

# Onancock, VA Public Meeting February 20, 2020

## Onancock Sewer Transmission Line Steering Committee

- Council established it in August 2019
- Task: Evaluate HRSD regional sewage collection/treatment preliminary proposal
- Sub-committees: Finance, Operations, and Legal/Procedural





- Conclusion:

HRSD regional plan is much lower-cost to Onancock ratepayers than maintaining ownership and control

Transferring ownership and control to HRSD materially reduces unquantifiable future risk

## Legal/ Procedural:

- Reviewed bond documents for WWTP and water systems
- Determined bonds' constraints on transfer of WWTP assets to HRSD, if water system remains with Onancock
- VRA WWTP bond: Water System revenues cross-collateralize bond. New bond required to transfer WWTP unless VRA bond paid off.

*Obstacles to re-bonding: creditworthiness/ credible revenue stream, absence of reserves, obligation to maintain system for life of bond(s)*

- USDA WWTP bond was sold, now has multiple owners and cannot be modified
  - That Bond must be paid in full to transfer WWTP
- **Conclusion: Both WWTP bonds must be extinguished to transfer**



## Legal/ Procedural (cont.):

- Interviewed spokespeople for DEQ and VRA, representing the Virginia bondholders:

*VRA and DEQ favor “regional solutions” like HRSD proposal*

- Interviewed Administrators of Middlesex, Surry, and King William Counties regarding their experiences participating as “small communities” in HRSD

*All interviewees unreservedly, strongly positive about HRSD relationship*

- **Conclusion: No negative experiences with HRSD**



## Legal/ Procedural, cont'd



- **Conclusion: WWTP bonds must be paid in full in order to transfer WWTP to HRSD**
- Status of this issue:
  - HRSD is fully aware
  - Creditors are fully aware
  - Both Counties are fully aware
  - State representatives are fully aware
- All parties working toward favorable outcome if Onancock endorses HRSD plan

# Onancock delivers water to you, and removes your wastewater (sewage)

Wastewater treatment plant (WWTP) treats 221,000 gallons per day (GPD), has 750,000 GPD capacity

- Replace membranes every ten years (2021)
- Belt press needs replacement
- Computer-aided control systems need upgrading

WW collection system has 63,000 feet (12 miles) of pipe

- Ground water infiltration and inflow (I&I) into the system add significant sewage flow
- 1/3<sup>rd</sup> fixed, 2/3<sup>rd</sup>s needs repair





# Independent Engineering Evaluation of Sewer System

Onancock hired DBF Engineers to:

- Evaluate current and future costs for:
  - Operating WWTP and collection system
  - Maintaining WWTP and collection system
- Evaluate future risks:
  - Of not maintaining systems adequately
  - For changes in environmental standards
  - Other possible contingencies

DBF's final, comprehensive report now in hand

DBF: Major capital/maintenance expenses,  
total \$3.9 million over the next 7 years



Item	Recommended Timing of Expenditure						
	2021	2022	2023	2024	2025	2026	2027
Replace MBR Cartridges (membranes) *	392,000						
Replace Belt Filter Press and Building *		500,000					
Rehabilitate Remaining Portions of Town's Collection System							
2nd Third of System*			1,250,000				
Final Third of System*							1,250,000
Rehabilitate Digester Tanks *			300,000				
Upgrade Computer/SCADA/PLC- build reserve for FY 2025 upgrade	5,000	5,000	5,000	5,000	5,000		
Additional budget for Repair/Replace Miscellaneous Equipment, including periodic replacement of pumps	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total Capital requirements:</b>	<b>417,000</b>	<b>525,000</b>	<b>1,575,000</b>	<b>25,000</b>	<b>25,000</b>	<b>20,000</b>	<b>1,270,000</b>

*\*new borrowing: added costs modeled*





## Other Future Risks of Town Ownership

- Storm surges and sea-level rise
- Continued escalation of electrical costs; could be mitigated by installation of solar panels
- Other Equipment failures: plant and pump systems have redundancy
- Future, stricter environmental standards: these are low risk since our plant is still BAT (Best Available Technology)
- Increases/Decreases in customer base

A tall, white water tower with a spherical top. The top of the sphere has several antennas or sensors. The words "TOWN OF ONANCOCK" are printed in black, bold, capital letters on the upper part of the sphere. The tower is set against a clear, light blue sky.

TOWN OF  
ONANCOCK

## Finance:

- Modeled costs for two Onancock scenarios, 7-yr horizon
  1. **Retain** ownership and operations of WW and water systems, and retain bond obligations
  2. **Transfer** all WW system assets and operations to HRSD, retain water department.

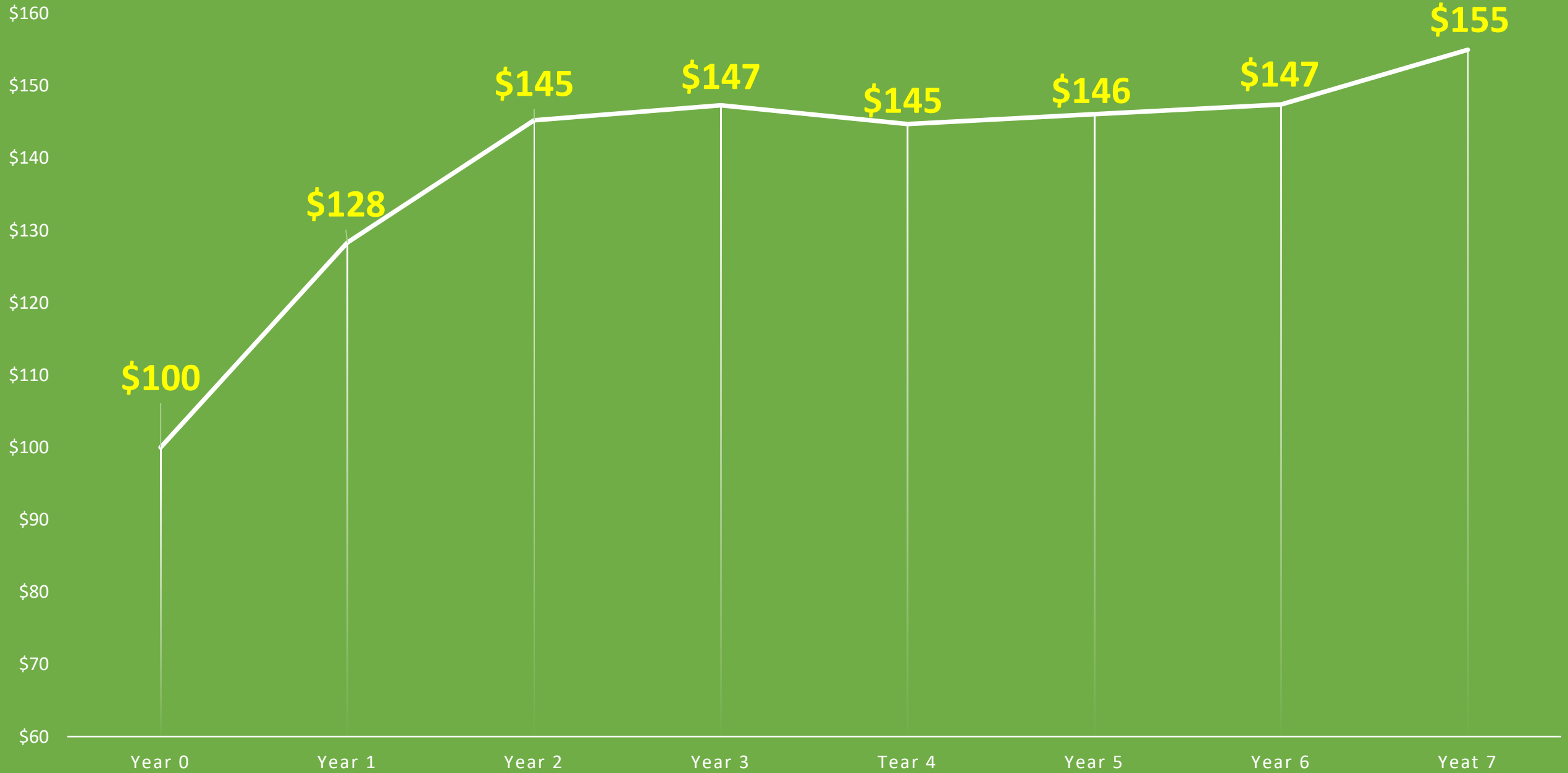
# Assumptions: Town Retains WWTP

- Present model is untenable, must reserve to cover repairs, replacement, maintenance, and capital requirements for water and WW systems.
- Use Engineer's recommendations for WWTP capital-expense plan and use their debt schedule



# ONANCOCK ALONE

— Onancock Alone



# Assumptions: Transfer WWTP to HRSD

- HRSD
  - Reduces minimum tier for usage
  - Sewer rates consistent with HRSD “small communities”
  - Takes over water billing at no charge to Onancock
  - Covers hard and soft costs of WW system transfer







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Questions?