

ONANCOCK REGULAR TOWN COUNCIL MEETING
AND SPECIAL MEETING WITH UTILITY COST COMMITTEE

OCTOBER 27, 2008

6:00 P.M.

TOWN COUNCIL MEMBERS PRESENT:

Fletcher Fosque
Kris LaMontagne
Travis Bradley

Kathyanne Runninger
George Miles
Maphis Oswald

OTHERS PRESENT:

Bruce Paone, Mayor
Susan D. Scott, Town Mgr.
David Rowan, Town Atty.
Bill Bagwell
Sandra Bilinski
Alice & Wayne Brown
Mike Carpenter
Linda Cicoira, E.S. Post
Gary Cochran
Bob Conklin, Util. Comm.
Richard Cole
Billye D. Custis
Vicky Curtis
John L. Dennis, Sr.
Jean & Dario DiDanielle
Joani Donohoe
Wesley Edwards, Util. Comm.
Lynne & Caleb Fowler
Doug Fredericks, CDM
Valena Gibb
Sherri W. Glovier
Laura Belle Gordy, Bd. Super.
Andrew Hannah
Charlotte Heath

Karen Simpson, Admin. Asst.
Bryan Horton, Plant Mgr.
Charles Landis
Lynwood Lewis, State Senator
David R. Lumgair, Util. Comm.
Andrea Mason
E. Philip McCaleb, Bd. Super.
Laura McGowan
Steve Miner, Cty. Admin.
Jack Richardson
Janet & Haydon Rochester
Joyce & Duke Shannahan
Heather & Alan Silverman
John Simpkins
Jack Sturgis
Todd Thornes
Wanda Thornton
Toni Trepanier
Carol Vaughn, E.S. News
Patrice W. Wallace
Cynthia & Leslie Walton
Meta Willett
Shirley Zamora
David Krause

- I. The Special Meeting with the Accomack County Utility Cost Committee was called to order by Mayor Paone at 6:00 p.m. David R. Lumgair, a Chemical Engineer, presented the Charter for the Utility Cost Committee (UCC) and the methodology of their utility cost examination, including feedback information. The emphasis of their examination was on sewer for the central portion of Accomack County. Their approach was to look at the options and choices and compare the sewer service costs. The options included: The Onancock treatment plant being the hub of a staged trunk line from Belle Haven to Parksley. They looked at small systems throughout the County and disposition costs of land treated water, including pump and haul disposition costs. The final option would be to do nothing. Their progress to date includes collecting cost information, discussing options with interested Towns, reviewing previous studies, agreements, reports and meeting notes, and developing costs using available studies and vendor information. Tables were presented showing relative customer costs for sewer service in 2010 and Onancock's 2009-10 annual sewer operating costs. Charts presented included 2009-10 projected revenue from 2006-07 existing businesses and new businesses, and adjustment for shortfall. In the State of Virginia, the range of sewer costs in \$ per month for 250 gal. per day (gpd) per customer ranges from \$30-80. Onancock is about \$80 now. An alternative could be Accomack County installing a sewer treatment plant outside of Onancock and building a land disposal system at a cost of \$800-1100 a month per 250 gpd customer. Parksley is charging \$66 for mound. A side-by-side summary of options was summarily explained by Mr. Lumgair. Alan Silverman asked why Onancock's bills are so high compared to other options. It was explained that construction costs were the main reason, but that only 20% utilization and high intrusion (rainwater & leaks) were the other reasons. We have between 200 and 95,000 gpd intrusion - water leaking in that has to be processed as sewage. Our operating rate is between 33-47% and the unused capacity is 400,000 gpd. Accomack County runs pressurized pipe, therefore, does not have any intrusion. Exmore installed a minimal intrusion system, using vacuum or pumps. A smaller plant than 750,000 gal. could be built if we corrected our intrusion problems. Regarding the 2009-2010 sewer operating costs, \$1,017,000 is the amount projected for 2010 that needs to be recovered. Patrice Wallace of the Onancock Coin-op and Car Wash was voluble about their unaffordable water/sewer costs, which might force them to leave Town. She asked if the Town could offer anything to them to stay?

The 2009-10 projected revenue table shows 729 residential users using 103,000 gpd, or 143 gpd per customer, generating \$554,081 a year. The commercial users are using 136,353 gpd and generating \$199,725 a year, for a grand total of \$753,807 using 2006 flows. The "New Business" table shows potential billable sewage gallons at 160,527, for revenue of \$900,106; but \$850,000 is a more realistic figure. The shortfall between money needed to cover the operating cost and the identified businesses is 18.8%, meaning our rates have to go up 18.8% in order to pay for the new treatment plant. Therefore, an Onancock customer using 250 gpd would be paying \$116 and one using 2,000 gpd would be paying \$1,208 a month. An EDA customer using 2000 gpd would be paying \$1,570 a month. All of these tables are based on usages staying at they are currently. 100 residences separately connected using 15,000 gpd would pay \$9,157 per month to be connected to Onancock. Summary charts were presented in a side-by-side format comparing Onancock figures to connecting another town to stand-alone systems to PSA to cost of adding land disposal, etc. A \$1M grant reducing loan @ 2.75% for 40 years reduces the annual cost by \$41,500 a year, thereby reducing customer cost 5%. An additional 10,000 gpd customer on the EDA line increases revenue \$61,800 a year, thereby reducing customer cost by 8%. Conclusions of the Utility Cost Committee will be shared with the Accomack County Board of Supervisors before Onancock Town Council. Mr. Lumgair asked everyone to look at the numbers presented and understand what they are saying. They do not think that the current plant will ever get filled up. When asked by Councilwoman Oswald what Council's next step should be - what direction they should take - Mr. Lumgair proposed that if Council could get out of the Contract, cut the size of the plant down to a minimum and go after the intrusion. Market growth would be covered after intrusion is gotten out of the plant.

David Krause commented that we are in a position that is not good for the Town. Is it not incumbent to look at these options to put us in the best position for the future? Caleb Fowler asked what are the personal observations of Mr. Lumgair regarding his conclusions after having studied the numbers. Mr. Lumgair opined that the proposed plant is too big and the cost too high.

Doug Fredericks, the CDM engineer, prompted the gathering that the cost of the expanded sewage treatment plant is \$14 million. We have received \$7.1

million in grants thus far. Onancock is paying 50 cents on the dollar for the facility. He remarked that the Town would lose all or a portion of the grant funding if the size of the plant was changed, meaning the Town's portion could increase in cost. The waste load allocation for the water treatment plant being discharged into the Chesapeake Bay will be based on the size of the plant as of December 31, 2010. If the plant capacity was only 250,000 gallons at that time, it would be the biggest we would ever be able to build. DEQ advises that 250,000 is not big enough. We need at least a 500,000 gallon capacity plant. 35% of the system has been slip-lined causing an increase in flow. The only way to affect intrusion is to fix everybody's sewer laterals. Most metropolitan areas are in the process of doing this. Hampton Roads is under regional consent order and will increase their rates every year for the next ten years to take care of intrusion. Councilwoman Oswald inquired whether a 500,000 gallon plant would have taken care of this or not? Mr. Fredericks answered that a 500,000 gallon plant is 80% of the cost of a 750,000 gallon plant. Shirley Zamora remarked that the expected population growth has not happened here. She suggested Council look again at all of the figures, the contract and what DEQ requires before making a final decision, as the contract is only for 550 days. 2010 is further away than 550 days. Mr. Fredericks offered other factors to consider: 1) Pay contractor \$1-1 1/2 million to cancel the contract; 2) \$1/2 million for redesign; 3) If reopen grants because of the budget crises, all or a portion of the current grant(s) may be lost; and 4) It would probably cost the Onancock citizens more to build a smaller plant. Nearly every alternative presented has been looked at in the past. It would cost \$2-2 1/2 million to eliminate intrusion, which cost could be passed onto the citizens, as water quality improvement is all that is grant eligible. 0-2 1/2% loan interest would be nearly impossible to get now. We would risk losing the waste load allocation and then the State would most likely put us under consent order if we cancelled the expansion. The expansion to 750,000 was chosen rather than addressing intrusion.

Mr. Edwards informed Council that the Utilities Cost Commission was charged with looking at County costs, which it did. He feels the Town should be looking at what happens if the Town loses the County business. It would cause a 40% rate increase. Mr. Fredericks does not think the contractor would negotiate a smaller payoff if they were selected to build a smaller plant. Alan Silverman asked if there was enough sewage available to bring into this plant to operate it at a reasonable level of capacity equalization, even if a deal had to be cut with the other parties to prevent them from financing their own facilities. What is the

reality of these alternatives? The Town Manager advised that the EDA would consistently have the same flows, Bogangles was allotted 4000 gpd, Walmart - 7000 gpd, Cheers - 1250 gpd, Four Corners - 10,000 gpd and Redwood Gables, Wendy's, Dr. Chen and Rural Health - 10,000 gpd each. John Simpkins wondered if the \$1/4 million shortfall (cost vs revenue) had been examined by Council or the Town Manager? Is this shortfall going to require rates to climb even higher than anticipated? The Town Manager apprized Mr. Simpkins that the projections were done to year 2020. If we don't get the proposed contractual agreements, we would be in a deficit in 2009/10, but she would have to look at the expenditures. Virginia Resources Authority, the DEQ Revolving Loan Fund, DEQ Water Quality Improvement Fund, Rural Development, and EPA Stag personnel have reviewed all of the figures and data. She said the possible \$303,000 revenue shortfall for 09/10 does not take into effect what expenditures can come off of it. Andrea Mason wondered how we would be affected if EDA pulled out of their agreement with us and the car wash and coin-op left Town. Councilman LaMontagne expressed his disappointment that everyone cuts and runs taking care of their own pile of stuff when the Town is in a crisis. He feels we should be working together - Accomack County, Town of Onley, EDA, Board of Supervisors and Onancock. The Town has infrastructure. Mr. Edwards opined that they want to find a way to utilize the best possible situation, but find best cost. Mr. Lungair informed the gathering that the \$3 million collection system includes the pipe coming down the Street. \$2,000 is the connection fee from the house to the pipe in the street. In their forecast, the committee added \$14,000 gallons of EDA usage and used typical billable gallons for each regular customer. They knocked off 40% from Onancock's rates. They did not consider WalMart and took no shrinkage because of higher costs. They looked at figures as to what is the realistic billable flow.

Councilwoman Oswald thought a work session would have been productive between the County, EDA, Onancock and the Utilities Cost Commission. She doesn't know how anybody in their right mind can agree with a 750,000 gal. sewage treatment plant as the right move, with high water/sewer bills and a shortfall. Shirley Zamora feels that Onley does not need to hook up to Onancock. Growth is not in central Accomack County. The need that was projected is wrong. Council needs to find time to find a solution. Mr. Fredericks advised that DEQ has laid off most of their permit crew and told people not to submit; therefore, a 2-3 year delay will occur and reduced grant funding. When Anne Nock asked the commission for a summary, Mr. Edwards commented that

a recommendation to the County would be hard pressed to recommend the highest rate in the State, even though he thinks it is an asset. When the numbers are published, businesses will go out and do it on their own. The shortfall around \$200,000 is short-term (up to 2012). They want to work with Onancock, but want an economical situation. Mayor Paone reminded the commission that the Town has tried to work with the County for six years, but it has not worked out. He understands Hampton Inn was refused by EDA. A mound system costs \$15-20,000.

Mayor Paone adjourned the public hearing at 8:00 p.m. and called a 5 minute recess.

- II. The regular Town Council meeting was called to order by Mayor Paone at 8:10 p.m., after which the Pledge of Allegiance and invocation were recited.
- III. Councilman Miles made a motion to waive the reading of the Town Council minutes for September 22 and 29, 2008, Councilwoman Runniger seconded the motion, and it passed unanimously. Councilman Miles made the motion to accept the Town Council minutes of September 22 and 29, 2008 as presented, Councilman Bradley seconded the motion, and it passed unanimously.
- IV. Public Comment. Sandra Fox asked for an update regarding the firehouse siren. The Town Manager is awaiting to hear from the Fire Department.
- V. Mutual Aid Agreement. Councilman Miles made a motion that Town Council direct the Mayor to sign the Mutual Aid Agreement with Onley regarding the Police Departments, Kathyanne Runniger seconded the motion, and it passed unanimously. Regarding adoption of a resolution from the funding agencies, Councilman Miles made the motion that Town Council adopt a resolution amending and ratifying a prior resolution authorizing and approving the issuance and sale of Onancock general obligation wastewater bond, series 2008A in the principal amount of \$2,398,000 and provide for the form, details and provisions for the payment and security thereof, Councilman LaMontagne seconded the motion. Councilwoman Oswald disagrees with adopting this resolution and signing off on \$2 million. She was advised that bond counsel will not sign it if Town Council does not approve it. After further discussion, a vote was taken, which passed by a majority of the vote.

AYES: George Miles, Kathyanne Runniger, Travis Bradley,
Kris LaMontagne and Fletcher Fosque.

NAYS: Maphis Oswald

- VI. Planning Commission Report. Chairman, Mike Carpenter, reported that only the Town Plan was discussed, which is just about ready. The Planning Commission suggests that Town Council go to public hearing regarding the Flood Ordinance map date change, which is a one line change, and the Friends of Onancock School setback matter. Councilman Miles made the motion to schedule a public hearing at the next Town Council meeting regarding the map date change in the Flood Ordinance and to schedule a public hearing regarding the setback requirements of the property rented by Friends of Onancock School on College Avenue, both to be held at 6:30 p.m. on November 24, 2008, Councilman LaMontagne seconded the motion, and it passed unanimously.
- VII. There was no Mayor's Report.
- VIII. Town Manager's Report. i. Correspondence: a) letter from Jason Loftus, Director of Dept. of Public Safety re firehouse siren; b) memo from Police Chief Heaster re scooters, golf cart, gators and lawn mowers was read into the minutes. Councilman Fosque recommended a "no motorized vehicles" sign be replace the "no trespassing" signs on the FOS property; c) letter from Hunter McCardle re Onancock Landing; d) memo to Council re budget cuts. Councilman Fosque and Councilwoman Oswald think Council should revisit the budget, especially regarding the salary raises done. Council agreed with the immediate cuts in the Town Manager's memo; and e) memo from Dept. of Criminal Justice Services re adjustments to allocations for FY 2009.
- ii. Councilman Miles made a motion to adopt Resolution No. 2008-12 regarding regional water supply planning, Councilman LaMontagne seconded the motion, and it passed unanimously.
- iii. A Personnel Committee meeting was scheduled for November 7, 2008 at 1:00 p.m. in Council Chambers.
- iv. The Town Manager is working with the Town Attorney on the water ordinance - in process of reviewing with the draft.
- v. Meeting/activities for November 2008:
- a. November 4th - Election Day

- b. November 18th - Planning Commission Meeting @ 7 p.m.
- c. November 24th - Town Council Meeting @ 6:30 p.m.

- d. Thanksgiving Holiday – Town Office closed Nov. 27th & 28th.

IX. Mayor and Town Council Comments. Discussion followed regarding what the cost would be to cancel the current contract for the sewer treatment plant expansion. Adjusting the rate schedule to attract more users, giving corporate users an industrial rate and negotiating with EDA were suggested.

X. Councilman Bradley made the motion to go into Closed Session pursuant to Section 2.2-3711(A)(7) of the Virginia Freedom of Information Act for the purpose of consulting with legal counsel regarding specific legal issues with the Town's water and sewer contract with the Economic Development Authority of Accomack County, Councilman Miles seconded the motion, and it passed unanimously.

AYES: 6

NAYS: 0

Councilwoman Oswald made a motion to come out of closed session pursuant to Section 2.2-3711(A)(7) of the VA Freedom of Information Act, Councilman Bradley seconded the motion, and it passed unanimously.

AYES: 6

NAYS: 0

See Certification as to Closed Meeting appended to these minutes.

Mayor Paone adjourned the meeting at 9:55 p.m.

Fletcher Fosque

Bruce Paone

Vice Mayor

Mayor

Town Council Minutes

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Attachments:

Certification

Revenue & Expenditures - Budget to Actual

Wharf Report

Sewer Treatment Plant Report

Police Report

Galway Bay Wastewater Contract Document

