

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
May 22, 2006

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, April 24, 2006 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. Richard Defibaugh, Mr. Bruce Edmonds, Mr. Tom Frederick, Mr. David Golladay, Mr. Chuck Kent, Ms. Mary Knowles, Mr. Cary Lang, Ms. Andrea Terry, Ms. Kathy Ware, Mr. Norman Wescoat, Ms. Randi Wescoat, Ms. Jennifer Whitaker, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Kurt Krueger – RWSA Attorney, Mr. James W. Moore, III – Deputy Field Director with the Virginia Department of Health, Mr. Tom Pursel – Community Water Supply Consultant with Gannett Fleming, 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, May 22, 2006 at 2:00 p.m., and he noted that a quorum was present.

Mr. Gaffney welcomed his fellow Board members, RWSA staff, and the 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, April 24, 2006.

Upon a motion by Mr. Fern, and seconded by Mr. Tucker, the Board of Directors by a 4 – 0 vote approved the minutes of the special Board meeting held on April 18, 2006.

3.0 Executive Director’s Report

Mr. Frederick stated that included in his report was a brief update on the current weather conditions. Although Board action would not be requested at today’s meeting, the Authority would continue to closely monitor this issue.

Mr. Frederick further reported that at last month's meeting, the Board issued a directive to move forward with the coordination of a public forum to discuss the draft Drought Management Response Plan. RWSA staff held two additional meetings within the past month with Albemarle County Service Authority (ACSA), City, and County staffs. The staffs were currently working through some issues concerning joint lead responsibilities of the multiple agencies that would be involved during different phases of the drought response. A public forum would be scheduled once all four organizations were in agreement to move forward with the process. Although Mr. Frederick felt consensus would be reached soon, he was not in a position at this time to offer a date and time for the proposed public meeting.

Mr. Frederick then commented that as indicated last month, the goal was to present final recommendations on the draft Drought Management Response Plan to the Board in 60 days. At that time there was the possibility that water restrictions might need to be invoked during the early part of summer. Based on current modeling data, it was not likely that the first drought stage would be initiated at least during June. Due to the ongoing discussions taking place at the staff level, more time would be needed before the draft Drought Management Response Plan could be brought back to the Board for final action. Mr. Frederick hoped that by next month he would be able to confirm a date for the public forum.

Mr. Frederick also reported that attached to his report was an updated stream flow chart to reflect current conditions for the Mechums River. The measurable rainfall that occurred two weeks ago did improve the short-term stream flow situation. The hydrological model was also updated on May 11, which indicated that action by local officials to initiate the first drought stage would not be needed at that time. The statistics did suggest that if the dry weather pattern reoccurred, action might be needed later this summer. RWSA would continue to monitor the situation.

Mr. Frederick next stated that after last month's Board meeting, the Authority received an informational packet from the Department of Environmental Quality (DEQ) that included an opportunity to apply for a competitive state water supply planning grant. A new state law enacted in 2005 required every city, county, and town in Virginia to develop a water supply plan with various implementation dates, depending upon on the size and population of the jurisdiction. The competitive grant encouraged regional participation and also encouraged a positive experience for the applicant who would lead the process. The Authority has consulted with Albemarle County, the City of Charlottesville, and the Town of Scottsville on their willingness to adopt resolutions endorsing a regional plan through RWSA as the lead agency during the planning effort. Each of those three units of government has adopted a resolution, and RWSA planned to submit a grant application by end of this month. If the grant were awarded, the process would entail a review of the process that has already occurred with respect to the Urban Water System. Statistics might also need to be updated to meet specific regulatory requirements. The planning process for the Rural Water System, which comprised the Crozet and Scottsville areas, would be more extensive. There would also be some elements of this plan that would address groundwater issues in Albemarle County. Mr. Frederick noted that the Albemarle County staff have been extremely helpful during the grant application process, and he expressed his appreciation for all their cooperative efforts. He then recognized Ms. Tamara Ambler, Albemarle County Natural Resources Manager, who was in attendance at the meeting.

Mr. Tucker asked if during the meetings concerning the draft Drought Management Response Plan, the various staffs had discussed encouraging conservation even before there was a need for local government to implement one of the drought response stages. He had discussed this issue with Mr. O'Connell who felt that the planning group had hoped to initiate these efforts prior to holding a public forum.

Mr. Frederick responded that they were in agreement with Mr. Tucker's comments and added that ACSA and the City would be taking the lead in disseminating that information to the community. Mr. Fern added that ACSA and the City have been in contact with the local radio and television stations with regard to taping Public Service Announcements. The ACSA would also be conducting a blood drive in June and would be incorporating announcements on water conservation into the radio publicity that would be a part of their blood drive.

Mr. Frederick added that after the recent rainfall that he referenced in his report, the demand for the water that RWSA treated and provided to its two customers had dropped below 10 MGD for the following two to three days but was approaching 11 MGD again. He felt the trend indicated that landscaping and outside watering was a significant factor for the swings in water demand.

4.0 Items From The Public

Mr. Jim Colbaugh, a resident of Keswick, Virginia, commented that at the last meeting there was some discussion on possible phasing of some of the different parts of the Water Supply Plan. He understood the need for phasing and that it was a way to mitigate the need to have all the current people pay for the future needs. There were some logical and traditional things that ought to be phased and some that should not be phased. If RWSA were going to expand the treatment plants for future capacity, two tanks would be built now and one or two later. If pump stations were being built, you would put in a couple now and then a couple later. He felt it always made sense to phase the electrical and mechanical work as you were not going to take full advantage of using them all the time. Pipelines could even be phased. Two smaller pipelines could be installed, putting one in now and then another in the future. One of the items listed that could be phased was the dam. He felt that was very illogical and "not a good thing to be on the table at all." He did not know how many had seen a dam project, but it was a major construction activity that involved the community that was situated around the site and the road leading to the structure. In the short term, it was going to be in a very unsettled state. You would need to tear up the whole area, blast into the sides of the walls, and the foundation would need to be built at one time. Logically, you would not want to repeat projects, such as clearing the shore line to the halfway height and then building it to its full height later. You would also want to build your trails once and not twice. After you have created the new wetlands by the new reservoir, you would create new environmental problems by having to go back in and redo everything, such as access roads, parking lots, recreational facilities, and the spillway. He did not think it made sense from a practical standpoint to have such a major, isolated project built twice. It certainly did not make economic sense. From an environmental standpoint, he had a very hard time understanding the wisdom of phasing. He did not feel that any money would be saved, even in the short-term. Even if it took five years to build the dam to the full height, the idea of having "a big bucket of water out there is a whole lot more comforting than having a half of bucket of water."

Mr. Colbaugh felt it was important to consider those issues when looking at phasing.

Mr. Gaffney thanked Mr. Colbaugh for his comments.

5.0 Consent Agenda

Mr. Gaffney stated that Mr. Frederick first had some comments concerning one of the Consent Agenda Items.

In regards to **Item 5d), Amendments to Personnel Manual**, Mr. Frederick noted two corrections that he requested be incorporated into the Board's vote. The first one concerned the Organizational Chart located on page A-2. On the right-hand side of the chart, the position listed under "Chief Engineer" entitled "Planning/Engineering Manager," should be changed to read "Capital Projects Engineer." The second correction was in "Appendix 1" on page E-5. The position listed as "Project Coordinator" under "ENGINEERING" should be changed to read "Capital Projects Engineer."

Mr. Gaffney asked if there were any other 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) Amendments to Personnel Manual

In regards to **Item 5c), Staff Report on On-going Projects**, Mr. Fern referred to the "Dell Water Line Replacement" project on page 3 of the report and asked about the outcome of the May 16 meeting with the University Board of Visitors concerning the easement and easement conditions for this project. Mr. Frederick asked Ms. Jennifer Whitaker, Chief Engineer, to address this question. Ms. Whitaker reported that at the May 16 meeting the University Board of Visitors did approve the easement for the waterline through the Dell area. There were several terms and conditions that were attached to the easement approval as a result of questions which had been raised by the University. RWSA staff was in the process of resolving those issues.

Regarding the "Observatory Tank Repairs & Painting" project, Mr. Fern inquired about the tank refilling and disinfection process that was performed on May 18. Ms. Whitaker stated that the Observatory tank was full. The first samples for bacteria testing were pulled today, and RWSA staff was hopeful that the tank would be fully on line by Wednesday or Thursday of this week.

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

6.0 Other Business

In regards to **Item 6a), 2005 Virginia's Excellence in Waterworks Operations Award**, Mr. Frederick recognized Dr. Bob Wichser who would present this report. Dr. Wichser stated that he was very pleased to be able to present this item. RWSA had worked very hard to

maintain this level of excellence in waterworks operations. Mr. James W. Moore, III, who was attending the meeting as a representative for the Virginia Department of Health, informed him that RWSA was one of only three water systems in this region to receive this award.

Dr. Wichser then asked Mr. Moore, Deputy Field Director with the Office of Drinking Water, to come forward and present the award. Mr. Richard Defibaugh, Water Department Manager, and Mr. David Golladay, Assistant Manager of the Water Department, were also in attendance and would receive this award on behalf of RWSA.

Mr. Moore then stated that on behalf of the State Health Commissioner and the entire Drinking Water staff he was very pleased to present the 2005 Virginia's Excellence in Waterworks Operations Award to the Rivanna Water & Sewer Authority. There were only 12 awards given out statewide. Mr. Moore has worked with Mr. Defibaugh and Mr. Golladay for a number of years and could assure everyone that both of them did a truly outstanding job in waterworks operations. He further commented that "they don't get much better than these two fellows." Mr. Moore then offered his congratulations to Mr. Defibaugh and Mr. Golladay.

In regards to **Item 6b), Public Hearing on Proposed FY 2007 Budget**, Mr. Gaffney formally opened the Public Hearing at 2:20 p.m. As there were no members of the public in attendance at the meeting who wanted to speak on the proposed RWSA FY 2007 budget, Mr. Gaffney closed the Public Hearing at 2:21 p.m.

In regards to **Item 6c), Recommended Adoption of FY 2007 Budget**, Mr. Frederick gave a brief overview of the budget highlights. He first recognized as a positive for the Authority the return of the Hydroelectric Plant at the South Fork Dam to sustained operations through RWSA staff efforts. RWSA has set a goal to save over \$100,000 in electrical charges next year through the plant's continued operation. If for some reason the low flow over the dam this summer presented a potential water quality issue, the Authority would not hesitate to make the decision to shut down the plant's operations for a period of time, as required, in order to carry out all facets of RWSA's responsibilities to the public.

Mr. Frederick next discussed the challenges being faced by the Authority with regard to the Capital Improvement budget and the need to build additional debt service. He recognized the tremendous efforts of Mr. Lonnie Wood and his staff in developing a graduated, step-by-step financial plan in order to fund capital projects, which has been incorporated into this budget.

Mr. Frederick further commented on the increases in operating expenses related to the rising cost of fuel and also in the health insurance and retirement benefit areas, which were addressed in this budget as well.

Mr. Frederick also reported that RWSA was recommending the adoption of the proposed FY 2007 Budget and rate schedule.

Upon a motion by Mr. Tucker, and seconded by Mr. Fern, the Board of Directors voted to approve the following resolution detailing the proposed FY 2007 water and wastewater rates and the supporting budget to be effective July 1, 2006:

RESOLUTION
ADOPTION OF THE RIVANNA WATER AND SEWER AUTHORITY
BUDGET AND RELATED WATER AND WASTEWATER
RATES FOR FISCAL YEAR 2007

WHEREAS, the Authority has advertised and held a public hearing on May 22, 2006, on the proposed Fiscal Year 2007 budget and related rates in accordance with Section 15.2-5136.G of the Code of Virginia, as amended;

THEREFORE, BE IT RESOLVED that the Rivanna Water and Sewer Authority Board of Directors hereby adopt the accompanying rates schedule effective July 1, 2006, and the Fiscal Year 2007 budget as summarized in the attached table.

WATER

URBAN AREA

City - \$2.150 per 1000 gal.

ACSA - \$2.718 per 1000 gal.

RURAL AREAS

Crozet Water - \$43,656/monthly

Scottsville Water- \$31,189/monthly

WASTEWATER

URBAN AREA

City - \$1.867 per 1000 gal.

ACSA - \$2.103 per 1000 gal.

RURAL AREAS

Glenmore Wastewater - \$18,824/monthly

Scottsville Wastewater - \$24,068/monthly

VOTE

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

NAYS: 0

ABSENT DURING VOTE: Ms. Mueller

ABSENT DURING MEETING: Ms. Mueller

In regards to **Item 6d), Personnel Changes**, Mr. Frederick stated that this item was related to Item 6c) and the items were incorporated into the FY 2007 Budget just approved by the Board.

Mr. Frederick then reported that the personnel changes being proposed included a 4 percent merit pool to fund pay for performance employee raises effective July 1, 2006. The Authority was also requesting a 2.5 percent increase in the salary ranges for all pay grades across the board. Related to the pay plan, Rivanna conducted market surveys periodically to ensure that the pay scale was competitive with the marketplace. Due to the current tight market conditions in the Charlottesville area, it was becoming necessary to update the survey about every two years. Since the last market survey was completed in December 2004, Rivanna was considering updating the survey next year. Across-the-board salary adjustments were usually done in the

years when there was no market survey completed, which allowed the Authority to remain competitive in the marketplace and assisted with employee recruitment and filling positions.

Mr. Frederick also stated that there was one new Maintenance Manager position and one Water Treatment Plant Supervisor position being recommended in this budget. The Water Treatment Plant Supervisor was not an added position and would replace an existing operator position. As indicated in his report, staff was working on finalizing the job descriptions and planned to present them next month for the Board's consideration. RWSA was requesting that at today's meeting the Board adopt the 2.5 percent across-the-board adjustments to the salary pay scales effective July 1, 2006, and authorize these changes to be incorporated into Section E of the RWSA Personnel Manual. The Authority was further recommending that the Board defer a decision on the placement of the new and reclassified positions in the adjusted pay scale until next month when recommended job descriptions and assigned pay grades would be presented for the Board's consideration and adoption.

Mr. Frederick noted one correction to the attached FY 2007 Proposed Salary Scale. At the bottom of the table where it reads that "*Max. Starting Pay is \$10.00/hr. FT" should state "Min. Starting Pay is \$10.00/hr. FT."

Mr. Tucker inquired if the 4 percent merit pool had been included in the approved FY 2007 budget. Mr. Frederick replied that the merit pool had been funded at 4 percent in the budget.

Upon a motion by Mr. O'Connell, and seconded by Mr. Tucker, the Board of Directors voted to approve the 2.5 percent adjustments to the salary pay scales effective for July 1, 2006 and authorize those changes to be incorporated into Section E of the RWSA Personnel Manual. The motion was approved by 4 -0 vote.

In regards to **Item 6e), Community Water Supply Plan – Joint Permit Support Documents**, Mr. Frederick recognized Ms. Jennifer Whitaker, Chief Engineer, who would present this report.

Ms. Whitaker stated that included in the Board packet was the Joint Permit Support Document for the Community Water Supply Plan. Mr. Tom Pursel from Gannet Fleming was also in attendance and would provide a brief overview of the information included in that document.

Ms. Whitaker next commented that a Public Outreach Meeting was held on April 18, 2006 at which time the Authority officially announced that the preferred alternative for the Community Water Supply Plan was the Expansion of the Ragged Mountain Reservoir. The mitigation plan was not included in the support document packet. At this point details were still being worked out, and the mitigation plan would be submitted once it had been more fully developed.

Ms. Whitaker further reported that RWSA staff will be presenting the preferred alternative to each of the regional governing bodies as follows:

Charlottesville City Council	June 5, 2006
Albemarle County Board of Supervisors	June 7, 2006
Albemarle County Service Authority Board of Directors	June 15, 2006
Rivanna Water & Sewer Authority Board of Directors	June 26, 2006

Ms. Whitaker added that RWSA staff will be presenting the Joint Permit Support Document at each of the above meetings and will be requesting that each of those governing bodies endorse the concept of the preferred alternative. RWSA staff anticipated that once approval of the regional governing bodies was attained, the Community Water Supply Permit could be submitted by July 4, 2006.

Mr. Gaffney inquired if the Permit could be submitted without the mitigation plan. Ms. Whitaker replied in the affirmative and added that it was RWSA's hope that the details could be worked out so that the Mitigation Plan could be put forward shortly after the submission of the Joint Permit Application.

At this time, Ms. Whitaker asked Mr. Pursel to provide an overview of the Joint Permit Support Document.

Mr. Tom Pursel stated that it was a great day for the community and for the Community Water Supply professional team. He acknowledged as part of that team the RWSA Board of Directors and the respective governing bodies that the members represented, as well as the community at large, who put a lot of effort into helping to shape the document.

Mr. Pursel next stated that document essentially was a culmination of years of effort by this community and very closely followed the regulatory requirements for planning large community water supply projects. The document would also provide the data that would be necessary for regulatory agencies to approve the Joint Permit Application. The document began with a "Statement of Purpose and Need," which outlined the studies conducted to project demand and evaluate the overall water supply. The support document and accompanying Permit Application proposes to cover the projected short and long-term deficit by looking at a 50-year planning horizon. The next section described Rivanna's existing systems as currently operated under normal and drought condition. In Section IV, there is a detailed description of the "Alternatives Identification and Screening" process, which included the early Vanasse Hangen Brustlin, Inc. (VHB) studies, the identification of 33 alternatives and the screening process that narrowed the list to 4 concepts. The 4 remaining water supply concepts came to be known as the "short list" and were the focus of further detailed investigations. During this process, several technical memorandums were published and RWSA led a very strong public outreach program on each of the 4 concepts. As a result, the "short list" was narrowed to 2 alternatives that ultimately led to the selection of the Expansion of the Ragged Mountain as the preferred alternative.

Mr. Pursel concluded his presentation by thanking everyone again for their input. The Community Water Supply professional team was looking forward to continuing their work with the RWSA Board, and staff, in their efforts to obtain regulatory approval of the permit and begin work on the project. He felt the community had reached a great milestone and was glad to be associated with this process.

Mr. O'Connell inquired about what other information would need to be submitted in addition to the support document. Mr. Pursel responded that by appendix all the documents made public would be submitted on a CD and would include all the technical memoranda and opinion letters.

Mr. Gary Fern noted that the cost estimates in the document were still based on 2004 dollars and asked if there were any intent to update the report. Mr. Pursel replied that for the sake of continuity, it was more straight forward to maintain the cost logic in 2004 dollars. The cost estimates would be revisited as the process moved forward. Mr. Frederick also stated that a 25 percent contingency had been added onto all the total cost estimates taking into account market uncertainties.

Mr. Tucker questioned when the issue of phasing the dam would be reviewed. Mr. Frederick stated that staff has already begun some preliminary work and were awaiting data from Gannett Fleming concerning updated costs associated with the various phasing options. The Authority hoped that Gannett Fleming could provide a curve that would illustrate the costs associated with different phases of the project based on raising the dam at various heights in the first phase. A modeling software would be used to incorporate that information to gain a better financial perspective. A decision on phasing did not need to be made as part of the permitting process.

Mr. O'Connell asked about the time frame for receiving regulatory feedback after submission of the permit in early July. Mr. Pursel stated that it was difficult to determine, but it was hoped that the documentation provided and the interaction with the regulatory agencies would help shorten the process. The regulatory review could take anywhere from 6 to 12 months or longer. The professional team would continue their coordination efforts with the regulators and provide additional information as needed in order to keep the process moving forward. Mr. Frederick added that the Authority would be proactive and make itself a resource to the regulatory agencies. The regulators had told RWSA that it has conducted one of the best processes in terms of coordinating their participation throughout the process. It was hoped that this effort would be recognized during regulatory review of the document and would expedite the permitting process.

Mr. Pursel then noted that Mr. Aaron Keno, Principal Engineer for this project, was disappointed that he could not present this report but was not able to attend today's meeting due to an illness. On behalf of the Board, Mr. Gaffney asked Mr. Pursel to thank him and wish him well.

7.0 Other Items From Board/Staff Not On Agenda

There were no other items from 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. Fern moved that the meeting be adjourned, seconded by Mr. Tucker. All members voted aye, and the meeting was adjourned at 2:38 p.m.

Respectfully submitted,

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