

VIRGINIA:

At an adjourned meeting of the King George County Service Authority Board of Directors held on Tuesday, the 25th day of April 2006, at 6:00 p.m. in the Conference Room of the L. E. Smoot Memorial Library located at 9533 Kings Highway, King George, Virginia:

PRESENT: C. Stephen Wolfe II, Chairman
Dale W. Sisson, Jr., Vice-Chairman
Cedell Brooks, Jr., Member
Joseph W. Grzeika, Member
James B. Howard, Member
R. Bryan David, County Administrator

ABSENT: Matthew J. Britton, County Attorney

The meeting was called to order by the Chairman, Mr. Wolfe.

The County Administrator stated that the purpose of the work session was to present the FY2006-07 Proposed Service Authority Operating Budget and the proposed FY2007-2011 Service Authority Capital Improvements Plan.

FY2006-2006 Proposed Service Authority Operating Budget:

Mr. Christopher Thomas, General Manager, presented an overview of the proposed FY2007 budget stating that the main objective of the budget would be to balance the operation, maintenance, and administrative costs against the revenue collected by user fees. Mr. Thomas did reiterate the fact that the Service Authority owns and operates eleven(11) water systems and five(5) wastewater systems and services 3,290 connected customers. Mr. Thomas discussed the projected revenue based on usage and connections, taking into consideration 175 new connections for the coming fiscal year. He explained that the projected revenues have been conservatively estimated to account for any unforeseen economic or development uncertainties.

Regarding expenditures, Mr. Thomas stated that overall expenditures increased 3% but anticipated no rate increase for the FY07. He did discuss areas within the department that exceeded that 3% increase. However, the budget has taken into account those items which have historically been underestimated and also those items which are escalating at a higher percentage rate.

There was some discussion about the possibility of placing a flat fee on the Service Authority customers' billing to offset the rising costs of fuel, etc. vs. the possibility of incremental rate increases. There was continued dialog regarding amendments to the FY 07 Financial Model, including adding into the calculations the Consumer Price Index (CPI) adjustment along with the natural growth percentage. Mr. Thomas will present the revised figures at the May 2, 2006 Board meeting.

FY2007-2011 Proposed Capital Improvement Plan:

Mr. Thomas presented information regarding the proposed FY07-11 Capital Improvements Plan for the Service Authority, which totals \$11,825,000. He specifically discussed the FY2007 capital needs which includes \$350,000 for the Dahlgren Pump Station Improvement Project.

Mr. Thomas provided details of the Dahlgren Pump Station Project which includes four pump stations that need to be repaired and rehabilitated due to deterioration. These pumps include Williams Creek, McDonalds, FasMart and the main pump station.

A lengthy discussion continued regarding the urgency of completing the Dahlgren Pump Station project, funding options, including borrowing the funds from the County and the budget impacts of such borrowing to complete this project as well as the other projects listed in FY06-07 and FY07-08, totaling \$925,000. The additional projects include the Fairview Beach water tank, replacement of the Food Lion water storage tank, and rehabilitation of the Bayberry well and well house.

The Board directed the County Administrator to discuss funding options with Mr. Rose of Davenport and Company, Inc. and bring the information back to the Board for further discussion.

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