

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
May 23, 2005

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, May 23, 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. Mark Brownlee, Mr. Bruce Edmonds, Mr. Tom Frederick, Mr. Chuck Kent, Ms. Mary Knowles, Ms. Michelle Simpson, Ms. Jennifer Whitaker, Ms. Kathy Ware, 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, May 23, 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. Brent, the Board of Directors by a 5 – 0 vote approved the minutes of the regular Board meeting held on Monday, April 25, 2005.

In regards to **Item 2b, Minutes of the special meeting of the Board on April 18, 2005**, Mrs. Mueller noted that on page 2, Jeanne Cox should be added to the list of those “Also Present.” Upon a motion by Mr. Tucker, and seconded by Mr. Brent, the Board of Directors by a 5 – 0 vote approved the minutes of the special Board meeting held on Monday, April 18, 2005 concerning the joint meeting and work session of the Albemarle County Board of Supervisors, the Albemarle County Service Authority Board of Directors, the Charlottesville City Council, and the RWSA Board of Directors with federal and state regulators with the addition noted by Mrs. Mueller.

RWSA Board Minutes (cont.)

May 23, 2005

3.0 Executive Director's Report

There was no Executive Director's Report this month.

4.0 Items From The Public

There were no items from the public.

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 – Property and Liability Insurance
Virginia Association of Counties

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.

6.0 Other Business

In regards to **Item 6a), Public Hearing on Proposed RWSA FY 2006 Budget**, Mr. Gaffney opened up the Public Hearing at 2:03 p.m.

As there were no members of the public who signed up to speak on the proposed RWSA FY 2006 budget, Mr. Gaffney asked if there were any members of the public in attendance at the meeting who wanted to speak at this time.

Mr. Keith Ford stated that he was with Cavalier Septic Service and also did property management in the County. He commented that the tipping fees were raised just last year and asked who was in charge of the entire plant. Mr. O'Connell responded that the Board of Directors set the rates, so he was addressing the right group.

Mr. Ford further stated that the "pumpers" should not have to feel like they were the villains. He further stated that he knew Mr. Tucker was familiar with their tax rates and that the personal property taxes have gone "out of this world." Although he would not take this action, he felt if the tipping fees continued to be raised, there would be sewage dumped in backyards, streams, and down manholes.

Mr. Ford commented there were two goals in this County. One goal was to make money. The second goal that everyone wanted was to have a clean environment. He felt that entire RWSA Board would be in agreement with these goals.

RWSA Board Minutes

6.0 Other Business (cont.)

May 23, 2005

Mr. Ford then stated that people living on Social Security would not have their septic tanks pumped if the rates continued to be raised, and the sewage would go into their yards. Although many of his customers paid him \$5 to \$10 per month, he had to pay RWSA every month, which amounted to about \$41,000 last year in tipping fees. He asked the Board to consider the impacts to the “pumpers” and persons on limited incomes when the tipping fees continue to be raised. He referenced the list of his customers who could only afford to pay \$5 to \$10 per week and would wait until the last minute to have their septic tanks pumped due to the cost.

Mr. Ford also commented that RWSA imposed an overtime charge on the “pumpers” last year. He did not understand why that action was taken since there was a RWSA employee at the plant at all times. He asked the Board to look into the possibility of having two employees at the plant after hours. He added that he was a supervisor for Morton Food for 11 years and was familiar with how plants operated, especially with respect to water and electricity. His chief concern was that one night when it was below freezing someone could be injured by falling on ice in front of the dump pit and could lay there for 1 hour and 45 minutes until the RWSA employee conducted his regular 2-hour check-in.

Mr. Ford further explained that his number two concern was the waiting time between arrival at the plant gate and actually having the truck unloaded. He gave the example of receiving a call one night from a disabled couple who lived in Fork Union with a septic tank problem. His wife accompanied him to the couple’s house where he pumped out their septic tank. Once they arrived at the Moores Creek plant, they had to wait 1-1/2 hours to have the trunk unloaded.

Mr. Ford asked that the Board reconsider raising the tipping fees again this year due to the recent land tax and diesel fuel increases. Any increase would need to be passed on to his customers, resulting in persons with limited incomes not being able to afford his services.

Mr. Ford also noted that his company handled the proper disposal of dead animals. If the tipping fees were increased, persons who could no longer afford his services might bury these animals next to wells and streams and potentially increase the risk of drinking water contamination.

Mr. Ford concluded his statements by reiterating his request for a decrease in the after-hours waiting time for unloading trucks and for reconsideration of the proposed increase in tipping fees.

RWSA Board Minutes

6.0 Other Business (cont.)

May 23, 2005

Mr. Tucker noted that the costs for treating wastewater have increased, which was the basis for raising the septage rates. He then asked Dr. Wichser to provide further clarification on this issue.

Dr. Wichser stated that there were a number of factors that impacted wastewater treatment costs, such as increases in utility rates, chemical costs, and manpower salaries.

Mr. Ford responded that he understood that Rivanna's costs were increasing, but he was concerned with possible OSHA fines and lawsuits resulting from an after-hour injury. He felt that an extra employee could reduce that risk.

Mr. Tucker commented that he felt this was a staffing issue that would need to be addressed as a separate matter. The focus of today's Public Hearing was the proposed increase in water and wastewater rates. He referenced Dr. Wichser's comments and added that the reason for increasing the septage rates was due to RWSA's expanded treatment responsibilities and requirements.

Mr. Ford stated that he was not trying to dispute Mr. Tucker's numbers, but he could not understand why the "pumpers" had to pay extra when there was an employee on-site at all times. Another RWSA action that adversely affected the "pumpers" was changing the start time for charging overtime rates from 5:00 p.m. to 4:30 p.m. He asked the Board to work with the "pumpers" in order to maintain a clean environment.

Mr. Brent commented that it was important to realize that Rivanna was providing a service for the surrounding counties as well as the customers who were covering the costs for this operation, who in this case were the sewer customers in the City of Charlottesville and the portion of Albemarle County that was served by public sewer. He felt that RWSA should not be subsidizing persons living in other localities who rely on this facility to have their waste treated. The costs should be set as realistically as possible without placing an increased burden on the City and County water and sewer customers.

Mr. Tucker inquired if the proposed rates covered those expenses. Mr. Brent stated that the increases did not cover 100 percent of the water and wastewater treatment operations.

Mr. Tucker asked Mr. Frederick and Dr. Wichser to examine the staffing issue raised by Mr. Ford to determine if there was a way to improve that situation. He added that based on the information provided on the increased costs for wastewater treatment and Mr. Brent's previous comments, he felt that an increase in septage rates was necessary.

RWSA Board Minutes
6.0 Other Business (cont.)

May 23, 2005

As there were no other members of the public in attendance at the meeting who expressed a desire to speak on the proposed RWSA FY 2006 budget, Mr. Gaffney closed the Public Hearing at 2:16 p.m.

Mrs. Mueller questioned whether RWSA had factored in the surplus funds accumulated at the end of the current fiscal year during the development of the proposed FY 2006 budget. Mr. Wood responded that the proposed budget took into account the projected surplus for FY 2005 and the amount of reserves that would be needed to fund the Capital Improvement Program (CIP). Mrs. Mueller further inquired for clarification purposes if the surplus funds were from the current debt service and would roll over to the debt service for the next year or would be placed in the general accounts. Mr. Wood stated that he planned to have a report for the next Board meeting concerning the disposition of surplus funds. RWSA would be proposing that the FY 2004 surplus funds totaling about \$2 million be transferred into the reserves and be specifically earmarked for the CIP.

Mr. Gaffney asked if he was correct that \$100,000 from each of the Urban rate centers would be transferred into the reserves for the Rate Stabilization fund and \$50,000 for the Urban Watershed reserves with the remainder of the surplus going into the CIP. Without having the exact numbers in front of him, Mr. Wood replied in the affirmative and in concept stated that those funds were figured into the CIP recently adopted by the Board.

Mr. Gaffney also questioned whether next month's report would address FY 2004 and FY 2005 surplus funds. Mr. Wood explained that his report would only detail the use of FY 2004 surplus funds for capital improvements since the FY 2005 amount would not be known until after the end of the fiscal year and the upcoming audit is completed. Upon further inquiry by Mr. Gaffney concerning estimated FY 2005 surplus totals, Mr. Wood stated that he felt the amount would not differ significantly from the April figure.

Mr. O'Connell inquired as to where the reserve funding was detailed in the CIP. Mr. Wood referenced pages 24 and 25 of the CIP which listed funding scenarios for the Water and Wastewater Systems. He noted the line item entitled "Funding from Reserves" under each system description. On page 24, reserve funding for the Water System alone totaled more than \$6 million over a five-year period. He further explained that funding for the reserve accounts would be generated through the transfer of surplus funds from FY 2004 and FY 2005. In response to another question from Mr. O'Connell, Mr. Wood confirmed that the surplus funds will be transferred into the reserve account and designated for capital projects. The funds are placed in an investment pool. Based on a present-day value analysis conducted prior to seeking Board approval for the bond reimbursement resolution in March, it appeared that the use of reserves to fund capital projects is a good investment. It

RWSA Board Minutes
6.0 Other Business (cont.)

May 23, 2005

also enables RWSA to keep its overall rates down by not having to issue \$10 million in debt, which is a 30-year rate investment up front.

Upon a motion by Mr. Brent, and seconded by Mrs. Mueller, the Board of Directors voted to approve the following resolution detailing the proposed FY 2006 water and wastewater rates and the supporting budget to be effective July 1, 2005:

RESOLUTION

**ADOPTION OF THE RIVANNA WATER AND SEWER AUTHORITY
BUDGET AND RELATED WATER AND WASTEWATER
RATES FOR FISCAL YEAR 2006**

WHEREAS, the Authority has advertised and held a public hearing on May 23, 2005, on the proposed Fiscal Year 2006 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, 2005, and the Fiscal Year 2006 budget as summarized in the attached table.

WATER

URBAN AREA

City - \$2.071 per 1000 gal.
ACSA - \$2.582 per 1000 gal.

RURAL AREAS

Crozet Water - \$45,337/monthly
Scottsville Water- \$32,571/monthly

WASTEWATER

URBAN AREA

City - \$1.685 per 1000 gal.
ACSA - \$1.955 per 1000 gal.

RURAL AREAS

Glenmore Wastewater - \$17,488/monthly
Scottsville Wastewater - \$21,936/monthly

SEPTAGE RATES

Local Haulers - \$65.00/1000 gal. (\$.065/gal.)
Outside Haulers - \$90.00/1000 gal. (\$.090gal.)

After normal business hours:

Local Haulers - \$90.00/1000 gal. (\$.090/gal.)
Outside Haulers - \$125.00/1000 gal. (\$.125/gal.)

**RWSA Board Minutes
6.0 Other Business (cont.)
May 23, 2005**

VOTE

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

NAYS: 0

ABSENT DURING VOTE: 0

ABSENT DURING MEETING: 0

In regards to **Item 6b), Proposed FY 2006 Personnel Changes**, Mr. Frederick stated that it was important for an organization to review salaries and its pay scale periodically to insure that it was competitive with other sectors of the community in order to obtain highly qualified personnel. Over the past several months, Rivanna had been conducting a comprehensive salary survey, and he recognized Mr. Lonnie Wood and Ms. Randi Wescoat for the amount of time and effort they expended on this endeavor.

Mr. Frederick further stated that last year Rivanna did not conduct a comprehensive review of salaries. The Board of Directors approved a general 2.3 percent increase in the salary range for all pay grades across the board in an effort to keep salaries competitive with the market. This year Rivanna was not requesting that the pay scale itself be changed. As a result of a salary comparison with the marketplace, which included local governments and utility organizations throughout the Commonwealth, Rivanna was recommending that the positions highlighted in yellow on the attached Salary Grade Assignment spreadsheet be elevated to a higher pay grade. The minimum and maximum salary levels for those particular positions would be adjusted, but the overall pay scale would not change. The positions in white indicated that those salaries remained competitive, and no adjustments were being recommended in the minimum and maximum ranges. In terms of the existing employees that were occupying those positions, a decision today would not result in changes to those salaries except in two cases where elevating the positions would result in those employees being paid below the July 1, 2005 minimum range. Those employees’ salaries would be elevated to fall within the new pay scale for that position.

Mr. Frederick further reported that Rivanna was currently in the process of conducting its annual merit pay for performance program where all employees were being evaluated as to their performance over the past year. Rivanna was recommending a 4.4 percent merit pool for FY 2006, which was equivalent to the merit pool approved by the Albemarle County Service Authority and Albemarle

RWSA Board Minutes
6.0 Other Business (cont.)
May 23, 2005

County, and only slightly higher than the merit pool proposed by the City of Charlottesville.

Mr. O'Connell commented that for future salary surveys, it would be helpful for comparison purposes to add the number of employees for each of the respondents and a separate column that listed the median salary.

As a follow-up to Mr. O'Connell's comments, Mrs. Mueller stated that she and Mr. Brent met separately with RWSA staff to review the proposed personnel changes in more detail. One of their comments to staff concerned the size disparity of the survey respondents, and it was recommended that more comparable institutions be included in future salary surveys. Mr. Brent added that by comparing the median salaries, they were able to conclude that the proposed pay grade adjustments were realistic.

Mr. O'Connell stated that based on Mr. Brent's comment, he was supportive of the proposed adjustments to the pay grade and the recommendation for raising the base pay for part-time and full-time positions.

Mr. Tucker concurred with Mr. O'Connell's comments and asked what criteria was used to select the communities for this salary survey.

Mr. Wood stated that the reason for selecting the larger communities was due to the difficulty in locating comparable institutions with sufficient operator positions to make a valid comparison. The selection process was also limited by the number and types of organizations that responded to Rivanna's survey request.

Mr. Gaffney inquired as to why Albemarle County and the Albemarle County Service Authority were listed twice on each survey spreadsheet. Mr. Wood stated that those organizations sometimes had two positions whose job descriptions contained some of the attributes of a Rivanna position. He gave as an example the Director of Finance and the Chief Accounting Officer for Albemarle County, which were used as a comparison to Mr. Wood's position.

Concerning the Albemarle County positions, Mr. Tucker further clarified that the Accounting Chief reported to the Director of Finance whereas it was his understanding that Mr. Wood assumed both of those roles as Director of Finance and Administration for Rivanna.

As there was no further discussion or questions, the Board of Directors voted to approve the changes to the salary scale as recommended by the Executive Director and authorized those changes to be incorporated into Section E of the RWSA Personnel Manual. The motion was approved by a 5 – 0 vote.

RWSA Board Minutes
6.0 Other Business (cont.)
May 23, 2005

In regards to **Item 6c), Operational Permit for Ragged Mountain Dams**, Mr. Frederick referenced the discussions that had taken place concerning the relationship between the permit to operate the Ragged Mountain Dams, including the safety issues that were addressed by Virginia Dam Safety, and the Community Water Supply Plan project. As a result of those discussions, including the April 18, 2005 meeting with the regulators, RWSA had agreed to submit an application for an extension of the one-year permit that expires July 31, 2005. If this action was not taken, technically RWSA's legal authority to operate the Ragged Mountain Dams would cease the end of July.

Mr. Frederick also stated that RWSA was asking the Board to approve the compliance schedule that was included in the Board packet. Mr. Robert Cooper with Dam Safety specifically requested that the schedule be included with the application in order for RWSA's request for an extension to be approved. The schedule outlined RWSA's best projections as to when it believed the dam safety issues would be completed.

Mr. Frederick noted that Mr. Cooper also requested that a letter be included with the application that explained why the previous conditions had not been met by the expiration date of the current permit. The draft letter was also attached to the Board report.

Mr. Frederick further explained that although there were other standard forms pertaining to technical information that would need to be included with the application, he felt that the draft letter and draft schedule were the key documents from a policy standpoint and were attached to this report for the Board's review and comments. RWSA was requesting that the Board formally authorize the Executive Director to include those documents, with any revisions deemed appropriate, in an application to DCR-Dam Safety to be filed before May 31, 2005. He then opened up the floor for comments from the Board.

Mr. Tucker inquired if Mr. Frederick felt that the proposed schedule would allow for enough time to satisfy Dam Safety requirements so that a request for another extension would not be required. Mr. Frederick replied that it was RWSA's intent to develop a manageable schedule. Once a clear decision had been made as to the direction to be taken with the Ragged Mountain Dam rehabilitation work, it would take one year to complete the design work and permitting process, followed by a two-year period to complete construction of the project. The remainder of the schedule entailed the decision-making process toward the final commitment. The schedule also allowed one year for the regulatory review of the application submitted on the preferred alternative. Mr. Frederick felt that this schedule reflected a reasonable approach in setting milestones for this project. It was hoped that the tasks could be accomplished before the estimated time frames, but there was no

RWSA Board Minutes
6.0 Other Business (cont.)
May 23, 2005

guarantee when planning over a multi-year period that other issues would not emerge that could impact the schedule.

Mr. Gaffney asked if he understood Mr. Frederick's comments to mean that the schedule was realistic and not optimistic or pessimistic. Mr. Frederick replied that he thought it was an attempt to be very realistic.

Mr. O'Connell commented that he was shocked that according to the draft schedule, improvements to the Ragged Mountain Dams would not be completed until June 2011 and he felt many in the community would have the same reaction.

To clarify earlier comments concerning the permit extension process, Ms. Whitaker stated it was her belief that Dam Safety would not issue a six-year operational permit. Rivanna would be required to submit a permit extension application every 6 to 12 months during this six-year time frame.

Mr. Tucker inquired about the review process once RWSA's application was submitted to Dam Safety. Mr. Frederick stated that according to Mr. Robert Cooper, the application would go before the State Board. Ms. Whitaker added that typically Mr. Cooper received applications two to three months before the permit expired. He would review the applications, which could include a visit to the dam site, and then make a recommendation to the Soil and Water Conservation Board (the Board). The Board could either follow Mr. Cooper's recommendation or render its own decision as to whether or not a permit would be issued or attach conditions to a permit.

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Board of Directors voted to authorize the Executive Director to include the schedule and the letter, as drafted, in a application to DCR-Dam Safety to be filed before May 31, 2005. The motion was approved by 5 – 0 vote.

In regards to **Item 6d, Contingency Increase for Gannett Fleming Contract**, Mr. Frederick stated that a status report on the Gannett Fleming contract was presented at the March Board meeting. RWSA has continued to track the budget very carefully. It was the consensus of the four local boards that a Pre-Application meeting be held with the regulatory agencies, and preparations for this June meeting were currently underway. A study of the alternatives or significant engineering work was not occurring during this process, but RWSA has continued to provide support from Gannett Fleming to questions from the members of the local boards and to the regulators in preparation for the Pre-Application meeting. After reviewing the budget, it is felt that at this point the remaining contingency would not be sufficient for Gannett Fleming to continue to provide the support necessary for preparation and attendance at the Pre-Application Meeting. RWSA is therefore

RWSA Board Minutes

6.0 Other Business (cont.)

May 23, 2005

requesting that the Board authorize an additional \$50,000 in contingency funding

under the Gannett Fleming contract to ensure that the necessary engineering support could be provided for this important meeting.

Mr. O'Connell moved that the Board of Directors authorize an increase in the contingency under the Gannett Fleming contract from the current \$50,000 to an amount not to exceed \$100,000 to be used at the discretion of the Executive Director with the stipulation that Mr. Brent and Mrs. Mueller review any future use of this contingency and the Board of Directors also be notified of this action. Mr. Tucker seconded the motion, and the motion was approved by a 5 – 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 Meeting Recess

Mr. Tucker moved, which was seconded by Mrs. Mueller, that the Rivanna Water & Sewer Board of Directors meeting be recessed at this time and be reconvened during the Rivanna Solid Waste Authority Board of Directors meeting to enter into a joint closed meeting with the Rivanna Solid Waste Authority Board of Directors to consider personnel matters concerning the annual review process for the Executive Director. The motion was approved by a 5 – 0 vote, and the meeting was recessed at 2:40 p.m.

9.0 Resumption of Open Meeting

The RWSA Board of Meeting was reconvened at 3:00 p.m.

10.0 Joint Closed Meeting

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Rivanna Water & Sewer Authority Board of Directors voted to enter into a joint closed meeting with the Rivanna Solid Waste Authority Board of Directors as permitted under Section 2.2-3711.A.1 of the Code of Virginia to consider personnel matters concerning the annual review process for the Executive Director. The motion was approved by a 5 – 0 vote.

ATTENDEES: Mr. Brent, Mr. Gaffney, Mr. Graham (RWSA), Mrs. Mueller, Mr. O'Connell, Mr. Tucker, Mr. Krueger, and Mr. Frederick (part of the closed session).

11.0 Resumption of Open Meeting

The RWSA Board of Directors meeting reconvened at 3:50 p.m.

Mr. Tucker made the following motion, which was seconded by Mr. O'Connell:

RWSA Board Minutes

11.0 Resumption of Open Meeting (cont.)

May 23, 2005

“**WHEREAS**, the Rivanna Water & Sewer Authority Board of Directors has convened a joint closed meeting with the Rivanna Solid Waste Authority Board

of Directors on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and,

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

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

There being no further discussion, Mr. Gaffney called for a roll call vote:
Mrs. Mueller – Aye, Mr. O'Connell – Aye, Mr. Gaffney – Aye, Mr. Tucker – Aye,
and Mr. Brent – Aye.

Upon a motion by Mrs. Mueller, and seconded by Mr. Tucker, the Board of Directors voted to increase the salary of the Executive Director by 5 percent and to also award a \$5,000 bonus to the Executive Director for his efforts during the past year, effective July 1, 2005.

12.0 Adjournment

There being no further business, Mr. Brent moved that the meeting be adjourned, seconded by Mrs. Mueller. All members voted aye, and the meeting was adjourned at 3:53 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer