

VIRGINIA: A REGULAR MEETING OF THE SURRY COUNTY BOARD OF SUPERVISORS
HELD IN THE GENERAL DISTRICT COURTROOM OF THE COUNTY
GOVERNMENT CENTER ON JANUARY 26, 2012 AT 7:00P.M.

PRESENT: SUPERVISOR JUDY S. LYTTLE, CHAIRMAN
SUPERVISOR JOHN M. SEWARD, VICE-CHAIR
SUPERVISOR ERNEST L. BLOUNT
SUPERVISOR KENNETH R. HOLMES
SUPERVISOR GIRON R. WOODEN, SR.

ALSO

PRESENT: MR. TYRONE W. FRANKLIN, COUNTY ADMINISTRATOR
MR. WILLIAM HEFTY, HEFTY & WILEY, COUNTY ATTORNEY
MR. GEORGE EDWARDS, CLAREMONT MAYOR
MR. ROBERT WINFREE, CLAREMONT VICE-MAYOR
MR. CHAD HEATH, CLAREMONT TOWN COUNCIL
MS. TERRIE FOSTER, CLAREMONT TOWN COUNCIL
MRS. LOUISE HANSCH, CLAREMONT TOWN COUNCIL
MRS. BRIGID JONES, CLAREMONT TOWN COUNCIL
MRS. YVONNE PIERCE, DENDRON MAYOR
MR. SIMON SAVADGE, DENDRON TOWN COUNCIL
MS. LARITA PIERCE, DENDRON TOWN COUNCIL
MS. JUANITA MASON, DENDRON TOWN COUNCIL
MS. NANCY OVERTON, DENDRON TOWN COUNCIL
MR. WILLIAM ROACH, VICE-MAYOR, TOWN OF SURRY
MR. ROBERT BERRYMAN, SURRY TOWN COUNCIL

CALL TO ORDER/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE

The meeting was called to order by Chairman Lyttle who then asked for a moment of silence. Following the moment of silence, she asked those present to stand and say the pledge of allegiance.

Chairman Lyttle then asked Mr. Franklin, Clerk of the Board, for a roll call. All members of the Surry County Board of Supervisors were present.

Mayor Edwards called the Claremont Town Council to order followed by Clerk of Council, Mrs. Heather Hunnicutt who called the Dendron Town Council to order. Members of the Surry Town Council were in attendance, but did not compose a quorum.

Chairman Lyttle asked Mr. Greg Brittingham, Senior Consultant of the Performance Management Group, to provide elected officials with a recap of the previous meeting concerning the proposed Sanitation Authority which was held on November 15, 2011. Mr. Brittingham addressed participants by reviewing the concerns and questions which were verbalized at the previous meeting along with potential advantages. *(A copy of Mr. Brittingham's presentation is included as an integral*

component of these minutes.) He then proceeded to discuss issues raised at the November meeting and provide compiled information aimed at providing answers to some of those issues.

Mr. Brittingham advised participants in the meeting that this was a work in progress and that research would continue in an effort to provide the most accurate information in a timely manner to all concerned. He continued his presentation to discuss the current conditions of public water and wastewater systems within the county and advised that several systems were already over capacity, with the Town of Surry wastewater system already under a consent order by the Virginia Department of Environmental Quality (DEQ). He stated that system upgrades to all existing systems were needed to bring each locality into compliance and in anticipation of future regulation. Projected upgrade costs were the result of a 2007-2008 study conducted by Patton, Harris, Rust and Associates (PHRA) and Mr. Earl Sutherland of PHRA confirmed that these estimates still seemed reasonable in his opinion. If system upgrades were attempted by individual localities, Mr. Brittingham suggested, the costs would be passed on to a very small customer base, therefore increasing consumer rates to unrealistic levels just in an attempt to manage the debt incurred. Combining efforts to provide necessary upgrades over time would seem advantageous to all localities involved he further stated.

Mr. Earl Sutherland, P.E., Vice President of PHRA, also addressed participants stating that the aggregate operating budgets of all localities within the county was about \$470,000 and if combined could be used to address some of the most necessary upgrades to existing systems. He suggested that rates would have to be increased for consumers of most systems and that equalized rates could produce an additional \$65,000 in revenue making incremental improvements possible through an Authority.

Mr. Brittingham thanked staff of the Towns as well as County staff for their cooperation in providing information and stressed that information would continue to be gathered to facilitate better decisions down the road. He proposed separate public meetings to be held in the Towns and the County to provide information and hear suggestions of the general public and from there to compose work groups representing each locality to address individual concerns and move forward.

Supervisor Holmes commented that he felt that the information being presented was impartial and since each community faced different challenges, the citizens should be willing to listen to similar presentations and join in the process.

Mr. Franklin voiced concern that public meetings might not be the best venue to further dissect the remaining questions (page 4 of Presentation).

Mr. Brittingham replied that the public forums would only be a part of the process.

Mr. William Roach (Town of Surry) suggested that the consulting team assist the localities in setting up a web portal whereby questions and suggestions could be submitted and provide additional information.

Mayor Yvonne Pierce (Town of Dendron) agreed that the towns need to be made aware of new information and stressed that she wanted citizens to have an opportunity to access the same information.

Mr. Franklin addressed the towns with regard to their concerns about affected revenue sources suggesting that steps needed to be taken to help the towns find effective ways to replace the current water/wastewater systems as sources of revenue. He also expressed concern that some revenue generated by these sources had been used to fund other projects.

Mrs. Brigid Jones (Town of Claremont) stated that she did not think that the presented information addressed questions raised at the November meeting and expressed concern that residents would not react well to being told that their rates would increase.

Mr. Franklin replied that raising usages rates is a reality, and that it is needed in order to produce the revenue necessary to improve existing systems. Supervisor Seward stated that bringing all rates up to the highest existing rates in the county would be a good starting point. Mr. Franklin added that constituents need to be informed of the state of existing systems and the potential impact if systems are not improved or upgraded.

Mr. Roach (Town of Surry) stated that the towns want to know if they will be paying for the expansion of the County's wastewater system or improvements to other systems which would have no direct affect on their citizens. Mr. Franklin responded by stating that the County would not have full authority to determine which improvements would be conducted or a timeframe for improvements, but that a Sanitation Authority composed of representative from each locality would make those determinations as well as establish a plan to address future economic growth.

At this point in the program Chairman Lyttle asked that all speakers identify themselves and the locality they represent for the benefit of recording minutes of the meeting. She also stated that she felt that information provided in this meeting needed to be analyzed first by community leaders before presenting this information to constituents; but stressed that if no action resulted from this presentation of information, the towns as well as the County would eventually find themselves in trouble. Money follows growth, Chairman Lyttle stated; and although the towns' growth may be limited due to physical boundaries, the intention of the Board was to share opportunities for economic growth through collectively addressing concerns such as increased water and wastewater demand. Additionally, she stated that every citizen of Surry County should have access to safe drinking water and safe disposal of wastewater. The state Health Department and the DEQ, she said, are the driving forces in these matters.

Supervisor Wooden asked if the towns receive any funding from the County towards the maintenance of their systems. Mr. Franklin answered that they did not.

Mr. Chad Heath (Town of Claremont) explained that the Claremont sewer system was a direct result of a natural disaster. Following Hurricane Isabel (2003) grant funding was obtained to install a sewer system which was federally mandated for

redevelopment and rebuilding. He asked why there was no projected estimate of costs for improvements to the Claremont system provided. (See page 10 of attached Presentation.) Mr. Sutherland responded that no engineering study had been prepared to address the systems needs but that he suspected them to be similar to those needed by the Town of Dendron. He stated that the Town of Claremont would have to commission a study to determine specific needs. Mr. Heath replied that such a study would exhaust the funding provided in the Town's budget for repairs to the existing system.

There followed brief discussion regarding the devolution of water systems. Supervisor Seward asked if the Health Department would approve 300 wells within the Town of Dendron. Mr. Sutherland replied that it may be difficult for all citizens/businesses to comply with existing regulations governing water wells.

Mrs. Helen Eggleston (citizen, Dendron District) asked that officials not hit citizens with extreme rate increases all at one time due to the hardship it would create for many residents.

Chairman Lyttle stated that she understood such concerns; however, that was the purpose of this meeting - to focus on finding some reasonable actions to address water and wastewater needs. She addressed representatives of the towns and stated that as long as all localities were still actively communicating with regard to a possible Sanitation Authority, officials could collectively work towards reaching some solutions. Chairman Lyttle asked representatives of the towns if they would be willing to invite the consultants to conduct a public meeting in their localities.

Mr. Brittingham advised that the consultants were not recommending that extreme rate increases be implemented but that their purpose in sharing some startling financial information was to help officials visualize the advantages of working in a unified effort to address the necessary existing system upgrades.

Chairman Lyttle again asked if the towns would be willing to conduct public meetings with the aid of the Performance Management Group.

Mrs. Terrie Foster (Town of Claremont) stated that she would like PMG to come and conduct a meeting; however, she did not want them to hold a third meeting without providing answers to some of the towns' concerns.

Mr. Brittingham responded that their role as consultants was not to provide definitive answers or to tell officials how they should respond, but that their role was to facilitate discussion and provide information which would enable the localities to work together to accomplish necessary improvements to current systems.

Mr. Franklin reminded participants that the proposed Sanitation Authority would be the entity to make decisions on many of the stated issues of concern. He asked representatives of the towns if they felt that there was any value in what had been discussed and further asked them to respond if they felt that an Authority had some merit.

Mr. William Roach (Town of Surry) answered that there were still too many unresolved questions and that he felt it was premature to hold a public meeting in the Town of Surry at this time.

Chairman Lyttle said that she would like to see the consultants go to each community to explore and address their different issues and fill the gaps in essential information.

Mr. Frank Toberman (resident of Claremont) stated that he felt that a Sanitation Authority would be benefitting someone, but that the Town of Claremont would not benefit from involvement in such an Authority.

Mayor Pierce (Town of Dendron) stated that she would like for PMG consultants to come to Dendron and work with Council members and citizens to move the process forward.

Mr. Franklin stated that the earlier suggestion of creating a web portal to facilitate the sharing of information was a good idea and that he sees value in community public meetings. In response to Mr. Toberman's earlier statement he said that he felt it would be the citizens of Surry County who would benefit the most from the creation of a Sanitation Authority. He further stated that when elected officials discuss raising rates for services provided to their constituents it has an effect on their re-election efforts; however, for an Authority to raise user rates does not have the same effect.

Mrs. Brigid Jones (Town of Claremont) requested that Board of Supervisors members attend the public meetings in the towns they represent when those meetings are held.

Mr. Heath (Town of Claremont) asked who would be responsible for answering questions generated in these meetings.

Chairman Lyttle responded that concrete answers may not be obtainable yet – it would take more input to generate specific answers. She asked representatives from the towns what more information they would like to see the consultants provide.

Mr. Brittingham stated that more information was needed from the towns with regard to system improvement costs and ability within local budgets to meet those costs.

Mr. Roach (Town of Surry) said that questions with regard to compensation and rates need to be answered. Mr. Brittingham replied that such issues would be determined by the Authority and further suggested that continued input and smaller work groups could help define what the Authority would look like and how it would operate. Mr. Roach added that he still felt that public meetings were premature.

Chairman Lyttle stated that it seemed that two of the towns were willing to hold public meetings and asked for further clarification. Mayor Edwards (Town of Claremont) answered that he also felt that a public meeting was premature.

Mrs. Brigid Jones (Town of Claremont) requested that the information that would potentially be presented in public meetings in the towns be made available to Council members prior to such a meeting. Mr. Brittingham agreed that materials could be made available as requested.

Mrs. Louise Hansch (Town of Claremont) asked about the study for the facilities in Claremont with regard to who would provide the funding for such a study. Mr. Brittingham responded that it was already known that improvements were necessary and that all localities would face a hardship responding alone to the needs in their own jurisdiction. Mr. Franklin stated that the Town of Claremont could get assistance in obtaining grant funding for an engineering study of existing systems. Mr. Sutherland reported that planning grants are available although the resources were relatively small compared to the demand for such funds. Mr. Brittingham added that localities have a better chance of competing for available funding if the ability exists to respond to the findings. Localities who do not have the resources to make identified improvements do not appear as competitive. Mr. Franklin stated that he had previous communication with the Department of Housing and Community Development (DHCD) who had confirmed that localities that pool their resources have a better chance of securing grant funding.

Mayor Pierce (Town of Dendron) stated that nothing would be solved tonight; however, public meetings were advisable as a next step. She agreed that rates may have to go up, but reminded participants that everyone in Surry County needed to have safe water.

Mr. Mike Eggleston (citizen, Dendron District) asked for a prediction of costs based on the experience of other counties. Mr. Sutherland responded that his experience regarding consolidation of services in rural areas has been successful. Although difficult in the beginning due to a small customer base, with maturation and growth of the customer base such consolidation becomes quite successful.

Mr. Sam Edwards, Surry County business owner, said that he would reserve his comments until there was more information to consider. He reminded participants that the DEQ sets the regulations that we must all work with and that non-compliance could result in the elimination of whole systems.

Chairman asked Board members for their final thoughts. Supervisor Blount stated that participants need to remember that the Authority, not Surry County, would maintain ownership of existing systems. Who brings what to the table is not important he said. The Board is interested in working together with the towns to the benefit of the County's citizens and, specifically, current users of existing systems. Supervisor Blount suggested that the big question is, whether or not participants can work as a team. He further stated that officials need to start now considering how they will implement eventual upgrades. Volume, he said, will work to our advantage.

Supervisor Seward stated that the matter is not a question of what can be done to benefit the Board of Supervisors, but what can be done to improve existing systems within the County for the benefit of all the citizenry. He said that each locality will

bring both assets and liabilities to the table. He also reported that the most recent Chesapeake Bay Watershed Plan contained language aimed at the eventual elimination of septic systems within the Watershed area. This, he said, indicates that big needs are coming which can be addressed if all entities work together.

Supervisor Holmes suggested that although utility bills may increase initially, the expected growth of the customer base should result in increased revenues into the Authority and an eventual leveling off of costs to consumers.

Supervisor Wooden stated that the repercussions of doing nothing to improve existing systems within the County would have very detrimental results. He pointed out the example on page 12 of the presentation and expressed concern that areas of the County could be issued "Boil Water" Advisories and/or steep fines. Supervisor Wooden further warned that the DEQ does not back down and that the Towns as well as the County were subject to its regulations.

Chairman Lyttle then asked Mr. Brittingham for recommendations regarding the next step in the process. Mr. Brittingham suggested that the process move forward through the continued sharing of information, determination of what approach to take with public hearings, what and how much information should be shared publicly, and agreed that PMG would aid officials in setting up a web portal for the sharing of information and ease of submitting questions. He further stated that he would like to see the process continue to move forward in a timely manner.

Chairman Lyttle thanked Mr. Brittingham and PMG staffers for their assistance in gathering and presentation of pertinent information and asked representatives of the towns for any additional final thoughts. Mr. Roach (Town of Surry) asked how the Town would be compensated for its wastewater treatment facilities. Supervisor Seward answered that the question of compensation would be determined by the Authority after its formation. Following further brief discussion, Chairman Lyttle called for adjournment of the meeting.

ADJOURNMENT

Mr. Robert Winfree made a motion that the Claremont Town Council adjourn. Ms. Terri Foster seconded the motion; the motion was unanimously approved.

Ms. Juanita Mason made a motion that the Dendron Town Council adjourn. Ms. LaRita Pierce seconded the motion; council members voted unanimously to approve the motion.

Supervisor Blount made a motion that the Surry County Board of Supervisors continue their meeting to Thursday, February 2, 2012. Supervisor Seward seconded the motion; Supervisors Lyttle, Holmes, Wooden, Blount and Seward voted in favor of the motion.

Surry County Water and Wastewater Services Information

Discussion of Current State and Options
January 26, 2012

November 2011

Concerns and Questions

Governance

- Who sets utility rates? Will they be uniform?
- Will hookups be mandatory?
- Who serves on the Authority – how are they selected?

Revenues and Costs

- Do towns receive compensation for systems?
- How would towns replace current revenue?

Management

- Who manages daily operations?
- What will be the relationship with the Sussex County Authority

November 2011

Potential Advantages

Efficiency

- Lower operating costs
- Improved use of water resources
- Better communication/coordination across systems

Maintenance

- Pooled resources across the county
- Efficiency in service provision
- Improved potential to obtain outside funding

Economic Development

- Increased economic development opportunities

November 2011

To be addressed . . .

- Each locality is different – how do we meet everyone's needs?
- Are state mandates and actions looming if we continue as we are?
- What do county and town residents think?
- What are the projected costs and liabilities?
- What will happen to the towns when revenue is lost?
- What are the potential outside funding sources?

Surry County Public Water Systems – 2012

Locality	Residential Connections	Non-residential	Total Connections	Approved Connections	Monthly Rate (in town)	Year of Rate Adoption
Claremont	285	15	300	118	\$20.00	2009
Dendron	148	10	158	150	\$25.00	1994
Surry Town	203	37	240	310	\$13.12	2009
Surry County	131	5	136		\$28.25	2010

Rates based on 5,000 gallon monthly usage

Water Rate Trends (2007-2012)

Locality	2011-12	2010-11	2009-10	2008-09	2007-08
Town of Claremont	\$17.50	\$17.50	\$17.50	\$14.37	
Dendron	\$25.00	Info not available	\$18.00	Info not available	Info not available
Town of Surry	\$13.12	\$13.50	Info not available	Info not available	\$13.50
Surry County	\$28.25	\$15.00	\$15.00	\$15.00	\$15.00
Sussex Service Authority	\$28.25	Info not available	\$15.00	\$15.00	\$15.00
VA State Average	\$29.44	\$29.14	\$27.36	\$24.19	\$23.96

In-town rates based on 5,000 gallon monthly usage

Information compiled from the 2007-2011 Draper Aden Reports
<http://www.daa.com/publications/surveys/2011%20WWW%20Rate%20Report.pdf>

Surry County Public Wastewater Systems

Locality	Design Capacity	Current Average Demand
Claremont	15,000 GPD	
Surry Town	60,000 GPD	60,000 GPD+
Surry County&Dendron	65,000 GPD *	35,000 GPD

* Expandable to 130,000 GPD – 74,500 GPD reserved for the industrial park

Residential Wastewater Rate Trends (2007-2011)

Wastewater Rates	2011	2010	2009	2008	2007
Town of Claremont	\$47.00	Info not available	\$48.50	Info not available	Info not available
Dendron	n/a	n/a	n/a	n/a	n/a
Town of Surry	\$43.75	\$23.14	Info not available	Info not available	\$16.01
Surry County	\$34.20	Info not available	\$27.50	\$27.50	\$27.50
Sussex Service Authority	\$34.20	Info not available	\$27.50	\$27.50	\$27.50
VA State Average	\$36.26	\$35.23	\$32.67	\$36.23	\$29.74

In-town rate,s based on 5,000 gallon monthly usage

Information compiled from the 2007-2011 Draper Aden Reports
<http://www.daa.com/publications/surveys/2011%20WWW%20Rate%20Report.pdf>

Current Budget Allocations for Water System Maintenance

Locality	Budget Allocation for Water System Maintenance
Claremont	\$3,000
Dendron	\$28,785.00
Town of Surry	\$79,716.00 (Utility budgets are included in the general operating budget)
Surry County	\$271,915

This information was compiled from FY 2012 locality budget documents

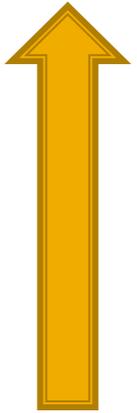
Projected Upgrade Costs

Locality	Actions Needed	Estimated Costs (2010)
Claremont	Bring water system into VDH compliance	unknown
Dendron	Bring water system into VDH compliance	\$1.8M
Surry Town	<ul style="list-style-type: none"> • Refurbish wastewater plant • Diversion of wastewater to County system 	\$638,000 \$1.1M
Surry County	Expand wastewater plant to design capacity	\$550,000

* Estimates do not include annual operating costs and routine maintenance

Implications of System Liabilities for Future User Rates

Rates for all Towns must increase significantly to bring water systems into compliance.



- Example: The estimated cost of bringing the Dendron water system into compliance with the VA Health Department requirements in 2007 was \$1.77 million.
- Assuming the cost is still valid and assuming the Town could get a \$1.8 million loan at 2.0% over 20 years, the annual cost of repaying the debt would be \$108,000 (or slightly over \$9,000/month).
- The average monthly charge to each of the 158 customers would have to be increased by \$58 just to service the debt.
- **This would triple the current rate to \$83**

Even a zero interest loan would cost \$88,500 per year (or \$7,375 per month) and would require a rate increase of about \$47 per month per customer.

Implications of not correcting current noncompliance issues

■ Water –VA Health Department

- Boil Water Notice
- Fines



■ Sewer –VA Department of Environmental Quality

- Consent Special Order
- Fines

