

VIRGINIA:

At the work session meeting of the Board of Supervisors held at the Charles City County Government and School Board Administration Building thereof on **Wednesday, March 2, 2016, 6:00 p.m.** in the 240th year of the Commonwealth and 382nd year of the County.

PRESENT: Floyd H. Miles, Sr., Chairman
William G. Coad
Gilbert A. Smith

Floyd Miles called the meeting to session. Zach Trogdon introduced and welcomed Michael Mee, Public Works Director, to Charles City County.

RE: Bowman Consulting

Zach Trogdon stated in spring of 2012, the County solicited engineering assistance and in the process toured every water/wastewater facility with potential offerors. The professional determination of all was every facility needed replacement. The County procured engineering services through a competitive procurement and contracted with Bowman Consulting to consult on improvements to the facilities to bring them into compliance. In 2013, the County entered into Special Orders by Consent on each of its DEQ wastewater facilities and into a Corrective Action Plan with VDH for its Mt. Zion waterworks facility.

Ken Baybutt with Bowman Consulting was present and gave a presentation on the work that is currently being done on the water and wastewater systems. The project to upgrade the Mt. Zion waterworks to address the CAP is scheduled to be awarded in late summer 2016 and construction to be substantially complete by the end of the first quarter of 2017. The construction estimate right now is about \$900,000 and funding is expected to be approved by VDH for a 30 year loan at 2.75%. A new well being established to serve the Courthouse area is underway and is scheduled for completion in mid-May 2016. It has come to light that the line connecting that well to the system at the administration building was constructed out of substandard drainage pipe and that will have to be replaced as part of this project at a cost of about \$18,000.

Mr. Baybutt discussed the design of a new wastewater plant to replace the current system located at the former Hideaway marina location. This project is scheduled to be awarded in the summer of 2016 and completed in summer 2017. Funding of the \$1.1 million project is expected to come from DEQ at 0% for 25 years. Mr. Baybutt also discussed designing a replacement plant for the Kimages alternative wastewater system. He and County staff will be researching potential grant opportunities to assist with the project.

Floyd Miles stated he has expressed to the Public Works Director to fix problems for the long-term and to not do a patch job so these problems do not remain for future generations.

RE: Virginia Department of Health – Water Business Operating Plan

Barry Matthews and Julie Floyd were in attendance representing the Virginia Department of Health Office of Drinking Water. They have been working with the County to develop a Water Business Operations Plan. Mr. Matthews explained that the need for the Plan is pursuant to the Code of Virginia 32.1-172 (B) that requires the submission of a business plan for waterworks that have demonstrated significant noncompliance with waterworks regulations.

Mr. Matthews pointed out a key indicator of financial sustainability is the operating ratio, which is system revenues divided by expenditures. The ratio for the County currently stands around 0.16, while recommended ratios are from 1.15 to 1.25. This becomes important when funding partners are looking at credit risk and can negatively affect borrowing costs for system improvements. Also, a guideline for affordability of water service are normally around one percent (1%) of Median Household Income. This would mean the County would charge about \$39.50 for water service versus the approximate \$19.00 the County currently charges.

Mr. Matthews advise that an Asset Management Plan would assist greatly in allowing the County to get out in front of projects and build up a funding source to avoid emergency funding needs. Also, building up an Operations and Maintenance Reserve, a reserve for unknown costs, and continuing to have a capital improvement fund are other recommended sustainability practices. Mr. Matthews realizes that making the water fund a pure, self-sustaining enterprise fund is still not practical in the short-term, but taking these sustainability measures can get the County closer to sustainability and remaining in compliance with waterworks regulations. The Department stands ready to help in any way it is able.

RE: Charles City County Boards/Commissions

Zach Trogon presented to the Board for their review a report listing all Boards and Committees and the dollar amounts that has been paid out from 2013 through 2015.

RE: EXECUTIVE SESSION

No Executive Session needed.

There being no further business, the Board **adjourned until Tuesday, March 22, 2016, 7:30 p.m.**