos, Draper Aden Associates; and Anne Urenda, Draper Aden Associates.

Chairman Fore called the meeting to order as a work session for the Board to learn more about the Sandy River Reservoir Water Treatment and Distribution System, which is a PPEA project.

In Re: PPEA: A County Perspective

Mr. Wade Bartlett, County Administrator, said the objective of the meeting is to hear about the project, provide information for the Board and the public, he said no decisions will be made to sign an agreement, but there may or may not be a decision to move forward with the process.

Mr. Bartlett made the introductions and turned the floor over to Mr. Mike Johnson, Southampton County Administrator.

Mr. Johnson gave an overview of Southampton County's current PPEA project on a sewer plant. He said based on the forecast of 5,000 new homes over the next 20 years, the County knew that

infrastructure would be necessary in designated growth areas. He said in addition to the residential growth, a new 750 pupil elementary school was under construction, and plans were developed for a 230-acre industrial park. He reviewed the three-year process Southampton County had taken to determine the infrastructure necessary to serve the designated growth area, to design, permit and build a wastewater treatment plant. Mr. Johnson said the PPEA is a procurement tool. He stated some of the benefits of this process compared to the old design-bid-build process are:

- 1) speed, because of the collaboration between the designer and contractor, significant time can be saved as compared to the old process;
- 2) one point of contact – in the old process, if problems occurred during construction, the contractor would blame the designer and/or engineer and vice versa, placing the County in the middle, but in a PPEA, the designer and contractor are on the same team; and
- 3) in his experience, once the comprehensive agreement is reached, there is a fixed price with no change orders.

Mr. Johnson said it is a new, alternative tool to procure services and products, and there are a lot of opportunities to stop the process. He said the process can be stopped after the conceptual proposal, after the detailed proposal, or after the draft agreement.

Discussion followed on feasibility and cost.

Supervisor Moore entered the meeting at 7:25 p.m.

In Re: Independent Review of PPEA Proposal by Wiley/Wilson

Mr. Tim Slaydon, PE, Wiley/Wilson, said the firm was retained by Prince Edward County to conduct a higher planning review to assist the County in determining project characteristics, conceptual plan, schedule, and if financing was reasonable and appropriate. He said the conclusion is the proposal is sound enough to be used as a starting point. The County can proceed with the development of an interim agreement, which will define in greater detail what the scope of work will be, the cost, and defines the risk. Mr. Slaydon said the technical aspects of the proposal are sound and defined well with sufficient detail to the level of planning intended. The cost estimates of the intake, plant, water transmission facility, tank and

pump stations are 12% of their estimates – Wiley/Wilson were a bit higher. The durations and sequencing of the various components of the work are reasonable, as well as the risk of potential delays, and potential price increases, and the assignments of those risks between parties. He said some issues were found that need clarification, such as the time estimated for the Virginia Department of Health processing. He added the intended water service area and the demands within that service area are uncertain. The scope of the project is significantly sensitive to the service area it is proposed to serve. Mr. Slaydon said that it is typical of any water project, during the initial years, a low demand will cause the water in the pipes to be “old,” but this issue can be managed, and that some technical issues need to be defined, such as total organic carbon treatment issues, intended service area, number of connections, a plan to manage water age, a plan to develop revenues for financing the project, and others.

Mr. Slaydon said the goals for the PPEA team will need to be identified, for the County and the design-and-build team, and said again that the proposal is sound enough for Prince Edward County to use as a starting point for the development of the interim agreement.

Discussion followed regarding the Health Department and its unfamiliarity with the PPEA process.

Supervisor Ward said the Wiley/Wilson report states, “Nothing in the PPEA proposal states that the project is economically feasible for the County ... suggesting a third-party determine economic feasibility.” Mr. Slaydon said the service area was not clearly defined, therefore the revenue coming from the service area was not defined. Assumptions within the PPEA proposal were that there would be adequate rates and charges necessary. Within the proposal itself, economic feasibility was assumed but not addressed. Further discussion followed.

In Re: Legal Overview

Mr. Randall C. Allen, Attorney, specializing in construction law and public procurement, gave a brief overview of his qualifications. He said the PPEA exempts the County from the Virginia Public Procurement Act in a large part, and allows the use of “design-bid-build” without going through the cumbersome procurement process that used to apply to any design-build or construction management projects in Virginia. He then said the PPEA process offers a great deal of flexibility and can be applied to

virtually any public purpose. Mr. Allen discussed the design-bid-build system and said the design is fully mature before it is advertised for construction bid. He reviewed benefits and disadvantages to the system. He then reviewed the comprehensive agreement and the interim agreement.

In Re: Financial Overview

Mr. Jimmy Sanderson, Davenport and Company, reviewed the general financing markets, and said municipal markets are becoming more stable. He discussed potential revenues from the project and projected tax rates.

Supervisor Simpson asked about the difference in the interest rates from the first presentation until the current time. Mr. Sanderson said the interest rate had been at 6% and is currently approximately 4.5%.

Supervisor Ward said potential customers and income has yet to be identified, and asked if there is no customer base, how the County may “impress” the lending institutions. Mr. Sanderson said it is a matter of the credit to be used. He said in many cases, “the locality that is pursuing a project will stand behind the debt, whether you are producing sufficient revenue from the enterprise is irrelevant to the investor, they will be looking to the county as a whole to make the debt payments.” Supervisor Gilfillan asked for clarification on Mr. Sanderson’s opinion in acting as the County’s financial advisor, “you feel that it’s critical that we have an identified service area.” Mr. Sanderson said that the County should understand what the potential revenues are or are not going to be, and what the credit of the project will be.

Mr. Bartlett said the benefits and disadvantages have been discussed, and a number of questions will be answered by Crowder Construction. He added the third-party financial analysis will be provided by Davenport, and the service area is a critical area that must be determined, and is a key component in the interim agreement. That will set forth the size and scope of the project, which in turn relates to the cost of the project.

Mr. Bartlett said the goal of the meeting is to determine if the County wishes to go forward with negotiating an interim agreement. It is during the interim agreement that these questions will be answered and identified. He said a conclusion to the agreement may not be reached if the Board isn’t satisfied with the answers. Supervisor Ward said that nothing in the PPEA proposal states that the project is economically feasible for the County. He asked if this issue will be addressed prior to any further votes.

Mr. Bartlett said that during the interim agreement phase, the financing risk to the County would be identified.

In Re: PPEA Proposal Presentation

Mr. Fred Pribble, Vice-President of Draper Aden Associates, said Crowder Construction and Draper Aden Associates were there to help the County meet its established long term goals to provide water to the community, protect the environment and meet the demands of the customers now and in the future. He said if there hadn't been a drought in 2002, it may not be necessary to develop a water supply but it is a perfect time as the County is planning for the future and preparing for the next drought. He then reviewed the interim agreement benefits and the conceptual design proposal. Mr. Pribble discussed options available to the project, such as the possibility of connections to Hampden-Sydney, Crewe, and Burkeville, and other potential partners.

Supervisor Ward asked for clarification regarding need for an emergency line to the Town of Farmville. Mr. Pribble said due to the drought and very low flow situations in the Appomattox River over the past few years, the Town of Farmville had been looking for alternative supplies of water. If there is a severe drought, it is critical to the economy of the region as well as to the hospital and university, and the water is available at the Sandy River Reservoir. Supervisor Ward asked if the Town of Farmville is anticipated to help with the cost of the emergency line. Mr. Pribble said there is the option of having a connection at a point where they could connect. Supervisor Ward then asked about Hampden-Sydney; Mr. Pribble said there has been discussion, but to his knowledge, there are no contracts at this time. He said all of the options will be resolved in the interim agreement, and the scope of work and cost will be determined.

Mr. Pribble then reviewed the conceptual budget and concerns to be addressed.

Supervisor Ward asked about the potential customer base and possible other localities wishing to join the Authority. He said the Town of Farmville was not interested, and ten years ago, Poplar Hill was going to build approximately 1,100 houses, but there are none there. He said it is an expensive proposition.

Mr. Pribble reviewed three financial options, and said more options may arise. He added that sampling of the Sandy River Reservoir would continue throughout the interim agreement, which would

minimize or eliminate some of the pre-treatment requirements, and would be a major cost savings to the overall project. Discussion followed on the proximity of the old landfill to Sandy River Reservoir.

Supervisor Gilfillan asked about the costs to the County during negotiations of an agreement and the signing of an interim agreement. Mr. Pribble said there is no cost to the County until the interim agreement is signed and then it is an agreed-upon amount in the interim agreement. He said it is in the process of the interim agreement where all the questions are answered. Supervisor Gilfillan then asked if local businesses will be contacted for doing work on the project; Mr. Norris said it is their intention. Further discussion followed.

Supervisor Gilfillan asked about the overlay district. Mr. Bartlett said while the overlay district is connected to the project, it is a completely separate issue. It is used to help protect the quality of the water in the future, and is not necessary to be complete prior to the County entering into an interim agreement. Mr. Bartlett added the Citizen Committee of the Planning Commission has submitted recommendations; the Planning Commission will review the recommendations of the committee and will then come to the Board.

Supervisor Gilfillan asked how long it may be until the interim agreement is signed. Mr. Allen said it could be a quick process.

Mr. Bartlett said that concludes the presentations, and asked the Board if it wished to take action on negotiating an interim agreement or consider it until the meeting in July. He recommended hiring Mr. Allen to assist the Board in the process of negotiating an interim agreement. He added the guidelines allow for a payment of up to \$50,000 which has been received from Crowder Construction. Some of that has been spent in studies, but most of Mr. Allen's fee would be paid from these funds.

Supervisor Simpson made a motion to enter into the negotiating phase of the interim agreement.

Supervisor Ward asked when the citizens are brought in. Mr. Bartlett said there is a required 30-day public review once the interim agreement is developed, and prior to it being signed. Supervisor Ward inquired if a public hearing will be held. Mr. Bartlett stated that would be a Board decision.

Supervisor Gilfillan said the Board can work on a project in two ways: one that the government can work on the project and let the public know when the plans are complete, or the process can be totally open and steps are discussed in public, and the citizens are there and part of it. She said the Board had

charged Mr. Bartlett with having open government, and she appreciates the fact that this topic is open and being discussed prior to the decision being made by the Board. Chairman Fore said “The public hasn’t said anything but they’ve been privy to every word that has been said here. I don’t think anybody could walk out of this room and say, ‘I don’t understand – I don’t understand what’s going on.’ I think it’s incumbent upon us now to take this interim agreement and the negotiation thereof, and work with the experts and answer the questions. And then during our meeting – our regular meetings – discuss those questions. And the public is certainly going to hear everything that goes on.”

Supervisor McKay said if the Board doesn’t enter into negotiating an interim agreement, the questions will never be answered.

Supervisor Jones said during all the discussions with the Town of Farmville about the different options from 2000 through present time, the information was not available, and this is the chance to get to a point of knowing the answers to the questions, and prices. He said if they do not move forward, they are just wasting more time as they did on some of the other things in the past.

Supervisor Gilfillan called for the question.

Chairman Fore said the motion has been called for; Supervisor Simpson’s motion to proceed with the negotiation phase of the interim agreement. The motion carried:

Aye:	William G. Fore, Jr. Sally W. Gilfillan Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Mattie P. Wiley	Nay: Lacy B. Ward
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Supervisor Jones made a motion to grant Mr. Bartlett the authority to sign the agreement with Mr. Randall C. Allen.

Supervisor Ward said he has no objections to hiring Mr. Allen or professional assistance, but is against driving a project forward without identifying the need for the project.

Supervisor Jones’ motion to grant Mr. Bartlett the authority to sign the agreement with Mr. Randall C. Allen carried:

Aye: William G. Fore, Jr.
Sally W. Gilfillan
Robert M. Jones
Charles W. McKay
James C. Moore
Howard F. Simpson
Mattie P. Wiley

Nay: Lacy B. Ward

On motion of Supervisor Simpson and adopted by the following vote:

Aye: William G. Fore, Jr.
Sally W. Gilfillan
Robert M. Jones
Charles W. McKay
James C. Moore
Howard F. Simpson
Lacy B. Ward
Mattie P. Wiley

Nay: None

the meeting was adjourned at 9:13 p.m.