

Members of the Board,

I request that you defer any decision on contracts for future water supply a minimum of 90 days for public review and comment. I request that JCC/JCSA solicit public input on this issue. There are a great number of unanswered questions and inconsistencies in what I have read.

It is my understanding that the proposed \$50 million contract with Newport News is only the starting point for expenses related to the King William Reservoir and that we will have to purchase the water at additional cost. This contract has been explained to me as running in perpetuity and with no upper bounds to the final expense, or terms for return of our monies should a less expensive method be used such as conservation.

I have many concerns about this contract that remain unanswered and 3 minutes only allows time to provide a laundry list as follows:

- 1) Where is the first \$25 million needed by the end of this year coming from? Surely the increased connection fees won't produce this much in 9 years let alone 9 months! Nor do we have \$25 million in our rainy day fund.
- 2) What will be the cost of this \$25 million and who will pay it?
- 3) Have other jurisdictions ponyed up their fair share of the cost of the reservoir? If not, why not? Why should we go first or have to pay up front when others do not? Why not wait for the City to go first?

The contract clearly states that NN/NNWW will guarantee equivalent amounts of water regardless of if the KWR is built. This contradicts 18 years of history that indicates there is no alternative to the reservoir.

- 1) How can this be true?
- 2) What is the alternative(s) that allow this guarantee to be made?

- 3) What is the cost of this alternative? Surely almost any alternative that can be implemented by 2020 will be less expensive than the KWR.
- 4) Where are the terms of the contract that refunds JCC anything over its fair share of actually delivering this 4MGD?

Another Desal plant would cost about \$20 million, perhaps less and supply 5MGD, taking only two or 3 years to bring online at full capacity.

- 1) Our initial payment for only 4MGD from KWR is \$5million more than another Desal plant that produces 25% more treated water! KWR water will likely cost 5 to 10 times the amount of the know cost of Desalination.
- 2) What if KWR fails and Desal is approved? What happens to the \$50 million.

The contract states the cost of the reservoir to be \$250 million. Isn't the price tag really \$289 million? Is JCC/JCSA responsible for 1/5 the difference or another \$8million dollars.

- 1) **What is the true cost of the reservoir**, \$250 million, \$289 million or \$145 million as stated on the official KWR website which has been updated as recently as November 2007.
- 2) If the cost has doubled from \$145 to \$289 million over some period of time, imagine what the ultimate cost will be by 2019.

This \$25 million is desperately needed by Newport News to finance KW County's condemnation and purchase of the land for the reservoir. Once KWC owns the land for the reservoir, NN and thus under this contract JCSA starts paying 8% annual rental payments.

Over the next 4 years while waiting for permit requirements to be satisfied that would amount to another \$8 million in operational

costs that JCSA will be expected to share. Where does that \$1.6million / year in JCSA money come from?

It will not be until 2050 or far beyond if at all that we need another 4MGD if we want to satisfy all our wasteful practices with respect to water usage. Why are we paying for water we should not need. Instead, I want our board to put us on a path to sustainability and good stewardship of our resources.

This water issue is about Greed and not Need. Just because some individuals can afford to waste water does not mean that all others should be burdened with the high costs to do so.

There are a great number of inconsistencies in the contract and in Larry Foster's cover letter that need to be resolved.

I ask that you defer any decision on this matter for a minimum of 90 days and hold a series of forums and public comment periods. Once you sign this contract, you can't go back, and perpetuity is a really long time!

Thank you,

Bob Richardson
2786 Lake Powell Road
229-9969

Talking points to oppose the JCC agreement:

1. The 1996 Memorandum of Understanding with Newport News called for JCC to pay for its share of the reservoir in 30 equal installments. That agreement did not include any interest on the money. Now Newport News wants two up front payments of \$25 million each. The County will have to borrow that money so the total cost will be much greater than \$50 million when interest is included.

2. JCC will have to pay the full \$50 million in order to guarantee the 4 mgd of supply, even if the reservoir project is canceled. It appears that, in that case, the City could declare that the alternate source of supply would be the conservation by Newport News customers that has led to NNWW having supply capacity in excess of its needs. JCC would then have to begin paying a part of the cost to maintain (and replace parts thereof, as necessary) the existing NN water system. NN could swallow the \$50 million and JCC costs would escalate.

3. Newport News doesn't need the reservoir in order to supply the 4 mgd it is guaranteeing to JCC. JCC's costs for its share of the reservoir project operations would subsidize NN costs for water it could then sell to other jurisdictions.

4. JCC could stretch its current supplies by subsidizing replacement of pre 1997 toilets and pre 2007 clothes washing machines. The resulting reduction in demand, about 0.9 mgd, would allow deferring a decision on committing to make \$50 million in up-front payments on a reservoir that may never be built. It would also benefit JCSA customers by reducing their water bills.

5. A subsidy of \$200 each on toilet (average of 2 toilets per household) or washing machine replacement (1 per household) would cost about \$9.4 million – much less than the capital cost of providing that much additional supply. It would also result in operational cost savings. This approach has been used in a number of jurisdictions in the US to avoid expensive augmentations of supply. The such a program could be spread over 3 years to avoid necessity to borrow money for the program.