



RIVANNA WATER & SEWER AUTHORITY

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RWSA BOARD OF DIRECTORS Minutes of Regular Meeting December 17, 2007

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Monday, December 17, 2007 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: Mr. Bruce Edmonds, Mr. Richard Defibaugh, Mr. Tom Frederick, Mr. Randy Jones, Mr. Chuck Kent, Ms. Mary Knowles, Ms. Michelle Simpson, Mr. Justin Weiler, Mr. Norman Wescoat, Ms. Randi Wescoat, Ms. Jennifer Whitaker, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Robert Huff – Principal 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. Michael Gaffney on Monday, December 17, 2007 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 November 26, 2007, seconded by Mr. O’Connell. The motion was approved by a 5 – 0 vote.

3.0 Executive Director’s Report

Mr. Frederick reported that RWSA’s top legislative priority for 2008 is the sustainability of the Virginia Water Quality Improvement Fund (WQIF). The WQIF was started by the Commonwealth of Virginia to help fund wastewater treatment plant upgrades as part of the provisions to protect the Chesapeake Bay and the rivers from excess nutrients. The most recent data indicates that \$381.2 million had been placed into the fund since 1999, and the amount obligated actually exceeds that amount now by \$177.3 million. At the 2007 session the General Assembly authorized, when necessary, to sell bonds up to \$250 million to cover the \$177 million funding gap. This legislation expires the end of 2007 and will need to be reauthorized by the General Assembly in order for the state to be able to sell the bonds. Absent the reauthorization, there will be a significant “hole” in the funding of that program. Despite the funding uncertainties, agreements continue to be executed by the Virginia Department of Environmental Quality (DEQ) with more communities increasing the funding needed. As of last week

48 facilities, which includes the Moores Creek WWTP, had either executed grants or were in negotiations for grants. The Moores Creek WWTP was one of the 18 facilities that already have an executed grant agreement due to the Authority's early start in the grant application process. About half of the facilities that will be looking at upgrades have either not yet started or barely begun the negotiation process with the state, but it was anticipated that they would seek WQIF funding.

Mr. Frederick further stated that RWSA was a member of the Virginia Association of Municipal Wastewater Agencies, which has cautioned that the General Assembly might cease this funding or even take away some of what has been authorized from 2007 to focus on deficits in other areas of state government. The state is facing a projected \$2 billion shortfall in the next biennium, and RWSA wants to ensure that the state does not close the funding gap "on the backs of the urban citizens through sewer rate charges." He felt that everyone in attendance at the meeting would agree that the program to protect the rivers and the Chesapeake Bay through avoiding excess nutrients is important, but the state's continued funding of wastewater plant upgrades is the issue of concern for the Authority.

For the benefit of the public, Mr. Frederick next discussed the bulleted items in his report that explained why continuing to fund the WQIF for wastewater plant upgrades is important.

- Federal and state agencies have been aware of the decline of the Chesapeake Bay for over 30 years, yet it took until 2005 for Virginia to develop a comprehensive regulation on wasteload allocation to address the nutrient issue.
- There are many sources of nutrients to the Chesapeake Bay, including point sources, non-point sources, and atmospheric deposition. Regulatory agencies have first focused on wastewater treatment plants since regulations for non-point sources, such as residential lawn fertilization and agricultural, would be too difficult to enforce. The fact that wastewater treatment plants were felt to be capable of meeting this difficult challenge is in some ways a compliment to this industry, but at the time this priority was set, Virginia also recognized that nutrient sources are diverse and that all citizens contribute to the nutrient issue. If WQIF funding is withdrawn, it would be inequitable to the urban citizens who depend upon sewer service and who would bear most of the cost of a program that benefits all citizens.
- Local governments in Charlottesville and Albemarle County and their planning Boards and staff have focused significantly on developing the urban areas in a smart and affordable manner while preserving the natural resources of the more rural areas. It would be a contradiction of the priority set by the local governments if the state were to now take the funding of a major program and put it "solely on the backs of the urban citizens."

Mr. Frederick then commented that there was no new information to report concerning the drought situation. The Authority was continuing to monitor and measure conditions on a regular basis. RWSA was somewhat encouraged this morning to learn that the Sugar Hollow Reservoir level did rise a little from the small rainfall events that the locality experienced during the month. He reminded everyone that the Board has already authorized Chairman Gaffney to make an announcement concerning a change in the Drought Warning status when appropriate.

Mr. Frederick next reported that later in the agenda the Board will recognize three of RWSA's long-standing employees who will be retiring at the end of December 2007. Mr. Frederick added his congratulations and thanks for the dedication those staff members have provided to the Authority.

At the conclusion of Mr. Frederick's report, Mr. Tucker suggested that if appropriate the two local governments, as well this Board, adopt resolutions to support maintaining the WQIF funding. Mr. Frederick was in agreement with Mr. Tucker's suggestion.

4.0 Items from the Public

Ms. Dede Smith, who resides at 2652 Jefferson Park Circle in Charlottesville, was in attendance today to ask the RWSA Board to authorize someone from the Board or perhaps Mr. Frederick to join her at a meeting that she planned to set up with Luck Stone sometime after the holidays to discuss the future of the Shadwell Quarry. She then went on to explain why the idea of using the quarry as a reservoir "intrigued" her so much. Her brother who works for Luck Stone as an electrical engineer told her that quarries are used for reservoirs. Ms. Smith then asked him about the possibility of using the Shadwell quarry as a reservoir, and her brother was a little skeptical because it was an active mine. When her brother went back to work and inquired further about this idea, everyone he spoke to was actually "really intrigued" about the idea and commented that it was appropriate to use quarries as reservoirs. The Shadwell Quarry will be spent in about 20 years, which is within the 50-year planning horizon for the Community Water Supply plan. Her brother also spoke to geologists at the Mining Department, who indicated that the quarry was appropriate for a reservoir based on its geology and its location right next to the Rivanna River and in a growth area. Luck Stone staff indicated their strong interest in meeting with her to discuss this idea further. Ms. Smith again invited members of the Board and RWSA staff to join her for an informal meeting with Luck Stone to discuss their future plans for the quarry. The use of this quarry for a reservoir has not received an enthusiastic response in this community, and she has not found "great legitimacy" for the reasons used for not pursuing this option. Luck Stone had actually recommended putting a flood barrier on the quarry if it were used as a reservoir so that it only receives water during high flow events, which would also assist with downstream flooding. She felt the timing was good due to the upgrades being planned for the Moores Creek plant and distribution system. Ms. Smith then distributed an information sheet that she created concerning the use of the Shadwell Quarry, which also included her contact information. Mr. Gaffney thanked Ms. Smith for her comments.

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) Disposition of FY 2007 Rate Center Results**

Mr. Tucker moved that the Board of Directors vote to approve Items 5a), b), c), and d) of the Consent Agenda, seconded by Mr. Fern. The motion was approved by a 5 – 0 vote.

6.0 Other Business

In regards to **Item 6a), Comprehensive Annual Financial Report – Fiscal Year Ending June 30, 2007**, Mr. Gaffney recognized Mr. Robert Huff with Robinson, Farmer, Cox Associates who would present the audit report.

Mr. Huff stated that presented in the Board packet was the ordinary and customary report that contains Introductory, Financial, Statistical, and Compliance sections. He then referred to the “Independent Auditor’s Report on page 11 and read from the third paragraph as follows: “In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rivanna Water & Sewer Authority at June 30, 2007 and 2006 ...” He added that this was an unqualified opinion as the Authority has received in the past. Mr. Huff also suggested that the Board review the “Statement of Net Assets” listed on page 22 and the “Statement of Revenues, Expenses and Changes in Net Assets” listed on page 24, which as reported by Mr. Wood reflected the positive financial standing of the Authority last year. He next discussed the Compliance Section on page 69, which covers the internal controls and compliance over federal programs. Both of those areas also received unqualified opinions. Mr. Huff added that 2007 ended up to be a very good year in terms of the “auditability” of RWSA’s records. The Authority also complied in a fine manner with the new audit standard entitled SAS 112. He concluded his report by stating that there are no Management Letter comments that were required at this time.

Mr. Tucker moved that the Board vote to accept the Comprehensive Annual Financial Report for Fiscal Year ending June 30, 2007 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.

In regards to **Item 6b, The Odor Control Evaluation Report for Moores Creek WWTP**, Mr. Gaffney reported that this item has been postponed until the January 28, 2008 meeting.

In regards to **Item 6c), Resolutions of Appreciation**, Mr. Gaffney recognized Mr. Richard Defibaugh, Ms. Randi Wescoat, and Mr. Norman Wescoat and asked them to come to the front of the room while he read their Resolutions of Appreciation for the meeting record as follows:

RIVANNA WATER & SEWER AUTHORITY BOARD OF DIRECTORS

Resolution of Appreciation for Richard E. Defibaugh

WHEREAS, Mr. Defibaugh has served in a number of positions since 1968; and

WHEREAS, Mr. Defibaugh has served as the Water Manager of the Rivanna Water & Sewer Authority since July 1997; and

WHEREAS, over the same period in excess of 38-years, **Mr. Defibaugh** has demonstrated leadership in the water field and has been a valuable resource to the Authority, its customers, and its employees; and

WHEREAS, **Mr. Defibaugh's** understanding of the Authority's overall operation and specifically its water operations has positively impacted the Authority, its customers, and its employees; and

WHEREAS, the Rivanna Water & Sewer Authority Board of Directors is most grateful for the professional and personal contributions **Mr. Defibaugh** has provided to the Rivanna Water & Sewer Authority, its customers and its employees; and

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority Board of Directors recognizes, thanks and commends **Mr. Defibaugh** for his distinguished service, efforts and achievements as a member of the Rivanna Water & Sewer Authority, and presents this Resolution as a token of esteem, with its best wishes in his retirement.

BE IT FURTHER RESOLVED that this Resolution be entered upon the permanent Minutes of the Rivanna Water & Sewer Authority.

Michael Gaffney, Chairman
Robert W. Tucker, Jr.
Judith M. Mueller
Gary B. O'Connell
Gary W. Fern

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RIVANNA WATER & SEWER AUTHORITY
BOARD OF DIRECTORS
Resolution of Appreciation for G. Norman Wescoat, III

WHEREAS, **Mr. Wescoat** has served in a number of positions since 1975; and

WHEREAS, **Mr. Wescoat** has served as the Wastewater Manager of the Rivanna Water & Sewer Authority since July 1997; and

WHEREAS, over the same period in excess of 30-years, **Mr. Wescoat** has demonstrated leadership in the wastewater field and has been a valuable resource to the Authority, its customers, and its employees; and

WHEREAS, **Mr. Wescoat** understanding of the Authority's overall operations, and specifically wastewater operations has positively impacted the Authority, its customers and its employees; and

WHEREAS, the Rivanna Water & Sewer Authority Board of Directors is most grateful for the professional and personal contributions **Mr. Wescoat** has provided to the Rivanna Water & Sewer Authority, its customers, and its employees; and

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority Board of Directors recognizes, thanks and commends **Mr. Wescoat** for his distinguished service, efforts and achievements as a member of the Rivanna Water & Sewer Authority, and presents this Resolution as a token of esteem, with its best wishes in his retirement.

BE IT FURTHER RESOLVED that this Resolution be entered upon the permanent Minutes of the Rivanna Water & Sewer Authority.

Michael Gaffney, Chairman
Robert W. Tucker, Jr.
Judith M. Mueller
Gary B. O'Connell
Gary W. Fern

**RIVANNA WATER & SEWER AUTHORITY
BOARD OF DIRECTORS
Resolution of Appreciation for Miranda H. Wescoat**

WHEREAS, **Mrs. Wescoat** has served in a number of positions since 1976; and

WHEREAS, **Mrs. Wescoat** has served as the Human Resource Manager of the Rivanna Water & Sewer Authority since March 1999; and

WHEREAS, over the same period in excess of 30-years, **Mrs. Wescoat** has demonstrated leadership in her field and has been a valuable resource to the Authority and its employees; and

WHEREAS, **Mrs. Wescoat** understanding of the Authority's operation and human resource issues has positively impacted the Authority, and its employees; and

WHEREAS, the Rivanna Water & Sewer Authority Board of Directors is most grateful for the professional and personal contributions **Mrs. Wescoat** has provided to the Rivanna Water & Sewer Authority and to its employees; and

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority Board of Directors recognizes, thanks and commends **Mrs. Wescoat** for her distinguished service, efforts and achievements as a member of the Rivanna Water & Sewer Authority, and presents this Resolution as a token of esteem, with its best wishes in her retirement.

BE IT FURTHER RESOLVED that this Resolution be entered upon the permanent Minutes of the Rivanna Water & Sewer Authority.

Michael Gaffney, Chairman
Robert W. Tucker, Jr.
Judith M. Mueller
Gary B. O'Connell
Gary W. Fern

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Ms Mueller moved that the Board of Directors vote to approve the Resolutions of Appreciation for Mr. Richard E. Defibaugh, Mr. G. Norman Wescoat, III, and Mrs. Miranda H. Wescoat, seconded by Mr. Tucker. The motion was approved by a 5 – 0 vote.

7.0 Other Items from Board/Staff not on the Agenda

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

8.0 Closed Meeting

There was no need for a closed meeting.

9.0 Adjournment

There being no further business, Ms. Mueller moved that the meeting be adjourned, seconded by Mr. O'Connell. All members voted aye, and the meeting was adjourned at 2:21 p.m.

Respectfully submitted,

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