

VIRGINIA:

At a regular meeting of the King George County Service Authority Board of Directors, held on Tuesday, the 2nd day of November 2010, at 6:00 p.m. in the Board Room of the Revercomb Building at 10459 Courthouse Drive, King George, Virginia:

PRESENT: Dale W. Sisson, Jr., Chairman
Cedell Brooks, Jr., Vice-Chairman
Joseph W. Grzeika, Member
John P. LoBuglio, Member
A. Travis Quesenberry, County Administrator
Matthew J. Britton, County Attorney

ABSENT: James F. Mullen, Member

The Chairman, Mr. Sisson, called the meeting to order.

Mr. Grzeika provided the Invocation.

Mr. Brooks led the Pledge of Allegiance.

Public Comment

The Chairman opened the floor for public comment. There being none, the Chairman closed that portion of the meeting.

Reports of Members of the Board

There were no reports from the Board members.

SA-11-01 – Consent Agenda

On a motion by Mr. Grzeika, seconded by Mr. Brooks, and carried unanimously, each member voting as follows: Mr. Sisson Aye; Mr. Brooks Aye; Mr. Grzeika Aye; and Mr. LoBuglio Aye, the King George County Service Authority Board of Directors approved the Consent Agenda, as presented, which included the following:

Authorized the issuance of warrants against the FY10-11 KGCSA Operating Fund in the total amount of \$22,593.08

Authorized the issuance of warrants against the FY10-11 KGCSA Capital Reserve Projects Fund in the total amount of \$1,355.00

SA-11-02 – Report from County Attorney

The County Attorney had no report.

Presentations and Reports

SA-11-03 – Report from Davenport & Company LLC on Multi-Year Financial and Capital Planning Update

Mr. Laux of Davenport & Company LLC provided an update on the Service Authority's Multi-Year Plan of Finance. In April of 2009, Davenport presented information regarding financial analysis and strategies for transitioning the Service Authority to be a fully self supporting entity within five years. That strategy involved restructuring the Service Authority's existing debt, revising the structure of rates/charges, and raising revenue over a multi year period. In September of 2009, he noted that the Service Authority completed an approximately \$6M refunding/restructuring. Mr. Laux stated that preliminary FY2009/2010 financial results appear favorable versus the April 2009 estimates, explaining that the new connection revenues look to be greater than the April 2009 estimates. He also noted that the Service Authority has identified approximately \$12.8M in capital projects in its five year Capital Improvement Plan and stressed the importance of the Service Authority's use of existing bond proceeds from 2006 and 2008 borrowing (approximately \$3.2M) before using other new funding sources.

Mr. Laux also stated that the Service Authority has been notified by the Virginia Department of Health(VDH) that it is eligible to receive approximately \$1.6M of below market interest rate financing and identified two capital projects for potential VDH funding—Fairview Beach/Potomac Landing Well Replacement Project and Fairview Beach Water Tank Project.

Mr. Grzeika recommended that the revenue from connection fees be moved into capital funds and out of operating funds, as that revenue should be used for enhancements to the system and not for operating costs. Mr. Laux recommended that the Service Authority give consideration to the multi-year rate increase plan developed in the Spring of 2009 in order to continue the transition to a fully self supporting entity, which Mr. Laux expects to be realized by FY2013. Mr. Grzeika further clarified that the plan includes annual rate increases, which are needed to make the plan work.

Discussion Items

SA-11-04 – Update on Service Authority Billing Issues

Ms. Harper, Deputy County Administrator, provided an update on the Service Authority billing issues. Files were forwarded to the meter reading software vendor and during a conference call with the vendor on October 21, 2010, it was determined that there were no corrupt files. However the vendor recommended that the meter reading software be upgraded. The upgrade was done on October 27th and some random meter readings were then done in Oakland Park, Hopyard, Fairview Beach and Chatham Village. No major issues were found.

Ms. Harper further mentioned that a Process Improvement Team had been formed, and she would keep the Board updated with recommendations to improve billing operations in the Service Authority. Mr. Thomas demonstrated the actual meter reading equipment currently used by Service Authority personnel, noting that there are approximately 1500 visual read meters which are now being replaced with either a radio read meter or touch pad meter. Mr. Thomas will bring information to the Board regarding costs of the radio read and touch pad meters.

Mr. Grzeika stressed that he wanted the Service Authority to make sure issues were being addressed, documenting what happened and what corrective actions needed to be taken and expected to see recommendations based on these investigations. Mr. Grzeika felt that radio control meters would improve efficiency.

SA-11-05 – General Manager's Report

Mr. Thomas provided the following items of interest to the Board:

- All Service Authority personnel, with the exception of the General Manager, have relocated to the Operations Center. An announcement regarding the relocation has been posted on the County's web site and the phone numbers remain the same. An "Open House" will be scheduled in the near future.
- Mr. Thomas stated that there had been some recent water outages including one in the Bayberry Subdivision on William Lane. There was also a water outage on Route 206, Indiantown Road, near Dutch's Mart. All repairs were addressed promptly with as little inconvenience as possible to the customers. All customers were notified of the shutdown of the system for the repairs to be made.

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