

**EASTERN VIRGINIA GROUNDWATER MANAGEMENT
ADVISORY COMMITTEE**

WORK GROUP #4 – FUNDING

NOTES – MEETING #5 – DRAFT

**TUESDAY, DECEMBER 13, 2016 – 1:00 – 4:00
TROUTMAN SANDERS**

Meeting Attendees

EVGMAC – WORKGROUP #4	
Robert Carteris – City of Norfolk – Utilities	Michael Vergakis – James City County
Richard Costello – AES Consulting Engineers	Matt Wells – WestRock
Whitney Katchmark – Hampton Roads PDC	Andrea Wortzel – Troutman Sanders/Mission H2O
Mike Lang – New Kent County	

EVGMAC – WORKGROUP #4 – STATE AGENCIES	
Howard Eckstein – VDH/ODW/DWSRF	Scott Kudlas - DEQ
Lance Gregory – VDH/OEHS	

NOTE: Advisory Committee Members NOT in attendance: Jay Bernas – Hampton Roads Sanitation District; Eric Gregory – King George County; Barrett Hardiman – Luck Stone; Britt McMillan – ARCADIS; Sandi McNinch – Virginia EDP; Doug Powell – James City Service Authority; Jeff Scarano – Brown and Caldwell; Kurt Stephenson – Virginia Tech; Chris Tabor – Hazen and Sawyer; Brett Vassey – VMA;

INTERESTED PARTIES ATTENDING MEETING	

SUPPORT STAFF ATTENDING MEETING	
Bill Norris - DEQ	Jutta Schneider - DEQ
Mark Rubin - VCU	

HANDOUTS:

- 1. Draft Agenda**
 - 2. Draft Meeting Notes – EVGMAC Workgroup #4 Meeting #4 – Friday, November 18th**
-

1. Welcome & Introductions (Mark Rubin – Meeting Facilitator)

Mark Rubin, Executive Director of the Virginia Center for Consensus Building at VCU, opened the meeting and welcomed everyone to the meeting.

He asked for introductions.

2. Review of Agenda and Plan for Today's Meeting (Mark Rubin):

Mark reviewed the agenda for today's meeting and noted that the purpose of today's meeting is to come to consensus where we can on the issues that are raised and if we don't have consensus at least we will have a discussion of options that we will be able to give to the Advisory Committee when they meet in March. He noted that with any luck that this will be the last meeting of this workgroup, unless the Advisory Committee decides it needs more information from the workgroup at a later date. Essentially, this is our chance to be able to come up with some recommendations that everyone can agree with. The ultimate final decisions will be made by the Eastern Virginia Groundwater Advisory Committee, which will resume meeting in March to consider and discuss the recommendations of the workgroups.

Mark noted that we had a very good meeting this morning of the Sub-Workgroup of Joint Workgroups #1 and #2A that working on drafting of language dealing with alternative sources of supply and specific project areas and concepts. The group was able to talk about alternative sources of supply of water and to come to a consensus of the top 6 alternatives that would be the main topics of conversation for further consideration by the Advisory Committee. He noted that the 6 main alternatives (broad categories) that were being promoted for consideration by the Advisory Committee included:

- Aquifer Recharge – Purified Wastewater
- Aquifer Recharge – Surface Water
- Reservoirs/Quarries/Impoundments
- Reservoirs – New
- Surface Water Withdrawals
- Infrastructure Enhancements

He noted that the workgroups have developed a matrix for presentation of information regarding these options that looks at the benefits; costs; feasibility; and actions/approvals needed components of each of those project types and presents information about specific projects in each of those project types.

3. Purpose of Creating New Funding Sources – Discussion:

Mark noted that the workgroup has talked around the concept but we need to specify if possible "the purpose of creating a new funding source or sources".

Discussions by the Workgroup Included the Following:

- To provide monies to entities to help pay for the recharge of the aquifer.
- To ensure the long term viability and health of the potable aquifer.
- To ensure that DEQ has the funds needed to manage the resource.
- To pay for projects to remove users from the groundwater resources – to reduce demand on the aquifer.
- To support and expand necessary infrastructure.

4. “User Fees” Discussions:

Mark Rubin asked for thoughts about creating a “user fee”. He noted that the general sense from our previous discussions is that we have agreed that those folks are “unpermitted users” have a responsibility to the aquifer and that in many folks minds translated into a responsibility in terms of paying through a “user fee”. From our past discussions it is obvious that the concern is that current users who are able to draw water out through the use of private wells have not had to pay anything for the water at this point. They have only had to pay to get access to it and if you are talking about a fee that is a significant change in the current process. It is clear that we are not going to have consensus on the concept of a “user fee”. We have talked about the concepts of: “no fee”; “a fee only on the unpermitted users”; and we talked about a “fee that would apply to both permitted and unpermitted users”. The question for today’s meeting is where do we go with this?

Discussions by the Workgroup Included the Following:

- The homebuilders had brought up the concept of “no irrigation” and also the concept that homeowners should pay a fee for use of the groundwater resource if they have a private well. The idea of having a reduced fee for big users has also been discussed - Water is like gold rather than coal – you don’t get a discount for buying twice as much gold so you shouldn’t get a discount if you use more water. If the homeowners are going to pay a fee then you just multiple for the use. In regard to agricultural use and water use during a drought – a homeowner normally uses a 1/3 of an acre foot per year – you could probable set up a rule that says for every cultivated acre of farm land that they could get and use 1/3 of an acre foot of water per year (4 inches of water) – there should be some amount that a farmer should not have to pay for to cover usage needed for irrigation during a drought. There should be some allowance made for water use during a drought that the farmer would not have to pay a “user fee” to use.
- Everyone should pay and it should be a flat rate with an exception for the farmers during drought conditions where they could get a certain volume free/without having to pay a fee.
- If we are going to establish a user fee then everyone should pay it. The concern is that once you start carving people out (creating exceptions) you create the president to create more exceptions and you end up instead of spreading out the fee over a large number of users you end up concentrating those fees on a smaller number of users that may create additional burdens too difficult to handle by some.
- With regard to the way that the fee would escalate as you use more – from an industrial user perspective they probably wouldn’t object to paying a significant amount more than a homeowner but it would be important that there was a cap somewhere and that there were some tiered structures so that you can get a better handle on the costs – the Title V program and the way that fees are addressed within that program might be a good example to look to.
- If there is going to be a “user fee” then everybody, both permitted and unpermitted should pay.
- There are a lot of users on the groundwater system and a fairly small fee could amount to quite a bit.

- Open to discussing a fee if it is not “additive” – should not be in addition to significant expenditures made by an industry/private parties to reduce their use to meet permit reductions.
- If you have a fee it applies to everyone.
- It was suggested that one way to have a fee would be to increase the well permit fee that already exists.
- It was noted that if you are going to implement a fee for private well owners then you are going to impacting “rural Virginia”/”rural America”.
- The commonly held assumption is that a landowner is entitled to the water that is under their property and entitled to as much of it as they want. Their assumption is that the water will always be there and will always be available.

5. “User Fee” – What Would It Look Like - Discussion:

Mark asked the group to consider what a “user fee” would look like if there was a fee.

Discussions by the Workgroup Included the Following:

- The user fee should not be additive.
- It could be tiered or capped in some manner – not on a per gallon basis but more on a certain rate or amount depending on whether your usage fell in a certain range of usage or it could be based on a gallon per ton of production for industry – encouraging efficient beneficial use.
- Could work the numbers backwards – what is the need; how many users, etc. – Start small – but not too small.
- Local government could collect the fee and remit to the state or to a regional commission. It was noted that local governments don’t like to collect state fees. It could be part of the tax bills.
- The money collected should be dedicated to purposes identified during the earlier discussions on “what the funds should be used for”.

6. Regional Commission Discussions:

Mark moved the group to a discussion of regional commissions and whether there should be one or three to reflect the different regions of the Groundwater Management Area that have been used in our discussions.

Discussions by the Workgroup Included the Following:

- There could be one or three to represent the Groundwater Management Area.
- There could be a “Super PDC” set up for water resource management only.
- The members could be appointed by the government – more professional – less political.
- Could be designed along the lines of the HRSD Model.

The workgroup decided that there should not be a separate commission created.

Additional Discussions Included the Following:

- Need to have a body to look at the region as a whole – looking at the priority of projects.
- It could be an Advisory Committee with the charter to advise DEQ on the priority of projects - DEQ would then proceed with the permitting process.
- Another example could be the MPOs that are used in Transportation – such an organization could rank the projects and then send to the State Water Control Board for decision – then DEQ would proceed with the permitting process.
- The structure/body could provide a regional stakeholder forum.

7. BREAK: 2:26 – 2:38

8. Alternative Funding Sources Discussion:

Mark introduced the concept of “alternative funding sources” and identifying different sources of revenue. He noted that “all of the above” is probably an appropriate answer and that nothing should be taken off the table for consideration at this stage of the discussions. He noted that at the last meeting of this workgroup that we had discussed the following sources of revenue:

- Trading – Permitted users who need water (The Trading Workgroup is meeting on Thursday, December 15th to discuss the concept of trading.)
- Nutrient credits – this was presented as an example of a structure for a “water exchange”.
- GO Virginia – funding for regional projects that help with economic development
- General Fund
- State Programs – VRA, etc.
- Federal Government – sea level rise concerns – infrastructure improvement programs
- Localities
- Sales Tax
- Economic Development Incentives – per project

Discussions Included the Following:

- The question again is how would the money be collected and who would the money go to – what fund would it go into and who would control access to those funds and who would be able to access those funds?
- The possibility of funding for infrastructure improvements was discussed.
- Where ever you can get the money!

9. Meeting Wrap-Up:

Mark noted that we have accomplished what we set out to do in today's meeting. Now what is going to happen is we are going to go back through all of the workgroup's discussions and summarize them and try to create a fairly short summary of what we have talked about in terms of options for the Advisory Committee to consider. We will put together a work product that will reflect those discussions. After the Advisory Committee receives the summary work products from each of the workgroups that will start making decisions as to where we go from here and what recommendations will be made to address the legislative mandate and to manage the groundwater resource. All of this will end up in a plan that is the responsibility of DEQ Director, Dave Paylor to put together in the end based on all of these discussions that would then go to the General Assembly.

Mark noted that this workgroup has pretty much met its responsibilities, but at some point the Advisory Committee might decide it needs additional information from the workgroup, so everyone is essentially "on-call". All of the efforts from this point forward will be focused on the Advisory Committee and working to meet its legislative mandate.

Mark noted that the main Advisory Committee will begin meeting in March (after the GA session) and is scheduled to complete their work by August.

Mark thanked everyone for their time and participation in this effort.

ACTION ITEM: The information developed as the summary report from this workgroup for presentation to the Advisory Committee will be distributed to the workgroup as soon as it is available for review and consideration.

10. Public Comment: No public comment was offered.

11. Meeting Adjournment:

The meeting was adjourned at approximately 3:50 P.M.