

PRESENT: K. Leonard, Chairman
T. Cole, Vice Chairman
W. Garvey
W. Hite
K. Shiflett
E. Shipplett
R.L. Earhart, Senior Planner and Secretary
T. Fitzgerald, Director of Community Development

ABSENT: J. Curd
K. Hull, Associate Planner

VIRGINIA: At the Worksession Meeting of the Augusta County Planning Commission held on Tuesday, February 12, 2013, at 4:00 p.m. in the Smith's Transfer Meeting Room West, Augusta County Government Center, Verona, Virginia.

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The meeting was called to order by Mr. Leonard, Chairman.

Mrs. Earhart briefed the Commission on the amendment to the Mill Place Commerce Park Concept Plan and proffers. She explained areas 3 & 4 were being consolidated and renumbered. Mrs. Earhart also reviewed with the Commission the upcoming items on the BZA agenda.

Mrs. Earhart introduced Ken Fanfoni, Executive Director of the Augusta County Service Authority, who gave a presentation on how the Service Authority works in conjunction with the Comprehensive Plan.

Mr. Fanfoni gave a brief overview and history of the Service Authority. He pointed out there are 12 drinking water systems in place within the county which serve 50% of county households. There are nine wastewater systems that serve 25% of county households, which means that 75% of households are on septic systems. He indicated on PowerPoint that the orange and red areas are the growth areas for the County. The challenges from having multiple systems are: operational costs which include redundancy of water supply, storage, waste water treatment, personnel, vehicle, and testing costs; permitting costs which include multiple fees, regulatory oversight, personnel and administration; and capital costs that includes redundancy in the independent systems which require similar infrastructure, and low customer density (fewer customers per mile of pipeline). He emphasized the cost effectiveness of having 130 customers per mile in a more urban area versus 30 customers per mile in a more rural area. He also discussed regulatory mandates, which include mandates set by the Chesapeake Bay for wastewater treatment plant upgrades, seven water microfiltration

plants, and the Coles Run Dam. He stated that under the Chesapeake Bay mandate at least \$60 million was spent on three projects required by the Federal Government since 2007 and 20% of every sewer bill is paying debt service on the three projects. Mr. Fanfoni stated that the ACSA is an Authority, not a Public Works Department therefore, it must operate as a business and be self-sufficient. The Service Authority tries to keep their rates competitive and offer efficient and affordable services. Water and sewer user fees provide 90% of the revenue for the Service Authority. Other sources of revenue are from new connection fees, grant funds, loans, and County contributions. County contributions are limited to specific projects of interest to individual board members. Funds may be taken out of a specific district's infrastructure to help pay for a specific project within that district.

Mrs. Earhart explained that in years past, the County would set aside money to allocate between the districts for certain projects, but because of budget cuts, no new money is going into the districts' infrastructure accounts. Incorporated into the Comprehensive Plan is the concept of the County paying to make development affordable in the urban areas and facilitate development at higher density levels in the urban areas while having County taxpayers help to make the agricultural and rural areas stay protected.

Mr. Cole asked since the ACSA is operating as a stand-alone business, what will happen if it fails.

Mr. Fanfoni indicated that the Service Authority is backed by the County and it is in the County's best interest to see that funding is available for them to continue operations.

Mr. Shipplett asked if the Authority has ever gone over budget.

Mr. Fanfoni said that they are always under budget.

Mr. Garvey asked if the Authority has a Board of Directors.

Mr. Fanfoni stated that they do have a Board of Directors appointed by the Board of Supervisors and that four of the seven members also serve on the Board of Supervisors.

Mr. Garvey asked who determines if rates will increase.

Mr. Fanfoni said that the Authority's Board makes that determination.

Mr. Leonard asked why members from the Board of Supervisors appoint themselves to the Authority's Board of Directors.

Mr. Fanfoni stated that there have always been one or two members that have served on both boards and it did prove to be beneficial, especially when working with cross-over projects.

Regarding rates and budget structure, Mr. Fanfoni explained that user rates pay for operating expenses, debt, and infrastructure repair and replacement. Connections fees

pay for capital projects for system growth and also a portion of debt. He indicated that water and sewer user rates are slightly over the state average and they are lower than Waynesboro City, but higher than Staunton City. Water and sewer connection fees are lower than Staunton City and higher than Waynesboro City.

Mr. Garvey asked what the connection fees are.

Mr. Fanfoni said that for a residential water connection, the cost is \$3,700.00 and for residential sewer the cost is \$5,900.00. The typical monthly bill for water is \$26.00 and \$41.00 for sewer. He compared the costs of water and sewer connections to the cost of an engineered septic system which could cost approximately \$20,000 – \$25,000 with additional expenses for electrical service and annual inspections.

Mr. Shipplett asked if the monthly bill was on the low side.

Mr. Fanfoni explained that the rate he gave in his presentation was a monthly rate, but the Service Authority bills on a bi-monthly basis, therefore, the actual bill the customer receives would typically be \$52.00 for water and \$82.00 for sewer.

Mr. Fanfoni stated that there are projects in place now that support the Comp Plan and the needs of the ACSA. These projects are put into place taking into account the projected future population growth and future density per the Comp Plan. The projects include new water supplies in the Mount Sidney, Doods, and South River areas, a new water tank in the Stuarts Draft area, booster stations in the Lyndhurst area, and WWTP expansions in Weyers Cave, Harriston, and Crimora. The Weyers Cave area is an Urban Service Area and is an area of focus for the County; however, the amount of available capacity is dwindling. They are capable of handling another 500 connections at this point, but 100 of the 500 connections are already reserved. When taken into account all the projects that are currently in place in the Weyers Cave area that have not paid for connections yet, there are only approximately 50 – 100 connections remaining. The Board has been approached regarding the continuation of growth in this area. If they wish for residential and industrial growth to continue, something needs to be done to create more treatment capacity. There is money in the Service Authority's current budget for design work. The Board of Supervisors has not committed any funding for construction.

Mr. Shipplett asked for clarification that 300 possible connections were already in place.

Mr. Fanfoni confirmed and stated that the infrastructure was already put into place but developers are waiting on the economy to improve before building can begin.

Mr. Fanfoni indicated on PowerPoint the sewer plant in the Harriston area and stated the sewer plant has the capacity for possibly 100 more connections. The five year plan is not for a new sewer plant but is for money to do a study to determine how to expand the plant. There is not enough land to expand so more land will need to be purchased or the plant will need to be moved to add enough capacity to meet the needs of the area.

Mrs. Earhart stated that part of the area was added in 2007 at the request of the property owner who had development plans and wanted a higher density. The developers have found that the costs of improvements for a water and sewer system are limiting factors and there isn't enough density to make up the costs. The Planning Commission will need to study the area in more depth.

Mr. Fanfoni explained some of the typical project costs. It costs \$10 – \$20 per gallon per day to operate the wastewater treatment plants. It takes approximately two years and \$1.5 million to drill a 200 – 800 gallon well. Test studies, well development, treatment construction and permits make up some of the costs for a well.

Mr. Shipplett asked how deep the wells are.

Mr. Fanfoni stated they are usually 300 – 700 feet deep.

Mr. Fanfoni stated that another expense is the drinking water microfiltration systems that are required by the State. The cost for these systems is typically around \$1 million.

Mrs. Earhart stated that one of the reasons for source water protection is so that theoretically the county will not need to spend \$1 million if some of the contaminants can be kept out from the beginning. The goal is to have cost avoidance and to keep from being forced to buy a new well site or create a whole new water system.

Mr. Cole asked for confirmation that there is currently a filtration system in Deerfield.

Mr. Fanfoni confirmed that it has been there for many years.

Mrs. Earhart pointed out the expense of the filtration systems, especially in the areas where population is low.

Mr. Fanfoni stated other costs for the Service Authority are booster pumping stations with a typical cost of \$250,000, and pipeline construction which costs \$80 – \$100 per foot.

Mr. Fanfoni pointed out that the ACSA is already investing in and supporting the Comp Plan with wells, treatment plants, storage tanks, and oversizing pipelines with the intent to serve future populations at the density being projected by the Comp Plan. The problem is that they only get a portion of the money back in connection fees. Current customers are handling the debt load which is currently \$5 million and are being billed for projects being built for future needs.

Mr. Shipplett asked if there are statistics that show what it costs the Service Authority to run a line for each resident.

Mr. Fanfoni stated that they take the total costs of each project, which would include costs for wells, pipeline, and tanks, on a basis of how many households the project supports, and divide by the number of equivalent households to determine the connection fees for each household.

Mr. Shipplett asked what reason would there be to extend a pipeline into an undeveloped area.

Mr. Fanfoni said to provide a trunk system, which makes areas easier to develop, for potential developments, and for fire protection.

Mr. Fanfoni explained that the Service Authority has interjurisdictional agreements with Staunton, Waynesboro, and Craigsville to buy and sell water and sewer services which allows each locality to serve each other's customers. Being dependent on other localities' services can impact the Comp Plan in regards to service availability, service capacity, and fire protection. An example of this would be the Rt. 250 area between Staunton and Fishersville, which is an Urban Service Area. The Service Authority is contractually bound to buy 1 million gallons of water per day from Staunton. However, Staunton is not required to provide the water in a manner to meet the County's fire flow requirements. There are also certain areas that the Service Authority cannot add any more sewer connections because Staunton will not allow it. These areas have potential for development but development may be halted due to the lack of public services.

Mr. Fanfoni brought to the attention of the Commissioners the fact that the Service Authority has a Master Water and Sewer Plan that follows the growth needs defined by the Comprehensive Plan. The Master Plan is amended regularly to comply with the Urban Service Areas and the growth projections in the Comp Plan. He stated that there is concern regarding the Urban Service Areas where additional acreage was added and the fact that these areas do not have public services.

Mrs. Earhart stated that Rt. 340 corridor was an example of this. This area contains public water and was set aside for development. It needs to be determined how sewer services can be put into this area and where density can be accommodated. The alternative is to allow the area to develop on individual systems at a much lower density. The Planning Commission will have to look at that area as well.

Mr. Leonard asked how you can justify the areas that will never be able to be serviced and still make them an Urban Service Area.

Mrs. Shiflett said that it was a 20 year plan and it was never expected to be developed in two or three years. Mrs. Shiflett referred to Rt. 340 and said that even though it is not developed, it would still make sense to put a trunk line through that area and developers would be able to pull off that line when development does take place.

Mr. Fanfoni addressed the issue of pipeline extension fees. He stated that connection fees are not solely intended for line extensions but are allocated between treatment funding, pump station funding and sewer transmission funding. The question at hand is where money comes from to pay for pipeline extensions.

Mrs. Shiflett stated that the County as a whole needs to pay for the infrastructure, if they want the water and sewer services. If the County as a whole isn't willing to pay for the

services, then the Comp Plan will need to be changed. There are not enough water and sewer customers to carry the burden of the costs involved with running pipelines.

Mr. Fanfoni said that there are several options for funding. Service Authority rates and fees could be increased, tax increment financing, economic development incentives, County contribution or subsidy, developer contribution or special ACSA rate districts are considerations for funding. He stated that the Comp Plan needs to be looked at and decided where areas can be added to or modified such as USA areas without water or sewer service, USA areas with fire flow levels that do not meet County Ordinance requirements; USA areas with limited water supply or wastewater treatment capacity, and USA or CDA areas with high costs for infrastructure improvements. Like the Comp Plan, the Master Plan is a 20 year plan. There is an answer for all of the issues, but it is unclear at this time where the funding will come from.

Mrs. Earhart explained that State Code requires the Service Authority to operate within the Comp Plan. The Service Authority cannot extend services unless it is in strict compliance with the County's Comp Plan.

Mr. Shipplett asked what suggestions Mr. Fanfoni would have regarding the financial issues facing the County and the Service Authority.

Mr. Fanfoni stated that a close look needs to be taken at the conflict between County requirements for fire flow protection and what is physically available. There is a misconception that fire protection is available in all areas and the 20 year Master Plan is at risk for meeting fire flow regulations. He suggested that the Planning Commission needs to talk specifically about regulations and if there is an intent to meet them. The Service Authority is not planning on funding projects strictly to improve fire protection.

Mr. Hite asked why the monthly fees collected for sewer and water aren't used for the treatment plant expenses instead of using money from the connection fees. The connection fees could be used for pipeline extensions. If treatment is costing a certain amount, the consumers that are hooked up to it should be bearing the expense.

Mr. Fanfoni stated the consumers that are paying monthly bills are paying the costs of running the facilities. If connection fees were applied to the extension, the costs for construction of the plants would need to be paid by a monthly bill and sewer bills would have to be doubled to pay for it.

Mrs. Earhart stated that the Commission would be looking at these issues in the coming months.

There being no further discussion, the meeting was adjourned.

Chairman

Secretary