



RIVANNA WATER & SEWER AUTHORITY

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RWSA BOARD OF DIRECTORS

Minutes of Regular Meeting

December 22, 2008

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Monday, December 22, 2008 at 2:00 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Mr. Gary Fern, Mr. Michael Gaffney – Presiding, Ms. Judith Mueller, Mr. Gary O’Connell, and Mr. Robert Tucker.

Authority Staff Present: Ms. Tamara Ambler, Mr. David Atkins, Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Mr. Justin Weiler, Ms. Jennifer Whitaker, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Robert Huff – Principal of the Charlottesville Office with Robinson, Farmer, Cox Associates, 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 Monday, December 22, 2008 at 2:00 p.m., and he noted that a quorum was present.

2.0 Minutes of Previous Board Meeting

Mr. Tucker moved that the Board of Directors vote to approve the minutes of the regular meeting of the Board held on Monday, November 24, 2008, and the minutes of the special meeting of the Board held on Tuesday, November 25, 2008, seconded by Mr. O’Connell. The motion was approved by a 5 – 0 vote.

3.0 Executive Director’s Report

Mr. Frederick first provided an update on the actions being taken by RWSA staff in response to the decisions made at the Joint Board Meeting held on November 25, 2008. First, the Request for Proposals (RFP) has been issued for the dam expert panel and the deadline for submitting responses to RWSA is December 30, 2008. In early 2009 staff will be reviewing the proposals and developing methods of “evaluation, analysis and response,” leading to a recommendation to the Board on the “make-up” of the panel.

Mr. Frederick next reported on the second item concerning the status of the Memorandum of Understanding (MOU) between the four boards detailing the agreed-upon joint County-City strategy for new studies associated with the 50-year water supply plan. RWSA continues to monitor the progress of the discussions being held among the various boards on the content of the MOU. Since RWSA’s understanding at this time is that there is not yet an agreement by the other three boards that can be presented to this Board for approval, adoption of the MOU is not

on today's "formal" agenda. If a draft MOU that is felt to be acceptable to all four boards becomes available prior to the next regularly scheduled Board meeting, RWSA would request, if this Board so desired, that a special meeting be held for the purpose of adopting the document in the interest of expediting the process. As this is still an ongoing process, it would be difficult at this time to estimate when Board action on a draft MOU could occur.

Mr. Frederick then stated that RWSA staff normally present an update to the 5-year Capital Improvement Plan (CIP) to this Board in January of each year. Since the dam expert panel will not begin its work before next month and estimated expenses associated with the Ragged Mountain project will be a critical component of the next CIP update, staff is proposing a delay in the presentation of the next CIP update until after the dam expert panel has completed its work. The proposed operating budget for FY 2009-10 is on schedule to be presented to the Board in February 2009 based on capital financing identified in the 5-year plan adopted last year.

Mr. Gaffney next inquired if RWSA staff intended to return to its regular schedule of presenting CIP updates to the Board in January 2010. Mr. Frederick stated affirmatively that RWSA staff felt it was better to routinely present the CIP prior to the proposed operating budget so that the most up-to-date information on capital funding can be included in the budget document. Due to the timing of the dam expert panel's work, an exception was needed this particular year.

4.0 Items from the Public

Mr. Gaffney next requested that any members of the public who wished to make comments at this time to identify themselves for the meeting records and limit their remarks to three minutes.

Ms. Betty Mooney, who resides at 201 Sunset Avenue, Charlottesville, VA, first commented that she thought the time allowed for public comments was five minutes and asked if the time had been changed to three minutes.

Ms. Mooney next thanked the members of the Board for "what you've done this year." She further commented that if the Board were to be evaluated by the "ratepayers" on what had occurred during the past year, she did not think that "you will be getting presents in your stockings this year. Most of the people I know think you should get coal." She hoped that next year would be "better." She also was "very happy" about the interview that Mr. O'Connell gave in which he stated that "what he wished he had done differently was [to have] gotten a second opinion about dredging." Ms. Mooney then encouraged the Board to get that second opinion if it were not too late. She suggested that in the same interview Mr. O'Connell stated that "the dredging estimates you have are widely overestimated." She felt that "if they are overestimated, it is your obligation really to get a correct estimate because your permit document and your permit are based on that estimate." She next stated that the current plan is "totally inadequate; it's not accurate. It is wrong to go forward until you get those appropriate numbers."

Ms. Mooney then commented that she thought the proposed pipeline study is also "inadequate, as do many others." She will be sending an e-mail to both the Board Chairman and to Mr. Frederick requesting that they answer all the following questions when they issue the RFP for the pipeline study:

- “What are the current costs for all the pipeline components identified in the Gannett Fleming report ... the pipe intakes, the pump stations, sediment ponds, etc.?”
- “What is the expected alignment and cost of the right-of-way for that alignment?”
- “What are the total operating costs of the pipeline, including not just the electricity but also the cost of chemicals for removing sediments, the cost of hauling the resulting sludge, and operating costs for the new pump facility’s personnel and maintenance?”
- “What are the environmental costs of the pipeline in coal for energy burned and landfill tonnage?”
- “The RWSA and TNC propose desedimentation and pumping water to Ragged Mountain during surge events after rain storms when the water is flowing over the dam. Can you give examples elsewhere in the country where this is being done successfully and what is the cost structure of these existing operations?”
- “What is the cost for purchasing a 15-year option on the right-of-way so that we know that we have a buildable pipeline and not have to reroute it [in]15 years when something gets built in the way?”
- “Rivanna’s 5-year CIP anticipates slightly less than \$105 million in urban water and wastewater bonds being issued over the next five years, which will have a significant effect on the future rates. Is this bond anticipation note to be repaid from the approximately \$40 million of new bonds issued in 2010 or is Rivanna assuming that the 2010 bond issue will be greater than what is shown in the CIP?”

Ms. Mooney next reiterated that she would like an answer to each of the above questions that will be e-mailed to the Board Chairman and to Mr. Frederick.

Mr. Gaffney thanked Ms. Mooney for her comments. He further stated that he “reread” the guidelines for public comments, and he clarified that the amount of time allowed for each speaker is five minutes.

5.0 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.

- 5a) Staff Report on Finance
- 5b) Staff Report on Operations
- 5c) Staff Report on On-going Projects
- 5d) Amendment to Moores Creek ENR Project Design
- 5e) Proposed Engineering Contract – Sanitary Sewer Condition Assessment and Rehabilitation Services

- 5f) Amendment to Meadow Creek Interceptor Project Design
- 5g) Capital Financing

In regards to **Item 5d), Amendment to Moores Creek ENR Project Design**, Mr. Fern stated that he assumed the statement in the memorandum concerning the consultant updating the project estimate to 95% referred to 95% of the total project cost and asked if that figure has been provided to RWSA staff. Mr. Frederick replied that the estimated total project cost at 75% of design was \$52.7 million, and the estimate at 95% of design is also \$52.7 million for this same scope. As discussed in the first paragraph on page 2 of the memorandum, there have been a couple changes in the scope of the project. The portion of the proposed second force main for the Moores Creek Pump Station estimated at \$300,000 and budgeted under the Moores Creek project is now being proposed to be constructed under the ENR project because it is in the same location as excavation for the ENR project and can be built more economically under the ENR contract. The design changes being discussed in this memorandum for Board approval are not included in the \$52.7 million estimate. However, as indicated in the report, the analysis of the presently proposed scope changes conducted by the consultant indicated that if the changes are implemented the benefits of overall operating cost savings will exceed the additional debt service needed to build the scope changes.

Mr. Fern next referred to the third paragraph on page 2 of the same memorandum, which mentions that the “gas-driven blowers have been serviced” and inquired if RWSA’s staff and its consultant agreed with the repair vendor’s recommendation that these blowers be “changed out.” Dr. Wichser responded that the “biogas-driven Caterpillar” engines have been rebuilt two to three times each, and staff understands from Carter Machinery in Richmond, VA, that they should not be rebuilt again.

In regards to **Item 5f), Amendment to Meadow Creek Interceptor Project Design**, Mr. Fern referred to page 2 which mentions “lowering the pipeline” in some areas impacted by the proposed redesign and inquired if RWSA was certain that “dewatering problems” would not be an issue resulting in a construction cost increase higher than the estimated \$215,000. Ms. Whitaker stated that RWSA discussed this matter with its consultants, who indicated that they did not believe there would be a “dewatering” issue. If Board approval is given today for the proposed amendment, any provisions that need to be made in specific areas will be addressed as part of the project design. Mr. Fern further questioned if he understood correctly that additional “dewatering” issues were not considered in the additional \$215,000. Ms. Whitaker replied affirmatively and added that the figure includes the costs associated with “lowering” the pipeline and realignment changes to address specific concerns of property owners.

As there were no further questions or discussion by the Board, Mr. Tucker moved that the Board of Directors vote to approve Items 5a), b), c), d), e), f), and g) of the Consent Agenda, seconded by Mr. O’Connell. The motion was approved by a 5 – 0 vote.

6.0 Other Business

In regards to **Item 6a), Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2008**, Mr. Gaffney recognized Mr. Robert Huff, a principal of the Charlottesville office with Robinson, Farmer, Cox Associates, who was in attendance to present this report.

Mr. Huff stated that he would briefly summarize the results of RWSA's annual audit as required by statute. He was pleased to report that RWSA received an "unqualified opinion" on both financial matters and internal controls. New audit standards implemented this year requires that auditors communicate any disagreements they encountered during the audit. There were no difficulties encountered, and any recommended adjustments by the auditors were discussed and made appropriately into the report. RWSA's internal controls continue to operate effectively due primarily to the "good job" being performed by Authority personnel. He felt that a positive and also necessary action is the submission of the financial report to the Government Finance Officers Association so that the Authority continues to receive a "Certificate of Achievement for Excellence in Financial Reporting." Mr. Huff then referred to the financial statements on pages 22 to 24 of the report, which showed that the Authority's financial results "were pretty much on par with the year before and you added to your net assets." He concluded his report by stating that the Authority "did a good job" in meeting its financial requirements.

Mr. Tucker moved that the Board of Directors vote to accept the Comprehensive Annual Financial Report for Fiscal Year ending June 30, 2008 as reported today by Mr. Robert Huff with Robinson, Farmer, Cox Associates, seconded by Mr. O'Connell. The motion was approved by a 5 – 0 vote.

7.0 Other Items from Board/Staff not on the Agenda

Referring back to **Consent Agenda Item 5g), Capital Financing**, Mr. Krueger noted that the Board passed the resolution authorizing the issuance of bonds by voice vote. Since an executed certificate specifying how each Board member voted will need to be included in the bond closing documents, he requested that the Board revisit this item in order to take a roll-call vote of the members.

Mr. Tucker moved that the Board of Directors vote to adopt the form resolutions attached in the Board packet to approve the \$10,000,000 bond anticipation notes, including the Nineteenth Supplemental Agreement of Trust, seconded by Mr. O'Connell.

VOTE:

AYES: Ms. Mueller, Mr. O'Connell, Mr. Gaffney, Mr. Tucker, Mr. Fern

NAYES: 0

ABSENT DURING VOTE: 0

ABSENT DURING MEETING: 0

8.0 Closed Meeting

There was no need for a closed meeting.

9.0 Adjournment

Prior to a motion being offered to adjourn the meeting, Mr. O'Connell asked if RWSA has received information from any affiliated water and wastewater associations concerning the

economic stimulus discussions that are underway. Mr. Frederick stated that the associations working with RWSA, including the American Waterworks Association, the Water Environment Federation, and the National Association of Clean Water Agencies, have been in contact with the Authority as part of a very intense lobbying effort in Washington. Information coming from the President-Elect frequently mentions the word "infrastructure" related more often to transportation than any other item. The Virginia Association of Counties just recently initiated another solicitation effort. RWSA is providing information to all those agencies related to the Authority's projects, which includes the upgrade to the Moores Creek facility, the Meadow Creek Interceptor project, and where appropriate the water supply plan. Mr. Tucker next expressed agreement that roads and bridges appeared to be the primary focus of the economic stimulus discussions.

There being no further business, Mr. Tucker moved that the meeting be adjourned, seconded by Mr. O'Connell. All members voted aye, and the meeting was adjourned at 2:20 p.m.

Respectfully submitted,

Mr. Robert W. Tucker, Jr.
Secretary-Treasurer