

## Waterworks Operation Fee Regulations Stakeholder Meeting Minutes

3075 River Road West  
Goochland, Virginia 23063  
Pamunkey Regional Library- Goochland Branch

Electronic by WebEx

1:00 pm, Tuesday, April 19, 2022

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Stakeholders Participating In-Person: Barry Matthews (ODW), Moderator; Jamie Hedges, Fairfax Water; Steven Herzog, VMDWA

Stakeholders Participating via WebEx: Mark Estes, Halifax PSA; Dawn Lipscomb, Virginia DCR; Robert Melvin, Virginia Restaurant Lodging and Travel Association

Stakeholders Absent: Deborah Kendall, Town of Gordonsville; Mitchell Smiley, VA Municipal League; Doug Towne, Richmond DPU; Dwayne Schwartz, City of Waynesboro; John Aulbach, Aqua Virginia; Robert Wilson, Appomattox River Water Authority; Eric Lasalle, Smithfield Foods; Tim Mitchell, VA AWWA

Guests Participating: Christopher Gill (via WebEx)

ODW Staff Participating In-Person: Julie Floyd, Diedre Forsgren, Theresa Hewlett, Aaron Moses, Jarrett Talley, Jason Yetter

ODW Staff Participating via WebEx: Denise Houchins

VDH Staff Absent: Dwayne Roadcap, Tony Singh, Jennifer Starkey

### A. Meeting Overview

The Waterworks Operation Fee Regulations Stakeholder Meeting #2 met in person at the Pamunkey Regional Library- Goochland Branch on Tuesday April 19, 2022. Stakeholders and the public could also join the meeting by electronic communication means (WebEx). The link was available on Town Hall, with participants able to log in to the webinar at 12:45 p.m.

Barry Matthews, Director of the Division of Training, Capacity Development and Outreach of the Office of Drinking Water, called the meeting to order at 1:00 p.m. and reviewed the agenda. Stakeholders did not request changes or additions to the agenda. He went over “ground rules” (see presentation attached to these minutes). He invited public comment noting that input is not limited to the stakeholders, but any member of the public is welcome and encouraged to participate in the process. Mr. Matthews noted that there was not in-person quorum of the stakeholder group, so the group would not vote or take any action at this meeting. He requested that members and guests provide written feedback. A fourth meeting is scheduled May 12, 2022 to allow additional interested parties to learn about the process and share feedback. At present, that meeting will be held virtually. He will share details via Town Hall.

## **B. Waterworks Operation Fee Regulations : Presentation of Costs**

Mr. Matthews presented the following topics:

- Operations Fee Invoicing Costs
- Non-community System's Technical Assistance Costs
- Wholesale Waterworks definition and Technical Assistance Costs

Highlights included the following:

- Operations Fee Invoicing Costs: The estimated cost to invoice waterworks is approximately \$16 per Public Water System ID (PWSID) or \$21 per owner having multiple PWSIDs on one invoice.
- Minimum billing: NTNC waterworks are billed a flat rate. Community waterworks (CWS) are billed per connection. There are 8 CWSs that are billed <\$10.00, 47 that are billed <\$50.00, and 138 that are billed <\$100.00.
- Non-community Systems Technical Assistance Costs: The estimated cost to provide the current level of technical assistance to Non-Transient Noncommunity (NTNC) and Transient Noncommunity (TNC) waterworks is \$1,570.00 per NTNC and \$780 per TNC.
- TNC waterworks currently do not pay a Technical Assistance Fee. NTNC waterworks currently pay \$90.00/waterworks.
- Wholesale Waterworks: There are currently 15 wholesale waterworks that are not invoiced a Technical Assistance Fee since they are classified as a CWS but have zero "end user accounts". Mr. Talley added that these 15 wholesale waterworks provide water to an average of 40,000 customers each.
- Wholesale Waterworks Technical Assistance Costs: The estimated cost to provide the current level of technical assistance to Wholesale Waterworks is about \$3,020 per wholesale waterworks.

Meeting attendees discussed the potential impact of billing wholesale waterworks and expressed concern that the downstream customers not be double-billed. There are costs regulating the wholesale waterworks with no corresponding fee. Wholesale waterworks receive technical assistance to meet Safe Drinking Water Act requirements. The waterworks have established business relationships. The group discussed a flat fee.

Regarding the \$160,000 cap on fees to CWSs, ODW applies the cap per owner. The intent of the Fee Regulations was to apply the cap per Public Water System Identification (PWSID). With clarifying language in the Fee Regulations, A net increase in fees of about \$175,000 per year could result from using PWSID as the billing mechanism.

## **C. Discussion of the Proposed (Draft) Fee Regulations and Amendments**

The workgroup discussed:

- *12VAC5-600-20*: The reference to the Board of Health in this section will likely be removed since the fees will be a finite amount, not open to change.
- *12VAC5-600-20*: There was discussion to clarify "15" in the following sentence: "The fee schedule for wholesale waterworks is based on a waterworks that sells water to another waterworks, and has fewer than 15 end-user accounts." Staff will address at the next meeting.
- *12VAC5-600-50 (C)*: There was discussion about CWS billing and whether billing should be based on the number of service connections or the number of customer accounts. Among the stakeholders, there was agreement that the number of customer accounts can fluctuate throughout the year and that waterworks often have inactive service connections (i.e. in housing developments

that are not fully built-out or vacant properties due to contraction of economy). Billing should be tied to the Safe Drinking Water Information System (SDWIS), a federal database for reporting to US EPA. SDWIS captures service connections. All agreed that issues of equity and environmental justice apply to this discussion. Staff will bring information to the next Stakeholder group.

- *12VAC5-600-120 (b)*: There was discussion about “(b) Limit and/or restrict any waterworks’ access to loans, grants, or services provided by the Virginia Department of Health – Office of Drinking Water.” Stakeholders asked whether a waterworks with an active VDH-funded construction project could stop paying the Technical Assistance Fee. The intent would be to apply this requirement only to owners seeking new funding, not active projects. Technical Assistance Fee payments cannot be taken from construction project funds. The recommendation was to leave the language as-is to ensure that ODW has the necessary tools to collect past-due fees.

#### **D. Public Comment**

The Stakeholder Group further discussed the issue of customer accounts versus service connections. Certain members expressed interest in polling outside groups on how they typically track these two numbers.

#### **E. Other Business / Conclude Meeting**

An additional meeting is planned for May 12, 2022 as a virtual public listening session. The next meeting of the Stakeholder Group will be Thursday May 19, 2022. Mr. Matthews adjourned the meeting at 2:42pm.

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#### ITEMS FOR FOLLOWUP AND CONSIDERATION:x

1. Send Mr. Matthews written comments on items discussed.
2. Staff will work on consistency of language in the Fee Regulations
3. Staff will provide more information on the proposed 15 residential connection threshold for a wholesale waterworks.
4. Staff will provide more information on service connections and customer accounts.
5. Develop a list of systems that would be affected by a change to the application of the \$160,000 cap.
6. Staff will advise the Stakeholder Group on requirements for a quorum with virtual attendance.

**Virginia Department of Health**  
Office of Drinking Water

**Waterworks Operation  
Fee Regulations**

*Barry E. Matthews, CPG*  
[barry.matthews@vdh.virginia.gov](mailto:barry.matthews@vdh.virginia.gov)  
804 477-5171





**Office of Drinking Water**

Introductions


Ground Rules

- Everyone attending meeting will have a voice
- Issues decided by consensus
- Vote by members, if consensus cannot be reached
- All comments should be recorded in the meeting
- Provide written suggestions or recommendations




**Office of Drinking Water**

- No gatherings to discuss Fee Regulations
- Focus on the fee regulations
- Cost is fair and equitable to all regulated groups
- Four meetings:
  - 1) Introduction, Background, Data, Issues (**Completed**)
  - 2) Recommended Modifications Discussion (this meeting)
    - 2.5) NTNC and TNC Interested Parties (virtual only)
  - 3) Review Draft Regulatory Modifications (In-person)



**Operations Fee Invoicing Costs**

- Billing Software – SBS has no funding
- Processing Invoices Cost
  - per PWSID \$16.00
  - per Invoice \$21.00
- Community Systems
  - 8 accounts under \$10.00
  - 47 accounts under \$50.00
  - 138 accounts under \$100.00



**Non-community System's Technical Assistance Costs**


14,250 hrs/506 systems = 28 hrs/system NTNC\*

17,150 hrs/1,248 systems = 14 hrs/system TNC\*

Assuming average salary, benefits and indirect costs = \$28.00/hr

**\$1,570 / NTNC    \$780 / TNC**


\* Note: These are the captured hours in ODW reporting systems, estimates based on 2x average multiplier (based on TA experience.)



**Wholesale Waterworks**

- Definition
 

"Wholesale waterworks" means a waterworks that treats source water as necessary to produce potable water and then delivers some or all of that potable water to another waterworks. Delivery may be through a direct connection or through the distribution system of one or more consecutive waterworks
- 15 Wholesalers that have no "end-user accounts"



### Wholesale Waterworks

420 hrs/15 systems = 28 hrs/Wholesaler\*  
Assuming average salary, benefits and indirect costs = \$54.00/hr

\$3,020 / Wholesaler

\* Note: These are the captured hours in ODW reporting systems, estimates based on 2x average multiplier (based on TA experience.)



### Amendments Discussion

1. Amend 12VAC5-600-10 as needed to define terms used in the chapter.
2. Amend 12VAC5-600-20 to expand the purpose of the regulation to include TNCs, wholesale waterworks, fair distribution of the costs of the drinking water program among all beneficiaries, and considerations of equity and environmental justice as they relate to fees waterworks pay.
3. Amend 12VAC5-600-50 to establish a minimum annual operation fee for all community waterworks, adjust the fee for each customer account, and adjust the schedule for charges and payment of fees.



### Amendments Discussion

4. Amend 12VAC5-600-60 to adjust the NTNC operation fee and the schedule for payment of fees.
5. Add a section that establishes an operation fee and schedule for payment of fees for TNC.
6. Add a section that establishes an operation fee and schedule payment of fees for wholesale waterworks.
7. Amend 12VAC5-600-90 to distinguish between wholesale waterworks and community waterworks that have service connections (which serve as the basis for their operation fees) and also sell or deliver water to another waterworks.



### Amendments Discussion

8. Other amendments to consider equity and environmental justice issues related to waterworks fees.



### Next Steps

Set Next Meeting

Adjourn

