

Attachment 1A
MEETING SUMMARY
DIRECTORS OF UTILITIES COMMITTEE MEETING
January 4, 2017
Newport News

1. Summary of the November 2, 2016 Joint Meeting of the Directors of Utilities Committee and Health Directors

There were no comments on, or revisions to the summary of the November 2, 2016 joint meeting.

ACTION: The summary of the November 2, 2016 joint meeting of the Directors of Utilities Committee and Health Directors was approved.

2. Public Comment

There were no public comments.

3. Hampton Roads Regional Source Water Protection Plan

The Committee's review of the pre-final Hampton Roads Regional Source Water Protection Plan was completed on December 12, 2016, and a revised document was distributed on December 19, 2016. Staff reviewed the two corrections made to the December 19, 2016 document (see Attachment 1C). The Committee approved the final plan with corrections. Staff will post the plan to the HRPDC website and provide the URL to the Committee and the VDH Office of Drinking Water, Source Water Protection Program.

The HRPDC staff reviewed the plan's Potential Source Water Protection Strategies:

1. Continuation of Current Regional Source Water Protection Activities (askHRgreen.org, water supply planning, groundwater mitigation, stormwater management, SSORS, etc.)
2. Source Water Protection Plan Local Advisory Committee Meetings (1 Directors of Utilities Committee meeting annually)
3. Potential Contamination Source Inventory Updates (check with VDH annually)
4. Sanitary Sewer Overflows Notices (add water utilities to SSORS distribution list)
5. Coordination with Dominion Power (establish contacts; update annually; additional support per Committee direction)
6. Coordination with Roadway Operators (establish contacts; update annually; additional support per Committee direction)
7. Coordination with Railroad Operators (establish contacts; update annually; additional support per Committee direction)
8. Coordination with Gas Transmission Pipelines and Hazardous Liquid Trunkline Operators (establish contacts; update annually; additional support per Committee direction)

9. Location-Based Analyses (examples: mapping uses/unique conditions; further identify risks)
10. Policy Summary (source water protection provisions in local plans and ordinances; technical assistance for amendment/implementation)

Staff noted that items 2 through 8 can be added as recurring tasks to the Regional Water Program work plan within existing budget and staff resources. The Committee agreed to add items 2 through 8 to the work plan, beginning in FY18. With respect to item 4, the Committee noted that SSORS reports have been coordinated between several local wastewater and water utilities. Staff clarified that work toward item 4 would be limited to addressing gaps and would not affect those that have already coordinated SSORS distribution lists. For items 5 through 8, the new contact lists for Dominion Power, roadway operators, railroad operators, and pipeline operators will be included with the biannual distribution of the Water Quality Response Plan Emergency Contact List, as suggested by the Committee.

ACTION: The Hampton Roads Regional Source Water Protection Plan was approved.

4. SWIFT Update

Ms. Whitney Katchmark, HRPDC Principal Water Resources Engineer, briefed the Committee on HRSD General Manager Ted Henifin's January 4, 2017 presentation to the Hampton Roads Chief Administrative Officers (CAOs) on the Sustainable Water Initiative for Tomorrow (SWIFT) and concept of water quality credit agreements between HRSD and locality MS4s. The Chesapeake Bay TMDL requires local governments to develop action plans to reduce nutrient and sediment discharges from stormwater sources to the Bay. Under Virginia's Watershed Improvement Plan (WIP) for the Bay TMDL, locality MS4s are required to reduce discharged loads by 5 percent (%) during the current permit cycle (2016-2021 for Phase I MS4 systems), 35% in the second cycle (2021-2026) and the remaining 60% in the third cycle (2026-2031).

At the CAOs meeting, Mr. Henifin explained the concept of trading agreements between HRSD and localities with the purpose of supporting a "Sustainable Redevelopment-Based TMDL Action Plan for Stormwater in Hampton Roads." Virginia's stormwater regulations require load reductions from all redeveloped properties. As redevelopment occurs over the long term, compliance with the regulations will result in stormwater load reductions throughout Hampton Roads. This redevelopment will result in reduced loads from stormwater sources to meet the Chesapeake Bay TMDL. As a result of existing flow capacity and investments in nutrient removal technologies, HRSD's current nutrient and sediment discharges are significantly below permitted limits; this provides trading capacity to absorb the required stormwater load reductions in Hampton Roads as an interim solution through 2036. Loads can be permanently offset when SWIFT is operational. The redevelopment-based TMDL Action Plan would serve as the action plan for future MS4 and General Permits. Benefits of this approach include the opportunity for localities to refocus stormwater programs on local water

quality/TMDLs, recurrent flooding, and adaptation strategies rather than costly retrofit programs to meet the majority of Bay TMDL load reductions. The trading agreements would provide certainty for localities and regulators of TMDL compliance, and the advanced treatment at HRSD's plants would provide verifiable reductions in nutrient and sediment loading. Individual water quality credit agreements between HRSD and the MS4 localities should be finalized by the end of spring 2017 and executed by August 1, 2017. The agreements will support the SWIFT integrated planning approach to the Regional Wet Weather Management Plan (RWWMP).

The discussion at the CAOs meeting included challenges associated with: explaining the concept to citizens and environmental groups; communicating the benefits if little redevelopment activity is occurring in certain localities; and choosing to utilize a combination of retrofits and nutrient credits to meet the Bay TMDL requirements.

During the discussion with the Directors of Utilities Committee, it was noted that localities need to develop estimates of the cost to comply with the MS4 requirements for the Bay TMDL and resultant stormwater rate increases. This would provide the cost avoided by utilizing water quality credits from HRSD to meet up to 95% of the WIP requirements (the 2nd and 3rd permit cycles). Localities should then develop a clear message on the projected stormwater costs and rates necessary to meet the MS4 requirements for the Bay TMDL with and without HRSD water quality credits.

The Committee also discussed the overall affordability of the RWWMP. It was suggested that the CAOs should have an in-depth discussion of the impacts of RWWMP costs to ratepayers. In 10 to 15 years, the HRSD published rate increases to fund the RWWMP coupled with and potential locality rate increases to fund system operation and maintenance are likely to price significant portions of the population out of utility services, exacerbating customer delinquency problems. It was noted that Committee members should discuss the issue with their respective CAOs. HRPDC staff suggested that the affordability discussion could be incorporated into the poverty discussion to take place during the CAOs retreat in April.

ACTION: No action.

5. Groundwater Update

Ms. Katchmark summarized recent meetings of the Eastern Virginia Groundwater Management Advisory Committee (EVGMAC) Workgroups on trading, funding, and alternative sources. Ms. Katchmark also summarized the recommendations of the JLARC report, "Effectiveness of Virginia's Water Resource Planning and Management." The presentation slides are included as Attachment 1D.

The Trading Workgroup is considering a management tool used in Australia where permanent entitlements for withdrawals are provided to users in different zones and new users must purchase credits from those with permanent entitlements.

Unpermitted water users could be addressed by tying groundwater allocations to growth, as estimated in local comprehensive plans; rural localities could sell credits to urban localities. The trading workgroup is also looking at a strawman for an ASR banking system. During the Committee discussion, it was noted that trading could provide benefits such as encouraging entities that are capable of obtaining surface water at a reasonable cost to treat it and inject it for the purpose of selling credits, and allowing municipal systems to absorb groundwater permit allocations of other CWS that choose to connect to the municipal system.

The Funding Workgroup discussed the idea of a user fee for groundwater withdrawals (either a flat or volume-based fee) to move to a model that recognizes paying for use of the resource. Such a fee would be collected from both permitted and unpermitted users, and the revenue would fund DEQ programs to manage the resource.

The Alternative Sources Workgroup produced a list of six alternative sources and evaluation factors. The document does not contain recommendations, and it is unclear what the Advisory Committee will do with this information.

Comments from the Directors of Utilities Committee on the groundwater update included: the need for: state incentives to move private well users (unpermitted users) to municipal water systems; programs for grants and assistance; allocations for growth; and longer permit terms.

ACTION: No action.

6. Roundtable Discussion

During the roundtable discussion, the Committee members shared information on local legislative priorities. Newport News is working on a fee relief package related to solid waste; Public Works will forward a copy to HRPDC. HB1065 to establish the “groundwater conservation incentive program,” which was continued from the 2016 General Assembly session, will not move forward.

The Committee discussed customer account and payment policies. The Committee shared administration practices that are helpful in managing delinquent accounts and dealing with non-payment.

The Committee discussed staff recruitment and retention challenges. The Committee tasked staff with researching pay scale data for field staff, operators, customer service, and other basic positions. Staff will review organization charts, collect data, and prepare materials for a future meeting discussion.

ACTION: No action.

7. Staff Reports

- **2017 Meeting Schedule:** The 2017 meeting schedule for the Directors of Utilities Committee was attached to the agenda. Suffolk Public Utilities offered to host the March 1, 2017 Committee meeting at the utility's operations center training room. A revised schedule reflecting this will be distributed to the Committee.
- **Support for Roanoke River Basin Association (RRBA):** Staff provided an update on the status of the proposed funding for the RRBA. A recommendation to the HRPDC from the Personnel and Budget Committee has not been made.
- **Healthy Watersheds Consortium Grant Program:** The U.S. Endowment for Forestry and Communities has released the [RFP for the 2017 grant program](#). Last year, the program made 9 grant awards from \$100,000 to \$225,000 totaling \$1.4 million. Up to \$2 million is available for 2017 grants. The [recorded webinar](#) explains the program's goals and characteristics of competitive proposals.

ACTION: No action.

8. Other Business

The HRPDC staff shared the announcement for the open meeting of the EPA Environmental Financial Advisory Board (EFAB) and call for board member nominations. The meeting information and call for nominations will be distributed to the Committee. Staff will solicit the Committee's input on potential nominations for the EFAB.

ACTION: No action.