

June 26, 2007

At a joint meeting of the Prince Edward County Board of Supervisors and Farmville Town Council held on Tuesday, the 26th day of June, 2007, at 12:30 p.m., at Settle Hall, Hampden-Sydney College, there were present:

Board of Supervisors

William G. Fore, Jr. Chairman
Howard F. Simpson, Vice-Chairman
Pattie Cooper-Jones
Sally Gilfillan
Robert M. Jones
Charles M. McKay
James C. Moore
Lacy B. Ward

Town Council

Sydnor C. Newman, Mayor
Gerald J. Spates, Town Manager
Dr. Edward I. Gordon
Harlan L. Horton
Donald Hunter
Anne H. Nase
Otto S. Overton
A. D. "Chuckie" Reid
David E. Whitus

Also present: Wade Bartlett, County Administrator; Sarah Puckett, Assistant Administrator; Jonathan Pickett, Director of Planning and Community Development; Alecia Daves-Johnson, Planner I; James Ennis, County Attorney; Cindy Morris, Town Planner; Fred Pribble, Vice-President of Draper Aden; Tom Cox, PE, Draper Aden; and Joe Hines, PE, Timmons Group.

Chairman Fore welcomed those present and Supervisor James C. Moore offered thanks over the meal.

In Re: Sandy River Reservoir

Following lunch, Chairman Fore called the Board of Supervisors to order at 12:37 p.m., and Mayor Newman called the Council to order. Mr. Fore said this is the third meeting of the Council and Board of Supervisors, and thanked the staff of both bodies for their efforts in making the joint meeting possible. He said this agenda is solely regarding the Sandy River Reservoir project. He stated reports from Timmons Group and Draper Aden had been gleaned to three areas [Preliminary "Project" Capital Costs, Water Supply "Project" Options, and Financing Options], and discussion is necessary to come to a consensus. Mr. Fore said a chronological listing of the County's actions had been prepared, bringing the project to the current condition. Mr. Fore stated the first item on the agenda for discussion was the cost of the project, and hoped a consensus could be reached for a workable decision for tasking and capital costs.

Mr. Tom Cox said that both memos from Timmons and Draper Aden agree on the cost.

Supervisor Jones said the only variable would be the cost of transmission lines.

Mr. Joe Hines said a smaller size of pipe would be negligible, but it would be 10% cost differential.

Dr. Edward Gordon asked if the line size were to be scaled down from 6 MGD (million gallons per day) to 3 MGD, would a savings be possible.

Mr. Hines said there would be a savings in the 10% range, for changing from a 24" pipe to a 20" pipe. The larger pipe would allow for additional capacity, and it would almost double the capacity for only a 10% increase in cost.

Mrs. Sarah E. Puckett, Assistant County Administrator, said that a treated water cost differential is dependent upon the size of the plant for treating the water. The numbers presented use a figure of three MGD, given the capacity of the reservoir. She said the cost would be reduced if the plant size were to be reduced.

Mr. Gerald Spates, Town Manager, said the costs don't include operation and maintenance costs.

Supervisor Jones said those costs would be recouped by the sale of water.

Mr. Spates replied that it was dependent upon the number of customers.

Mr. Hines said the terms and interest rate were similar between Timmons and Draper Aden. He said the increase in cost to operate the plant with the upgrades would be approximately \$180,000-200,000 per year. Mr. Cox added that these costs would only be incurred if the reservoir is being used, and reflect pumping station utility costs. Discussion of costs when water would not be pumped on a daily basis followed.

Dr. Gordon asked for clarification on the scenario if the water was only used in times of drought or to flush the valves. Mr. Hines said the operation costs could drop by \$75,000, out of the \$83,000. Mrs. Gilfillan said she was unclear as to why the station should be built if it would not be used on a regular basis. Mr. Spates said it would equate to purchasing a generator, that it is only used when there is a need. He added the Sandy River Reservoir wouldn't be the sole source of water, it would be blended with water from the Appomattox River, and changes to the treatment process at the plant would be necessary.

Mr. Hines said it would need to be used and tested at regular intervals.

Mr. Cox said it would be more cost effective to treat the Appomattox River water when available, but 10 to 20 years down the road it will be an integral part of the overall water system and the water supply needs for the community.

Mr. Jones said he understood the Farmville treatment plant needs updating, and asked if the difference between the \$3.26 million and the \$4.34 million is the additional upgrading it would need to be able to treat the reservoir water.

Mr. Hines said some upgrading is necessary. He added that upgrades would be for additional capacity, and not necessarily to upgrade the equipment inside the plant. He said this represents the majority of the upgrade costs for the next 20 years and would possibly have it re-rated to a six MGD plant in the future.

Mrs. Gilfillan said while it may not be needed this year, it may be needed next year, and as a town resident, she can see the need now. Mr. Spates said it may take a long time, and it will take a lot of money to build.

Chairman Fore asked to leave the topic of cost and focus on Project Options. He said five options were presented from the studies that had been done, and asked to discuss each in turn.

Mr. Jones said the people in his district have given up property to build the reservoir and they feel the County should have a stake in the withdrawal area and access to the lake itself. He said the Town would have use of it and the County should have a means of extracting water from the lake also. He added he was not sure the County would be able to fund the cost unless there would be an income stream to help offset the cost, or it would be a tax burden on the residents.

Mr. Spates said the general thinking is remiss that it is a Town vs. County issue, as the Town is part of the County, and when the County was assessed to build the Sandy River Reservoir, the people in town were assessed also. He asked about the original bond referendum. Mr. Jones said that had never been exercised. Mrs. Puckett said the 1971 referendum had been researched, and one of the questions on the ballot was for the reservoir and one was for the transmission line. The County had to have a second referendum in 1983. In 1986, the County issued bonds for the \$725,000 from the 1971 referendum for the reservoir, and \$600,000 for the referendum in 1983. There was no authority to fill the dam until the 1990s and the Board of Supervisors never issued the \$380,000 of debt for the water transmission line because

there was no water in the reservoir. The County no longer has the authority to issue the debt on that \$380,000 referendum, because of the “Sunset Provision” in the *Code of Virginia*, and it has expired. She said any legal authority that the County had from the 1971 referendum would need to go back on the ballot.

Dr. Gordon said, in his opinion, there are two flaws with the creation of a Water Authority, the first being there would be no base of customers. He said it transmits to two people coming into an authority unequally. He said the second flaw would be that an Authority takes the whole infrastructure and takes it 50% out of the hands of the Town.

Supervisor Jones said the County offers the Sandy River Reservoir, and the Water Authority would oversee the waterworks. The Water Authority would contract with the Town to keep on running their water system as it is, but some revenue stream would go back to the Water Authority that the County could use to help offset the cost on construction of the intake.

Dr. Gordon said this is not a Town vs. the County issue, but the Town has an infrastructure that is owned, the system is in operation and it would be given up.

Mr. Jones said the Water Authority would contract with the Town to keep on producing water, but there would be a small revenue stream going to the Water Authority that could be redistributed to the County to help build the necessary infrastructure there. The people using the water, those getting the benefit of the water, would pay, not all of the taxpayers. The Authority would make a user fee on the water system.

Dr. Gordon said all want growth of the entire project, which would be good for all of Prince Edward County.

Chairman Fore said although it is complicated, the Water Authority is a viable option, and the Boards should spend time and study the option. He said he can envision a Water Authority appointed to manage the water, sewer and landfill departments, and it would be responsible for the water in the Sandy River Reservoir. He said it would benefit all as the Authority could issue bonds, borrow money, buy, sell, and trade, and could lease the infrastructure and the water plant. The users could be charged, creating a revenue stream to repay the debt, and it could borrow the funds needed to build the pipeline. He said it would also give the Boards the opportunity to appropriate to the Authority the funding necessary to make ends meet, and this option should not be excluded.

Mr. Spates said the Council has been very progressive in allowing the system to be expanded and said the County hasn't put up anything. He said that hooking Hampden Sydney into the system has saved them money from having to develop their own plant. He added the line is all the way to Cumberland Courthouse and serves their county schools, and in the water and sewer projects at the new Lowe's and Poplar Hill. The Town is asking the County to be a partner in the project.

Mr. Fore asked all to keep in mind the only way the County has to repay debt is through taxes, and can't just tax those outside the town limits.

Mr. Spates said the Town is waiting to hear what the County is willing to do. He said he can't see the Authority as an option, as it would mean giving up the treatment plants, and the depreciation each year causes the Town to lose money. He added the State is happy with the operations of the plant as it stands.

Mr. Pribble said the Authority would provide raw water to the Town system, and that there are more ways to set up an Authority. He added the revenue would not be able to pay all of the debt. He gave an example of the Rivanna Water and Sewer Authority, saying the customers were Albemarle County and the City of Charlottesville, not individual citizens. Mr. Pribble said the water will be needed before the issue is resolved, and the growth of the area will make the need for the water on a daily basis. He said the Boards should evaluate the different types of water authorities.

Mr. Spates said a number of manufacturers now recycle their water, and the Town uses one half million gallons less per day than ten years ago.

Mr. Ward asked which water supply project option the Town favored.

Dr. Gordon said the Town has been waiting to hear what the County wants and will offer the Town, and asked if the County is willing to do anything other than the water authority option.

Mr. Ward said the Town should propose their preference, and the water authority issue should be tabled.

Dr. Gordon said the proposed agreement over the years seemed to be that the County would build the intake center, the pipe to the boundary of the Town line and the Town would take it from the boundary of the line to the water treatment plant. He added that Town Council did not vote on this.

Mr. Jones said at that time, the County could do that if there would be a charge for raw water to offset the costs, but now it's been said the Town won't use the water on a daily basis.

Mr. Spates said the Town would pay for the allocation whether it is used or not, and it would be a charge against the system and schools.

Mr. Jones said this option would provide the revenue stream, and it would be difficult to convince the taxpayers to support a \$10 million bond referendum on something with no revenue stream.

Mr. Ward said if the County would build the intake structure with a capacity to release 7.5 million gallons per day safe yield, since the Town does not use nearly that much, the water could be sold to other adjoining counties and towns. Mr. Jones said there are no other areas interested at this time.

Mr. Pribble said the “take or pay” capacity is common in that a certain amount is paid per year, which would be set forth in a contract between the Town and the County.

The consensus of the Board and the Town Council was to have the sub-committee discuss three of the five original options.

Mr. Cox said the water authority concept does not have to be decided upon at this time, and that the creation of a water authority is a long process and can be created at any time in the future if desired.

Mr. Spates said the Town’s payments for the allocations would provide revenue to offset the County’s costs in Option 2 and would then pass costs to all customers.

Mr. McKay asked if it would be less expensive if the Town would build the pipeline from the reservoir to the Town limits rather than hire a private contractor. Mr. Spates said the intake would need to be installed by a contractor, but the Town could do the pipeline.

Mr. Whitus said grants may be available if the Town and County work jointly.

Mrs. Gilfillan asked what the benefits would be for the Town to do the entire line instead of the County and the Town each doing part.

Mr. Hines stated that if all work is done by one contractor, it may be more beneficial and efficient than having two or three projects. The project design would look for the optimal bid to minimize costs and may be eligible for Federal funding.

Mr. Simpson asked about the percentage that would be paid for the raw water, and then the plans to run the intake and pump station can started. Mr. Spates said the County needs to provide that figure. Mr. Hines said some of the cost would be dependent upon the debt loan. Mrs. Puckett said both the Town and the County need to work on the figures.

Mr. Spates suggested the County giving \$3 million and the Town would take care of everything. Mr. Jones said two “faucets” could be built, one at the reservoir and one at the town limits. He said one option states the Town would build the intake but the County would have the right to withdraw the other three million gallons of water to the County.

Mr. Ward said the Joint committee should discuss the options and come to the respective boards with recommendations.

Chairman Fore said the raw water cost would be approximately \$20.95 million, and the Board needs to decide whether to pursue just the intake or the intake plus the line to the Town limits. He added there needs to be a Board consensus on the \$4.98 million or \$9.35 million figure.

Mr. Hines said the rates can be raised only so much and the potential debt is unknown. The two bodies will have to make a decision, and in either case, it is an investment in the growth of the community. He said the Town system is already serving as a regional system, and regionalism is looked upon more favorably. Mr. Hines said if it’s in the form of an Authority or of joint letters of agreement with the Board of Supervisors and the Town Council working on the project together, the granting agencies want to see a cohesive approach to make the project happen.

Mr. Pribble said the finance options and allocations need to be reviewed. He said one option that limits the funding opportunities is looking at growth as funding it in the future. He said the bonds would be loaded at the end, with the up-front debt low. He said it may be necessary to look deeper at the annual costs.

Dr. Gordon said hypothetically, if the Town would build the intake and the water as in Option 3, built with two pipes, and if the County would want to use the second pipe, an arrangement could be made for the County to take that part over. He asked if that would be a viable option if the Town of Farmville takes the entire cost of the infrastructure.

Mrs. Puckett asked if the sole intake would meet the County’s future needs, and asked how the finances for that would work.

Dr. Gordon said the intake would be large enough for the County’s future needs as well as the Town’s.

Mr. Pribble said the figures for the costs could be provided in the next 30 days, but that the numbers would be on the assumption the project would be moving forward. Mr. Hines said the figures would be based on current construction costs, not possible costs in ten years.

Chairman Fore said the consensus was that the committee and the engineers should discuss Options 1, 2 and 3, present their recommendations to their respective boards and then meet as a full board with a single recommendation. He said that based on the meeting, the financing options can be worked out in the subcommittees.

After further discussion, the next Joint meeting, hosted by the Town, was scheduled for August 30, 2007, at 12:00 noon.

On motion of Mr. McKay and carried:

Aye:	William G. Fore, Jr. Pattie Cooper-Jones Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Lacy B. Ward	Nay:	None
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the meeting was adjourned at 2:10 p.m.