Attachment 1A
MEETING SUMMARY
MEETING OF
DIRECTORS OF UTILITIES COMMITTEE
March 6, 2013
Newport News

1. Summary of the February 6, 2013 Meeting of the Directors of Utilities Committee

There were no comments on, or revisions to the summary of the February 6, 2013 Committee meeting.

ACTION: The summary of the February 6, 2013 meeting of the Directors of Utilities Committee meeting was approved.

2. Hampton Roads Inmate Evacuation Planning Committee

Ms. Natalie Easterday, HRPDC Regional Emergency Management Planner, briefed the Committee on the water- and wastewater-related findings of the Hampton Roads Inmate Evacuation Planning Committee's (HRIEPC) Functional Jail Assessment. A copy of her presentation is included as Attachment 1C. The assessment found that maintaining water and wastewater services is a major concern; some facilities have plans that stipulate pre-event stockpiling of bottled water. Ms. Easterday noted the need to shelter inmates in place. Additionally, jails have additional concerns such as the intentional ingestion of contaminated water to cause disruptions.

The Committee discussed the recommendations identified in HRIEPC's implementation plan to reduce the risk of water service interruption. Committee comments on the following discussion points are summarized below:

- Feedback on stockpiling vs. onsite tank:
  - Regarding stockpiling bottled water, shelf life and space considerations are issues and the containers could be used to plug toilets or cause harm.
  - The volume of water required for food preparation and sanitation are considerable; it is unlikely that stockpiled supplies would suffice.
  - With an on-site storage tank, there is the potential for someone to intentionally or unintentionally drain the tank to deplete the source.
  - The need to shelter in place makes a good case for onsite storage.
  - Most service interruptions are short duration; jails could plan for a minimum of one half gallon of water per inmate per day for consumption. To address longer duration events, jails could make arrangements ahead of time for water trucking companies to supply water for basic sanitation.

  - Some facilities are located in places where a groundwater well could be installed, but there are other considerations that need to be addressed if a well was used as an emergency source (limited use, system separation).

- Who should jails reach out to within the utilities?
  - Most utility directors are present at EOCs and have direct access to sheriffs via the EOC.
- Are jails identified as top priority for restoration?
  - It is recommended that Jails coordinate with emergency managers to discuss priority for water service restoration in comparison to hospitals, citizens, and other facilities. This is a local decision.
  - Restoration of service depends on damage upstream; service cannot be resumed until those repairs are made.
- What mitigation actions can the jails take?
  - Water utilities are prepared for hurricane scenarios up to a direct hit by a category two storm. Jails should have two contracts for water tankers in place – one from a local supplier and one from a company west of Richmond.
  - Jails should plan to shelter in place and provide water for the two to four day scenario. Beyond that, jails should plan on evacuation. If a water outage is longer than two to four days, the whole region will have a big problem.

HRPDC staff will share the Committee's comments with the HRIEPC.

ACTION: No action.

3. Groundwater Regulations

Mr. Scott Kudlas, DEQ Office of Surface and Ground Water Supply Planning Director, reviewed the Committee's comments on the draft Groundwater Regulations (9VAC25-610) and intent to seek approval of revised regulations from the State Water Control Board on June 14, 2013. The slide presentation prepared by HRPDC staff to support the discussion is included as Attachment 1D. The discussion is summarized below.

- Definition of Human Consumption: DEQ received many comments on the definition; the agency does not interpret the existing definition of human consumptive use to exclude any uses. The General Assembly has not established priorities for groundwater use. This is an area where guidance on water use priorities would be helpful and relevant in areas with competing uses.

  DEQ intends to amend the language to incorporate the suggestion from the Western Tidewater Water Authority to say that human consumption means "the use of water to support human survival, including…" The definition will not limit uses or who utilities can serve, but it will limit a permit holder's/utility's ability to develop demand. Currently, no entity has the authority to limit the types of

groundwater uses, but the issue of competing uses needs to be addressed through the political process during the next 15 to 20 years. To support planning, the agency has been briefing the governor's office and General Assembly members on a path forward and to prepare them for necessary regulatory action and the forthcoming state water plan.

Committee members expressed concern that utilities would be compelled to abandon previously developed infrastructure for existing groundwater sources and seek new surface water sources, which would put a significant rate burden on citizens. At the appropriate time, a cooperative effort should be made to develop a message to legislators regarding the need for shared costs for source development.

- Guaranteed reissue of permit withdrawals to meet human consumption needs during previous term of the permit: It was clarified that the guarantee in the regulations is for the historic use and is only applied to the initial permit. The intent was to reduce groundwater use over time.

- Current regulations do not guarantee that public water systems can renew their permits with the same conditions: The Ground Water Management Act of 1992 recognizes that the 1992 levels of use (existing use) were unsustainable. The current regulatory framework does not provide for guarantees, however, the public benefits of community water systems are recognized as a mitigating factor in considering permit applications.

- Raising Pumps in Potomac Aquifer: It was clarified that, with the Potomac treated as single aquifer, the language stipulating that pumps cannot be placed lower than the top of the uppermost confined aquifer used by the well may be supplemented with guidance. It is possible that some sites may demonstrate unique well heads indicating significant confining units, and pumps may remain at existing depths. This issue requires more discussion.

- Time Periods for Technical Evaluations and Permits: The 10-year permit term is defined in the statute; 30-year permits are not allowed by the current regulatory framework. DEQ understands the Committee's concerns regarding 30-year infrastructure financing juxtaposed with 10-year permits. Regarding the language about demonstrating the stabilized effects of proposed withdrawals, the agency does not believe that this requires steady state simulation of a model tool. This language could benefit from guidance. A transient model could be used to observe and identify when effects have stabilized based on a simulation period of perhaps 30 years.

- Evaluation Point for 80% Criteria: Given the Committee's concerns, DEQ proposes the change the language as follows (strikethrough indicated deletion, bold bracketed text indicates addition): Evaluation criteria D.3.h: "…technical

evaluation demonstrates that…the proposed withdrawal…will not lower water levels, in any confined aquifer that the withdrawal impacts, below a point that represents 80% of the distance between the ~~historical prepumping water levels in the aquifer~~ **[land surface]** and the top of the aquifer." The Committee asked to have the opportunity to review the revised language before it is presented to the regulatory advisory panel.

Regarding the one-foot drawdown contour and the suggestion to increase it to 3 feet as a more technically sound guess, the agency feels it can use existing administrative tools to evaluate model error when a critical cell is anticipated to be affected.

- Conjunctive Use Systems and Drought Relief Wells: It was clarified that conjunctive use permits could have base loads/thresholds. DEQ staff will review the Committee's comments regarding how the needs of commercial and industrial customers are to be met if drought wells are used. It was noted that the agency will be scrutinizing drought ordinances more closely.

- Estimating Area of Impact of Drought Wells: DEQ believes that it is not appropriate to limit the evaluation of the maximum annual withdrawal for a two year period, as the drought of record differs across the coastal plain. The Committee clarified that the concern is with regard to how the agency will apply the specification of the "maximum groundwater withdrawal allowed by such permits." DEQ and the Committee agreed that a total volume of water is associated with a drought permit and that volume is what should be simulated in the model. DEQ staff will revisit this language.

- Aquifer Storage and Recovery (ASR) Permits: DEQ confirmed that ASR wells are required to have a groundwater withdrawal permit, a pollution abatement permit, and an underground injection control permit. DEQ understands the Committee's concern that the current regulatory framework discourages ASR wells as a tool to conjunctively manage groundwater and surface water, as a utility would lose rights to the water once it is injected. DEQ agrees that ASR wells provide a tool for conjunctive management and is open to developing guidance. However, there is lack of stakeholder consensus as to how to move forward.

ACTION: No action.

4. Regional Sewer Consolidation Study

The committee provided comments on the draft project fact sheet prepared at the request of the CAOs. HRPDC staff will incorporate the changes and proceed with distribution.

HRPDC staff reviewed the components of the project and the Committee confirmed that there is still the need for a transition plan and timeframe; there is also the need to look at IT/SCADA capabilities and potential costs to local governments to provide services formerly handled by utility crews (e.g. snow removal, debris clearing). The affordability analysis and evaluation of impacts of utility taxes/payment in lieu of taxes will also address critical issues. Governance and communication remain key concerns. It appears that customer service calls to localities and interfacing of work orders with regional entity requires some clarification. HRPDC staff will summarize the comments for consideration by the steering committee.

ACTION: No action.

5. Staff Updates

Staff Reports are summarized below:

- **SSORS Reports Viewing Privileges:** The cost estimate to provide all users with viewing privileges of all SSORS reports is approximately $5,000. The Committee agreed to table this issue pending the outcome of the sewer consolidation study. In the interim, HRPDC staff will respond to any data inquiries.

  ACTION: Revisit following completion the sewer consolidation study.

- **FY14 Water and Wastewater Rate Structures Project:** Staff will summarized the tasks and preliminary schedule for deliverables development. The Committee confirmed the purpose of the project as providing regional support as to the need to adjust rate structures. The Committee agreed that the conceptual solutions to be outlined in the report should be limited to different rate structures and options for adjustments. The Committee agreed with the proposed schedule and plan to brief the CAOs prior to the full Commission.

  ACTION: No action.

6. Other Business

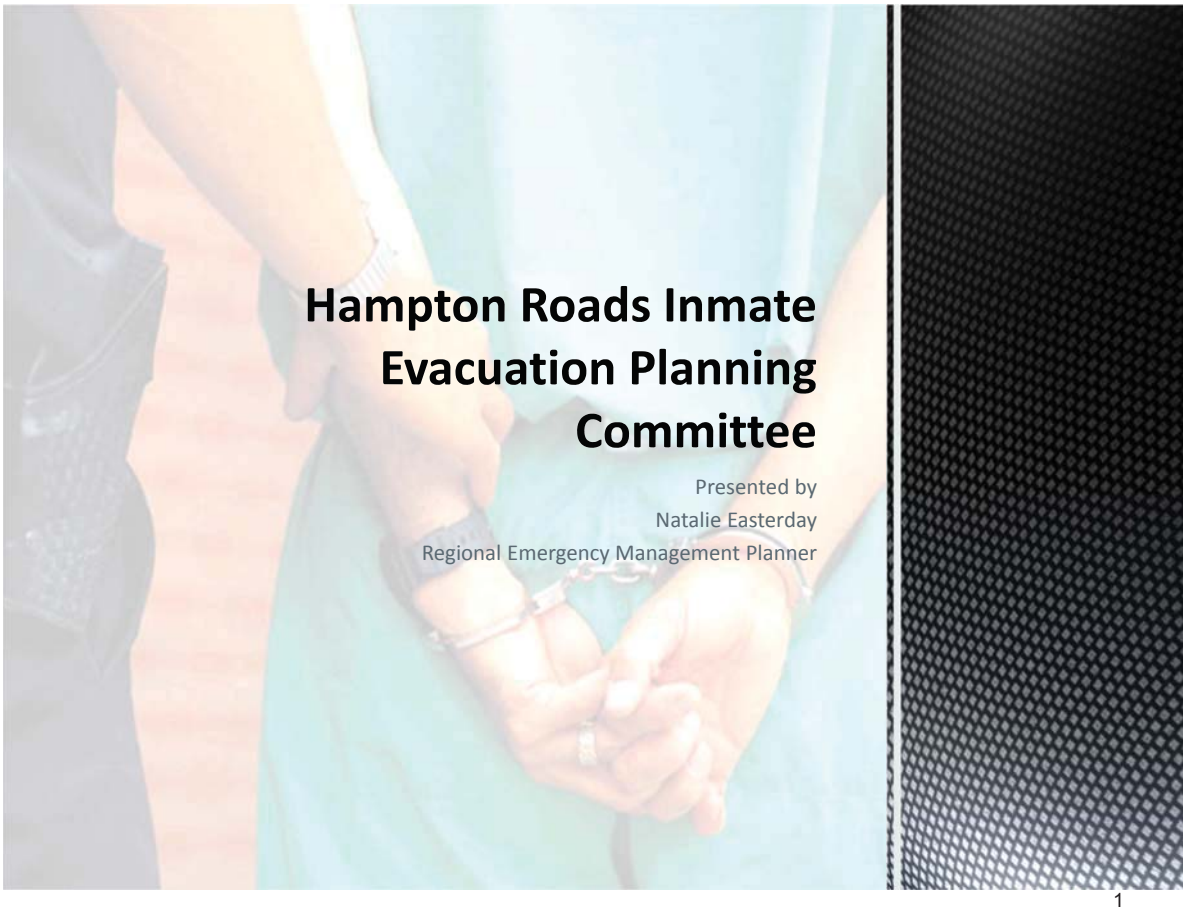
Other Committee business is summarized below:

- HRSD noted that the auto-pay vendor experienced a problem that caused some accounts to be double drafted. Refunds are being posted to affected accounts.

Committee Meeting Sign-In Sheet
February 6, 2013

Attachment 1B

Locality/Agency	Representative	Representative	Representative	Representative
HRSD	Ted Henifin			
Chesapeake	Bill Meyer	Craig Maples		
Franklin				
Gloucester	Martin Schlesinger			
Hampton	Tony Reyes	Jason Mitchell		
Isle of Wight				
James City County	Larry Foster			
Newport News	Everett Skipper			
Newport News	Brian Ramaley	Ron Harris		
Norfolk	Eric Tucker			
Poquoson	Bob Speechley			
Portsmouth	Erin Trimyer			
Smithfield				
Southampton				
Suffolk	Craig Ziesemer			
Surry	Stacey Williams			
Virginia Beach	Bob Montague			
Williamsburg				
Windsor				
York	Brian Woodward			
HRPDC	Whitney Katchmark	Natalie Easterday	Tiffany Smith	
HRPDC				
New Kent				
DEQ	Scott Kudlas	Craig Nicol		
EPA				
USGS				
VDH				
VDH				
VDH				
AECOM				
AquaLaw				
Brown & Caldwell				
CH2M-Hill	Dan Holloway			
Christian Barton				
CNA				
HDR				
Hurt & Proffitt, Inc.				
McGuire Woods				
Rice Associates				
REMSA				
Troutman Sanders				
Virginia Fusion Center				
Virginia WARN				
URS				
Watermark Risk Management				
Private citizens				



Hampton Roads Inmate Evacuation Planning Committee

Presented by
Natalie Easterday
Regional Emergency Management Planner

1

About HRIEPC

- 11 total jail facilities
  - 8 local jails: average pop. 6,257
  - 3 regional jails: average pop. 2,600
  - Operated by local Sheriff's Office or Regional Board
- Formed November 2006 in response to Hurricane Katrina
- Includes reps. from jails, emergency management, Dept. of Corrections, VDEM, and HRPDC.

2

Functional Jail Assessment

- Evaluated jails emergency response plans with a focus on hurricanes and HazMat incident near the facility

Peninsula	Southside
• Hampton	• Chesapeake
• Newport News	• Virginia Beach
• James City County	• Suffolk
• Gloucester	• Portsmouth
	• Norfolk

- Maintaining water was a large concern
- Some facility plans include stockpiling water pre-event

3

Coordination with Water Utilities

- HRIEPC Implementation Plan identified
  - Need to find portable water vendors or resources (i.e. water buffalos) to ensure a back-up water supply.
  - Coordinate concerns with Directors of Utilities Committee to discuss the impacts of losing water on a jail facility to find mitigation solutions and ensure priority restoration.

4

What HRIEPC is looking for

- Better coordination of emergency planning efforts
- Feedback on stockpiling vs. onsite tank
- Who should jails reach out to within the utilities?
- Are jails identified as top priority for restoration?
- What mitigation actions can the jails take?
- What information do you need from the jails?

5

Review Comments on Groundwater Withdrawal Regulations

March 2013
Directors of Utilities Committee

Definition of Human Consumption

Purple boxes are proposed language in the draft regulation.

610-10: "Human Consumption" means the use of water for drinking, bathing, showering, cooking, dishwashing, and maintaining oral hygiene.

- Current Definition: "Human consumptive use" means the withdrawal of ground water for private residential domestic use and that portion of ground water withdrawals in a public water supply system that support residential domestic uses and domestic uses at commercial and industrial establishments.
- **PDC comments:** Continue to use the current definition to include toilet flushing, washing clothes, etc.

2

Public Water System - highest priority

- *Current regulations say when the available supply of groundwater is not sufficient to meet all requests, human consumption shall be given the highest priority.*
- *Regulations guarantee reissue of permit withdrawals to meet human consumption needs during previous term of the permit.*
- **PDC comments:**
  - Demands of public water systems should be given the highest priority. Public systems should not be required to estimate human consumption.
  - Permits for public water systems should automatically be renewable at the existing permitted amounts and not subject to a technical evaluation of the 80% criteria.

3

Public Water System – Automatic Renewals

- *Current regulations do not guarantee that public water systems can renew their permits with the same conditions.*
- **PDC comments:**
  - Board should not conduct or consider technical evaluations of the 80% criteria for reapplications if the applicant is a public water system.
  - Board should not consider requiring public water systems to purchase surface water in lieu of renewing a groundwater withdrawal permit.

4

Raising Pumps in Potomac Aquifer

- *Mitigation claims have typically shown drops in head in the aquifer above the screened aquifer. If that is the standard for determining if a aquifer is a "groundwater source", most pumps would have to be raised.*

610-110 Evaluation criteria D.3.c - The applicant demonstrates that no pumps or water intake devices are placed lower than the top of the uppermost confined aquifer that a well utilizes as a groundwater source … in order to prevent dewatering of a confined aquifer, loss of inelastic storage, or damage to the aquifer from compaction.

PDC comments:

- Apply existing criteria to new permits treating the Potomac as one aquifer and grandfather existing public water systems that have pumps below the top of the Potomac aquifer.
- No pumps shall be placed lower than the top of the uppermost confined aquifer that the well is screened in. Strike "utilizes as a groundwater source".

5

Technical evaluations – for what time period?

- Observed water levels and VCP model indicate that the aquifer system does not reach steady state in 10 years if withdrawals remain approximately 100 mgd.
- Proposed evaluation of "stabilized effects" is not well defined.

610-110 Evaluation criteria D.3.h - The board's technical evaluation demonstrates that the stabilized effects from the proposed withdrawal in combination with the stabilized combined effects of all existing lawful withdrawals will not lower water levels . . . below the 80% criteria.

PDC comments:

- Permit term should be extended to 30 years and technical evaluations should consider simulated water levels at end of 30 year period.
- Applicants will only be granted permits based on 15 year growth projections.

6

Evaluation point for 80% criteria

- *Draft language suggests that 80% criteria will be evaluated throughout Coastal Plain – more restrictive than latest change to 1 ft drawdown contour.*

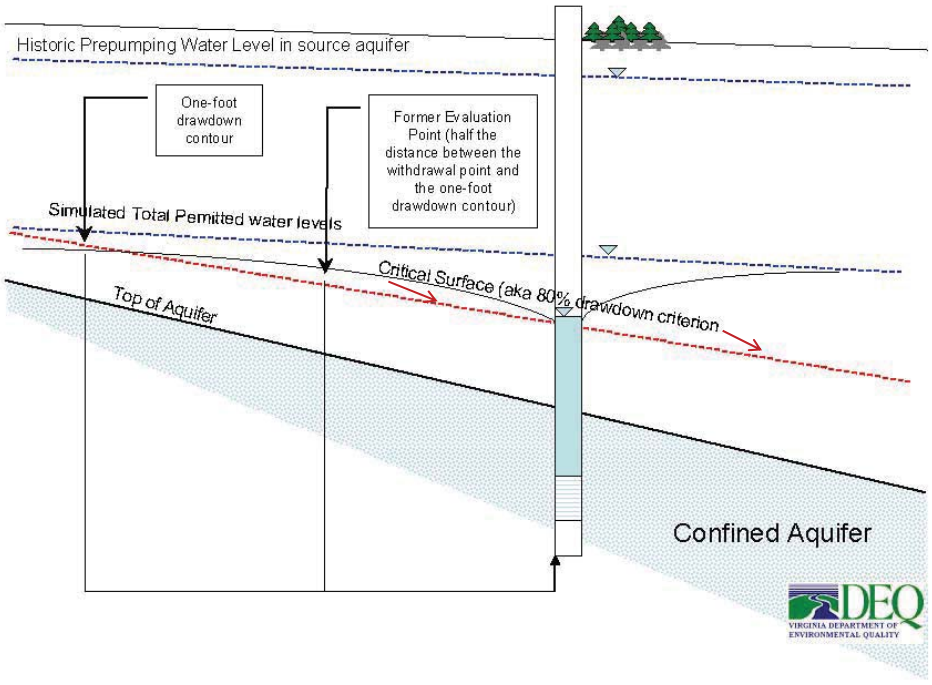
610-110 Evaluation criteria D.3.h - …technical evaluation demonstrates that …the proposed withdrawal …will not lower water levels, in any confined aquifer that the withdrawal impacts, below a point that represents 80% of the distance between the historical prepumping water levels in the aquifer and the top of the aquifer.

PDC comments:

- Evaluate 80% criteria at half the distance to the "model's minimum drawdown contour" for permit renewals and evaluate new applications at the model's minimum drawdown contour.
- "Model's minimum drawdown contour" defined as the calibration limit of the specific model or assessment tool.
- Area of impact would also be defined according to the model's minimum drawdown contour.

7

Evaluation point for 80% criteria



8

Justification of need for Conjunctive use systems

- *Draft regulation indicates conjunctive use systems will be permitted to only withdraw the amount of groundwater needed to meet demands during a year with average rainfall.*

610-10 Definitions - "Surface water and groundwater conjunctive use system" means an integrated water supply system wherein surface water is the primary source and groundwater is a supplemental source that is used to augment the surface water source when the surface water source is not able to produce the amount of water necessary to support the annual water demands of the system.

PDC comments:

- Abandon the concept of Conjunctive Use Permits.
- Implement dual permit approach: production well permits and drought relief permits.

9

Restrictions on Supplemental drought relief wells

- *Draft regulations indicates that public water systems can only use drought wells to meet human consumption needs and does not address the demands of commercial and industrial customers.*

610-10 Definitions - "Supplemental drought relief well" means a well permitted to withdraw a specified amount of groundwater to meet human consumption needs during declared drought conditions after mandatory water use restrictions have been implemented.

- Suggestion: Drought wells will be permitted to withdraw groundwater to meet the needs of public water systems after mandatory water use restrictions have been implemented.

10

Estimating area of impact for Drought wells

- *Draft regulations indicates that drought wells will be evaluated based on "stabilized effects" at the maximum withdrawal allowed by the permit.*

610-108 Section D - Mitigation plans for all surface water and groundwater conjunctive use system permits and supplemental drought relief permits shall address the area of impact associated with the maximum groundwater withdrawal allowed by such permits.

PDC comments:

- Drought wells should be evaluated with a transient model at the maximum annual withdrawal for two years followed by eight years at the minimum maintenance withdrawals.
- Area of impact for mitigation claims should be the maximum drawdown at the claim location during a transient simulation of the permit term.

11

Aquifer Storage Recovery (ASR) permit

- *Draft regulations do not include a definition for ASR wells or conditions for ASR permits.*

PDC comments:

- Definition - well that injects water into the aquifer system and stores more water in the system than it withdraws.
- ASR should not require a permit because EPA UIC program regulated ASR.
- Permittee can withdraw 70% of the water that has been injected or up to 95% of the injected water, as long as the utility can demonstrate that the water is injected water, not native groundwater.
- Permittee can withdraw water up to a maximum rate of four times the average daily injection rate based on the previous 12 months.
- ASR wells should not be required to have a mitigation plan because more water has been injected than withdrawn.

12

Sewer Consolidation Study

March 6, 2013

Directors of Utilities Committee

1. Asset Valuation

- Conduct a valuation of assets owned and operated by HRSD and each locality.
- Consider current conditions, projected service life, identified liabilities, outstanding debt.
- Identification of previous joint ventures for installations of regional sewer facilities (lease purchase or interest participation).
- **Study assumptions – Book value approach and give assets to HRSD.**

2. Personnel Impacts

- Number of personnel, salaries, benefits will be compiled.
- Additional duty impact will be examined and quantified, where possible to include water system O&M, disaster recovery, snow removal, etc.
- Total staffing recommendation for consolidated entity shall be developed with a recommended transition plan and schedule.
- **HDR scope:** It will be necessary to normalize the staffing levels to a simple metric, such as the number of employees performing a function per mile of sewer.

- **Study assumption: all personnel transferred to HRSD and reductions accomplished through attrition.**

3. Operations and Maintenance

- Analyze maintenance costs, volume of work, levels of services, estimated work response schedules for HRSD and each locality.
- Review SCADA and IT capabilities and compatibilities.
- Current and proposed levels of service and O&M investment will be compared with recommended regionally applied best practices. Include 10 year projection of rates for individual utilities compared to a consolidated entity.

- **HDR scope:** Key decisions include which overlapping functions will remain, which unique functions will continue to be provided uniquely or expanded to the consolidated service area.
- Performance indicators: response time to customer calls, service disruption or downtime rate (including SSO/back-up rate).
- Recommend best practices for O&M and customer level of service for consolidated entity.
- 10-year cost projections for a consolidated O&M group compared to performing O&M service/functions separately.

- **Study assumptions: under development**

4. Rolling Stock and Equipment

- Inventory rolling stock and equipment dedicated to O&M of sanitary sewer assets including leased equipment.
- Include age, condition, expected service life.
- Current inventory will be compared with recommended regionally applied best practices.

- **HDR scope:** Appropriate metrics will be developed to indicate the number of pieces of a particular equipment class per mile of sewer or per household.
- Metrics will match those developed in Personnel Impacts, to determine whether a redistribution of equipment or new equipment is warranted.

- **Study assumption: transfer all equipment that localities offer.**

5. Operational Support Facilities

- Inventory all physical space (buildings, parking, storage) dedicated to sanitary sewer operations including leased facilities.
- Evaluate use of these spaces to support regional approaches.

- **HDR scope:** Determine whether a surplus of facilities exists or whether there is a void of appropriate facilities in a certain area.
- Whether the consolidation of certain existing facilities into a new regional location is more appropriate from a dispatch/mobilization perspective.

- **Study assumption: transfer all facilities that localities offer.**

6. Revenue and Rates

- Determine revenue generated by sewer charges and other revenue sources dedicated to support sanitary sewer for each locality.
- Identify contributions, returns, or cost of service allocations to locality general funds.
- Evaluate various revenue generation alternatives and transition periods to move from local rates to regional rates.
- Include affordability analysis to gauge impact of current and projected effect of rates on each locality MHI and families living below federal poverty guidelines for status quo and consolidated scenarios.
- **HDR scope:** Determine the most cost effective solution to regulatory compliance.
- Compare revenue/rate projections for Consolidated Entity Rate vs HRSD Treatment Rate + Locality Collection Rates.

- **Study assumption: under development, should status quo scenario in Comparative Analysis identify HRSD & locality rates?**

7. Utility Tax/Payment in Lieu of Taxes

- Evaluate the use and impact of these and similar revenue transfer mechanisms between the regional entity and all local governments served.

- **Study assumptions: revenue transfers will be funded by extra charges on bills for applicable localities.**

8. Debt

- Analyze all outstanding sanitary sewer debt to determine allowable and appropriate action (assumption, assignment, defeasance) to remove the localities sewer system debt obligations and provide an overview of the regional effect of the combined debt.

- **HDR scope:** Include determination of source of repayment, interest costs, maturity, revenue covenants, etc.
- **Study assumptions: under development – HRSD consolidates debt, 30yr term at 3.34%**

9. Legal Review

- Review local government charters, HRSD enabling legislation, federal and state law, and grant, loan or debt restrictions applicable to transfer of assets, personnel benefits, contracted personnel, contracted operations, rate setting and other legal issues .
- Identify and evaluate other contracts currently in force which may impact the feasibility of consolidation of the sewer assets.

- **Study assumptions: No legal barriers.**

10. Economic Development

- Evaluate how economic development initiatives are supported by local government sanitary sewer assets and develop regional alternatives and recommendations to providing similar support from a regional entity.

- **Study assumptions: under development,**
  Incentives funded by localities.
  Concerns with existing coordination?

11. Extension of Sanitary Sewer Service to Un-served Areas

- Review policies and practices for extension of sewer collection system within areas already designated by local Comprehensive Plans to be sewered.
- Develop alternatives to accomplish this need through a regional sanitary sewer entity.

- **Study assumptions – under development,**
  Concerns with existing coordination?

12. Coordination with Local Governments

- Identify and evaluate best practices for communication and coordination of activities performed by a regional consolidated sewer entity with local governments.

- **Study assumptions: under development,**

  Examples? Existing or anticipated problems?

13. Governance

- Identify and evaluate options for governance of an expanded regional entity responsible for all sanitary sewer assets and operations in Hampton Roads.

- **Study assumptions: under development**

14. Federal / State Funding Opportunities

- Identify and evaluate potential available funding opportunities to assist with the consolidation of the Hampton Roads sanitation systems.
- **Study assumptions: few to no funding opportunities.**

15. Customer Service, Billing, Payments

- Review customer service policies and practices including "one stop" service to the development sector, integration with 311 call centers, accounts receivable collection efforts and compare with regionally applied best practices.
- **Study assumptions: existing billing system is adequate, service calls handled by HRSD?**

Communication Plans

- Briefings to governing bodies, regulators and HRPDC.
- Consultant shall develop and submit a communications plan that will be incorporated into the final study cost.

- **HDR scope:** First step is to define CPs' goals and identify intended audience for both the internal and external CPs.
- Internal CP will keep members of the Steering Committee informed on the study's progress through regularly conducted briefings and other tools.
- For external CP, use a Community Input Committee made up of a cross-section of business, grassroots, and regulatory agencies, civic and political leaders across the region.

- **Foreseeable communications needs?**

SSORS

Decision on Report Sharing Options:

1. **No Cost**: HRPDC staff distributes summaries (monthly/quarterly); only include data from utilities that opt to participate.
2. **$5,000** (ball park): Provide all users with "view-only" privileges for all reports. Cost may change depending on participation.

Note: **April 11, 2013** SSORS User Training
1:00 pm (HRPDC Board Room)

1

Water and Wastewater Rate Structures

Problem: Utility costs are increasing; revenues are decreasing due to declining consumption. Utility rate structures will have to be changed to provide enough revenue to support customer needs and regulatory requirements.

Tasks:

1. Write a short report explaining the typical rate structure for water and wastewater utilities, identifying fixed and variable costs, and describing factors that have influenced declining demands (plumbing code, conservation ethos) and increased costs (aging infrastructure, regulatory requirements).
2. Provide an appendix to serve as a resource for localities to pull information for future presentations. Example information: existing regional data (rates, water demands), possible rate structures including models from non-water utilities, ways utilities recover costs, examples of revenue problem/solutions from outside the region, national/industry studies on age of infrastructure and impact of plumbing code changes, and challenges and considerations tied to operating as an Enterprise fund.
3. Create powerpoint designed for an audience of elected officials that reviews key points of the report and identifies conceptual solutions.

1

Preliminary Schedule

March 6, 2013 Utility Directors Meeting

- Focus message

April 3, 2013 Utility Directors Meeting

- Draft products – review and comment

May 1, 2013 Utility Directors Meeting

- Revised products– review and comment
- Preliminary outreach plan for elected officials

June 5, 2013 Utility Directors Meeting

- Final products approval;
- CAO briefing prep – outreach plan

June 20, 2013 CAO Briefing

- Brief issues and outreach plan,

July 18, 2013 HRPDC Quarterly Meeting

- Roll-out issues and outreach plan for regional support

2

Task 1 – Short Report

- Write a short report explaining the typical rate structure for water and wastewater utilities, identifying fixed and variable costs, and describing factors that have influenced declining demands (plumbing code, conservation ethos) and increased costs (aging infrastructure, regulatory requirements).

- Goal is to persuade elected officials and customers should value water & wastewater as public services not commodities and should support evaluation and modification of utility rate structures.

- **Feedback from Utility Directors:** Consensus that individual utilities in region will all have to address this issue?

3

Task 3 – Presentation

- Create presentation designed for an audience of elected officials that **reviews key points of the report and identifies conceptual solutions**.

Committee input requested -

- All utilities in region seeing declining demands or insufficient revenue? Unstable revenue?
- Any regulatory requirements for water utilities that additional time to comply would alleviate funding demands?
- Mention Consent Orders as possible outcome of inaction?
- **Conceptual Solutions?**
  - **new rate structure (describe lots of options)**
  - new revenue sources (fees, taxes)
  - new financing options (public-private partnerships)
  - operational changes
  - privatize

4