

## UTILITIES COMMISSION

February 10, 2009

7:00 p.m.

The Stafford County Utilities Commission met for its regular meeting on February 10, 2009, in the A, B, C Conference Room in the Stafford County Administration Center. Commission members present were Rick Carroll, Lloyd Chittum, Bob Hunt, and Bill Tignor. Patricia Kurpiel arrived later during the meeting. Harry Critzer, Dale Allen, Susan Fitzgibbon and Cheryl Giles were present for the Utilities Department.

**1. New Rates for Water-Dependent Home-Based Businesses Public Hearing** – Harry Critzer provided background information regarding the new rates for water-dependent home-based businesses. Harry explained that staff had developed a rate structure for this new customer class. The rate would be 2.5 times the commercial rate. Harry also explained that a “Water-Dependent Home-Based Business” would be defined as one that:

- Meets the definition of a “Home Business” as stated at Chapter 28, Article II, Section 28-25 of the *Stafford County Code*; and
- Uses, or expects to use, an average of 25,000 gallons or more of water per month with all, or the majority of, all water used above 20,000 gallons per month being used for purposes associated with operation of the home business.

Harry stated that staff recommends the Commission refer the proposed ordinance to the Board of Supervisors to authorize a public hearing be held at their March 17, 2009 meeting.

Bill Tignor asked if there were any other customers that have been identified as water-dependent home-based businesses. Harry responded that 75 other customers were identified as potential water-dependent home-based businesses.

Rick Carroll inquired if a customer would have to apply with the Utilities Department to be identified as a water-dependent home-based business. Harry responded when a customer signs up for water service, they would be identified at that time. Rick also asked why the amount 2.5 times the commercial rate was selected. Harry commented that several different amounts were tried, but the 2.5 times best blended the residential rate structure with the conservation rate and the flat rate feature of the commercial rates.

**2. Public Presentations** – Chairman Bob Hunt then opened the public hearing for statements from the public. Mr. Mike Williamson stated his request was the same about his concerns regarding the conservation rates for his wife’s home-based business. He also thanked the Commission and staff for continuing to work toward resolving the conservation rates issue.

Harry Critzer asked Mr. Williamson if his wife’s business qualified as a “home business” as defined in the Stafford County Code. Mr. Williamson responded that it does qualify as a home business.

After some discussion by commission members, Rick Carroll made a motion to schedule a public hearing for the Board of Supervisors at their March 17, 2009 meeting to recommend a new rate for a new class of water customer defined as a “Water-Dependent Home-Based Business”. The motion was seconded by Bob Hunt and passed with a 4-0 vote.

Rick Carroll requested staff provide a report in a year about the status of the ordinance.

3. **Approval of Minutes** – Patricia Kurpiel requested the addition of the following comment by Harry Critzer: Increasing the allocation of nitrogen and phosphorous in order to go from 6.4mgd to 8.0 mgd at Little Falls Run plant which had been left out. The bottom line is that an additional 5 million dollars needs to be spent. It is unknown if grants and low interest loans would cover this. The minutes were approved with the agreement that Harry's comments would be added.

4. **Water and Sewer Availability Fees/Debt Service Update** – Susan Fitzgibbon presented a report regarding four financial challenges the Utilities Department faces with regards to user fees for day-to-day operations, user fees for repair, replacement and rehabilitation, availability fees, and pro rata fees.

Susan explained that current user fees for day-to-day operations do not yield adequate revenue to cover projected operating costs past FY11. Bob Hunt commented that the Utilities Commission needs to continue to help the Utilities Department remain fiscally sound and environmentally responsible. Rick Carroll inquired about sewer rates and why it costs more to operate wastewater plants. Harry responded because of all the requirements to treat the water.

Susan then explained that current user fees for repairs, replacement and rehabilitation are significantly underfunded for the level of projected annual costs for maintenance of the existing system. The current rates for availability fees also do not yield adequate revenue to cover projected annual debt service payments. The current rates for pro rata fees do not yield adequate revenue to cover the projected cost of pro rata projects planned over the next 5+ years.

Susan stated there was an operating loss in 2008 of 7.5 million dollars and in 2007 of 4 million dollars. The projections indicate that current rate levels will not cover expected cost levels needed to the existing system.

Rick Carroll asked if there is a reason why commercial rates are not the same as residential rates. Susan responded that residential users do a lot of watering during the summer time that requires additional capacity to be built in at the plants; whereas, commercial users use a standard amount of water on a regular basis. Rick then asked if homeowner associations qualify for commercial rates. Susan responded that most homeowner associations have irrigation meters, but some are set up as a business and get the commercial rates.

Susan reported it would take an 8% annual rate increase in 2010-2012 and a continued increase from 2013-2015 of a lesser degree to cover projected operating, repair, replacement and rehabilitation costs.

Bob Hunt suggested that all options, such as commercial rates, residential rates, irrigation rates, and impact fees need to be reviewed before increasing the residential rates.

Susan then provided a sample bill of residential user fees and commercial rates that compared the cost with the debt service fee and without the debt service fee. She then provided a sample bill for availability rate projections that compared costs with the debt service fee and without the debt service fee. Susan explained the availability rate with the debt service fee would be less of a risk, as the monthly debt service fee would provide a constant steady stream of revenue.

Bill Tignor commented that Harry's comments regarding Rocky Pen Run Reservoir were compelling because the reservoir is needed now for current users and not just for future users and therefore raising the rates would need to be part of the solution.

Lloyd Chittum inquired when is the projected time for Rocky Pen Run to come on line. Harry responded the projected time is the spring of 2012.

Bob Hunt asked when staff would need a recommendation for the Board of Supervisors. Harry responded that when the Board referred it to the Commission, they requested a recommendation within 60-90 days with regards to the availability fees.

**6. Reservoir Protection Ordinances** – Dale Allen provided some background history regarding the reservoir protection ordinances. Dale explained that the Planning Department had informally asked the Board of Supervisors if they should proceed with the overlay protection ordinance because there would be a significant advertising and notification cost. The Planning Department stated a response had not been received from the Board of Supervisors regarding the situation.

Dale reported the Planning Commission has recently formed a subcommittee to take a look at the ordinances. The subcommittee would like for the Utilities Commission to respond to the following two questions:

- A. What is the definition for "mean high water line"
- B. What effect would the overlay protection ordinance have on vacant properties?

Dale also reported that in the memo dated December 17, 2008 from Jeffrey Harvey, Director of Planning and Zoning, the subcommittee requested information regarding how often are reservoirs tested and what contaminants are the reservoirs tested for. Staff has already provided answers to the subcommittee. The subcommittee also requested information from the Planning Commission in the same memo. The subcommittee is awaiting responses from the Planning Commission before they can send Proposed Ordinance O07-23 to the Board of Supervisors.

Patricia Kurpiel commented the Utilities Commission does not need the Planning Commission to act on Proposed Ordinance O07-22 because it is an ordinance that deals with Section 17-28.

Dale responded that is correct, but the reason Proposed Ordinances O07-22 and O07-23 were submitted together was because Planning thought the Board of Supervisors would want to hold a joint public hearing to consider both of the proposed ordinances at the same time because they each dealt with reservoir protection.

Harry Critzer inquired if there was any controversy regarding the statement in Proposed Ordinance O07-22 for Sec. 17-28 (d).

After some discussion, Patricia Kurpiel made a motion that after checking with Code Administration regarding the statement in Sec. 17-28 (d), if there was no requirement to individually notify property owners, the Commission would hold a public hearing to recommend Proposed Ordinance O07-22. The motion was seconded by Lloyd Chittum and passed with a 5-0 vote.

**7. Utilities Director's Report** – Harry Critzer reported both reservoirs are full and the Assistant Director of Operations position has been filled. Mike Smith, plant manager for the Little Falls Run Wastewater Treatment Facility, has been selected for the position.

Harry expressed concern about Patricia Kurpiels's e-mail regarding the additional five million dollars needed for the Little Falls Run Upgrade. Harry explained that he does not want the Commission to feel "left in the dark" so he will begin to send e-mails periodically to keep the members abreast of issues.

Patricia commented she objects to an additional five million dollars towards the Little Falls Run Upgrade project because she feels we don't have the money and there is no evidence there will be that much growth in 20 years. Patricia stated that because the issue was not discussed by the Commission and because the Commission was not allowed to express their positions, she would be taking a position at the public hearing that may be different than the position Utilities is taking.

**8. Commission Members Comments** – Bill Tignor commented he feels the Utilities Department has operated well over the years and is still doing a great job.

Rick Carroll asked if the Utilities Complex was included in the numbers presented during the water and sewer availability fees update. Susan Fitzgibbon responded it was not included.

Bob Hunt thanked the Commission for re-electing him as chairman. Bob commented once again the importance of the Commission helping to keep the Utilities Department fiscally sound and environmentally responsible.

The meeting was adjourned at 8:50 p.m.

Respectfully submitted,

William C. Tignor,  
Recording Secretary