MINUTES OF THE
EASTERN SHORE OF VIRGINIA
PUBLIC SERVICE AUTHORITY SUB-COMMITTEE

The initial meeting of the Eastern Shore of Virginia Public Service Authority Sub-committee was held on Tuesday, July 29, 2014, at 6:00 p.m. in the main conference room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia.

Members present:

G. F. Hogg, Jr., representing Board of Supervisors
Richard L. Hubbard, representing Board of Supervisors
Bob Panek, representing the ESV Public Service Authority
Sean Ingram, representing the ESV Public Service Authority
Joan Natali, representing Town of Cape Charles
Charles "Sambo" Brown, representing Town of Cape Charles

Others present:

Katherine H. Nunez, County Administrator
Janice K. Williams, County Administrator's Office

The meeting was called to order at 6:00 p.m.

The County Administrator distributed correspondence from the Town of Cape Charles dated December 17, 2013, wherein the Town supplied cost estimates for providing wastewater treatment services to the PSA. She noted that we have received indications from the Town that it is willing to provide such service and that the focus at this time was on a treatment rate with discussions relative to operations/maintenance/billing to occur in the future. Mr. Panek said that 75% of the projected costs are fixed costs. Ms. Natali noted that there have been some concerns expressed about the Town making a "profit" from provision of these services.

Mr. Ingram commented that the PSA is simply a tool of the Board and that the presence of Board and Town Council members on the sub-committee lends credence to the PSA's purpose.

The County Administrator noted that we are currently in a holding pattern since September 2013 when the Board considered the creation of a tax service district. At that time, such action was considered premature until we were assured that we can have some type of relationship with the Town for the treatment component of the Southern Node project.

Mr. Panek continued by saying that the tax district, if created, would generate revenues to cover the debt service for the infrastructure. That component is not included in any rate

structure to be considered. The considered rate only includes wastewater processing costs, maintenance of the system, electricity and repairs of the pump station and meter reading and billing. Some of these fees (such as meter reading and billing) may be culled out and performed by another party.

Each individual grinder pump would be metered and would be the property of the PSA. None of that would be the cost responsibility of the Town.

Mr. Brown stated that he was only interested in getting the figure down for the Cape Charles users. He saw the next step to be the establishment by the Board of a special tax district.

Mr. Hubbard said that he was interested in having a confirmation from the Town for provision of service and an idea of the minimum and maximum volumes that are anticipated.

Based on the projected flow volume for Phase I (15-20,000 gallons per day), Mr. Ingram said that he did not believe that it would be a significant amount. Approximately seventy parcels (30 businesses) are contained within the proposed service district.

Mr. Panek stated that the Cape Charles plant has a design capacity of 250,000 gallons per day. Currently, the Town averages 150,000 gallons per day but figures have been dropping lately due to construction of new homes and more advanced plumbing fixtures. Approximately 800 "equivalent residential units" could be hooked up and stay within permitted capacity. The average home uses 125 gallons per day.

Mr. Panek noted that construction costs were typically $40 - $50 per foot and includes architectural/engineering fees, etc. ($1.8 million entire project cost).

Mr. Hogg also wanted confirmation of the Town's willingness to provide treatment services; what volume will be accepted; what is the contract term; how can we figure out a rate; and what is the impact of commercial-strength wastewater. Mr. Panek responded to the last question by noting that EPA treatment standards will require pre-treatment in certain cases (such as medical waste) and that restaurants will be required to utilize grease traps. When the regulations are complied with, commercial waste is really no different from municipal waste.

Mr. Brown stated that the Town Council is ready to proceed.

Mr. Hubbard said that there is some concern as to what properties the district would actually encompass. The County Administrator replied that a tax district of seven or nine members will not work. There has been a willingness expressed by the Board to create a mandatory tax district.

When asked specifically by Mr. Ingram, Mr. Hogg replied that he may not be in complete agreement with the project as outlined.

In response to a question from Ms. Natali, Mr. Ingram responded that there has been no time line established for either of the proposed three project phases. Ms. Nunez confirmed that

Phase I is limited to the commercial areas near the intersection. Phases 2 and 3 are the remainders of the original Southern Node project area (Cheriton and surrounding areas).

It was agreed that the Cape Charles representatives will speak with the full Town Council and will provide updated cost estimates (based on the current budget). The County Administrator confirmed that the PSA owes the Board certain information relative to capital costs and the O&M component in order to achieve a monthly rate.

Mr. Panek questioned whether the group should proceed with drafting an agreement or at least an outline. Mr. Hogg stated that we have a job to sell it and that a general idea of the monthly rate would help in that regard. He said that one of the reasons for the "up-roar" in the past was the discrepancy in costs for the same type of service; i.e., based on real property valuations instead of volume of water used. Mr. Hubbard thought it was important to do face-to-face meetings with the residents and Mr. Hogg concurred, noting that "it was a matter of salesmanship."

No future meeting was scheduled pending receipt of the indicated materials.

The meeting was adjourned at 7:45 p.m.