



Meeting Summary

Water and Wastewater Utility Rate Study Community Advisory Group (RSCAG)

December 7th, 2020

6:30 – 8:00 p.m.

RSCAG Members Attending

Lily Duran
Peter Robertson
Bob Orttung
Heitham Ghariani
Nora Palmatier
Rafael Sampayo
Michael Mesmer

RSCAG Members Absent

Matt Gerber
Daniel Logan
Kathleen Harrison
Herschel Kanter
Regina Boston

County Staff and Consultants Attending

Mike Collins, Department of Environmental Services
Krista Bourgon-Abele, Department of Environmental Services
Janelle Okorie, Department of Environmental Services
Lisa Wilson, Department of Environmental Services
Bart Kreps, Raftelis
Will Kerr, Raftelis
Jason Gershowitz, Kearns & West
Caisey Hoffman, Kearns & West

1. WELCOME, INTRODUCTIONS, AND AGENDA REVIEW

Jason Gershowitz, the RSCAG facilitator, opened the meeting by welcoming participants and members of the public to the fifth RSCAG Meeting. Mr. Gershowitz reviewed how to participate in the virtual meeting and noted that this meeting was being recorded.

2. PROJECT STATUS UPDATES

Mike Collins, Department of Environmental Services, shared an overview of project status. Mr. Collins noted this has been a unique year, and that the County has been working hard across many activities since the previous RSCAG meeting in March 2020. Mr. Collins summarized the goal of this meeting to discuss the proposed rate structure and hear feedback from the RSCAG. He noted that the technical team has relied on the RSCAG and broader public engagement to provide input on values critical to shaping the proposed rate structure. Mr. Collins also emphasized that some values are naturally in tension – such as economic development and conservation.

Mr. Collins provided a synopsis of the public engagement plan for the rate study and reviewed how the County engaged the RSCAG to refine and prioritize values. Public engagement included online

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engagement, in-person meetings, and partnering with other County programs and initiatives to engage hard to reach communities that are indirect customers. Mr. Collins shared that affordability and conservation emerged as two clear priorities in both online engagement and in-person meetings. The third priority value among external and internal stakeholders was equity across customer categories to ensure that each category of customer pays their fair share of services. Revenue stability is also a priority value for internal stakeholders like the County Manager's office to ensure service delivery, have sufficient funds for program administration, and maintain legal defensibility.

3. PROPOSED RATE STRUCTURE

Bart Kreps, Raftelis presented the proposed rate structure alongside a comparison to the existing structure. The current rate structure requires all customers to pay the same rate per Thousand Gallons (TG) metered usage and does not include a base charge. The proposed rate structure distinguishes between commercial, multi-family, and single family residential with two volume tiers.

Existing Rate Structure:

FY 2021	Water	Sewer	Total
All Customers	\$4.91	\$9.29	\$14.20

Proposed Rate Structure:

FY 2022	Water	Sewer	Total
Base Charge			
Monthly (Commercial)	\$9.29	\$7.69	\$16.98
Quarterly (Residential)	\$13.47	\$11.09	\$24.56
Volume Charges (per TG) by Customer Class			
Single Family Residential		\$9.78	\$9.78
Tier 1 (0-9 TG)	\$3.84	Avg AWC Billing	\$13.62
Tier 2 (>9 TG)	\$6.14	Avg AWC Billing	\$15.92
Multi-Family	\$4.57	\$9.78	\$14.35
Commercial	\$4.95	\$9.78	\$14.73

Note: AWC Billing is Average Winter Consumption Billing

In consideration of the public engagement feedback that was gathered, the proposed structure aligns recommendations with prioritized values.

- The base charge provides revenue stability, helps create equity among customer classes, and addresses appropriate cost allocation on a per-account basis.
- Establishing rates based on customer classes such as single-family, multi-family, and commercial usages distinguishes supply and demand needs across customer classes.
- The two-tier volumetric structure for Single Family Residential addresses affordability and conservation core values. The lower rate is designed to emphasize affordability for essential water use and incentivizes conservation.

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- The Residential Sewer rate based on Average Winter Consumption is in response to public feedback. It reflects the most frequent comments shared during public engagement about incorporating lower winter sewer use into the rate structure.

In comparison to other neighboring jurisdictions, Arlington's existing rate structure only bills a consumption charge. The proposed structure would bring Arlington County closer to other jurisdiction's water utility rate structures which include customer classes, base charges, tiered water usage, and a winter seasonal sewer rate. The proposed base charges are on the lower end of the spectrum on a regional basis, and significantly lower than the national water and sewer base charge medians.

Average Winter Consumption Details:

Mr. Kreps further explained the reasoning behind applying the Average Winter Consumption (AWC) to the proposed rate structure for single-family residential customers. He addressed some concerns that seasonal water use (irrigation, car washing, pool usage) does not drain to a sanitary sewer. From an equity standpoint, sewer consumption based upon metered water use could result in overcharge during the summer. As a solution, summer sewage is capped at Winter Consumption and this represents in-home use which represents the amount of water that enters the wastewater system. This is only for single-family residential customers. This methodology is deployed by neighboring counties such as Fairfax, Prince William, and Alexandria. However, as Arlington County infrastructure only allows quarterly billing at this time, additional policies may need to be considered to address potential billing confusion.

Proposed Rate Structure Impacts:

Mr. Kreps reviewed different impacts for customers and rate comparisons using the proposed rate structure through a series of graphics and charts. The presentation is available on the Arlington County [Water and Wastewater Rate Study web page](#) .

The presentation included a bar chart representing residential water consumption as a percentage of bills, along with bill profiles based on quarterly water usage (in Thousand Gallon (TG) increments.)

- 8 TG is the lowest quartile
- 12 TG is the median customer usage
- 18 TG is the upper quartile

Mr. Kreps shared that residential customer analysis provided insight into annual costs from five different representative, average types of users based on annual consumption. These representative accounts ranging from a low volume user (20 TG/year), low quartile (32 TG/year), a median user (48 TG/year), upper quartile (72 TG/year), and a high-volume user (90 TG/year.) In each of these instances, there is a slight increase in cost when applying the proposed rate structure except in the upper quartile of users, who would see a small decrease. It is important to note that actual impacts will vary based upon seasonal usage patterns.

Mr. Kreps also presented a comparison chart illustrating how the proposed rate structure matches up with nearby and peer utilities.

From a multi-family perspective, Mr. Kreps explained that different types of establishments classify as multi-family buildings. While the average multi-family complex uses 137 TG/month, an average large sky

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rise complex uses 635 TG/month, and an average affordable housing community uses 71 TG/month. For each of these representative sample account, there is a decrease in cost when applying the proposed rate structure.

From a business and commercial perspective, Mr. Kreps shared some representative examples of how the proposed rate structure may affect different business and commercial accounts. For both an average business or commercial entity that might consume 113 TG per month, a large hotel like the Westin Arlington might consume 1,040 TG per month. In each of these instances, there is a slight increase in cost when applying the proposed rate structure.

In conclusion, a water/sewer affordability analysis was conducted through a traditional lens with general proxies and found no indication of systemic challenges in Arlington. Mr. Kreps noted that most of the at-need population within Arlington county is in multi-family housing and those residents are indirect customers who pay utilities through rent. He stated that if the proposed rate structure gets passed through the tenant, it is unclear if the reduced utility burden gets passed through to the tenants.

4. NEXT STEPS AND PUBLIC ENGAGEMENT PLANNING

Jason Gershowitz, the RSCAG facilitator, reviewed the upcoming RSCAG schedule. He highlighted two key next steps for advancing the rate study:

- Phase 1 of public engagement will consist of public comment for the proposed changes by utilizing various online tools such as Teams Live Forum, Engage Arlington (76engage tool), Civic Federation, and Advisories & Commissions.
- If the board adopts the proposed rate structure, a strategic communications initiative will be rolled out to communicate about upcoming changes through social media, email campaigns, and customer contact center notifications to customers.

Mike Collins reviewed the critical path forward for the rates study. The proposed rate structure will need to be adopted by the Board and incorporated into the Board's budget process and related public engagement. Mr. Collins added that the project team anticipates adoption in the fiscal year 2022 budget to provide time needed to develop, test, and implement systems and policies.

5. Q&A FROM ADVISORY GROUP MEMBERS

Following the presentation, Advisory Group Members shared questions and answers captured in the table below.

Ref	Question or Comment	Response
1	Could you explain the Multi-Family rates between Palestine and the Average?	The Palestine is a large apartment complex with a higher bill and higher water use. They are billed on the same structure as the average customer. However, this number is the total bill, not for an

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		individual customer. Arlington County clarifies that this represents the monthly cost for the apartment management company versus a single-family residence.
2	Why are numbers reported monthly versus annually? Landlords would be saving money and it is not clear that they are passing it through the renters. One way to get around this problem is put that money and difference within a community fund and put it into a fund for a park or community improvements.	Arlington County acknowledges that there can be data reporting challenges with monthly versus annual data. Other customer dynamics, like HOAs or management companies add layers to sharing information about water use, bills, etc. During the 4 th RSCAG meeting, a list of different community projects was generated to help support this initiative.
3	Can you describe different rates and why they have different categories?	Raftelis selected customers at various levels to show impact across different categories. 9 thousand gallons is the only threshold in the proposed rate structure, and the team wanted to minimize tiers to balance with simple, and easy-to-understand values.
4	Single family homes might have an increase in the cost. Have you talked with DHS and assistance for low-income / single family homes?	There was a discussion with DHS in January & February to find direct customers. Services are available for assistance through existing DHS channels but, at this point, the number of direct customers seeking assistance has been limited.
5	Is the county worried about an event that might drive costs up in a way that might not be collecting enough to support the cost of system?	Trends show consistent declines in usage due to updated plumbing fixtures. We project consumption to be flat without population increase. The fixed base charge is another tool to help stabilize revenue streams as consumption trends evolve.
6	Is the county automating more systems to bring costs down?	Arlington County is always looking to operate efficiently and is exploring opportunities to do so, like new meter reading practices, regularly.
7	Under single-family housing, why did prices only go down for the upper quartile? Some people in the public might not see this as beneficial.	This is dependent on usage patterns. There is a shift in cost to single family residential. Some customers will see slight savings. 40-70% of customers might see cost savings, and this is a conflict that we see between customer classes, equity, and conservation values.

6. PUBLIC COMMENT

Members of the public that attended the meeting were invited to provide comments and questions.

Ref	Question or Comment	Response
1	We pay 2x for sewage than we do water. Has this always been the case? What is the reason for this?	Arlington County purchases water through the aqueduct. Wastewater treatment is more expensive, and Arlington County has completed significant facility upgrades to

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Ref	Question or Comment	Response
		improve wastewater management. Wastewater treatment has cost more than water supply since the '90s.
2	If you are covering your fixed costs, wouldn't that mean that your costs for water and sewer would go down in such a way (single-family users that use the least amounts of water) – Why there is not a quid pro quo to bear the burden of the fixed cost?	We increase revenues to meet increased costs related to fixed account activities such as meter reading, billing, and program administration. Our fixed costs for the water and wastewater systems are significantly higher and recouped through the use-based rates. There is also an underlying increase in revenue needed to address rising costs.
3	Why is the price “per thousand gallons”? Why does it matter if it is a monthly or quarterly base charge?	The price per thousand gallons is for consumption and wastewater system use. The base charge is incurred per month and billed on a quarterly basis for residential customers.
4	What class are condos? What is this data based on?	Condos are considered a Multi-Family in the proposed rate structure. This data is based on American Water Works consumption estimates.

7. WRAP-UP AND NEXT STEPS

Jason Gershowitz summarized that the 5th RSCAG meeting presentation and recording will be posted on the website. Following this meeting, Arlington County will continue public engagement planning to obtain rate structure feedback through Engage Arlington, the Civic Federation, and Advisories & Commissions.

Mike Collins closed the RSCAG meeting by thanking individuals for their role in supporting and advancing the Study. Mr. Collins noted that Arlington County will be in touch with Advisory Group members to determine if they would like to participate with outreach.