

At a **public information session** of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center at 26022 Administration Center Drive, Courtland, Virginia on May 6, 2003 at 7:30 PM.

SUPERVISORS PRESENT

Reggie W. Gilliam, Chairman  
Eppa J. Gray, Jr., Vice-Chairman  
Carl J. Faison  
Dallas O. Jones  
Charleton W. Sykes  
Ronald W. West  
Walter L. Young, Jr.

SUPERVISORS ABSENT

None

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)  
J. Waverly Coggsdale, III, Assistant County Administrator  
Julia G. Williams, Finance Director  
Cynthia L. Cave, Community/Economic Development Director  
Susan H. Wright, County Administration Executive Secretary

Vice Chairman Gray called the meeting to order at 7:30 PM. Supervisor West led the *Pledge of Allegiance* then gave the invocation. (*Note: Chairman Gilliam did not arrive until after the start of the meeting, thus Vice-Chairman Gray officiated.*)

Vice Chairman Gray thanked everyone for attending and informed that the purpose of this public information session was to provide information and answer questions about establishing a department of public utilities in Southampton County. Proposed rate increases would also be discussed. Customers would have the opportunity to comment on the proposal at a public hearing on Monday, May 19, 2003 at 7:00 PM. He advised those interested in obtaining printed copies of the material shared this evening to see Mr. Michael Johnson, County Administrator, immediately following the meeting. He announced that Mr. Fred Pribble and Ms. Sheryl Stephens of Draper Aden Associates would provide an overview of the utilities management plan their firm had developed for the County, and Mr. Johnson would provide extensive background information.

Mr. Fred Pribble of Draper Aden Associates advised that the process of developing a utilities management plan for the purpose of establishing a public utilities department for the County had been ongoing for almost a year, and they had worked closely with and received a lot of input from County staff and the Board of Supervisors. He hoped that after their presentation, the customers would have a better understanding of the process.

Mr. Michael Johnson, County Administrator, advised that the Towns of Capron and Ivor had their own systems and were in no way affected by tonight's discussion. The County systems they would be talking about were Edgehill, Courtland sewer system, Drewryville water system, Branchville water and sewer system that was also utilized by Boykins and Newsoms, the Agri-business Park, which was connected to the Courtland wastewater system, and a small line extension that served the International Paper Converting Innovation Center just outside of Franklin. He reported that the County provided over 1400 customers with either water or sewer service or both.

He informed that the County had 2 wastewater treatment plants, one of which was in Courtland and the other in Boykins serving Boykins, Branchville, and Newsoms. They had 3 elevated water tanks located in Boykins, Newsoms, and the Agri-business Park. Those tanks were 300,000, 200,000, and 150,000 gallon tanks respectively. They had a 20,000 gallon ground storage tank at the wells in Branchville, 7 small-pressure tanks connected to wells in Drewryville, Edgehill, and Newsoms, and 12 emergency generators. They had 11 water wells that supplied water to all the customers, and 23 sewage pumping stations between Courtland, Boykins, Branchville, Newsoms, Edgehill, and the Converting Innovation Center. In addition, they had roughly 133 fire hydrants and more than 50 miles of piping to maintain.

Mr. Johnson stated that no single event or decision by the County caused the problems with the water and sewer systems they were now facing, but rather cumulative decisions over many, many years. He provided a chronology of the County's acquisitions of and developments of water and/or sewer

systems beginning with the acquisition of the Edgehill system in 1975. From 1980-1992, the County constructed the Courtland sewer system and acquired the Drewryville, Branchville, and Newsoms water systems, and Boykins water and sewer systems. Each system operated independently with the revenues and expenses of each accounted for separately. In 1994, the Board began discussing a regional project that would involve mainly Boykins, Branchville, and Newsoms, and began talking to lenders about borrowing money. The lenders required that they develop one uniform system with a uniform rate for all customers. So in 1994, the Board adopted its first uniform rate schedule and initiated a \$14.1 million regional project that included construction of the Boykins Wastewater Treatment Plant, extended sewer service into Branchville and Newsoms, sewer improvements in Boykins, and improvements in Edgehill. Narricot Industries was also added as a system user. The Boykins Wastewater Treatment Plant was completed in 1996 and began operating in August. Customers in Newsoms and Branchville who did not have sewer service could now connect to the system and at uniform rates. He noted that the current rates paid by all County water and/or sewer customers were the same as those adopted and implemented in 1996. In 1997, the last two major utilities projects, the Agri-business Park and the Converting Innovation Center line extension, were completed.

Mr. Johnson advised that soon after the regional project was implemented, they began to suffer financial woes. The Board recognized that the utility customers would not be able to pay the debt associated with that project. As a result, they began budgeting the annual debt service (slightly more than \$325,000 a year) out of the general fund (comprised of general tax revenues), and that trend had continued each year since 1997. He noted that the water and sewer fees the customers paid monthly funded the operation and maintenance of the systems, but not any of the debt. After much strategic planning, the Board wanted to focus on improving customer service, meeting the capital needs of the older systems, and maintaining equitable rates. Knowing that would be difficult, they began to explore other options. In 1997, they had discussions with the Hampton Roads Sanitation District (HRSD), who was responsible for the treatment of wastewater in Hampton Roads. That organization offered a proposal to take over all the County's systems. Also in 1997, the Board received a proposal from the Greenville County Water and Sewer Authority (GCWSA) to purchase the County's water systems. The Board took that proposal under advisement, as discussions with the HRSD were taking place. The Board ultimately rejected the proposal by the HRSD because that organization was governed by an independent board of directors, and the County would not have any input on future needs or rates. The proposal by the GCWSA was the same type, in that the Board would have no control, thus was never revisited.

He continued that in 1999, the Board began having discussions with the Sussex Service Authority (SSA) about the possibility of a full utility merger between the 2 organizations. Draper Aden Associates prepared a feasibility report that indicated it was in the best interest of both organizations to pursue a merger. He noted that the report also identified \$1.3 million in capital improvements to Southampton's systems that were needed over the next 6 years. One of the requirements of the merger was that the Board of Directors of the SSA would have to approve it, along with each of its member jurisdictions, which was Sussex County itself and the Towns of Waverly, Wakefield, and Stony Creek. The SSA Board of Directors and all of the member jurisdictions, with the exception of Stony Creek, approved the merger. Since Stony Creek rejected it, the idea of the merger was "killed". In response to that, last year the Board asked Draper Aden Associates to prepare a utilities management plan to try and deal with some of the issues.

Mr. Johnson informed that regarding the public utilities sector, which was funded by the water and sewer fees paid by the customers, they had 1 supervisor at the Boykins wastewater treatment plant, 1 chief operator at the Courtland plant, 3 other operators that covered the shifts between Courtland and Boykins at those plants, and 2 operator trainees. The Courtland plant was staffed 8 hours a day, 7 days a week, and the Boykins plant was staffed 16 hours a day, 7 days a week. Only 4-5 people were on duty at any one time. The public utilities staff operated and maintained the plants in Boykins and Courtland. In addition to operating those plants, the staff was responsible for operating and maintaining the wells in Boykins, Branchville, Newsoms, Drewryville, and Edgehill, collecting all required samples for the Virginia Department of Health and Virginia Department of Environmental Quality, and performing lab tests. They had to check the 23 sewage pumping stations daily to ensure proper operation and were responsible for the grounds and housekeeping at the plants and sewage pump stations. They also had to locate and identify all County utility lines for Miss Utility, which was a service for anyone needing to dig underground. Regarding the public works sector, which was funded through the property taxes, they had 1 director and 5 equipment operators. They were responsible for the collection and disposal of solid waste at 14 County sites that were typically served twice a week.

Ms. Sheryl Stephens of Draper Aden Associates thoroughly explained that essentially their Utilities Management Plan proposed to revamp the utilities sector of the County and to develop a separate utilities department. The department would have a director, 3 maintenance crew members, and 2 meter readers. The salaries and benefits of those positions were estimated at \$251,356. This crew could more cost-effectively handle emergencies, address ongoing maintenance, repair, and preventative maintenance to an aging infrastructure, and improve customer service, which was the primary purpose of the project. Equipment and vehicles estimated at \$358,000 and materials estimated at \$75,000 would be needed. In addition, a building for the crew and for storage of equipment and supplies would need to be constructed and was estimated at \$45,000-\$50,000. She explained that the current water/sewer flat rates were not adequate to pay for this project, and as a result, would have to increase on average 33 percent, from \$45/month to \$60/month (for residential customers with both water and sewer served by the County). The residential water rates would increase from \$18.50 to \$24.50 per month and residential sewer rates would increase from \$26.50 to \$35.50 per month. She noted that rates would be lower for commercial customers, but residential customers comprised the bulk of the customer base. They proposed to begin metering customers by January 1, 2004 and to complete the metering program by July 1, 2004. In FY 2005, all water/sewer bills would then be based on metered usage. She stated that the proposed water/sewer rates were very high but were required to break even until actual water usage could be determined (by the metering program).

Mr. Michael Johnson, Mr. Fred Pribble, and Ms. Sheryl Stephens welcomed citizens' questions and concerns.

Ms. Virginia Young of Drewryville stated that the residents there had been very satisfied with their water system and apparently had not had the problems that other localities had had. They were also very satisfied with the monthly rate of \$18.50 that they currently paid for the water service.

Mary Adie Flowers of Drewryville stated that Mr. Johnson and Draper Aden Associates had done a fine job in making their presentation. She added that the utilities crew had always promptly and efficiently taken care of any water problems they had in Drewryville, as she could not remember ever being without water. She advised that she was particularly concerned about the water and sewer rate increases given other factors that the economy in Southampton County was facing. There was a drought last year and many farmers did not make any money on their crops, the peanut industry was fading, the value of land was down, and globally the stock market was down. She stated that the Board had always made good decisions on what was best for the County. She did not have the answer to what was best, but asked that they carefully evaluate the water and sewer issue. She mentioned that she read in *The Tidewater News*, that the proposed rates for water and sewer service were required to just break even, and that a tax increase would also be necessary.

Mr. Johnson clarified that if the Board chose to fund the public utilities through the general fund, which was an option, although not a very palatable one, it would require a tax increase. He explained that the water and sewer rates would have to increase to fund the public utilities *or* taxes would have to be increased, but not both.

Mr. Arthur B. Harris, Jr, Mayor of Branchville, asked why the residents of the Branchville area had to pay \$11,800 to tap into the sewer connection that was located just across the road? Mr. Johnson replied that due to the geographic location of that new sewer connection in Branchville, the depth and location of the sewer line that was on the opposite side of the road was deep enough that it required the use of equipment they did not have. As a result, they had to contract out that particular job. They got competitive estimates and passed on the direct cost of installing the connection to the customer with no markup. The customer then had to decide if they wanted to connect or not. Mr. Harris commented that the job took about 11 hours, and that was a very steep fee for 11 hours. Mr. Johnson agreed, but reiterated that the job required special equipment and that they did get competitive estimates.

Mr. Vanless Worrell of Newsoms asked why everyone that should be connected to the systems was not? Mr. Johnson replied that he would be glad to talk to him specifically, but was unaware of anyone that was not connected under the mandatory connection laws. Mr. Worrell asked if the County would consider taking over the Courtland water system? Mr. Johnson replied that they would certainly be open to discussions with them, but that question needed to be asked to the Courtland Town Council, who would make the decisions regarding that system.

Mr. Worrell asked if persons who had a business license to operate a business out of their home were billed as commercial or residential customers? Mr. Fred Pribble replied that they were treated as

residential customers. The individual commented that perhaps they could look at treating those persons as commercial customers in an effort to provide savings to them.

The resident then asked if the trailer courts serviced by the County had individual water meters? Mr. Johnson replied that some had individual water meters and others had a master meter, in which the park itself paid the bill and assessed a fee to each tenant.

Someone stated that since the County only served 1400 people, was it worthwhile to create an entire department devoted to utilities? Mr. Johnson replied that it really was not a new department, but rather a new maintenance division. They were trying to get all the utilities under the umbrella of public utilities, and provide better customer service and ongoing maintenance to the aging infrastructure.

Ms. Margaret Wilroy of Boykins commented that she was in favor of the creation of the utilities maintenance division and the rate increases if the crew could address the aging infrastructure rather than "spot fixing" on an emergency basis.

A Drewryville resident remarked that Drewryville had a lot of old people and they did not use a lot of water. Ms. Sheryl Stephens stated that they may find that out when they began metering the customers, but currently there was no way to tell how much water the customers were using.

Mr. Fred Pribble clarified for another Drewryville resident that in 3-5 years, they would most likely see another increase in the rates, as little growth was expected. He pointed out that in most localities, rate increases every 3-5 years were typical due to inflation, regardless of growth.

Mr. Spier Edwards of the Boykins Town Council asked what was the balance on the \$14.1 million that was borrowed? Mr. Johnson replied that they did not borrow the entire \$14.1 million; about half of that amount was funded with grants, and the other half was financed. He thought the balance was over \$3 million. Mr. Edwards asked if any other grants were available? Mr. Johnson replied that there were not many favorable grants available because they did not pay for any operations or maintenance, which was what they were looking for.

Someone asked how other localities could charge lower rates? Mr. Pribble replied that Southampton County had aging infrastructure, a smaller customer base, and was spread out over a large area. Other areas may have more miles of piping, but it was more compact.

Someone asked how the Sussex Service Authority, who serviced a customer base similar to Southampton County, and was actually interested in taking over Southampton's system, were so successful? Mr. Johnson replied that substantial revenue generators for them were the Sussex I and II prisons. Those prisons were actually the catalyst for the creation of the Sussex Service Authority. He noted that the idea of a merger with the Authority was so attractive to the Board because they could provide services at a much lower cost than Southampton County.

Another person asked why Stony Creek rejected the merger between Southampton County and the Sussex Service Authority? Mr. Johnson replied that he could not speak for Stony Creek, but speculated that perhaps they were not getting a lot of attention, as they were the smallest locality serviced by the Authority, and thought if the system expanded, they would get even less.

At the conclusion of the citizens' question and comment session, Vice-Chairman Gray thanked everyone for coming and reminded that the public hearing regarding the utilities management plan would be Monday, May 19, 2003 at 7:00 PM.

The meeting was adjourned at 8:55 PM.

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Reggie W. Gilliam, Chairman

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Michael W. Johnson, Clerk