Catlett – Calverton Sewer Project
Project Management Team Notes
Golden Rule Builders, 3409 Catlett Road
September 10, 2014

Welcome & Introductions

Sue Rowland welcomed members and asked everyone to introduce him or herself. (See the attached sign in sheet)

Follow up from August 13 meeting:

Updated Preliminary Project Timeline Narrative

Eldon distributed the revised timeline narrative saying it reflects updates based on activities since the previous meeting. He added that we (Sue Rowland, Gary Schwartz and Eldon James) met with key staff at the Department of Community Development to discuss planning and zoning. We are in the process of examining the relationship between the proposed wastewater clusters, the comprehensive plan and the zoning ordinance. More information will be forthcoming.

Recent Project Progress:

1) Update on Status of the Catlett-Calverton Decentralized Sewer PPEA

Eldon explained that after a series of exchanges of information with NWC the team is recommending to the Board of Supervisors that we move to the next stage – negotiation of the Comprehensive Agreement. We will be participating in a work session with the Board of Supervisors at their meeting tomorrow (September 11). It is anticipated that the Board will authorize county staff and consultants to enter the negotiation stage.

2) Community Communications Plan First Draft

Eldon distributed the draft Communications Plan and reviewed the key sections. He asked everyone to look it over and offer comments and let us know if there are questions. He highlighted the important role played by the community representatives on the PMT – liaisons between the PMT and the community. Sue asked everyone to look at the key messages page to see if anything is missing. Please let us know, especially before Catlett Day since we will likely use those key messages pages on that day.

Projected Capital Costs and Potential Charges

Sue said that the team has been working on cost information and today's discussion would be the first of two PMT meetings where significant time would be dedicated to the costs of the project. The objectives are: We want to share with you what we know and to get some feedback from members of the PMT. She reminded everyone that the decision on the amount of fees to be charged is made by the Board of Supervisors. Sue referred to page 6 of the Communications Plan and the types of questions the Board will need to answer to determine the user fees. She explained that we are calling the fee to be connected to the system the Tap Fee, and also reminded everyone that a key target is to keep the monthly usage charge under $60. One way to achieve this is to not include the construction loan debt service costs in the monthly usage fee, as is often done in projects such as this. To do that, the recovery of capital costs is to be achieved through the Tap Fees, unless the Board decides to make available a subsidy of some kind. Sue talked about questions that will need to be answered as contained on page 6, including "incentive pricing" at the beginning to encourage as many as possible to sign up early.

Sue then explained the term "EDU" – Equivalent Dwelling Unit; this is essentially a single-family home. For a single-family home 1 EDU = 1 connection = 1 User. A restaurant would be 1 connection (or user) but may be 1.5 or 2 EDUs. 1 EDU is based on the estimate that the average single-family home will use 260 gallons per day. There was some discussion of the EDU concept. Sue added that each Connection also represents a distinct customer account.

To begin discussion, Sue summarized the costs: $7,102,800 is the amount of the loan to build the project. There are approximately 247 structures and the capacity of the treatment plant will be at least 80,000. At 260 gallons per day that equals 308 EDUs of capacity.

Sue then put some numbers and simple calculations on a flipchart:

$7,102,800 capital cost ÷ 247 structures = $28,745 for a Tap fee at 100% cost recovery.

$7,102,800 ÷ 308 EDU capacity = $23,052 Tap fee at 100% recovery.

[Note: This type of scenario does not reflect the cost per connection but is a simple calculation of how 100% loan recovery could be made using those two factors.]

There was discussion about how high that cost seemed. It was pointed out that the WSA Tap fee is about $16,000. It was also added that if someone were to install an individual "alternative" septic treatment system it would likely be in the $30,000 range.

The discussion turned to what other upfront costs would impact the customer. Sue responded that we still have to answer the electric connection question, as electricity is needed to operate the pump in each STEP tank. Another is the physical connection of the house to the pipe leading to the STEP tank. A question was raised about how far tanks will be from houses. Generally the tanks will be placed in proximity to the existing septic tank. It was pointed out that NWC has said they will work with each property owner on the location of the STEP tanks and will locate them where the owner wants unless the owner's is unreasonable or unfeasible, the tank needs to be downhill from the house. Another question was asked about the cost to abandon the old septic tank; that cost will be included in the agreement with NWC and will not be an additional cost to the customer.

The discussion then moved into the various options that the Board could consider to incentivize the cost of Tap fee and encourage people to sign up. Options included:

- A discounted Tap fee during an initial sign up period, possibly similar to the WSA fee or some other amount;
- No cash up front but a 2nd mortgage on the property with monthly payments over some number of years;
- No cash up front but a lien on the property and the debt settled at time of sale or transfer (a question to answer is does this include a no-cost family transfer), whether or not to charge interest will also have to be decided;
- Let customers sign a promissory note and pay the cost over set number of years at no or low interest;
- Multiples of these options could be offered and they could vary by whether a household is Low-to-Moderate income (LMI) or by the type of structure (residential or commercial).

Project Next Steps through October –

1) *Preparing for the presentation to the Board of Supervisors on September 11; PMT is invited to attend.*

Sue reminded everyone of the meeting and that PMT members are welcome to come and show their support.

2) *If Board acts favorably, while the negotiations are occurring:*
   a. Staff will be working to identify and test sites;
   b. Staff will be developing with PMT rate structure scenarios;
   c. Staff will begin community engagement to begin explaining the project and costs.

Next PMT Meeting – October 8, 2014

Given the importance of the discussion of fees and charges it was agreed that another PMT meeting will be added on October 29th with the goal of having PMT input for the Board finalized by the end of that meeting.

Agenda Items for October 8 [Note: This meeting changed to October 1]:
1. Discussion of monthly charges (operating)
2. Continuation of Tap fee discussion

Agenda Items for October 29 (if needed):
1. Finalize PMT input to Board on fees

Agenda Items for November 12:

1. AOSS Rules and Regulations – VDH
2. Review of User Agreement and Permanent Deed of Easement

CATLETT - CALVERTON PROJECT MANAGEMENT TEAM
PROGRESS MEETING
September 10, 2014

Attendees:

NAME	Email or Phone
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