

TALKING POINTS FOR BULK WATER

July 14, 2016

- All water sold by the Town of Purcellville to customers through our distribution system or bulk water is water treated to the full regulations for potable as outlined by VDOH. The Town does not currently sell grey water or untreated water through any of our sources or to any vendors.
- The cost to treat our water is the same for our potable and bulk water sales. There are no shortcuts or changes in our process that reduces this cost for the Town.
- Since 1993, the Town has had two bulk water sales programs. Both of the programs were implemented and suspended prior to our Town launching the current trial program.
 - Bulk Meter – Over the periods where we allowed for bulk meters, the Town would issue a bulk water meter to a company after they submitted a deposit. The company would then keep the meter in their possession and bring it in monthly to be read and billed. The company could only connect to designated hydrants in the Town. The program was suspended on two different occasions because of failure of several companies to follow procedures related to the use of specific hydrants. We had several examples of theft and dirty water/damages from companies using hydrants in the wrong areas.
 - Additional Water Only Meter for Residential/Commercial Accounts – As a result of new developments and the need by residents to establish yards and landscaping, the Town responded early 2000 with approval for residents to install a second meter that was billed water only. The Town did not charge an additional tap or connection fee but the account holder paid 100% of the cost to install the meter and then paid monthly user charges at a water only basis since it could not be connected to the potable system. Most people connected these meters to yard hydrants strategically located throughout their property and used it to water yards, landscaping, gardens, wash cars and other non-potable activities.
- Our current bulk water program is based on outside vendors purchasing bulk water from a secured and maintained site at the Maintenance/Wastewater Treatment Plant location. Customers must prepay and the process is monitored by a staff member.
- Water distributed at the site is considered no longer potable once it is dispersed through the fire hydrant, open stored bulk meter and fire hose and then placed in a non-sterilized/certified tank for hauling.

- Until recently, we have never had any business or resident request potable water through our bulk water sales. The uses in the past have been limited to irrigation, pools, wash-downs, boring or other construction use. Based on the way we dispensed the water through a hydrant, it would not meet VDOH rules for potable water.
- Under our current program, the Town charges \$15.18/1,000 gallons. [Ed. Note: This amount was updated on June 7, 2017 based on current rates.]
- For the purposes of review, the staff contacted our neighboring jurisdictions to see how they handled their bulk water charges. It is important to realize that not everyone has the same operational costs and because of economy of scale, it costs more for a smaller jurisdiction to produce a thousand gallons than it does for a larger jurisdiction and this is indicative of the rates that you will see between the eastern and western operations. Regardless, it does give you an understanding of how some communities go about the bulk water sale process. A copy of this summary of charges is included under *Attachment I*.
- The Town uses a Bulk Water Purchase Agreement and have recently updated it to address the potable water issue. A copy of this is included under *Attachment II*.
- Over the last several months, we have been ranging between 90,000 and 200,000 gallons per week in bulk water sales. Most of these sales have been to construction companies working on the fiber installation and boring that is occurring along Route 7. When this construction project ends, we suspect that bulk water sales will go back to a lower level with most of it focused on landscaping, pools and other similar types of uses.
- Questions have been asked as to whether we are filtering more water than we need on a daily basis. The Town's goal on a daily basis is to have our two storage tanks as full as possible before we leave each day. While never overflowing our tanks and system, which is a waste of production, it is important we maintain this storage buffer for the following reasons:
 - Provide needed fire protection in an emergency situation.
 - Provide storage buffer in case of operational outages due to mechanical breakdowns, power failures or to provide adequate pressurization of our system since it is done through gravity. Currently, the Town has a storage tank capacity of 1.2 million gallons along with storage of all the water lines that are in our system. The key to good operations is making sure that you have adequate storage for normal and emergency operations while making sure that you also have turnover in the tank so that water is not left to stagnate for extended periods of time. As a result, we do not overflow the tanks nor do we allow them to drop substantially without running our systems around the clock.

- We have never had an in-town business formally request bulk water to be delivered to their operation or a transport operation other than an existing water line. It is important to understand that our price per thousand gallons for bulk water is not the only cost attributed to purchasing bulk water. When you add in the \$50.00 per day service fee along with the cost for the private staff and equipment to transfer this water, the cost can quickly jump past what the normal cost of water and sewer services delivered to a location on demand through water lines. Given the fact that it cannot be potable, it would eliminate the majority of uses with the exception of a potential car wash and other operations. Many car washes have found that it is far more effective to use a recycling program where they capture the water, filter it and reuse it rather than continuing to purchase water and sewer through a metered account or even exploring the options of bulk water as suggested.
- While the staff has worked with our consultant to look at setting a rate, the final decision is clearly that of Town Council. The Town Council has the ultimate authority to determine whether we even want to do bulk water sales and how much to charge. Clearly, any community that handles a bulk water program wants to make sure that we do not sell the water at less than what it costs us to produce it and most importantly that we do not charge so much for it that we eliminate business or drive them to other competing producers. Clearly, it is the goal of the Town to be in between these two parameters while still maximizing the revenue that we can obtain if Council wants to maintain a bulk water program.
- Cost to produce water based on FY 2015 CAFR
 - Cost including all operational cost with no debt service: \$10.53 per 1,000 gallons.
 - Cost including operational cost, debt service and capital improvements: \$15.18 per 1,000 gallons.