



Meeting Summary

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

Tuesday, January 14, 2020

Ellen M. Bozman Government Center

6:30 – 8:00 p.m.

RSCAG Members Attending

Lily Duran
Herschel Kanter
Peter Robertson
Bob Orttung
Heitham Ghariani
Regina Boston

RSCAG Members Absent

Matt Gerber
Daniel Logan
Nora Palmatier
Michael Mesmer
Kathleen Harrison
Rafael Sampayo

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
Jason Gershowitz, Kearns & West
Samantha Ramsey, Kearns & West

1. WELCOME AND INTRODUCTIONS

Jason Gershowitz, the RSCAG facilitator, opened the meeting by welcoming participants and members of the public.

2. RSCAG VALUES RECAP

Bart Kreps [reviewed](#) core values that could be used to establish a rate structure and identified the types of structures associated with each value.

3. VALUES PRIORITIZATION AND DISCUSSION

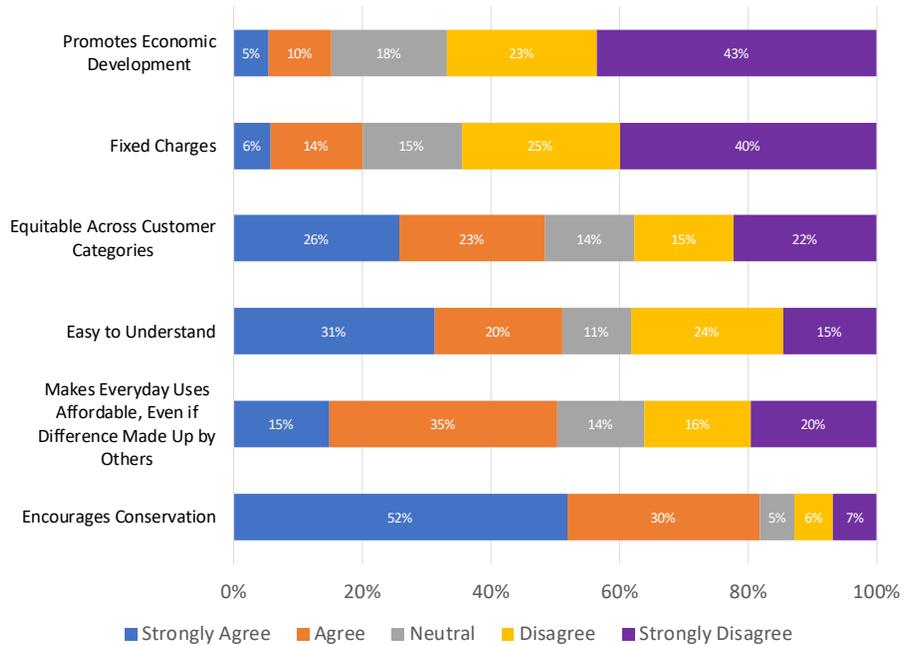
Arlington County launched an online engagement platform to solicit community feedback on core values that should be prioritized when developing a rate structure. The site launched on December 16, 2019 and remained open until January 17, 2020. The site contained “Community Values” questionnaires, as well as a water trivia page. The Community Values questionnaires asked respondents to consider which values were important to them in the development of a rate structure, while the Trivia questionnaires assessed how much respondents knew about their water and water use practices.

Mr. Gershowitz shared response highlights from the “Community Values” questionnaires. He explained that 3,032 people visited the site between its launch on December 16, 2019 and when the data was

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collected on January 12, 2020. As of January 12, 2020, at 8:00 pm, 1,754 submissions were made to the “Community Values” questionnaires and 107 were made to the Water Trivia quiz. The chart below, drawn from the Community Values questionnaire, shows the degree to which respondents agree or disagree with prioritizing each value.

Fig. Respondents’ Values Feedback



In addition, respondents provided important feedback on each of the values. A summary of these comments can be found within the meeting [presentation](#).

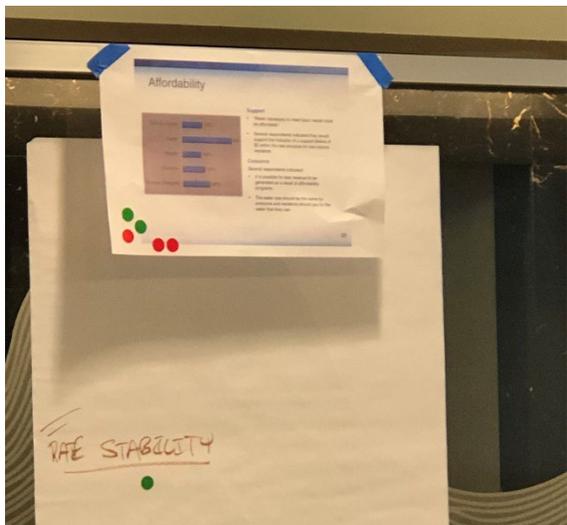
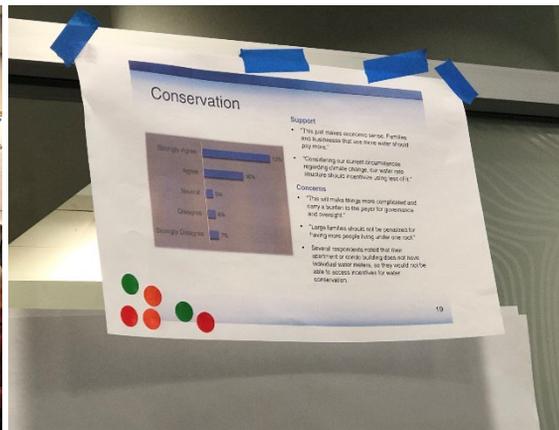
Following a review of feedback from the online engagement platform, Mr. Gershowitz moderated an interactive activity to help RSCAG members prioritize the core values. Each RSCAG member was given three circular stickers: two red and one green. The green stickers were used to identify RSCAG members’ first value choice, while the red stickers were used to show members’ secondary choices. Mr. Gershowitz explained that this activity was not meant to be a voting exercise; rather, it was intended to gather a qualitative understanding of RSCAG members’ feelings towards certain values to help inform facilitated discussion.

Conservation and Affordability were the most highly prioritized values amongst RSCAG members during this activity. Conservation received two top priority stickers and four secondary priority stickers and Affordability received two top priority stickers and three second priority stickers. Conversely, Economic Development did not receive any stickers from RSCAG members during the prioritization activity. The following table summarizes how RSCAG members prioritized the core values.

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Values Prioritization Activity Results

Value	First Value Choice (Green Sticker)	Secondary Value Choices (Red Sticker)
Conservation	2	4
Affordability	2	3
Simplicity	0	2
Cost of Service Equity	0	2
Utility Financial Stability	1	1
Economic Development	0	0
Rate Stability	1	0



Briefly summarized below are themes from the discussion.

On Conservation

Conservation within a rate structure is implemented to incentivize water conservation. Examples of conservation-oriented rate structures include an inclining block structure, which increases the unit rate with consumption, and seasonal rates, which offer higher unit rates for consumption during peak periods

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of the year. These types of rate structures reward customers who save water through changes in appliances and/or behavior. Participants shared reactions to this value, including:

- **Climate Change:** Some participants shared that conservation is important because of the clear connection between climate change and water stress. They advocated that it is smart policy to conserve water.
- **Larger Families:** Participants stated that larger families tend to use more water due to their size. It was noted that affordability and conservation could conflict with one another.
- **Multi-Family Homes and Apartment Complexes:** When thinking about conservation, it is important to consider who the user is and whether they live in a single-family home or multi-family dwelling. Since most multi-family dwellings are not sub-metered, residents may not receive any financial benefit from conservation-oriented rate structures.
- **Declining Average Consumption:** One participant highlighted the local and national trend of declining average annual water consumption. They noted that if Arlington County doesn't anticipate needing more water, it might not be necessary for conservation to be a high priority within the water rate structure.

On Affordability

Affordability within a rate structure is implemented to ensure that essential usage is available to residential customers at an affordable price. An inclining block structure, promotes the value of affordability by offering rate increases with consumption. Customer assistance programs may also be considered if they adhere to state legal requirements. Participants shared reactions to this value, including:

- **Subsidizing Affordability Programs:** Participants discussed how state laws limit what you can do in terms of affordability programs. They raised the concern that other customers might need to subsidize affordability programs.
- **Community Values:** One participant advocated for the importance of affordability, stressing that affordability enhances the sense of fairness and equity in the community and supports the way government delivers the service.
- **Low Cost/Value of Water:** Another participant noted that water rates are a great value within the County at 1,000 gallons of water for ~\$4.70, especially compared to bottled water. Over the course of history, we're going to say, "How were we giving that water away almost free?"

On Utility Financial Stability

Revenue stability within a rate structure is implemented to provide more steady and predictable revenues for the utility. A rate structure that promotes revenue stability relies heavily on fixed charges that are not dependent on customer usage. Types of fixed charges include base charges (by meter), minimum charges, and others, such as repair and replacement or environmental charges. Participants shared reactions to this value, including:

- **Fixed Charges:** Participants shared their support for fixed charges, noting that many other utilities and cable companies include a fixed charge for customers. They added that it is important for residents to have access to water at any time, even if they use zero water. Participants also noted

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that the County still absorbs costs to service the account and read the meter, even without any consumption.

- **Affordability:** One participant inquired how a fixed charge would impact apartment renters, citing utilities are often built into the rent. There was discussion on what a fixed charge may look like on a water bill. For low-income residents, fixed charges could be a big burden and customer assistance programs would be vital.
- **Transparency:** Participants emphasized the importance of the County being transparent about what is and is not included in a fixed charge cost. Some shared that fixed charges could create confusion for customers if the customer assumes they're being billed on an ad hoc basis. There was agreement that clear communication would be key to prevent confusion amongst customers around fixed charge billing. It was also noted that the fixed charge is typically included as a single line item on a bill, not broken down into individual line items for fixed charge components (e.g., meter reading, billing account service, customer service, etc.)

On Rate Stability

Rate Stability within a rate structure is implemented to reduce dramatic rate increases over time or across customer categories. Structures that promote rate stability offer uniform rates for all customers and customer classes or rely on smaller programmatic increases, where possible. Participants shared reactions to this value, including:

- **Annual Budgeting:** Participants shared that rate stability is important for businesses that perform annual budgeting based on rate projections for increased certainty on potential costs. They articulated that it is important to understand and plan for how certain factors, such as incentives, might financially impact a budget.

4. COMMUNITY ENGAGEMENT UPDATES

Lisa Wilson informed RSCAG members that the County's next engagement activities will occur after rate structure alternatives have been identified. If, in the interim, RSCAG members would like County staff to provide a briefing on the Study at a community meeting, information about the meeting can be forwarded to Lisa.

5. QUESTION AND ANSWER

Ref	Question or Comment	Response
1	How much would be charged under a fixed charge approach?	The national median is \$3-15, though it depends on what is included in the charge.
2	What happens to water that leaks into the ground before its paid for?	Non-revenue water is about 10% of total purchased water. This also includes water for fire protection. The national average is about 15%.
3	Part of the problem is that we're not on the verge of crisis, such as California. For the foreseeable future, do you see that changing?	On a broader regional scale, Arlington County is in a very good position. The County has a very stable supply of water. The County has protections built in and the region is acquiring quarries, just to be certain. Importantly, climate change can be

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Ref	Question or Comment	Response
		volatile for water access. The County is reliant on consistent precipitation.
4	What would lead to instability in water access?	Weather or rapid development changes could lead to water instability. Fixed charges provide stability because they recoup costs. Arlington County is less exposed to instability than many other utilities.

6. PUBLIC COMMENT

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

Ref	Question or Comment	Response
1	When residents pay their gas bill, there is always a system charge, so it's not a foreign concept to County rate payers.	N/A
2	Regarding revenue stability, is there a danger of the County's largest customers dropping off?	The County's largest customer is Fort Myers and they could choose to switch to the federal water main, however, it is very unlikely that would happen. They're 3-5% of the County's total revenue.

7. WRAP-UP AND NEXT STEPS

Respondents indicated that they would like an additional RSCAG meeting to discuss special topics, including wastewater billing. This meeting will likely occur in March.

Mike Collins closed the RSCAG meeting by thanking individuals for their role in supporting and advancing the Study.