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# Service Authority

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Harry W. Wiggins, Secretary/Treasurer  
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Marlo Thomas Watson, Member

Calvin D. Farr, Jr., P.E., General Manager/CEO

## MINUTES OF BOARD OF DIRECTORS RATE STUDY WORK SESSION OF JANUARY 12, 2023

Board Members Present: Paul Colangelo, Jr., Dean E. Dickey, Joyce P. Eagles, K. Jack Kooyoomjian, Ph.D., B. Paul O'Meara, Jr., and Harry Wiggins.

Board Members Absent: Jim Almond and Marlo Thomas Watson.

Staff: Calvin D. Farr, Jr., Sandra Hardeman, Hari Kurup, Astrid Nelson, Don Pannell, Lake Akinkugbe, Lyle Beefelt, Samer Beidas, Lee-Anne Dandrea, Tony Nguyen, Tony Piccione, Jeanetta Williams, April Bean, and Kim Murray.

Legal Counsel: Mark Viani/Bean Kinney & Korman, P.C.

Guests: David Hyder/Stantec.

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Chair O'Meara opened the work session at 5:02 PM.

### 1. RATE STUDY WORK SESSION

Mr. Farr stated tonight's meeting will include information about the Prince William County Service Authority's (Authority) development policies, how availability fees are calculated, and a discussion about affordable housing. These topics are intended to inform tonight's action item to authorize a Public Hearing to Consider Proposed Water and Sewer User Rates and Availability Fees. Mr. Farr noted Mr. David Hyder with Stantec is present and available to answer questions.

Mr. Beefelt, Director of Management and Budget, gave a presentation on the Authority's proposed rates and fees. He explained that the Authority's Service Connection Policy governs how new customers are connected to the system. The Authority follows the Prince William County (PWC) Comprehensive Plan and charges and collects rates and fees to cover the cost of service. Existing ratepayers do not subsidize new customers; revenues and funds from developers are accounted for and kept separate from revenues and funds from existing customers.

Mr. Beefelt shared information on rate affordability measures and that the proposed user rates and fees are well below the benchmark for low-burden rates. He shared how the Authority actively seeks to facilitate assistance to customers in need through special programs and in working with customers to avoid disconnection.

The Authority's cost-of-service approach is foundational to its mission. The Authority's policy has been to consistently plan and develop its water and sewer systems based on the PWC Comprehensive Plan. On December 13, 2022, the Prince William Board of County Supervisors adopted a Comprehensive Plan Amendment to the Housing Chapter; it includes several PWC strategies and actions to address housing affordability using its land use and economic development tools. Authority staff recommends continuing with a cost-of-service model and monitoring the development of PWC affordable housing policies.

Mr. Beefelt recapped the following from a Staff Report given to the Board in December 2022: The Authority's Service Connection Policy requires the Authority to charge developers the full cost of service for growth. The four-fund structure ensures existing customers and developers do not subsidize each other. The Authority sets availability fees based on actual costs and the best estimates available of future capital costs. The Authority has consistently collected the full cost of service from developers and the latest estimate of current and future capital costs indicates the Authority should raise its availability fees.

The rate resolution provided at the November Board meeting recommended a phased availability fee increase over three (3) years, which maintains fund balance within the targets over the period. As requested, staff also prepared an alternate option in which availability fee increases are implemented at one time on April 1, 2023, which would result in an additional \$2.5 million over the three-year period. The proposed timeline for rate implementation was reviewed.

Mr. Wiggins asked about the impact of a downturn in growth that appears to be taking hold, specifically the impact of a 500-ERU reduction in certifications. Mr. Beefelt replied that a 500-ERU reduction in certifications would reduce revenue by just under \$8 million.


Discussion was held. Mr. Wiggins shared he had done research regarding affordable housing and has concluded that the Authority should retain its cost-of-service approach to rate setting.

2. CLOSED MEETING

No closed meeting was held.

3. ADJOURNMENT

There being no further business, the meeting adjourned at 6:08 PM.

  
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Harry W. Wiggins  
Secretary/Treasurer