



County of Prince George, Virginia

"A global community where families thrive and businesses prosper"

Memorandum

To: Percy Ashcraft, County Administrator
Jeff Stoke, Deputy County Administrator
Steve Mica, County Attorney

From: Frank Haltom, Director of Engineering & Utilities

Date: February 1, 2019

Subject: **Engineering and Utilities Updates**

Virginia American Water (VAW) Rate Increase

On January 11, 2019, Mr. Ashcraft, Mr. Stokes and I met with company executives of VAW to learn more about the VAW's application for rate increase. Their application proposes rate changes over the next three years to transition to a uniform statewide rate for all their water service districts. In the first year, effective May 1, 2019 (if approved), Prince George customers of VAW will have a water service rate increase of 10.5%. This rate increase will provide funding for several capital repair/replacement projects at the Hopewell plant as well as provide VAW an increase in profit from approximately 9% to 10.8%. In addition to the water service rate increase, VAW has proposed a new water infrastructure replacement service charge of approximately 7.5% that will be added to the total monthly bill.

VAW shared sample bills to demonstrate the impact to the 770 residents they serve in Prince George. If the rate increase is approved as requested, a residential customer that uses 5,000 gallons (average residential use) of water a month would see an increase of approximately \$7.15 per month on their water bill. This represents approximately \$4.00 due to the water rate increase and \$3.15 due to the new infrastructure service charge. These customers will see a slight reduction in their bill the following 2 years as VAW customers in other parts of Virginia see their rates continue to increase during the transition to a uniform rate. The savings will be approximately \$2.77/ month in year 2 and another \$2.77/month in year 3.

In the past, the localities, including Prince George, served by VAW pooled their resources to contend against any unreasonable rate increase that would impact their residents. It is apparent that other localities will not join in that effort for this application. Therefore, Prince George staff will work with the SCC directly to offer input on the VAW application.

Appomattox River (AR) Water Intake - Update

On December 4, 2018, Dewberry Engineers and County staff met with multiple agencies to discuss the application panel. Agencies included, DEQ, EPA, VDH-ODW, Dept. of Game & Inland Fisheries (DGIF), Virginia Marine Resources Commission (VMRC), Virginia Institute of Marine Science (VIMS), Department Of Historic Resources (DHR), US Army Corps of Engineers (USACE), US Fish & Wildlife (USFW), National Oceanic & Atmospheric Administration (NOAA). Dewberry presented our proposal to withdraw water from the AR to support the future needs of the Southpoint Business Park and future growth of the County. The bathometric survey and the river bottom characterization survey are complete. These are necessary to determine if this location is suitable for a water intake and will also help determine construction methods. In late February, the consultants and staff will meet with VMRC, DGIF and USFW to discuss the aquatic species of concern. This meeting will begin to frame the necessary design requirements to limit the impact to these species and understand the possible mitigation costs to offset the impacts.

Based on input received at this meeting, Dewberry will make adjustments to the application package and expect to submit the application in early April 2019. The multi-agency review period is expected to take about 1 year. During the review period, DEQ will issue a Public Notice of our intent to withdrawal raw water from the AR with the intent to receive comments from the general public and other water companies.

After Dewberry receives agency comments, they will provide a response to satisfy all concerns. Barring any unusual circumstances, we expect to receive a permit by December 2020.

Payment of Connection Fees

It is recommended to amend the utility ordinance to clarify when payment of connection fees is required for single-family residential units. Staff will recommend an amendment to indicate fees shall be paid at the time of application for residential water service. If application is made for both water and sewer service, or water service only, fees will be due at time of application for service and prior to the installation of a water meter.

Utility connections fees for single-family homes making application for sewer service only will be due prior to receiving a building permit. Since a meter is not required for water service, this will be an adequate means to ensure all fees are paid prior to sewer service being available to the home.

Utility connections fees for uses other than single-family homes shall be due prior to issuance of a building permit.

A draft ordinance amendment will be presented at the BOS meeting. Procedures will be established to ensure a final plumbing inspection will not be scheduled prior to installation of the water meter. This may include allowing up to seven calendar days to schedule the inspection after the application for service is completed. An application for service is not complete until all fees are paid. The seven days will allow office staff to set up the account, gather the necessary meter information and schedule the field staff for installation.

Utility Ordinance Amendment for Water Conservation

The Department of Environmental Quality (DEQ) requires public water conveyors to adopt a water conservation plans during periods of drought and/or water shortage. The County's conservation plan is included in the County ordinance section 82-40. In addition to the ordinance DEQ requires public water conveyors to address the excessive irrigation by the use of automatic irrigation systems connected to a public water source. Therefore, to comply with the state regulation, an amendment to the County ordinance is necessary to address the use of automatic irrigation systems connected to a public water source. The intent of the regulation is to require automatic irrigation systems to include a rain sensor that will shut off the irrigation when a predetermined amount of rain has fallen, thereby conserving water. A draft ordinance amendment will be presented at the BOS meeting.

Pro Rata Policy

To implement the utility systems in a master plan approach, it is necessary to coordinate long term Utility Improvements with private development initiatives. The Department of Engineering & Utilities may require a developer to install within their utility improvements additional capacity and/or improvements to serve off-site parcels of land or correct existing facility deficiencies in accordance with the County's Water and Sewer Master Plan.

When a developer constructs a water and/or sewer improvement in accordance with the County's Water and Sewer Master Plan, which are designed and constructed to service other developments (subdivisions), the developer is eligible for reimbursement of a percentage of the cost of such improvements. The percentage of reimbursement is based on the rate of flow that such improvements are intended to service. Furthermore, a developer whose project will be served by water and/or sewer improvements installed by previous developers, is required to pay their pro rata share of the cost of providing these improvements.

Staff has developed a Pro-Rata Policy that establishes general standards and procedures by which a developer may be reimbursed for their costs associated with the design and construction of water and/or sewer improvements required to provide the requested additional capacity and/or improvements. Staff is also reviewing the County ordinance to determine if an amendment to section 82-73 is required to implement this policy.

Petersburg Utility Billing

The following are a list of billing issues with the City of Petersburg that we continue to work to resolve with the City. Further discussions with the City are expected the week of February 18th.

1. In June 2018, the County paid \$75,361.32 to the City of Petersburg for back charges for all of FY2017 and charges for the first three quarters of 2018 to bring the county current on all charges related to sewer flow into the City. The Finance office has confirmed the check has been cashed. Since then, the County continues to receive a bill for \$112,123.88 with no explanation of the charges.
2. Discussions during a meeting with the City on 12/28/2018 included a request for the City of Petersburg to take over the billing of the PG residents in the Fort Hayes community. There are 30 townhomes/duplexes in this community served by the City's water and sewer but located

within PG. Currently we receive a water and sewer bill from the City for these customers. We then add 10% to the overall cost and invoice the HOA of Fort Hayes for these charges. The water and sewer lines within the community are considered private lines that the HOA maintains. Therefore, the County has no other obligations than the billing. Should Petersburg bill this account directly, the HOA will realize a savings of 10%. Whether or not this savings would be realized by those living within the community is unknown at this time that would be controlled by the HOA on how they bill their tenants.

3. Petersburg's ordinance allows them to charge customers outside city limits double the rates charged to those inside the city limits. This could have significant cost implications for our accounts should Petersburg enforce this ordinance. Mr. Micas is investigating if charging another Public Utility double normal rates is permissible by law.
4. Utility Bills received from Petersburg does not contain enough information to determine if the billed amount is accurate. The consumption amount does not indicate the units, which is typically provided in gallons or CCF (100 cubic foot). Therefore, it becomes difficult to determine if the invoiced amount is accurate based on the rates established. Also, there remains a "Balance Brought Forward/Adjustments" on most bills received from Petersburg. County staff has researched to determine if any bills remain outstanding but all are current. Therefore, more information from Petersburg to describe this charge is necessary to understand what these amounts represent.