

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
June 27, 2005

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, June 27, 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, Mr. Gary O’Connell, and Mr. Robert Tucker.

Board Member Absent: Mrs. Judith Mueller

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Mr. Tom Frederick, Mr. Chuck Kent, Ms. Mary Knowles, Ms. Michelle Simpson, Ms. Jennifer Whitaker, Mr. Norman Wescoat, 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, June 27, 2005 at 2:00 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 Mr. O’Connell, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, May 23, 2005.

3.0 Executive Director’s Report

Mr. Frederick noted that Items 6a) and 6b) on today’s agenda under “Other Business” were interrelated. RWSA was recommending that the Board take action on Item 6a) first, which dealt with taking the surplus revenues from last year’s audited figures and appropriating them to the consolidated Reserve Fund, and then transferring \$1 million from this Reserve Fund into the Capital Fund. Item 6b) authorized this \$1 million transfer in conjunction with the renewal of the Line of Credit (LOC) with the Bank of America in order to pay down the LOC, which would reduce future interest payments.

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Mr. Frederick next directed the Board's attention to the Correspondence section in the back of the Board Books. He referenced a letter from the Government Finance Officers Association which acknowledged that RWSA's comprehensive annual financial report again achieved the highest form of recognition in government accounting through the Certificate of Achievement for Excellence in Financial Reporting. RWSA was very proud of that distinction. Mr. Frederick personally acknowledged and thanked Mr. Lonnie Wood, RWSA's Director of Finance and Administration, and his staff for their excellent work in attaining this high standard of achievement.

Mr. Gaffney congratulated Mr. Wood on behalf of the Board.

Mr. Frederick then reported on items contained on page 2 of his report. He stated that RWSA had been receiving phone calls recently on the dry weather conditions the area had been experiencing for the past two months. RWSA staff has been closely monitoring stream flows at the USGS stream gauge on the Mechums River near Garth Road. Data has confirmed that since March, stream flows were below normal for this time of year. It was also important to recognize that stream flows were still well above the record low flows that occurred in 2002. The average flow for yesterday in the Mechums River at the gauge was 37 cubic feet per second as compared to 4 cubic feet per second on the same date in 2002. The mean base from 33 years of data on that gauge would suggest a cubic feet per second rate somewhere in the mid-50's. RWSA would continue to monitor the weather conditions and would keep the Board apprised if any future action was needed.

Mr. Frederick concluded his report by stating that a Pre-Application Meeting was held with regulatory agencies on the Community Water Supply Plan permitting process on June 22, 2005. A report on that meeting was "hot off the press." He would be requesting at the end of the agenda that the Board consider a discussion on this item at that time. Mr. Gaffney suggested that this report be added as Item 6d), and Mr. Frederick was in agreement.

Mr. Gaffney asked Mr. Frederick if he could also report on the reservoir levels at this time.

Mr. Frederick stated that as of this morning, the Sugar Hollow Reservoir and the South Fork Rivanna Reservoir (SFRR) were both full and overflowing. Ragged Mountain Reservoir was down 2.2 feet due to an intentional draw down in preparation for hurricane season. This action was part of RWSA's voluntary efforts to minimize any dam safety concerns associated with that reservoir. At the present time the valve at the Sugar Hollow Reservoir was closed, and RWSA was actually lowering the Ragged Mountain Reservoir by withdrawing the water for treatment.

In response to an inquiry by Mr. Tucker, Mr. Frederick stated that the Beaver Creek Reservoir was also at full capacity. Mr. Tucker noted that due to studies

conducted since the 2002 drought, the use of that reservoir during drought conditions was now an option that could be considered for the Urban system.

Mr. Brent asked what the target draw down was for the Ragged Mountain Reservoir. Mr. Frederick replied that it was three feet.

4.0 Items From The Public

Mr. John Martin, Free Union, Virginia, commented on Mr. Frederick's reference to a report on the Pre-Application meeting as being "hot off the press" and asked if that meant a document was now available or was not available when the Board packet was distributed and put on line. He further inquired if that document could now be made available to the public. Mr. Frederick replied in the affirmative, and copies were then distributed to the members of the public in attendance at the meeting.

Ms. Ann Harrod, Glenmore resident, stated that she was interested in the availability of water for Albemarle County due to the impending drought, the number of people moving into the area, and further development. She then read from a prepared list of questions as follows:

- (1) *What is the future supply of water from Rivanna Water & Sewer in regard to projections of population?*
 - *90% supply flows over the dam.*
 - *When do you intend to dredge the reservoir?*
Assume volume usage circa 5000 gallons per person per month.

- (2) *What is percentage usage of capacity of pipe currently for water up Pantops Mountain service area which ends at Glenmore development?*
 - *Hospital and hotel, plus other higher-density buildings are platted. (Hospitals, new and enlarged, will and should use a lot of water if we demand sanitary conditions.)*
 - *Glenmore plans to build some high-density residential and commercial buildings adjacent to residential Glenmore which currently exists. This new area would draw from Rivanna Water and Sewer service.*

- (3) *Quality of water coming from Pantops service pipe.*
 - *Red clay stain in water.*
Is this due to no monitoring of new construction when add new service attachments? Is it responsibility of Albemarle County Service Authority? Pipes need flushing seasonally.

- (4) *In 1996, Albemarle County in their Comprehensive Plan said that Rivanna Water would design and construct Buck Mountain Reservoir. Five years would be required to accomplish.*
 - *What progress has Rivanna Water made toward this goal?*

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- (5) *In 1996, Albemarle County said that the Master Water and Sewer study should be updated to reflect current locales of land use. The availability of water would be intertwined with planning and development of land.*
- *What frequency of discussion does Rivanna Water have with Albemarle Planning and Zoning concerning availability of water in proposed growth areas?*
 - *Will growth of population rob water from current customers and users?*

Mr. Gaffney noted that a copy of Ms. Harrod's questions would be distributed to all the Board members for their review.

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) Procurement – Sugar Hollow Water Line

In regards to **Item 5c), Staff Report on On-going Projects**, Mr. O'Connell noted that the Rivanna Pump Station Odor Study was near completion and expressed his appreciation to RWSA staff for all their work on this project.

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 4 – 0 vote.

6.0 Other Business

In regards to **Item 6a), Disposition of FY 2004 Surplus & Reserves, and Item 6b), Line of Credit and Capital Funding**, Mr. Frederick recognized Mr. Wood, who would be reporting on both of those agenda items.

Concerning **Item 6a)**, Mr. Wood stated that RWSA was requesting Board action on three proposals concerning the disposition of FY 2004 surplus and the use of reserves for capital spending. The three items dealt with the transfer of the surplus funds generated during FY 2004 from the operations account to the reserves, consolidation of the "Future Debt Fund" and "Future Dredging Fund" into the general Urban Water reserve fund, and the transfer of reserve funds to the Capital Fund according to the Board-approved Capital Improvement Plan (CIP) for the year 2005. The transfer amounts were highlighted on the CIP summary sheets that Mr. Wood distributed to the Board members.

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Mr. Gaffney asked Mr. Wood to further explain the three items being recommended for Board action.

In reference to the first item, Mr. Wood stated that as a result of the audit process and a review of the available cash balances and the target amount for the operating account, it was determined that the following rate centers ended FY 2004 with surpluses: Urban Water – \$867,352; Scottsville Water – \$19,393; Urban Wastewater – \$946,011; and, Glenmore Wastewater – \$6,282. The Crozet Water and Scottsville Wastewater rate centers ended the fiscal year with a deficit and will need to reimburse the operations account from the respective reserve accounts.

Mr. Wood stated that the second item dealt with consolidating \$575,819 from the “Future Debt Fund” and \$250,000 from the “Future Dredging Fund” into the general Urban Water reserve fund.

Mr. Wood further explained that the third item entailed transferring \$1,000,000 from Urban Water reserves and \$500,000 from Urban Wastewater reserves to the Capital Fund.

Mr. Brent commented that he agreed with the proposed transfers as this had been planned throughout the year. Recent discussions he had with Mr. Wood dealt with issues concerning the use of the capital reserve accounts. When the funds were expended, they must be expended for the benefit of the contributing parties. Reserve funds were generated through the collection of user fees. At this point in time, the City used more water than the ACSA. When the accumulated funds were applied to a future project, such as the Community Water Supply Plan, for which ACSA would be responsible for the greater portion of the cost, RWSA would need to ensure that each party was credited for their contribution amount so that the City was not subsidizing ACSA and vice versa.

Mr. Wood responded that this issue was addressed during RWSA’s annual review process at which time rates for the next fiscal year were set. He felt the same methodology could be applied when updating the CIP and during the FY 2007 budget process.

Concerning the material distributed by Mr. Wood, Mr. Tucker asked if RWSA was anticipating about \$1 million in reserves at the end of FY 2005. Mr. Wood explained that the \$1 million highlighted on the CIP Summary sheet were FY 2004 surplus funds transferred into the Capital Fund for FY 2005 projects. At the end of FY 2005, surplus funds would be determined for that year and would be applied toward FY 2006 capital projects. He had anticipated a reserve funds transfer in the amount of \$1.25 million for FY 2006, which was reflected on the CIP Summary sheet.

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Mr. Gaffney commented that he appreciated Mr. Wood's efforts in ensuring that the accountability of contribution amounts between the City and ACSA were clearly defined during future financial planning and budgetary processes.

Mr. O'Connell asked if the dollars that were actually being transferred, versus what had been approved in the CIP, would increase the year-end totals. Mr. Wood explained that there were six separate reserve funds in addition to the Capital Fund, which meant there were seven different pots of money. There were some planned additions to those reserves through the normal budget process, such as depreciation which was a non-cash expense. The seven reserve funds maintained surpluses, reserve transfers, and deficits on their own. At the time the CIP was being established, Rivanna knew what the surplus amount would be for FY 2004, and therefore, there was no difference between actual and what had been approved in the CIP. As decisions were made on the CIP, money would be transferred from the reserves and placed into the Capital Fund as well as funds from a bond issuance. The money is then accounted for by project and not by source of funding. The reserves were in place to track the source of funding.

Mr. O'Connell further inquired if there were funds that could be reserved to offset future capital project expenses that were larger than anticipated. Mr. Wood replied that at this time he did not believe there would be funds available for that purpose. The actual FY 2005 surplus amount would be close to the figure that he had projected during development of the five-year capital financing schedule. The FY 2006 rates were based on the anticipated FY 2005 reserve requirements. There would be additional reserve transfers into the Capital Fund in the amount of \$10 million over the next five years.

Mr. O'Connell also asked if the dollars being reserved for the future water supply would be applied for that purpose. Mr. Wood replied in the affirmative.

Mr. Tucker moved, which was seconded by Mr. Brent, that the Board of Directors vote to approve the net transfer of \$1,839,038 from the operations account to rate center reserves for FY 2004 surplus and deficit, and the consolidation of "Future Debt Fund" and "Future Dredging Fund" into the general Urban reserve fund in the amount of \$825,819, and the transfer of reserve funds to the Capital Fund according to the approved Capital Improvement Plan for the year 2005 in the amount of \$1,500,000. The motion was approved by a 4 – 0 vote.

Concerning **Item 6b)**, Mr. Wood reported that RWSA was requesting that \$1 million from the Capital Fund be used to pay down the LOC that had been used for the past year to temporarily fund the capital projects. As of May 2005, \$1,594,000 had been drawn from the LOC as supplemental cash needs to fund the various projects that were listed on the schedule included with this report. Once the LOC was paid down, RWSA would still have a need for temporary financing. RWSA anticipated a bond issue in November or December 2005, which was the time frame

for the next Virginia Resources Authority (VRA) loan pool to occur. He wanted to keep VRA as the main financing source option for RWSA. There was an interim need between now and a bond issue to continue financing the capital projects. An estimated cash-flow schedule developed with the assistance from RWSA's Engineering Department indicated that approximately \$4 million would be needed between July through November 2005. This figure included cash-flow needs related to execution of projects, payback assumption, and contingencies associated with the Community Water Supply Plan.

Mr. Wood further stated that RWSA was requesting Board approval to use \$1 million out of the Capital Fund to pay down the current LOC with the Bank of America as part of the renewal of the LOC at \$4 million. Mr. Kurt Krueger, RWSA legal counsel, had reviewed and approved the Resolution and bank documents. Mr. Wood commented that the cost for renewing the LOC would not be more than \$7,000. He felt that this was a good vehicle for temporary cash sources, and he recommended that the Board adopt the Resolution attached to this report which authorized RWSA to execute the credit agreement with Bank of America for \$4 million. Mr. Krueger had the signature-ready documents with him today, and Mr. Wood recommended that the documents be signed after Board approval since the current LOC expires on June 30, 2005.

Mr. Krueger added that the Bank of America required an opinion of counsel, which he had prepared. He requested that the Resolution be approved on a roll-call vote basis to satisfy the Bank's requirement that a document certifying the Board's vote be submitted with the executed agreement. Mr. Krueger further commented that the bank document merely lowered the amount of the LOC from \$6 million to \$4 million and also imposed a facility fee based on the \$4 million figure that was proportional to what RWSA paid for the \$6 million LOC. Otherwise, the terms and conditions of the existing LOC remained in full force. Signatures would be required on the amended note, and a second amendment to the credit agreement, which would basically drop the facility fee based on \$6 million to \$4 million.

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Board of Directors voted to adopt the following Resolution approving the execution of the credit agreement with the Bank of America as recommended by staff:

LINE OF CREDIT RESOLUTION
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RESOLVED that the Rivanna Water and Sewer Authority (the "Authority") (i) enter into a Second Amendment to Revolving Credit Agreement (the "Second Amendment"), amending the Revolving Credit Agreement with Bank of America, N.A. (the "Bank") dated as of July 31, 2003, as amended by the First Amendment to Revolving Credit Agreement dated as of June 30, 2004, to extend the expiration date thereof to

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June 30, 2006 (as so amended, the "Credit Agreement") and (ii)

execute an Amended and Restated Promissory Note (the “Amended Note”) in the principal amount of \$4.0 million evidencing a revolving line of credit in such amount (the “Line of Credit”) extended to the Authority by the Bank pursuant to the Credit Agreement to finance certain Project Costs as defined in the Credit Agreement; and

RESOLVED, that the Second Amendment and the Amended Note, each substantially in the form of the drafts presented to the Board of Directors, are authorized and approved in all respects, with such changes therein as the officer or officers executing the same shall approve; and

RESOLVED, that the Chairman of the Board, the Executive Director, the Director of Finance and Administration, the Secretary and the Assistant Secretary are each hereby authorized in the name of and on behalf of the Authority to execute and deliver to the Bank the Second Amendment and the Amended Note; and

RESOLVED, that the Chairman of the Board, the Executive Director, the Director of Finance and Administration, the Secretary and the Assistant Secretary are each hereby authorized to execute and deliver such other documents and instruments and to take such other and further actions as may be in any way necessary or appropriate to extend the Line of Credit and to effectuate the foregoing resolutions and to carry out the purposes thereof, and that the taking of any such action and the execution by such individuals of any such additional documents or instruments shall conclusively evidence the due authorization thereof by the Authority.

VOTE

AYES: Mr. Brent, Mr. Gaffney, Mr. O’Connell, and Mr. Tucker

NAYS: 0

ABSENT DURING VOTE: Mrs. Mueller

ABSENT DURING MEETING: Mrs. Mueller

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In regards to **Item 6c), South Fork Rivanna Dam – FERC Inspection,**

Mr. Frederick stated that it was a Federal Energy Regulatory Commission (FERC) permit requirement that an inspection of that facility be conducted this year. He recognized Ms. Jennifer Whitaker, RWSA Chief Engineer, who would report on this item.

Ms. Whitaker reported that the South Fork Rivanna Dam was regulated under FERC because of the Hydropower plant that was adjacent to the facility. FERC required that a Part 12D Independent Consultant's Report and Evaluation be conducted every six years. As part of the inspection process, an evaluation of failure modes would be conducted during a two-day facilitated work session with independent engineers, Authority staff, and FERC dam safety engineering staff.

Ms. Whitaker further reported that RWSA was recommending that the Board of Directors authorize the Executive Director to contract with Gannett Fleming for \$35,650 to perform the permit-required FERC Part 12D Inspection on the South Fork Rivanna Dam and Hydropower facility. RWSA was further requesting that the funding come out of this fiscal year's operations account and be held over to FY 2006.

Upon a motion by Mr. Tucker, and seconded by Mr. Brent, the Board of Directors voted to authorize the Executive Director to contract with Gannett Fleming for \$35,650 to perform the permit-required FERC Part 12D Inspection on the South Fork Rivanna Dam and Hydropower facility as recommended by RWSA staff. The motion was approved by a 4 – 0 vote.

In regards to **Item 6d), Community Water Supply Plan and Gannett Fleming Contract**, Mr. Frederick first thanked the Board for allowing him to bring this item forward without having gone through the official Board packet.

Mr. Frederick stated that as the Board was aware, a Pre-Application meeting was held last Wednesday, June 22, 2005. RWSA staff has been working earnestly since that time to formulate a strategy that was responsive to the issues brought forward by the regulators at this meeting and would keep the project moving forward.

Mr. Frederick further stated that he would present the information in two parts. The first part of his Memorandum summarized what occurred at the Pre-Application Meeting. There was a newspaper article last week that provided some details, but he felt this was an opportunity to share information on the meeting proceedings so that the public could better understand the basis for RWSA's decision that additional work needed to be performed at this phase of the project.

Mr. Frederick then reported that the Chairman of each of the four local boards and RWSA staff together attended the Pre-Application Meeting. All the regulatory agencies of interest attended, except for the Department of Conservation and

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Recreation (DCR). The agency was invited to attend, and it was their decision not to participate. DCR's focus was on recreation and scenic rivers, and it was felt by

their staff that they could not provide significant input at this point in the permitting process in view of the issues being addressed at the meeting.

Mr. Frederick further stated that valuable comments were received from the regulatory agencies at the meeting. A summary on each of the alternatives under consideration was put forth to the regulators. The regulators were asked to provide comments on a step-by-step basis in order to gain a better understanding of their position on each of the alternatives. Based on the information prepared by Gannett Fleming on the dredging alternative, which included the cost of this concept, combined with potential cost-reduction opportunities that could not be quantified in order to remove the uncertainty that existed at this point in the application process, the regulators were in agreement and in consensus that it was not necessary nor would they require RWSA to continue to carry the dredging option as a part of the permitting process for water supply. He pointed out that it had not been communicated to them by the regulators that discussions concerning the dredging option could not continue nor did they in any way indicate what their position might be if RWSA were to pursue dredging as a maintenance option.

Mr. Frederick then commented that discussions were also held concerning the four-foot crest option to expand the SFRR. The regulators did provide specific comments on this option. From his observation, and he felt that Mr. Gaffney who also attended the meeting would concur, there were some concerns expressed by the regulators. In summary, the regulators realized that this option only yielded 3.3 MGD, which was only a third of the stated future need, yet produced the highest impact to wetlands and also to streams. The Virginia Department of Game & Inland Fisheries (DGIF) and the U.S. Fish & Wildlife Service (FWS) expressed considerable concerns about the affects of a four-foot crest on the James Spiny mussel habitat. There was clear representation from those agencies that if that option were pursued as the preferred alternative, they would require some significant and time-consuming additional studies to quantify habitat impacts. It was also possible that those studies could confirm their position and concerns that permitting of this option may be dubious.

Mr. Frederick added that the regulators were not in a position at this meeting to establish whether the Ragged Mountain Reservoir alternative or the James River Intake alternative was the “least environmentally damaging” option. He felt it was fair to characterize that there was optimism at the meeting regarding the Ragged Mountain alternative. At that meeting, the Ragged Mountain alternative was presented with the modified plan for refilling the reservoir. He explained that on January 20, 2005, RWSA presented a Ragged Mountain alternative based on replacing a pipeline from the Sugar Hollow Reservoir and restoring the Mechums River Pump Station enabling RWSA to refill the Ragged Mountain Reservoir from

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those two river sources in combination. On Wednesday, RWSA staff and consultants presented this option with a single refill pipeline coming from the SFRR in place of the January 20, 2005 proposal. It was recognized by the regulators that

the Ragged Mountain alternative with the modified refill option would offer similar benefits to the instream flows of the Moormans and Mechums Rivers that had been previously represented by the James River Intake option. There was also recognition and agreement among the regulators in terms of wetland impacts that the two alternatives were substantially equal. Mr. Michael Schwinn with the U.S. Army Corps of Engineers (ACOE) had stated at the April 18, 2005 meeting in Charlottesville with the joint local boards that if two alternatives were essentially equal in terms of environmental damage, there was room within their regulations to allow the local community to choose which of those options would be the preferred alternative. With respect to direct stream impacts, using the simplest form of analysis of comparing the alternatives based on linear feet of stream impacts, ACOE expressed concern in characterizing the Ragged Mountain alternative as the “least environmentally damaging” option.

Mr. Frederick next stated that after further discussion, there was clear agreement in the room that RWSA would be allowed to conduct a functional value assessment as a means to further compare the two options based on biological impacts to streams. He felt it was fair to characterize that the regulators expressed optimism, particularly from the DGIF, that it could be possible to establish that the Ragged Mountain alternative was equal to the James River Intake option in terms of stream impacts if RWSA undertook that study. The study had not been done at this point in time. Later in this report, RWSA’s proposal to conduct this assessment in the next several weeks will be presented. The ACOE will not take a further position on the comparison of those two alternatives until that study has been completed.

Mr. Frederick then asked Mr. Gaffney and Ms. Whitaker, who had also attended this meeting, if they had additional information they wanted to present at this time.

Mr. Gaffney responded that he had one comment to add to Mr. Frederick’s last statement. If the decision was made not to undertake any further assessments on those two alternatives, the ACOE would take a position based on our current data and would rate the James River Intake option as the preferred alternative.

Mr. Frederick then reported that in the two full working days available between the Pre-Application Meeting and today’s Board meeting, RWSA staff has conducted intense teleconferencing with the consulting team to identify what additional work needed to be performed in order to keep the project moving forward. All the steps that might be necessary in order to reach the point of filing a permit application were identified during that process. He referenced the middle of page 2 of his report, which outlined those steps. He briefly reviewed the list for the benefit of those who might not have had the opportunity to read his report as follows:

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In addition to the functional value assessment, which RWSA hoped to begin immediately, the regulatory agencies wanted to view the streams in the upper Ragged Mountain watershed. RWSA felt that the functional value assessment should be conducted first so that the data could be presented to the regulators prior

to viewing the streams.

Hydraulic modeling of the Ragged Mountain alternative with the SFRR pipeline refill option needed to be conducted at the same level of detail that had been done previously for the other alternatives under consideration. This project could begin immediately, which would assist with the timely completion of this entire process.

RWSA would need to quantify “clear environmental gain” issues for the Ragged Mountain alternative. ACOE regulations as recently modified included a condition that if a “clear environmental gain” could be provided for one alternative over another alternative in terms of other issues not generally quantified, consideration would be given to define the locality’s preferred option as the “least environmentally damaging” alternative. ACOE would not allow mitigation to be considered a “clear environmental gain.” Credit could be given for any instream flow benefits derived from the Ragged Mountain option.

The FWS had requested a brief survey of the potential for the James Spiny mussel habitat in Moores Creek below the Ragged Mountain Dam. It was his understanding that this would be a fairly simple study unless there was a positive assessment for this species.

Additional engineering evaluations would be needed on the South Rivanna treatment plant expansion needs, the routing for the SFRR to Ragged Mountain pipeline, pumping and pipe sizing needs, and completed costs estimates.

The regulatory agencies also wanted RWSA to identify potential environmental mitigation projects, which would be coordinated through Ms. Andrea Terry, RWSA Watershed Manager. VHB would also have a role during that process.

An update of the 2002 Policy Statement for the Community Water Supply would be handled as an internal RWSA project and would conform to the current planning process.

In conjunction with the above update, RWSA staff would coordinate with County staff on watershed issues related to the County Comprehensive Plan.

The Public Outreach Program would be completed during this process. RWSA had communicated several months ago that at least one more Public Outreach Meeting would be held. Within the next 30 days, an outline would be developed on the program element.

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The findings of these studies would then be presented for approval by the local boards.

Mr. Frederick commented that it was clear from the work RWSA had done with the consulting team over the past two days that Gannett Fleming would need additional

time to adequately prepare a scope of services and budget to present to the Board for approval. In recognition of the time constraints, RWSA focused on the consulting services necessary to keep the project moving forward for the next 30 days. The identified items included the functional value assessment, the hydraulic modeling, and engineering evaluations on pipeline routing and sizing. Negotiations with Gannett Fleming have been completed, and the firm will continue its work on those tasks if agreement was reached on a contract amendment not to exceed \$75,000.

Mr. Frederick also reported that last month the Board granted him the ability to authorize up to \$50,000 in contingency. The only task that Gannett Fleming and their subconsultants had worked on for the past 30 days had been associated with support to the ad hoc group consisting of the joint Chairmen and the Pre-Application Meeting itself. There was still \$28,000 of the \$50,000 in contingency that had not been spent that he would suggest be applied toward the \$75,000.

Mr. Frederick stated that RWSA was requesting that the Board of Directors authorize the Executive Director to execute an amendment to the Gannett Fleming contract with an additional \$47,000 in expenditures, to be funded from future revenue bonds.

Mr. Frederick further stated that a complete scope of services and fees would be developed for the provision of future consulting services and would be presented at the July Board meeting. Initial discussions have been held with Gannett Fleming concerning a timeline for completing all the items listed in this report. Gannett Fleming had related earlier today that they did not have enough information at this time to provide that information. Mr. Frederick had suggested to them as a target goal to complete those projects by the end of the current calendar year.

Mr. Gaffney inquired as to what would be the next step in this process once the work was completed and if the results indicated that the Ragged Mountain Reservoir alternative and the James River Intake alternative would be equal according to ACOE regulations.

Mr. Frederick stated that it was his understanding, which would need to be confirmed by vote of each of the local boards, that the Ragged Mountain Reservoir alternative would be the preference.

Mr. Gaffney asked if he understood correctly that if the Ragged Mountain alternative was approved by all the local boards, it would then be voted on by this

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Board. Mr. Frederick stated that he was correct and added that in fairness to the process as communicated to the regulators, RWSA would not intend to formally propose that action be taken until the functional value assessment had been completed.

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors

voted to authorize RWSA staff to proceed as recommended in this Memorandum Report and authorized the Executive Director to execute an amendment to the Gannett Fleming contract in the amount of \$75,000, with \$47,000 of new money and \$28,000 from unspent contingency, to cover the services identified to be performed within the next 30 days. The motion was approved by a 4 – 0 vote. Mr. Gaffney asked his fellow Board members to thank their board chairs for all their hard work over the last two months. RWSA was very appreciative of their efforts.

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. Brent moved that the meeting be adjourned, seconded by Mr. Tucker. All members voted aye, and the meeting was adjourned at 2:50 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer