



AGENDA
Joint Governing Bodies
Town of Wytheville
Wythe County
Town of Rural Retreat
Monday, November 30, 2009, at 7:00 P.M.
Wytheville Meeting Center
333 Community Boulevard
Wytheville, Virginia 24382

- A. INVOCATION—VICE-MAYOR JACQUELINE K. KING**
- B. CALL TO ORDER—MAYOR TRENTON G. CREWE, JR.**
- C. ESTABLISHMENT OF QUORUM—MAYOR TRENTON G. CREWE, JR.**
- D. PLEDGE OF ALLEGIANCE—COUNCILMAN JOHN W. JONES, JR.**
- E. MINUTES OF THE JOINT MEETING OF AUGUST 31, 2009**
- F. CITIZENS' PERIOD**
 - 1. Update on status of the Water Consolidation Study
- G. OLD BUSINESS**
- H. WYTHE COUNTY**
 - 1. To be announced
- I. TOWN OF RURAL RETREAT**
 - 1. To be announced
- J. TOWN OF WYTHEVILLE**
 - 1. To be announced
- K. ADJOURNMENT**

**MINUTES OF THE MEETING OF THE JOINT GOVERNING BODIES OF THE
TOWN OF RURAL RETREAT, THE TOWN OF WYTHEVILLE, AND WYTHE COUNTY
HELD AT THE WYTHEVILLE MEETING CENTER
ON MONDAY, AUGUST 31, 2009, AT 7:00 P.M.**

PRESENT - WYTHE COUNTY BOARD OF SUPERVISORS

Chairman Wythe B. Sharitz, Vice-Chairman James E. Hagee, Charles S. Dix, Danny C. McDaniel, Martha P. Umberger, Margaret O. Poole, B. G. Horney, County Administrator Cellell Dalton, Assistant County Administrator Stephen Bear

ABSENT - WYTHE COUNTY BOARD OF SUPERVISORS

None

PRESENT - TOWN OF WYTHEVILLE

Mayor Trenton G. Crewe, Jr., Vice-Mayor Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, H. Judson Lambert, Town Manager C. Wayne Sutherland, Jr., Town Clerk Sharon P. Hackler

ABSENT - TOWN OF WYTHEVILLE

None

PRESENT - TOWN OF RURAL RETREAT

Mayor Timothy G. Litz, Vice-Mayor A. Keith Crigger, Dale T. Yontz, Peggy Hash, Scott Mecimore, Edward Schaack, Town Manager Ray Matney

ABSENT - TOWN OF RURAL RETREAT

Jerrell R. Hall

OTHERS PRESENT

Patrol Officer John Humphrey, Danny Gordon with WYVE/WXBX, Chris Gilley, Corbin Stone, Russell Jackson, Elvan Peed, Don Crisp

RE: QUORUM, INVOCATION, PLEDGE

Mayor Crewe called the meeting to order and established that a quorum of members was present. The invocation was given by Councilman Jones followed by the Pledge of Allegiance led by Councilman Lambert.

RE: MINUTES OF MARCH 30, 2009

Mayor Crewe stated the next agenda item is the approval of the minutes of the joint meeting of March 30, 2009. A motion was made by Vice-Mayor King and seconded by Supervisor Hagee to approve the minutes of the joint meeting of March 30, 2009. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved unanimously.

RE: CITIZENS' PERIOD

Mayor Crewe stated the next agenda item is Citizens' Period. He inquired if there are persons present who wished to address the Joint Governing Bodies.

Ms. Chris Gilley was recognized and stated she works with the Mount Rogers Planning District Commission in Marion. She advised that every year, the DHCD entrusts money to the Commission that is used for either water or wastewater funds in their district. Ms. Gilley noted that this year, they had 21 projects apply, and they were only able to award 9 projects, for a maximum of \$100,000 each. She advised that on behalf of the Mount Rogers Planning District Commission and David Barrett, she would like to present a check in the amount of \$100,000 from the Southwest Virginia Regional Water and Wastewater Construction Fund. She advised that she is unsure who to give the check to, but it is for Wythe County. Chairman Sharitz thanked Ms. Gilley for the check.

Mayor Crewe advised that Mr. Stone, Mr. Jackson, and Mr. Peed have a report to present regarding the water consolidation study.

Mr. Elvan Peed was recognized and stated he is with Peed & Bortz, and they are engineers in Christiansburg. He noted that attending the meeting with him is Mr. Russell Jackson with Peed & Bortz and Corbin Stone with Robinson, Farmer, Cox Associates. Mr. Peed advised that both firms are working on this study with the three jurisdictions within Wythe County. He stated that at this meeting, they are going to discuss a status report. Mr. Peed explained that it is not a final report. He noted that what they are going to review at this meeting is what they have done so far, what they are going to do, and give the Joint Governing Bodies a brief schedule about the completion time. He stated with that being said, they will begin the presentation. Mr. Peed remarked that the water consolidation study charge is to look at the three water systems within Wythe County, and to see if one organization would function more efficiently and provide better service to the customers than the three individual systems. He explained that it allows a specialty type of management versus a more generic type of overall governmental management, and it also provides the pooling of resources. Mr. Peed noted that localities often think they cannot make a bore across a highway because no one has the boring piece of equipment. He stated where if there is a larger utility, they may or may not be able to afford the equipment. Mr. Peed pointed out that this is just one example of pooling resources. He indicated that there are similar organizations throughout this part of Virginia. Mr. Peed indicated that probably most everyone has been reading the *Roanoke Times* for years, and they have heard of all the squabbling that went on between Roanoke and Roanoke County and Salem also, but, specifically, those two local governments. He stated that they, for various reasons and a lot because of the drought in 2002, elected to pool their resources into the Western Virginia Water Authority. Mr. Peed remarked that this is basically a utility that provides water service to Roanoke County and Roanoke, but, it also provides sewer service to many of the other localities in the surrounding area. He advised that they own the wastewater treatment plant, and they also provide service to Salem, Botetourt, and they are even expanding down into Franklin County to provide utilities along Smith Mountain Lake. Mr. Peed stated this entity has been in existence for about five years. He indicated that another one that has been around for a long time, since the 1950s, is the Blacksburg/Christiansburg VPI Water Authority. He explained that this Authority is serving those three jurisdictions, and what it has really provided over time is a very, very economical water supply for those communities. Mr. Peed advised that these are just two different organizations that in many ways provide a good example for consolidation. He noted the rest of the decisions that they were charged to look at is one government, two governments, or three governments consolidating, looking at the supply and distribution costs to see which ones are more cost effective, and what intangibles would be associated with any consolidation. Mr. Peed indicated that they were charged with identifying any of those intangibles such that the jurisdictions could figure out exactly how they wanted to go about providing customer service, which is a key component of the intangibles. He remarked that with this study, they have just completed the engineering and the financial evaluation phase. Mr. Peed reiterated that this is not the final report, but this is an interim report, and the jurisdictions may consider inviting them back to a meeting, and noted he is not sure and once may be enough. He stated they would be more than willing to come back to another meeting at a later date and provide the final result. Mr. Peed noted they have also done the identification of what the intangibles are, and noted that the subsequent part of the study, which they are getting ready to start, is looking at how to implement the recommendations. He stated he will talk about that a little more later. Mr. Peed indicated that some of the design factors that entered into the evaluation of the financial and engineering were the source capacities. He stated that as everyone knows, there are several sources of groundwater and surface water in the county. Mr. Peed indicated that for capital improvements, they looked at a capital improvement plan for all three jurisdictions. He noted they also looked at operating costs, financial forecasting, and local issues which are in many ways focused around customer service. Mr. Peed noted they have looked at if the jurisdictions wanted to consolidate the systems, how they would phase in consolidation because all three jurisdictions have different rate structures, and this is going to be a major consideration in the implementation phase. He indicated that upfront, and noted he should have probably mentioned it earlier, they are trying to get a good handle on the demand, and how it is going to grow over time. Mr. Peed remarked that in some ways, it sounds rather easy, and they just look at the population projections of the communities of the county, and they projected out, however, as they know in the examples in their own community, there are Pepsi Bottling Group and Gatorade that just buy a tremendous amount of water. He explained that it is somewhat dependent upon the economic development, also. Mr. Peed pointed out that this is another major consideration for having a good water supply, which he believes there is in Wythe County. He noted with this being said, he thinks Mr. Russell Jackson is going to explain some of the engineering discussion, and then Mr. Corbin Stone is going to discuss the financial aspects, and then Mr. Peed noted he will wrap up the discussion. Mr. Peed noted that they will be open for questions, and if anyone has any questions, they will try to answer them. He asked the members to let them know if they have questions. Mayor Crewe thanked Mr. Peed for his comments.

Mr. Russell Jackson was recognized and stated he has a map of the entire county, which shows the Rural Retreat system, down through the remainder of the county, including Wytheville. He stated there are a lot of other small systems in Max Meadows, Fort Chiswell, Ivanhoe, and Austinville. Mr. Jackson explained that once upon a time, these were all isolated systems, and gradually, they have

been growing together with a lot of extension projects that have really made some leaps over the last few years. He indicated that they have looked at all of these systems and looked at system interconnections, capital improvements, and demand projections, and they are trying to get data that they are going to put into the financial analysis that they have completed to see about operating the systems, either independently as they are now, or under a consolidated system. Mr. Jackson advised that as far as the engineering evaluation, the capital improvement plans were a major component of it that they looked at. He indicated that this includes system extensions and demand projections, but noted that this was not the main thing they were looking at. Mr. Jackson explained that the main goal is to decide whether or not the system has a long term plan to meet all their needs and then what that system improvement plan is going to cost. He noted that, obviously, a major concern would be if any of the systems did not have the ability on their own to meet a future need. Mr. Jackson advised that Wytheville and Wythe County were both sort of venturing into that system two years ago, not that they could not meet their need, but they had a supply need, and they partnered together with Carroll County to form the New River Regional Water Authority and developed a new treatment plant and intake source to meet that need. He stated that as far as whether or not all three of the jurisdictions are really in a position to meet the need, fortunately, that is correct, and he thinks all three systems are very strong and have a viable financial position and the capital means to meet those future needs. Mr. Jackson remarked that the one exception that is a big problem for all three systems is water loss. He stated that Rural Retreat is in the process of starting a few projects over the next few years, and the two major ones of those are line replacements to address that water loss. Mr. Jackson advised that currently, Rural Retreat is approaching a 50 percent loss, or 45+ percent. He explained that anything over 30 percent is considered by the Health Department as a significant hazard and a need to address. Mr. Jackson indicated that with those new projects in place, they would assume that Rural Retreat would get close to 70 percent, but until they are actually done, they do not have a good handle on exactly how much of an improvement they would get. He noted that a couple of other projects that Rural Retreat is looking at are the development of an additional spring, the expansion of the water treatment plant, and the possibility of extending service in Smyth County. Mr. Jackson remarked that one thing to keep in mind with doing the line replacements is that, hopefully, they would expect that Rural Retreat would get a significant water savings doing that. He stated that unless there is a larger user or they go through with the extension to Smyth County, they would probably be able to meet their demands over the next ten years with water produced that they are doing right now. Mr. Jackson indicated that Wythe County probably had the largest or the most detailed Comprehensive Plan because they had a countywide study done in 1995, and the County has been working off of that. He pointed out that the County has been pretty much on schedule. Mr. Jackson advised that a few things have changed priority or locations, but in terms of the bulk of the extensions, they are generally along those lines. Mr. Jackson remarked that they have also done several major projects over the last few years, with the most significant being the one that was recently completed with the extension of the Austinville to Fort Chiswell system and transferring water into Wytheville now from the New River Regional Water Authority. He reiterated that water loss is a significant issue for them. Mr. Jackson noted that Wythe County has a few projects on the books now with some additional line extensions and some tank work, and all of those new lines are going to help them in terms of the water loss. He stated that it is weighted sort of heavily from some portions of the old system. Mr. Jackson indicated that they figured that right now, they are at about 35 percent on water loss, which is a little bit below the Health Department's minimum guideline. He noted that, obviously, the lower water loss a locality can get, by far, the better they would be. Mr. Jackson stated one thing to note is with all of these recent projects Wythe County has done, they are going to be adding system users to the new lines and it will help them in the future. He explained that the new lines are going to have a lot less water loss, and they assume they would be at a 5 to 10 percent maximum in terms of loss. Mr. Jackson advised that with all this in place and the users start to connect and they start to get more actual usage going into the household versus some water that may be leaking from some joints, their percentage is going to increase greatly. He indicated that the County, more so than the Towns, has the greatest potential for expansion or increased demand percentage just because right now they have the largest service area and not a very dense development, so there is the potential for a large user to come in any portion of the county and make a rather significant impact on them. Mr. Jackson noted for Wytheville, they operate a little bit differently than Rural Retreat and Wythe County in terms of the capital improvement projects. He pointed out that the Town of Rural Retreat and Wythe County typically fund their capital improvement projects through debt service and Rural Development loans or some other financial funding source. Mr. Jackson explained that Wytheville is rather close to having paid for the bulk of their system with very little debt on their facilities left. He noted that they budget about \$300,000 per year toward capital projects, so it is more of a pay as you go strategy. Mr. Jackson stated they do have one large project planned in the near future, which is a 20-inch waterline to be able to move more water from the Austinville plant through the County system and into the Town system. He indicated that the alignment was selected to try to maximize replacing as much of the worst sections of line and try to work on some of the water loss. He indicated that they are rather similar to Wythe County in terms of the loss at about 35 percent. Mr. Jackson remarked that the one thing to note is it is probably a little bit misleading. He explained that about one third to one quarter of that usage can come in from the industrial park in terms of the billed usage each month, and that is all through a rather new line. Mr. Jackson pointed out that in some sense, that is

masking a higher water loss that probably exists in the older system. He remarked that the Town budgets a significant amount, and they do line replacements each year working on that. Mr. Jackson stated that when they looked at these capital improvement plans, the main purpose was to assess the need and also get a handle on the cost of these. He noted that the reason being is that sometimes the budgets do not actually reflect what may be seen as a potential cost down the road. Mr. Jackson indicated that they looked at some of the specific capital improvement projects that are planned through 2015, and they have a pretty detailed evaluation on what the future budgets will be in order to cover those costs, and they have made some projections out through 2020, which is about as long of a range as they can look at the County for some financial variables. He noted that as far as the cost of each system, too, he did want to point out that it is similar to a car. Mr. Jackson explained that if a person goes out and gets a new car, he/she is going to pay a heavy upfront cost, or he/she is going to get a loan on it, and a person will have loan payments over time. He noted this is the position the County is in on a fair portion of their system that has been recently constructed. Mr. Jackson advised that over time, the County will pay the cost off, or the cost, due to inflation, will appear less substantial than it was 20 years ago when they got the original loan. He stated there will be a lot more maintenance needs on the system, and this is something they are trying to account for. Mr. Jackson advised that Rural Retreat has seen that with the need to replace several of these lines and trying to get a good position on some of that maintenance. He indicated that Wytheville is probably entering into that same stage. Mr. Jackson remarked that as far as demand projections, they looked through 2015 on a specific case by case basis with all the planned projects and also did some extrapolation out through 2050. He noted they are figuring out whether each supply was adequate, and, again, with the Regional Water Authority in place, each system is able to meet their needs. Mr. Jackson advised that there was also the question of whether or not shared supplies are better. He stated that is a definite plus from a liability standpoint of if there is a supplemental source or a shared supply, and if there is any problem with any treatment works, there is the ability to supplement some of that water into the system. Mr. Jackson explained that in order to do that, there would need to be the system interconnections to be able to transfer the water, but the bulk of those has been put in place recently, and Wythe County is looking at an extension down to Rural Retreat currently, which would kind of fill in the last piece of this. He stated that as far as the demand projections for just the County systems, he noted that Rural Retreat is using in the 300,000 gallons a day range. Mr. Jackson indicated that the study shows that over time, through 2050, staying fairly flat, and the reason for this is that density wise it is rather well built out unless they started expanding significantly beyond the town lines. He advised that from 2010 to 2020, they would be looking at the line replacements that would save water, reduce the immediate need, and the supplemental demanded over time as some of the other growth occurs. Mr. Jackson stated that some of the other town projections are showing about .5 percent growth per year over time, which he thinks for about the last 10 years has held rather constant. He noted that if this trend stays, there would not be a significant increase. He pointed out that if the towns started extending water to Smyth County or something like that, they will have a rather significant jump. Mr. Jackson explained that Wythe County, through 2015, has several projects on the books which are either underway or plan to begin construction soon. He stated that there are a fair number of customers out through 2020, and out beyond that, they are projecting about a four percent growth per year. Mr. Jackson advised that if they go back to the studies that were done in 1995 that projected similar growth, and they look at them 15 years later, they have held rather constant in meeting that projected growth. He noted that, obviously, a lot of the demand has been in different areas, for instance Progress Park, being an area that was actually served by the Town of Wytheville, but with some projected growth from when the original studies were done. Mr. Jackson stated that they think over time as that continues up, they will eventually start pushing several million gallons per day. He noted that Wytheville uses approximately 2 million gallons per day, although this is not including Progress Park or the Pepsi plant. Mr. Jackson remarked that they are guessing that this will increase approximately two percent per year over time. He advised that with Wytheville being a hub, there is a lot of draw to develop around there, but the area is, obviously, already rather densely developed. Mr. Jackson noted that the industrial portion, as the members can see, is shown as a range. He stated the reason for that being is that there is a lot of undeveloped industrial park area left, and the potential to expand that. Mr. Jackson indicated that if there is a Pepsi or a Gatorade coming in, there is a significant jump right away, but they may also get manufacturing facilities coming in that do not use water for their production, so it is a variable on what those particular developments may be. He stated that this translates into a total range, and they have shown a line as 80 percent of the current capacity of all the systems combined and showing that depending on the industrial range, the jurisdictions would not exceed that and would not need to expand the New River Regional Water Authority until at least 2027, and possibly out until 2035. Mr. Jackson advised that what this does not include is Carroll County, which they have shown, but they are just connecting their system on now, and there will be a rather significant increase through 2015, when they get the bulk of their connections completed. He noted beyond that, they are showing a nominal increase, approximately 70,000 gallons per day increase per year. Mr. Jackson advised that they can see how that impacts the total water usage. He noted that essentially, the jurisdictions would be looking at an 80 percent capacity of their existing combined sources by 2022 and through 2027 or somewhere in that range. Mr. Jackson stated it is still a fair way off, and basically, there is a lot of supply left. He pointed out that the New River Regional Water Authority is only running at about a third of their capacity right

now at the peak time. Mayor Crewe inquired if the 80 percent capacity is when the Health Department requires the jurisdiction to start planning. Mr. Jackson noted that is correct and inquired if the 80 percent is the need to expand. It was noted that 80 percent is when a jurisdiction has to look at expanding. Mr. Jackson stated he thinks a locality has to have a plan in place by 80 percent, and have the expansion completed when they are at 90 percent capacity. He advised that as far as the financial components, some of the things they pulled out and put in the study were, obviously, the projected supply, build volumes, and purchase costs. Mr. Jackson stated that one of the things they have tried to account for is the cost of the transfer of water between Wythe County and Wytheville. He noted they had to make some assumptions because the systems are transitioning from one way of operation into a new way with the Regional Water Authority on line as Wytheville has cut off their third shift and are now transferring about 1.2 million gallons a day of water through that system. Mr. Jackson explained that they have had to assume the electrical cost and how much labor the County has involved. He noted that the County is also transitioning and starting to cut off some of their wells and purchase more water from the Regional Water Authority. He stated they have had to make some assumptions on the County's operating budgets. Mr. Jackson remarked that a lot of this translates into the debt sharing. He noted that a lot of these projects that were completed recently also had debt sharing agreements in place. Mr. Jackson advised that most of these were locked down rather well, but the pumping costs were really the major ones. He stated they have made sure that they adjusted all the budgets to ensure that everything is accounted for, although it is rather close to begin with he believes. Mr. Jackson indicated that they looked at projected bond debt service for these future projects, the most of which are being funded by Rural Development for the County portion, and the Towns have a fair grant percentage already, either committed or a strong suggestion that they are going to get those. He stated they have looked at cost savings of consolidation. Mr. Jackson explained that they did not identify a lot there because there are some labor areas in which the jurisdictions can save some money, but for the large stint for maintenance items, equipment, etc., they sort of assumed that they will have the ability to do it better but the localities may not necessarily want to cut their budgets.

Mr. Corbin Stone was recognized and advised that they put all of this into a financial item to try to figure out where rates are going to be or what the cost of a delivered thousand gallons is going to be. He stated that for Wythe County, there is kind of a decrease in cost per 1,000 gallons, and then it is bumped out as they anticipated some future debt service on some projects that are just now on the books out in 2014 and 2013. Mr. Stone noted that the members can see that the rates go up and then they start trending down and this is because debt service is flat as a percentage of the budget or as a total dollar amount, and it does not go up with inflation each year, and it is a fixed cost. He reiterated that the members will see a decrease for Wythe County and the cost of a billed thousand gallons. Mr. Stone pointed out that with Rural Retreat, there is an increase mainly because of debt service with the new projects, and that kind of flattens out a little in 2014, and there are some interest only payments in there. He indicated that then, there is a slow increase, and that is getting back to what Mr. Jackson stated a few minutes ago. Mr. Stone advised that Rural Retreat's growth rate is not that great, so inflation is going to creep up on the cost side for Rural Retreat, and if not, there will be an increase in the billing to offset that from their existing customer base and new customers that come on. He indicated that the cost per 1,000 gallons is up there, and, right now, it is just over \$6.00 per 1,000 gallons. Mr. Stone advised that it is going to go up and then it will come down a little bit, and then the long term trend is that it will continue up. He noted that for Wytheville, for the most part, their debt is taken care of. Mr. Stone noted that there is an older system that the debt is paid off, so there is just the operating cost now, so Wytheville is able to produce and sell water rather cheaply. He advised there is a slight increase in 2012 in cost for a project that is ready to go online, and then there is a little bit of a trend up, but they are anticipating that Wytheville will have some additional capital replacement costs. Mr. Stone indicated that Mr. Jackson mentioned water loss a few minutes ago, and Wytheville is going to have to address that over time. He summarized that the costs for Wytheville are going to creep up as it gets into later years. Mr. Stone pointed out that this is rather tough to predict how many lines Wytheville will have to replace in 2020, 2025, or 2030. He stated they expect the line, when they actually get out, to start curving up a little higher. Mr. Stone advised that they were just not comfortable in knowing whether Wytheville will have \$1 million in line replacement in 2020 or \$400,000 in line replacement. He reiterated that they do not know and it is a rather wide range. Mr. Stone reiterated that they expect that for Wytheville, the cost will creep up. He explained the graph, and noted that there are several lines on the graph. Mr. Stone noted that one line is for the consolidation of Wythe County, Rural Retreat, and Wytheville, and the other line is just Wythe County and Wytheville, but they trend right alongside each other. He stated that is just the total cost to combine all of these three systems, which they can expect over time. Mr. Stone advised that, again, it is a little bit higher than Wytheville, and it is probably in the \$5.25 or \$5.30 per thousand gallons billed, where Wytheville by themselves would be \$4.75 or so, but this gives the members an idea. He stated that this is one of the reasons they talked about phasing rates over a period of time, so they can take that gap and stretch it out so that Wytheville's consumers are not faced with an increase in one year. Mr. Stone noted that overall for the consolidation, the members can see there is a steady line going out there, and, overall, a rather low cost to produce 1,000 gallons compared to the three entities individually. He inquired if there are any questions about the graph. There being none, they proceeded with Mr. Jackson continuing the

presentation. Mr. Jackson noted he wanted to briefly list some of the other items. He stated that these are some things that they came up with as far as factors into a consolidation that really do not have a dollar sign or a cost attached to them. Mr. Jackson remarked that these are some of the things they have gotten talking with the various public works directors and administrators for each system, and they also met with the Western Virginia Water Authority and talked with them about things they saw as far as benefits or factors in their consolidation. He noted there were some things they were expecting and other things they were not expecting. Mr. Jackson advised that one of the things that could be expected upfront is an economy of scale. He explained that this will help the jurisdictions in terms of eliminating duplicate tasks. Mr. Jackson indicated that for each system, they have to report monthly, do the billing, and may do certain things like developing county standards. He pointed out with a consolidated system, this is something where there is the potential that maybe there is a little more work involved than one jurisdiction doing it themselves, but some would be less than all three jurisdictions doing it independently. Mr. Jackson noted that there is efficiency in common projects and negotiated contracts. He stated for the Regional Water Authority in Wytheville, there is the potential to negotiate common contracts on chemicals for the treatment plants since they operate similarly. Mr. Jackson noted if they get someone out to do leak detection or meter replacements and they are putting out bids for meters, there is the potential to get out there with a larger volume and bid and be able to do that and get a little bit better competition on the costs. He stated that, also, on the billing, this will eliminate having to track the water that flows in between the systems. Mr. Jackson advised that now, for instance, what goes from the New River Regional Water Authority Austinville plant through the Wythe County system and into Wytheville, there would still need to be meters in place, but it is nice to not have to track that to a dollar and be sharing money back and forth on the water that is moving. He noted that there also may be some other smaller extensions that they want to do for Wythe County and Wytheville that really has not been an issue because both entities partner very well together and have not fought over service areas. Mr. Jackson advised that it has always been who has the better ability to serve the customers better, but this is a chance to kind of lock that in. He noted if there was a consolidated system, there are no political boundaries to worry about on serving water, and this is a guaranteed operating approach for 20 and 50 years down the road. Mr. Jackson stated that the countywide standards have been mentioned as well as a possible cost savings on generating those, and there is a benefit of having the same equipment standardized throughout all the county and town systems. He noted they can stock fuel replacement parts, and contractors that come in know exactly how the work is supposed to be done, and there is less chance that they will have to haggle with a contractor on the type of equipment they want or how they want it installed. Mr. Jackson advised that there is also waterworks staffing. He noted that currently, each waterworks has to keep a little bit of a buffer and kind of a surplus labor force so they have the ability to cover the worst case scenario of the operators being on vacation or someone else calling in sick. Mr. Jackson remarked that if there is a consolidation of all the waterworks together, then they can keep one or two people, and they have the ability to fill in any of those positions. He stated there is the same thing on waterworks equipment and IT equipment and just the ability to possibly do it all in one spot and not have redundant equipment. Mayor Crewe thanked Mr. Jackson for his presentation.

Mr. Stone remarked that on the accounting side, it is one thing that would really benefit Wythe County and Rural Retreat. He stated there is a proper segregation of duties over billings and collections. He stated what they would want anytime there is an enterprise type activity is a separation between the people who are sending out the bills and collecting money. Mr. Stone pointed out that this safeguards the assets so they do not have to worry about a theft, or it greatly reduces the likelihood of a theft. He indicated that there will be the ability to have centralized billings and collections and centralized customer service. Mr. Stone stated the one thing that has to happen is that when this entity is created, it will be self sustaining. He noted there are not going to be any direct or indirect subsidies, and what he means by "direct" is the general fund subsidizing the water department now. Mr. Stone stated it could, and maybe not directly and maybe not transferring money over there, but indirectly through management. He advised they would be paying for the county administrator who may be overseeing that, and they are getting the benefit of a central office and these sorts of things so there can be some indirect subsidies that do not get factored into the rates. He stated that something they noticed at the Western Virginia Water Authority, and advised he has worked with them for five years since they were created, is it is a single purpose government. He indicated if the members think about a county or a town, there is the recreation department, the water department, the building official, and it is a lot of different activities under one umbrella, and it is no easy task to manage that. Mr. Stone explained that when there is a single purpose water organization or single purpose organization, everyone knows what their job is, and they specialize in that. Mr. Stone remarked that everyone there goes to training specifically for the water department. He stated something they have seen at the Western Virginia Water Authority is that every day it is about delivering water and for them treating sewer as well. Mr. Stone summarized that it is a specialized group from the directors down to the other employees. He noted he can tell the members that it really works well. Mayor Crewe thanked Mr. Stone for his remarks.

Mr. Peed remarked that this is a summary of the financial and engineering considerations that they have developed so far along with the intangibles. He stated this is kind of a presentation to explain

what they are going to be doing over the next couple of months and try to see how this system would be implemented. Mr. Peed stated it is figuring out how it is all going to work together and if it is going to be an authority or under the existing New River Regional Water Authority. He explained that it may depend on which governments elect that consolidation is in their best interest. Mr. Peed noted another question is what effect is Carroll County going to have if this is operated under the New River Regional Authority because they will not have distribution and transmission responsibilities, and they are just going to be a bulk water purchaser. He noted there are other considerations such as bonds and all the legal issues that go into not only forming an authority but trying to take debt and managing the existing legal issues and basically transitioning them into a new one. Mr. Peed remarked that these are some of the thoughts. He indicated that he thinks Mr. Stone has mentioned before about how the debts and assets are transferred, and he may want to speak a little bit to that. He advised that Mr. Stone has all the accounting information. Mr. Stone explained that normally, there is a debt agreement with the local governments that while the debt remains in the local government's name, it is transferred to the authority, and the authority enters into an agreement to pay that debt on behalf of the local government, unless the trustees of the bondholders will agree to transfer that debt over to the new authority. He explained that in some cases if it is VRA or Rural Development, they are more than happy to transfer that over. Mr. Stone remarked that, otherwise, there are debt assumption agreements. Mr. Peed indicated that sewer service is another issue. He stated that all three jurisdictions provide sanitary sewer service to the residents, and inquired how this would be dealt with and if they are going to consolidate the billing and collection of the money to a new institution or a new organization and then pay back the existing local government as far as the revenues. He stated all of this has to be considered and the options considered with regard to this issue. Mr. Peed noted that for rate structure equalization, if, in fact, the consolidation moves forward, it will have to be considered about rate structures. He advised that they would be moving toward a centralized rate for all customers, or it could be that certain areas get different rates than other areas. Mr. Peed explained that there are different ways to look at rate structures and equalization. He indicated that, obviously, one consolidated rate would be the most desirable, but they could look at other alternatives that may be out there. Mr. Peed noted that another thing with implementation is customer service, and whether it is a centralized customer service or whether it still has to be localized in the various communities such that the customers can have easier access to it. He stated if it is a Rural Retreat customer, they may not want to have to come to Wytheville to pay a bill or to check into a connection or disconnection. Mr. Peed indicated that they would have to think about how the customer service functions are going to work. He stated decisions would also have to be made about billing payments, billing questions, etc. Mr. Peed noted that someone may have a question about using 10,000 gallons per month, for example, and they may have a problem somewhere. He advised that satisfying the customers in this regard would need to be discussed. Mr. Peed remarked that customers may also call about leaks in their yard as well as adjustments for the leaks. He stated that, again, if for some reason someone's bill is really high for the month, it will have to be decided how the institution is going to adjust for leaks. Mr. Peed noted there may be sewer issues and it will have to be decided how they will share collecting the money, billing the resources, etc. He summarized that these are the different items they are going to be looking at in the implementation phase. Mr. Peed advised that it will take about another two months to finish that, and they will have a report drafted by the end of the year. He explained that this is their schedule, and noted that even though he suggested that the members could ask questions earlier, they could surely ask them right now. Mr. Peed noted that they would entertain any questions that the members might have. A question was asked about how the Regional Water Authority will deal with a notice of violation (NOV) in their particular area and if the Office of Drinking Water would issue an NOV to the town or whatever parameters they are in. Mr. Peed advised that he is inquiring how an NOV is treated under a centralized system and how it is dealt with. He answered that the centralized system will have to deal with any notice of violation. Mayor Litz inquired if the centralized system accepts the notice of violation. Mr. Peed stated that is correct. Mayor Litz remarked that, for example, the Town of Rural Retreat would be out of the business of dealing with the notice of violation. Mr. Peed noted that the centralized system would deal with copper issues, coliform issues, and customer reporting and notification. Mr. Peed noted that with the consolidation, the Town of Rural Retreat would be out of that kind of business. Mr. Jackson noted that it depends on how the systems are consolidated. He explained that each system is separate because there have independent U.S. ID numbers, which is how the Health Department tracks each individual system. Mr. Jackson noted that if they had to do a notice of violation, and it only applied to one of those systems, one public water works identification system, then that would be the only area that would be notified. He stated that they could consolidate and get rid of those, and they could get one common ID number. Mayor Litz noted if the Town of Rural Retreat was kept as an entity, then the Town of Rural Retreat would be responsible, but if it was a blanket system all over, the Water Authority accepts that responsibility. Mr. Jackson advised that is correct, but either way it would be one management organization that would be responsible for it, but it would be a matter of how that is broken up. Mayor Crewe inquired if there are other questions. He noted he is under the assumption that the jurisdictions who combine water and sewer budget wise do not measure sewer and bill it as a percentage of water, but the Town connects them, but Mr. Peed has not connected them at all in the numbers they have run and it has been separated out and inquired if that is correct. Mr. Peed stated that sewer is in the numbers, obviously, and this is where the meter reading is going to have to be translated into sewer usage,

and then billed probably at the same time as the water is billed and probably collected by the same entity, and then that entity would make disbursements to the local governments to cover their costs. He remarked that this can happen in a variety of ways, but this is how he kind of envisions it happening. Mr. Peed explained that with the Western Virginia Water Authority, they found out that some of the vehicle maintenance, and noted he did not know if the county or city was better, but if, for example, Roanoke County had a better vehicle maintenance and equipment maintenance, they would contract to Roanoke County to do that task for the Authority. He noted that conversely, if Roanoke City had a better IT department, the Authority would contract them. Mr. Peed explained that there are a lot of shared costs going on for different activities, so they can go in there and get the most cost efficient approach, and, obviously, the objective is to keep the monthly bills as low as possible. He pointed out that there is a spirit of cooperation and there is a tremendous spirit in Wythe County, and it would not just go away with consolidation. Mr. Peed remarked that this spirit might even become stronger in many different ways. He stated he did not know if he answered the question or not. Mayor Crewe thanked Mr. Peed for his comments and inquired if there are any other questions. Mayor Crewe advised that the Joint Governing Bodies appreciates all of their efforts, and they look forward to hearing from them in the next couple of months as they try to put some firm edges on this matter so they can make some decisions and move forward with this. Mr. Peed stated he did not know the date of the next fifth Monday. Mayor Crewe noted the next fifth Monday will be in November. Mr. Peed stated it will probably be timely and it will probably fit fairly well with what they are doing to make a subsequent presentation to present their findings. Mayor Crewe indicated that the Joint Governing Bodies will place Mr. Peed's presentation on the agenda if Mr. Peed will let them know that everything is on schedule to attend the meeting in November. Mayor Crewe noted the Joint Governing Bodies would be delighted to see them again. He thanked Mr. Peed, Mr. Jackson, and Mr. Stone for their presentation.

Mayor Crewe stated he did not have anyone on the signup sheets who indicated they wanted to speak to the Joint Governing Bodies. He inquired if there are persons present who wished to address the Joint Governing Bodies during Citizens' Period. There being none, he proceeded with the agenda.

RE: OLD BUSINESS

Mayor Crewe inquired if there are any items of Old Business to be brought forward for consideration. There being none, he proceeded with the agenda.

RE: WYTHE COUNTY

Mayor Crewe stated the next agenda item is to hear the report from Wythe County, and he would assume the report would be given by Chairman Sharitz. Chairman Sharitz advised that they do not have anything at this time to present to the Joint Governing Bodies. Mayor Crewe thanked Chairman Sharitz.

RE: TOWN OF RURAL RETREAT

Mayor Crewe stated the next agenda item is the report from the Town of Rural Retreat. Mayor Litz stated one thing he would like to state is that the Town appreciates all the hard work from Mr. Peed, Mr. Jackson, and Mr. Stone, and he thinks there will be a lot more. He advised that unless someone from the Town of Rural Retreat has something to add, they came to listen to the water consolidation study presentation. Mayor Litz advised that they appreciate everything that has gone into the water consolidation study. Mayor Crewe thanked Mayor Litz for his comments.

RE: TOWN OF WYTHEVILLE

Mayor Crewe stated that on behalf of the Town Council, they also appreciate all of the effort gone into the water consolidation study. He stated that the Town of Wytheville has three items they want to bring to the Joint Governing Bodies' attention and to let them know what is going on with the Town.

Mayor Crewe advised that the first item is that in a recent meeting of the Crossroads Regional Industrial Facility Authority, the Town was pleased to learn that there was the potential for a slightly larger dividend this year to participating jurisdictions. He explained that the Crossroads Regional Industrial Facility Authority membership is composed of Wythe County, Bland County, and the Town of Wytheville. Mayor Crewe stated that as a regional industrial facilities authority, jurisdictions can contribute money toward the location of an industrial prospect and, thereafter, share tax revenues that are derived as a part of the project. He noted that next year, it is anticipated that each participating jurisdiction will receive dividends in the amount of \$190,000. Mayor Crewe indicated that the Town is pleased that the Authority could declare these dividends and hopes that there are future projects that will generate employment and revenues.

Mayor Crewe noted that the second item is that the Town has submitted a loan/grant application to Rural Development for certain water system improvements. He stated there are a number of factors that make this an important water improvement project. Mayor Crewe advised that the Town's Water Treatment Plant could reach its capacity, and, therefore, the Town would need to continue purchasing water from the New River Regional Water Authority. He noted that also, all of the consumption within Progress Park is necessarily served by either the Town's water system or the New River Regional Water Authority system. Mayor Crewe advised that in either event, it is important that the Town has the capability of transporting water between the systems to serve various users. He explained that this portion of the project will involve the construction of a 20-inch water line that will be the final segment of line needed to tie the two systems together. Mayor Crewe advised that the second portion of the project would be the improvements and painting of the groundwater storage tanks on Pine Ridge. He indicated that it is important that the Town maintain these storage facilities in a good state of repair. Mayor Crewe stated the total projected cost for these water improvements is \$6,431,000. Mayor Crewe noted that the application, as submitted, would seek a 40-year loan at 2.75 percent for 60 percent of the project or \$3,858,600 of the total cost. He advised that the Town has applied, and would hope they would be awarded grant funds in the amount of \$2,572,400. Mayor Crewe stated the Town has not, as yet, received a response from Rural Development but hopes the Town will receive a positive response in the near future.

Mayor Crewe noted that the third item is that in conjunction with the water line project in Main Street, the Council has also considered other improvements that may want to be performed while this construction is underway. He explained that the white way lighting in the downtown area is served by electrical conduits that are buried beneath the street. Mayor Crewe noted that these conduits have suffered damage through the years, and there are certain segments of the electrical wiring beneath the street that are no longer functional due to deterioration. He remarked that also, it would be helpful to have outlets and other switching devices in the downtown areas for the white lights on the trees and other activities that may want to occur in the downtown area. Mayor Crewe pointed out that the Council believes that the Town should pursue the idea of installing new conduits and wiring in the downtown area while the water line project is underway. He stated given that the street will be under construction, this would be a good time to perform certain other improvements. He noted that in addition, the Town has received grant funds from the Virginia Department of Transportation to develop the Heritage Walking Trail in the downtown area. Mayor Crewe advised that this is a project initiated by the Wytheville-Wythe-Bland Chamber of Commerce and will create a linear walkway between Withers Park and Elizabeth Brown Memorial Park. Mayor Crewe explained that the Town is administering the grant funds for that project. He stated that finally, the Council has been meeting with Mr. Tom Hough regarding the potential for creating charging stations in the downtown area for electric cars. Mayor Crewe explained that Mr. Hough's company is developing prototypes of charging stations that will be used for electric cars as the technology goes forward. He stated that as the Town performs all of these other projects, it would be a timely project to develop these charging stations. Mayor Crewe advised that no timeframe has been established for all of this work, but the Council did want to make everyone aware that these topics were under review.

Mayor Crewe noted that these are the three items that are underway in the Town of Wytheville, and inquired if any Council member has any topics to bring before the Joint Governing Bodies meeting. There being none, he noted this concludes the Town of Wytheville's report.

RE: MOUNT ROGERS PLANNING DISTRICT COMMISSION MEETING

Chairman Sharitz stated he would like to remind everyone of the Mount Rogers Planning District Commission fall meeting that will be held at the Wytheville Community Center on Thursday evening. He noted he hopes everyone will be able to attend. He advised it is the 40th anniversary of the Planning District Commission, so it is kind of special. Mayor Crewe thanked Chairman Sharitz for the reminder.

RE: ADJOURNMENT

There being no further business to discuss, a motion was duly made, seconded, and carried to adjourn the meeting (8:00 p.m.).

Trenton G. Crewe, Jr., Mayor
Town of Wytheville

Sharon P. Hackler, MMC, Clerk of Council
Town of Wytheville