

PURPOSE

The Utility Capital Improvements Program (CIP) Budget provides for the construction of wastewater systems and water transmission, distribution and supply facilities, to include the engineering and acquisition program for additional groundwater supplies. Other water and wastewater system improvements are financed by accumulated JCSA funds for rehabilitation, replacement, extensions, and expansions.

BUDGET SUMMARY

	<u>FY 10 Adopted</u>	<u>FY 11 Adopted</u>	<u>FY 12 Plan</u>
<u>Revenues:</u>			
Water Facility Charges	\$ 1,987,500	\$ 1,843,000	\$ 1,885,000
Sewer Facility Charges	1,344,000	1,276,800	1,310,400
Proffers	<u>500,000</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>\$ 3,831,500</u>	<u>\$ 3,119,800</u>	<u>\$ 3,195,400</u>
<u>Expenditures:</u>			
Water Supply	\$ 1,648,000	\$ 1,646,000	\$ 1,645,000
Water Transmission	664,000	0	0
Sewer System Improvements	1,334,500	983,800	1,550,400
Other Projects	<u>185,000</u>	<u>490,000</u>	<u>0</u>
Total Expenditures	<u>\$ 3,831,500</u>	<u>\$ 3,119,800</u>	<u>3,195,400</u>

BUDGET COMMENTS

This budget proposes to continue our practice of directing facility charges (the initial connection fees when a new house or business connects to the system) towards financing CIP projects. The FY 2011 CIP revenues will decrease by 18.6 percent from FY 2010 budgeted revenues. The revenue decrease is due to projected decline in construction of new homes and businesses as it relates to water and sewer facility charges. The FY 2011 expenses reflect a reduction of sewer system improvement project funding that is now projected as a requirement beginning in FY 2012.

The FY 2011-2015 CIP consists of six separate, but interrelated, segments of the utility program, all of which are important in keeping pace with County development. The proposed five-year plan defines an integrated program for the development of each of the six segments along parallel time frames, designed for adequate service to be provided in step with the County Comprehensive Plan and Strategic Management Plan. A brief description of the essential features of the six segments follows with a Summary on page E-11.

1. WATER SUPPLY (105-100)

Project Development Agreement Debt Service (2008) - This is a modified project request. The City of Newport News and JCSA have entered into a Project Development Agreement (PDA) for long-term water supply to James City County. The financing of the PDA was accomplished through the purchase of revenue bonds. The debt service, which began in FY 2009, is estimated to be \$1,650,000 annually to pay off these bonds at 5 percent for 32 years. The existing fund balance of \$1,648,000 is requested to be carried forward in FY 2011 CIP. This is an expansion project.

Desalination Plant Membrane Replacement (XXXX) – This is a capital maintenance project request. The project consists of replacing reverse osmosis membranes at the Five Forks Water Treatment Plant (FFWTP). In order to maintain water quality and an appropriate output from FFWTP, membranes must be replaced before failure. There are 720 membranes at approximately \$600 each. A total of \$430,000 is requested in FY 2013 and FY 2014 to complete this project.

2. SEWER SYSTEM IMPROVEMENTS (105-150)

Sewer System Overflow Report Preparation (2300) - This is a modified project request. State Department of Environmental Quality (DEQ) has placed localities in the Hampton Roads area under a consent order which was effective 9/26/07. The order requires modeling, flow monitoring, sewer system evaluations and reports. Engineering services are required to supplement in-house efforts in responding to the consent order. The existing fund balance of \$1,500,000 is requested to be carried forward in the FY 2011 CIP with an additional \$1,390,000 requested over the next three years to initiate projects as they are identified. This is a rehabilitation project.

DEQ Consent Order Sewer System Improvements (2475) - This is a modified project request. The results of the Sewer System Overflow Report Preparation project will provide location of sanitary sewer system weaknesses and what construction improvements will be required to rehabilitate the system. These improvements would include rehabilitation of numerous manholes and gravity sewer pipe replacement and/or slip lining throughout 48 of 76 Sanitary Sewer Evaluation Survey (SSES) Basins. These 48 basins include approximately 76% of the system gravity sewer pipe. It is envisioned that these projects will require a significant investment and will take approximately 15 years to complete. The existing fund balance of \$425,650 is requested to be carried forward in the FY 2011 CIP with an additional \$5,588,200 requested over the next five years to initiate projects as they are identified. This is a rehabilitation project.

3. OTHER PROJECTS (105-160)

Operations Center at Tewning Road (3005) - This is a modified project request. In early 2009, the board was informed of the JCSA's desire to proceed with the design and construction of a new Operations Center on Tewning Road. This effort evolved into a plan to relocate the existing Convenience Center on Tewning Road where a 12,500-square-foot building would be constructed. The board approved the award of the construction contract on 11/24/09. This requirement includes the Technology Wiring, Electrical Power Transformer, Storm Curtains and Building Furnishings for the new building. A total of \$200,000 is requested in FY 2011 to complete this project.

Heavy Equipment (3085) - This is a modified request to replace two heavy equipment items which include a 1 Ton Truck with Crane and a Small Jet Vactor Truck in FY 2011. The existing fund balance of \$119,161 is requested to be carried forward in the FY 2011 CIP with an additional \$290,000 is requested in FY 2011 to complete this project. This is a replacement project.