

RWSA BOARD OF DIRECTORS
Minutes of Special Meeting
December 28, 2011

A special meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Wednesday, December 28, 2011 at 2:00 p.m., in the lower level Board Room of the Albemarle County Service Authority, 168 Spotnap Road, Charlottesville, Virginia.

Board Members Present: Mr. Kenneth Boyd, Dr. David Brown, Mr. Thomas Foley, Mr. Michael Gaffney, Mr. Maurice Jones, Ms. Judith Mueller, and Mr. Gary O’Connell.

Authority Staff Present: Ms. Victoria Fort, Mr. Thomas Frederick, Ms. Mary Knowles, Mr. Doug March, Ms. Andrea Terry, Mr. Justin Weiler, Ms. Jennifer Whitaker, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Kurt Krueger – RWSA Attorney, members of the public, and media representatives.

1.0 Call To Order

The regular meeting of the RWSA Board of Directors was called to order by Mr. Gaffney on Wednesday, December 28, 2011 at 2:00 p.m., and he noted that a quorum was present.

2.0 Minutes of Previous Board Meeting

Ms. Mueller noted two corrections to the minutes of the regular meeting of the Board held on Tuesday, November 22, 2011. On page 1, Ms. Mueller was listed as being both present and absent from the meeting. She clarified that she was absent from the meeting. On page 9, it states in Item 10.0 Adjournment that “Ms. O’Connell moved that the meeting be adjourned.” The sentence should be corrected to state that “Mr. O’Connell moved that the meeting be adjourned.”

As there were no further additions or corrections, Mr. Boyd moved that the Board of Directors approve the minutes of the regular meeting of the Board held on Tuesday, November 22, 2011 as amended by Ms. Mueller, seconded by Mr. Jones. The motion was approved by a 5 – 0 vote. Mr. Gaffney and Ms. Mueller abstained from the vote due to their absence from the November 22, 2011 meeting.

3.0 Executive Director’s Report

There was no Executive Director’s Report this month.

4.0 Items from the Public

Ms. Robin Hanes, who resides at 1709 E. Market Street, Charlottesville, VA, read the following written statement:

“You are about to vote on the sewage transport issue that affects in-town living so greatly. You’ve heard many of us in the Woolen Mills many times now. As you know, most of my neighbors are unavailable today. I hope you remember their numbers and voices at this time.

“The financial cost for Option E is large. Remember that no one here has found a facility so immense in a neighborhood in America. Option A would be infinitely more expensive in the future. The long-term effects of people living so close by are unknown. There is a good possibility you will have to add on to Option A if development occurs as densely as some people hope. Many more people are living close by. Certainly technology changes and alterations to the facility would be likely – as this is an alteration from the current station.

“Option E removes these concerns. Please vote for the people living up close to the pumping station, and for those who frequent this beautiful park. Please vote for Option E.”

As there were no further comments from the public, Mr. Gaffney thanked Ms. Hanes for her comments and closed the Public Comment portion of the meeting.

5.0 Responses to Public Comments

Mr. Gaffney asked Mr. Frederick if he had any responses that he wanted to make at this time either from the November meeting or today. Mr. Frederick stated that unless the Board had any questions he felt his written report “speaks for itself.”

Mr. O’Connell stated that he was a little unclear about the wording in Mr. Frederick’s written response concerning “Fluoride in Drinking Water” as to whether the elected officials wanted to consider the fluoride issue. He further inquired if a decision had been made to invite the fluoride expert to a future community meeting to address this issue. Mr. Jones responded that from the City’s perspective he had a conversation with Dr. Lisa Syrop two weeks ago, and Dr. Syrop has agreed to present fluoride information at a City Council meeting. Mr. O’Connell next asked if the fluoride issue would be addressed jointly or separately by the boards. Both Mr. Jones and Mr. Boyd interpreted from last month’s discussion the Board’s agreement that any follow-up meetings with Dr. Syrop would be at the discretion of the elected boards in coordination with the ACSA Board if so desired, and the other Board members concurred with this assessment of the discussion.

As there were no further comments or questions from the Board, Mr. Gaffney proceeded to the Consent Agenda.

6.0 Consent Agenda

Mr. Gaffney asked if there were any items that the Board members would like to pull for questions or further discussion from the Consent Agenda.

- 6a) Staff Report on Finance
- 6b) Staff Report on Operations
- 6c) Staff Report on On-going Projects
- 6d) Meadow Creek Interceptor Additional Engineering Construction Services
- 6e) New Ragged Mountain Dam – Recommendation of Award for Construction Contract

6f) New Ragged Mountain Dam – Engineering Services for Construction Administration, Management and Inspection

In regards to **Item 6d), Meadow Creek Interceptor Additional Engineering Construction Services**, Mr. Boyd inquired if the contractor would be assessed any type of penalty for the additional construction costs. Mr. Frederick referred to the second paragraph on page 2 of the report for that item that stated “RWSA is withholding sufficient retainage from Metra to cover liquidated damages stipulated in the contract for the time Metra is beyond the contract completion date.” He further stated that the amount withheld to cover the liquidated damages is sufficient to cover the additional costs now before the Board. Mr. Frederick added that although the contract states that the owner has the right to withhold the amount to cover damages, in reality contractors often do not accept this at “face value” and negotiations then occur to resolve the issues, which he felt would probably occur in this situation. Mr. Boyd further inquired if the payment that RWSA was withholding from Metra would be heading for final negotiation and if it could be used to offset this additional cost. Mr. Frederick replied that Mr. Boyd’s suggestion could be RWSA’s negotiating position entering the negotiation. He further advised he had informed the President of the construction company that he would be willing to meet with the Contractor only after the installation of all the sewer pipe. Mr. Frederick had also clearly indicated that any settlement related to the liquidated damages that RWSA is entitled by contract documents to withhold would be subject to this Board’s approval.

Mr. Boyd next questioned about the need to appropriate the additional \$186,236 when there is the potential recovery of monies currently being withheld by RWSA. Mr. Frederick responded that RWSA has reached the end of the money plus the contingency authorized by this Board for construction-based services. Mr. Frederick strongly recommended that those services continue until the project is completed to ensure that the equipment meets the quality standards as stipulated in the contract. Ms. Mueller then commented that the additional funding is not for the contractor but for the engineer that is overseeing the contractor’s work. Mr. Frederick agreed with Ms. Mueller’s comment and added that RWSA was withholding enough in liquidated damages to cover what is included in this work authorization request. At the completion of the contract, the decision as to whether or how much RWSA keeps of the withheld funds will probably depend on the outcome of negotiations with the contractor as well as input from this Board.

Ms. Mueller then asked if the money being withheld would cover the damages to the golf course, and Mr. Frederick affirmatively replied. Mr. O’Connell next inquired for clarification purposes if there were enough liquidated damages being withheld to cover all the anticipated expenses associated with this project. Mr. Frederick replied that for the services that have gone beyond the budget due to the contractor’s being behind schedule, the money withheld would be sufficient to cover those expenses.

Mr. Boyd next questioned if the Board was being requested to authorize this additional appropriation in hopes that the money will be returned to RWSA at the completion of the project. Mr. Frederick stated that without this authorization he felt he would need to communicate to the engineer that there was no further funding to retain his services, and the contractor would be working without any quality control oversight, which could result in additional problems.

In regards to **Item 6e), New Ragged Mountain Dam – Recommendation of Award for Construction Contract**, and **Item 6f), New Ragged Mountain Dam – Engineering Services for Construction Administration, Management and Inspection**, Mr. Boyd stated that his question about these two items concerned the very high engineering costs. He wanted to see some type of cost breakdown in terms of how many hours, time, and materials that are involved with the work. Mr. Frederick stated that RWSA required the consultant to provide that information for fee proposals, and they were “scrutinized” very carefully by RWSA’s engineering department. The fees before the Board reflect the cuts made to the original fee proposals submitted by the consultant. RWSA has to balance its responsibility for the project during negotiations with the contractors, as well as its responsibility to the Board and the public, to ensure that there is sufficient funding and services so that the project is constructed in accordance with contract documents in a quality manner and also sufficient to provide for the needs for public information and/or input while at the same time conducting the work in the most economical manner as possible. Ms. Mueller then asked if a contingency over 10% on a construction contract for project management was average, as it seemed “a little high.” Mr. Frederick responded that it depended on what was being constructed, but it was not unusual for construction service fees to build a dam to be higher than 10%. The figures presented in the Board reports are within the budgets that have been made available to the public previously, as the engineers were held to the figures that were submitted in the earlier design proposals. RWSA was looking at a 21-month contract, although Schnabel’s earlier fees were based on an 18-month contract, which was later adjusted due to a re-evaluation of the time needed to complete the work. Mr. Frederick noted that after much negotiating, RWSA is receiving three additional months of contract time with the same budget as Schnabel submitted in earlier estimates. Schnabel has assured RWSA that they can conduct the project and meet the Authority’s quality standards for this price, and staff was “comfortable” in its fee recommendation. Construction of a dam involves a great deal of quality control testing, such as soil composition, which is very important as to whether the dam is being built with the right integrity as well as compaction. Mr. Frederick then commented on his experience with working in communities after dams were built that did not meet the highest quality control standards during construction. Large amounts of money can be spent trying to address the problems while never being entirely successful in those efforts, so he felt it is better and less costly to build the dam right in the first place.

Ms. Mueller next asked if RWSA anticipated any other financial expenses to the three-person expert panel. Mr. Frederick stated that there have been some discussions, but to this point, no conclusion has been reached about whether the additional services would be needed. However, the option as well as the contracts for the expert panel is being kept open so that the expert panel can be employed if issues arise during construction requiring their expertise. Ms. Mueller requested that any decision by RWSA to employ the expert panel in the future be contingent upon Board approval. Mr. O’Connell then asked how RWSA anticipated possible use of the expert panel after completion of design. Mr. Frederick responded that he is not currently recommending that the expert panel’s services be engaged during construction. He was trying to convey that RWSA would keep its contracts open so that the expert panel could be employed should some issue arise needing their expertise, but he would be happy to make that contingent upon Board approval.

Mr. Boyd next commented that he did not see any reason to hold up approving these items, but again requested a cost breakdown as previously discussed, and Mr. Frederick stated that staff could provide that information.

Dr. Brown moved that the Board of Directors vote to approve Consent Agenda Items 6a), b), c), d), e), and f), seconded by Mr. O’Connell.

Prior to the vote, Mr. O’Connell asked if the contract for the extra 12 feet of dam height with Schnabel would be discussed at today’s meeting. Mr. Frederick stated that he had not prepared a written report, but he was prepared to provide the Board with some information at the end of this meeting. Mr. Boyd then asked what specific part of the contract that Mr. O’Connell was referencing, and Mr. O’Connell responded that it was for a dam height at 42 feet since the original design was for a 30-foot dam height.

As there were no further questions or discussion, the Board approved the motion by a 7 – 0 vote.

7.0 Other Business

In regards to **Item 7a, Introduction of 2012-16 Capital Improvement Plan**, Mr. Frederick stated that RWSA staff update the Five-Year Capital Improvement Plan (CIP) on an annual basis, which becomes the basis for financing the capital improvements programs in RWSA’s operating budget. As in previous years, this year’s update has been equally challenging. RWSA is responding to new unfunded state and federal mandates while undertaking “some very bold measures to respond to overdue infrastructure rehabilitation and renewal and also securing the first phase construction toward long-term water supply security in this community.” Last year the Five-Year CIP reached a funding peak but is now experiencing a decline, which suggests that it is a result of “catching up on critical needs that had been deferred in the past.” Capital improvements planning will continue to be challenging, and there will be some continuing impact on rates, particularly on the wastewater side.

Mr. Frederick then highlighted some of the new programs that had been added to the Five-Year CIP, which include an Environmental Protection Agency (EPA) mandate related to the treatment of disinfection by-products in drinking water with a budget of \$9.3 million and the replacement of some old heating and mixing elements in the biosolids digestion tanks at the Moores Creek Wastewater Treatment Plant. This replacement will lead to more biogas production and more green electricity and result in a greater return on investment over time. The third project results from the Board’s decision to include funding to dredge portions of the South Fork Rivanna Reservoir (SFRR), and the \$3.5 million that was earmarked for this project is included in the proposed CIP.

Mr. Frederick next noted that he had previously discussed the balancing act needed to ensure that RWSA adequately funded its infrastructure and also maintain fiscal integrity. Some of the projects that staff identified as “needs” were cut from the CIP or at least deferred outside of the Five-Year CIP in order to balance those objectives. As has also been previously mentioned in Board meetings and publicly, obtaining additional water supply storage in the Ragged Mountain Reservoir does provide a “safety net” that limits the adverse consequences of deferring some other projects.

Mr. Frederick then thanked staff for their significant work in preparing this budget, particularly Ms. Jennifer Whitaker and Mr. Lonnie Wood.

Mr. Frederick next stated that staff was not requesting that the Board adopt this Five-Year CIP today. The document was being introduced to allow the Board 30 to 60 days to review the information. However, staff was asking that the Board set a target date for action, preferably no later than February 2012 if possible.

Mr. Boyd then asked what cost share agreement was used for the Five-Year Rate Impact Analysis. Mr. Wood responded that the current executed cost share agreements in place were used. In helping to address some of the Board's questions, Mr. Frederick noted that this budget was prepared and completed at the staff level, which included staff reviews before the announcement two weeks ago about the tentative agreement on a new Ragged Mountain Dam cost share, so none of the changes that were reflected in those discussions have yet to be identified in the rate analysis.

Mr. Jones next commented that there was some confusion by the public on the costs associated with the Community Water Supply Plan and asked if Mr. Frederick could "walk us through" the components of the Community Water Supply Plan and how it comprises the \$42 million cost that was listed in the table on page 6 of the CIP. Mr. Frederick noted that some of the \$42 million represents money that has already been spent. The five elements of the plan are broken down in the table, and all the engineering costs associated with the New Ragged Mountain Dam are included in No. 1, most of which have already been spent. Item No. 2 relates to the construction of the New Ragged Mountain Dam, which includes not just the contractor costs but also engineering costs that the Board just approved for Schnabel to provide quality control and any contingency. The Mitigation Plan Improvements are broken out in Item No. 3. This work includes the Buck Mountain Creek area stream preservation and restoration. Also, wetlands will be restored off of Franklin Street next to the old Charlottesville Stockyard on property now owned by RWSA, and the acquisition costs for that property have already been included in the money already spent. The Mitigation Plan will need to be implemented at the same time that construction of the New Ragged Mountain Dam is underway, which is driven by the Department of Environmental Quality (DEQ) and US Corps of Engineers (the Corps) permits. Item No. 4 relates to the South Fork Reservoir to Ragged Mountain Pipeline Right-of-Way, which is not proposed to begin until FY14 and FY15 and involves identifying the location of a future South Fork to Ragged Mountain pipeline and acquiring right-of-way. Only engineering costs associated with selecting a final corridor and right-of-way acquisition are included for this item. The design and construction costs are being deferred beyond the five-year plan at a date not yet set. Ms. Mueller then asked if the costs included only the identification of the right-of-way and not the purchase, and Mr. Frederick responded that it did include both the identification and purchase of the right-of-way. Mr. Frederick further stated that staff was suggesting that this project start no earlier than FY14 and FY15 because the "saturation point" had been reached in terms of the current projects being undertaken with existing staff and it "makes sense" to defer projects that were not necessary at this time and would require hiring more staff to undertake now. Staff also felt it would be prudent to wait until VDOT has decided on its plans for the Western Bypass rather than guess on VDOT action and possibly be wrong. Item 5 involves the \$3.5 million SFRR Dredging project, which this Board had requested be included in the CIP. Mr. Jones indicated at the end of Mr. Frederick's summary that his questions about the Community Water Supply Plan had been addressed.

Mr. O'Connell then asked Mr. Wood to explain the rate analysis that was included in the CIP for both water and wastewater. He felt the public's perception is that water costs are increasing, which is not actually the fact, but wastewater rates will rise "pretty dramatically." Mr. Wood stated that the rate analysis was based on the 27% City/73% ACSA cost allocation that has been in use since 2003. Referring to Table 3, Mr. Wood commented that the current wholesale rate for the City and the ACSA is listed in the first column, which includes the operating rate and the debt service rate added together. The CIP rate model works by taking the CIP as a whole and allocating out based on all the current agreements in place. The rate needed for the CIP is leveled over a five-year average period. He further noted the "Debt Relief" row was also provided for the City and the ACSA for Urban Water and Urban Wastewater rate centers. Using the City numbers as an example, he referred to the "Total Rate Change" row and stated that the rate change for the City can be found by going across the fiscal year columns, which would be a \$0.012 per year increase based on a per 1000 gallon rate to fund the CIP based on the current cost allocation. The next line beneath the "CIP – rate needed" is the change in the current actual debt. In FY 2014 a major amount of debt is being retired, and the effect of that rate change is \$0.220 per thousand gallons for the City and \$0.228 per thousand gallons for the ACSA. Mr. Wood summarized that the "Debt Relief" item provides the debt service changes on the total rate for the five-year period. For the City, the total rate change for water will be a decrease of 6.6% and a decrease of 0.6% for ACSA.

Mr. Wood next discussed the bottom section on Urban Wastewater, which reflects that the Urban Wastewater rates will significantly increase due to the number of wastewater projects that have been undertaken during the past two years. Last year RWSA added 32% in project costs, and this year another 14% will be added. The State Revolving Loan funds placed in reserves was earmarked for "pay as you go" funding of the projects. However, RWSA had to place that cash into the trustee-held reserve account, which somewhat affected the wastewater rates. He reiterated that the largest impact to the wastewater rates was the additional wastewater project costs.

Referring to the far right column on Table 3, Mr. O'Connell asked if it would be accurate to state that for the five-year period the City Urban Water rate is a minus 6.6% and the ACSA is minus 0.6%. Mr. Wood clarified that the effect on the water rate is minus 6.6% for the City and minus 0.6% for ACSA. Mr. O'Connell then noted that the increase in wastewater rates over the five-year period for the City would be 38.5% and 35.2% for the ACSA. Mr. O'Connell then asked if the rate impact analysis included all the wastewater projects that are being built plus the Rivanna Pump Station, and Mr. Wood affirmatively replied. Mr. Wood further noted that there were no recent cost allocation agreements for wastewater, and the impacts to rates are based on flow in this analysis. The rate change needed for the wastewater portion of the CIP for the City and the ACSA is \$0.253 per thousand gallons going across the fiscal year columns. Mr. Boyd next inquired if the rate impacts were being split 50/50 between the City and the ACSA for wastewater projects, and Mr. Wood replied that this formula was the current basis for his analysis. Mr. O'Connell then asked if the rates are approved as proposed would the rates go into effect with the July 2012 retail bills, and Mr. Wood affirmatively replied. Mr. O'Connell further stated that he did not think the community was clear that there would be "double digit" wastewater rate increases and water rates will be "pretty flat."

Mr. O'Connell then inquired if the Board wanted to set a date to bring the CIP back for Board action. Mr. Frederick next questioned if it would be suitable to the Board to place the CIP on

next month's agenda for further discussion and possible adoption. Mr. Gaffney then asked the other Board members if the 30-day time frame was acceptable. Ms. Mueller suggested placing the CIP on the January agenda, and depending on public input, the item could either be adopted or action deferred to another meeting, which was agreed upon by the other Board members.

In regards to **Item 7b), Rivanna Pump Station**, Mr. Frederick stated that for the past year RWSA has been evaluating alternatives for the Rivanna Pump Station. He noted that the first of multiple public meetings was held in December 2010 at the Woolen Mills Chapel. In May 2011 this Board requested more detail analysis of three alternatives that were referred to as Concept A, D, and E. A public presentation was held on October 20, 2011, and both the City Council and the ACSA Board of Directors have had discussions since the October meeting. City Council has been on record as supporting Concept E. This item is now before this Board for a decision on which of the three concepts will go forward to final design. He reminded the Board of the DEQ Consent Order that requires the selection the single preferred alternative prior to the end of this week or facing potential penalties and sanctions. Although staff strongly felt it was time to make a decision on the preferred alternative after months of discussion and gathering facts, no particular alternative was being recommended, and the choice was left to the discretion of the Board. Staff was recommending that the Board initiate discussion now that would lead to a vote to select one single preferred alternative.

Dr. Brown next stated that he thought this matter was "very simple" from the City's point of view. A presentation on the Rivanna Pump Station alternatives was provided at a City Council meeting, and City Council unanimously voted in favor of Concept E. The only other choice being considered was on City property, so "the City has to acquiesce to the only other really viable option." He felt most importantly that Concept E "is the right thing to do." The public has pointed out on numerous occasions that "if this was a new project, no one would be even talking about putting it a residential neighborhood ... we're talking about a huge scope for Concept A ... If it's the pleasure of the Chair, I'd be prepared to make a motion in favor of Concept E."

Dr. Brown moved that the Board of Directors authorize the Rivanna Water & Sewer Authority to select Concept E as the preferred alternative for the new 53 mgd Rivanna Pump Station to be built on the Moores Creek Wastewater Treatment Plant site with an extension of the Rivanna Interceptor through a new tunnel between Riverview Park and the new pump station site. Dr. Brown further move that the financing for those projects be obtained through a cost share agreement between the City and ACSA to be negotiated in good faith and executed not later than June 30, 2012, seconded by Mr. Jones.

Prior to the vote, Mr. Boyd commented that he understood the City's interest in protecting the City neighborhood, but he had a problem with the additional \$13 million, which was a 30% increase in the cost of the project in comparison to the other concepts. He felt the City ought to be willing to not only support its neighborhood but also fund the additional money that is required for Concept E. He did not see how he could support Dr. Brown's motion without those provisions in the cost share agreement.

Dr. Brown then stated that speaking for himself and not for the rest of the City, he felt this project should be funded on the basis of use similar to the way other projects have been

previously funded. Although he thought a full and open discussion needed to occur on the cost share agreement, today's meeting was not the appropriate time to address this issue.

Mr. O'Connell asked Dr. Brown the basis for his comments. Mr. Gaffney clarified that he felt Dr. Brown was proposing that the cost share agreement be negotiated "over the next six months and not in the next six minutes," and Mr. Gaffney personally wanted to avoid beginning the negotiations at this time. Mr. Boyd responded that from the County's perspective he was proposing that the cost share negotiations start right now. He thought "it was a given" that the additional \$13 million should be funded by the City. Dr. Brown responded that the City's answer would be "no." Mr. Boyd then commented that the County's desire that the City fund the \$13 million would be the starting point of the negotiations.

Mr. O'Connell next asked if the June 30, 2012 date for the cost share agreement was a DEQ deadline, and if not, who selected the six-month time frame and if it was a "moving date or a fixed date." Mr. Gaffney further inquired about the DEQ requirement for a cost share agreement. Mr. Frederick next stated that DEQ did not get involved in how the project is funded, as they just want the project designed and built as quickly as possible. The only deadline driving the cost share agreement is internal. The longer it takes to reach an agreement the longer that Mr. Wood is "in a bind" because he has expenses to pay and no direction as how it should be done. Mr. Jones then questioned whether from the staff's perspective, the end of June was acceptable if not sooner. Mr. Gaffney next stated that he felt "the sooner the better" in reaching agreement on a cost share arrangement, and Mr. Boyd was in agreement.

Mr. O'Connell next inquired if RWSA would start incurring engineering expenses as soon as the preferred alternative was selected. Mr. Frederick stated that once this decision is made, RWSA would be authorizing the final design work and expenses could begin to be incurred next week, which would be paid based on flow until a decision is made on how to allocate those costs. Ms. Mueller added that the expenses would be funded based on flow and then there would be a true-up once a cost share agreement was in place. Mr. Frederick then commented that although this would cause some accounting issues for RWSA, a "true-up" strategy could be developed and implemented based on an agreed-upon cost allocation. He felt that six months was a reasonable amount of time and a deadline could be helpful in negotiating an agreement.

Mr. Boyd then inquired if six months would be needed to negotiate the agreement and asked Dr. Brown if he would consider amending his motion to set a March 31 deadline or sooner instead of June. Mr. Boyd further stated that in his business matters, negotiations are handled in a quicker manner and he was having difficulty with taking six months to reach a cost share agreement. Mr. Gaffney next asked how long it would take to design the pump station under Concept E. Ms. Whitaker responded that currently there is a nine-month design schedule. Mr. Gaffney then commented that it appeared six months would not negatively impact the design process. Mr. Boyd next pointed out that RWSA would continue to be paying out money that would have to be "true-up" at some later time. Dr. Brown then asked Mr. Boyd if he would support his motion if he changed the deadline for reaching a cost share agreement to three months, and Mr. Boyd replied that he could not support it, reiterating his concerns about the additional \$13 million for Concept E. Dr. Brown then asked Mr. Boyd if he was speaking on behalf of the Board of Supervisors, and Mr. Boyd affirmatively replied. Dr. Brown next commented that he did not believe that the County would be paying for this project, and

Mr. Boyd responded that the County “has a stake in this game” as the citizens who elected the Supervisors into office would be paying for the majority of the improvements to the pump station.

Mr. O’Connell reiterated his previous comments that his Board’s position was pretty clear that they felt Option A is the most feasible approach, and he would have to vote “no” against Dr. Brown’s motion. Concerning the cost allocation agreement, Mr. O’Connell somewhat disagreed with Mr. Boyd about shortening the deadline. Mr. O’Connell felt that six months would be needed due to other budgetary matters that will need to be addressed by those entities during that time frame.

Mr. Boyd next stated that he would not have a problem with the six-month deadline if the Board left here today with the understanding that this project would require a separate cost share agreement if the motion passed. He then asked Dr. Brown if that was the intent of his motion, and Dr. Brown affirmatively replied.

As there was no further discussion, the Board of Directors approved the motion by a 4 – 3 vote. Voting “aye”: Ms. Mueller, Mr. Jones, Dr. Brown, and Mr. Gaffney. Voting “no”: Mr. Boyd, Mr. Foley, and Mr. O’Connell.

In regards to **Item 7c), Design Services for Rivanna Pump Station Upgrade**, Mr. Frederick stated that RWSA has “taken the liberty” in recent weeks to negotiate with Hazen and Sawyer a scope of work and a fee for the final design for the Rivanna Pump Station project based upon Concept E, which the Board just approved. The project is technically complex and will require fairly extensive amount of sub-consulting for geotechnical investigations associated with the tunneling and the pump station subgrade. It also includes a tunneling sub-consultant to design and prepare the specifications for the tunneling work. After the negotiations, staff is comfortable that the fee presented today is reasonable to accomplish the work in a quality manner and also cost effectively based on market rates for engineering type services. The fee covers the entire final design phase of the project, as well as bidding services, but not construction phase services. If the Board authorizes the execution of a Work Authorization with Hazen and Sawyer, the work is anticipated to begin in early January.

Mr. Foley next asked if the fee included the \$12,500 for other public participation. Mr. Frederick replied that the \$2,958,000 fee covers all of the engineering work, which includes the preparation of documents and bidding services, but does not include the presentation preparation and appearing at public discussions. Staff did request and Hazen and Sawyer provided a separate fee for the public participation component based on a per meeting basis in the amount of \$12,500. If the decision were made to hold two public meetings, then \$25,000 would be added to the base fee.

Mr. Boyd then commented that it would be reasonable to expect that there would be some meetings with the neighbors to inform them about certain aspects of the construction work, such as the duration and impacts of the drilling operation, but he did not understand the need for the additional cost. Mr. Frederick explained that in order to give the Board flexibility in its discussion about the amount of desired public participation, the consultant was asked not to include an allowance for public meetings in their base fee. Mr. Frederick would suggest that two meetings would be a reasonable number. Mr. O’Connell next asked if the meetings would

involve the individual property owners. Mr. Frederick replied that he felt the meetings should be open for all public participation similar to the one held in October to allow an opportunity for clarification and comment. Ms. Mueller then commented that she supported holding public meetings, but she felt \$12,500 was a lot of money for presenting a PowerPoint® and answering questions. Expressing agreement with Ms. Mueller, Mr. Boyd stated that he felt the consultant should have factored in the public participation cost in their \$3 million fee. Since the public has already expressed approval for this concept, the meetings would be for informational purposes. In defense of Hazen and Sawyer, Mr. Frederick stated that staff asked them to prepare the fee schedule in this manner to allow the Board to have a flexible discussion on the amount of public participation desired. If it were the Board's preference, staff could place a limit on the amount spent on public meetings. He felt that when the money is depleted, the consultants are not going to be willing to conduct further public meetings unless additional funding is allocated.

Dr. Brown next asked if RWSA had received an itemization on the breakdown for the cost of a meeting. Mr. Frederick stated that preparing a PowerPoint® presentation for a public meeting is not a simple process. Staff reviews the drafts and meets with the consultant to rehearse and fine-tune the presentation so that it is delivered within a time frame. A facilitator participates in this process to ensure that the information is presented in a way that is understandable to the lay person. The presentation is revised a couple times based on the input from the facilitator and staff. Over the years, RWSA has had several consultants conduct public meetings at an average cost in the \$10,000 to \$11,000 range. Mr. Frederick commented that the \$12,500 figure might be slightly on the high side, but he did not think it was significantly higher. He felt that it would not be practicable to have a consultant who does quality work to agree to conduct a quality, well prepared public meeting for \$2,000 to \$3,000. The last thing that he wanted to happen was to be placed in the position of not being prepared to answer the public's questions at a public meeting.

In clarification of his previous comments, Mr. Boyd stated that he felt any engineering firm undertaking this size of a project would anticipate allowing for some public meetings in its fee. He used as an example the water line work underway in his neighborhood during which RWSA engineers have held some public meetings to update the neighborhood on the work at a cost he felt was under \$12,000. Mr. Gaffney next commented that it would be simpler if that component was included in their fee. However, RWSA specifically requested that the contractor separate out the cost of public meetings from the rest of the project work to get a better understanding of how much was actually being spent on public participation.

Mr. O'Connell then questioned how much design work needed to be completed before the public meetings could take place. Mr. Frederick stated that the consultant would need to be at the 30% to 40% design level before it would be fruitful to have a public meeting. Mr. O'Connell then suggested handling this matter similar to what occurs during the budget process where RWSA staff presents the information and the ACSA, City, and RWSA staffs discuss the most cost-effective measures. He agreed with Mr. Boyd that the public meetings for this project are more about impacts to property owners versus a debate about whether or not the project is going to occur.

Mr. Gaffney next asked if RWSA would receive updated cost estimates at the 30%, 60%, and 90% design levels, and Mr. Frederick responded that those numbers would be provided as part of the design services.

Mr. Boyd then requested more detail on the cost for the design services spent to date, which he felt was over \$1 million so far, as well as a breakdown for this aspect of the project.

Mr. Frederick stated that more money was spent because RWSA was directed to carry forward three options through most of the conceptual phase of the project. However, from the public perspective, that was the process that needed to occur.

Mr. Foley moved that the Board of Directors authorize the Executive Director to execute a Work Authorization with Hazen and Sawyer for final design and bidding services for the Rivanna Pump Station Upgrades for a total base design fee not to exceed an amount of \$2,958,119, seconded by Ms. Mueller.

Prior to the vote, Mr. O'Connell inquired about the size of the line for Concept E, and Mr. Frederick replied 60 inches. Mr. O'Connell then asked if the members were in agreement with moving forward with that design criteria, and the members affirmatively replied.

Mr. Krueger then asked Mr. Foley if his motion included any contingency, and Mr. Foley amended his motion to include the contingency as follows:

The Board of Directors authorize the Executive Director to execute a Work Authorization with Hazen and Sawyer for final design and bidding services for the Rivanna Pump Station Upgrades for a total base design fee not to exceed an amount of \$2,958,119, and also authorize 10% contingency for this work to be used only if the Executive Director considers it necessary and authorizes in writing any increase of the original contract amount, seconded by Ms. Mueller. The motion was approved by a 7 – 0 vote.

8.0 Other Items from Board/Staff not on Agenda

Mr. Frederick stated that two weeks ago there was a public announcement about a tentative agreement on cost share between the City and the ACSA that has not yet been approved by the respective Boards. One of the provisions if approved would direct the RWSA to amend the current Ragged Mountain Dam project to go ahead and build the dam proper structure to support an ultimate pool height raised 42 feet with the pool height itself being maintained at 30 feet until a certain trigger is reached. He noted that all of the design work that has been completed by Schnabel and had been bid by construction contractors was based on building the dam to support a 30-foot pool and not building the additional part of the structure that would ultimately support 42 feet, though building the foundation to support 42 feet. In anticipation of the possibility that this tentative agreement may become an actual approved agreement, RWSA staff requested Schnabel to submit fees for revising the design drawings for a dam built to support a 42-foot raise in the pool. Based on time and materials, Schnabel's fees for the modification of the drawings would be at a cost not to exceed \$24,750. Since most of the engineering design work has already been done, the modification of the drawings involves a great deal of AutoCAD work so that the contractor is supplied with constructions drawings based on the revised dam height. Schnabel also submitted a fee of \$9,750 to make revisions and adjustments to the mapping that's done for emergency response. Even though it is highly unlikely that a well-built dam would fail, Schnabel is required by regulations to provide mapping that shows areas that would be under water if there should be a dam failure. After this announcement was made a couple weeks ago, RWSA did contact the Department of Conservation and Recreation who confirmed that revised mapping would be required to build a dam to support 42 feet instead of 30 feet.

Mr. Frederick further stated he was not prepared today to necessarily make a recommendation for approval. As of today, the cost share agreement that was announced a couple weeks ago has not been formally approved by either the City Council or the ACSA, but he was asked to provide these figures by at least one Board member. So, it was at the Board's pleasure if any action was taken today or deferred until approval of the cost share agreement.

Mr. O'Connell asked how long it would take to complete the work just discussed by Mr. Frederick, and Ms. Whitaker stated that it would take three to four weeks. Mr. O'Connell next inquired if this work would be contingent upon approval of the cost share agreement. Mr. Frederick responded that the window of starting construction in a March time frame is important because it optimizes the length of the construction contract by using periods of favorable weather. Because of the substantial amount of effort to get the approvals and accepted bids for the pool level at 30-foot, he would suggest the dam structure modified to support a 42-foot pool level be negotiated as amendments to the existing approvals rather than starting the process over. If the design modifications are not completed by March, the construction can still begin because the top of the dam is the last step in building the dam. Mr. O'Connell next questioned if the drawings needed to be finished in order to get pricing for the modified dam structure, and Mr. Frederick affirmatively replied.

Mr. O'Connell moved that the Board of Directors vote to authorize the Executive Director to execute a Work Authorization with Schnabel Engineering in the amount of \$34,500 for the additional design mapping and revisions to the emergency response mapping.

Mr. Gaffney then asked if it made sense to modify the motion to proceeding with the revised drawings be contingent upon an approved cost share agreement that has the dam to 42 feet. After Mr. Jones confirmed that January 17 was the date that City Council was scheduled to discuss the cost share agreement, Mr. O'Connell agreed to amend his motion as follows:

The Board of Directors vote to authorize the Executive Director to execute a Work Authorization with Schnabel Engineering in the amount of \$34,500 for the additional design mapping and revisions to the emergency response mapping contingent upon an approved cost share agreement by City Council. The motion was seconded by Ms. Mueller, and the motion was approved by a 7 – 0 vote.

Mr. Frederick then asked for clarification purposes if Schnabel would be authorized to proceed with the revised drawings and mappings upon approval of the cost share agreement by City Council and the ACSA Board. Mr. O'Connell stated that his motion stated that this work was contingent only upon City Council approval. His Board would be meeting next week to consider this matter. Mr. Frederick next asked if he understood correctly that if City Council approves the cost share agreement that has a 42-foot dam, then Schnabel work can commence, and the Board members expressed agreement.

8.0 Other Items from Board/Staff not on the Agenda

There were no other items from Board or staff not on the agenda.

9.0 Closed Meeting

There was no need for a closed meeting.

10.0 Adjournment

There being no further business, Ms. Mueller moved that the meeting be adjourned, seconded by Mr. Jones.

Prior to the vote, Mr. Frederick stated that in recognition of this being Dr. David Brown's last meeting, he wanted to extend his thanks and appreciation to Dr. Brown for his great leadership while serving on this Board. The rest of the Board also expressed their appreciation for his service.

All members present voted aye, and the meeting was adjourned at 3:01 p.m.

Respectfully submitted,

Mr. Thomas C. Foley
Secretary - Treasurer

Dear RWSA Board,

You are about to vote on the sewage transport issue that effects in town living so greatly. You've heard many of us in the Woolen Mills many times now. As you know, most of my neighbors are unavailable today. I hope you remember their numbers and voices at this time.

The financial cost for Option E is large. Remember that no one here has found a facility so immense in a neighborhood in America. Option A would be infinitely more expensive in the future. The long term effects on people living so close by are unknown. There is a good possibility you will have to add on to Option A if development occurs as densely as some people hope. Many More People living close by. Certainly technology changes and alterations to the facility would be likely—as this is an alteration from the current station.

Option E removes these concerns. Please vote for the people living up close to the pumping station, and for those who frequent this beautiful park. Please vote for Option E.

Robin Hanes
1709 E Market St
rmhanes@charter.net
12/28/11
