



**SUPPLEMENTAL AGENDA  
PURCELLVILLE TOWN COUNCIL REGULAR MEETING  
JULY 26, 2016, 7:00 PM  
TOWN HALL COUNCIL CHAMBERS**

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**1) ACTION ITEMS**

**10.e. Bulk Water Rates\* (R. Lohr/A. Vanegas) (pgs. 3-6) (Motion pg. 4)**

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**STAFF REPORT**  
**ACTION ITEM**

Item # 10.e.

**SUBJECT:** Bulk Water Rates

**DATE OF MEETING:** July 26, 2016

**STAFF CONTACT:** Robert W. Lohr, Jr., Town Manager  
Alex Vanegas, Director, Public Works

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**SUMMARY and RECOMMENDATIONS:**

Due to the recent changes associated with the bulk water rates, we have received feedback from three of our four vendors that include Michels Communication, Johnson Hydro-seeding and Bell Transport that the administrative fee the town is charging is too high. This represents the majority of our customers since we have not heard from Quality Care. Staff believes that to capture the true cost of service including operational costs, debt service and capital improvements, the Town should charge a rate of \$15.18 per 1,000 gallons without an administrative fee. Staff is recommending that the Town Council suspend the administrative fee until such time as the Town can advertise the new rate of \$15.18 per 1,000 gallons.

**BACKGROUND:**

Effective July 1, 2016, the Town charges our bulk water customers \$11.00 per 1,000 gallons sold in addition to a \$50.00 administrative fee per day. This fee was derived from the cost it took each staff member to work on administrative components such as monitoring, tracking and billing associated with the bulk water program. The calculation of the administrative fee did not consider that staffing resources were already being captured in rate structure. Unfortunately, the \$50 administrative fee per day drives up the cost for each vendor so that it is no longer feasible for the company to be profitable. This is especially true for smaller bulk water users as the impact is greater. As a result, from a marketing perspective, using the current price with the administrative fee; we are no longer competitive with other jurisdictions.

Staff recommends that we adopt an interim ordinance to repeal the administrative fee until the Town Council can revisit this item in September. The \$11.00 fee per 1,000 gallons would remain in effect. Next staff will advertise a new all- inclusive rate of \$15.18 per 1,000

gallons for the September Town Council meeting. This will afford the Town Council and the public plenty of time to review this issue while not losing customers or revenue over the next 6 weeks.

**BUDGET IMPACT:**

If the Town Council suspends the administrative fee and continues the sale of bulk water, we should see a positive variance from the projected revenue identified in the budget. In the event, the Town Council chose not to suspend the administrative fee, the Town can expect to lose the existing bulk water customers which in turn will result in a loss of revenue.

**MOTION:**

“I move that the Purcellville Town Council adopt resolution 16-07-04, suspending the \$50.00 per day administrative fee until such time as the Town can reconsider its adopted rates and fees for bulk water.”

**TOWN OF PURCELLVILLE**  
**IN**  
**LOUDOUN COUNTY, VIRGINIA**

**RESOLUTION NO. 16-07-04**

**PRESENTED: July 26, 2016**

**ADOPTED: \_\_\_\_\_**

**A RESOLUTION: SUSPENDING THE \$50 PER DAY ADMINISTRATIVE FEE FOR BULK WATER SALES**

**WHEREAS,** the Town Council has the authority to set rates and fees for municipal water; and

**WHEREAS,** “bulk water” is water that has been treated by the Town but is sold by the Town from a hydrant, generally in large quantities; and

**WHEREAS,** at its meeting on June 14, 2016, the Town Council adopted Ordinance Number 16-05-01, imposing a \$50 per day administrative fee on the sale of bulk water, in addition to the bulk water rate of \$11.00 per 1,000 gallons of water sold; and

**WHEREAS,** the Town Council finds that the adopted administrative fee of \$50 per day is too high for the bulk water market; and

**WHEREAS,** the Town Council desires to suspend the \$50 per day administrative fee and charge for bulk water only the rate of \$11.00 per 1,000 gallons of water sold until such time as the Town Council can reconsider its adopted rates and fees for bulk water.

**NOW, THEREFORE,** be it resolved that the Town Council of the Town of Purcellville hereby suspends the \$50 per-day administrative fee imposed on bulk water sales until such time as the Town Council can reconsider its adopted rates and fees for bulk water.

**PASSED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016.**

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Kwasi A. Fraser, Mayor  
Town of Purcellville, Virginia

**ATTEST:**

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Diana Hays, Clerk of Council