

# **Fast FAQ from the Harpers Ferry Water Commission:**

## **Responses to Questions Raised at the March 13, 2024**

### **Public Meeting (Bolivar Community Center)**

For those who did not attend the March meeting please review the presentation by going to the Water Works webpage <https://www.harpersferryww.us/water.htm>, scroll to Water Rate Increase Presentation. Below are some of the most prominent questions asked at the March 13 meeting and answers to those questions. Terms and acronyms are defined at the end of this document\*.

#### **Question #1: Why are you replacing the water meters, shouldn't you use those funds to replace more of the leaky pipes in the Harpers Ferry Water Works (HFWW) distribution system?**

We are currently planning to spend \$400,000 on a radio read meter system. This will save labor costs for reading meters and billing time. It will provide improved billing accuracy and data to inform customers about usage. By doing this now, we avoid the cost of the PSC's requirement to remove, test, repair and or replace all of our old meters currently in the ground. Taking all these factors into consideration, we've calculated the breakeven point on this purchase to be about seven (7) years out, which we believe makes the purchase at this time, a sound investment.

We are also working with current and future grant opportunities to fund the meter system upgrade. **If an opportunity** can be secured in a timeframe that would allow us to redirect the \$400,000 to replace more of the water lines and delay replacing the meters to the next grant, we will do so.

#### **Question #2: What is driving the increase in water rates?**

The proposed rate increase is primarily being driven by increases in operating and maintenance (O&M) costs and State of West Virginia mandated reserve requirements\*. The rise in O&M costs was partially due to a rapid rise in inflation reflected in rising costs for raw materials, utilities, labor and benefits. As the new water plant came on-line additional costs were incurred, such as the need to use cleaning chemicals for the new filter technology that were not needed for the old filtering system and upgrading technical and managerial personnel to oversee efficient operation and maintenance of a much more technically sophisticated plant. Cost increases since then have been moderate, rising by about 3% annually.

The reserve being added to water rates is the state mandated SB234 fund. This is essentially a rainy-day fund that due to a change in law, we will now be required to fund monthly. The Public Service Commission (PSC) also requires that we set aside money (reserves) toward replacing and repairing our equipment, and they have a requirement that we maintain a cushion each year above what we owe

against our USDA and other public loans. More precise information on the impact of O&M costs, state mandates, and bond covenants\* on water rates is available in the presentation noted above.

In light of questions raised at the Bolivar Community Center meeting, the Water Commission will investigate the HFWW rate structure, alternative minimum use rates and large user rates, for consideration in a future rate tariff adjustment.

**Question #3: Does Corporation of Harpers Ferry (CHF) pursue all potential funding sources to deal with our infrastructure problems while mitigating the need for rate increases? When pursuing opportunities, do we use appropriate demographic data on our applications?**

Since 2021, the Mayor and Financial Officer of CHF have repeatedly applied for funding for HFWW from the Jefferson County Commission, the WV Water Development Authority\* (WV WDA), our state-level representatives, and both Senator Capito and Senator Manchin. Harpers Ferry is ably assisted in its search for grant funding by a very professional staff in the Region 9 Office, a local branch of a state agency that assists local communities in identifying and completing as many funding applications as possible. The grant funding process often takes years from initial application to award of grants.

The WV WDA/IJDC\* uses 2020 US Census data to determine median household incomes (MHI) for West Virginia communities. Here is a link to the guidance they are required to follow to determine a community's eligibility for funding ( [IJDC MHI](#)). Unfortunately, the relatively high MHI represented by Harpers Ferry \$94,914, Bolivar \$77,000 and Jefferson County, \$82,551, are well above threshold levels set by the WDA\* for grant funding. US Census data shows the MHI for West Virginia is \$54,329. While we recognize that some think the US Census data is flawed and have asked whether we could conduct a household survey, State of West Virginia stipulations for an MHI survey are quite stiff. Such surveys are limited to incidents where US Census data can be proven to be inaccurate. They are time consuming and tend to be prohibitively expensive. [MHI Survey Policy](#)

**Question #4: What did the \$6.5 million loan for a new water plant and distribution system buy us? Where will the increase in the revenue from the 30% rate increase be spent. In both, the basic question is: Where has the money gone and where will it go?**

The \$6.5 million loan went to the construction of the new water plant. To see exactly what the \$6.5 million bought, we refer you to a document titled [HFWW \\$6.5 million loan 2020 Project Deliverables](#) on the HFWW website, link below.

The rise in revenue that will be generated from the rate increase allows HFWW to cover current operating and maintenance costs and meet financial obligations placed upon us, as described above.

The WDA ARPA\* Grant of \$2,475,000 that is currently designated for HFWW doesn't have to be paid back to any agency. It will be used to upgrade portions of the distribution system and refurbish our water

tanks. This is an extremely rare opportunity for grant funding for our district and the project needs to be underway by the end of the year or the grant money will no longer be available.

To get a better historical understanding of the technical and financial development of HFWW, the Water Commission is in the process of undertaking an historical analysis of past developments.

Anyone interested in more detail with respect to any of the elements described above, please refer to the presentation at the website and feel free to contact any member of the Water Commission via Cathy Spalding, the HFWW water clerk. Cathy can be reached at [cspalding@harpersferrywv.us](mailto:cspalding@harpersferrywv.us).

### **\*Definitions**

ARPA – American Rescue Plan Act – Post COVID legislation distributing federal infrastructure funds to states

Bond – a loan agreement used for public entities.

Bond Covenants – specific agreements in bonds between the lender and the borrower

Debt Service – amount of revenue that is required to pay debts and any required cushion above that

IJDC – Infrastructure and Jobs Development Council, a part of the WDA that evaluates community projects for funding opportunities.

MHI – Median Household Income established by the US Census Bureau

O&M – Operating and Maintenance expenses.

PSC – Public Service District – state agency that oversees utilities.

Renew & Replace Fund – a reserve fund for replacing and repairing equipment.

Reserve Requirement/Fund – fund(s) set aside for various purposes as mandated by the state, PSC or lending agencies

WV WDA – West Virginia Water Development Authority – the state agency that manages federal and state funding for water utilities in West Virginia.

Link to Harpers Ferry Water Works webpage: <https://www.harpersferrywv.us/water.htm>