

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the auditorium of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia, on the 28th day of June, 2010, at 5:00 p.m.

Present:

Laurence J. Trala, Chairman

Willie C. Randall, Vice Chairman

Richard Tankard

H. Spencer Murray

Oliver H. Bennett

Samuel J. Long, Jr.

The meeting was called to order by the Chairman.

(A) Consider action on the FY 2011 County Budget (appropriation resolution)

The County Administrator distributed the following memorandum for the Board's consideration:

**TO:** Board of Supervisors  
**FROM:** Katie H. Nunez, County Administrator  
**DATE:** June 23, 2010  
**RE:** Recommendation regarding Adoption of Fiscal Year 2011 Budget

As a result of Board discussions and the public hearing concerning the proposed Fiscal Year 2011 budget, I have taken the liberty of summarizing the key expenditure issues I believe are outstanding discussion points and have provided several options to approach funding these items in order to reach a balanced budget.

As you will note, the adoption of the County budget is done through an Appropriation Resolution that details the General Fund, Social Services Fund, Eastern Shore Regional Jail, General Debt Service, School Debt Service, Public Utilities Fund, School Operating Fund, School Federal Grants Fund, and School Food Services Fund in categories by both revenue and expense. This resolution also includes various clauses associated with financial management during the course of the year in terms of transfers, capital projects, deficits, and supplemental appropriations. The resolution also contains the specific provisions associated with the PPTRA funding (Personal

Property Tax Relief Act) and lays out the tax rates for the budget year. The Board will need to determine if you wish to continue the practice of carryover of the School Operating Funds for Capital Funding. At this time, I am not recommending the creation of any other carryover funds for either the School Board or the Department of Social Services.

As a final note, the reductions offered by the School Board of \$302,000 to the local school contribution have been factored into the school operating numbers already and are reflected in the three proposed Appropriation Resolution options that are presented below.

**KEY EXPENDITURE ISSUES:**

1. General Fund Remaining Deficit:	\$139,389
2. Remaining Difference in Local School Contribution:	\$477,888
3. PDR Funding – request to restore funding:	\$ 44,818
4. Fire Dept. Contributions – request to restore funding:	\$ 10,000
5. AFDs – new land requested to enter into program:	\$ 3,500
<b>TOTAL</b>	<b>\$675,595</b>

The chart below starts with the assumed key expenditure issues totals for each Option and identifies how to approach each item.

DESCRIPTION OF ITEM	<u>Option A</u> NO Tax Increase & NO Use of Undesignated Fund Balance	<u>Option B</u> NO Tax Increase & USE of Undesignated Fund Balance	<u>Option C</u> Tax Increase of 2¢ & USE of Undesignated Fund Balance	COMMENTS
Key Expenditure Issues Total	\$675,595	\$675,595	\$675,595	
PDR Funding	\$44,818	\$44,818	\$44,818	Don't fund at this time; reconsider if successful in state funding
Fire Dept. Contributions	\$10,000	\$10,000	\$10,000	Don't fund at this time; reconsider at 6-month mark & review Transient Occupancy collections
AFD's – new land requests	\$3,500	\$3,500	\$3,500	Public Hearing still open–no decision; not included in the FY2011 budget
SUBTOTAL #1	\$617,277	\$617,277	\$617,277	
Reduce School Instruction Total (See FY2009 Audit pg. 84)	\$377,317	\$377,317	NA	Adjustment of School Base Operating Funds (See Audit pg. 62)
Reduce School Transportation Total	\$50,400	\$50,400	NA	Suggested area for reduction: elimination of Health Insurance for PT

				Employees
Reduce School Technology Total	\$123,000	\$50,171	NA	Suggested area for reduction: Elimination of New Technology Initiative
Reduce School Admin, Attendance & Health Total	\$66,500	NA	NA	Suggested area for reduction: Elimination of Retiree Health Care Credit
General Fund Revenue Adjustment	\$60	NA	NA	<u>Comment for Option A only:</u> Will adjust revenue to balance
Use of Undesignated Fund Balance	NA	\$139,389	\$127,435	<u>Comment for Option C only:</u> This was offset by the tax increase amount that was not utilized below.
Tax Increase	NA	NA	\$489,842	Provides \$11,954 more than needed to balance budget – this was applied to the fund balance item above.
SUBTOTAL #2	\$0.00	\$0.00	\$0.00	
END RESULT	NO Tax Increase & NO Use of Undesignated Fund Balance = balanced budget	NO Tax Increase & USE of Undesignated Fund Balance = balanced budget	Tax Increase of 2¢ & USE of Undesignated Fund Balance = balanced budget	

**COLOR CODE:**

**PURPLE:** Do not consider for funding/Not in proposed budget

**RED:** Expenditure Reductions

**BLUE:** Revenue Increases/Revenue Uses

\* \* \* \* \*

Mr. Long arrived at 5:05 p.m.

Mr. Murray read the following comments:

**Northampton County Board of Supervisors**  
**Work Session---2010-2011 Budget resolution**  
**June 28 2010**

Comments by  
H. Spencer Murray, Supervisor, District #4

Mr. Chairman and Fellow Board members:

Tonight we act on one of our most sacred responsibilities, namely the authority to tax our citizens for the common good of the county.

Over the last few months we have analyzed and debated. We have asked tough questions. Our County Administrator and Director of Finance have run many scenarios to achieve our objective of a balanced budget without a tax increase and at the same time funding our shortfall in jail debt service and responding to the School Board and Administration's request for "level funding" from last year's local contribution.

On numerous occasions I have expressed my displeasure with the process. Mr. Tankard and I have been communicating the same message since last September when we became aware that the 2010-2011 budget would involve many cuts and tough decisions. To her credit, last year the County Administrator instituted 5% cuts and staff furloughs across all county divisions EXCEPT the schools and the Department of Social Services.

Tensions have run high between Supervisors, School Board members, the Superintendent, parents, struggling businesses, and citizens on fixed incomes. I am sure that some citizens have felt that my questions have been harsh and that perhaps I have not shown proper respect for the School Board and the tough challenges they face.

Tonight I hope we can put any hard feelings behind us as the real issue is not about any supervisor, or school board member, constitutional officer or citizen. We must learn from the process and all work to make it better.

Based on the guidance we have given them, the County Administrator and Director of Finance have narrowed our budget decision to three options:

**Option "A"** does not tap our General Fund Balance for the remaining \$139K needed for jail financing, however it does contain deeper cuts to the local share of school financing than the original guidance given the school board. This is justified if you look at the last two years of actual school spending and conclude that a \$604K reduction in the base is justified before level funding is requested and approved. While I fully understand this option, I have not previously supported it.

**Option "B"** does tap the General Fund balance for the remaining \$139K needed for jail debt funding and drops the General Fund balance to \$3.4million or 8.7%, still above our 8% target floor. These funds should be restored to the general Fund Balance immediately after we secure the outstanding jail funds from the VA. Department of Corrections. Like the other options, it defers the funding for the PDR, new AFD additions, and reductions to the Fire Company contributions.

**Under this option, NO ONE can say this BOS is funding prisoners at the expense of students.**

The suggested reduction to the school base is the \$377,317 number I have been discussing since last October, when the school's auditor determined this amount was budgeted but unspent in instruction. Other **suggested** reductions in this option are just that, **suggestions** only.

The final tough decisions as to priorities and spending in the schools belong solely to the School Board. I believe the local funds and funds from other sources are sufficient to operate effectively and I trust the School Board will use their best judgment to do so.

**Option “C”** both taps the General Fund Balance for the remaining jail debt funding and imposes a 2 cents per \$100 tax increase on our citizens, solely to increase the local funding to schools by \$477,888 over the level in Option “B”. I cannot support this option for all the reasons I have stated over the last few months.

At this time I would like to thank my fellow board members, the County Administrator, the Director of Finance, the Constitutional Officers, County Division heads, the School Board, the Superintendent, the school Finance Director and all who have worked to get us to this action.

To begin discussion, Mr. Chairman, I move that the Board of Supervisors approve Appropriation Resolution (Option B) for the 2010-2011 fiscal year as presented by the County Administrator, with paragraph #4 deleted.

Thank you Mr. Chairman. I request my comments be entered into the record.

Respectfully,

H. Spencer Murray, Supervisor, District #4

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Motion was made by Mr. Murray, seconded by Mr. Long, that the following resolution, identified as Option B, be adopted with the deletion of paragraph #4. Said resolution being considered is set out below:

## **APPROPRIATION RESOLUTION**

### **A RESOLUTION TO APPROPRIATE DESIGNATED FUNDS AND ACCOUNTS FROM DESIGNATED ESTIMATED REVENUES FOR FY11 FOR THE ANNUAL OPERATING BUDGET FOR THE COUNTY OF NORTHAMPTON**

BE IT HEREBY RESOLVED by the Board of Supervisors of the County of Northampton that:

1. For the fiscal period beginning the first day of July 2010, and ending the thirtieth day of June, 2011, the following amounts are hereby appropriated for the office and activities shown below in accordance with the duly adopted budget for the fiscal year ending June 30, 2011:

#### **General Fund**

#### **Revenues**

General Property Taxes	\$15,302,158
Other Local Taxes	\$2,941,172

Permits, Privilege Fees & Reg Licenses	\$222,050
Fines & Forfeitures	\$105,000
Use of Money & Property	\$34,500
Charges for Service	\$562,732
Miscellaneous	\$1,000
Recovered Costs	\$177,598
Payments in Lieu of Taxes	\$38,000
Non-Categorical	\$1,256,880
Shared Expenses	\$1,478,553
Categorical Aid	\$230,712
Other Financing Sources	\$323,048
<b>Total</b>	<b><u><u>\$22,673,403</u></u></b>

**Expenditures**

General Government Administration	\$1,664,381
Judicial Administration	\$588,107
Public Safety	\$3,211,949
Public Works	\$1,796,481
Health & Welfare	\$690,307
Education	\$20,723
Parks, Recreation & Culture	\$278,747
Community Development	\$1,061,791
Non-Departmental	\$13,360,917
<b>Total</b>	<b><u><u>\$22,673,403</u></u></b>

**Social Services Fund**

**Revenues**

Categorical Aid	\$2,913,143
Other Financing Sources	\$466,966
<b>Total</b>	<b><u><u>\$3,380,109</u></u></b>

**Expenditures**

Welfare/Social Services	\$3,302,609
Transfers Out	\$77,500
<b>Total</b>	<b><u><u>\$3,380,109</u></u></b>

**Eastern Shore Regional Jail**

**Revenues**

Charges for Service	\$102,300
Recovered Costs	\$1,500
Shared Expenses	\$1,939,957
Categorical Aid	\$370,800
Other Financing Sources	\$1,050,801
<b>Total</b>	<b><u><u>\$3,465,358</u></u></b>

**Expenditures**

Public Safety	\$3,465,358
<b>Total</b>	<b><u><u>\$3,465,358</u></u></b>

**General Debt Service**

**Revenues**

Recovered Costs	\$161,100
Other Financing Sources	\$2,779,179
<b>Total</b>	<b>\$2,940,279</b>

**Expenditures**

Non-Departmental	\$2,940,279
<b>Total</b>	<b>\$2,940,279</b>

**School Debt Service**

**Revenues**

Other Financing Sources	\$1,319,056
<b>Total</b>	<b>\$1,319,056</b>

**Expenditures**

Non-Departmental	\$1,319,056
<b>Total</b>	<b>\$1,319,056</b>

**Public Utilities Fund**

**Revenues**

Charges for Service	\$119,960
<b>Total</b>	<b>\$119,960</b>

**Expenditures**

Public Works	\$119,960
<b>Total</b>	<b>\$119,960</b>

**School Operating**

**Revenues**

Miscellaneous	\$570,300
Categorical Aid	\$8,445,194
Other Financing Sources	\$7,307,993
<b>Total</b>	<b>\$16,323,487</b>

**Expenditures**

School Instruction	\$10,619,342
School Admin., Attendance & Health	\$2,005,278
School Pupil Transportation Services	\$1,292,395
School Operation & Maintenance Services	\$2,030,785
Technology	\$375,687
<b>Total</b>	<b>\$16,323,487</b>

**School Federal Grants Fund**

**Revenues**

Categorical Aid	\$2,920,544
<b>Total</b>	<b><u><u>\$2,920,544</u></u></b>

**Expenditures**

School Instruction	\$2,920,544
<b>Total</b>	<b><u><u>\$2,920,544</u></u></b>

**School Food Services Fund**

**Revenues**

Charges for Service	\$200,000
Miscellaneous	\$0
Categorical Aid	\$644,314
<b>Total</b>	<b><u><u>\$844,314</u></u></b>

**Expenditures**

School Food Services	\$844,314
<b>Total</b>	<b><u><u>\$844,314</u></u></b>

2. The County Administrator is authorized to transfer budgeted amounts between line items, classifications, departments and projects, but any revisions between funds or revisions that alter total expenditures must be approved by the Board of Supervisors through legislative action. All supplemental appropriations must be reported in a public meeting of the Board of Supervisors and made a matter of record in the minutes.
3. Appropriations designated for capital projects will not lapse at the end of the fiscal year but shall remain appropriations until the completion of the project or until the Board of Supervisors, by appropriate resolution, amends or eliminates the appropriation. Upon completion of a capital project, staff is authorized to close out the project and transfer to the funding source any remaining balances.
4. The Board of Supervisors agrees to reconsider funding for the Purchase of Development Rights Fund pending the successful application for state matching funds.
5. The Board of Supervisors agrees to consider restoring funding to FY10 levels for the volunteer fire departments after a review of revenue collections at January 1, 2011.
6. Because the Board of Supervisors has determined that it may be necessary or desirable to advance money to pay initial costs of acquiring the equipment approved for lease-purchase as part of the annual budget process, the Board of Supervisors declares official intent under Treasury Regulations Section 1.150-2 that it reasonably expects to reimburse advances made by the County to pay the initial costs of acquiring the equipment approved for lease-purchase as part of this annual appropriation resolution. For FY11, these items include three Sheriff's vehicles and an Animal Control vehicle. The maximum amount of debt or other financing expected to be issued in one series for the equipment is \$106,219.
7. Per the Code of Virginia, any supplemental appropriation which increases the total budget by more than \$500,000 or 1% of the total budget will be advertised for a public hearing at least seven days prior to the meeting date. The Board of Supervisors may adopt such amendment at the advertised meeting, after first providing a public hearing on the proposed budget amendments.

8. If deficits appear to be forthcoming within a fiscal year, recommended spending reductions would be proposed by the County Administrator during the fiscal year in order to sufficiently offset the deficit.
9. In accordance with the requirements set forth in Section 58.1-3524(C) (2) and Section 58.1-3912(E) of the Code of Virginia, as amended by Chapter 1 of the Acts of Assembly (2004 Special Session 1) and as set forth in item 503.E (Personal Property Tax Relief Program) of Chapter 951 of the 2005 Acts of Assembly any qualifying vehicle situated within the County commencing January 1, 2010 shall receive personal property tax relief in the following manner:
  - a. Personal use vehicles valued at \$1,000 or less will be eligible for 100% tax relief;
  - b. Personal use vehicles valued at \$1,001 to \$20,000 will be eligible for 60% tax relief;
  - c. Personal use vehicles valued at \$20,001 or more shall only receive 60% tax relief on the first \$20,000 of value; and
  - d. All other vehicles which do not meet the definition of "qualifying" (business use vehicles, farm use vehicles, motor homes, etc.) will not be eligible for any form of tax relief under this program.

In accordance with Item 503.D.1., the entitlement to personal property tax relief for qualifying vehicles for tax year 2005 and all prior years shall expire on September 1, 2006. Supplemental assessments for tax years 2005 and prior that are made on or after September 1, 2006 shall be deemed "non-qualifying" for purposes of state tax relief and the local share due from the taxpayer shall represent 100% of the tax assessable.

10. Tax Rates for Tax Year 2010 are proposed to be set as follows:

	<u>Tax Year 2009 (Current)</u>	<u>Tax Year 2010 (Proposed)</u>
Real Estate:	\$ .49 per \$100 assessed value	\$ .49 per \$100 assessed value
Mobile Homes:	\$ .49 per \$100 assessed value	\$ .49 per \$100 assessed value
Tangible Pers. Property	\$4.10 per \$100 assessed value	\$4.10 per \$100 assessed value
Boats	\$ .99 per \$100 assessed value	\$ .99 per \$100 assessed value
Machinery & Tools	\$2.25 per \$100 assessed value	\$2.25 per \$100 assessed value
Merchant's Capital	\$0.00 per \$100 assessed value	\$0.00 per \$100 assessed value
Farm Mach. & Equip.	\$1.43 per \$100 assessed value	\$1.43 per \$100 assessed value
Heavy Construction	\$2.86 per \$100 assessed value	\$2.86 per \$100 assessed value
Solar Installations	\$0.00 per \$100 assessed value	\$ .49 per \$100 assessed value

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Mr. Tankard commented on comparisons between versions "A" and "B" of the appropriation resolution as explained in the County Administrator's memorandum.

Mr. Randall indicated that he was concerned with the \$377,000 cut in Instruction would mean loss of teaching staff.

Mr. Long said that he had common-sense concerns which have not been addressed to his

satisfaction with regard to the school budget. He was disappointed that the School Superintendent and the Director of Finance could not provide year-end estimates for possible carry-over this close to the end of the fiscal year. He said that “it was time to get lean and to get efficient”.

Mr. Bennett cautioned that the school system needs to stay competitive and that there is a need for technology.

Mr. Tankard indicated that he could support Mr. Murray’s motion (Option B) with some massaging; however, Mr. Murray replied that he believed “massaging” was the responsibility of the school board.

Mr. Randall noted that he can support Option B with the understanding that the Board of Supervisors would approve any short-fall in funding later in the year; i.e., “be the school’s safety net”. In response, the County Administrator cautioned against making such a commitment because the Board would then be forced to use fund balance or cut other county functions in order to make up the short-fall.

After calling for the question for Mr. Murray’s motion, Mr. Long, Mr. Trala, Mr. Murray and Mr. Tankard voted “yes”, and Mr. Bennett and Mr. Randall voted “no.” The motion was passed.

(B) Consider setting tax rates for Tax Year 2010

Motion was made by Mr. Tankard, seconded by Mr. Murray that the following tax rates for Tax Year 2010 be adopted as set out below. All members were present and voted “yes.” The motion was unanimously passed. Said Tax Rates as adopted are set out below:

	<u>Tax Year 2009 (Current)</u>	<u>Tax Year 2010 (Adopted)</u>
Real Estate:	\$.49 per \$100 assessed value	\$.49 per \$100 assessed value
Mobile Homes:	\$.49 per \$100 assessed value	\$.49 per \$100 assessed value
Tangible Pers. Property	\$4.10 per \$100 assessed value	\$4.10 per \$100 assessed value

Boats	\$.99 per \$100 assessed value	\$.99 per \$100 assessed value
Machinery & Tools	\$2.25 per \$100 assessed value	\$2.25 per \$100 assessed value
Merchant's Capital	\$0.00 per \$100 assessed value	\$0.00 per \$100 assessed value
Farm Mach. & Equip.	\$1.43 per \$100 assessed value	\$1.43 per \$100 assessed value
Heavy Construction	\$2.86 per \$100 assessed value	\$2.86 per \$100 assessed value
Solar Installations	\$0.00 per \$100 assessed value	\$.49 per \$100 assessed value

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(C) Consider approving a Fireworks Permit as requested by Cherrystone Campground for July 4, 2010.

Motion was made by Mr. Long, seconded by Mr. Tankard, that the Board approve the fireworks permit as petitioned by Cherrystone Campground for July 2, 2010. All members were present and voted “yes.” The motion was unanimously passed.

County Administrator’s Report:

(D) Discussion relative to Public Service Authority (intent; scope of work)

The County Administrator distributed a listing of questions posed earlier by Mr. Tankard with answers as provided from the consulting team and the PSA Exploratory Committee.

Mr. Murray made lengthy comments in support of the expansion of the Public Service Authority and the need for an appropriate structure to oversee infrastructure development.

Mr. Randall stated that the County needs jobs and revenues and that the “time is right and opportunity is here and we have to move forward”.

Mr. Tankard said that there were still many unanswered questions.

Mr. Long stated that the individual towns are working to define specific service areas and that he sensed a political willingness from the Town Councils to work on this matter.

(E) VRS Rulings

The County Administrator distributed the following memorandum for the Board’s consideration:

## MEMORANDUM:

**TO:** Northampton County Board of Supervisors  
**FROM:** Katherine H. Nunez, County Administrator  
**DATE:** June 24, 2010  
**SUBJECT:** VRS Actions

Enclosed are two items from the Virginia Retirement System that require Board action.

### Item #1

The first item you have previously seen is relative to how we will handle the employee contribution into VRS for any new hires after July 1, 2010. House Bill 1189 allows for either the County to continue making this contribution in the amount of five percent (5%); it also allows the County to pass that obligation along to the employee; or it allows some combination thereof to share the obligation up to five percent between the employee and the employer. I have also enclosed a survey of how other localities have been addressing this matter for your consideration.

*The County Administrator recommended that the County continue to provide the 5% employee share, to review the current pay scales during the upcoming fiscal year, and to revisit this matter for Fiscal Year 2012. VRS has ruled that this matter can be revisited on an annual basis.*

*Mr. Randall said that he supported having new hires pay the 5% employee share.*

*Mr. Murray said that there is not a great turn-over in county employment and that there would not be huge savings realized.*

*Motion was made by Mr. Tankard, seconded by Mr. Randall, that effective July 1, 2010, new hires will pay the 5% employee share towards VRS. All members were present and voted "yes," with the exception of Mr. Murray who voted "no." The motion was passed.*

*In an effort to work towards the Board's goal of uniform benefits packages for County employees as well as School Board staff, motion was made by Mr. Tankard, seconded by Mr. Randall, that the Board recommend to the School Board to take similar action for its staff (i.e., have new hires provide the 5% VRS contribution effective 7/1/2010). Mr. Trala, Mr. Murray, Mr. Bennett and Mr. Long voted "no"; Mr. Tankard and Mr. Randall voted "yes." The motion failed.*

*Mr. Randall said that the Board needs to provide specific guidance to the School Board; i.e., intent, to the School Board and Mr. Bennett agreed.*

Item #2

VRS is extending the Commonwealth of Virginia's Voluntary Group Long Term Care Insurance Program to localities; however, we must indicate our intent by July 16, 2010 to participate in said program. The County does *not* contribute towards the cost of the program; this is an employee-paid program only. We have been actively searching for a program of this nature to provide to our employees and would recommend that the Board endorse and extend this program to our staff.

*Motion was made by Mr. Long, seconded by Mr. Murray, that the Board offer this program to its employees as outlined above. All members were present and voted "yes." The motion was unanimously passed.*

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(F) Conduct joint public hearing with the Towns of Cape Charles, Cheriton, Exmore and Nassawadox to consider their applications to become members of the Eastern Shore of Virginia Public Service Authority and to amend the Articles of Incorporation of the Authority to provide that the number of members of the Authority's Board of Directors be increased from five (5) to ten(10) and for the powers of the Authority shall be exercised by ten (10) Authority Board members, all of whom shall be appointed in the following manner: One (1) Authority Board member shall be appointed by each of the four (4) member towns (Towns of Cape Charles, Cheriton, Nassawadox and Exmore), and six (6) At-Large Authority Board members shall be appointed by the Northampton County Board of Supervisors, which appointees may or may not be members of the respective governing bodies.

Each of the Towns named in the public notice were present and in session.

The ordinance as described is set out below:

**NORTHAMPTON COUNTY BOARD OF SUPERVISORS  
ORDINANCE**

**RE: JOINDER OF THE INCORPORATED TOWNS OF CAPE CHARLES, CHERITON,  
NASSAWADOX AND EXMORE**

**and**

**AMENDMENT TO ARTICLES OF INCORPORATION  
FOR EASTERN SHORE OF VIRGINIA  
PUBLIC SERVICE AUTHORITY**

**RECITATIONS:**

A. Pursuant to proper advertisement thereof, a Public Hearing was held by the

Northampton County Board of Supervisors on June 28, 2010, on the question of the adoption of this Ordinance.

B. Upon conclusion of said Public Hearing, and upon consideration of matters pertinent to the joinder of the incorporated Towns of Cape Charles, Cheriton, Nassawadox and Exmore to the Eastern Shore of Virginia Public Service Authority (“the Authority”) and the amendment of the Articles of Incorporation, the Board has concluded to approve the joinder of the Towns of Cape Charles, Cheriton, Nassawadox and Exmore as members of the Authority and that the Articles of Incorporation should be amended to provide that the number of members of the Authority’s Board of Directors to be increased from five (5) to ten(10) and for the powers of the Authority shall be exercised by ten (10) Authority Board members, all of whom shall be appointed in the following manner: One (1) Authority Board member shall be appointed by each of the four (4) member towns (Towns of Cape Charles, Cheriton, Nassawadox and Exmore), and six (6) At-Large Authority Board members shall be appointed by the Northampton County Board of Supervisors, which appointees may or may not be members of the respective governing bodies.

**IT IS THEREFORE ORDAINED:**

The Authority consents to the joinder of the incorporated Towns of Cape Charles, Cheriton, Nassawadox and Exmore as members of the Authority.

**IT IS FURTHER ORDAINED:**

Paragraph (2) of the Articles of Incorporation for the Eastern Shore of Virginia Public Service Authority is hereby rescinded, and the following language shall be substituted therefore:

2. The address of the Authority’s principal office shall be 5229 The Hornes, Eastville, Virginia 23347, and the mailing address of the Authority’s principal office shall be Post Office Box 690, Eastville, Virginia 23347.

Paragraph (4) of the Articles of Incorporation for the Eastern Shore of Virginia Public Service Authority is hereby rescinded, and the following language shall be substituted therefore:

4. The powers of the Authority shall be exercised by ten (10) Authority Board members, all of whom shall be appointed in the following manner: One (1) Authority Board member shall be appointed by the town council of each of the four (4) member towns (Towns of Cape Charles, Cheriton, Nassawadox & Exmore), and six (6) At-Large Authority Board members shall be appointed by the Northampton County Board of Supervisors, which appointees may or may not be members of the respective governing bodies.

Authority Board members shall serve staggered initial terms, which have been by draw, as set out below:

5 members: 4 year terms

5 members: 2 year terms

Initial terms shall commence upon the issuance of a certificate by the State Corporation Commission as provided in Section 15.2-5112 of the Code of Virginia and shall extend as set forth below. Thereafter, all successive appointments shall be for terms of four (4) years.

The names, addresses and initial terms of office of the members of the Authority Board appointed by the Board of Supervisors are as follows:

	<u>Member</u>	<u>Address</u>	<u>Term of Office</u>
1.	George E. Gowen, Jr.	P. O. Box 182, Machipongo, VA 23405	Two Year Term
2.	Carl Harris	7424 Long Point Rd., Exmore, VA 23350	Two Year Term
3.	Granville F. Hogg, Jr.	P. O. Box 117, Cheriton, VA 23316	Two Year Term
4.	J. T. Holland	P. O. Box 15, Nasswadox, VA 23413	Four Year Term
5.	Robert H. Meyers	7516 Prettyman Circle, Exmore, VA 23350	Four Year Term
6.	Scott R. Walker, Jr.	P. O. Box 141, Cape Charles, VA 23310	Two Year Term

The names, addresses and initial terms of office of the members of the Authority Board appointed by the four participating Towns are as follows:

<u>Town</u>	<u>Member</u>	<u>Address</u>	<u>Term of Office</u>
Town of Cape Charles	Bob Panek	2 Plum St., Cape Charles, VA 23310	Four Year Term
Town of Cheriton	Henry J. Heneghan, Jr.	POB 297, Cheriton, VA 23316	Four Year Term
Town of Nassawadox	Felton Sessoms	POB 183, Nassawadox, VA 23413	Four Year Term
Town of Exmore	Artie Miles	POB 647, Exmore, VA 23350	Two Year Term

In the event a vacancy is created by the death, resignation or removal of any Authority Board member, the appointment to fill such vacancy shall be for the unexpired portion of the remaining term and shall be made by the respective locality where the vacancy occurred.

Paragraph (5) of the Articles of Incorporation for the Eastern Shore of Virginia Public Service Authority is hereby rescinded, and the following language shall be substituted therefore:

5. The purposes for which the Authority are being created are to study, implement and operate a septage treatment and disposal system, a sewer system, a water system, a stormwater control system, or any combination of such systems; and to transfer and operate existing systems; study and construct and operate expansions of existing systems; and study and construct new systems. The Authority is further authorized to exercise those powers set forth in the Virginia Water and Waste Authorities Act which pertain to water and waste systems.

New Paragraphs 7 and 8 are to be added to the Articles of Incorporation for the Eastern Shore of Virginia Public Service Authority as follows:

7. It is hereby determined that the initial focus of the Authority shall be:
  - a. Sewer expansion for Exmore and sewer service for Nassawadox, including Riverside Shore Memorial Hospital, and the surrounding areas of Northampton County.
  - b. Sewer expansion for Cape Charles and sewer service for Cheriton and the surrounding areas of Northampton County.
  - c. Conveyance of the existing Exmore, Cape Charles and Bayview sewer and water systems to the Authority.
  
8. The study and construction of future system expansions or new systems shall be compatible with the Comprehensive Plans of the participating localities.

**IT IS FURTHER ORDAINED:**

The Authority's attorney is hereby authorized and directed to apply to the State Corporation Commission for this approval of the joinder of the incorporated Towns of Cape Charles, Cheriton, Nassawadox and Exmore and for this amendment to the Authority's Articles of Incorporation.

\* \* \* \* \*

Each Town Council opened its respective public hearing.

The Chairman called to order the County's public hearing and asked if there were any present desiring to speak.

Mr. Dave Kabler spoke in support of the expansion of the PSA and said how glad he was to see everyone working together.

Ms. Marie Frocke questioned whether there were term limits on PSA membership. The County Administrator replied that there was no requirement for term limits as contained in the Code of Virginia but that the County does have a policy which addresses term limits.

Mr. Vincent Conroy questioned several items including pollution and contaminant levels, hook-up fees and new energy efficiency features for sewage treatment plants.

Ms. Nancy Garrett of Cheriton questioned the wisdom of a town council turning over decisions to a PSA and noted that many answers are still unknown.

Ms. Mary Miller of Eastville read the following comments:

PSA- Public Hearing  
Monday, June 28, 2010

Mary Miller, small business owner in the county. Although I serve on the county Planning Commission, these comments, derived from my experience, are solely my own.

This county wants its Planning Commissioners to be certified. During our certification and education seminars, we learn how other rural areas have solved, or not solved problems. Significant attention has been paid to the challenge of providing water and sewer infrastructure to rural population, commercial and industrial areas. I'd like to share some of what I've learned.

1---first, specific needs must be identified, then all available options looked at—how to provide infrastructure to clusters of population, shopping areas, housing developments—

2—in rural areas, PSAs are often the best way to manage site-specific installations: industrial parks, shopping centers, sports stadiums, housing projects and government complexes—specific needs, specific solutions—

3—however, the county's planning grant **REQUIRES** that alternatives be considered—compact, stand-alone package plants, small service districts, or a town expanding its own existing municipal system to serve adjacent areas are all rural options, options which I have not heard discussed yet—some alternatives can be less expensive to operate without PSA involvement, and they leave control in the hands of elected officials and taxpayers---

4—the Chesapeake Bay watershed has a unique issue—localities need to be able to tell the difference between a stormwater run-off problem and a wastewater problem—one of the biggest dangers to the Bay is stormwater run-off—and no sewer system, whether run by a PSA or not, is going to solve the problem of water running off the land into the Bay—stormwater laden with animal waste, sediment, chemicals and highway runoff—

5—then there's the money issue—and not just concern about costs—by law, the PSA will have borrowing authority separate from the county and towns—a PSA's independent borrowing, we've learned, will have an impact on local governments' credit rating—it has to do with the fiscal stress of a community—when lenders consider loans they look at the ability of the residents to pay enough higher fees, to pay enough higher taxes, to repay all the debt, both county and towns, and the PSA---

Looking at other county's experience is a valuable tool. Rural Henry County, which has one of the largest PSAs in the state, with 800 miles of utility lines, still has a Median Household Income lower than Northampton's. Rural Campbell County, which has often been held up to us as an example, held a public hearing last week to raise its PSA fees 7-10% in one year, to almost \$80/month, to keep up with the expenses of operating its system. All this information is available to you as you consider your decision.

I request that my statement become part of the public record.

Submitted by Mary Miller, Eastville

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Mr. Charles Massey of Exmore questioned whether Riverside Shore Memorial Hospital has made a decision relative to its rumored relocation.

Ms. Debbie Campbell questioned whether the PSA was subject to the public information act (Freedom of Information Act) requirements and this was confirmed by the County Administrator.

The County Administrator read the following letters into the record:

June 25, 2010

Dear Supervisor Trala:

The Town Council of Eastville would like me to voice its concern over the proposed Public Service Authority. While it will most likely create two separate central sewer systems in the county, our primary concerns are:

- 1) the hasty manner in which the PSA is being reconfigured,
- 2) the unknown amount of debt which the PSA will incur from existing sewer systems,
- 3) the possible debt which could be passed to all Northampton County residents should the PSA find itself unable to meet its financial obligations,
- 4) the unknown locations of the proposed pipelines and waste treatment facilities, which the county would have little control over,
- 5) a sewage system that does not treat water to a state where it can be reused, and therefore does nothing to reduce the total water consumption of the county.

While Eastville does not intend to join the PSA, we do recognize a great need for sewage treatment systems in neighboring towns and areas. We support their efforts in serving their residents.

It is our belief, however, that such a PSA cannot meet the needs of the county without more complete planning, more accurate data on expenses, and a more thorough study on location of service areas and treatment facilities. Relinquishing the board's control over these preliminary items could easily result in a cost prohibitive system that does not serve the people that need it, and burdens others with a system that is neither needed nor wanted.

Thank you for your time and consideration.

Sincerely,

/s/ James C. Sturgis  
Mayor

\* \* \* \* \*

June 28, 2010

Dear Sirs:

Please read the following into the record at tonight's meeting. I cannot be there but want my views to be heard in the matter of determining the PSA's markup and resolution.

I am appalled at the idea that my elected representatives and others are allegedly going forward with the PSA process without knowing more facts regarding costs. Especially during these difficult times, with unpaid furloughs for County workers, a fiscally-strapped school system, and the potential of large tax increases to homeowners and others, it appears quite reckless for you Supervisors to even entertain the prospect of signing off on the PSA. As I understand it, after the vote approving the PSA's revisions, you will have no further ability to help to shape the way the PSA is conducted, the costs associated, and the potential liability to County residents in the form of taxes, hook-up fees, user fees and/or availability fees for those of us who may be able to use the lines but who have fully functioning septic systems.

It is true that many in the four towns that stand to gain from the PSA need help with their wastewater disposal. But remember that to open up additional areas for residential development (as the proposed sewer lines will no doubt do) has always proven to be a net financial liability to the County due to costs for publicly-funded services. I remain skeptical that this PSA plan is the answer—and much of that skepticism comes from the fact that we have not been told the potential costs involved.

Once again, it seems that those of us who live in the County at large are possibly going to have to support programs that are of limited benefit to most of us. That is bad enough, but the fact that the figures on the PSA's costs are not available as yet, and especially that the Board of Supervisors will have no further ability to guide the process, lead me to request that you put the issue on the table until you have a better idea what you are signing off on. Ever hear of a "pig in a poke"? The Board is on the brink of buying into what could be one extremely expensive pig.

This is important. The Board does not have enough information to make an informed decision on this matter, and the public is confused. We all know it is a big deal, so why not make a referendum for County residents to vote on in November? What is the big rush? Please reconsider what you are doing, because at least to this voter, it appears reckless and irresponsible to proceed on the current course.

Thank you for your time.

Sincerely,

/s/ Sarah Harrell Morgan

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Mr. Hank Heneghan of Cheriton asked about procedural steps and was provided information by the County Administrator.

Mr. Richard Leal said that the County needed more economic development and to become more business-friendly. He stressed the need for qualified appointees to the PSA.

There being no further comments, each town closed its respective public hearing.

Chairman Trala closed the County's public hearing.

At this time, the Chairman asked for comments from the Towns.

Mr. Bruce Evans of Cape Charles said that he believed there may be some dissention among the Board of Supervisors and wanted to hear more about that. He also believed that having a ten-member authority was absurd and unwieldy.

No comments were heard from the Town of Cheriton.

Mr. Dave Scanlan of Exmore questioned mandatory hook-ups and asked where the savings were going to be realized.

No comments were heard from Nassawadox.

Mr. Murray commented that he supported a structure which would allow joint planning between the towns and the County. He said that "we are joined at the hip and cannot prosper separately." His comments focused on the need for structure, process and people.

Mr. Tankard said that there was no rush to make a decision tonight and urged the Board to wait until the consultant's report is finalized. He called the "lack of information...a cause for

pause.”

Mr. Randall stated that we have to be prepared for the future and we need to support the expansion of the existing PSA.

Mr. Trala voiced his support for the expansion of the PSA.

Motion was made by Mr. Tankard to table action on the ordinance but the motion failed due to lack of a second.

Motion was made by Mr. Long, seconded by Mr. Randall that the NORTHAMPTON COUNTY BOARD OF SUPERVISORS ORDINANCE RE: JOINDER OF THE INCORPORATED TOWNS OF CAPE CHARLES, CHERITON, NASSAWADOX AND EXMORE and AMENDMENT TO ARTICLES OF INCORPORATION FOR EASTERN SHORE OF VIRGINIA PUBLIC SERVICE AUTHORITY be adopted as presented. All members were present and voted “yes,” with the exception of Mr. Tankard who voted “no.” The motion was passed.

In turn, each of the Towns adopted its respective ordinance.

The Chairman called for a brief recess. Following the break, the Chairman reconvened the meeting.

#### Closed Session

Motion was made by Mr. Long, seconded by Mr. Tankard, that the Board enter Closed Session in accordance with Section 2.2-3711 of the Code of Virginia of 1950, as amended:

Paragraph 1: Discussion or consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees or employees of any public body.

*Appointment of School Board members*

*Appointment of Ad-hoc Economic Development Advisory Committee member*

All members were present and voted “yes.” The motion was unanimously passed.

After Closed Session, the Chairman reconvened the meeting and said that the Board had entered the closed session for that purpose as set out in paragraph 1 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that this was the only matter of discussion during the closed session.

Motion was made by Mr. Randall, seconded by Mr. Tankard, that Ms. Delores Lindsey be appointed to the Northampton County School Board, representing District #1, with a term of office commencing July 1, 2010 (replacing Ms. Jill Combs who has resigned). All members were present and voted “yes.” The motion was unanimously passed.

Motion was made by Mr. Bennett, seconded by Mr. Murray, that Mr. S. Eyre Baldwin be appointed as citizen member to the Ad-Hoc Economic Development Advisory Committee. All members were present and voted “yes.” The motion was unanimously passed.

Adjourn:

Motion was made by Mr. Murray, seconded by Mr. Bennett, that the meeting be adjourned. All members were present and voted “yes.” The motion was unanimously passed.

The meeting was recessed.

\_\_\_\_\_CHAIRMAN

\_\_\_\_\_ COUNTY ADMINISTRATOR