

VIRGINIA:

At an adjourned meeting of the King George County Service Authority Board of Directors, held on Thursday, the 31st day of March 2011, at 5:30 p.m., in the Board Room of the Revercomb Building at 10459 Courthouse Drive, King George, Virginia:

PRESENT: Joseph W. Grzeika, Chairman
Cedell Brooks, Jr., Vice-Chairman
John P. LoBuglio, Member
James F. Mullen, Member
Dale W. Sisson, Jr., Member
Travis Quesenberry, County Administrator

The Chairman called the meeting to order and noted that the purpose of the work session would be to review the proposed FY2011-2012 budget.

Proposed FY2011/2012 Budget:

Mr. Thomas, General Manager of the King George County Service Authority, presented details of the proposed FY2011/2012 budget:

- Total Budget: \$4,165,663
- Revenues based on increases recommended by Davenport—5% Water & 12% Sewer user fees and 5% on all connection fees
- Budget based on estimated 45 new connections and 6 commercial connections predominately from the Gateway Shopping Center pad sites.
- Excess of FY 2010/2011 in the amount of \$24,354 transferred to Capital Projects
- Transfer of \$84,887 from General Fund to cover shared debt service for Industrial Park borrowing
- Last year of transfer from Capital based on reduction by 20% each year--\$44,708.
- Current vacancies not funded in proposed budget—two Sewer and 1 Maintenance
- Since FY2008/09 the Service Authority has maintained 26 full time employees
- A proposed 2% increase for those employees would cost approximately \$12,150 for half-year. If approved, this would reduce the excess referenced above from \$24,000+ to \$12,000+

Mr. Thomas noted that once the Service Authority reaches self sufficiency for three consecutive years, without County support, it will be removed from the County's credit rating.

With the projected rate increases, the minimum bi-monthly bill would increase from \$95.01 to \$104.02, based on 5,000 gallon consumption.

Mr. Grzeika inquired as to budget impacts if there was no rate increase for the FY2011/2012 budget year. Mr. Thomas stated that no increase would result in a \$317,000 decrease in revenue and would result in reduction in personnel.

Mr. Mullen asked what the budget impact would be if only the increase in usage fees was not approved. Ms. Harper noted that this would result in a \$234,000 decrease in revenue. Mr. Thomas reiterated the impact of such reductions and the probable loss of a significant number of personnel and the impact of such a loss on operating the system effectively.

Mr. Thomas noted the 60-day advertising requirement for a public hearing on the proposed rate increases which would require authorization for such advertisement at the Board's April 5, 2011 meeting with the public hearing to be held on June 21, 2011. Mr. Thomas will bring the necessary documentation to the April 5th Board meeting for consideration and approval.

There was discussion of the upcoming \$500 bonus for employees and the impact on the Service Authority budget. If Service Authority does not have funds available for such bonus at the end of the fiscal year, a request will be forthcoming to the Board of Supervisor for funding options.

There being no further business to come before the Board, the Chairman adjourned the meeting on a motion by Mr. Sisson, seconded by Mr. LoBuglio, and carried unanimously.