



TOWN COUNCIL
Special Meeting
Town Hall
January 22, 2009
Immediately Following Executive Session

At approximately 6:40 p.m. at the Town Hall, Mayor Dora Sullivan called to order the Special Meeting of the Town Council. In addition to Mayor Sullivan, present were Councilmen Bannon, Bennett, Burdiss, Elliott, Evans and Veber. Also present were Town Manager Joe Vaccaro, Assistant Town Manager Heather Arcos, Town Consultant Bob Panek and Town Clerk Libby Hume. Several other members of staff were present as well as approximately 40 members of the public.

CONSENT AGENDA:

Motion made by Councilman Bannon, seconded by Councilman Bennett and unanimously approved to accept the agenda as presented.

Councilman Bennett stated that, due to a conflict of interest with his employment status with Bay Creek, he would not participate in the discussion or vote regarding the wastewater system but he would remain in the meeting for informational purposes.

BUSINESS:

A. Wastewater System:

Bob Panek read the staff report regarding the Webtide unsolicited proposal to build and operate a regional water and wastewater system to serve Cape Charles, Cheriton and portions of Northampton County as a Public-Private Partnership.

Motion made by Councilman Bannon, seconded by Councilman Veber and approved by a majority vote to reject the unsolicited proposal. Councilmen Bennett, Burdiss and Elliott abstained from the vote due to a conflict of interest regarding regional wastewater plant issues. Roll Call Vote: Bannon – yes, Bennett – abstained, Burdiss – abstained, Elliott – abstained, Evans – yes, Veber – yes.

Bob Panek stated that the next portion of this meeting was to decide on the size of the wastewater treatment plant. Councilman Evans asked that the Town Council have some discussion regarding the proposed location for the wastewater treatment plant before a final decision is made. Mayor Sullivan indicated that Council could discuss this issue at a future meeting.

Bob Panek introduced Barry Woods and Vince Maillard of Stearns and Wheler prior to beginning his presentation regarding wastewater treatment plant alternatives. Bob Panek reviewed the growth projections over the next several years which showed that a 250K GPD plant could reach capacity by 2013. The State of Virginia has issued a regulation that the 500K GPD plant must be on line by January 2011 or the waste load allocation (WLA) would be reduced to that of a 250K GPD plant accelerating the need for effluent reuse which would increase the costs significantly due to the need for effluent reject and off-season storage, pumping and pipeline. There was discussion

regarding the available grants, the Bay Creek contribution, the annual debt service and connection fees to cover the capital cost.

Bob Panek presented four (4) alternatives as follows: i) 500K Gallons Per Day (GPD) with the current design in which all tanks are concrete. The cost for this alternative is approximately \$23.5M, but may be reduced further depending on the bid packages that are received. With grant funding, the cost could be reduced to approximately \$14.1M and with 30-year financing, the debt service would be approximately \$888K annually; ii) 500K GPD “Bare & Ugly” which contains a steel membrane tank and support equipment with a steel sludge holding tank. The cost for this alternative is approximately \$22.7M but some elements will need to be replaced sooner than those in the first alternative. With grant funding, the cost could be reduced to approximately \$13.6M and with 25-year financing, the debt service would be approximately \$966K annually. The financing was reduced to 25 years due to the life expectancy of this type of plant; iii) 250K GPD with the current design which is a lesser version of alternative #1. The cost for this alternative is approximately \$16.5M. With grant funding, the cost could be reduced to approximately \$9.9M and with 30-year financing, the debt service would be approximately \$624K annually; iv) 250K “Bare & Ugly” which is a lesser version of alternative #2 with an approximate cost of \$16M. With grant funding, the cost could be reduced to approximately \$9.6M and with 25-year financing, the debt service would be approximately \$682K annually.

Throughout the presentation, Bob Panek stressed the importance of making a decision regarding the size and type of plant due to the January 2011 deadline.

Motion made by Councilman Evans, seconded by Councilman Bannon, to change the Wastewater System to an action item on the agenda. The motion was approved by a majority vote, with Councilman Bennett abstaining.

Councilman Evans asked Bob Panek whether staff had a recommendation to which Bob Panek responded that he would recommend proceeding with alternative #1 based on the value of preserving the WLA and the significant cost of effluent reuse.

Motion made by Councilman Bannon, seconded by Councilman Evans, to approve alternative #1 which is the 500K GPD with the current design.

There was much discussion regarding a 500K GPD plant vs. 250K GPD plant and the difference in cost. Councilman Burdiss asked about financial penalties if the Town did not meet the January 2011 deadline. Bob Panek stated that, initially, there would be no financial penalties, but once the flow increases, even within the 250K capacity, there could be some fines assessed to violating the WLA. There was some discussion regarding the possibility of a nutrient credit exchange with other municipalities but Barry Woods stated that currently there were no credits available for purchase on the Eastern Shore of Virginia. It was noted that the cost difference between a 500K GPD and a 250K GPD plant would be approximately \$7.5M and with grant funding the cost difference would be about \$4M. Vince Maillard stated that approximately \$6M in grant funding would be lost if the Town does not build a 500 GPD plant. Additionally, the cost of effluent reuse and construction costs would be higher several years down the road and the nutrient removal grant money would not be available. Vince Maillard suggested that the Town Council approve the 500K GPD plant at this time so Stearns

and Wheler could re-start the design phase and if, at a later date, the Council decides to reduce the size of the plant to 250K GPD, adjustments could be made to the design to accommodate this change. Bob Panek again stressed the stringent timeframe and stated that six (6) weeks from the original schedule have already been lost. Councilman Evans agreed that Vince Maillard's recommendation was a very viable suggestion allowing more time for further discussion regarding this issue if needed.

The motion was approved by a majority vote. Roll Call Vote: Bannon – yes, Bennett – abstained, Burdiss – no, Elliott – yes, Evans – yes, Veber – no.

Councilman Evans requested that an alternate location for the wastewater treatment plant be considered for the following reasons: i) a new development has been approved for the property adjoining the existing plant; and ii) the current location is too close to the harbor and the beach and could affect the value of the surrounding land. Councilman Bannon agreed that alternate locations could be considered at a future meeting.

Motion made by Councilman Veber, seconded by Councilman Bannon and unanimously approved to adjourn the Town Council Special Meeting.

Mayor Sullivan

Town Clerk