



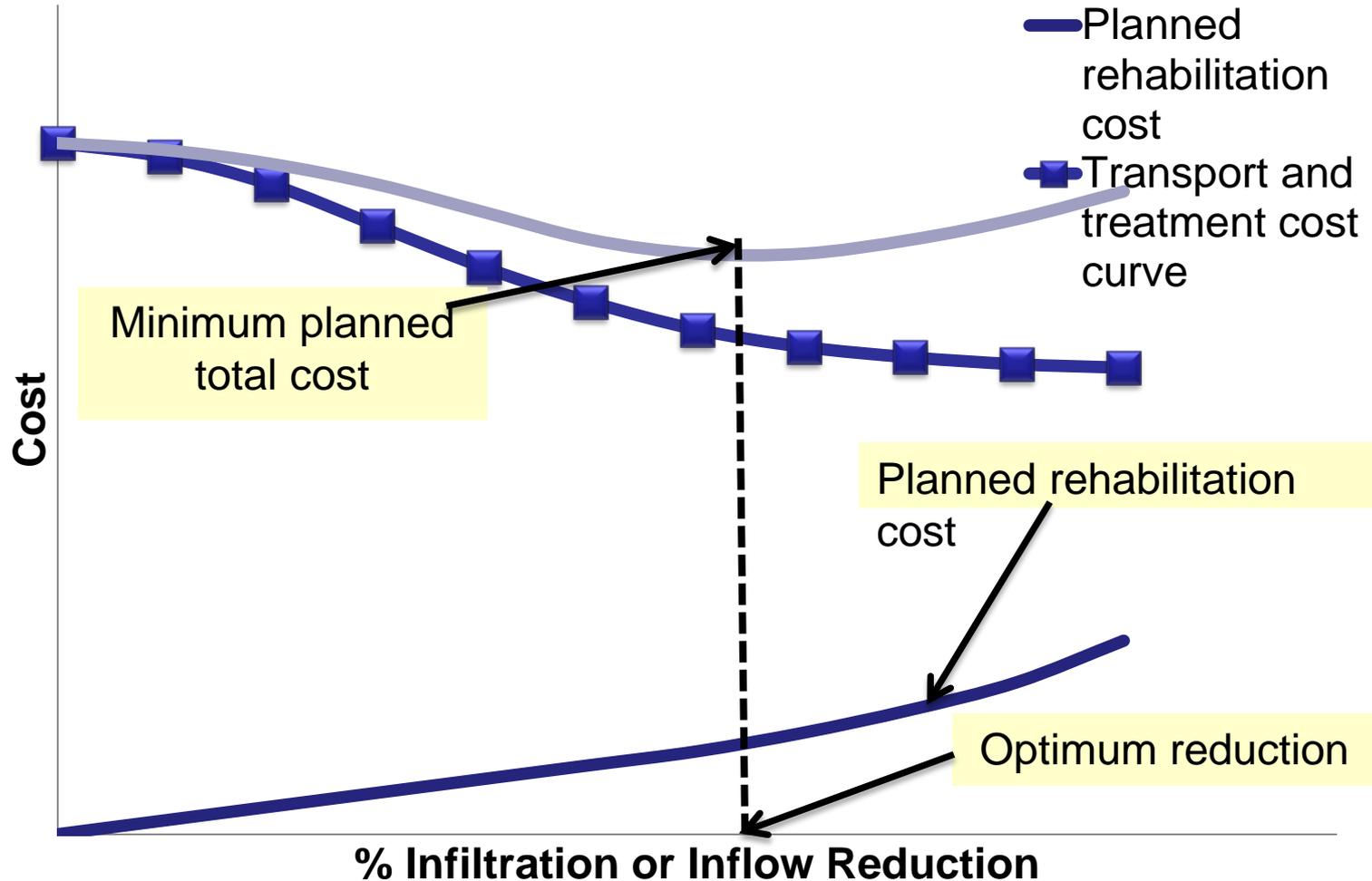
Regional Consolidation of Sanitary Sewer Assets

Presentation to HRPDC
April 19, 2012

State and Federal SSO Enforcement Actions

- Basic premise
 - Localities agree to work to get inflow and infiltration out of their system
 - HRSD agrees to increase regional capacity as required to convey and treat those flows
- Designed to focus efforts in leakiest sewer basins
 - Flow monitoring conducted
 - Further work only required in basins that exceeded benchmark of 775 gallons per day per residential unit during 10 year peak flow

Cost Curves



- Major issues impacted by existing political subdivision structure
 - Cost sharing approach of RWWMP
 - Most cost effective solution could be to spend regional ratepayer dollars rehabilitating locality collection system(s)
 - Larger infrastructure solution may only be necessary in some sections of service area
 - Firm flow commitments with flow agreements
 - Agreement on how to size new growth basins
 - Agreement on degradation of existing basins
 - Perpetual maintenance of flow commitments

Varying Perspectives

- HRSD is pushing hard for as much I/I reduction as cost effectively and feasibly possible
- Localities are pushing hard for reasonable levels of investment – focused on affordability and regional equity – as well as adequate capacity to support future growth and degradation
- Current process appears to lack structure to:
 - Achieve most cost effective solution for regional ratepayer
 - Minimize construction of oversized regional infrastructure

An Alternative for Consideration – Regionalization

- SSO issue can be dealt with as single entity
 - Apply resources where most cost effective
- No flow agreements needed
 - HRSD would commit to handling all flow from all lands developed per localities' approved Comprehensive Plans
 - Details on development issues, timing, speculation, etc would need to be worked out
- Operational savings may be achieved
 - Economies of scale
 - Shared resources

An Alternative for Consideration – Regionalization

- Single regional sewer rate
 - Consistent for businesses with operations in multiple jurisdictions
- Consistent policies for all of Hampton Roads (connection policies, FOG, etc.)
- Single entity for regulators to deal with
 - Liability for SSOs consolidated with a single entity
- Shared service concept has broad public appeal

Challenges of Regionalization

- Transfer of assets and liabilities
 - Debt assumption
 - Payment for assets
- Transfer of personnel, equipment, etc.
- Rate transition period
 - Varying local rates need time to transition to regional rate
- Economic development – support of special projects, etc.
- Level of service
 - Response to service requests
- General fund transfer of revenues

- Obtain support through resolution by local governing bodies (April/May 2012)
- Negotiate appropriate stay/deferral of EPA and DEQ SSO work (May 2012)
- Steering committee to work with HRPDC to develop scope of work and select consulting team to conduct study (May/June 2012)
- Consulting team completes study (July 2013)
- Results presented and considered (July-Sep 2013)

Questions?
