

Waterworks Advisory Committee Meeting

Thursday, November 20, 2014

Sydnor Hydro, Inc.
2111 Magnolia St,
Richmond, VA 23223

10:04 am – 12:44 p.m.

Chair: Elmer Handy, Vice Chair, Virginia Rural Water Association
Secretary: Mark Anderson, Virginia Department of Health
Timekeeper: Elmer Handy, Vice Chair, Virginia Rural Water Association
Members Present: Greg Boardman, Virginia Tech (Academia)
Roger Cronin,
Doug Ellis, Department of Housing and Community Development (on behalf of Bill Shelton)
Steven Herzog, Virginia Water Environment Association
Jerry Higgins, American Water Works Association – Virginia Chapter
Scott Kudlas, Department of Environmental Quality
Eric Lasalle, VA Manufacturers Association (Nontransient Noncommunity Representative)
Grier Mills, Virginia Department of General Services
David Raines, Virginia Association of Counties
Jesse Royall, Sydnor Hydro, Inc. (Community waterworks owner)
Caleb Taylor, Virginia Municipal League
David Van Gelder, Hanover County DPU (Class 1 operator)
Larry Wallace, Southeast RCAP (on behalf of Hope Cupit)

Guests in Attendance:

Jay Armstrong, Virginia Department of General Services
Susan Douglas, Virginia Department of Health
Howard Eckstein, Virginia Department of Health
Sarah Hinderliter, Virginia Department of Health
Robert Payne, Virginia Department of Health
Steve Pellei, Virginia Department of Health
Steve Shaw, Sydnor Hydro, Inc.
Kyle Taylor, student, Virginia Commonwealth University

Minutes

Agenda Item: Call to order

Discussion: Mr. Handy convened the meeting at 10:04 a.m.
Conclusions: Move to next item
Action items: None

Agenda Item: Agenda Adoption

Discussion: There was a motion to adopt the draft agenda and the motion was seconded. There was no discussion. Draft agenda was adopted unanimously.
Conclusion: Move to next item
Action items: None

Agenda Item: Agenda Adoption/Adoption of September 2014 Meeting Minutes

Discussion: There was a motion to adopt the draft minutes and the motion was seconded. There was no discussion. Draft minutes were adopted unanimously.

Conclusion: Move to next item

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

Agenda Item: Public Comment

Discussion: There were no comments.

Conclusion: Move to next item

Action items: None

Agenda Item: Chairman's Report

Discussion: Mr. Handy commented that WAC members have been engaged with the DWRSF stakeholders group's meetings and the regulatory advisory panel.

Conclusion: Move to next item

Action items: None

Agenda Item: DWSRF Program Update:

Discussion: Mr. Pelli reported that the DWSRF stakeholders group met three times since the last WAC meeting. Mr. Eckstein revisited the current fee structure and options for fee changes. He also stated that the stakeholders group recommended that the fee be increased to 1.5% with a fixed \$6,000 origination fee. The group saw this option as the alternative that captured the program costs the soonest (in 2019). The stakeholders group also recommended that a reserve be maintained of 10% of the total program cost. Mr. Eckstein continued that the origination fee applies only to loans without a principal forgiveness component, a change in the current fee will apply to new 2015 project loans, and would be retroactive to all current projects without a completed loan credit review. Mr. Handy called for a motion to accept the stakeholders group recommendations. A motion was made and seconded. There was no discussion. The motion carried unanimously.

Mr. Pelli discussed the following:

Construction and Refinance Loans: VDH will conduct one round of evaluations for applications postmarked/received by 4PM on April 1, 2015. Applications received after the deadline may be considered for funding if additional funds become available. Eligible applications may be retained in an applicant pool.

Refinance loans: VDH's Program allows for refinancing local debt obligations related to drinking water infrastructure where debt was incurred after July 1, 1993. The typical terms have been interest rates between 1.5% to 2.5% for a term of 20 years. Privately-owned systems are not eligible for refinancing.

Planning and Design Grants: Planning and Design grant applications for review and award will be accepted on a year-round basis. Priority will be given to Acute and Chronic health needs. Additional projects will be considered based on the availability of funds. Application deadlines are April 1, 2015, for round one and September 1, 2015, for round two.

All waterworks owners with eligible projects are encouraged to apply. VDH's Program was able to offer funding to all eligible construction projects with completed applications in 2005, 2014 and 90% in 2013.

Applicants should expect the following will apply for SRF construction projects:

- Davis-Bacon Wage Requirement,
- American Iron and Steel, and

- EPA Required Signage at the site.

Waterline extension projects to serve failing private wells: VDH has revised the category from acute to public health for these types of projects. VDH will limit grant funding to \$12,500 per residential connection.

Disadvantaged criteria: VDH is revising the target user rate criteria and adding a financial stress indicator criteria to build long-term financial sustainability at the waterworks. The target rate will be from 1.0% of median household income (MHI) to 1.25% of MHI.

Admin Fee: VDH is revising the terms of its admin fee to promote Program sustainability and reduce our reliance on Set Aside funds. Based on the earlier fee motion that was adopted, VDH is increasing the admin fee portion from 0.5% to 1.5% of the interest applied and adding an origination fee of \$6,000 on eligible loan projects that can be added to the principal of the loan.

Capitalization Grant Amount – VDH expects approximately \$15 million will be available to Virginia under the 2016 DWSRF Capitalization Grant. As a result, VDH intends to award approximately \$20 million in DWSRF construction projects.

Conclusion: Move to next item
Action items: None

Agenda Item: Legal Affairs Update:

Discussion: Mr. Payne summarized an outstanding formal action against a waterworks owner and ODW's attempt to partner with EPA, the local Office of the Commonwealth's Attorney, and the locality to effect a short and long-term solution. Mr. Payne provided a detailed description and timeline of the enforcement action. The EPA has asked ODW to discuss the case in an upcoming meeting between EPA and the Region III States.

Conclusion: Move to next item
Action items: None

Agenda Item: Regulatory Update:

Discussion: Ms. Douglas briefed members on Waterworks Operation Permit revisions. The standard Waterworks Operation Permit will be revised in all future permit issuances. The "Engineering Descriptions Sheet" will be replaced by "Operation Permit Conditions". These conditions will be categorized as follows:

1. Operator Requirements.
2. Treatment Technique Requirements.
3. Operation, Monitoring and Reporting.
4. Waterworks Capacity.

The conditions will capture unique performance requirements that may not have been clearly delineated in previous permits. The Engineering Description Sheet will still be developed by ODW but will no longer be part of the permit. ODW will not be revising existing Operation Permits unless there are changes to the ownership, waterworks classification, or conditions.

Conclusion: Move to next item
Action items: None

Agenda Item: DCLS Update

Discussion: Mr. Mills briefed WAC members that DCLS is involved with the fourth quarter testing cycle for drinking water testing requirements.

The DCLS Metals Laboratory is involved 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].

Conclusion: Move to next item

Action items: None

Agenda Item: DEQ Update

Discussion: Mr. Kudlas, DEQ Office of Water Supply, reported the following:

There are two more meetings of the Virginia Water Protection Permit regulatory advisory panel, one each in December and January. Goal is to wrap up at the January meeting.

There are three new FTEs, starting in December, for permit writers for groundwater withdrawal permits. The goal is to improve turnaround times, within a year, to 12 months or less.

USGS issued a report on; land subsidence and rising water levels causing relative sea-level rise. Land subsidence has been observed since the 1940s in the southern Chesapeake Bay region at rates of 1.1 to 4.8 millimeters per year and subsidence continues. Data indicate that land subsidence has been responsible for more than half the relative sea-level rise measured in the region. The aquifer system in the region has been compacted by extensive groundwater pumping in the region at rates of 1.5- to 3.7 millimeters per year. This compaction accounts for more than half of observed land subsidence in the region. Glacial isostatic adjustment, or the flexing of the Earth's crust in response to glacier formation in the western part of Virginia with subsequent melting, also likely contributes to land subsidence in the region.

Conclusion: Move to next item

Action items: None

Agenda Item: DHCD Update

Discussion: Mr. Ellis reported that the grant cycle resets in January.

Conclusion: Move to next item

Action items: None

Agenda Item: SE-RCAP Update

Discussion: Mr. Wallace reported that a TAP [funded by EPA Drinking Water Grant: Compliance Assessment and Targeted Training & Technical Assistance for Systems Serving Fewer than 10,000] will focus on waterworks in noncompliance. ODW staff are making referrals. SE-RCAP staff met with ODW CapDev and field office staff.

Mr. Wallace also updated the committee on the Virginia Department of Social Services, SERCAP job training and job placement services for eligible Temporary Assistance for Needy Families participants in the Roanoke Valley area who are interested in a career as public water or wastewater system operators. Five students who were enrolled at Mountain Empire Community College completed the program. None enrolled in the Virginia Western Community College program have completed it.

Conclusion: Move to next item

Action items: None

Agenda Item: VRWA Update

Discussion: Mr. Handy reported that VRWA is continuing to provide technical assistance to

waterworks using its circuit riders. Resulting from the decline in grant funding, VRWA is offering less operator training for free.

Conclusion: Move to next item

Action items: None

Agenda Item: VA AWWA Update

Discussion: Mr. Higgins related because of his affiliation with the WAC he has taken on a Water Utility Committee sub-group's project to review revisions to regulations. He acknowledged that there is homework to do, but is having trouble with some used terminology that is not defined. He could not find a definition in the *Waterworks Regulations* for "Safe Yield." Mr. Kudlas responded that "Safe Yield" is used by DEQ, not VDH. Mr. Higgins would like to have the *Waterworks Regulations* define all the water produced by a waterworks, such as for backwashing filters, fire fighting, flushing, etc., not just for human consumption. Mr. Payne asked whether the "Finished Water" definition in the regulations would meet his request. Mr. Higgins said that he would review the definition. The question was then raised whether that current definition is retained in the revised regulations.

Conclusion: Move to next item

Action items: **Ms. Douglas is to answer the question regarding whether the "Finished Water" definition is retained in the proposed amendments to the Waterworks Regulations.**

Agenda Item: Virginia Tech/Education Update:

Discussion: Professor Boardman covered the VT-VDH operator training activities for the fourth quarter of the calendar year.

Conclusions: None

Action items: None

Agenda Item: New Business

Discussion: Mr. Royall wants a discussion on the operation permit (technical assistance) fee at the next meeting. If the fee is to be raised in the future, the Code will need to be changed before a fee increase is entertained. He supports changing the caps on the fee, even if ODW does not need the funds now to cover program costs. To assist the WAC members in their future deliberations, budgetary information on program costs and revenue stream is needed.

Conclusion: Move to next item

Action items: **WAC members are to address specific informational needs from ODW to either Mr. Pellei or Mr. Anderson. Mr. Pellei is to coordinate a presentation to members at the January 2015 meeting.**

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 January 15, 2015. Meeting will be in person at Sydnor Hydro, Inc

Conclusions: None

Action items: None

Agenda item: Adjournment

Discussion: Meeting was adjourned at 12:44 p.m.

Conclusions: None

Action items: None

Mark C. Anderson,
Secretary

Elmer Handy
Vice Chair