

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
July 25, 2005

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, July 25, 2005 at 2:00 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

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

Board Member Absent: Mr. Michael Gaffney.

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Mr. Tom Frederick, Mr. Chuck Kent, Ms. Mary Knowles, Ms. Michelle Simpson, Ms. Andrea Terry, Ms. Kathy Ware, Ms. Randi Wescoat, and Dr. Robert Wichser.

Also Present: Mr. Aaron Keno – Vice President of Gannett Fleming, Inc., 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. Gary O’Connell in the Chairman’s absence on Monday, July 25, 2005 at 2:01 p.m., and he noted that a quorum was present.

2.0 Minutes Of Previous Board Meeting

Mr. Frederick noted that there was one typographical error on page 9, paragraph 3, line 3, and requested that “\$36,650” be changed to read “\$35,650.” This figure was stated correctly in the following paragraph. Upon a motion by Mr. Tucker, and seconded by Mr. Brent, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, June 27, 2005 as corrected by Mr. Frederick.

3.0 Executive Director’s Report

Mr. Frederick reported that the recent dry weather period had generated a higher water demand than what the community experienced during the unusually wet summers of 2003 and 2004. Over the past 30 to 60 days, urban water demand was at its highest level since the 2002 drought. As noted in the Operations Report, the average demand for the month of June was 11.1 million gallons per day (MGD). Data so far for July indicated that the July average would also exceed 11 MGD. Mr. Frederick recognized and applauded the City Public Works Department and the Albemarle County Service Authority (ACSA) for taking the lead to further educate

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the community with respect to outdoor water use and for their continuing efforts to encourage water conservation.

Mr. Frederick added that the Authority's revenues would also be impacted by the early summer trends, which would be tracked over the coming months. During periods of high water demand and dry weather conditions, water revenues tended to exceed budget estimates and wastewater revenues to be under budget estimates. Mr. Frederick next reported on the status of the permit extension that was submitted to Virginia Dam Safety on the Ragged Mountain Dams repair work. Based on comments made by a Dam Safety representative at a meeting held in Charlottesville in April 2005, it was felt that it would be appropriate for RWSA to move forward with a permit extension application. RWSA had hoped for either a one-year or two-year permit extension. The action taken by the Dam Safety Board at this time was to give RWSA a three-month extension while further action was being considered. Dam Safety had expressed to RWSA staff their displeasure with the 2011 completion date for the dam repairs. At this point, Dam Safety had not offered a counter position. Mr. Frederick planned to attend the September Dam Safety Board meeting and would keep the Board informed on the status of RWSA's permit extension application.

Mr. Frederick also reported on the Moores Creek Headworks project, which involved removal of large solids, such as rags, from the plant influent. Only two bids were received, and the low bid of over \$3 million was more than 50 percent over the engineer's estimate of \$2.066 million. RWSA staff held discussions with several of the area contractors, as well as the lowest bidder, and found that the difference between the engineer's estimate and the bids largely concerned building construction items, such as concrete, masonry, metals, and piping, and not with the process equipment itself. RWSA's plan at this time was to significantly alter the building construction methods in order to bring the cost of this project closer to the budgeted amount. RWSA was not proposing to take action at today's meeting but could bring back a negotiated price or request that all bids be rejected at the August meeting. RWSA would keep the Board informed on the negotiation process.

Mr. Frederick commented that he felt his final topic was of great interest to the community and could be linked to his discussion on construction pricing trends. The item concerned actions being taken by the Department of Environmental Quality (DEQ) with the State Water Control Board (SWCB) related to wasteload allocations on the James River for nitrogen and phosphorus. Since the Rivanna River was a tributary to the James River, RWSA was impacted by decisions made regarding the James River related to wastewater treatment. While the effect on RWSA operations was related to the James River estuary, the proposed wasteload allocations were part of the Chesapeake Bay initiatives.

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Mr. Frederick further stated that RWSA has been following this issue for some time. During discussions dating back to 2000 and even up to recent months, DEQ indicated that the wasteload allocation for nitrogen would be either 8 milligrams per liter (mg/l), which was 8 parts per million, or 6.34 mg/l. Based on those two numbers, RWSA anticipated a range of possible upgrade construction to the Moores Creek facility in the area of \$8 million to \$15 million. On June 22, 2005, without any prior notice, DEQ published a document six days before the SWCB meeting suggesting that the limit for the James River would be 4 mg/l for all but the Cities of Richmond, Lynchburg, and Hopewell, who would receive significantly higher limits than any other locality located in the James River watershed. RWSA quickly requested an engineering consultant to develop an order of magnitude estimate based on 4 mg/l. Their figures suggested that future capital costs to the Moores Creek Wastewater Treatment Plant for nutrient reduction could amount to \$30 million, which was significantly higher than previous estimates.

Mr. Frederick then discussed another issue that he felt was important to consider while tracking proposed wasteload allocations. He stated that in the most recent legislative session, the State Legislature adopted a nutrient trading program that allowed communities who wished to treat the wastewater to a higher quality than the allocation to sell credits from that difference to other communities who could not or chose not to meet their allocation. The imposition of a stricter limit on RWSA would not only impact the environment but would also affect the Authority's ability to generate credits and sell them for additional revenue.

Mr. Frederick concluded his report on this topic by referencing RWSA staff discussions with DEQ concerning the agency's sudden decision to set a much stricter nutrient limit. DEQ expressed concern with the length of time it would take to meet the Commonwealth's goals with respect to the James River employing a voluntary program that the state used for non-point sources of pollution. DEQ determined that it would be necessary to enforce tighter limits on the point source discharges in order to meet the nutrients standards. Mr. Frederick questioned why the Commonwealth did not put forth the funding to assist the point source discharges to pay for the additional treatment upgrades that would be necessary to meet the stricter state criteria. At this time, funding appropriated by the legislature and available through DEQ programs would not be adequate to cover those additional costs, especially if construction pricing continued its upward trend. Mr. Frederick felt that this was emerging as one of the biggest issues confronting the Authority, and RWSA staff would be closely monitoring the situation.

Mr. Frederick then commented on an item that was not included in his report. He referenced an editorial that was in today's edition of *The Daily Progress* that addressed the nutrient reduction issue and specifically the water supply planning process. He felt there were some positive statements in the article that pertained to the desire for action, which was a sentiment he felt was shared by this community

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in terms of increasing RWSA's infrastructure in order to deal with the water supply issue. He was also pleased to see the comment concerning the need for water conservation, while recognizing that water conservation alone was not going to solve this issue without the supporting infrastructure. He did not want to leave the impression that might have been conveyed by the editorial that there was still a lack of action with regard to water supply options or that there was continued disagreement in the community on the approach taken by RWSA. The feedback that he had been receiving on a consistent basis was that the solution now being put forward had broad community support. He then referenced the RWSA website and the number of technical memoranda and reports that had been issued in the last 12 months, together with the Public Outreach Meetings and the plan for moving forward with the process that was included on today's agenda. He felt strong action and not "inaction" would characterize efforts being undertaken now on the water supply options.

Mrs. Mueller asked when the \$2.066 million engineering estimate was made on the Moores Creek Headworks project as the City had seen about a 1 percent per month increase in construction costs. Mr. Frederick replied that RWSA had been alerted to trends over the past year, especially in metal pricing, and had asked Hazen and Sawyer to closely monitor the market as it pertained to this project. Dr. Wichser added that the \$2.066 million estimate was prepared four to six months ago and was considered current pricing. Mrs. Mueller also commented on the need to recognize that Charlottesville was currently in a very unique construction market climate.

Mr. Frederick expressed his concern that DEQ's implementation of a massive wastewater program on a statewide basis would exacerbate the construction market situation.

Mr. Brent inquired if one purpose of the credit trading was to provide temporary relief in recognition that there would not be enough contractors to undertake the necessary wastewater treatment upgrades. Mr. Frederick stated that the nutrient trading program was adopted partly in response to input received from treatment plant owners and the construction industry while legislation was under consideration. Some of their comments suggested that it would not be possible to conduct system upgrades statewide at the same time due to the lack of contractors available to perform the work.

Mr. O'Connell inquired if a report on the Moores Creek Headworks project would be presented at the August Board meeting. Mr. Frederick replied in the affirmative. Mr. O'Connell stated that it would be beneficial from an aesthetic perspective if an illustration of the revised building design could also be provided to the Board at that time.

Mr. O'Connell stated that it was his understanding that the DEQ meeting would be held in late September and an update would be available at the September Board meeting on the effluent standards. He also understood that if it were the Board's

decision to take a position on this issue, such action could be taken at that time. Mr. Frederick responded that Mr. O'Connell's statements were correct.

4.0 Items From The Public

Mr. John Via, resident of Charlottesville, Virginia, stated that he had not planned to speak at today's meeting, but the comments in the newspaper article concerning public interest in the water supply plan "sort of scared" him. He felt that RWSA did a great job, and he had no complaints with the process. His complaint was that there were too many politics and special interest groups getting involved for their own agenda and not necessarily for our future water needs. His questions to RWSA staff concerned the community's water supply options after 2050 and what the cost would be to get from one point to the other. He also felt that politics and special interest groups needed to keep out of the process. He remembered when the special interest groups got involved with Buck Mountain. They pushed the issue hard and never admitted that they were wrong. He hoped that this time the consultants were being paid enough money to make the right decision, whether it was what he liked or not, and that it would be based on future needs and not just for today.

Mr. O'Connell thanked Mr. Via for his comments.

5.0 Consent Agenda

Mr. O'Connell 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) Purchase Order Carry-Over
- 5f) Amendments to Personnel Manual
 - 1) Military Leave
 - 2) Substance Abuse

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

6.0 Other Business

In regards to **Item 6a), Permit Extension for University of Virginia Rowing Programs**, Mr. Frederick recognized Dr. Robert Wichser, who would be reporting on this item.

Dr. Wichser reported that last year at this time the rowing programs at the University of Virginia (the University) had requested an extension of their permit

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allowing the use of gasoline powered coaching launches on the Rivanna Reservoir. He noted that attached to this Board report was a letter from Mr. Kevin Sauer, Head Women's Rowing Coach, requesting a one-year extension until August 2006. Also attached were pictures of the electric boat that the rowing programs had tested in the spring. The University has continued to work with an engineer in New Jersey who was developing electric boat technology. It appeared at this time that the technology has progressed to the final phase of the project which involved optimization of the lithium batteries. Dr. Wichser further stated that RWSA was recommending that the Board approve the one-year extension until August of 2006.

Mrs. Mueller moved that the Board of Directors vote to approve the request by the University of Virginia's rowing programs for a one-year extension of their permit allowing the use of gasoline powered safety and coaching launches on the Rivanna Reservoir until August 2006. She commented that Mr. Sauer had been diligent in his efforts to keep abreast of this technology and had kept the Board informed during the process.

The motion was seconded by Mr. Tucker, and the Board of Directors approved the motion by a 4 – 0 vote.

Concerning **Item 6b), Gannett Fleming Contract Amendment**, Mr. Frederick first recognized Mr. Aaron Keno, Vice President with Gannett Fleming, who was in attendance at today's meeting and would assist him in answering any questions.

Mr. Frederick reported that at the June 27, 2005 Board meeting RWSA requested a \$47,000 extension to the Gannett Fleming contract in order to move forward with the permitting process. Last month's Board meeting occurred shortly after a very important Pre-Application Meeting with the regulators where RWSA received direction and feedback on what information the regulators would need in order to complete the permit process. Prior to the June Board meeting, there had not been sufficient time to consider all the implications and detail. A few tasks had been identified that needed to be started immediately in order to keep the process moving forward. It had also been indicated that a more complete report would be presented at the July Board meeting.

Mr. Frederick further stated that he would be presenting a summary of the scope of activities that could be identified at this point in time that upon completion would place the Authority in a position to submit a permit application to the regulators. The fee amount and schedule for this work were also included in his report. He noted that the tasks identified in the scope of work were to be undertaken between now and February 2006 and continued to be based on the project purposes of supplying an additional 9.9 MGD of demand based on a 50-year projection.

Mr. Frederick next reported that the Scope of Services included a number of engineering services that were listed in the summary. Many of them pertained to the

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pipeline from the South Fork Rivanna Reservoir (SFRR) to the Ragged Mountain Reservoir, which had not undergone the same level of study to this point as the other four alternatives that were the topic of the Public Outreach Meetings.

Additional engineering details would need to be provided before a permit application could be completed.

Mr. Frederick added that a number of environmental services were also included in the Scope of Services, which comprised a large part of the fee being requested in this report. The environmental activities included the functional value assessment that was discussed at last month's meeting. The U.S. Army Corps of Engineers (ACOE) would be requiring that this assessment be conducted prior to their considering the possibility of the Ragged Mountain option being the preferred alternative. The delineation of wetlands was also part of those activities, as well as some cultural and historic resource details that were required by the regulatory agencies. The identification of "environmental gains" of the Ragged Mountain alternative was also included. In April 2005, Mr. Schwinn from ACOE at the joint board meeting with the regulators mentioned that consideration of "environmental gains" allowed the ACOE a little more flexibility in their determination of what was "least environmentally damaging" than what the agency had been subjected to in past years since the passage of the National Environmental Policy Act.

Mr. Frederick also noted that the Scope of Services included a final comparison of the alternatives and the logic for the selection of the preferred alternative, which was critical to its consideration by both ACOE and DEQ.

Mr. Frederick commented that the budget identified for this work was not to exceed \$493,000. RWSA staff would interact with the consultants on a very regular basis in order to understand and monitor the completion of this work. The Scope of Services would be refined as details became known in order to manage the funding and the activities in the best possible manner.

Mr. Frederick next discussed the schedule for these activities. At this time, and after careful consideration of the tasks as outlined above, RWSA had envisioned a presentation to this Board on the final engineering report with a recommendation of a preferred alternative in January 2006 and submission of the permit application in February 2006. The time frame between those two dates would provide an opportunity for the four boards to take action on the final report after it had been made available to the public.

Mr. Frederick added that RWSA planned to hold two more Public Outreach Meetings associated with the final engineering report and the recommended preferred alternative. During the public participation process, citizens had been advised that at least one more meeting would be held prior to submission of a permit application. Due to the amount of information to be conveyed, it was felt that two meetings would be needed for gathering public input. The first meeting

would be
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held sometime during the late October to early November time frame and would focus on the biological assessment results and the revised Ragged Mountain alternative and its potential cost estimates. The exact date for this meeting would be set in the near future. The purpose of the second meeting would be to gather public feedback on a recommended preferred alternative, as well as discuss the proposed mitigation projects and a revision to the Community Water Supply Policy Statement.

Mr. Frederick then commented as an important aside that Ms. Terry, RWSA Watershed Manager, had been tasked with taking the lead in soliciting input from various local community groups within the next 30 to 45 days on potential mitigation opportunities. This project would be undertaken in close coordination with RWSA consultants and would have a very broad local focus. Mr. Frederick noted that based on regulatory requirements, the selection process and development of conceptual plans and estimated costs would need to be completed within the proposed project schedule in order to have a completed permit application by February 2006. RWSA would strongly encourage input from all individuals who had ideas on potential mitigation opportunities in this community.

Mr. Frederick stated that RWSA was requesting that the Board authorize the Executive Director to execute an amendment to Gannett Fleming's contract based on the scope summary not to exceed \$493,000.

Mr. Tucker inquired as to how much time the regulators would need to review the permit application and render a decision if a completed permit was submitted by the February 2006 timeline. He also questioned the process by which information could be conveyed to Dam Safety in a timely manner during the regulatory review process. Mr. Frederick stated that the regulators had indicated to RWSA staff that they reserved the right to take up to one year to review the permit application and render a decision. RWSA would continue to appropriately consult with the regulators on ways to shorten the review process with references to the Dam Safety issues as needed. He further stated that he felt RWSA's first responsibility was to develop a solid report that included solid reasoning and analysis, and Gannett Fleming had been tasked with that project. Once this was accomplished, he felt it was fair and reasonable to request that the regulators work with RWSA on the timing of their review. Mr. Tucker added that he felt it was important that the Charlottesville City Council, the Albemarle County Board of Supervisors, and the Albemarle County Service Authority Board of Directors have the opportunity to provide input during this process, which would facilitate the timely submission of any amendments or suggestions they might have in order to meet the project schedule.

As a follow-up to Mr. Tucker's comments, Mr. O'Connell suggested that public presentations be conducted at the Charlottesville City Council, the Albemarle County Board of Supervisors, and Albemarle County Service Authority Board of

Directors meetings in November or early December concerning the proposed Scope
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of Services, project schedule and feedback from the first public meeting. Mr. Brent and Mr. Tucker were in agreement with Mr. O'Connell's suggestion.

Mrs. Mueller moved, which was seconded by Mr. Brent, that the Board of Directors vote to authorize the Executive Director to execute an amendment to Gannett Fleming's contract in an amount not to exceed \$493,000, as outlined in the Board report.

Prior to the vote, Mr. O'Connell inquired if a suggested list of mitigation opportunities had already been developed. Mr. Frederick recognized Ms. Terry who stated that a list would need to be developed from input collected from the interested parties who all had different ideas concerning mitigation opportunities. Mr. O'Connell also asked if suggested ideas could be an identified location or a particular project. Ms. Terry replied in the affirmative and added that all ideas would be welcomed.

As there was no further discussion or questions, the Board of Directors approved the motion by a 4 – 0 vote.

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.

9.0 Adjournment

There being no further business, Mr. Tucker moved that the meeting be adjourned, seconded by Mrs. Mueller. All members voted aye, and the meeting was adjourned at 2:35 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer