

Community Systems CAG Rate Discussion Meeting

July 29, 2009

Attendees

Laura Maschler	Raspberry Falls
Holly Krauss	Raspberry Falls
Mary Ann Chalmers	Raspberry Falls
Joe Becek	Lenah Run
Charles Westberg	Lenah Run
Terry Allen	Beacon Hill
Kate Hartnett	Beacon Hill
Rich Smith	Beacon Hill
Lisa Kuzma	Selma
Samantha Villegas	Loudoun Water
Suzanne Porter-Kuchay	Loudoun Water
Carla Burleson	Loudoun Water
Todd Danielson	Loudoun Water

Discussion Summary

The purpose of the meeting was to discuss the process for combining community and central system rates, an idea that was proposed at the first meeting.

The group was informed that the idea conflicts with a Board policy requiring Community Systems to be financially self-sustaining. If they wanted to see rates combined, they would have to ask the Board to change the policy. The group was encouraged to approach the Board with this request at one of its regularly scheduled public monthly Board meetings. There was a question as to why the Community System rates were combined in 2008. It was because the Board decided to interpret their own policy differently. In combining all community systems costs and rates into one, they were able to offer reduced financial risk for each individual community. The group asked under what circumstances are communities subsidized by central service rates. There are a handful of circumstances under which the Board considers subsidizing a community system with central system rates. Most commonly those include: a public health emergency, an infrastructure failure, an issue of affordability; or a lack of comparability with like communities.

The following are answers to questions asked at the meeting that went unanswered. There is also a list of documents the CAG requested from staff, which are being provided on two dvds that can be circulated among members.

Questions and Answers

1. Who makes the determination that community systems are separate?

The Loudoun County Board of Supervisors, in its Comprehensive General Plan, indicates that Community Systems shall exist in the Transition Policy Area and shall be financially self-sustaining. The Loudoun Water Board of Directors agreed with this concept and created a policy that reflects the same.

2. Does central service absorb some of community systems delta?

The central system absorbs the allowed deficits from the systems that were installed due to potential public health emergencies and temporary deficits until sufficient cash reserves are built up within the community systems.

3. What are the projections for total number of residents, all systems combined?

The current communities have a build out of approximately 1220 water customers and approximately 1820 wastewater customers.

3. Can Loudoun Water change its policy without going to the Loudoun County Board of Supervisors?

Yes.

4. What type of decisions does Loudoun County Board of Supervisors make?

With respect to growth, the Loudoun County Board of Supervisors decides what, where, when and why growth occurs in the County. More information about the County Board of Supervisors can be found at www.loudoun.gov.

5. How are the systems running right now? Is there a deficit? How much of a deficit?

That has not been calculated for 2009.

6. What does Loudoun Water pay Fairfax Water for water?

82 cents/gallon.

7. How many gallons does central system use annually?

Approximately 7 billion.

8. Are we having more development-related rate increases, or inflationary only?

Inflationary only.

9. How much money is currently saved/set aside?

In 2007, \$96,352 was reserved. In 2008, \$430,821 was reserved. In 2009, \$215,410 was reserved. Information is not readily available on reserve funds prior to 2007.

10. Should we always anticipate being 40% higher than central systems?

No. As the central system builds out, it will be relying more and more on water and wastewater treatment systems that cost comparatively more to operate than the wholesale water/wastewater purchases.

11. Where do the revenues go from the other Community Systems?

All revenues from Community Systems operations are credited against the costs to operate community systems. Revenue from contract operations pays for the costs associated with contract operations.

12. What are costs with a 15-home community (5 year projections)?

We have not studied that.

13. How many connections are there for water and sewer? There are 58,000 residential connections in the central system. There are approximately 1,600 community systems connections (700 water and 900 wastewater).

14. How many customers and end users (schools, commercial, towns...) are there in the community systems outside our six?

Loudoun Water contracts with three divisions of Loudoun County to operate seven water systems and a wastewater system; we contract with two towns to operate two water and two wastewater systems; and we contract with four private entities to operate four water and four wastewater systems.

Documents Provided on DVD

- ✓ Municipal and Financial Services 2007 Rate Study
- ✓ Annual budget and capital improvement plan
- ✓ Original community systems rate studies and notes
- ✓ List of all rate increases, how much, what year
- ✓ List/map of community systems (Aldie, Waterford, Willisville and St. Louis are subsidized)
- ✓ Most current budget for community systems