

**Eastern Shore of Virginia Public Service Authority
P.O. Box 66
Eastville, VA 23347**

September 26, 2013

Mr. & Mrs. Don Bender
300 Fulcher Street
Cape Charles, VA 23310

Dear Mr. & Mrs. Bender,

Thank you for submitting a list of questions at the Public Information Session held at the Cheriton Fire House on September 16, 2013. Below are answers to your questions:

Question: At the July 22 meeting the Board of Supervisors transferred the Hurt & Proffitt contract to PSA.

- * Has PSA voted to accept the transfer of the Hurt & Proffitt Contract?
- * Has PSA voted to issue a NOTICE TO PROCEED?
- * Has PSA given a NOTICE TO PROCEED for any work on the Proposed Southern Node?
- * How much money does PSA have in its treasury or under its control at this time?

Answer: The PSA Board voted to execute the contract amendment at their September 16 meeting. A notice to proceed is not required; those are generally applicable to construction contracts. The PSA has a contribution from the County of \$130,000; of that, \$95,000 was identified for engineering and \$35,000 was identified and placed in a contingency reserve for the County's share of the first year of a debt service payment.

Question: PSA has caused maps to be generated indicating which properties shall become part of the SPECIAL TAX DISTRICT. It has been determined that a rate of \$0.52/\$100 assessed value is the Tax to be assessed on an individual property

- * What entity made the determination to employ Real Estate assessment to determine the SPECIAL TAX to be assessed?
- * How was the methodology establishing amount of tax assessed for each of the Commercial properties in the Special Tax District determined?

- * What other methods of determining the amount of Tax to be charged were evaluated?
- * Who or what entity identified the parcels to be included in the SPECIAL TAX DISTRICT?
- * What was the criteria used to identify which parcels were to be included in the SPECIAL TAX DISTRICT?

Answer: The PSA Board recommended to the Board of Supervisors the creation of the special tax district to fund 75% of the capital cost of the system. Pursuant to Code of Virginia §15.2-2400 et. seq. assessed value is used for determining the amount to which the tax rate is applied. The tax rate of \$0.52 per hundred dollars of assessed valuation yields the amount necessary to fund 75% of the estimated annual debt service for the system. The PSA recommended the parcels to be included in the district based on their zoning and location within an area compact enough to reasonably construct a sewage collection system.

Questions:

- * Please identify the parcels that have requested public sewerage?
- * Has there been any request for IMMEDIATE ASSISTANCE to dispose of Sewerage?
- * Is PSA aware of any IMMEDIATE NEED to dispose of Sewerage on any of the properties identified in the SPECIAL TAX DISTRICT? If yes, How is this IMMEDIATE NEED currently being addressed?
- * Which parcels requested Immediate Assistance?
- * Based on the potential need for IMMEDIATE ASSISTANCE is there any reason why the existing Northampton County sewerage facility located at the Bayview Project could not be used?
- * What are the wastewater requirements of each parcel identified as requesting public Sewerage?

Answer: Relative to the above seven questions, the PSA has not been made aware of an immediate need for sewage processing. The Bayview facility might be an available option, but would likely require significant upgrades. The quality of the resulting effluent for underground disposal would be significantly lower than that produced by the Cape Charles plant.

Question:

- * Has the Town of Cape Charles agreed to accept sewerage from PSA?

Answer: The Town of Cape Charles has agreed in principle to accept the sewage.

Question:

- * What is the Rate to process the Waste Water derived from PSA's Proposed project?

Answer: The PSA has requested a cost proposal for wastewater treatment and other operational services. The Town of Cape Charles is in the process of developing that proposal.

Question:

- * Under the current system configuration, What is the maximum volume of sewerage Town of Cape Charles will accept?

Answer: This matter is not within the purview of the PSA.

Question:

- * What discussions has PSA had with the Town of Cape Charles with regards to Plant Expansion should wastewater flow exceed the maximum volume the Town will accept or Design Flow?

Answer: The PSA has indicated to the Town that the financial model being used for the proposed service district does not include a connection charge for existing businesses. However, new businesses in the service district would pay a connection charge to be utilized for plant expansion. The PSA expects to have future discussions with the Town on this matter.

Question:

- *Is there a clear delineation between the point when BayCreek contributes to the Cost of Expansion and when PSA contributes to the Expansion of the Cape Charles Plant?

Answer: This matter is not within the purview of the PSA.

Question:

* If the Town of Cheriton should get enough GRANT MONEY to construct a Sewerage Collection System with the intention to deliver the waste water to Cape Charles for processing will this cause a need for the Cape Charles System to be expanded? Who will pay for the expansion?

Answer: Based on the Preliminary Engineering Report done under the Towns and County Utility Project, the estimated flow from the Town of Cheriton could be accommodated within the existing capacity of the Cape Charles plant. At this time, the PSA has not been informed that the Town of Cheriton is seeking grant money for the construction of a wastewater project.

Question:

* In the opinion of the PSA, is there a potential CONFLICT OF INTEREST between PSA and Town of Cape Charles or Board of Supervisors?

Answer: Pursuant to Code of Virginia §15.2-5100 et. seq, the PSA is a political subdivision of the Commonwealth of Virginia, of which Northampton County and four of its incorporated towns are members. As such, there is no conflict of interest among the PSA and the participating localities. The PSA and the participating localities must work cooperatively toward water, wastewater and storm water solutions for Northampton County. The PSA Board is appointed by the participating localities and is the body responsible for coordinating these efforts and seeking consensus among the localities.

I hope you find the above information useful.

Sincerely,

Bob Panek
Chairman