

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
January 24, 2005

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, January 24, 2005 at 2:00 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

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

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Ms. Michelle Simpson, Ms. Kathy Ware, Mr. Norman Wescoat, 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. Michael Gaffney on Monday, January 24, 2005 at 2:04 p.m., and he noted that a quorum was present.

Mr. Gaffney welcomed his fellow Board members, RWSA staff, and members of the public in attendance at the meeting.

2.0 Minutes Of Previous Board Meeting

Upon a motion by Mr. Tucker, and seconded by Mrs. Mueller, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, December 20, 2004. Mr. O’Connell abstained from that vote due to his absence from that meeting.

Upon a motion by Mr. Tucker, and seconded by Mrs. Mueller, the Board of Directors by a 4 – 0 vote approved the minutes of the special Board meeting held on Thursday, December 2, 2004 concerning the Public Outreach Meeting on the South Fork Rivanna Expansion concept. Mr. Gaffney abstained from the vote due to his absence from that meeting.

3.0 Executive Director’s Report

There was no Executive Director’s Report this month.

4.0 Items From The Public

Mr. John Martin, Free Union, Virginia, made the following statement:

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“I would like to inquire whether Rivanna intends to seek an extension of time from the Dam Safety people to allow for more time and provide less pressure for water supply decision making?”

Mr. Neil Williamson from the Free Enterprise Forum made the following statement:

“The land to the Buck Mountain Reservoir was obtained with the intent of building a reservoir. This land has been paid for by the ratepayers, and now it appears that the Buck Mountain Reservoir may not be built. The Free Enterprise Forum has learned of several individuals proposing that Rivanna place the Buck Mountain Reservoir into a perpetual conservation easement. While the Free Enterprise Forum clearly supports the use of voluntary conservation easements, we are opposed to Buck Mountain as a conservation easement because we do not believe it is voluntary. This land was purchased to provide for the future community water needs of the community. If Buck Mountain Reservoir is no longer a part of those needs, Rivanna should carefully consider its options for this land. Even land conservancy advocates will agree that placing Buck Mountain into a restricted conservation easement will reduce the future market value. Such a reduction would diminish the return of the investment of the ratepayers. Often conservation easements are used to alleviate the tax burden or remove a potential parcel from development pressure. This is clearly not the case with this land. All of the Community Water Supply options under consideration will require a significant investment. To place Buck Mountain into a conservation easement at this time would unfairly tie the hands of the Authority and would be wrong to anyone whoever saw and paid a Buck Mountain surcharge on their bill. Thank you.”

Ms. Lois Rochester from Albemarle County made the following statement:

“I would like very much to hear an answer to Mr. Martin’s question, and I was wondering if you were going to be able to address that today?”

Mr. Frederick responded that RWSA did not have any plans at this point in time to address any further extensions with the Dam Safety Division. Rivanna has already asked for several extensions. The last permit issued to RWSA by Dam Safety officials was only for a 12-month time frame and came with a very strong stipulation that Rivanna move forward with the project. He did not know of anything that would be gained at this time for requesting another extension. He felt that Rivanna needed to continue the commitment that was made a year ago to Dam Safety, which was to do everything possible within the Authority’s power to reach a decision as soon as possible.

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Mr. Tucker added that Dam Safety was aware of the process that was being undertaken and timelines being imposed for the Community Water Supply Plan Update. Mr. Frederick also commented that he felt granting the extension was a very generous decision on the part of Dam Safety as they could have required that RWSA begin the design work at that time.

Mr. Gaffney thanked the members of the public who provided comments at the meeting and added that public input is important to Rivanna and would be taken under consideration.

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) Staff Report on Community Water Supply Plan
- 5e) Update on The Nature Conservancy's Adaptive Management Program for In-stream Flows

In regards to **Item 5e), Update on The Nature Conservancy's Adaptive Management Program**, Mr. Gaffney referred to page 2 of the report which included flow amounts. He asked if these figures were based on The Nature Conservancy's (TNC) estimates of what would be flowing at the base of Sugar Hollow if the dam was not there.

Mr. Frederick explained that the first full paragraph on page 2 of his Memorandum to the Board references the table on page 5 of The Nature Conservancy's report concerning wet and dry low-flow targets. The example used to help illustrate these figures was the Moormans release at the base of the Sugar Hollow Dam. It is RWSA's understanding that much of the hydrologic data examined by TNC was prepared by Gannett Fleming in a report issued one year ago where the safe yield issue was readdressed for the Rivanna system. Gannett Fleming had taken hydrologic data from U.S. Geological Survey (USGS) stream gauges in our watershed that were unchanged from dams, such as on the Mechums River, and also used figures from other undammed Piedmont streams in Virginia.

Mr. Frederick further reported that TNC conducted a consolidated analysis of the unimpeded stream flow data from 1925 to the present to determine what the anticipated flows for those streams would be during different parts of the year. For

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each month of the calendar year, TNC took the 80 years of record for each location to determine which year in that time frame the flow was the lowest for that particular month. TNC then took the median of the flows for every day within that month to establish the dry flow target. These figures are being called preliminary targets because of the six to nine months needed to review the data by a committee of scientists from various fields within the watershed to determine the validity of these numbers.

Mr. Gaffney also inquired if it was possible for TNC staff to attend the February Board meeting to discuss this data in further detail. Mr. Frederick stated that based on discussions with TNC, he felt it would be possible to make those arrangements. Mr. O'Connell asked if this would provide Gannett Fleming with sufficient time to conduct a preliminary assessment of this data. Mr. Frederick stated that RWSA has requested the information by that date, but at this point in their study, Gannett Fleming did not feel that a commitment could be made at this time.

Mr. Tucker inquired if TNC was submitting reports to RWSA on a quarterly basis. Mr. Frederick stated that the TNC study process involved three phases. A kick-off meeting will be held in February with a collaboration of scientists, who each have a different level of expertise. After review of the data, negotiation sessions will be held during the next six to nine months in order to develop a consensus on the refinement of the numbers. Mr. Frederick added that it was not known at this time what additional information would be forthcoming from TNC after this collaborative process has been completed. Recent conversations with Mr. Ridge Schuyler has suggested that RWSA could be a participant or receive updates as the process moves forward.

Mr. Gaffney then quoted a statement contained in the report as follows: "... we can not be certain at this time whether the proposal to increase a size of a reservoir for the purpose of improving in-stream flow may not be seen as increasing environmental impacts as they are measured through additional wetland and stream inundation." He asked if this issue could be addressed with the regulators by the next Board meeting. Mr. Frederick stated that RWSA would be in a better position to discuss this matter with the regulators once staff has had an opportunity to review Gannett Fleming's data analysis.

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

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6.0 Other Business

In regards to **Item 6a), Report on Capital Improvement Plan**, Mr. Frederick stated that the document was introduced at the December Board meeting. It was agreed that the Plan would be placed again on the agenda for the January 24, 2005 meeting, at which time Board action would be considered.

Mr. Frederick reported that included in the Plan are staff estimates on the progressive impact that the entire five-year period would have on wholesale water rates. Most of the expenditures included in this analysis were from projects scheduled during the latter years of the Plan. The projects listed in FY 2005 can be fully funded with monies already authorized by the Board. At this point, the funding is in the form of a Letter of Credit with Bank of America. RWSA has been obligated to complete a bond sale in order pay off the Letter of Credit. RWSA is awaiting Board action on the adoption of FY 2005 and FY 2006 funding for the Capital Improvement Plan before moving forward with establishing an amount and time line for the bond sale. Mr. Frederick added that he felt it was important to look beyond the one-year time frame when looking at the budget implications on water rates.

Mr. Frederick also commented on an important project concerning a future pipeline along US 29 to connect the South Rivanna Water Treatment Plant to the North Rivanna Water Treatment Plant. This route also includes the area being developed by Regency Centers as a new shopping center. Through successful negotiations, Regency Centers has agreed to provide RWSA with a right-of-way through that property at no cost to Rivanna. Regency Centers would have been otherwise scheduled to relocate a pipeline at the same size that presently exists in that corridor. This agreement allows RWSA to install a larger size pipeline that would meet Rivanna's future needs. VDOT has stipulated that it would not require that the agreement be honored unless the RWSA Board of Directors adopts a Capital Improvement Plan in the very immediate future that puts forward this project as part of the plan.

Mr. Frederick further stated that listed in the Board report are several RWSA projects that are either near completion of the design or approaching the bidding stage and are included in the FY 2005 capital projects. RWSA is requesting Board adoption of the FY 2005 budget of the Capital Improvement Plan in order to carry these projects through to construction.

Mrs. Mueller stated that preliminary estimates suggest that the proposed Capital Improvement Plan would require an Urban water rate increase for the City in the area of 5 percent per year. She inquired if this would begin in FY 2006 and then

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would increase again by 5 percent the following fiscal year. Mr. Wood responded that the increase is for debt service rates only. This does not include the effect of operational costs.

Mrs. Mueller also asked if her understanding was correct that although the Board might be voting to adopt the entire Capital Improvement Plan, the Board would only be approving the projects included in FY 2005 and that projects for FY 2006 would be the basis for rate calculations to be approved as part of the FY 2006 operating budget. Mr. Frederick stated that the Board would have another opportunity to review and refine FY 2006 as part of the adoption of the FY 2006 operating budget. The Board would also have another opportunity next year to review and refine FY 2007, FY 2008, and FY 2009 as RWSA continues to carry a five-year plan forward. Mr. Gaffney asked if that meant the Board would have another five-year Capital Improvement Plan submitted to them at this time next year for their approval. Mr. Frederick replied in the affirmative.

Mr. O'Connell inquired if the amount of the wastewater increase for the City would amount to 50 percent under this plan. Mr. Frederick stated that based on the present numbers at a 5 percent increase compounded each year for five years, the City would experience a little more than a 25 percent increase in the rates for the five years as a composite. Mr. O'Connell further commented that he did not believe the community fully understood the importance of these water supply projects. He suggested that these elements be added to the discussions before the local governing bodies so that the community would have a better understanding of future needs.

Mr. Gaffney inquired if he was correct that as RWSA reserves began to accumulate, a portion of these future capital costs could be funded by those funds. Mr. Wood stated that it has been projected that \$10 million in reserves could be used to offset some of these costs in the long term.

Mr. Frederick added that RWSA recognizes that the Community Water Supply Plan is a large portion of this Capital Improvement Plan. The amount of analysis that can be done at this time is limited until the preferred alternative has been selected. Once that decision has been made, RWSA is committed to make every attempt to find ways to phase-in whichever alternative is chosen in a manner that keeps the costs, if possible, below what is quoted in the Plan.

Mr. Brent commented that there were no optional projects include in the Capital Improvement Plan. He did have one question for clarification concerning the Route 29 North pipeline project. He asked if RWSA would bear the expense of

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installing the new pipeline in exchange for Regency Centers granting RWSA an

easement across that property. Mr. Frederick replied in the affirmative. Mr. Brent inquired if that was the best arrangement that RWSA could negotiate.

Ms. Whitaker replied that Mr. Brent's statement was correct. She further stated that the requirement to relocate the 12-inch pipeline out of the roadway by 3 to 5 feet would change the scope of the project so dramatically that the developer would be facing extensive additional costs. RWSA felt that incurring the expense of moving the water line outside of the roadway would be preferable because once it became a multi-lane highway, Rivanna would have almost no possibility to maintain the pipeline in the median. RWSA approached the negotiations with the perspective of how to make the agreement advantageous for both parties. RWSA believes that this easement would allow the routing of the water line so that a future pipeline and potential pump station could be installed.

Mr. Brent inquired further as to the language of the Deed of Easement concerning any future relocation. Ms. Whitaker stated that preliminary negotiations have been conducted concerning location and general deed language. RWSA will not be able to enter into a formal legal agreement until the Capital Improvement Plan has been approved. Mr. Brent clarified that he was referring to the existing easement on the existing pipeline. Ms. Whitaker commented that the pipeline is currently located in the median of Route 29 North, with part of it under the curb line of the northbound inner lane. Holly Memorial Gardens is located on the eastbound side, and it is her understanding after discussions with the developer and VDOT that there are grave sites located fairly close to Route 29 that could be impacted by a relocation project.

There is no other physical location for the pipeline other than through this property. Moving the pipeline to the west of Route 29 offers not only future accessibility but also right-of-way and control over the pipeline should there be future development issues.

Upon a motion by Mr. Brent, which was seconded by Mrs. Mueller, the Board of Directors voted to approve the Capital Improvement

Mr. Gaffney thanked Ms. Whitaker, Mr. Wood and all RWSA staff who worked on this Capital Improvement Plan and added that he appreciated all their efforts during this process.

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 Closed Meeting

There was no need for a closed meeting.

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9.0 Adjournment

There being no further business, Mr. Tucker moved that the meeting be adjourned, seconded by Mrs. Muller. All members voted aye, and the meeting was adjourned

at 2:30 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer