

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
February 26, 2007

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Monday, February 26, 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, Mr. Gary O’Connell, and Mr. Robert Tucker.

Board Member Absent: Ms. Judith Mueller.

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Mr. Cary Lang, Ms. Jennifer Whitaker, Mr. Norman Wescoat, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Ms. Sharon Baxter and Mr. Bob Estes – Virginia Department of Environmental Quality’s Office of Pollution Prevention, Mr. Kurt Krueger – RWSA Attorney, Ms. Amy Owens – Director of Virginia Department of Environmental Quality’s Valley Regional Office, Mr. Paul Shoop – Director of Engineering for the Albemarle County Service Authority, 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, February 26, 2007 at 2:00 p.m., and he noted that a quorum was present.

2.0 Minutes of Previous Board Meeting

Upon a motion by Mr. O’Connell, and seconded by Mr. Tucker, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, January 22, 2007.

3.0 Executive Director’s Report

Mr. Frederick first reported on changes to the “ambience” of the Moores Creek facility. Parking is now available on both sides of the Administration Building, as the new headworks screening project is near completion. RWSA expected that the new screening facility will enhance the wastewater treatment process as well as improve air quality at the Moores Creek Wastewater Treatment Plant (Moores Creek WWTP). He also noted that the Authority’s environmental criteria were applied in the purchase of the new wallpaper and floors for the Administration Building. RWSA also took the opportunity to initiate some safety improvements, which included a new fire alarm system for the Administration Building and the installation of a defibrillator near the Board Room that will occur within the next few days.

Mr. Frederick further stated that during last month's meeting, the Board authorized RWSA to submit a Preliminary Engineering Report (PER) related to nutrient enhancement upgrades for the Moores Creek WWTP to the Virginia Department of Environmental Quality (VA DEQ). The PER has been finalized and is currently under review by VA DEQ. The report is also available on RWSA's website.

Mr. Frederick also reported that parallel to the above item, there have been recent discussions on supporting additional funding for the Water Quality Improvement Fund (WQIF). In a briefing this morning Mr. Frederick learned that in the closing moments of the legislative session on Saturday, an additional \$250 million was authorized from state bonds to the WQIF for funding nutrient upgrades. A provision surviving the passage of the bill gave the VA DEQ Director some discretion to possibly deny a grant application to a wastewater agency if he deemed or determined that it would be cost effective to the Commonwealth for that particular agency to buy credits from another agency as opposed to building their own upgrade project. It was not known at this time how the VA DEQ Director might exercise this discretion. RWSA will continue to pass along additional information as it becomes available.

Mr. Frederick next commented that RWSA was working toward completion of the joint permits for both the U.S. Army Corps of Engineers and the VA DEQ on the Community Water Supply Plan project. The staff's current work effort has been directed toward two main categories: (1) completing some discussions with both VA DEQ and The Nature Conservancy related to the stream flow releases from the dams; and (2) continuing the work to address requests from leaseholders in the Buck Mountain area concerning flexibility in the design of the buffers on individual properties. He felt that overall the process was moving forward in a positive manner. RWSA was continuing to strive for completion of this project by late spring or early summer.

Mr. Frederick concluded his report with a discussion on rainfall amounts for 2007. After a wet fall, rainfall amounts were a little below normal as of mid-February 2007. At this time, there is no danger of a drought as all the reservoirs are full and are expected to remain full into the spring months. RWSA will be monitoring weather conditions for indications as to the strength of the "base stream flows" during the summer. Current statistical predictions indicate an equal chance of above normal or below normal rainfall for this coming summer.

4.0 Items from the Public

Mr. John Martin, resident of Free Union, Virginia, stated that he would be commenting today on the proposed Capital Improvement Plan (CIP). He began his comments by reading the first sentence of the CIP as follows: "This Capital Improvement Plan Fiscal Years 2007 – 2012 (CIP) is intended to be a tool for decision makers, Rivanna Water and Sewer Authority staff, and the public." He thought the CIP was excellent, would be an important tool, and should not be "put up on one of the shelves in this room." He felt the best way to put "this tool" to work for the public and community decision makers – City Council and the Albemarle County Board of Supervisors – would be to reconvene the four boards and have a presentation on what the CIP contemplates for the next five years. It would be important to also note what the CIP did not include at this point because those items were beyond the five-year planning period. A number of very important projects that the CIP did not address included \$34 million to build the pipeline from the South Fork Rivanna Reservoir to the Ragged Mountain Reservoir, \$7 million for the

rural pump station replacement construction project, and \$14 million for the Observatory Water Treatment Plant Expansion project. Although he believed the additional debt being proposed in this CIP amounted to \$81 million, there was probably another \$81 million or more for projects beyond the five-year planning period. During a joint meeting of the boards, the City and the Albemarle County Service Authority (ACSA) could present their CIP's so that the public and all the decision makers could better "get on one financial page" for the community.

Mr. Martin further stated that it was a significant time in the history of Albemarle County due to the amount of development and growth taking place now. A joint meeting could be an opportunity to consider the impact of land use decisions on water and wastewater capital improvement requirements. He mentioned the recently proposed Biscuit Run development, which was a massive project that might present some difficult problems to overcome. It would also be an opportunity to get a frank assessment as to whether the public thought they could do a little more in terms of the rate. Referring to the proposed budget, Mr. Martin noted that the City water rate would increase by \$0.08 per thousand gallons and the ACSA's water rate would increase by \$0.20 per thousand gallons. The wastewater rate for both the City and the ACSA would increase by \$0.37 per thousand gallons. He suggested that those rates might be too low and that the public might be willing to pay more. If the public could pay more upfront to reduce the amount of RWSA's debt in later years, he felt would be to the public's benefit. The issue of reducing future debt could also be discussed during this joint meeting.

Mr. Martin next commented that the University of Virginia (the University) pays RWSA's wholesale rate to the City plus an additional 25 percent, which was lower than ACSA's rate. The University was the major driver of growth in this community. He wondered why the University pays a lower City rate than the higher ACSA rate, and he felt this issue should be reexamined.

In conclusion, Mr. Martin asked that the Board consider his suggestion since there was a precedence for holding a joint meeting of the four boards. It was useful when dealing with the outline of the Water Supply project, and he felt it could be useful again. He noted that his reference to the public included the business community – builders and developers – and he was certain that all this information would be very useful and important to them as well.

Ms. Jerry McCormick-Ray, who was representing Citizens for Albemarle, next commented that she was responding to the newspaper article written by Jeremy Borden entitled *Water system projects could cost area residents* in which he spoke of the accelerating costs that the wastewater treatment upgrades would impose on citizens in this community. She stated that these costs were required because our waterways in the Chesapeake Bay were responding to "centuries of abuse." It was not something we were required to pay because of what Richmond had imposed. The environment has reached its "carrying capacity" and could no longer absorb what we continue to impose on it. The costs for the upgrades to the treatment facility she felt were very much needed, not only locally but across Virginia. Ms. McCormick-Ray further stated that the "shrinking capacity" of our waterway systems was not only a Chesapeake Bay problem but it was also a local issue in Albemarle County – our reservoirs, waterway systems, and how we treated our environment. Approval of new development was "too often over-shadowing the good sense and it was compromising the environment and its free services that keep the price of doing business down." She believes that as free services are lost, society will have to subsidize the costs or lose the benefits. "How many trees can a forest lose before streams can run brown with sediment and

pollution, fill our reservoirs, and require expensive dredging? How many wetlands can be lost before groundwater is affected? How will climate change and the drought-flood scenarios that we could experience affect the cost of water supply in the future?" With the "price tag" of \$100 million to meet the 50-year Water Supply Plan, there will be additional costs that the citizens will need to absorb. There were costs associated with the additional pipelines, the repairs, the accidents, and the upgrades of "antiquated" technology. "How much debt can the County assume?" Ms. McCormick-Ray stated that in the face of these costs, approval of new development, such as Albemarle Place and Biscuit Run, would invite more users and more pollution. As we go into the Twenty-First Century, she asked if RWSA were missing the big picture in terms of integrating our water supply and treatment costs with the consequences of environmental change and the subsequent changes to our water supply system. She understood and recognized that RWSA was dealing with the needs of The Nature Conservancy. She felt it was a "piecemeal" effort and was asking about the "whole integrated question of development, where the development is going, and environmental and subsequent impacts that it will have on our water supply system." Ms. McCormick-Ray added that if the big picture was not taken, the Citizens for Albemarle see an "unsustainable water supply coming down the road with unaffordable prices." Although water was now freely supplied by nature, there were limits. "What are the social and economic costs when natural water supplies and increasing loads of pollution meet a comprised environment and more water needs?"

Mr. John Cruickshank, resident of Earlysville, Virginia, next commented that he was speaking today as a representative of the Piedmont Group of the Sierra Club, which has about 1,150 members in Central Virginia, and read the following statement:

"The Sierra Club has serious concerns about the pattern of growth that is occurring in this area. We are witnessing a rush to develop without a well thought out plan and safeguards for our natural resources. Just as architects draw blueprints and teachers develop specific learning objectives to achieve their goals, a community should know what it wants to become and carefully plan to make this a reality. The proposed rezoning of the Biscuit Run property is an issue that will have far reaching consequences and may drastically change the character of the greater Charlottesville area. Fundamental questions about transportation, water supply, sewage treatment and environmental protection remain unanswered. The Rivanna Water & Sewer Authority should study this issue and determine if Albemarle County can meet the demands for the proposed Biscuit Run development and remain true to its environmental commitments. "The Sierra Club is sponsoring a petition drive to ask the Albemarle Board of Supervisors to conduct a full analysis of the impact of the proposed Biscuit Run development on surrounding rural areas before making a decision on the rezoning of the property. I have with me 189 signatures on this petition so far, and other club members probably have collected at least as many. Frankly, I have encountered very few citizens in Charlottesville or Albemarle County who believe that this huge development is a good idea. I urge you to sign our petition and join other citizens of Charlottesville and Albemarle in telling the Board of Supervisors to slow down the process, study the situation, and carefully plan for our future. We all want this to be an area where our grandchildren will choose to live."

Mr Cruickshank then distributed copies of the petition to the Board members. A copy of the petition is attached to these minutes.

Mr. Jack Marshall, speaking as President of Advocates for Sustainable Albemarle Population (ASAP), next commented as follows:

“As a public utility that responds to the water and wastewater treatment needs of the City and the County, RWSA clearly does not have responsibility to control local population growth. But it is the Authority’s responsibility to appraise City and County officials of infrastructure capacities and economic implications of the actions of the City or County decision makers proposed to take regarding growth and development. We are here today because proposed action involving Biscuit Run involves dramatic evidence of the inadequacy of information about County actions that threaten the physical and economic welfare of the citizens. Even without Biscuit Run, huge expenses for community water and wastewater treatment infrastructure are anticipated as a result of simply replacing old pipes, interceptors and other facilities, upgrading to meet new state and federal standards, and expanding the capacities to handle projected demands for growing populations. But, it is not clear to us that the water and sewer infrastructure costs of the proposed Biscuit Run rezoning have been sufficiently built into your calculations for future costs. In any case, the public is unaware of the implications of Biscuit Run on increased rate costs for taxpayers. Biscuit Run should not be approved until RWSA presents to the Albemarle County Board of Supervisors and the Charlottesville City Council an assessment of the effects of the proposed rezoning on the capacities of the water and sewer infrastructure and economic costs to the taxpayers and ratepayers in the City and the County. The current vulcanized decision-making apparatus advances a process that seems to privatize the profits of developments while shifting the costs to the citizens of the City and County. Growth does not pay for itself. The public needs an accurate and thorough estimate of the infrastructure costs of each proposed residential and commercial development and a clear explanation of who is expected to pay these costs. The Authority obviously plays an essential role in this. That’s not easy. But even more difficult, in the effort to allow a community to make informed decisions, is the need to keep the public and our decision makers informed about the cumulative costs of both. That’s the issue today. What will 3,000 new residential units in the Biscuit Run development demand for water and water treatment facilities on top of other demands placed on them? What will this additional effort cost us on top of the other costs? Who will pay and how and when? These are questions we think you need to answer before our elected officials, presumably expressing the will of their constituents, are able to address a larger question: Are the costs of Biscuit Run matched by the long-term benefits of this development for our whole community?”

Dr. Carleton Ray, who is an Ecologist at the University of Virginia, next commented that he was “shocked” at the 50-year horizon used for planning purposes. He has been out of college longer than that and would suggest that 100 years be used to project future water and sewer needs for this community. He realized that RWSA was not mandated to use that length of time, but he thought that the systems were already beyond “carrying capacity.” Biscuit Run and Albemarle Place were going to be “the straws that break the camel’s back” or at least cause the situation to become “totally intolerable.” He further stated that engineering could not fix this, and he would suggest beginning the process to expand the planning horizon to at least 100 years.

As there were no further comments from the public, Mr. Gaffney thanked everyone who spoke today. He further stated that although some of the comments were not particularly directed to

RWSA in total but to other agencies, all input is valuable and would be considered with the intent that it was delivered.

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) Design Services – Route 29 Pipeline and Pumping Station, Preliminary Engineering

In regards to **Item 5c), Staff Report on On-going Projects**, Mr. Fern stated that under the “Ragged Mountain Dam Rehabilitation Study” it was reported that a 22-month extension to the Class I Conditional Certificates for both the Upper and Lower Ragged Mountain Dam facilities had been approved. The certificate extension would expire in January 2009, but the Department of Conservation and Recreation (DCR) was requiring that the study and design documents for the new dam facility be submitted no later than November 2008. He inquired if RWSA anticipated that DCR would grant another extension in January 2009. Mr. Frederick recognized Ms. Whitaker, RWSA Chief Engineer, who stated that the cover letter from DCR indicated a 22-month extension to be complete in November 2008. She further indicated that it might have been an oversight that that time frame for the certificate extensions was not correct in the Board report. Ms. Whitaker confirmed that November 2008 was the correct expiration date, and DCR would make a decision at that time on whether to issue another extension, issue a new permit, or issue a construction bridge permit.

As there were no further questions or discussion, Mr. Tucker moved, which was seconded by Mr. Fern, that the Board of Directors vote to approve **Items 5a), b), c), and d)** of the Consent Agenda. The motion was approved by a 4 – 0 vote.

6.0 Other Business

In regards to **Item 6a), Award of E3 Designation for Moores Creek WWTP and Administration**, Mr. Frederick recognized Ms. Anne Bedarf, Rivanna’s Environmental and Safety Manager, who would provide some background information on the E3 designation being awarded today and also introduce some special guests in attendance at the meeting.

Ms. Bedarf first thanked the Board for allowing her the opportunity to facilitate the Environmental Management System (EMS) process, which was one of her job expectations when she came to the Authority. She felt that the Board’s support contributed to the successful implementation of the EMS Program at Rivanna.

Ms. Bedarf next stated that when she began her employment about five years ago, the Authority already had strong programs in place so it was difficult to find ways to continually improve operations. All of the Rivanna staff in attendance today, as well as some members of the public, participated on the EMS team that identified areas for improvement, which include spill planning

and prevention, water use reduction, and increased recycling efforts. She added that water use was reduced by 95 percent and that 2,200 pounds of material was recycled at the Moores Creek complex alone during 2006. Ms. Bedarf truly felt that the EMS pollution prevention and beyond compliance principles have become standard operating practices at the Authority, which she considered one of the greatest accomplishments from this endeavor. Other areas where improvements are underway included fuel and energy consumption. The results of a recently conducted energy audit will be integrated into the evaluation process.

Ms. Bedarf then recognized the plant managers, Mr. Norman Wescoat and Mr. Cary Lang, whose dedication and leadership during the EMS process was greatly appreciated.

Ms. Bedarf also reported that implementation of the EMS Program throughout the Authorities continues to move forward. The facilitation process has recently been completed on the solid waste facilities, which included the Material Utilization Center, the McIntire Recycling Center, and the Paper Sort facility, and will kick-off at the Observatory Water Treatment Plant tomorrow. Rivanna has also benefited from continued discussions and information sharing with its partner organizations: the City of Charlottesville, Albemarle County, Albemarle County Service Authority, Albemarle County Schools, and the University of Virginia. The group's work is recognized by VA DEQ and featured on their website.

Ms. Bedarf again thanked the Board for the opportunity to successfully implement the EMS Program and to continue to find ways to improve sustainably the integration of environmental, human, and economic impacts of Rivanna's operations.

Ms. Bedarf next introduced the VA DEQ staff who were attending today's meeting. In addition to Mr. Bob Estes from the Office of Pollution Prevention in Richmond, Ms. Sharon Baxter, Director of the Office of Pollution Prevention, was also in attendance. Ms. Bedarf then recognized Ms. Amy Owens, Director of the Valley Regional Office in Harrisonburg, who would present the E3 Designation award to the Moores Creek WWTP and Administration on behalf of VA DEQ.

Ms. Owens stated that it was a great pleasure for VA DEQ to provide this recognition to the Moores Creek WWTP. She further stated that Ms. Bedarf was correct when she explained that EMS systems not only suit the environment but also streamline operations and provide taxpayers with substantial cost savings. VA DEQ was very pleased to offer the Environmental Excellence Program, and it was a tremendous achievement to receive an E3 Designation. The Moores Creek WWTP had previously earned an E2 Designation. The award today of the E3 Designation meant that this facility had a very good compliance history and has implemented a comprehensive EMS Program. Ms. Owens then outlined the following improvements that the Moores Creek WWTP has pledged to implement:

- Installation of fine screens at the Headworks to address the problems of rags during the treatment process;
- Sampling of stormwater above and beyond permit requirements;
- Membership in the Rivanna Regional Stormwater Education Partnership;
- Voluntary installation of stormwater filter inserts;

- Changing from an on-site composting to composting off-site in a certified facility in Richmond in response to community concerns;
- Expansion of the spill prevention program with additional equipment and training;
- Switching to a non-chlorinated brake fluid product;
- Conducted Energy Audit and concurrent upgrades are underway; and
- Environmentally-friendly renovations taking place in this building.

Ms. Owens added that VA DEQ thanks Ms. Bedarf for her great leadership in the formation of the Charlottesville Regional EMS network.

Ms. Owens next commented that the Virginia Environmental Excellence Program is a national leader, recognized not only by other states but also the Environmental Protection Agency (EPA). The program began in the mid-1990's, and became more active during the past six years. There are several hundred facilities across the Commonwealth that participate in this program, but only about one-fifth of those accepted into the program receive the E3 and E4 Designations. By gaining this E3 Designation, the Moores Creek WWTP is not only a statewide leader but also a national leader.

Ms. Owens then presented the award of E3 Designation to the Moores Creek WWTP on behalf of Governor Kaine, Secretary Bryant, and VA DEQ Director David Paylor. She thanked the staff at the Moores Creek WWTP for their efforts and congratulated them for the recognition they were receiving today. The award presentation included a plaque and a banner in commemoration of this honor.

Mr. Gaffney thanked the VA DEQ for their attendance at today's meeting. He also congratulated Ms. Bedarf for all of her hard work and coordination of efforts to achieve this honor.

In regards to **Item 6b), Resolution of Appreciation for Mr. Paul A. Shoop**, Mr. Gaffney asked Mr. Shoop who was in attendance at the meeting to join him at the Board table. Mr Gaffney then read the following Resolution:

**RIVANNA WATER & SEWER AUTHORITY
BOARD OF DIRECTORS**

Resolution of Appreciation for Paul A. Shoop

WHEREAS, Mr. Paul A. Shoop has served as a past member of the Rivanna Water & Sewer Authority staff from 1981-1989, and has continued to provided superior support services to RWSA as Director of Engineering of the ACSA; and

WHEREAS, Mr. Shoop has demonstrated leadership in the water and wastewater field and has been a valuable resource to the Authority; and

WHEREAS, Mr. Shoop's understanding of the water and wastewater operations of Albemarle County, City of Charlottesville, and Rivanna Water & Sewer Authority

facilitated a decision-making process that considered not only the benefits to the customers served by the Albemarle County Service Authority but also the impacts to the combined utilities and the community as a whole; and

WHEREAS, the Rivanna Water & Sewer Authority Board of Directors is most grateful for the professional and personal contributions Mr. Shoop has provided to the Rivanna Water & Sewer Authority and to the community; and

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority Board of Directors recognizes, thanks, and commends Mr. Shoop for his distinguished service, efforts, and achievements as a past member of the Rivanna Water & Sewer Authority staff, 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., Secretary-Treasurer
Judith M. Mueller
Gary B. O'Connell
Gary W. Fern

Mr. Frederick next stated that before Mr. Shoop went on to a prestigious career with ACSA, he was employed with RWSA for eight years. He understood that when Mr. Shoop first came to the Authority, the Moores Creek WWTP was still under construction and Mr. Shoop facilitated the completion of the project in order to get the facility into operation. The Moores Creek WWTP is still in operation and has provided many years of service to this community. Mr. Shoop has also been involved with a number of facilities that are still being operated by RWSA. As a remembrance of RWSA and to also memorialize the hard work he provided to the entire community, Mr. Frederick presented Mr. Shoop with an aerial photograph of the Moores Creek WWTP and the surrounding areas.

Mr. Shoop thanked the Board and the Authority for this honor. He then referred to Mr. Raymond Thacker, who is the 100 year old influential ex-Mayor of the Town of Scottsville. A few years ago Mr. Shoop asked Mr. Thacker how he managed to bring the Town of Scottsville back from the floods of the late 1960's to the early 1970's. Mr. Thacker responded that in order to be successful, you needed to start at the top. When Mr. Shoop came to RWSA, Mr. George Williams was the Executive Director, Ms. Treva Cromwell was the Chairman of the Board, Mr. Guy Agnor, Mr. Cole Hendrix and Mr. J. Harvey Bailey were Board members, with Ms. Judy Mueller joining the Board at a later date. RWSA staff at that time included Mr. Norman Wescoat and Mr. Richard Defibaugh, who individually are very much responsible for the operation of the water and wastewater systems. He felt that it would have been very difficult not to be successful with that group of individuals providing support. Mr. Shoop thanked RWSA for giving him the opportunity to "start at the top."

Mr. Fern moved, which was seconded by Mr. Tucker, that the Board of Directors vote to approve the above Resolution of Appreciation for Mr. Paul A. Shoop and that the Resolution be entered into the permanent minutes of the Rivanna Water & Sewer Authority. The motion was approved by a 4 – 0 vote.

In regards to **Item 6c), Five-Year Capital Improvement Plan**, Mr. Frederick noted the positive interest of several citizens with the proposed Capital Improvement Plan (CIP) by taking the time to review the plan and offer comments at today's meeting. He then provided some background information for members of the public who were new to this process. RWSA reviews and requests the adoption of a new Five-Year CIP on an annual basis. This process allowed RWSA to look into the future rather than just looking at the immediate issues, which facilitated better financial planning and enabled the Authority to identify some trends.

Mr. Frederick further stated that RWSA has identified some current trends and issues that need to be tackled in order for the Authority to achieve its goals of providing excellent services to this community. One of the trends related to RWSA's aging infrastructure that will need to be addressed with costly rehabilitation or replacement in many cases. Additionally, some of RWSA's facilities are reaching their design capacities and might require expansion. Staff was seeing a correlation between those facilities reaching capacity and the aged facilities that needed to be addressed whether or not expansion occurred. There were also many new state and federal regulations coming forward that called for mandates not previously required, which included upgrades, higher levels of technology, and higher and more expensive infrastructure.

Mr. Frederick next reported that three of the 40 plus projects listed in the Five-Year CIP were very large in scope. The Ragged Mountain Reservoir is proposed to be completed in the next five years and is currently estimated to cost \$34.6 million. The replacement of the Meadowcreek Interceptor sewer pipeline will cost an estimated \$13.4 million. The Authority anticipated that these two projects would need to be funded locally. The reduction of nutrients at the Moores Creek WWTP through advanced technology is estimated to cost \$34.6 million. RWSA was currently in negotiations with VA DEQ with respect to WQIF grant funding, which could cover some but definitely not all the costs associated with the upgrade project.

Mr. Frederick then commented that RWSA would invite discussion and questions from the Board on the proposed Five-Year CIP that was being introduced today but would not be requesting adoption of the plan at this time. The Authority would suggest an approval date of March 26, 2006, which is the next regularly scheduled Board meeting.

Mr. Frederick next collectively thanked everyone on staff for all their efforts in assembling and incorporating all the data into a plan of this size and scope. He personally recognized the work of Ms. Jennifer Whitaker, Chief Engineer, and Mr. Chuck Kent, Capital Projects Engineer, who headed much of the project. Mr. Lonnie Wood, Director of Finance and Administration, and administrative staff conducted the financial analysis and assisted with gathering the information. Dr. Bob Wichser, Director of Water and Wastewater, was involved with much of the project review process, and all the Water, Wastewater, and Maintenance Managers assisted with shaping this plan.

Mr. Tucker asked if Mr. Fern and Ms. Mueller had been given the opportunity to review the plan prior to today's meeting. Mr. Fern stated that he and Ms. Mueller had gone over the plan during a meeting with RWSA staff in advance of today's meeting.

Mr. Gaffney next inquired if the FY 2007 figures were in line with what had been budgeted in last year's CIP. Mr. Frederick responded that based on staff reports, the FY 2007 figures were within budget for the most part. In some projects, RWSA has been able to save some money. He then asked Ms. Jennifer Whitaker if there were any issues that would impact the FY 2007 Capital budget figures. Ms. Whitaker stated that RWSA was currently undertaking several projects, and from an overall basis, all of the projects were currently on schedule and the work was being performed at or under budget. She added that a listing of completed projects was added to the introduction of this year's CIP, which reflected the substantial progress being made on those projects due to increased staffing this year. Mr. Frederick added that some of the projects introduced last year have been refined in both the scope and the numbers when programmed into the later years in the proposed plan. He used the Route 29 Pipeline and Pump Station project as example where the completion of the preliminary engineering work led to refined and better estimates for future year programs. RWSA sometimes uses its "best estimate" for projects that were anticipated to be completed within the next five years, but the scope could not be completed due to pending regulatory decisions or other factors. These "best estimates" would be built into the Authority's financial planning and would be refined once better information was obtained on the costs of the projects.

Mr. Tucker next commented that he thought the proposed Five-Year CIP was a good and comprehensive plan and was laid out so that it could be easily understood by the public. He further stated that although the plan did not use a 100-year planning horizon as proposed by Dr. Carleton Ray during the Public Comment period of the meeting, the plan would provide services for more than the five-year time frame.

Mr. Tucker also addressed Mr. John Martin's earlier suggestion concerning holding a joint meeting of the local boards. He stated that as the Albemarle County Board of Supervisors had requested that they be kept informed on budgetary matters that impact the community, Mr. Tucker will schedule a time for Mr. Frederick to present this information at a Board of Supervisors meeting in the near future.

Mr. O'Connell next explained that once the Board considers and adopts the Five-Year CIP, the numbers get built into a rate analysis that is performed by City staff. He further stated that the City's two-step budget process involved a review of the operating budgets for all the City departments over the next month and then a presentation of the utility budgets to City Council in May. At that point City Council would call for public hearings and public discussions about the proposed utility rates and the impact of the Five-Year CIP on future rates.

Mr. Fern then stated that since he had the opportunity to review the proposed plan at an earlier date, ACSA has already begun work on its budget and he will need to present the document at the March Board of Directors Meeting.

In regard to **Item 6d), Proposed Budget for Fiscal Year 2007-08**, Mr. Frederick stated that RWSA was also introducing today the first draft of a comprehensive budget for Fiscal Year 2007-08. In some ways this proposed budget reflected some of the information included in the Five-Year CIP, particularly where it anticipated debt service and reserves needed to finance the capital projects. Significant features of the proposed budget were highlighted in the Executive Summary at the front of the budget document, which he further reviewed as follows:

- There are increased operating costs in wastewater that were associated with the decision to contract composting to an outside facility in Richmond.
- There have been increased maintenance costs this year due to repairs to sewer interceptors. As previously mentioned to the Board, RWSA was taking a more proactive effort to identify problems and issues before they became emergency situations. After needed repairs have been identified, it creates an obligation on Rivanna's part to get the work completed within a time frame that accomplishes the proactive nature of those inspections. For next year, an allowance for unexpected repair work is included in the operating budget, which will impact the wholesale rates upfront.
- Additional costs have been included for contracted services for sewer condition assessments.
- There is a need to rebuild the wastewater reserves due to the use of reserves for unexpected costs in FY 2007.
- There were higher market costs for commodities affected by increased fuel prices, which has had a significant impact on chemical costs. It was also anticipated that electrical costs would increase after a "cap" on electric rates expires later this year. There has been recent legislation related to this issue that staff has not had an opportunity to study in depth at this time. The Board will be informed if there are further impacts as a result of this action.
- In order to have a good staff that is responsive and provides for the needs of RWSA, he felt it was important to provide a competitive environment in terms of salaries and benefits. Those increased employee-related costs were reflected in the proposed budget.

Mr. Frederick further reported that staffing requests for FY 2008 are down one position from the previous year and included three new positions and the deletion of four positions. Two of the four deleted positions were related to the Authority no longer operating a composting facility. The three positions being added reflect the need for more professional services, particularly in RWSA's Engineering Department to address the very ambitious CIP that was presented today.

Mr. Frederick also commented that many on staff provided information and assisted with the development of this document. He particularly recognized and was appreciative of Mr. Lonnie Wood's efforts with respect to the operating budget. Mr. Wood "spearheads" the gathering of all the information from different staff and different departments, which facilitated the process for Mr. Frederick.

Mr. Tucker referred to the proposed 4.7 percent merit pool and inquired about the basis for this figure. Mr. Wood stated that he based the merit pool figure each year on information provided by the City, Albemarle County, and ACSA during the budget process. Last year, the County's budget included a 3.95 percent market rate adjustment plus 0.7 percent merit pool allowance. RWSA's merit pool figure in last year's approved budget was 4 percent. Mr. Wood further commented that information he received indicated that the County would propose numbers similar to what was approved for County employees in FY 2007. Mr. Tucker stated that the County was proposing a 4.0 percent merit pool and a 0.2 or 0.3 percent scale adjustment in this year's budget. Mr. Tucker then asked what the City and ACSA were proposing as merit pool figures. Mr. O'Connell stated that the City was proposing a 4 percent merit pool, and Mr. Fern indicated that ACSA was considering a figure between 4 and 5 percent.

Mr. Tucker moved, which was seconded by Mr. Fern, that the Board of Directors vote to adopt the following proposed water and wastewater rates as preliminary rates, and authorize RWSA to advertise the rates as preliminary rates for the required 60 days for the purposes of notification of a public hearing to be held on May 21, 2007 at 2:00 p.m. during the regularly scheduled Board of Directors meeting:

**RIVANNA WATER & SEWER AUTHORITY
PUBLIC HEARING CONCERNING THE DRAFT BUDGET AND
PROPOSED RATE INCREASES
FOR FY 2008, WHICH BEGINS JULY 1, 2007**

Public Hearing:

Rivanna Water & Sewer Authority will hold a Public Hearing on Monday, May 21, 2007 at 2:00 p.m. to be held with the regular Rivanna Water & Sewer Authority Board of Directors meeting at the Rivanna Water & Sewer Authority Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia. The public hearing is to consider the following wholesale water and wastewater rates to the City of Charlottesville and Albemarle County Service Authority. Adopted rates may or may not be what are advertised.

WATER RATES

Urban Area
City - \$2.230/1000 gal.
ACSA - \$2.916/1000 gal.

Crozet - \$43,082/monthly
Scottsville Water - \$33,869/monthly

WASTEWATER RATES

Urban Area
City - \$2.239/1000 gal.
ACSA - \$2.466/1000 gal.

Glenmore - \$19,806/monthly
Scottsville Wastewater - \$24,952/monthly

SEPTAGE RATES

Local Haulers - \$72.00/1000 gal. (\$.072/gal.)
Outside Haulers - 99.00/1000 gal. (\$.099gal.)

After normal business hours:

Local Haulers - \$99.00/1000 gal. (\$.099/gal.)
Outside Haulers - \$138.00/1000 gal. (\$.138/gal.)

VOTE:

AYES: Mr. Fern, Mr. Gaffney, Mr. O'Connell, and Mr. Tucker

NAYS: 0

ABSENT DURING VOTE: Ms. Judith Mueller

ABSENT DURING MEETING: Ms. Judith Mueller

7.0 Other Items from Board/Staff not on Agenda

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

8.0 Meeting Recess

Mr. Tucker moved, which was seconded by Mr. O'Connell, that the Rivanna Water & Sewer Authority Board of Directors Meeting be recessed at this time and be reconvened at the conclusion of the Rivanna Solid Waste Board of Directors Meeting in order to enter in to a closed meeting to discuss the potential acquisition and disposition of real property. By a 4 – 0 vote, the motion was approved and the meeting was recessed at 2:56 p.m.

9.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors Meeting was reconvened at 3:12 p.m.

10.0 Closed Meeting

Mr. Tucker made the following motion, which was seconded by Mr. Fern:

RESOLVED that the Board of Directors of the Rivanna Water & Sewer Authority enter into a closed meeting to discuss the potential acquisition and disposition of real property as permitted by Section 2.2-3711.A.3 of the Code of Virginia.

By a 4 – 0 vote, the motion was approved and the Board of Directors of the Rivanna Water & Sewer Authority went into a closed meeting at 3:15 p.m.

ATTENDEES: Mr. Fern, Mr. Gaffney, Mr. O'Connell, Mr. Tucker, Mr. Frederick, Mr. Krueger, Ms. Whitaker, and Mr. Wood.

11.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors Meeting was reconvened at 4:00 p.m.

Mr. Tucker made the following motion, which was seconded by Mr. Fern;

WHEREAS, the Rivanna Water and Sewer Authority has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712.D of the Code of Virginia requires a certification by the Rivanna Water & Sewer Authority that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which this certification resolution applies, (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Rivanna Water & Sewer Authority.

There being no further discussion, Mr. Gaffney called for a roll call vote: Mr. Gaffney – Aye, Mr. Tucker – Aye, and Mr. Fern – Aye. Mr. O'Connell left the meeting before the Board ended its closed session, and a separate certification from Mr. O'Connell will be attached to these minutes.

12.0 Adjournment

There being no further business, Mr. Tucker moved that the meeting be adjourned, seconded by Mr. Fern. All members voted aye, and the meeting was adjourned at 4:03 p.m.

Respectfully submitted,

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