

## Waterworks Advisory Committee Meeting

**Thursday, September 18, 2014**

Sydnor Hydro, Inc.

2111 Magnolia St,

Richmond, VA 23223

### **10:00 am – 1:00 p.m.**

Chair: John Aulbach, Virginia Department of Health  
Secretary: Mark Anderson, Virginia Department of Health  
Timekeeper: John Aulbach, Virginia Department of Health  
Members Present: Greg Boardman, Virginia Tech (Academia)  
Doug Ellis, Department of Housing and Community Development (on behalf of Bill Shelton)  
Elmer Handy, Virginia Rural Water Association  
Steven Herzog, Virginia Water Environment Association  
Jerry Higgins, American Water Works Association – Virginia Chapter  
Eric Lasalle, VA Manufacturers Association (Nontransient Noncommunity Representative)  
Grier Mills, Virginia Department of General Services  
Craig Nicol, Department of Environmental Quality (on behalf of Scott Kudlas)  
David Raines, Virginia Association of Counties  
Jesse Royall, Sydnor Hydro, Inc. (Community waterworks owner)  
Larry Wallace, Southeast RCAP (on behalf of Hope Cupit)

### Guests in Attendance:

Susan Douglas, Virginia Department of Health  
Howard Eckstein, Virginia Department of Health  
Sarah Hinderliter, Virginia Department of Health  
Ken Eisenhart, Virginia Department of Health  
Nate Mathis, Virginia Department of Health  
Barry Matthews, Virginia Department of Health  
Steve Pellei, Virginia Department of Health

## **Minutes**

### Agenda Item: Call to order

*Discussion:* Mr. Aulbach convened the meeting at 10:00 a.m.

*Conclusions:* Move to next item

*Action items:* None

### Agenda Item: Agenda Adoption/Adoption of July 2014 Meeting Minutes

*Discussion:* There was a motion to adopt the draft minutes and that motion was seconded. Draft minutes were adopted unanimously.

*Conclusion:* Move to next item

*Action items:* **Mr. Anderson to distribute July's minutes as approved.**

### Agenda Item: Public Comment

*Discussion:* There was no member of the public in attendance.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: Chairman's Report

*Discussion:* Mr. Aulbach highlighted ODW activities including: the coordination with VA AWWA-VWEA to get exhibitor space for the US Army Quartermaster School to set up a Tactical Water Purification System and that the display and 92W program of instruction garnered a lot of attention from attendees and five papers on Virginia initiatives at the ASDWA conference in October. Mr. Aulbach thanked Mr. Mathis for his coordination efforts with Fort Lee staff to ensure Water JAM success.

Mr. Aulbach shifted to the recent directive issued to state agencies for a 5% cut in budget this year and a 7% cut for next year. There is no impact for ODW with the 5% cut to VDH's budget. Mr. Royall provided the members with background on establishing the Technical Assistance Fees and the industry's involvement in that effort. He offered whether the program was at a phase where Technical Assistance Fees should be raised to cover program costs to offset the loss of General Funds (i.e., not matching funds required for federal grants). Mr. Handy suggested that the raising the maximum caps be included. Mr. Higgins questioned that ODW provides a core public health service to the Commonwealth and should be supported by General Funds and not by additional fees on waterworks consumers. Mr. Pellei stated that the federal government is moving to the concept of fees for service.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: DWSRF Program Update:

*Discussion:* Mr. Pellei continued a previous discussion that loan administrative costs are paid from the SRF set asides. Loan origination fees are not being recouped and that Mr. Eckstein would be briefing the WAC. Mr. Eckstein presented the committee a summary of current practice and two scenarios to increase the percentage of the administrative fee and charge borrowers loan origination fees. Estimates of when the breakeven points would occur were included for each scenario. Mr. Pellei commented that ODW is not allowed by EPA award conditions to charge loan origination fees from those borrowers receiving grant money. Mr. Handy expressed concerned that eight years was too long to subsidize administrative costs before breaking even. Mr. Handy motioned to adopt the second scenario that included a \$6,000 loan origination fee and an increase from 0.5% to 1.0% on the administrative fee. Mr. Royall seconded. Discussion followed. Mr. Pellei pointed out that any balance in the administrative fees can be transferred to construction, but not vice versa. He also answered a question that loan origination costs are in the neighborhood of \$6,000. Following key points made during the discussion, Mr. Handy amended his motion to have the SRF team tweak the administrative fee percentages to come up with scenarios that would recoup most or all of administrative expenses with a minimum \$6,000 loan origination fee charge up to, but not over, the actual cost to ODW. Mr. Wallace seconded. There was no discussion. The motion carried unanimously.

As directed in the previous meeting, Mr. Pellei prepared a proposed charter for the SRF stakeholders group which was provided to members to review prior to the meeting. Mr. Higgins made a motion to proceed with the stakeholder group and accept the charter. Mr. Handy seconded. There was no discussion. The motion carried unanimously. Mr. Handy agreed to be the WAC representative on the stakeholder group.

*Conclusion:* Move to next item

*Action items:* **Mr. Pellei to proceed on forming a DWSRF stakeholder group. Mr. Pellei is to report back to the WAC with a proposal on administrative fee increases (from the current 0.5%) based on charging a \$6,000 loan origination fee.**

Agenda Item: DCLS Update

*Discussion:* Mr. Mills briefed WAC members that DCLS is busy with fourth quarter drinking water testing requirements—mostly high volume annual requirements (e.g., metals, lead and copper, radiochemistry testing).

The DCLS Metals Laboratory is about 50% finished with validation and verification of a heavy metals battery of tests of fish tissue, as part of continued monitoring of the Dan River following the coal ash spill. The project may last five years and DCLS is seeking NELAC certification for the fish tissue testing method.

DCLS ceased performing blood lead testing for VDH on July 1, 2014. Volume did not support continued testing and now samples are being sent to a private lab.

*Conclusion:* Move to next item

*Action items:* None

#### Agenda Item: DEQ Update

*Discussion:* Mr. Nicol, attending for Scott Kudlas/DEQ Office of Water Supply, reported the following:

The Groundwater Characterization Program continues to move forward with the re-established ambient monitoring program. This includes the recent purchase and current outfitting of a pump truck. Staff are also working in conjunction with USGS to establish a Chloride Network to help monitor and characterize salt water intrusion.

All known Existing User Applications related to the expansion of the Eastern Virginia Groundwater Management Area (GWMA) were received by the deadline of June 30, 2014. Staff are currently reviewing those applications and will soon be mailing Notice of Deficiency letters. Notice of Deficiency letters provide the applicant 60 days to correct/add information to the application.

DEQ is reaching out to the top 14 Groundwater Withdrawal Permittees and holding meetings to discuss the current state of the Coastal Plain Aquifer System (System), open applications, permit status and Agency goals to stabilize groundwater level declines within the System.

The Groundwater Withdrawal Permitting Program (OWS) just closed a job posting and will soon be interviewing for three (3) water withdrawal permit writers to help process the additional permits resulting from the GWMA expansion and other OWS functions.

Upon request of the Chairman, DEQ staff informed committee members about legislative proposals.

*Conclusion:* Move to next item

*Action items:* None

#### Agenda Item: DHCD Update

*Discussion:* Mr. Ellis reported on the Chairman's favorable assessment of DHCD's Self-Help Program for small rural water projects, and presentation at the upcoming annual ASDWA conference. For the benefit of members, a brief report was given on recently announced FY14 grants:

- Indoor Plumbing Rehabilitation (IPR). \$4M was allocated for IPR), noting that the focus is no longer on failing wells, but rather the priority is given to failing septic systems. The program will target LMI households through six regional grantee intermediaries (including SE-RCAP). Funding for IPR is a combination of federal (HOME) and State general fund allocation, and subject to change.
- Community Development Block Grants (CDBG). Approximately \$3.6M of the \$9.8M

available in the competitive round was awarded to four localities for water projects, including service line installation or replacement, and another \$1,000,000 is pending award for construction-ready water/sewer projects, applications are due September 30th. Self-Help Program. \$500,000 has been set-aside for Self-Help projects.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: Regulatory Update:

*Discussion:* Ms. Douglas updated the members that one RAP work group will be reporting recommendations at the September 25<sup>th</sup> meeting. Part 3 will be covered at the RAP meeting.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: SE-RCAP Update

*Discussion:* Mr. Wallace reported that a TAP [funded by an EPA grant] meeting with Mr. Matthews (capacity development coordinator) was held and that the focus will be on waterworks in noncompliance. Coordination meetings are being scheduled with ODW cap dev staff members, Mr. Hess and Ms. Floyd. SE-RCAP has already reached out to several waterworks .

A meeting was held with USDA Rural Development in which The RD director would like to meet with all funding agencies to share what RD can provide in the way of financial assistance.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: VRWA Update

*Discussion:* Mr. Handy reported that VRWA held its Expo in Fishersville and thanked Mr. Aulbach for his presentation and participation.

VRWA is also facing budget uncertainty and funding issues as are state agencies.

A new advisory committee to VRWA was created to assist the VRWA board. Mr. Aulbach is the first chair. Both VDH and DEQ will be on the committee.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: VA AWWA Update

*Discussion:* Mr. Higgins provided a VHHA update on hospital self-sufficiency for 96 hours. The industrial water needed for heating and cooling (the largest component of water consumption) was addressed first. The first meeting with VHHA was to explore the transition into self-sufficiency for potable water.

Mr. Higgins expressed concern regarding a presentation at the Water JAM Utility Management breakfast. The speaker discussed surface water withdrawals that were grandparented in 1989 giving the impression that grandparented withdrawals would require new withdrawal permits.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: New Business

*Discussion:* Ms. Hinderliter highlighted that ODW efforts are showcased on the VDH website for Preparedness Month (September).

Ms. Douglas reported that from the toxic algal bloom in Toledo, Ohio, that ODW developed a new special sanitary survey for harmful algal bloom. The special sanitary survey will assess the management of harmful algal blooms in Virginia surface water supplies and treatment efficacy.

Mr. Pellei advised the committee members that ODW staff is ramping up for EPA's next Needs Survey. Waterworks needs are surveyed every four years.

*Conclusion:* Move to next item

*Action items:* None

Agenda Item: Update member Contact Information

*Discussion:* A reminder was made to notify Mr. Anderson or Ms. Hewlett, ODW, of changes in members' contact information.

*Conclusions:* None

*Action items:* None

Agenda Item: Next Scheduled Meeting

*Discussion:* The next WAC meeting is tentatively scheduled for November 20, 2014. Meeting will be in person at Sydnor Hydro, Inc

*Conclusions:* None

*Action items:* None

Agenda item: Adjournment

*Discussion:* None

*Conclusions:* None

*Action items:* None

---

Mark C. Anderson,  
Secretary

---

John J. Aulbach II, PE  
Chair