EXECUTIVE SUMMARY

In 1957, the current Blacksburg-Christiansburg-VPI Water Authority (BCVPI) began treating and distributing wholesale water to a 3 member authority; Blacksburg, Christiansburg and Virginia Tech. The plant, rated at 12.4 Million Gallons per Day (mgd), currently produces an average of 6.56 mgd. The Joinder study, administered by BCVPI, was undertaken and funded by Montgomery County in their desire to become the newest member of the existing water authority.

If the Joinder is approved, the legal documents signed by the 3 existing members and Montgomery County will include the Joinder Agreement and a second document entitled, the Water Agreement. Since the Montgomery County Public Service Authority (MCPSA) owns and operates the current water systems serving County residents and is not the entity joining BCVPI, the Water Agreement will also be signed by the MCPSA, binding the MCPSA to the terms agreed to by the County. Upon approval, the new name of the water authority will be the NRV Regional Water Authority. Part of the Joinder process has included the attorneys from the Authority, the 3 member entities and the County, who each reviewed, modified and ultimately agreed to all the terms included in the Joinder and Water Agreements. The cooperative process was successful in gathering input from all parties and developing acceptable terms.

This study addresses the primary goal of assessing how the County could become a member of the Water Authority and provide a long term safe supply of affordable potable water to County residents, without negatively impacting the rates of the existing members. Part of the study identifies how BCVPI produced potable water could be provided to the 10 regions of the County currently served by the MCPSA. Even today, 48.3% of the water MCPSA uses originates at the Authority. Upon joining the Authority, the County will make arrangements to stop buying water from the Radford Arsenal and purchase Authority water through Blacksburg. The usage of Authority water will increase to 67.7% on day one with the Prices Fork community added to the list of those using Authority water. The increased usage of Authority water, along with approximate time frames to connect, are noted in the following table.

Timeframe	County water systems added	% of MCPSA water served by the NRV Regional Water Authority
2012	Prices Fork	67.7
2016	Plum Creek, Bethel	90.9
2023	Riner, Woodview	100.0

In the process of routing lines to serve County residents, a secondary goal of the study was identified. Currently the BCVPI members are serviced with potable water routed from the plant along Route 114 to Route 460 and into Christiansburg, Blacksburg, and subsequently Virginia Tech. Should the primary Route 114 transmission lines be compromised in delivering capacity, multiple members could be without adequate quantities of water.

Several times in the past, the BCVPI Manager, Jerry Higgins, reported the master plan concept of a redundant feed to the members was discussed, but never pursued. The Joinder process has reopened the redundancy dialogue because MCPSA infrastructure is in place along the majority of Prices Fork Road and the ability to pump Authority water through the MCPSA's existing network to Blacksburg and Virginia Tech can easily become a reality.

The opportunity to provide a redundant feed to Christiansburg is enhanced during the process of providing the Plum Creek community with Authority water. The redundant water main would be routed into Christiansburg from the west along Route 11. The redundant supply to Christiansburg also provides the same redundancy to the Elliston Lafayette communities in the County.

It is important to note that the Authority had a financial plan prepared 4 years ago (May 2008) and in the conduct of this study, the plan was updated to project rates through 2025. The new financial plan takes anticipated expenditures and applies new escalators to each expense category (Personnel, Electricity, Treatment, Repairs and Maintenance, General and Administration and Professional Fees) at a rate higher than was projected in 2008. Jerry Higgins worked with the financial analyst to update the capital improvement project expectations to reflect the Authority's current needs and to adjust other needs and priorities with the Blacksburg / VT and Christiansburg redundancy projects. Some of the 2008 projects are no longer necessary and others are new to the plan. The updated 2008 financial plan indicates that rates from 2013 to

2017 will remain on a track to increase from $1.68 per 1000 gallons to $2.34 over the five year period. This is exactly the rate projection expected with the Joinder included. After 2017, the impact of the Joinder is a net reduction in the level of projected rates. In the furthest projection, the rate for 2025 is shown as $3.98 without the Joinder, and $3.83 with the Joinder.

The Buy-in Workgroup, which included the member and County representatives, agreed to buy-in conditions of $1.3M paid over 40 years at a rate of 2 percent, and 2 sewer connections to the water treatment plant (one domestic and one industrial). The details are delineated in the Joinder Agreement. Also included in the Joinder Agreement is a condition that Montgomery County will not subsidize the operations, capital expenditures, debt or any other expense, directly or indirectly, of the MCPSA. Lastly, a surcharge or wheeling rate of ___% to the wholesale cost of water will be assessed to cover expenses related to normal lost water and depreciation, as water is passed from one member's system to another through a one-way meter. Where water can flow either direction (2-way meter) there will be no wheeling rate charged.