

Attachment 1A
MEETING SUMMARY
DIRECTORS OF UTILITIES COMMITTEE MEETING
February 7, 2017
Chesapeake

1. Summary of the December 6, 2017 Joint Meeting of the Directors of Utilities Committee and Health Directors

There were no comments on, or revisions to the summary of the December 6, 2017 joint meeting.

ACTION: The summary of the December 6, 2017 joint meeting of the Directors of Utilities Committee and Health Directors was approved.

2. Public Comment

There were no public comments.

3. askHRgreen.org Website Redesign

HRPDC Principal Environmental Education Planner Katie Cullipher briefed the Committee on the new tools and functionality provided by the recently redesigned askHRgreen.org website (see Attachment 1C). The website is now mobile responsive and more engaging, with large graphics and wide use of iconography to improve the user experience.

Significant improvements were made to the site design to allow content categorization and tagging, which enables users to filter content and quickly drill down to information of interest. Users can also bookmark specific content to revisit later. Current campaigns and events are highlighted throughout the site, and campaign-specific pages have improved content management. Dynamic social channel feeds are integrated throughout the site, and new “Tip Cards” encourage the sharing of key messages via social media. Improved usability features were also added to the desktop site.

Locality pages have also been developed to deliver jurisdiction-specific information, events, and resources. These pages are flexible and customizable for each locality’s needs. The Press Room page has been improved with organization and search features, and the Media Toolkit content has been improved to encourage the use of askHRgreen.org branded materials.

ACTION: No action.

4. HRSD Draft Revisions to the 2014 Memorandum of Agreement

Brown and Caldwell Senior Vice President Richard Stahr discussed with the Committee the proposed draft revisions to amend the 2014 Memorandum of Agreement. The MOA revisions are being proposed in coordination with the Integrated Plan/Regional Wet Weather Management Plan (IP/RWWMP) that was submitted to the EPA on September 29, 2017. Mr. Stahr noted that the proposed revisions were first discussed with the Capacity Team Subcommittee in November 2017. The intent of the revisions is to provide for HRSD responsibility for capacity-related sanitary sewer system overflows (SSOs) from the date the EPA approves the IP/RWWMP Plan, rather than after the full implementation of RWWMP facilities and the completion of the Post-RWWMP Performance Assessment in each HRSD treatment plant service area.

The Committee discussed the proposed definition of “wet weather overflows” included in the draft amendment as follows:

“Wet Weather Overflows” means capacity-related overflows from the Regional Sanitary Sewer System that result from unusually high flows caused by infiltration and/or inflow and not attributed to mechanical or electrical failure, third-party damage, extreme weather events, or similar conditions beyond the hydraulic capacity of the Regional Sanitary Sewer System. Capacity-related overflows specifically exclude those caused in whole or in part by build-ups of debris, sediment, and/or grease that reduce the hydraulic capacity of the system and that can be mitigated through proper operations and maintenance of the system.

In response to questions on the first sentence, Mr. Stahr clarified that “extreme weather events” refers to named storms and significant events such as nor’easters and that an example of “similar conditions” is tidal flooding.

It was clarified that no changes are proposed to the provisions in Section B.1.g of the 2014 MOA regarding the cooperative investigation of wet weather SSOs.

During the discussion, it was emphasized that all signatory parties to the MOA must adopt the same amendment; localities will not be able to customize the language in the document. The Committee agreed to send HRSD final comments on the draft amendment on or before March 7, 2018 for discussion at the March Committee meeting.

Most utilities anticipate that the amendment will require city council or county board approvals. The Committee agreed that July 1, 2018 will be the target deadline for councils/boards to approve the amendment. To facilitate council/board actions, Mr. Stahr agreed to develop common message points on the amendment for the Committee’s use.

Mr. Stahr will provide an updated working draft prior to the March 7, 2018 Committee meeting with the following comments incorporated (deletions are shown as ~~strikethrough text~~; additions are shown as ***bold italic text***):

- First Amendment to MOA, page 1, third paragraph:

WHEREAS, the Agreement sets forth the respective responsibilities of HRSD and the Localities regarding the construction, expansion, operation, and maintenance of the Regional Sanitary Sewer Systems, including that the Localities would remain responsible for conducting the operation and maintenance of their respective systems in accordance with ~~an~~ ***their*** approved Management, Operations, and Maintenance program and HRSD would assume responsibility for developing, financing, and implementing the RWWMP in the Regional Sanitary Sewer System;

- First Amendment to MOA, page 3, Section A.3:

3. The following subsection k. is added to the end of Section B.2:

k. Refrain from requesting or petitioning the Board or DEQ to terminate the Special Order By Consent (December 19, 2014) in accordance with Section ~~E.12~~ ***D.11*** of the same, or consenting to a modification of the Special Order By Consent that eliminates or materially alters the Locality's obligation to implement ~~a~~ ***their*** Management, Operations, and Maintenance program in accordance with Section D of the same, unless prior written consent to such termination or modification is provided by HRSD.

ACTION: Localities will send final comments on the draft MOA amendment to HRSD by March 7, 2018. A revised working draft will be discussed at the March 7, 2018 Committee meeting.

5. Affordability of City Services

HRPDC Principal Water Resources Engineer Whitney Katchmark led a discussion on potential next steps to continue the discussion of affordability issues with the HRPDC Chief Administrative Officers (CAOs) Committee. The CAOs were initially briefed on affordability issues in May 2017 (see May 3, 2017 CAOs [Summary Minutes](#), page 2, and May 3, 2017 Directors of Utilities Committee [Meeting Summary](#), page 2), and requested that Ms. Katchmark provide periodic updates. The purpose of the Committee discussion is to receive input for the next update to the CAOs.

Staff updated the regional summary of the monthly costs of city services to include FY18 rates (see February 07, 2018 agenda [Attachment 5A](#)). Ms. Katchmark reviewed the information, and noted that improved projections are needed for local stormwater fees. During the discussion, it was noted that HRSD finalized the agreement to provide

service to Surry County in February 2018; staff will make the appropriate revisions to the regional cost summary.

Billed water use continues to decrease, and Ms. Katchmark asked the Committee to share their thoughts on this trend. Based on the discussion, no utility has observed a significant or sudden increase in overall demand over the past several years, but the experience of individual utilities has varied as summarized below:

- One utility observed reduced system demand for six to seven years until 2017, when there was a small increase.
- One utility has observed a slow and steady increase in total water use attributed to both residential and commercial demand caused by new construction; the per-capita use has not changed.
- Two utilities commented that demand has been flat for several years; one of these utilities commented that the flat trend is due to decreases in per capita demand being offset by increased demand attributed to growth.
- One utility noted that demand has been mostly flat, with a slight decrease.
- One utility commented that their per capita use has remained steady.
- One utility experienced several years of decreasing demand through 2012, followed by flat demands through 2014, a slight increase in 2015, and then decreasing demands again in recent years primarily due to conservation measures implemented at a major publicly-owned facility.
- One utility noted that they continue to observe gradual declines in water consumption.

Utilities also commented on rate changes or rate structure changes implemented in response to decreasing demands and decreasing revenue:

- One utility increased rates, but did not change the rate structure.
- One utility increased the fixed portion of the rate to produce revenues that are 60% from volumetric rates and 40% from fixed fees.
- Two utilities implemented a gradually increasing small fixed fee (in addition to existing volumetric charges); one of these utilities also decreased the rate for the lowest use tier and increased the rate for the highest use tier.
- One utility is hoping to revise their current declining rate structure that gives a significant discount to large users.
- One utility will soon be implementing a rate increase and a tiered rate structure.
- One utility is working on increasing the fixed portion of the rate.
- One utility has implemented small annual volumetric rate increases, but has not implemented a fixed fee.

In light of the trend of increasing city services costs, utilities were asked to comment on the need for customer assistance programs and the time required to implement such programs. Two utilities commented that affordability remains a concern for their service area. It was also noted that affordability concerns may be greater for utilities that had not included enough funds for infrastructure renewal and replacement costs in the rate design.

Ms. Katchmark summarized four potential discussion topics to share with the CAOs:

- A. Federal assistance program: The idea of a [federal low-income water assistance program](#), similar to LIHEAP (Low Income Home Energy Assistance Program), is being discussed as a way to provide household-level assistance for water and wastewater bills.
- B. State assistance programs: California is developing a statewide plan, as required by a 2015 law requiring the development of a [Low-Income Water Rate Assistance Program](#), to use state funds to subsidize water bills for low-income individuals and families. This is the latest development, following California's enactment of the 2012 human right to water law, in the State's efforts to ensure all citizens have access to water.
- C. Local policies and programs: The Code of Virginia was [amended in 2014](#) to allow the City of Richmond to implement discounted water and sewer fees and charges for low-income customers. The City has developed [regulations](#) to implement [City Code Sections 28-271 through 28-275](#), which authorizes the [MetroCare Water Assistance Program](#). The Code stipulates that funding for the program is to be derived from grants and other sources (rate revenue can only be used for program administration and marketing support), and that discounted fees are to be applied in the form of credits to the customer's utility service account.
- D. Donation-based assistance and financial empowerment/coaching programs: The region's [Help-2-Others Program](#) is a local example of donation-based assistance program. At the March 7, 2018 meeting, Newport News Waterworks will brief the Committee on their implementation of [LIFT-UP](#) (Local Interventions for Financial Empowerment through Utility Payments), a financial empowerment program that helps low-income families pay municipal utility bills. Other utilities are also invited to share updates on their consideration and/or implementation of customer assistance programs.

During the discussion, the Committee generally agreed that the pros and cons of all four topics should be outlined for the CAOs to discuss further. It was suggested that staff develop estimates of how much income would a household need to make the intermediate (2023/2024) regional monthly cost projection "affordable." One utility commented that, although some utilities are seeing a decrease in water shut-offs due to non-payment, the accounts that go delinquent are accumulating larger balances than in the past. It was also noted that the effectiveness of a local assistance program is impacted when the department responsible for administering the program is subject to staff cuts; the stringent requirements and application process pose additional obstacles to program success. Additionally, the solid waste fee is significant in some localities and may be the largest component of the combined services bill; non-payment or underpayment of the bill can eventually result in water service being shut off.

The Committee will continue the discussion at the March 7, 2018 meeting. Staff will incorporate Committee comments into draft talking points for a future update to the CAOs.

ACTION: Discussion will be continued at the March 7, 2018 meeting.

6. Water Supply Plan Update

The HRPDC staff is continuing work on the development of water demand projections for the 2018 Regional Water Supply Plan update. Staff is comparing water supply and demand in light of the recently issued groundwater withdrawal permits for municipal water utilities.

The HRPDC staff provided a draft 2017 summary of the active groundwater permits in the Eastern Virginia Groundwater Management Area (see Attachment 1D). It was clarified that the permitted withdrawals are represented as average daily amounts. The 2017 permit summary and accompanying map will be finalized and provided to the Committee following the confirmation of a few details with DEQ.

Ms. Katchmark facilitated a roundtable discussion among the Committee members who received new groundwater withdrawal permits. Generally, the new permits will satisfy needs over the ten year permit term with withdrawal allocations and operational provisions that allow some flexibility. Beyond that time frame, some utilities will need additional water and anticipate difficulty finding alternative sources. Utilities were asked to submit their updated demand projections to Ms. Katchmark. The information on demands and permits will be incorporated into a Water Supply Plan update to be presented to the HRPDC.

ACTION: No action.

7. Legislative Priorities Roundtable

The Committee participated in a brief roundtable discussion on legislative priorities for the 2018 General Assembly session. The status of the following bills were noted:

- HB 211 (Lengthens from 10 years to 15 years the maximum term of a groundwater withdrawal permit): Passed the House (99-0); referred to Senate Committee on Agriculture, Conservation and Natural Resources.
- HB 771 (Establishes additional oversight mechanisms for the HRSD SWIFT groundwater replenishment project): Assigned to Subcommittee on Commerce, Agriculture, Natural Resources and Technology; Reported from Subcommittee (8-0).
- HB 1186 (Prioritizes groundwater withdrawals for human consumptive use): Left in House Committee on Agriculture, Chesapeake and Natural Resources.

ACTION: No action.

8. Other Business

The Committee's discussion is summarized below:

- **Help 2 Others - H2O - Program:** Per the county of Surry's request to become part of the HRSD, an October 5, 2016 revised order filed with the County Circuit Court added the County, with the exception of the Town of Claremont, to the HRSD territory. On February 28, 2018, the Commission approved the agreement between HRSD and the County for transfer of the County's wastewater system to HRSD's ownership and operation. The Town of Surry is considering a similar agreement with HRSD. Given the expansion of the District to Surry County, HRSD has suggested that the County be added to the H2O program beginning in FY19. A majority vote of the H2O Board of Directors will be required to add the County to the regional program. Ms. Cullipher will contact County staff to confirm that Surry would like to be added, and an H2O Board meeting will be scheduled for the vote.
- **HRPDC website:** Ms. Katchmark requested feedback from Committee members on their experience using the Water Resources section of HRPDC's website. Any suggestions for improvement should be emailed to HRPDC staff.

ACTION: No action.