

**EASTERN VIRGINIA GROUNDWATER MANAGEMENT  
ADVISORY COMMITTEE**

**WORK GROUP #4 – FUNDING**

**NOTES – MEETING #4 – FINAL**

**FRIDAY, NOVEMBER 18, 2016 – 1:00 – 4:00  
DEQ PIEDMONT REGIONAL OFFICE TRAINING ROOM**

**Meeting Attendees**

<b>EVGMAC – WORKGROUP #4</b>	
Jay Bernas – Hampton Roads Sanitation District	Jeff Scarano – Brown and Caldwell
Robert Carteris – City of Norfolk – Utilities	Kurt Stephenson – Virginia Tech
Richard Costello – AES Consulting Engineers	Chris Tabor – Hazen and Sawyer
Eric Gregory – King George County	Michael Vergakis – James City County
Whitney Katchmark – Hampton Roads PDC	Matt Wells – WestRock
Mike Lang – New Kent County	Andrea Wortzel – Troutman Sanders/Mission H2O

<b>EVGMAC – WORKGROUP #4 – STATE AGENCIES</b>	
Scott Kudlas - DEQ	Sandi McNinch – Virginia EDP

NOTE: Advisory Committee Members NOT in attendance: Howard Eckstein – VDH/ODW/DWSRF; Lance Gregory – VDH/OEHS; Barrett Hardiman – Luck Stone; Britt McMillan – ARCADIS; Doug Powell – James City Service Authority; Brett Vassey – VMA;

<b>INTERESTED PARTIES ATTENDING MEETING</b>	
Ken Bannister – Draper Aden	Andy Flavin – Troutman Sanders

<b>SUPPORT STAFF ATTENDING MEETING</b>	
Brandon Bull - DEQ	Mark Rubin - VCU
Craig Nicol - DEQ	Jutta Schneider - DEQ
Bill Norris - DEQ	

**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

He suggested that the workgroup spend some time today talking about “User Fees” and if we were going to have them, what they might look like; the idea of a “Regional Commission” and what you think that it ought to be doing if one was formed and how it might be funded; then what the workgroup sees that the Agency needs to be able to move forward. And then, time permitting, to talk about the different types of revenue sources and which ones we would like to focus on.

He noted that there is one more meeting of this workgroup scheduled for December (December 13<sup>th</sup>).

## **2. “User Fees” Discussions (Mark Rubin and Workgroup):**

Mark Rubin introduced the topic of “user fees” as a discussion items for the workgroup. He noted that in the Alternative Permitting Criteria Workgroup (Workgroup #3) we have talked a lot about the unpermitted users and whether they have a responsibility to the aquifer. The answer has generally been “yes”. They do have a responsibility to the aquifer. It was deemed to be a proportionate responsibility. The workgroup has talked about a number of things that could be done in terms of unpermitted users, but one of the questions that has been raised and there is no consensus on this, is whether to have a fee that could be charged to unpermitted users.

The discussions during this morning’s workgroup meeting (Workgroup #3 – Alternative Permitting Criteria) also noted that if you were going to charge a fee for “unpermitted users” then maybe you should also charge a fee for “permitted users” too. The workgroup had that discussion and it is fair to say that the agricultural folks were not supportive of a fee. There was support from other users for the concept.

The first question that this workgroup needs to consider is: “Is it a good idea to have a user fee for unpermitted users?”

### **Discussions by the Workgroup included the following:**

- Yes, it is a good idea – in a broader context if we consider the Waters of the Commonwealth as belonging to the Commonwealth then if people are using someone else’s water/resources then they need to pay for the use of that resource. If someone is using someone else’s assets then they ought to be paying for that use in some way.
- Would this be a reoccurring or a one-time user fee? We definitely need to talk about what the “fee” would look like.
- Should we differentiate the users by whether they are withdrawing from an unconfined or a confined aquifer?
- One of the things that the other workgroup has recommended is that there be a prohibition on the use of groundwater wells for irrigation purposes, not agricultural – but for residential lawn watering if you are withdrawing from a confined aquifer. So the notion of trying to distinguish between use of the confined aquifer and the unconfined aquifer has been raised in previous discussions.
- It was noted that a subdivision had been proposed in a locality where irrigation wells in the unconfined aquifer were proposed for each dwelling and DEQ was not comfortable with that concept.
- It was noted that Maryland has a permit requirement for even a 10 foot deep monitoring wells.
- It was suggested that there shouldn’t be a fee for use of the unconfined aquifers. Surface water users already pay for use of the water. It may all be the state’s water but there could be a

reasonable fee that starts at the residential level and gets everyone. If there is a public water system than that fee is charged not to the homeowner but to the public system.

- The workgroup discussed the feasibility of the concept of a fee moving forward. It might be feasible but because it is a “fee” it might not go through – might not gain support.
- Do you grandfather the existing wells and only charge a user fee for new “unpermitted” wells? It was suggested that any grandfathering concept would not/should not carry forward when the property is sold or transferred.
- The “Devil is always in the Details”. Part of what we need to take into consideration when we are putting a package together is “what is the purpose of the fee”? Is it to provide a disincentive for people to inefficiently use their water? Is it to compensate for the impacts of unpermitted users when permitted users already have constraints and fees and other things placed on them so you are sort of leveling the playing field? Or is it to create a funding source for projects that make us less dependent on groundwater? How you package it and how you describe the purpose of the fee can also lead to the success of the concept in the General Assembly or not.
- It was suggested that one of the purposes of the fee should be to ensure the future availability of the resource.
- The workgroup discussed the use of the fund generated by the fee.

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## **FLIP-CHART NOTES:**

### **Purpose:**

- 1. Disincentive for excess use or unnecessary use**
- 2. Funding source**
  - a. HRSD SWIFT Project O&M**
- 3. Level playing field with permitted and unpermitted users**
- 4. Assure supply of clean water – economic growth**
- 5. Manage the resource**
- 6. Raise awareness of water use and the value of the resource**

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- It was suggested that the fee should apply to both permitted and unpermitted users.
  - It was suggested that a fee would be acceptable if it was applied equitably – it applies to everybody; for larger users it would be beneficial to see some sort of tiered and capped fee structure, similar to the way that the Title V permit fees are structured; then that it is not additive – you don’t want to get into a situation where a large user spends a significant amount of money to fund a project of their own to reduce their groundwater use and then be required to pay this fee on top of that; and that the money raised by the fee goes to water funding and not to the general fund.
  - The workgroup this morning discussed the idea of providing an incentive for folks to connect to the public water system and incentives to expand and extent public water supply systems.

- Might need some funding to manage the resource.
- Staff posed a question of whether the permittees would rather have DEQ drill the monitoring wells than have to drill them. Other states have their own drilling programs and their own drilling rigs to install monitoring wells – Virginia used to have their own rigs and programs until the funding was cut.
- Mark asked the workgroup which of the items that we had discussed as a use for the fee would we promote as the top use when presenting it to the General Assembly – the workgroup agreed that it would be “assuring a supply of clean water” which would essentially cover all of the other concerns and uses. It was suggested that maybe this is not concise enough to satisfy the questions of the General Assembly – the response is likely to be then “how do we do that?” How does making people pay assure clean water? All of the other uses of a fee need to also be included in the discussions. What is the need and how is this going to provide for it?
- A concern that might be problematic related to the user fee was raised. What do you do if they don’t pay? HRSD noted that they have a 99.9% collection rate because they can cut off the water if the bill is not paid. So when you don’t have that capability, how can you make sure that the fee is paid? Would the fee be part of a real estate tax bill? How would you ensure the payment and collection of the fee? It could be structured similar to the stormwater fees.
- It was suggested that it might not go over well if the locality was required to collect the fee.
- How would you collect a fee/tax like this? You could roll it into the personal property tax. In that case, the locality would have to administer and collect the tax.
- It was suggested that it should be the state that collects and manages the tax/fee. It was suggested that you could add a check box on the State Tax Return Form.
- Should this be a tax or a fee?
- It was noted that a landowner is likely to say that they have the right to use the water that is below his property so why am I being taxed or having a fee assessed against use of that water? There needs to be an education effort to inform the landowner that they need to pay this fee so that they can sustain the resource that they have underneath their property. Mark noted that we had a discussion during the other workgroup meeting about whether the water is a state-owned resource or not? People have the perception that they have the right to the water under their property.
- It was suggested that maybe the approach should be for it to be a “new well” fee.
- The workgroup discussed the various concepts of what a user fee would look like.
- The fee should be equitable – everyone getting a benefit would need to pay in some fashion.
- To keep the costs in line you would need to have some sort of tiered and capped approach. Unpermitted users would pay at the lowest tier.
- Need to try to avoid having some sort of additive fee – where if you are doing a big project and you are reducing your groundwater use through the implementation of that project that you don’t have to pay this fee on top of what they have already spend on the project.

- The fees collected need to go towards a groundwater related project or projects not into the general fund. We all understand this but it is probably beneficial that we state that we understand it.
- The group discussed the concept of a tiered and capped approach. “The more you use the less you pay concept” versus “the more you use the more you pay concept” was raised and discussed. How much tax this would place on households is going to be a big deal to the legislature. The concept of spreading the cost out in an equitable fashion was suggested as a means of lessening the impact and this concern.
- If you want to incentivize the more efficient use of the resource then you want it to be more costly the more you use. It was suggested that there are limits of efficiency that would need to be taken into consideration. The nuances to this are that higher rate structures are used to disincentivize water use while in this instance we are looking at the use of the resource to have a “green lawn”. How do you take into the consideration of the benefits of having a green lawn versus the economic benefits of creating new jobs and operating businesses – an economic driver for the Commonwealth? If you weighed these concepts out this might provide the justification for the tiered structure for a fee.
- It was noted that a public water system does generate jobs and business that are all tax payers. You can’t get all of those big developments without the availability of a water system.
- In looking at the concept of an implied footprint – if your footprint (based on the concept of an “equivalent residential unit”) would occupy a “footprint” of “such” so you would have a withdrawal based on the size of your footprint. So if you have a big “footprint” then that fee is spread over a lot of users. There would probably not be the same charge for everybody. There might be an escalating charge based on use. The concern is that the amount of the fee should not be open-ended, there should be some kind of a cap – some upper level.
- A question was raised as to how you would set an amount for a user fee when you don’t have an “established cost of service”? You have to be paying for something to call it a “fee” otherwise it is a “tax”. You have to be able to show what the money is paying for. If I am a rural individual, I am really not getting a benefit other than long term water availability.
- You would need to quantify which projects this “user fee” is going to fund and what are those projects going to cost. You do have to justify the amount of the fee and the charging of that fee. The JLARC report called it an “Aquifer Replenishment Fee”. You could probably just have an “Aquifer Replenishment Fee” but to sell it to the General Assembly you would need to identify where those fees are going and what projects the fees would be funding.
- One specific concept/effort that the group has discussed is “wanting to incentivize people getting onto public water supplies”.
- The question of whether this fee would apply statewide, i.e., to all users was raised. It was suggested that it should be all users. It would also depend on who’s paying. It was noted that this group only has the authority to address the Eastern Virginia Groundwater Management Area – this group does not have representatives or stakeholders from any other area of the state. If only users in the Eastern Virginia Groundwater Management Area were assessed the user fee

then the fee should go to projects in the area to address concerns and needs in the management area.

- It was noted that groundwater is only permitted in groundwater management areas.
- It was suggested that the idea of having a fee that would apply statewide might be a good topic for discussion with a broader group including stakeholders from across the state but the promotion of such a state-wide fee by the existing Eastern Virginia Groundwater Management Advisory Committee would likely not to be well received, because there has not been any representation from other areas of the state.
- “From the perspective of a permittee who has prepared a mitigation plan that says that if my withdrawal impacts these people then I am going to provide for their water and now you are going to ask me to pay a fee to also offset that impact then I kind of feel like I am being taxed twice.”
- Would this be an “annual fee” or a “monthly fee”? It was suggested that it would be a “continual fee” until the issues and concerns with groundwater are resolved.
- How do we find and identify the users that would be assessed these fees? We have VDH’s list of wells that could be used but there is a data gap that would need to be addressed. You could probably access that information on a local level.
- How big should this “user fee” be? The group has already talked about that if the purpose is to disincentivize people from using groundwater then the fee would need to be pretty high.
- How many wells are there estimated to be in the groundwater management area? Staff noted that a number that has been thrown out is that there are approximately one million wells in the area. The group discussed the idea that if the HRSD SWIFT annual O&M costs are \$40 million and if there are one million wells and that was the only project to be funded that the fee would have to be \$40 per well.
- If we considered assessment of the fee to both permitted and unpermitted users a user fee of \$1 per week for water might be an option. There would probably need to be a tiered structure to provide for a significantly higher fee for major industrial users.
- The group discussed the need to be able to identify a clear purpose for the fee and whether the fee would be sufficient to support that purpose or project or projects. Need to look at what is feasible as well as what is palatable.
- A question was raised as to where surface water treatment would fall into this scenario if that is what is required at a local level to get away from the use of groundwater. Would these funds be available for that type of project support to keep a locality out of the groundwater? It was suggested that it would likely be because that would fall into the category of conservation of the resource. It was noted that this concept would be a radical shift for the state, because the state has never been involved in the facilitation/paying for local water supplies. It was suggested that the fee would not be so much of paying for local water supplies but would be paying for projects that would get folks off of the groundwater resource, similar to the Water Quality Improvement Fund that pays for municipalities to implement projects.

- The concept of looking at the identification of Option 1 – With HRSD SWIFT; Option 2 – Without HRSD SWIFT; and Option 3 – Formation of a Regional Commission as outlined in the workgroup’s homework assignment was discussed. If you make the choice to say that aquifer recharge is our number one priority and that is where the funding is going to go towards then the fund might be structured to provide funding to the HRSD SWIFT project. If we were to go with Option 2 which is that every project is available and everyone is going to go their own way and figure out what they need to do to meet their permit reductions then maybe the funds are designated for projects that enable people to meet their permit reductions. This is something that this group needs to discuss and wrestle with a little bit.
- This brings us back full circle to what is the purpose of the fund that results from this collection of user fees. Are we trying to get to a point where the available groundwater resources are sustainable or are we trying to do something to enhance the resource? Establishment of the fund needs to have parameters that dictate how you use it and what it could be used for. There need to be clear guidelines as to who would be able to access the funds and for what purposes.
- It was noted that there are always going to be outliers – localities that have projects that don’t necessarily fit into a set scenario – one size does not fit all. There are going to be different needs in different localities depending on where they are in the management area. There are going to be different local and regional situations within the Groundwater Management Area that will need to be addressed. The question is who is going to decide what projects get funded – where the money goes? It was noted that the mechanism for this is already in place at the state level – VDH already has a process of scoring (scoring criteria) and ranking drinking water project applications under the WQIF program. If you had regional planning groups those groups could make or help make those decisions – similar to the Hampton Roads Transportation Committee – each project could have a capital prioritization score that it is ranked by.
- How would this type of scoring and priorities fit into the permitting mechanism and take into consideration different projects some of which were facing permit reductions and others that weren’t? It was suggested that projects could be phased as a way to address this concern.

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## **FLIP-CHART NOTES:**

### **User Fee – What would it look like?**

- 1. Enforcement**
  - a. Incorporate into another tax (ex. Real estate tax) – now not a fee**
  - b. State collection**
- 2. Equitable – all who benefit should pay in some fashion**
- 3. Tiered and capped approach (based on a scale)**
- 4. Not additive if already spending money on conservation or increasing supply**
- 5. Go for water purpose directed to the area in which the fee is paid**
- 6. Annual or monthly – depends on how you collect the fee/tax.**

7. \$\$'s a week
    - a. Residential
    - b. Industrial
    - c. Municipalities (included in rate structure)
  8. Who decides how to spend?
    - a. State or regional body with scoring criteria (see Hampton Roads Transportation)
  9. Relationship with permitting?
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### 3. Other Available Sources of Revenue Discussions (Mark Rubin and Workgroup):

Mark moved the discussions onto the topic of “Other Available Sources of Revenue”.

#### Discussions by the Workgroup included the following:

- The concept of Trading was discussed. How do you get a revenue stream from trading? There would be a fee associated with trading. It was suggested that this sounded more like selling something rather than the creation of a revenue stream. It was noted that you are not so much creating a revenue stream as you are creating a revenue source. The people that end up paying in a trading program are the permitted users who are short on water – that is where your source of money will come from. But who are they trading it from? Who has the water? People doing injections or have surplus water because they are below their permitted allocations or have conservation programs in place that have saved water would have the water to sell/trade. It was suggested that the source of the water would be those localities with injection and/or recharge programs. The revenue would be coming from permitted users who need water – that would be the source of the money. The benefit of a trading program would be that it would be market-based as opposed to the fee which is “command economy” based where you have a central authority that is dictating what the fee is and where the money goes. With trading it is kind of a “pay as you need it” approach.
- It was suggested that the water is the currency. Someone would be injecting a volume of water so that someone else could withdraw that volume elsewhere.
- It was noted that there are actually three types of currency in play – one being the water; another would be “nutrients” and trade sea level rise or land subsidence credits (don’t know how those would be traded).
- The “GO Virginia” project was discussed as another possible source of revenue. This is a “General Fund” funded effort that focuses on regional approaches for economic growth. A big regional water project would be a regional project that has an impact on economic growth and fuels future economic growth. This is a very small pot of money.
- The federal government was mentioned as a possible source of revenue due to the major military/federal facilities located in the area using the resource. There is an impact from federal facilities on the water in this area that needs to be taken into consideration. It was noted that



most of the federal facilities are served by public water systems, at least in the Hampton Roads area, except for their golf courses.

- It was suggested that another source of revenue might also be local governments and localities based on their populations/population based.
- It was suggested that a percentage of the sales tax could be used or economic development incentives could also be a source – could be used to build infrastructure.
- The workgroup discussed a variety of possible revenue sources.

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## **FLIP-CHART NOTES:**

### **Available Sources of Revenue:**

- 1. Trading – Permitted users who need water**
- 2. Nutrient credits**
- 3. GO Virginia**
- 4. General Fund**
- 5. State Programs – VRA, etc.**
- 6. Federal Government – Sea Level Rise concerns**
- 7. Localities Pays**
- 8. Sales Tax**
- 9. Economic Development Incentives – Per project**

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### **4. BREAK – 2:24 – 2:38**

### **5. Regional Commission Discussions (Mark Rubin and Workgroup):**

Mark noted that in the last two workgroup meetings that we have had discussions about integrating the “planning” into the “permitting” process. In those discussions the general notion has been that in terms of actually inserting it into the permitting process that we really don’t have any buyers for that concept – there is little support for that idea. The notion is that it would potentially create more complexity in the permitting process and would add another potential layer of bureaucracy and folks weren’t really ready to go there. There was however a general sense that planning “inform” the permitting process. As far as a specific mechanism as to how to do that there wasn’t any consensus. Mark asked the workgroup for their thoughts and recommendations related to the creation or formation of a “regional commission”.

### **Discussions by the workgroup included the following:**

- It was noted that the real objection voiced at the last meeting was a concern that a regional body (regional commission) might make a recommendation or having to issue some kind of approval that could delay the permitting process and some questions about how that would feed into the permitting process. But there was a desire to at least have some level of discussions before permitting decisions are made. Now that all of the permits are generally going to be on the same

or similar permitting cycles – a lot of the permits will be up for renewal at the same time – that maybe the next time that those permits come up that there be some kind of mechanism for a meeting to be held with all of those permittees whose permits are coming up so that there is kind of a collective discussion. Not necessarily that there has to be some kind of recommendation or approval that would result from such a meeting, but there at least is an open understanding of what is in play at the time and as part of that process, DEQ might be able to say that they are “concerned about this, that and the other thing”. This could provide an opportunity to facilitate the discussions between and among the permittees and DEQ about the permits and the projects in specific areas.

- It was noted that this is a specific concept/idea that came out of our previous discussions, but that the broader piece that came out of the discussions was that people appreciate the ability to be able to get together and to have a broad group of stakeholders involved in the planning process, which has not been the case thus far because the localities or regions do the planning but they have not involved a broad group of stakeholders. Folks do want to have a forum of some kind to be able to be involved in those discussions. The communications notion is very much on people’s minds.
- It was noted that one of the things that had been discussed in our earlier meeting was the concept of “lengthening the terms of permits to 20 years”. If that is the case then you don’t want this kind of group just meeting once every 20 years.
- Is there a structure set up for this kind of stakeholder (permittee) meetings? Currently there is no structure for such a meeting. In previous workgroup meetings the idea of setting up some kind of regional body that would/could make a recommendation on every permit action to DEQ. It was suggested that the Regional Planning District Commissions might be able to serve in that capacity. It was also noted that the PDCs should also be involved in these types of discussions as stakeholders. The idea was to have the PDCs; regulatory agencies; as well as the stakeholders/permittees involved in this type of planning process. The general sense was to have these stakeholder meetings on a frequent basis. Staff noted that they didn’t know whether more than once a year would be worthwhile.
- When we talk about a regional commission, are we talking about one that is over the whole groundwater management area or separate regions? It was noted that the workgroups have discussed both approaches. It was noted that for the purposes of discussions within the workgroups that we have divided the groundwater management area into 3 separate regions in terms of the alternative source discussions. It was also noted that the solutions in each of these 3 regions are likely to be different. Having 3 regions would also allow for a smaller group of stakeholders to meet. Would this be an independent body; a state body or a regional authority?
- There are three different issues at play: 1) the permitting construct where everyone goes through their own individual permitting process and doing their own individual projects in a vacuum – we wanted to try to facilitate looking at a bigger picture on a broader scale as part of the permitting process; 2) the planning component and how to bring the right mix of people together to do effective planning and how the planning fits into the permitting process; and 3)

the funding perspective – there might be more opportunity for funding if you look at the creation of a regional body. The notes from the previous meeting included four ideas about how that might work: A) Forum with no authority; B) Commission that provides endorsements to advice DEQ on proposed permits; C) Commission that manages water supply systems and planning; and D) Commission that manages water supply systems planning and permits. None of these really get to that issue of “we have a lot of water assets in the Tidewater Area”; “we have some localities that hold a significant number of water supply assets that they could share”; and “we have a number of localities and industries that need water”. Is there a better way to manage the system – manage the resource regionally? This would probably be an item E) Manage both the surface water and groundwater resources better.

- Is there a better way to effectively manage the resource?
- Is there a reason why the State Water Control Board is not planning that role? It was noted in earlier workgroup discussions that the SWCB could do this but they would need some additional authority to make that clear. It was suggested that it might be easier to add or clarify these additional authorities in the Code rather than creating a whole new authority.
- Would a regional body be separate from the permitting and planning processes or would it need to include either or both of these?
- The concept of funding and the ability to charge for water was discussed at the last workgroup meeting – this was part of a funding discussion regarding what actions that the State Cooperation Commission could take regarding setting of fees/funding and the ability to charge for water – having the State Cooperation Commission set bulk rates to encourage sales and interconnections.
- If we used a “user fee” concept could it be used to lower the rate or offset costs in some fashion?
- What about the concept of having the State Water Control Board as the regional body with more authority and managing the regional water assets? Someone has to do it. It should be someone or a body with a broader view than someone with a narrower view. From a locality perspective prefer to continue to deal with one regulatory body rather than having to respond to a whole new bureaucracy that would need to be funded. Planning District Commissions are a good vehicle and they could perhaps be a screening mechanism for local permits. The PDCs could serve as a clearing house and a working group to help the localities collaborate better and they could provide input to the SWCB as long as there was some deference to their recommendations.
- The efforts by HRPDC were raised as an example of a form a management that appeared to be successful. It was suggested that rather than management this was really more of an information sharing concept and approach. From having worked on the Regional Water Supply Plan, it is evident that you can’t make anyone give you good data. When you are talking about trying to make a really good recommendation, especially from the HRPDC water program there is likely to be some discomfort, because the only reason that the program exists is that localities provide them funding. So then to tell one of the member localities that “I know you want this project,

but I think that is not the smart move and you should really be picking this project would be awkward. There are localities that are selling water to each other and it is hard to be in the middle of that and have a technical opinion without a little more independence. The question is how do you create that independence? PDCs do have the knowledge of the players and can do the technical work, but the independence piece is a little iffy.

- It was suggested that there are two models in Virginia of management structures on a regional basis. The first is the HRSD model where they own all the assets for the region and manage it accordingly. So you could have some sort of system where through the groundwater fees we buy the assets of all the localities and include them into one large regional structure/commission. The second is the Interstate Commission on the Potomac River Basin (ICPRB) model, this is slightly different in that you don't have as many players but all of the water providers meet and allocate responsibility for projects and for maintenance work and they share the costs with each other. This causes them to collaborate to make sure that they are using – that they are prioritizing the right projects – they have an investment in ensuring that the water is used efficiently across the region. They all pay into that system and they pay to have the technical work done to make sure that they are using the resources efficiently. They plan for droughts and shortages.
- With so many small systems and everybody trying to secure a certain amount of water for future growth that is uncertain this is probably not a very efficient model of how to manage the system compared to a HRSD model. This is a weakness of our existing system. Each locality plans for the maximum limits of growth that is probably going to occur in their area versus the planning being done on a regional basis by a regional body, like HRSD.
- The challenge is how we get the regional perspective into decisions making. The workgroup discussed the challenge of getting the regional perspective.
- The workgroup discussed the structure of HRSD and its applicability to a regional model for water resources management.
- Is it a good idea to take all of the assets in the region and put them all in one regional body? There was some agreement that it might be a good approach to look at but we had better have a fall-back position. It could be done as one single big regional body or some smaller sub-regional approaches, but it would probably work better with the use of the 3 regions that we have used in our alternative sources discussions (Eastern, Central and Fall-Line).
- It was noted that the way that HRSD is looking at the picture now is on a “One-Water Management” basis – stormwater; drinking water; and wastewater.
- The only way to get a regional solution is to have a regional actor pushing it. The regional actor has to have some authority and some ability to do something – to make some decisions.
- The JLARC Report noted that there was a need for greater regional collaboration in addressing the Commonwealth's water resource needs.
- If we threw out the concept of feasibility and we just looked at the idea that we are trying to provide water to a fairly big portion of the state you would want to look at all different sources and come up with almost a rate to charge people and distribute that costs instead of having lots

of little initiatives that have small boundaries and then charging an extra fee depending on whether you were selling it or extending it. The concept has a lot of benefits – there is probably a point where it is too big – but maybe the groundwater management area or a third of it isn't too big – we just have a real big problem in terms of the legacy of the system with the structure that we have now.

- In this morning's session we discussed finding ways to expand the municipal systems into areas where they currently are not in existence. There are likely to be a lot of areas where a neighboring locality has a system that is closer an area in need rather than another one and it probably makes more sense to expand that system rather than expanding/extending the system in the locality where the need is located. Right now there is not a good way to make this happen.
- It was noted that when the homework assignment for this workgroup was distributed it was posed as a list of possibilities or options. There were "either or" options included on the list. **Option 1** was that we were going to be funding HRSD SWIFT – Aquifer Recharge; **Option 2** was without funding HRSD (HRSD on its own) and the focus was on funding the projects that would be needed to achieve the reductions in the permitted withdrawal amounts and **Option 3** we are going to look at some kind of regional commission or regional approach. When we think of a groundwater user fee and what we might fund under **Option 1** we would fund aquifer recharge; under **Option 2** we would be funding the projects that the permittees need to meet their permit reductions and under **Option 3** we could use those funds to purchase those assets from localities and put it into one big body or to offset some of the costs associated with some of the surface water that is available and that would be used to offset groundwater use and pay for pipelines, etc.
- Staff noted as a clarification that from the Department's understanding of when the bill was negotiated that the focus of this group was to look prospectively to the future – that was the primary task of this group. It was probably not the objective of this group to find an alternative necessarily to the groundwater permit reductions. As a matter of principle there is probably no objection to finding funding solutions to meet potential reductions should they result in the permitting process.
- It was suggested that the regional commission concept might be patterned after the Regional Transportation Model – they help direct the money on a regional scale but don't handle any assets – they just make decisions where the money goes.
- In the homework assignment: Option 1 and Option 2 is an either or but Option 3 could be done in association with either.
- It was suggested that there are three pieces of the puzzle that need to be completed. There are the projects; there is the money piece and then there is the control piece. No matter which way you set it up you still need to go to DEQ for the permit.
- There would probably need to be 3 regional authorities to cover the Groundwater Management Area.

- Are we just adding another layer to the cycle – another hurdle to go through in the permitting process?
- There are 16 PDCs across the state – 7 in the Groundwater Management Area (HRPDC; Middle Peninsula; Crater; Richmond; Northern Neck; & George Washington). The boundaries of the PDCs are purely political. The workgroup discussed the possibility of creating a “super PDC” made up of members and/or appointees from each of the PDCs within the Groundwater Management Area.

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## **FLIP-CHART NOTES:**

### **Regional Commission**

- 1. If permits come up simultaneously – have meeting with permit holders**
- 2. PDCs, Regulators, and Stakeholder involvement**
- 3. Annual meetings**
- 4. 3 Regions within Groundwater Management Area**
- 5. What would it do?**
  - a. Look at permits**
  - b. Planning**
  - c. Regional Management of Water Assets**
    - i. State Water Control Board**
    - ii. More authority**
  - d. PDC involvement – recommendations**
  - e. HRSD Model**
  - f. ICPRB Model**
- 6. 3 Regional Entities within GWMA**
  - a. Entity controls money and picks the projects – Does not own assets like HRSD.**
  - b. Use Transportation Model – Difference is that water does not have \$\$ but Transportation does.**
  - c. Entity controls money; picks project; no control over assets; DEQ still “permits”.**
  - d. Need to think about sources of revenue**
- 7. “Super PDC” – Representatives from the various PDCs in the region.**

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### **6. Agency Needs Discussion (Mark Rubin and Workgroup)**

Mark Rubin posed the following question to the workgroup:

“What do you see as the needs of DEQ going forward as we address the issues that we have discussed in this workgroup and other workgroups and other discussions?”

## **Discussions by the Workgroup Included the Following:**

- What does DEQ see as the reason for the “permitting delays” that have been raised? Is it a staffing issue or is it wrestling with these issues as part of this advisory committee process? Staff noted that it is probably a combination of both. There is still a back-log that was a result of low staffing and cuts in staffing – staff is still working through that. Staff noted that it is probably fair to say that some of the issues being discussed by the advisory group have also been responsible for some of the delays in permitting decisions.
- If the decision is made to include the current “unpermitted users” in some way in the program then DEQ is definitely going to have to require additional staff and resources to handle that additional work load.
- Does DEQ need more resources for “testing and monitoring”? Staff responded that there are a lot of things that people often suggest that DEQ ought to do, like upgrading the model more frequently; recalibrating the model more frequently; make the model more accurate so that the margin of error gets smaller over time – all of those things take new monitoring wells; O&M Costs increase; the equipment needed; the maintenance of those additional wells – all of those kinds of things are associated with making those things happen. There currently is not a budget for any of these items. For the computer models there are some professional service contract costs that are associated with some of these items on a periodic basis that have to be covered. There are a lot of the costs that DEQ passes on to the permittee that DEQ could do more of and that DEQ used to do more of before the budget and program cuts. A lot of those things have to do with putting in monitoring wells to monitor the impacts of their withdrawals and those may be water quantity related or they may be water quality related - they may related to changes in chloride levels. These are the kinds of things that often get pointed out as things that the state isn't addressing or providing. In order to address and provide these things DEQ would need more resources available.
- Regarding monitoring and land subsidence – how much do we know about it in terms of physical monitoring? Staff responded that they had two partial record sites – they were in place for 20 years more or less – they collected data on subsidence - then the money to cover the costs of maintaining them and collecting and processing the data went away – the budget was cut. They were stranded assets, so to speak for another couple of decades. Recently with HRSD and HRPDC as a driving force, DEQ has managed to get those two wells reinstrumented and they are now collecting data again. DEQ still has to find a long term source for O&M funding for the wells. They are concentrated - one of the wells is in Suffolk and the other is in Franklin – it is the lower portion of the cone. There are no wells in the middle of the cone or the upper part of the cone. In the places that are of most concern to folks along the shoreline there are no monitoring wells. It was noted that HRSD is putting in an additional monitoring well to monitor land subsidence at a cost of \$1.3 million each. It was noted that it is interesting that we are talking about some of the most vulnerable areas in the United States and one of the biggest consequences of dewatering the aquifer that it seems that would be pretty high on the list of

monitoring needs. Staff noted that they have been made aware of a proposal to eliminate the USGS Drilling program as part of the upcoming Federal Budget proposal.

- In addition to needing funding to cover O&M costs there is also need for funding for more sites/locations for additional monitoring wells.
- It was suggested that there may be a possibility of using some satellite data to supplement the existing data – but there is just not a lot of data currently available.
- There is just not enough data – more data is needed.

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**FLIP-CHART NOTES:**

- 1. More testing, modeling**
- 2. More staff to write permits**
- 3. If unpermitted users are regulated – more staff is needed**
- 4. More monitoring wells**
- 5. O&M needs and more sites re: subsidence monitoring**

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**7. Next Meeting:**

Mark noted that at the next meeting of the workgroup (**Tuesday, December 13<sup>th</sup> – Troutman Sanders – 1:00 – 4:00**) that we are going to go through the issues/ideas that we discussed today and see if we have consensus on them and present those as recommendations to the main advisory group and if we don't have a consensus we will include them on the list of options that we present to the main Advisory Group.

**8. Public Comment: No public comment was offered.**

**9. Meeting Adjournment:**

Mark Rubin thanked everyone for their attendance and participation in today's meeting and wished everyone a Happy Thanksgiving.

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