

VIRGINIA:

At an adjourned meeting of the King George County Service Authority Board of Directors, held on Monday, the 5th day of October 2009, 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
James B. Howard, Vice-Chairman
Cedell Brooks, Jr., Member
James F. Mullen, Member
Dale W. Sisson, Jr., Member
Travis Quesenberry, County Administrator

The Chairman called the meeting to order.

The following issues were presented to the Board by Ms. Harper and Mr. Thomas:

- **FY 2008/2009 Year End Results** -- Ms. Harper informed the Board that the final audit for fiscal year ended June 30, 2009 showed the Service Authority with a \$380,800 deficit. Mr. Grzeika stated that money from the Water Quality Improvement Fund could be used to offset the deficit.
- **Update on 2009 Debt Restructure** – Ms. Harper noted that Davenport went to closing on September 22nd on the debt restructuring of the Service Authority. With the actual figures related to the closing now in place, the County saved an additional \$46,000.

Directives for FY2010-2011 Budget Process:

- **Debt Service Fees for Commercial/Industrial Customers** – Mr. Thomas stated that the Service Authority currently has approximately 194 non-residential customers. The meter sizes serving those customers vary. Mr. Thomas proposed a new method for computing the debt service fee for these customers, noting that debt service has been based on volume in the past. Mr. Grzeika recommended that Mr. Thomas compute the numbers representing the amount collected under the new rates and project that out to the end of the fiscal year to see if the amount covers the debt.
- **Minimum Bill Discussion** – Discussion of pros and cons of minimum bill versus charging for actual consumption. Mr. Grzeika recommended Mr. Thomas and staff take a look at one billing cycle under the new rates and look at the impact of reducing the minimum bill, basing it only on consumption, or deleting it and how that would affect the overall revenue picture.
- **Rate Increase** – Recommendation from the Board to begin building the budget with no proposed rate increase.
- **Staffing** – Staffing to remain at current level unless regulatory requirements warrant additional positions. Future salary increases may warrant another payroll study for comparison of jurisdictions.
- **Pay Raises** – First draft of FY2010/11 budget will not include any pay raises. However, calculate and show cost involved for a 1% increase, which not only affects the salary line item but benefits as well.
- **Bad Debt** – Ms. Harper presented a report showing utility accounts that were 30/60/90 days overdue and a list of unpaid accounts remaining on the books that have remained

unpaid for three years. Ms. Harper recommended writing off those inactive delinquent accounts which totaled \$19,037.56. There was considerable discussion regarding the process for collection of delinquent accounts, whether the accounts mostly represented rental property accounts, whether the landlord was held responsible for payment of the delinquencies, use of lien process, involving a collection agency in the process, etc. The Chairman recommended that a request to write off the \$19,037.56 be brought to the Board of Directors as an action item at an upcoming meeting and also discussion about changes to the debt collection process and possible regulation changes.

- **CIP Directives** – Ms. Harper discussed incorporating the Service Authority into the Capital Improvement Plan process. Considerable discussion ensued about development of a capital improvement plan for the Service Authority. Mr. Thomas discussed generator upgrades for some of the pump stations as a possible capital project.

Develop Budget Schedules

- Ms. Harper presented a proposed budget schedule for the Service Authority, Capital and County budgets for FY 2010-11 and anticipates public hearings to be being held on April 5, 2010. Plans are to adopt the capital budget in sufficient time to incorporate any type of operating costs into the operating budget.

Strategic Plan for Service Authority

- Ms. Harper presented information regarding the development of a strategic plan for the Service Authority along with a vision statement and mission statement and discussed the purposes and goals of a strategic plan. There was considerable discussion regarding adopting a Service Authority logo as part of the strategic plan development. It was decided that a new logo would be cost prohibitive in light of current budget constraints. A follow up work session to further develop the strategic plan was set for October 14th.

Financial Policies

- Proposed changes to the County's financial policies will be presented to the Board of Supervisors on November 5th by representatives of Davenport & Co. LLC. Ms. Harper noted that financial policies are also needed for the Service Authority. This issue will be discussed at the October 14th work session.

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