

**MEETING SUMMARY  
DIRECTORS OF UTILITIES COMMITTEE  
January 4, 2012  
Newport News**

**CLOSED SESSION**

**1. Special Order of Consent (SOC)**

The Directors of Utilities that are party to the Joint Defense Agreement entered into closed session to discuss the status of SOC activities.

**ACTION:** No action.

**PUBLIC MEETING**

**2. Summary of the December 7, 2011 Joint Meeting of the Directors of Utilities Committee and Health Directors**

There were no comments on, or revisions to the summary of the December 7, 2011 Committee meeting.

**ACTION:** The summary of the December 7, 2011 joint meeting of the Directors of Utilities Committee and Health Directors was approved.

**3. Rehabilitation Planning Approach**

Mr. Richard Stahr, Brown and Caldwell, presented a briefing on the status of rehabilitation planning activities and related issues, beginning with a review of the Consent Decree Regional Wet Weather Management Plan (RWWMP) development schedule, key points of the original SOC, and major themes supported by SOC language, including regional cost effectiveness, regional equity, and regional cooperation. Mr. Stahr reviewed language in section 7.1 of the Regional Technical Standards (RTS), noting that localities are responsible for the improvements necessary to convey and treat flows exceeding the peak flow threshold (PFT), and reviewed how the SOC apportions RWWMP costs. Mr. Stahr emphasized that major themes are still valid, but are complicated by the current economy, ambiguous RTS and SOC language, and estimated extent of rehab extent and costs. To move forward in the limited time available, HRSD and localities need to agree on:

- Basis of equity (rates, expenditures, level of effort, etc.); and
- Responsibility for flows in excess of PFT.

To address the basis of equity issue in rehabilitation planning, it was suggested that locality peak flow commitment (PFC) related MOM costs be set at a standard of 10% of

the current locality cost. To address the responsibility for flows in excess of PFT, flow agreements for each point of connection to the regional system will be developed between HRSD and each locality.

Mr. Stahr reviewed the components of the affordability analyses and the schedule for developing two affordability analyses – one for the Rehabilitation Plan in February 2013 and an updated analysis in conjunction with the level of service analysis for the RWWMP in November 2013. The Committee discussed the components of the affordability analyses and ambiguous information from DEQ regarding affordability, and whether a capped or standard PFC-related MOM cost should be applied in the affordability analysis for rehabilitation planning. The Committee did not reach agreement on how to address equity in rehabilitation planning or the use of a capped or standard MOM cost.

Regarding flow agreements, Mr. Ted Henifin, HRSD, clarified that HRSD intends to receive all flows conveyed to the regional system, and that all parties would share in the cost of a fine in the event of an overflow. He also clarified that the regional system will be designed to the level of service based on 2030 land use build-out and all sewer areas identified in locality comprehensive plans.

**ACTION:** No action.

#### **4. Annual Committee Retreat**

The Committee reviewed the proposed water and wastewater program budgets, as revised per the November 2, 2011 meeting. It was agreed that the FY 2013 budget should be revised based on level funding per the FY2012 budget, and that special projects would be funded with carry-over funds. The revised budget will be distributed via email.

The Committee discussed the USGS proposal for a potential special water project for subsidence monitoring and agreed that more information is needed on how to leverage the work of other stakeholders before proceeding.

The Committee discussed the H2O program budget and agreed to endorse a one-time transfer of carry-over funds from the H2O envelope budget to the H2O assistance account to be distributed to citizens who qualify for assistance from the H2O program. The Committee also agreed to reduce the number of envelopes printed in FY 2014 because of the ability to fundraise online. Additionally the Committee agreed to an evaluation of the Program in June 2013. If the Program is preserved, the Committee has agreed to increase the envelope budget by \$10,000 as long as the water budget is not increased.

**ACTION:** The FY 2012- 2013 Water and Wastewater Program Budgets will be revised per the discussion and distributed for endorsement.

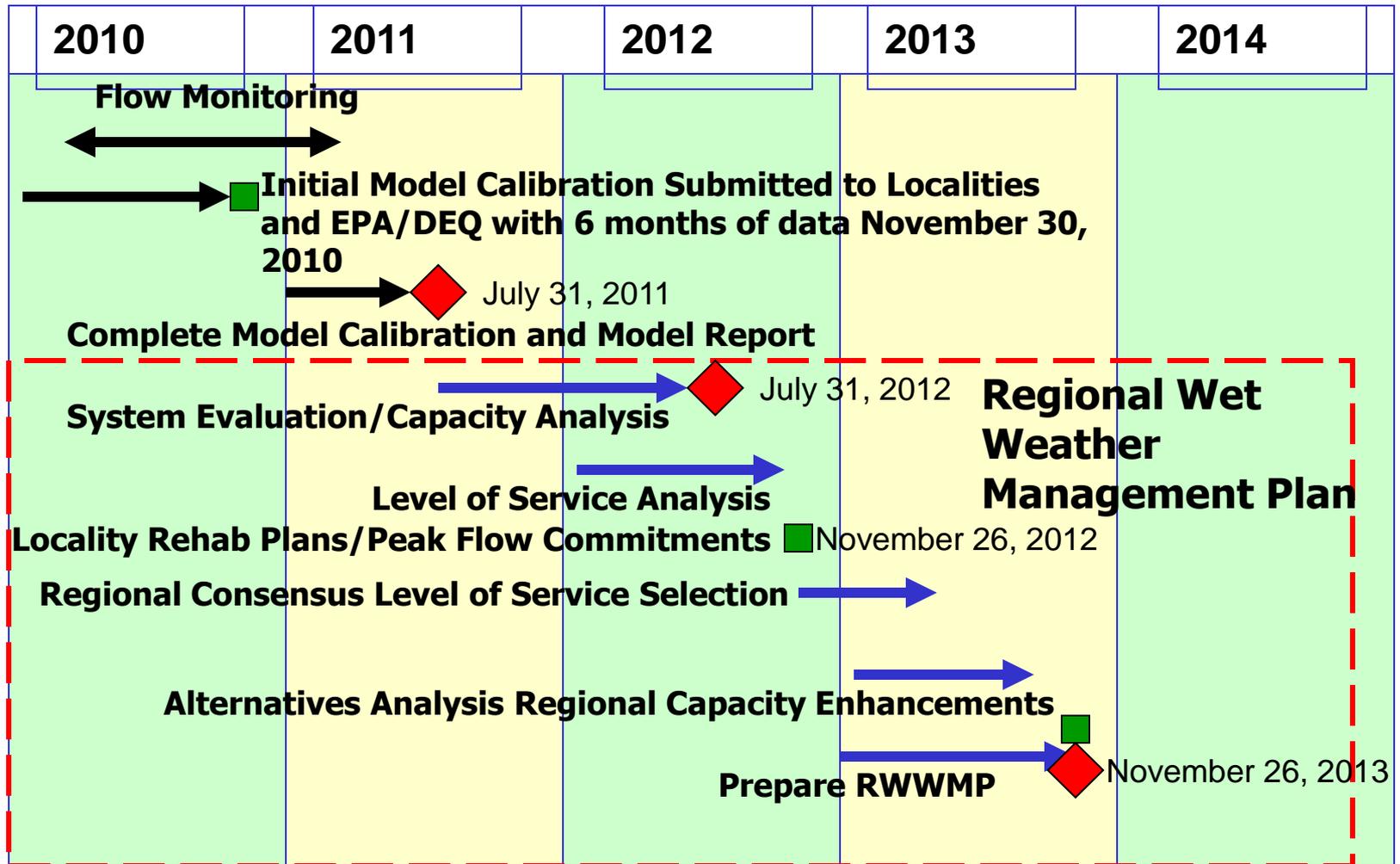
Committee Meeting Sign-In Sheet  
January 4, 2012

Locality/Agency	Representative	Representative	Representative	Representative
HRSD	Ted Henifin	Phil Hubbard		
Chesapeake	Jim Walski			
Franklin				
Gloucester	Martin Schlesinger			
Hampton	Lynn E. Allsbrook	Jason Mitchell		
Isle of Wight	Frank Haltom			
James City County	Larry Foster			
Newport News	Everett Skipper	Joe Du Rant		
Newport News	Dave Morris			
Norfolk	Kristen Lentz			
Poquoson	Ellen Roberts			
Portsmouth	Bryan Foster	Erin Trimyer		
Smithfield	Bill Hopkins			
Southampton				
Suffolk	Craig Zieseemer			
Surry				
Virginia Beach	Tom Leahy	Bob Montague		
Williamsburg				
Windsor				
York				
HRPDC	Julia Hillegass	Katie Cullipher	Lisa Hardy	
HRPDC	Whitney Katchmark	Tiffany Smith		
New Kent				
DEQ				
EPA				
USGS				
VDH				
VDH				
AECOM				
AquaLaw				
Brown & Caldwell	Richard Stahr			
CH2M-Hill				
Christian Barton				
CNA				
Hurt & Proffitt, Inc.				
McGuire Woods				
REMSA				
Troutman Sanders				
URS				
Watermark Risk Management				
Woolpert	Don Woolpert			

*Hampton Roads Regional Wet Weather  
Management Program  
Directors of Utilities*

January 4, 2011

# Consent Decree RWWMP Development Schedule



◆ Consent Decree Submittal

■ SOC Submittal

# Original Special Order by Consent

- A balanced deal:
  - ➔ Localities to use rehab/local system capacity improvements/storage to reduce their peak flows to the peak flow threshold (PFT)
  - ➔ HRSD to build larger infrastructure to handle more flow
- RWWMP relies upon the Localities' peak flow commitments to size capacity improvements.
- No set schedules in SOC for the Rehab Plan or Regional Wet Weather Management Plan (RWWMP) execution. Schedules in approved plans.
- Affordability was a consideration in setting schedules- NOT scope or level of service

# Major Themes – Cost Effectiveness

- Regional cost effectiveness was a major theme of order as drafted.
  - ⇒ Localities did not want to be locked into rehab beyond point of cost effectiveness – desired options other than just rehab
  - ⇒ HRSD did not want to build infrastructure to convey and treat excessive amounts of storm water
  - ⇒ PFT was negotiated with this background

# Major Themes – Regional Equity

- Equity among the Localities was a major theme as the order was drafted.
  - ⇒ No one Locality wanted to be singled out having to do more than other localities
  - ⇒ Cost/affordability was not used as equitable basis as each system had been maintained to different standards, constructed at different times, etc,...
  - ⇒ Equity was defined as level of effort to achieve PFT in all basins

# Major Themes – Cooperation

- After years of finger pointing between HRSD and Localities, region desired a cooperative solution that established clear lines of accountability.
  - ⇒ If Locality delivers up to PFT, HRSD is expected to convey and treat without creating pressure/SSO issues in locality
  - ⇒ SSO responsibility clearly defined by system design and operation parameters

# Major Themes

- Language in the SOC supports all three themes:
  - ➔ Regional Cost Effectiveness
  - ➔ Regional Equity
  - ➔ Regional Cooperation

# SOC -Section 7 Rehab Planning

- Requires localities to reduce the 10 year peak hour flow to 775 gpd/eru (PFT)
- Allows exceptions where it is not cost effective and/or feasible to achieve the PFT. These exceptions still require a peak flow commitment (PFC)
- Section 7.1 indicates that Localities are responsible for the improvements necessary to convey and treat flows exceeding the PFT

# SOC -Section 7 Rehab Planning

## *Section 7.1 of the RTS:*

*“In cases where rehabilitation or replacement is not projected to reduce peak flow to within the peak flow threshold, an alternative analysis shall be conducted cooperatively between the Locality and HRSD to identify cost effective capacity enhancements. Such enhancements shall be included as part of the RWWMP described in Section 8. The construction of capital improvements and modified operational schemes to increase the capacity of the regional sanitary sewer system and manage peak flows shall be coordinated between the Locality responsible for the improvement and HRSD.”*

# SOC – Regional Wet Weather Management Plan (RWWMP)

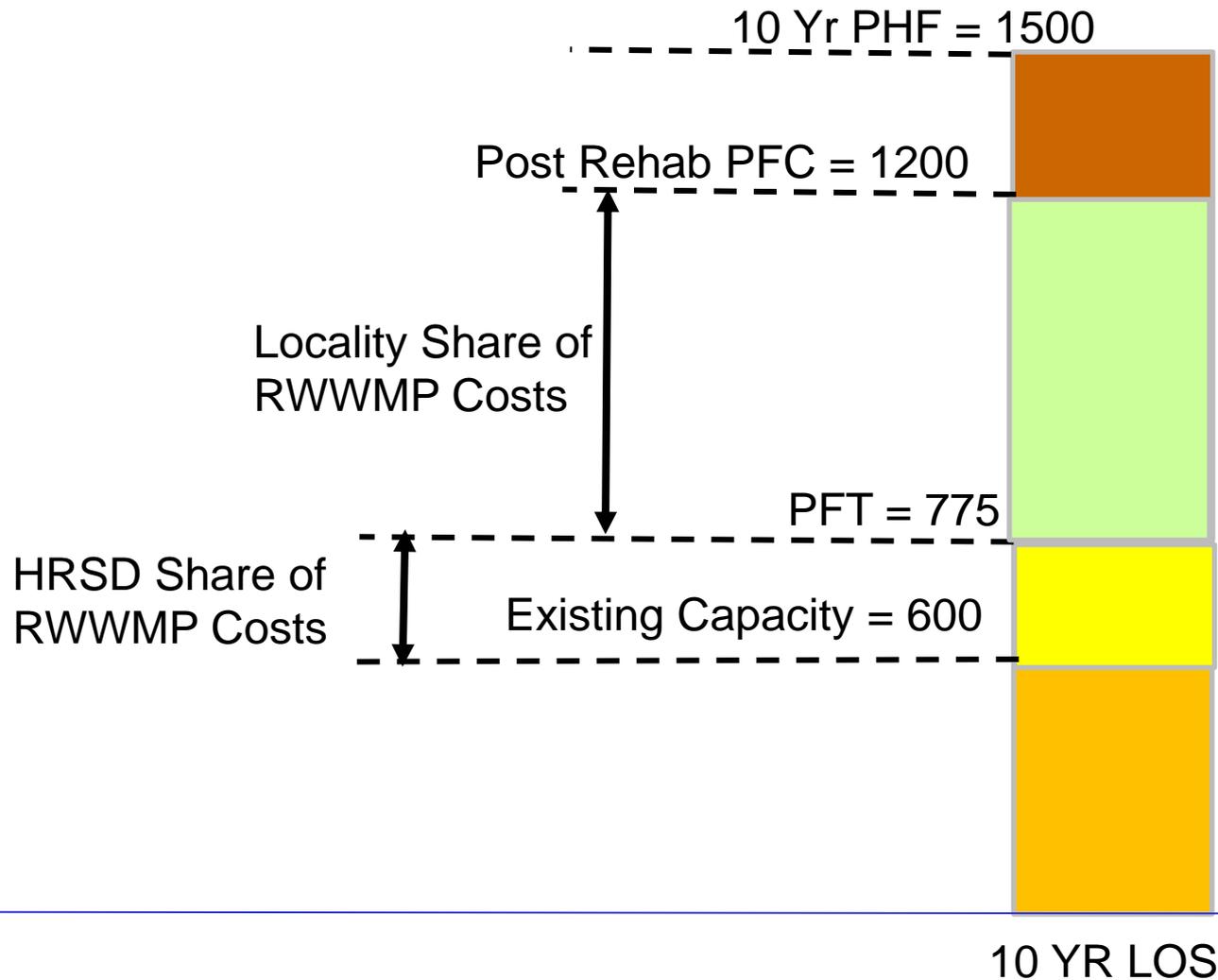
- HRSD and Localities jointly develop RWWMP
- Plan shall identify, quantify, prioritize and propose a schedule for implementing regional system enhancements

# SOC – Regional Wet Weather Management Plan (RWWMP)

## *Section D Paragraph 3 of the SOC:*

*“...The Plan shall identify, quantify, prioritize and propose a schedule for implementing regional system enhancements and address the funding of such enhancements between HRSD and the Hampton Roads Localities. The Plan shall include short and long term operating plans to maximize available capacity in the system through effective and proactive operations. HRSD and the Hampton Roads Localities shall implement the approved Plan in accordance with the approved schedule.”*

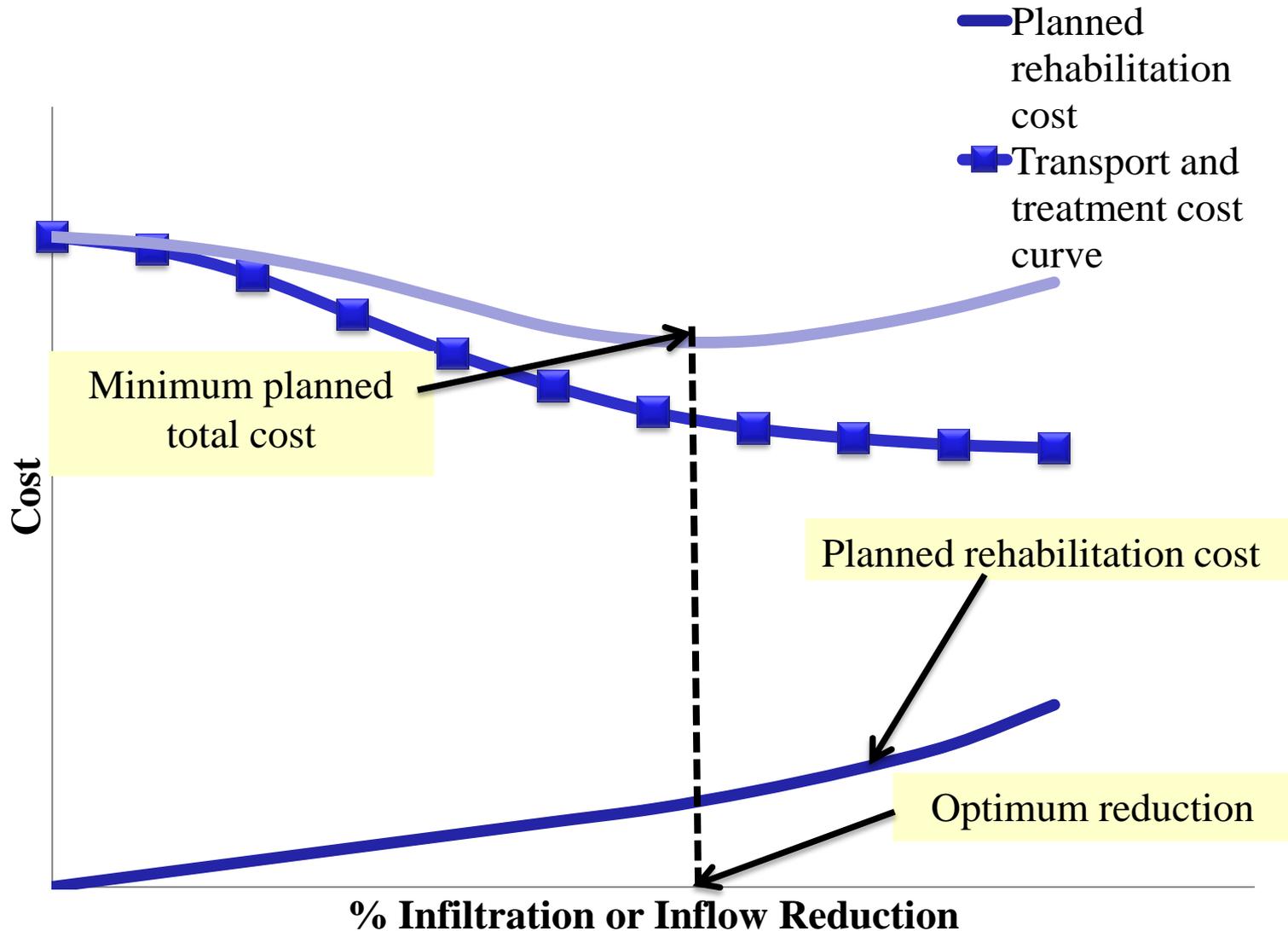
# SOC Apportions RWWMP Costs



# Original Intent and Themes Obscured by Details/Reality/Economy

- Modifications to Section 7
- DEQ comments about affordability – doing more than required
- Many more SSES basins than originally anticipated
- 4 years of data gathering, study, analysis, modeling – down deep in the weeds

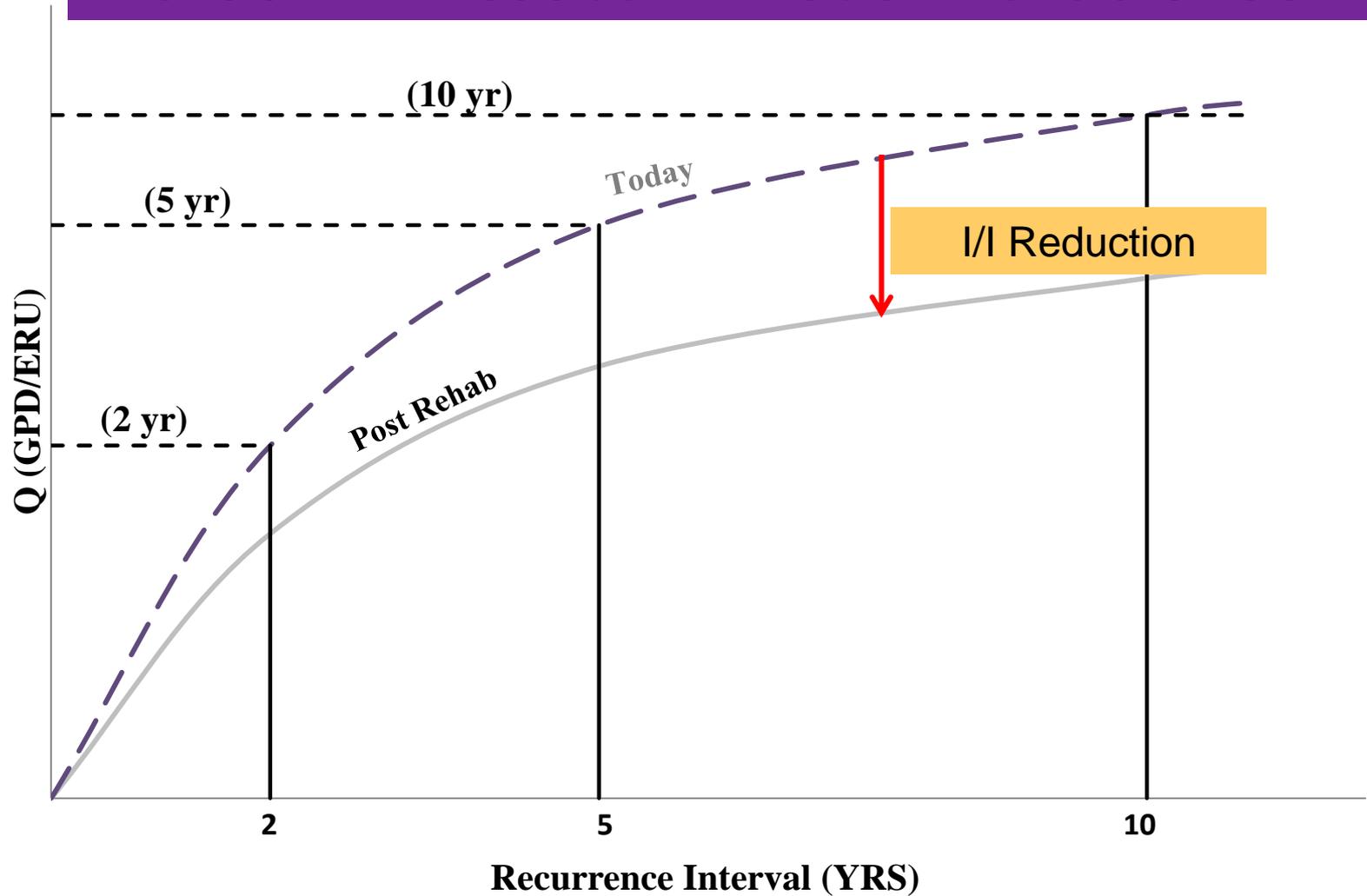
# Best Value for Ratepayers is a Balance of Rehab and Conveyance and Treatment



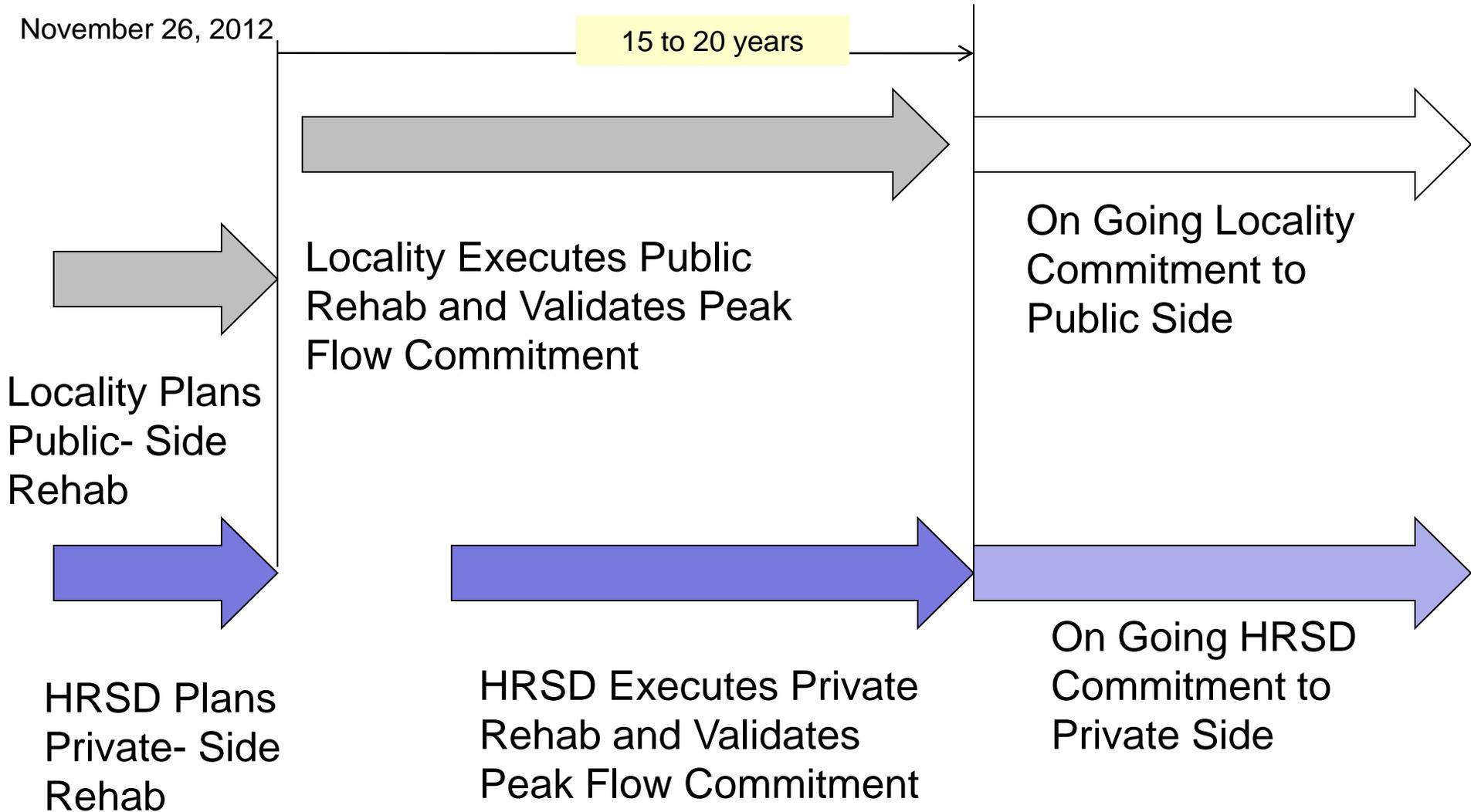
# Current Affordability Rate Based Snapshot

Locality	Locality Current Rates, %MHI	HRSD Current Rates, % MHI	Total Current Rates, % MHI	MHI, \$	Available Increment to 1.5 % MHI
Suffolk	0.60	0.37	0.97	\$63,657	0.53
Hampton	0.26	0.42	0.68	\$48,122	0.82
JCSA	0.22	0.30	0.52	\$73,168	0.98
York	0.28	0.28	0.56	\$79,189	0.94
Virginia Beach	0.41	0.37	0.78	\$62,802	0.72
Chesapeake	0.46	0.40	0.86	\$64,410	0.64
Poquoson	0.35	0.26	0.61	\$84,688	0.89
Newport News	0.37	0.45	0.82	\$48,124	0.68
Smithfield	0.57	0.46	1.03	\$59,872	0.47
Gloucester	0.79	0.48	1.27	\$46,170	0.23
Portsmouth	0.41	0.52	0.93	\$42,404	0.57

# Rehab Will Reduce PHF at all Levels of Service



# Peak Flow Commitments



# Major Themes Still Valid

- Regional Cost Effectiveness
- Regional Equity
- Regional Cooperation

## **Complicated by:**

- State of economy
- Ambiguity of RTS and SOC language
- Sticker shock associated with extent of rehab and large number of SSES basins

# Path Forward

- Limited time – November 2012 getting very close
- Need agreement on:
  - ⇒ Basis of equity (rates, expenditures, level of effort, etc.,...)
  - ⇒ Agreement on assignment of responsibility for flows in excess of PFT

# Affordability Must be Addressed

- DEQ has indicated 1.5% is the target
- At Rehab Plan stage, analysis should include current Locality PLUS current HRSD costs PLUS Locality Rehab Plan costs PLUS specific Locality PFC related MOM costs
- Suggest that Locality PFC related MOM costs be set at standard 10% of current Locality costs for consistency

# Affordability Schedule

- Share first cut through Rehab Plan with DEQ in early February 2012
- Refined analysis due to Regional Partners with Rehab Plan commitments May 1, 2012
- Final analysis at Rehab Plan level November 26, 2012
- Updated analysis in conjunction with LOS analysis as part of RWWMP development February 1, 2013
- Final affordability analysis with all RWWMP costs included November 26, 2013

# Flow Agreements

- Based on PFC for all basins at selected regional level of service
- Excess flow subject to:
  - ➔ Non-acceptance into regional system – system limited to maximum flow at point of connection
  - ➔ Shared EPA penalties for SSO caused by excess flow
- Flow agreements required for all HRSD localities – all points of connection – verified with metering with required protocol for modeling 10 year peak flows