TOWN COUNCIL

Town Hall Meeting

Cape Charles Civic Center

February 16, 2022

6:30 PM

1. Call to Order
   A. Roll Call
   B. Establish quorum

2. Order of Business – Public-Private Education Facilities and Infrastructure Act (PPEA) – Potential Sale of Public Utilities

   A. Introductions

   B. Virginia American Water Presentation

   C. NewGen Presentation

   D. Overview by Town Manager John Hozey

   E. Questions & Answers

3. Adjournment

VIRGINIA AMERICAN WATER

Cape Charles, Virginia

February 16, 2022

Strong American Company: Over 170 Years Serving Virginia

VIRGINIA AMERICAN WATER

Largest investor-owned water and wastewater utility in the Commonwealth of Virginia.

Serving approximately 339,000 people in 25 communities.

Providing drinking water to the:

- City of Alexandria since 1850
- City of Hopewell since the 1930s
- Prince William Water/Wastewater since 1966
- Areas in and around the Northern Neck since 2000
- Fort Lee since 2001
- Town of Waverly to be closed in Spring 2022
- Operation Agreement signed for 18 Groundwater Systems in Northern Neck

339,000

Residents provided with high-quality service

72 M

Gallons of drinking water delivered each day

171

Years of serving residents in the Commonwealth of Virginia

American Water's Military Services

Largest provider of water and wastewater services to the military in the US, including two bases in Virginia.

- Fort A.P. Hill
- Fort Belvoir

More Than A Transaction – It's a Partnership

VIRGINIA AMERICAN WATER

Economic Development	• Virginia American Water is positioned to help the Town of Cape Charles staff to achieve desired developer growth through existing mechanisms already established. These mechanisms work similarly to those outlined in the Annex Agreements currently in effect in Cape Charles. • VAW's large customer base also enables the Company to make capital investment while balancing the impact to existing customer rates.
Employees	• Retain existing employees • Competitive pay, benefits, performance-based compensation, tuition reimbursement • Opportunities for career advancement, professional development and training • Access to Employee Training Center located in Virginia.
Community	• Community engagement in areas that are a priority for the town such as schools and civic organizations • Scholarships, internship opportunities, STEM+H initiatives • Customer assistance programs • Access to American Water Charitable Foundation grant programs
Customers and Safety	• Safe, reliable water for community • PUC regulated ensuring oversight in future rate-making • 24/7 customer service with local and other bill pay options • Exceptional track record when it comes to water quality and drinking water regulatory compliance.
Investments	• Increased Property Tax Base • Sustainable Rate Stabilization – Unique to VAW due to our customer base in Virginia. • Capital Improvements • Other Re-occurring sources of revenue potential (Franchise Fees, Permits, etc)

Water Quality

Compliance and Process Monitoring is Critical: American Water's water quality professionals and treatment plant operators perform over one million tests each year for about 100 regulated contaminants at our nearly 80 quality control labs.

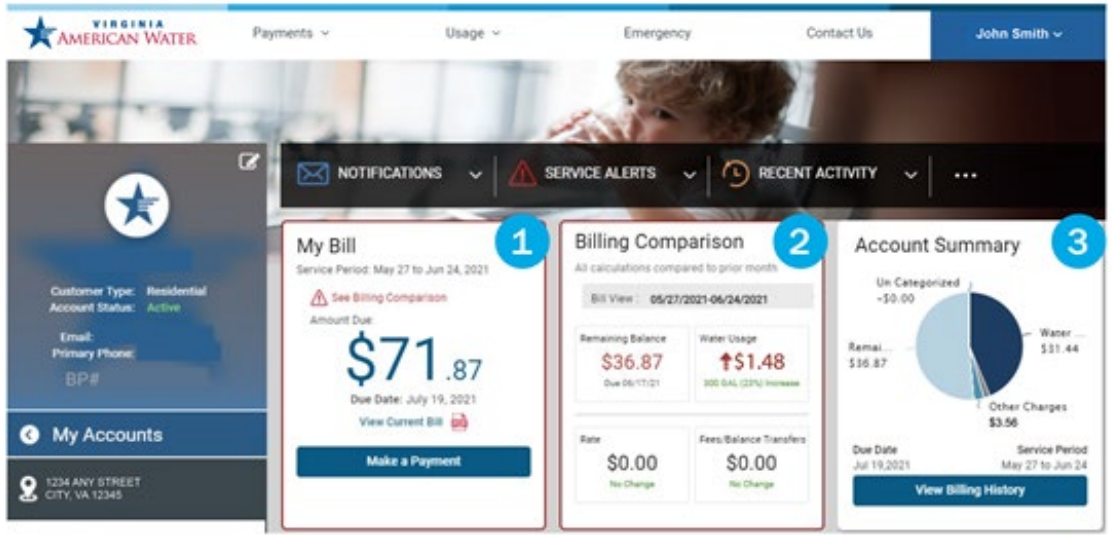
Access to state-of-the-art Laboratory: We also have access to American Water's Central Laboratory, which supports the company's research and water compliance efforts through sophisticated testing and analysis.

Research and Innovation: Our team of scientists are regularly refining testing procedures, innovating new methods, and setting new standards for detecting potentially new contaminants—even before regulations are in place -and treating emerging contaminants.

Focus on Community Partnerships

- Environmental Grant Program
- Elementary School Art Contests
- Firefighting Support Grant Program
- Food, Clothing, School Supply and Toy Drives
- Back-to-school Events
- Community/Charitable Support
- Community Festivals

Our Customer Service Commitment



COVID-19 Response

- Over $1 M in CARES Act funds were available to our customers
- Expanded payment arrangements
- Business continuity plan
- Community support/charitable donations

24/7 customer service for emergencies

MyWater online account management portal
View/pay your bill, check your account balance, turn your service on/off, sign up for alerts, view your water usage, enroll in Paperless Billing and Auto Pay, and more.

Emergency alert notification system - phone, email and/or text

Online emergency reporting

Five convenient bill payment options:

- Auto Pay (no stamps required)
- Online
- By Mail
- By Phone
- In Person

Technology and Innovation

- GIS Technology
- AMI Meter Reading
- Innovative Safety Strategies
- Asset Management
- Distribution & Production Preventive Maintenance Efficiency
- Capturing and Tracking company assets and improvements
- MyWater, W1V, Mapcall

VAW's 2020-21 Capital Projects…

VIRGINIA AMERICAN WATER

Prince William Operations Center

Westmoreland Well Station

Hopewell WTP

Thank You

February 15, 2022

PPEA SCENARIOS EVALUATION

TOWN OF CAPE CHARLES, VIRGINIA

NewGen Strategies & Solutions

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NEWGEN AT A GLANCE

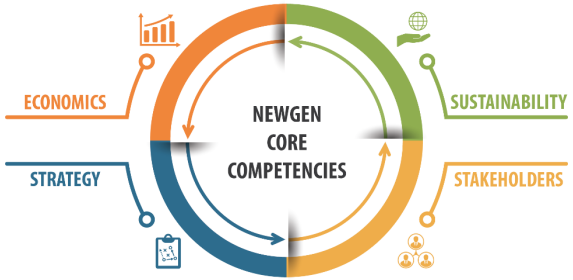
OUR COMPANY

12
locations nationwide

47
employees

2012
established

management and economic consulting firm created by consultants who are dedicated to our client's mission and recognized as experts in our respective fields of service



OUR PEOPLE

NewGen Staff Summit - 2019

Thoughtful Decision Making for Uncertain Times

28%
hold professional certifications

52%
have advanced degrees

47%
female

53%
male

OUR CLIENTS

ELECTRIC

SOLID WASTE

NATURAL GAS

WATER / WASTEWATER

Energy:
775
active projects

Environmental:
904
active projects

39/100
largest public power utilities by electric revenues, 2017 (APPA)

OUR COMMUNITIES

Our Vision

be a consulting company that makes a difference for our clients, our employees, and in our communities

$380,000

since 2015, NewGen has committed to giving 1% of our gross revenues to charity each year

in 2020, NewGen donated ~$100K amongst 44 organizations nationwide, with over $380K being donated since the program inception

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Decision Matrix

Criteria	Weighting	VAW	Status Quo
Customer Affordability – Rate Stability	**1.6**	^	v
Need for Professional Expertise	**1.6**	^	v
Assumptions Affecting Rates	**1.4**	v	^
Planned Capital Expenditures	.5	^	v
Incorporation of Annexation Agreement	.5	v	^
Connection Fee Revenue	.2	v	^
Confidence in System Growth	.2	>	>
Reputation – Track Record	**1.4**	^	v
Customer Service Methodology	**1.2**	v	^
Treatment of Existing Employees	**1.2**	^	v
Net Cash Flow to Town	**1**	^	v
TOTAL SCORE:		^	v

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DESCRIPTION OF MATRIX TERMS

- **Customer Affordability – Rate Stability**
  - How does the scenario's rate projection compare to current rates?
- **Need for Skilled Manpower**
  - Does the scenario include the ability to attract and retain the necessary skilled workforce?
- **Assumptions Affecting Rates**
  - How certain are the assumptions in the scenario?
- **Reputation – Track Record**
  - What is the overall reputation of the system operator and their track record of providing good service?
- **Customer Service Methodology**
  - How personal and responsive is the customer service?
- **Treatment of Existing Employees**
  - How will the Town's existing employees fair under the scenario?
- **Net Cash Flow to the Town**
  - What is the cashflow the Town will receive in the scenario?

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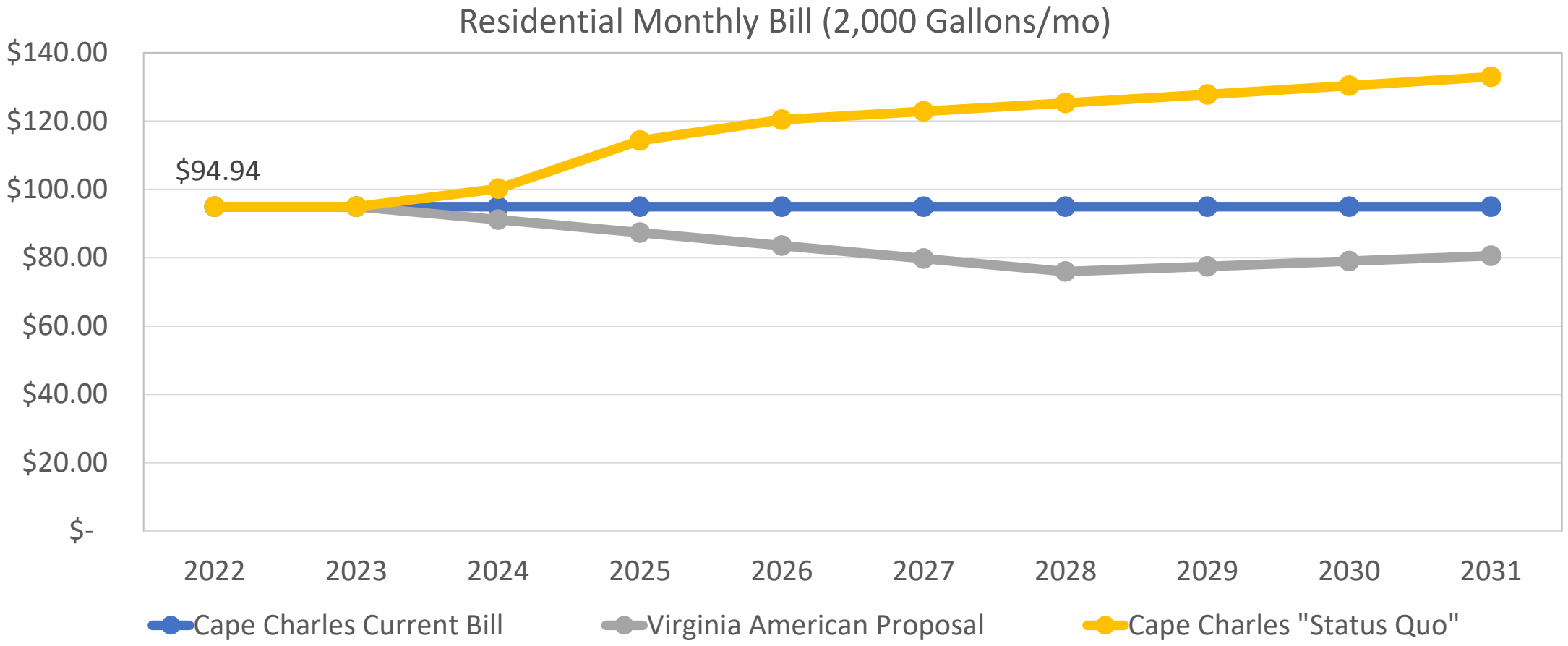
WATER AND SEWER BILL TEN-YEAR FORECAST (ESTIMATED)



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BILL FORECAST ASSUMPTIONS

Cape Charles "Status Quo":

- FY 2022 Cape Charles Budget (2.0% escalation in future years)
- Cost of Hiring Additional Expertise (personnel or contract management)
- Existing Debt payable by Cape Charles
- No New Cape Charles Debt
- Cape Charles Capital = $5 MM (Plus Developer Contributions)
- Partial drawdown from Utility Fund Facility Fee Reserves
- Average Annual Growth = 34 New Connections per Year

Virginia American Water Proposal:

- Notional projection, subject to future rate cases approved by the SCC
- 2.0% escalation of future expenses
- Capital investment = $10.0 MM (Developer Contributions TBD)
- Average Annual Growth = 34 New Connections per Year

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