

**MINUTES OF THE
EASTERN SHORE OF VIRGINIA
PUBLIC SERVICE AUTHORITY**

A meeting of the Eastern Shore of Virginia Public Service Authority was held on Monday, September 16, 2013, at 7:00 p.m. in the Cheriton Fire House, 21334 South Bayside Road, Cheriton, Virginia.

Members present:

Bob Panek, Chairman
J. T. Holland, Vice Chairman
Carl Harris
John Reiter
Garrett Dunham
Greg Hardesty*
Taylor Dukes
Sean Ingram

Member absent:

Felton Sessoms

Others present:

Janice K. Williams, County Administrator's Office
Charles McSwain, Director of Economic Development
Multitude of area residents

Call to Order & Establishment of Quorum:

Chairman Panek called the meeting to order and announced that a quorum was present. He welcomed the newest PSA members: Mr. Taylor Dukes, who replaced Mr. Zeke Jackson and represents the Town of Exmore, and Mr. Greg Hardesty, who replaced Mr. Hank Heneghan and represents the Town of Cheriton. (*He noted that Mr. Hardesty has not yet taken his oath of office and was therefore unable to participate tonight.)

The Chairman asked for a moment of silence in recognition of the Washington Naval Yard shooting which happened earlier in the day.

Public Information Meeting:

Chairman Panek explained that this portion of the PSA meeting was intended to ensure the public had sufficient information concerning the proposed project. He encouraged any

questions about the project, and asked that any comments expressing support or opposition be held for the Public Comment period later in the meeting or for the Public Hearing on September 23. Chairman Panek presented the following powerpoint:

Eastern Shore of Virginia Public Service Authority Regional Wastewater System

Public Information Session

September 16, 2013

Background

- Dormant ESVA PSA reformed adding four Towns in June 2010.
- Assumed responsibility for the two wastewater projects initiated by Towns & County Utilities Project Management Team.
- Northern Node – Exmore and Nassawadox.
- Southern Node – Cape Charles and Cheriton

Background

- Northern Node - \$11.3 million. On hold until Riverside decides on disposition of medical campus in Nassawadox after hospital move.
- Southern Node - \$11.9 million. Original estimate including Cheriton and surrounding areas in County.
- Both projects heavily dependent on grants or other capital contributions to yield affordable rates.
- State and Federal agencies indicated little grant funding available.

Background

- Focus narrowed to Southern Node Commercial District, Phase 1, around US 13/SR 184/Bus 13 intersection.
- Supports BoS strategic plan to provide infrastructure to better enable private sector economic development and job creation.
- Affordable first step to regionalization.

Engagement of Property Owners

- Met with property owners in May 2012.
- Survey issued in July 2012, providing cost information and requesting interest in Tax District, connection charges, usage, etc.
- Poor survey response.
- Follow-up with owners of significant existing buildings done Fall 2012.

Results

- 64 owners; 85 parcels, mostly vacant; assessed value of about \$20M.
- 10 responses: 5 yes, 4 maybe, 1 no.
- The 9 “positive” responses represent parcels with assessed value of about \$7M.
- About a third of the total assessed value.
- A thin response but significant value.

Southern Node Commercial District, Phase 1

- Low pressure grinder pump collection system.
- Capital cost of approximately \$1.8M.
- Debt service of approximately \$124K/yr., 20 years.
- Debt service funded via real property tax.
- CC WWTP utilized for treatment.
- Operations cost (treatment, maintenance, billing, etc.) via rates.

Real Property Taxes

- 75% of debt service via Special Tax District – rate of \$0.52 / \$100.
- 25% of debt service via general tax – rate of \$0.0014 / \$100.
- Covered in rate adopted by County for FY 2014.
- Total tax rate in District: $\$0.6728 + \$0.52 = \$1.1928$
- Total tax rate in Cape Charles: $\$0.6728 + \$0.2759 = \$0.9487$

CC WWTP

- Design capacity of 250K GPD, based on TN & TP discharge limits.
- Actual capacity somewhat higher based on performance.
- Average daily flow for past year is 150K GPD.
- Now about 1,200 Equivalent Residential Connections (125 GPD/ERC).
- About 800 ERCs remain.
- Estimated current new service area demand of 15K to 20K GPD or max of 160 ERCs.
- Plant designed for easy expansion to 500K GPD.

Benefit of Regionalization

- Economy of scale is important.
- Systems with a small number of customers have relatively high rates.
- < 5,000 average 14% higher than > 5,000. CC has about 1,100.
- CC rate increased significantly due to debt service on new plant.
- About 70% of WWTP operating costs are fixed.
- Adding customers will reduce rate.

Development

- County recognizes economic benefit from CC businesses.
- Planning Commissions will work together on an Overlay District for complementary businesses.
- Economic Development Director will work to attract those businesses.

Additional Public Engagement

- PSA Public Information Session at 7:00 PM, Monday, September 16, at the Cheriton fire hall.
- BoS Public Hearing on Special Tax District at 7:00 PM, Monday, September 23, at the county Board Room in Eastville.

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The Chairman entertained numerous questions from the audience including Mr. Panek's relationship with the PSA and the Town of Cape Charles; who wanted to be hooked up to the system; who has the authority to construct the system; and whether the Town of Cape Charles has agreed to provide treatment service.

One speaker questioned the emphasis on the southern end of the county given the departure of the hospital in the northern end of the county. Several speakers questioned how the proposed service will benefit the county in terms of additional economic development.

Mr. Charles McSwain, the County's Economic Development Director, was recognized by the Chairman and indicated that many companies do not want to be in the water and/or sewer business and target those areas with that infrastructure already in place. The system will also assist in the expansion of existing businesses.

Several individuals indicated that they had not received the survey as referenced in the powerpoint presentation and wanted to know who specifically had responded.

Based on a request from Mr. Michael Steelman, no one in the audience raised their hands when he asked who was interested in the creation of the special tax district. He requested that the PSA table all activities until further input and discussion is available.

At approximately 7:50 p.m., the Chairman closed the public information session.

Approval of Agenda:

Motion was made by Mr. Ingram, seconded by Mr. Harris, that the agenda be approved as presented. All members were present with the exception of Mr. Sessoms and voted "yes." The motion was unanimously passed.

Statements from the Public:

Ms. Deborah Bender read the following comments:

"My name is Deborah Bender and I live in Cape Charles.

I am here tonight representing the Citizen Advocates Promoting Effective Change. We are protesting the town of Cape Charles extending their sewer pipe into Cheriton.

I do not believe that it is right to create a special tax district. The tax rate will be an additional .52 per hundred and most of these businesses are struggling already. Several of the businesses have indicated to me that they will be forced to close if this happens.

It has been told by the mayor of Cheriton that 90% of the people are in favor of the pipe, however, I have yet to talk to one person that is in favor of the pipe.

By encouraging new businesses on the highway you will be damaging many of the businesses in Cape Charles. I have lived in Onancock when 4-Corner Plaza enlarged and it killed the town of Onancock. It has taken Onancock over 20 years to recover. Exmore has a strip mall and the town is practically a ghost town.

Last Friday a petition was started and in just 4 days we have collected over 140 signatures. I realize that is not a lot of signatures, however, by the time the board of supervisors meet it will be more than double.

The fact of the matter is that no one wants this sewer pipe and the reality of it is the PSA is just that...a public service authority. The PSA is supposed to be helping the people NOT causing businesses to go under.

Please stop and think whether or not you want to destroy the towns of Cape Charles and Cheriton by bringing the pipe across the highway.”

Mr. Bruce Evans, a resident and business-owner in Cape Charles, stated that those who do not agree with the creation of the service district need to attend the Board of Supervisors’ meeting on Monday, September 23rd. He stated that the PSA is not the organization “behind this”.

Mr. Michael Steelman read the following comments:

“I commend those of you here involved in pursuing reasons, new ideas, or dreams for healthier community. All though, we will not find any of these tonight, my recommendations are to follow. The bottom line here tonight is to send a message to the board of supervisors and the P.S.A. that the infrastructure in general is good for sustainable technology, and few would dispute that.

“The question at hand is the ability of this board to construct an effective working model that would not place undue hardship on our community. It is my professional recommendation that this board table all activity related to this waste water project until more community input has been solicited.

“I further recommend these discussions take place in an open workshop form, before any decisions are made. “WHAT IS BEST FOR OUR COMMUNITY”, that is my question tonight. A three minute form is not sufficient time to access the true waste water needs of this county.

“Question: Are there any businesses that are currently not in compliance with the waste water guidelines? What is funding coming from for the ongoing Hurt and Proffitt contract and at what cost?”

Two sets of written comments were submitted as follows:

“September 16, 2013

To: Public Meeting, Cheriton Fire House

A) I would like to know why my questions that are questions that were submitted on August 20, 2013 to the PSA in Eastville, VA were not made a part of the minutes of the meeting.

B) I understand that the “Special Tax District” or landowners will be charged as per the following: The County has funded 25% and they expect the “Special Tax District” to pay 75% of the costs to pay for the installation of the sewer line.

C) Is it true that my property tax will go up from .67 cents per 100 to \$2.19 per hundred dollars. If so, this is a 75% increase in my property taxes.

Question: Is this legal?

D) Mr. Robert Panek: In the questions that I handed you at the August 20, 2013. Your reply to me is NO. Cape Charles is not making any moves at this time to extend their boundaries. But did you not at a recent Cape Charles Board Meeting mention about extending the Town of Cape Charles boundaries out to Route 13.

E) I would like to know who authorized the sewer line survey in this area and who is paying for this?

/s/ Phil & Irene Morris
3369 Stone Road
Cape Charles, VA 23310”

* * * * *

“At the July 22 meeting the Board of Supervisors transferred the Hurt & Profitt contract to PSA.

- * Has PSA voted to accept the transfer of the Hurt & Profitt 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?

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?

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?

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

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

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

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?

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?

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?

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

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Approval of Minutes:

Motion was made by Mr. Ingram, seconded by Mr. Harris, that the minutes of the meeting of August 20, 2013 be approved. All members were present with the exception of Mr. Sessoms and voted "yes". The motion was unanimously passed.

Old Business – Authorizing Hurt & Proffitt Contract Amendment

The Chairman summarized the proposed contract amendment, indicating that topographic surveying, base mapping, and preliminary engineering services are being requested for the Southern Node Phase 1 Wastewater Project. The Chairman indicated that Mr. Reiter had expressed concerns that, based on the phasing of engineering costs in the original contract, the proposed amendment seemed a little high for the proposed scope of work. A revised contract amount of \$70,000 versus \$95,000, aligns better with the preliminary design phase of the project. He also noted that the proposed scope of work did not include reporting of safety violations; this language has since been included.

Motion was made by Mr. Reiter, seconded by Mr. Holland, that the Chairman be authorized to execute the Hurt & Proffitt contract amendment for the amended sum of \$70,000.00. All members were present with the exception of Mr. Sessoms and voted “yes.” The motion was unanimously passed. Mr. Dunham clarified that revised cost estimates were necessary because the original cost estimates were already three years old and that the amended contract limits the scope of work to preliminary design.

Adjourn:

Motion was made by Mr. Ingram, seconded by Mr. Holland, that the meeting be adjourned. All members were present with the exception of Mr. Sessoms and voted “yes.” The motion was unanimously passed.

The meeting was adjourned at 8:30 p.m.