

Council Work Session  
October 29, 2013

At 6:00 p.m., Mayor Byrd called the Council Work Session to order, there were present: Mayor Ted Byrd; Vice-Mayor Charles Chenault; Council Members Richard A. Baugh, Kai Degner and Abe Shearer. Also present: City Manager Kurt D. Hodgen; Assistant City Manager Anne C. Lewis; City Attorney G. Chris Brown; and City Clerk Erica S. Kann. Absent: None.

Thanh Dang, Public Works Planner, introduced the presentation on Stormwater Management that included both the Municipal Separate Storm Sewer System (MS4) as well as the Virginia Stormwater Management Program (VSMP). Mrs. Dang presented on why these items are important to us and effects as she showed an illustration of pre-development and post-development as well as showing the two underground systems that included the sewer pipe (which the outflow goes to treatments) and the storm drain tunnel (which the outflow goes to bayous, river, and bays). Mrs. Dang reviewed items that could affect stormwater that included the following: floods, sediment, nutrients, and illicit discharges. Mrs. Dang stated these items affect us because it causes erosion to our stream banks and causes sewer laterals to be exposed. These programs could help with some residential flooding, drinking water, and outdoor recreation. Mrs. Dang stated there are several different regulations that will impact the City with existing developed area (both public and private); new and redevelopment; and, agriculture/forestry. Mrs. Dang stated the MS4 and VSMP are regulations that will affect the City as well as policies that will come from the Chesapeake Bay Total Maximum Daily Load (TMDL).

Dan Rublee, City Engineer, stated the City is a MS4 community and, in 2008, joined the Stormwater Management Program. Since then, some regulations have changed and became effective in 2011. However, some projects that had been previously approved had grandfathered provisions. Mr. Rublee stated the new requirements for development are going to be more stringent and protective of water quality and quantity. Mr. Rublee said this will require more City staff to review plans, more facilities to track, and more inspections to conduct both during and after construction. Mr. Rublee mentioned the State has delegated their VSMP stormwater permit program to be administered by the City. The permit is through the State but it is the locality's responsibility to enforce the regulations as of July 1, 2014. The stormwater legislation has recently shifted from the DCR to the DEQ. Mr. Rublee reviewed the new criteria for water quality and quantity design as well as runoff reduction method. Mr. Rublee stated that DEQ has revised the VA SWM Handbook and it is available online. Mr. Rublee stated more than one acre of land or under an acre under common plan of development will have to comply with the regulations. Mr. Rublee stated the City has to create a program that the State Water Control Board (SWCB) will have to approve that includes the following: local ordinance, policies and procedures documents, as well as a funding and staffing plan. Mr. Rublee reviewed the following schedule: "final preliminary package" staff document due to DEQ by December 15, 2013; DEQ to review packages through January 2014; final submission for May SWCB consideration due April 1, 2014; final local ordinance and program adoption deadline is June 13, 2014; and program

implementation will be July 1, 2014. Mr. Rublee reviewed the VSMP fee schedules that had been established by the State and recommended to the localities. Mr. Rublee stated these are the fees the City plans to implement at this time. The City would collect 50% of the fee at plan submission and the remaining 50% at construction which 28% would go directly to the State. Mr. Rublee reviewed the other VSMP related fees which included annual permit maintenance fee and transfer fees. Mr. Rublee stated the State fee schedule above was considered by DCR as adequate for local program administration, but did not consider long term inspections and record keeping. Mr. Rublee compared the VSMP fee review versus City cost with an average project and came up with a shortage of \$1,240 per project through construction only.

Mayor Byrd asked if the State projections were a cap or recommendations. Mr. Rublee stated it was a recommendation and, if the City chooses to increase the charges, it has to be specified in the program that is submitted.

Mrs. Dang reviewed the background of the Chesapeake Bay TMDL. Mrs. Dang stated requirements of this have been included with the City's MS4 Permit and the City is responsible for reducing sediment, phosphorus, and nitrogen from stormwater discharges from existing developed land over the next three MS4 permit cycles. Mrs. Dang reviewed the next 15 years with the MS4 permit and the reductions that have to be made and they were as follows: 5% total reduction (2013-2018); 35% total reduction (2018-2023); and 60% reduction (2023-2028). Mrs. Dang stated any projects or implementations since 2009 could count towards the 5% reduction. Mrs. Dang stated the City has had a MS4 permit since 2003, but on July 1, 2013 significant requirements have been included such as: public education and outreach; public involvement; illicit discharge detection and elimination; construction stormwater controls; post-construction stormwater (and maintenance); pollution prevention/good housekeeping; Chesapeake Bay TMDL Action Plan and pollutant reduction mandates; and action plans for local impaired waters. Mrs. Dang reviewed activities the City has done and where they would fall under all that was being discussed and they were as follows: Blacks Run Clean up Day (MS4 Permit); pollution reports and investigation (MS4 Permit); construction stormwater control (E&S and MS4 Permit); stormwater management facilities (VSMP and MS4 Permit); street sweeping (MS4 Permit); and Purcell Park stream restoration (MS4 Permit). Mrs. Dang reviewed items other localities have done towards these programs that the City might want to consider in the future. Mrs. Dang reviewed several items that the City currently does that is considered municipal good housekeeping which included the following: employee training and education; landscaping and nutrient management plans; vehicle fueling; vehicle and equipment maintenance; vehicle and equipment washing; parking lot and street cleaning; road salt application and storage; storm drain system cleaning; materials storage and management; and spill response and prevention. Mrs. Dang stated the programs aren't just about the City, but residents as well to get credits towards the programs. Mrs. Dang reported rough estimates from the VA Senate Finance Committee Report for what it would cost the City of Harrisonburg to implement items for these programs which was \$4 - \$6 million per year. Mrs. Dang reviewed some items that the MS4 program would cost the City and they were as follows: full-time position: MS4 Program Coordinator; public education and outreach

program; employee training; illicit discharge detection and enforcement; inspections of outfalls and stormwater facilities; maintenance of stormwater facilities; and capital project costs to meet Chesapeake Bay TMDL special conditions. Mrs. Dang reported on potential revenue sources which were as follows: stormwater utility user fee that would include tax-exempt properties; stormwater fund that would increase real estate taxes; plan review and permit fees; revolving loan funds or other loans; nutrient trading program; special district tax; grants; and bond financing. Mrs. Dang presented Council with how other Virginia communities are funding stormwater programs. Mrs. Dang reviewed what a Stormwater Enterprise Fund Feasibility Study would evaluate and it was as follows: budget; policies; scenarios; and recommendations. City staff would like to do this study with the assistance of Stormwater Advisory Committee (SWAC). SWAC responsibilities would be the following: work with staff to determine viability and structure of a stormwater enterprise; develop a stormwater management program strategic plan; identify and recommend needed improvements to existing City ordinances; be advocates for the City at large and relay public input; engage and educate the public; and provide recommendations to and advise City Council accordingly. Mrs. Dang reviewed the next steps and they were as follows: Council to establish SWAC; submission of VSMP program elements to DEQ; City staff and Draper Aden Associates to continue working meeting MS4 requirements, including MS4/Stormwater Program Plan; and budget and staffing analysis, FY14-15 and beyond.

Discussion ensued on the following: Council representation on SWAC; outreach to tax-exempt properties; 27% of City land tax-exempt; JMU is their own MS4 community; JMU representative on SWAC; Council to appoint SWAC members; improvements on property counts as impervious surface; credits since implementation in 2009 is currently unknown; pollutant reduction measures that are put in as a result of development don't count towards program; possibility of getting partial credits for redevelopment projects; policies to encourage redevelopment; confirming credit available prior to investment; doesn't necessary address citizens backyard issues; and stormwater utility credit program.

Mike Collins, Public Utilities Director, presented the matrix of decisions dealing with water rates which included: the rate type; target source; charge type; and how it would affect the revenue charged to specific customers. Mr. Collins reviewed the utility rate development process and reviewed four questions that would have to be asked and they were: (1) how much revenue is required; (2) how will costs be allocated; (3) will "charges" be an element of revenue; and (4) what rate structure(s) and rates will be used. Mr. Collins addressed question one and stated revenue and expense topics are typically in the budget process, but tonight reviewed the charges for services (rates) line item. Mr. Collins addressed question two and how cost would be allocated by customer class. Mr. Collins stated we don't have a model that provides us with information of the demand that each class puts on the system. American Water Works Association (AWWA) recommends that you tailor your rate structure and revenues to match the demands that your customers put on the system. A study had been done in 1993, but the system has changed since then. The last time it was looked into for a consultant to assist, it was estimated at \$60,000 to complete and Mr. Collins believes the study could be done in

house. Mr. Collins stated the four criteria to do an AWWA study uses the following: (1) average demand; (2) what the peak demand is in the relation to average demand; (3) administrative and billing burden put on the utility; and (4) what the fire flow needs and how system is built. Mr. Collins reviewed the current minimum rate structure and stated the structure minimum varies due to different meter size. Mr. Collins stated \$1,231,527 is derived from minimum billing charges. Mr. Collins stated with having that minimal charge, the City receives an additional \$374,317 per year. Mr. Collins reviewed the current rate structure as a declining block rate with minimum, seasonal charges, and a county rate. Mr. Collins provided a water rate comparison survey of surrounding jurisdictions which included: Rockingham County, inclining block with \$2.78 to \$3.80/1000 and \$11.50 minimum water per month; Augusta County, uniform with \$4.33/1000 and \$15.24 base water per month; Winchester, uniform with \$5.57/1000 and \$39.81 minimum for both water and sewer; Western Virginia, uniform with \$3.00/1000 and \$9.50 for base water per month; and City of Richmond, uniform with \$4.29/1000 and \$11.56 for base water per month. Mr. Collins also provided the 2012 Draper Aden survey for those same localities and City of Harrisonburg was the lowest. Mr. Collins presented an alternative substituting a base charge for the minimum charge. Mr. Collins provided an example with the outcome being the base rate of \$21.91 per year with a 5/8" water meter to keep the current minimum. Mr. Collins reminded Council if they wanted to cover capital, it would be a different number. Mr. Collins presented another alternative by eliminating the minimum charge, but that would increase the rate for two major users and could cost them up to \$75,000 per year. Mr. Collins presented the last alternative by choosing cost allocation per AWWA to charge those who are putting a demand on the system. Mr. Collins stated with that alternative you would come up with a uniform rate for each class. Discussion on the following: staff to provide an estimate of demands for different classes; base model makes sense; residential, commercial, and apartments use 1.3 gallons which is 24% of the 5.3 total million gallons used, 24% of the residential uses water, but pay 26% of the cost; matching up demand with the users; 1993 review; segregate larger into a separate class; economic structure; 20 year plan to correct; movement towards uniform rate structure; model who is putting a demand and who is paying; where the revenue and where the demand is coming from; implement within five years; increasing interest rates offset increasing demand; flat for 4 years; 1% growth out of ten years; fixed cost vs. semi-fixed cost vs. direct cost; flow per day can remain the same for awhile, but when increase the flow it leads to peak demands, increase use of chemicals, and increase of electricity; another way to review other than AWWA standards; presentation just addressed water. Council agreed to have staff conduct an allocation comparison of where the revenue is coming from and who is putting a demand on the system for both water and sewer.

At 7:25 p.m., there being no further business and on motion adopted, the meeting was adjourned.