

February 4, 2010

Ms. Denise H. Ambrose, Associate Director
Virginia Department of Housing and Community Development
Project Management Office
Main Street Centre
600 East Main Street, Suite 300
Richmond, VA 23219

**RE: 2010 CDBG Planning Grant
Regional Wastewater System Project: Exmore, Nassawadox & Northampton
County**

Dear Ms. Ambrose:

In response to your letter of January 20, 2010, I am providing the following supplementary information as requested relative to our request for a planning grant to assist in the development of a regional wastewater system project for the Towns of Exmore and Nassawadox and certain areas of the County of Northampton.

- 1.) Analysis of the proposed project area to determine if any part would be eligible for assistance under the Southern Rivers program (of which the County has been the recipient of grant funds under this program in the amount of \$20,000 to support wastewater planning activities).** The County has formed a Southern Rivers Management Team at the time we were awarded these grant funds. This team has met several times to determine what areas of the County these funds could be utilized for, based upon the requirement that the drainage area must be outside of the Chesapeake Bay. The team focused its project scope not in the Exmore area at the time since Exmore is served by two different systems with one of those systems falling within the Chesapeake Bay drainage area but rather we focused our study area in the Cheriton area. More specifically, the team was focused in the Oyster area which is just east of the corporate limits of the Town of Cheriton and wanted to look at alternative cluster-type systems for this low-lying area. As you are aware, the County has been engaged in regional meetings with representatives from the Towns of Cape Charles and Cheriton to determine if a regional wastewater system is possible for this area of the County and will be submitting a regional planning grant, similar to the one submitted for the region of Exmore, Nassawadox and the County, in which a reconsideration of the use of the Southern Rivers funding would be more appropriately addressed as part of that project.
- 2.) Summary of what has been accomplished with other CDBG and Rural Development funded studies in the proposed area.**

Discussion of why the County and the other partners feel this effort will succeed since there has been time and resources dedicated to prior studies that have not moved forward.

Discussion of why the County and other partners feel the community will be more accepting of a central wastewater system when this idea has not been supported previously.

The issue of a regional wastewater system serving some or all of the towns and adjacent areas of the County has been an ongoing discussion for almost 20 years. In reviewing the steps that have been taken by County and town officials, it has been a markedly uneven progression of solving this complex problem but it has never been removed from any political agenda as an issue that should not be taken up by the various elected officials at the local level.

The Town of Exmore has worked to bring a municipal wastewater system into the town with a system that serves approximately 250 properties, representing about 33% of the total town properties. While the systems currently in place in Exmore have experienced operational challenges, the town leadership has never wavered in its commitment to have a fully functional system and to look at the opportunities to expand this system to its residents and businesses. Exmore has worked diligently to improve its commercial sector and understands the availability of a centralized wastewater system is a key component to that growth. The challenge that Exmore has faced has been the ability to develop a successful funding plan to address the operational issues of the existing systems and to expand the system throughout the town and has actively worked with the surrounding communities to seek grant funding. The Town of Exmore did receive planning assistance 2 years ago to pursue a regional project with the Town of Belle Haven; however, Belle Haven did not support moving the project forward which left Exmore unable to move forward based upon the financial analysis.

In 2004/2005, the County was an active member of a regional Public Service Authority (ESVA PSA) and one of the projects being pursued was a wastewater system for the Town of Nassawadox in order to address the needs of the hospital and associated medical facilities. The effectiveness of the ESVA PSA was severely undermined when one of the regional partners, Accomack County, chose to withdraw its membership. Northampton County opted to retain the ESVA PSA and to continue forward with pursuit of wastewater projects within our county, including the project for Nassawadox. This project was not supported by the Nassawadox Town Council which is attributable to several factors: a belief that the hospital's wastewater issues were not critical enough to have an impact on the future of the hospital and its continued presence at the current location in Nassawadox and a planning process for this project that did not garner enough public support and that did not engage all of the stakeholders to demonstrate support to the Nassawadox Town Council. The County recognized at that time that the political will was not present but felt that circumstances would change to such an extent that the ESVA PSA would be needed. Even though there were no projects for the ESVA PSA to oversee with the termination of the planning project in Nassawadox, the County chose to retain

the corporate structure of the ESVA PSA, including maintaining our liability insurance and active status with the State Corporation Commission so that it would be in a position to be re-activated quickly.

Since then, Shore Memorial Hospital solicited and accepted an affiliation with Riverside Hospital, a capital plan has been developed for the hospital which indicates a need to build a new facility to replace the 50+ year old facility and there is a possibility that a new facility could be located elsewhere on the Eastern Shore other than in Nassawadox. As the largest employer in Northampton County, retention of the hospital facilities is a key objective of the Board of Supervisors and our towns and we recognize that we need to ensure that we address any situation that may be perceived as a negative relative to the implementation of their capital plan, which includes addressing their wastewater issues as well as other infrastructure needs, including providing high-speed internet to the hospital which is being accomplished through our broadband project and the Eastern Shore of Virginia Broadband Authority.

In August 2009 and in November 2009, two wastewater summits were held on the Eastern Shore. The first was hosted by Delegate Lynwood Lewis and the second was hosted by your organization in partnership with Accomack and Northampton County. At both summits, the towns of Cape Charles, Cheriton, Nassawadox and Exmore were represented which demonstrates a strong desire of these communities to address the wastewater issues within their communities. Following these summits, the Board of Supervisors supported the Board's Wastewater Subcommittee (composed of Supervisor Spencer Murray and then Supervisor David Burden along with County Administrator Katie Nunez) to meet with representatives from the Towns of Nassawadox and Exmore to see if we could reach accord on a project to address the needs of the hospital facilities and the needs of Exmore. This group has met several times over the last four months and has obtained support and endorsement in the forms of resolutions from our respective governing bodies to seek a planning grant for this project that would look at servicing the hospital facilities in Nassawadox, running a line from Nassawadox to Exmore which would pick up properties located in the County and then tie into an expansion of the Exmore system.

As part of these meetings, we have had extensive conversation about the urgency of the project, the urgency of the timeframe based upon the window of funding opportunity from the Federal Stimulus Bill (ARRA) which will expire in September 2010, and the grant requirements that will have to be met in order to be eligible for these funds. We are cognizant that the primary requirements to access funds from USDA-RD is either 80% signed user agreements in hand or a mandatory connection ordinance for the defined service area and this information has been fully communicated to the respective governing bodies in advance of their resolutions to apply for the planning funds.

In addition, we have begun the conversation about who or what entity should own and/or manage these systems and made all parties aware that the county has retained the ESVA PSA and would only need to re-examine the board composition and redefine the

mission/scope of responsibility based upon the projects being promulgated in the County to make this entity viable again.

We are serious in our commitment to have a project materialize that resolves the issues stated above. From the County's perspective, we are engaged in similar efforts for the southern part of the county and have seen a level of engagement and commitment to solve the wastewater problems that has not always been evident in the past. The County is willing to serve as the lead agency in working with our incorporated towns relative to wastewater systems, which is in full concurrence with the County's Comprehensive Plan.

3.) Resolutions from the Towns of Exmore and Nassawadox and a letter of support from Shore Memorial Hospital. When we submitted our initial request, we indicated that the resolutions from the Towns of Exmore and Nassawadox were included. Unfortunately, we did not include them which was an oversight on our part. We have included them with this letter, along with the County's resolution. We have met with a representative from Riverside Shore Memorial Hospital regarding this project and have requested a letter from them which will be forwarded to you upon receipt in our office of said letter.

I hope that we have conveyed to you a new level of commitment and determination from the Towns of Exmore, Nassawadox and the County to solve the wastewater issue for the northern part of Northampton County and our intent to position ourselves for the construction funding available through the USDA-RD through the Federal Stimulus Bill which has a rapidly approaching expiration date. We are anxious to commence the planning work so that we can submit a construction application to USDA by mid-summer.

Sincerely,

Katherine H. Nunez
County Administrator

Cc: Town of Exmore
Town of Nassawadox