



RIVANNA WATER & SEWER AUTHORITY

695 MOORES CREEK LANE • CHARLOTTESVILLE, VIRGINIA 22902-9016
(434) 977-2970 • FAX: (434) 293-8858 • WEBSITE: WWW.RIVANNA.ORG

RWSA BOARD OF DIRECTORS

Minutes of Special Board Meeting

Resources Implementation Strategy for Community Water Supply Plan

September 13, 2007

A special meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Thursday, September 13, 2007, at 6:00 p.m. in Lane Auditorium at the Albemarle County Office Building - McIntire, 401 McIntire Road, Charlottesville, Virginia. The purpose of the meeting was to begin a dialogue with the community and its leaders on financing the Community Water Supply plan.

Board Members Present: Mr. Gary Fern, Mr. Michael Gaffney – Presiding, and Mr. Robert Tucker.

Board Members Absent: Ms. Judith Mueller and Mr. Gary O’Connell.

Authority Staff Present: Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Ms. Andrea Terry, Ms. Jennifer Whitaker, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Henry Cobb – Facilitator with The Clay Christensen Group, County Government Officials; Albemarle County Service Authority, City, and County Staff; members of the public; and media representatives.

1.0 Call To Order

The special meeting of the RWSA Board of Directors was called to order by Mr. Michael Gaffney on Thursday, September 13, 2007 at 6:05 p.m., and he noted that a quorum was present. He explained that due to the presence of three Board members, legal requirements specified that this public gathering become an official Board meeting. No Board actions would be taken tonight. Minutes would be prepared, submitted for Board approval, and then posted to RWSA’s website.

Mr. Gaffney next welcomed and thanked the members of the public for their continuing interest in the Community Water Supply Plan by their attendance at tonight’s meeting. RWSA continues to maintain an e-mail list to provide further information on this project. He invited the audience to provide their e-mail address on the sign-in sheets located on the table outside the auditorium if they had not already done so previously.

He requested that during the public comment period of the meeting, questions and comments be directed into the microphone so that all the information could be recorded for the public record.

Mr. Gaffney then provided some background information for the citizens who had not attended a previous Public Outreach Meeting. RWSA and this community had identified a need for

increasing the available water supply to meet the future needs of this community. Through nine previous public meetings and numerous smaller meetings with local citizens, elected officials, and state and federal regulatory agencies, a great deal has been accomplished. The community's preferred alternative is to expand the Ragged Mountain Reservoir, which evolved from the exhaustive study of 20 plus alternatives. A new pipeline from the South Fork Reservoir to the Ragged Mountain Reservoir is a large part of that solution. Last year a highly beneficial mitigation plan was announced for stream and wetland enhancement as part of the regulatory requirements of the new Ragged Mountain Dam. Local citizens and regulatory officials are united on the overall scope of the Water Supply projects to be implemented, and the Authority expects to receive permits authorizing this plan before the end of 2007.

Mr. Gaffney next commented that tonight we begin discussions with the community on how to implement this project. RWSA remains firmly committed to building the plan that was approved by the leaders of this community and is "looking forward, not backward." The new challenges involve what is the appropriate order for scheduling the various improvements and how we pay for those improvements. Tonight's discussion is to be viewed as an introduction to these challenges. The Authority is open to new ideas and expects that there will be further discussions before the current challenges are properly addressed. Tonight's presentation will discuss the significant capital costs that are involved with this project, and a decision on how to pay for these improvements will not be easy. Mr. Gaffney was optimistic that this community will once again meet the challenge as it did during the selection of the Ragged Mountain alternative.

Mr. Gaffney then briefly reviewed tonight's agenda. He stated that he would be introducing the facilitator for tonight's meeting shortly, which will be followed by a presentation and then the public participation segment of the meeting. Prior to the meeting's adjournment, Mr. Gaffney will make some concluding remarks on the next steps in this process.

Mr. Gaffney next mentioned that tonight's meeting is being videotaped by Charlottesville Public Access TV and will be aired in the coming days on local government cable television. It will take about one week of editing before the program will be ready to air. The public can check RWSA's website at www.rivanna.org toward the end of next week for a schedule as to when and on what channel the program will be broadcast.

Mr. Gaffney then introduced Mr. Henry Cobb, who will be facilitating tonight's meeting. Mr. Cobb is a colleague of Ms. Becky Christensen of The Clay Christensen Group. He was one of the Authority's facilitators at the Public Outreach Meeting held in September 2004. Mr. Cobb currently lives in Richmond, Virginia, has an undergraduate degree in agriculture from Virginia Tech, and a master's degree in education from Virginia Commonwealth University. Mr. Cobb has successfully been providing process facilitation services for non-profit agencies, local and state governments, as well as businesses for 12 years. He will review the meeting agenda, go over the requested guidelines for tonight's discussion, and introduce our speakers. Mr. Gaffney asked the audience to welcome Mr. Cobb back to Charlottesville.

Mr. Henry Cobb reiterated Mr. Gaffney's previous remarks that the purpose of tonight's meeting is to hold a discussion on how to implement this project and is not meant to be just a one-way presentation. He then briefly reviewed the meeting agenda. Mr. Frederick's presentation will

include background history on the Ragged Mountain process, the challenges related to the dam construction and project financing, scenarios for implementation, and current issues. After the presentation, the audience will have the opportunity to ask quick questions for clarity on the information presented by Mr. Frederick. After the questions have been addressed, the meeting will proceed to the public comment period when members of the audience would be invited to focus their remarks on the following question: "What are the benefits and challenges of the scenario options?" Mr. Cobb then explained the format for providing public comments. Each person will have up to three minutes. Longer written comments may be submitted for entry into the meeting records. If there are comments that someone would like to send to RWSA after the meeting, they can send them by e-mail them to info@rivanna.org. If there is time, a person may return to the podium for another comment if everyone else has had the opportunity to speak.

Mr. Cobb then introduced Mr. Tom Frederick, Executive Director of the Rivanna Water & Sewer Authority, to provide information on the resources implementation strategy for the Community Water Supply Plan through a PowerPoint® presentation. Mr. Cobb noted that Mr. Frederick has 27 years of combined private and public sector engineering and utility management work, has an undergraduate engineering degree, and postgraduate education in public administration.

Mr. Frederick expressed his appreciation to each citizen who took the time to attend this meeting and their interest in hearing about the next phase of the Community Water Supply Plan. He also thanked Mr. Gaffney and Mr. Cobb for their opening comments.

Mr. Frederick next stated that he would attempt to provide the information in a way that will help citizens better understand the issues and the work to date on this project. He encouraged the members of the audience to ask questions on any of the material presented during the clarification portion of the meeting in order to better understand the issues.

Mr. Frederick referenced a slide that listed the agenda for the presentation, which included discussions on "Where We Have Been," current challenges, resource issues and updated cost estimates, external requirements that affect phasing of the implementation of the plan, financing issues, and the next steps of the process.

Mr. Frederick next addressed a slide that outlined the work and extensive studies involved with reaching the point where the Ragged Mountain was selected as the preferred alternative for the community's future water supply. Thirty-two water supply alternatives were screened during the process. Many citizens attending the meeting had attended most of the nine previous public meetings held since September 2004 in order to gather public input throughout this process.

Mr. Frederick then commented that the context of those previous nine meetings was geared toward the selection of the preferred alternative based on what was best for this community overall and also met state and federal regulatory requirements of being the "... least environmentally damaging, practicable alternative ..." Cost was not the "primary driver" during these previous public meetings. As the focus shifts to the implementation phase, cost becomes a bigger issue. He added that although cost was not previously the main focus, the preferred alternative that was selected as the best for the community is also cost-effective and amenable to phasing.

Mr. Frederick next stated that the citizens communicated very clearly that they wanted to keep the water supply in the local watershed where there would be local control over land use and water quality issues. A way to balance or make sustainable both human needs and nature's needs was an important component of the planning process. The Ragged Mountain Alternative was "retooled" from the initial proposal to replace the existing Sugar Hollow pipeline with another Sugar Hollow pipeline and directed toward a new South Fork pipeline in order to remove some initial objections and gain community support. An excellent Mitigation Plan was also developed during the public participation process.

Mr. Frederick then addressed the two major areas that RWSA anticipates will present future challenges in implementing the Ragged Mountain Alternative. The first one involved the prioritization and phasing of the elements of the plan, which are closely interrelated to how the plan would be financed. The second major area concerned construction logistics, and issues related to concrete, road use, noise, and natural area maintenance while performing a major public works project. The first issue is being introduced; the second issue will be the focus of later public meetings. The Authority did not expect to make any final decisions on these two issues immediately after the meeting but will be subjects of continuing discussion.

Mr. Frederick next commented that this might be an opportunity to pause and gain inspiration and referenced the slide that listed quotes from the following three persons:

- Dwight Eisenhower stated, "In preparing for battle, I have always found that plans are useless, but planning is indispensable."

Mr. Frederick noted that there has been a lot of work conducted by RWSA in attempting to forecast potential future conditions. He asked the audience to keep in mind that RWSA's "crystal ball" is limited, and there are uncertainties in predicting the future.

- Eleanor Roosevelt stated, "Great Minds discuss ideas; average minds discuss events; small minds discuss people."

Mr. Frederick commented that one of the big ideas that "sold" the community on the selection of the preferred alternative involved redirecting the focus of the pipeline route. RWSA will continue to listen to ideas and Mr. Frederick challenged the audience to focus on ideas in their comments in order to provide helpful suggestions and work as a team in this process.

- Edith Wharton stated, "The only way not to think about money is to have a great deal of it."

Mr. Frederick stated that he felt everyone in this room has made decisions based on the amount of available money, which may be less at a given point in time than our ultimate ideals, a condition RWSA faces at this time with implementing the project.

Mr. Frederick next directed the audience to a slide that listed the updated estimated costs for the entire Community Water Supply project. His project discussion would be broken down into the

“big three” and the “little two.” The “big three” projects, which are very expensive but very essential, add up to \$127.1 million or 89% of the total \$142.1 million. The two smaller projects involve water treatment plant expansions in the amount of \$15.0 million can be phased in at a later time as long as the community’s water needs are being met.

Mr. Frederick then discussed some background information related to resources challenges. RWSA currently has existing depreciated water assets in the amount of \$79 million, with \$33.5 million of those assets specifically being either water system assets or the prorated amount for water of assets shared by water and wastewater. The proposed cost for the Community Water Supply project is \$142 million for a 50-year plan, which represents 424% of the Authority’s current water assets. An additional \$11 million in urban water needs has been identified by RWSA in its Five-Year Capital Improvement Program (CIP). The Authority was aware of other capital projects that would be needed in addition to the \$11 million when expanding the CIP beyond the five-year time frame. RWSA is facing resources challenges that include aging infrastructure, a regulatory climate that continues to provide unfunded mandates on the Authority’s operations at considerable expense, and the Community Water Supply Plan. The total existing debt of RWSA is \$54 million, which is managed very well by the Authority’s Finance and Administration Director and his staff. If the entire Community Water Supply project was implemented in one phase, RWSA would experience a 263% increase in its current total debt. In addition to water supply, RWSA faces other challenges. For example, RWSA is also currently upgrading its wastewater treatment plant as part of the Chesapeake Bay initiative. The state grant money being received for these improvements will not cover the entire cost of this project. There are also current discussions on the need for significant wastewater interceptor pipeline replacements. He mentioned again the \$127 million cost for the Ragged Mountain Dam, Observatory Upgrade, and new pipelines associated with the Community Water Supply project.

Mr. Frederick next mentioned that when moving into a discussion on how to phase the improvements, there are some external requirements that are outside the control of the local community. There were five “drivers” listed on the current slide that would be individually discussed on the following slides. The first three were regulatory-type issues, and the last two were more engineering standard/best practice issues for water utilities.

Mr. Frederick first addressed “Improved Stream Flow Releases.” This issue reflects the idea that when a dam is built for a water supply on a stream or flowing river in order to impound water for water supply use during a drought, ways to continue to release water to the impaired streams from a dam need to be found. In the past engineering practice often called for construction of dams without consideration of this issue. It is now known that the health of the stream is also environmentally important. The Authority as an organization worked extensively on this issue, and it has been the top issue recently in terms of staff time, energy and resources. It has been a collaborative approach with The Nature Conservancy (TNC) who has also invested tremendous resources on this project. From TNC’s perspective, he felt it was an attempt to develop a new way to provide stream flows associated with dams and water supplies that could be used throughout the country. RWSA was very grateful for all of TNC’s support and help. RWSA has also involved the Virginia Department of Environmental Quality (VA DEQ), which is the permitting authority for the Ragged Mountain Dam at the state level, at various times during the process. VA DEQ has been supportive of RWSA and recognized this effort as a step forward

from the types of regulations that were currently in place for stream flow releases in other communities. The intent is to more closely mimic natural flow conditions and significantly improve stream flows especially during drier periods.

Mr. Frederick further stated that the negotiations with TNC and VA DEQ were completed in May 2007, and at the same time RWSA introduced its findings in order to initiate public discussions. Stream flow release procedures allowed for two conditions. The first one related to minimum stream flows to be released from dams once the new Ragged Mountain Reservoir is built to its full height. The second condition set minimum stream flow releases after the South Fork pipeline was built. The language presented to VA DEQ has not established timelines on these two conditions. It allows the community to decide whether to build the Community Water Supply projects in sequence or build them together in one phase.

Mr. Frederick next referenced a slide that illustrated the "Flow Releases to Moormans River." He stated that there were a lot of variables to consider when explaining issues associated with natural stream flow conditions. The yellow line plots the existing conditions to date for the Moormans River under the voluntary policy of the RWSA Board of Directors for releasing a minimum of 400,000 gallons per day when the reservoir is at 80% or more capacity. The purple line represents the conditions that are minimum requirements after the Ragged Mountain Reservoir is built. The blue line represents the ultimate conditions after the Ragged Mountain pipeline is built. The further the lines shift to the left, the more regularly the stream mimics natural flow conditions. For the yellow line the probability of the flow released past the dam being 80% or less of natural inflow is about 30%, which means that 70% of the time the release would be 80% or above. For the purple line, the 80% drops to about 18% and for the blue line the figure drops to around 8%. The probability of the flows past the dam being 40% or less of natural inflow is about 26% currently, drops to about 8% with the construction of the dam, and drops to about 4% after the pipeline is built. RWSA does not take issue that the blue line better reflects natural flow conditions. In an effort to bring to the table for discussion by this community some ideas regarding sequencing the projects if the financing of the "big three" becomes too much to bear at one time, different options have been considered. For the purple line, the area of the graph within which the line moves to the left with the construction of the dam represents 80% of the total that is achieved by the construction of all the projects. In other words, a \$37 million dam project will achieve 80% of the stream flow objectives of a \$142 million Community Water Supply Plan. Looking at another part of the graph, the most critical period in terms of the environment and habitat of streams is when the flow being released past the dam is significantly below the natural conditions. At the 40% level, the \$37 million dam construction project provides 94% of the benefit of the total \$142 million Community Water Supply Plan.

Mr. Frederick then stated that RWSA was introducing tonight as a scenario phasing the implementation of the project with construction of the dam first to get the major portion of the benefits, followed by some additional improvements at the time when other future projects are financed.

Mr. Frederick next addressed the "Dam Safety Requirement." He stated that the two dams that exist at Ragged Mountain today are very old. The dams were constructed before current safety

requirements were issued to protect public safety in times of a high flow event. The probability is low but the consequences would be catastrophic under the current dam conditions. RWSA's attention is directed to a mandate from the Commonwealth of Virginia to improve the safety of its dams within a four-year time frame, which is a "driver" for how RWSA prioritizes the improvements.

Mr. Frederick then stated that "Environmental Mitigation" comes from regulatory requirements at the federal level that mandate when a reservoir project impacts streams and wetlands, mitigation must be provided to enhance streams and wetlands to offset those impacts. Regulations require that when the first phase of the dam is constructed even on a phased approach, the entire mitigation must be performed at that time.

Mr. Frederick then commented that the next two "external requirements" involve best practices in the engineering profession. Even if RWSA chooses to phase the implementation of the dam, the safe yield must be maintained ahead of the average day water usage. He referred to the slide that reflects that ratio when the dam is built in one phase. The next slide contained a graph which illustrated the total treatment plant capacity being above the expected maximum day water usage. Currently, the maximum day usage is in the area of 14.7 million gallons per day (mgd), which was an actual peak day attained in 2006. The graph shows that the Community Water Supply Plan would keep plant capacity ahead of the maximum day demand curve due to the proposed improvements to the Observatory Water Treatment Plant in the 2015 time frame, the South Fork Water Treatment Plant in the 2030 time frame, and then a second expansion of the Observatory plant in the 2045 to 2050 time frame.

Mr. Frederick next addressed the key focus questions concerning implementation as follows:

- *How Much Can We Afford to Build Right Away?*
- *Is a Phased Implementation Needed?*
- *What are our Priorities?*
- *How Do We Pay for the Plan?*

Mr. Frederick then presented some background and context information that in some cases were broader than RWSA's scope of responsibilities, but the Authority felt it was important to be sensitive to all the "drivers" in the community when making this decision. Those issues included the additional financial pressures placed on the Authority by its aging infrastructure, the ability to maintain the adequacy of the water supply and additional water conservation measures that might be needed, the equity issues related to costs shared by present and future customers, increasing regulatory challenges, local governmental objectives, and affordability of urban area in order preserve the natural resources of the rural areas.

Mr. Frederick next referenced a slide that listed the three implementation scenarios developed by RWSA in order to facilitate community discussion related to cost and debt service that might be needed to sequence the improvements that are part of the Community Water Supply Plan. The Observatory Water Treatment Plant upgrade is a component of each of the three scenarios. Given the age and condition of the facility, staff sees this project as fundamentally important to RWSA's objectives in the next five to ten years.

Mr. Frederick then stated that Scenario 1 entails building the entire Ragged Mountain Dam in one phase and building the South Fork pipeline. This scenario builds essentially 89% of the 50-year plan for the next 5 years. Scenario 2 calls for phasing the construction of the dam but building the South fork pipeline now. Scenario 2 is a little less expensive than the first scenario in terms of cash needs in the next 5 years, but it is more costly in the early years than Scenario 3. Scenario 3 involves building the full dam now and phasing the South Fork pipeline beyond the 5-year time frame.

Mr. Frederick next provided some additional comments concerning phasing the dam. RWSA has determined based on the stream flow release requirements that if the Ragged Dam undergoes a phased implementation process, the South Fork pipeline will need to be build immediately. In response to a question by staff, RWSA's consultants responded that the smallest Ragged Mountain Dam that could be built without the South Fork pipeline that would meet the stream flow release requirements would need to be at a minimum raised 42 feet, as compared to the 45 feet if the entire dam were to be built in one phase. The costs involved with constructing the additional 3 feet in a separate phase makes phasing the dam not practical. Phasing the dam would also require higher early year capital costs because of the requirement that the South Fork pipeline be built up front during a phased dam approach. Structural engineers recommend that building a dam in one phase improves the structural integrity and reduces the occurrences of seepage over time. There are also significant logistical challenges in building a dam, and an important question involves whether to burden the community with the costs and the inconveniences associated with building a dam in phases versus a one-time commitment.

Mr. Frederick further commented that financial assumptions need to be made without a "perfect crystal ball," which have been built into the graph shown on the next slide and include inflation rate, new debt terms, increased flow, and equal annual principal repayment. When the method of implementation is selected and serious negotiations with financial advisors and potential bidders for bond sales are underway, adjustments can be made in order to receive the most benefit from a financial perspective.

Mr. Frederick then moved to a graph that illustrated the estimated future debt service for the three Community Water Supply scenarios. The dark blue line on the bottom of the graph represents the existing debt service payments of the entire RWSA. The three scenarios are depicted by the different colored lines. For the next five years, the most intense increases in debt service comes from Scenario 1. The least impact felt during the first five years occurs under Scenario 3. Sometime between the 2018 and 2020 time frame, Scenario 3 will for a brief period of time experience the highest debt, which reflects installing the South Fork pipeline during that period. Steep increases can be observed with all three scenarios, and in anticipation of one of these scenarios being selected, there will be significant negotiations related to funding issues. He noted that the debt service curve represents only the costs associated with the Community Water Supply Plan. Other future projects will drive the debt service for the total Authority even beyond the numbers on the graph.

Mr. Frederick added that RWSA will continue to follow-up with regulatory agencies on the final issuance of the Ragged Mountain Dam Permit. The Authority also will continue the dam design work in order to meet the Dam Safety 2011 deadline. Further conversations with small groups,

focus groups, elected officials, and the public will be held on the Resource Implementation Plan in order to drive this decision forward.

Mr. Frederick announced that his presentation was completed and turned the meeting back over to Mr. Cobb who would preside over the next phase of the meeting, which was the opportunity for the public to ask questions for clarification about the information presented tonight.

Mr. Cobb then asked if there were any members of the audience who had any questions to come forward so that their questions could be directed into the microphone provided to them.

Question from Unidentified Citizen: “When you said that the first stage of the dam had to be 42 feet, why did the dam have to be that high?”

Mr. Frederick: “In meeting the stream flow release conditions for the dam phase, we would need ample storage because over time there are dry periods, like what we are experiencing right now. If we continue our release to the streams along lines of those policies, you have to have enough storage so that we do not run out of water before the drought was over. The storage required equals a raise of 42 feet.”

Question from Mr. Jim Colbaugh - Albemarle County Resident: “Do all the options in Scenarios 1, 2 and 3 provide adequate water supply today ... in four years ... so we won't experience conditions that we are today?”

Mr. Frederick: “All three of the scenarios that we have posted will satisfy the condition that the safe yield of the system must always be greater than the forecasted average day demand. I would hesitate to say that it would avoid having conditions such as drought alerts and drought warnings. I think it makes them less frequent and less severe, but we could not say that it means that the public would never be under drought phases. It is clear that all three scenarios would provide that the safe yield always exceeds the projected average daily demand.”

Question from Mr. J. A. Kessler, Jr., who resides at 275 Terrell Road West in Albemarle County: “In the five years since the almost disastrous drought in 2002, has there been any additional storage capacity provided?”

Mr. Frederick: “The answer is that there has been no additional capacity constructed. RWSA did implement a plan in 2004 that said we had excess capacity in the Beaver Creek Reservoir, which is dedicated to the Crozet community. In the interim until we can get new capacity built for the urban system, the part of Beaver Creek Reservoir that is not required for Crozet in that year can be used to supplement the urban system. This is the one way that we are able to increase the supply of the urban system, but it is not through the construction of additional capacity. “

Follow-up Question from Mr. J. A. Kessler, Jr.: “ ... whatever option you chose, it costs a lot of money. Has any additional money been set aside for these projects, either through additional fees or additional taxes?”

Mr. Frederick: “Speaking for the Rivanna Authority, we do five-year projections of total finances that we will need for all capital improvements and all projected operating expenses. We base our wholesale rates to the City and the Albemarle County Service Authority (ACSA) not on a one-year plan, but on a five-year plan. The Ragged Mountain project is in our current Five-Year Capital Plan for financing the right-of-way to the South Fork pipeline and the initial design for Observatory Water Treatment Plant. Those components are in the current rates that we project, and we are building cash reserves right now in anticipation of that.”

Follow-up Question from Mr. J. A. Kessler, Jr.: “Am I correct from the discussion this evening to assume that at this point a single plan has not yet been determined nor has an actual method for financing the entire project been determined? There seems to be several options still being discussed. Has any single option been determined to then move ahead on and do that option? Has any method of financing yet been determined?”

Mr. Frederick: “The answer to have we developed a plan ... yes ... that was the plan that was composed of the Ragged Mountain Reservoir and the South Fork pipeline and was supported nearly unanimously by this community a year and a half ago. A very specific plan was submitted to the VA DEQ and the US Army Corps of Engineers in June 2006. It does take those agencies a little bit of time to review the details of those plans ... we’re pushing very hard for those agencies to issue us a final permit before the end of this calendar year. In case you don’t know, it is illegal in the United States to build a dam without a permit from the US Army Corps of Engineers. As much as we might like to say, ‘let’s just charge ahead and go build it,’ that would actually be illegal in this country. A tremendous amount of planning has gone into the developing the permit application that meets the requirements of the US Army Corps of Engineers, and every indication that we are getting from US Army Corps of Engineers is that a permit will be issued.”

Follow-up Question from Mr. J. A. Kessler, Jr.: “But you are still showing as options.”

Mr. Frederick: “The options that we are talking about are the options on how to sequence the plan, not the question about the plan itself ... there are various options ... there are pipelines, treatment facilities, and dams that are part of the selected plan. The sequencing of those projects is what we are talking about tonight, which is driving us toward the question of how do we pay for it.”

Question from Mr. Richard Collins: “Is it your response that those of us who are paying for our water supply right now are paying the rate high enough to finance the options that you put ahead of us in your five-year projections?”

Mr. Frederick: “The direct answer to your question is not completely. What is built into the reserves that we are collecting now is based on the Ragged Mountain Dam, beginning of the design of the Observatory Water Treatment Plant upgrade, and the right-of-way for the South Fork pipeline. That’s what is getting put into the CIP for the next five years. This is subject to change based on discussions of this community, but that is what’s in the plan for which we are maintaining reserves now.”

Follow-up Question from Mr. Collins: “Has the ACSA and the City agreed to pay your CIP? Is that all agreed to? I think Mr. Kessler’s question about what the plan included implicitly the idea of financing and being between jurisdictions. Do you have such an agreement ... such a concurrence ...?”

Mr. Frederick: “The rate that we have in place right now for the current fiscal year has been adopted by the Board of Directors and is being paid by our customers. One thing that I want to mention to you ... one reason we look five years ahead instead of one ... [is so] that our rates will be increasing incrementally. So instead of a huge rate increase at one time, we spread things out. Next year we propose a rate that is on the first year of a running five-year plan that will keep us further ahead.”

Follow-up Question by Mr. Collins: “So an escalating rate for the users of water over the next five years ... You had the CIP obviously before the City Council and ACSA?”

Mr. Frederick: “The CIP that you are referring to was made public in February, and it is part of the public record. If it is not on our website, you can e-mail us if you want a copy and we will e-mail you a copy of the plan”

Follow-up Question by Mr. Collins: “The question of whether we have a plan and now we are merely trying to implement it ... what Mr. Kessler seems to be implying is ... a plan suggests a combined convergence of design, engineering, financing and other types of support. So I think that the way you are posing it as the plan is in place with a consensus behind it so all we are doing now is working out the details of finance is not how many people perceive the situation. This is an interesting matter of how do you define ‘a plan.’”

Mr. Barry Hartland, who resides in Keswick, Virginia: “There has been a lot of discussion. I heard the term ‘storage capacity’ mentioned a number of times in the excellent presentation you’ve done. However, I don’t recall seeing any numbers on ‘storage capacity.’ Just as a benchmark, if we look at today, what is our ‘storage capacity’ in terms of monthly demand, annual demand, or some number that we can relate to?”

Mr. Frederick: “Currently, 10.6 mgd is the average demand over an annual basis. We have three reservoirs in the urban system ... Right now the South Fork Reservoir will store somewhere in the vicinity of 750 million gallons, Ragged Mountain is in the area of 460 million gallons, and Sugar Hollow is about 360 million gallons. The new Ragged Mountain Dam will store 2.1 billion gallons of water as usable storage.

Follow-up Question from Mr. Hartland: “That has essentially doubled the capacity.”

Mr. Frederick: “That is nearly four times the storage of the Ragged Mountain Reservoir. It increases the yield to about 18.7 million gallons.”

Follow-up Question by Mr. Hartland: “I’m interested more in the ‘storage capacity.’ The total ‘storage capacity’ today is what? It’s all about ‘storage capacity.’ Everything we are talking about in my mind is irrelevant. That’s what we don’t have and that’s what the presentation is

about ... increased 'storage capacity.' Today we have how many millions of gallons of 'storage capacity?'"

Response by an unidentified Citizen: "About 1.6 billion."

Follow-up Question by Mr. Hartland: "We are going to increase that by how much?"

Mr. Frederick: "2.7 billion gallons is the future total."

Follow-up Question from Mr. Hartland: "That is essentially double what we have today?"

Mr. Frederick: "Close, but not quite double."

Follow-up Question from Mr. Hartland: "I was a little taken back by the comment that when this is in place we may not be drought-alert free. Does that mean that we are not anticipating enough 'storage capacity'?"

Mr. Frederick: "The 'storage capacity' issue is very complex. We are required to meet the requirements of the Commonwealth of Virginia and the United States Government on flow releases from dams, which I talked about today. They also impose conditions that we have to provide for our 50-year plan. At the end of the fifty years, you are allowed to provide a safe yield that meets the projected 50-year plan and the demand itself is subjected to very rigorous scrutiny by the Environmental Protection Agency. You are allowed to meet them but not exceed them. So the community is being forced by federal regulations [driven toward minimizing environmental impacts] to provide only the minimum storage to meet safe yield, and that is not enough to be able to conclusively say that there will never ever again be a drought alert or a drought warning."

Follow-up Question by Mr. Hartland: "Are all these numbers available on the website?"

Mr. Frederick: "Yes."

Question from an Unidentified Citizen: "How are you able with all the plans that you have discussed tonight foresee how much actual water this community is going to need down the road and foresee all the development that the County keeps approving year after year after year? Right now, I know of two subdivisions where there is 3,000 homes in one and 2,000 in another. How are you able to see down the road? with all your statistics that this is going to be enough water supply for all these demands that they keep putting on the County?"

Mr. Frederick: "We make projections based on the best assumptions that we can get from discussions with the planners for the County and the City. We are looking long term ... we look at 50 years ... We are not really counting how many houses were built this year or how many houses were going to be built next year. We are looking at a long-term forecast of what the best minds in forecasting believe is going to be the population 50 years from now. In reality, the amount of houses that are built year to year are going to differ. The housing market is down right now. It has been very hot at other periods of time. It's going to fluctuate just like the Stock

Market goes up and down. Over time the reality is that if more houses are built for the next 50 years than what was projected in the 50-year plan, the plan may not last the full 50 years. Conversely, if we in the community conserve more water or the population growth is less than projected, we might have a longer than 50-year plan. I don't think any of us have a good enough crystal ball to know exactly how long the water supply is going to last, but we are projecting based on the best on the best information available as a 50-year plan."

Question from Ms. Liz Palmer: "Could you comment on why you set the 10-year plan between improving the Ragged Mountain Reservoir and putting in the South Fork pipeline?" Also, comment on your comfort level on relying on 90-year-old pipes in the interim, especially during drought periods."

Mr. Frederick: "We presented multiple scenarios. As you know, one of the scenarios is to build a dam and the pipeline now. I think you are referring to Scenario 3, which is where the pipeline is delayed. We do feel it is important to build a pipeline as soon as possible, as well as the dam and the other improvements. To fit the total plan together that this community asked for as soon as it is reasonable to finance, one benchmark that can drive how long in the scenario that has the most phasing ... what is the maximum period of time that you should be able to delay the pipeline? That is driven a lot by the fact that the Sugar Hollow pipeline has a limited capacity. As growth occurs, we are going to reach a point where the pipeline just simply isn't large enough to meet the needs of the community. That's in our 15-year time frame. Another driver that influenced our thinking was the State Permit that we expect to receive this year that is issued for a 15-year period of time. If the major improvements that are in our 50-year plan are not all constructed at the end of that 15 years, there is a chance that VA DEQ will come back to us and say, 'ok, you can't build anything else now until you do another 50-year water supply plan.' We think that the commitments made to the community reflect that within the period of that permit we should make every effort to build the major parts of our plan."

Mr. Frederick responded to Ms. Palmer's second question as follows: "To be perfectly honest with you, if I could have my own way, everything in our system would be brand new. Given that the whole infrastructure is not new, we don't always sleep perfectly well at night. We are trying to face a reality that we've got to balance what maybe we as water purveyors actually want in the ideal world with what is practically achievable for those people who are going to be asked to pay for it. Right now, we see ourselves on the edge with respect to much of our infrastructure. The additional storage ... looking at Scenario 3 ... at Ragged Mountain will provide some comfort in how to deal with routes and release more water into the stream. It also provides some comfort that if we have a major break on an old pipeline, for example, and it took three months to get it fixed, we have the storage that we can rely on. It reduces the risk, but it doesn't eliminate it. We would like to eliminate all risks, but we know that's not really practical."

Question from an Unidentified Citizen: "It says in here that the Virginia Dam Safety is a 2011 mandate. Does that mean it has to be built? The other question is ... the Camelot Treatment Plant ... I guess you are calling it the North Fork ... are there no upgrades that you are thinking for that? When will we hear from you about what is happening with our sewers?"

Mr. Frederick: “Related to the Camelot, that is a wastewater treatment plant. The North Fork is a water treatment plant, so you are talking about two different issues. The Camelot plant has limited capacity and is not sustainable for the long-term future. We do show here the North Fork Water Treatment Plant at 2 million gallons per day is forecasted to be a component of our water treatment for the next 50 years along with the expansions occurring at the South Fork and Observatory.”

Mr. Frederick’s response to her other question about the 2011 Dam Safety mandate is as follows: “The literal interpretation of the 2011 deadline is the Dam Safety hazards that the Commonwealth has identified have to be remedied by 2011. By building a new dam, it also satisfies our water supply plan. We can achieve every one of those objectives because the new dam will be built in total compliance with safety standards. If we don’t build a new dam, there is a second option of repairing the existing dam at a cost of about \$5 to \$6 million. The unfortunate reality is that if we chose to repair the dam when we know we need to build a new dam for more storage, and then we build a new dam, everything we did to repair the old dam is throw-away money. What we are trying to do is avoid having to do both.”

Question from an unidentified Citizen: “Is there an e-mail site to which we can send questions that we have not had time to ask?”

Mr. Cobb: “If you did not have a chance to make a comment or if you have a comment that would take longer than three minutes to make, the e-mail address is info@rivanna.org.”

Mr. Frederick: “If I may add another alternative to that ... several of us on staff will be here after the meeting, so if you have another question you wanted to ask and didn’t have time to do so, come forward and we will be glad to talk with you one on one.”

Question from Mr. Jeremy Borden: “How much are water and sewer rates going to rise?”

Mr. Frederick: “What we posted on the slides tonight is what we project are the debt service needs for the various scenarios. The City of Charlottesville and ACSA are the ones that control retail rates for the community. They are meeting now to discuss the information on the data we provided and that will be through their negotiations and discussions converted into numbers that we can begin to speak of in terms of how it impacts specifically on customers.”

Follow-up Question from Mr. Jeremy Borden: “Did you do an estimate on debt service?”

Mr. Frederick: “In deference to the negotiations that those two agencies have to perform, I think its best if RWSA not try to guess what the results of those discussions are going to be. I know they are working quite vigorously on that, but let them announce when they are ready what their proposed discussions have yielded. I would also mention this. We are open to ideas tonight from the community. There is a lot of information here. There is also a lot at stake. If individuals from the community have other ideas on how to finance improvements, we want to be able to listen to those and incorporate those in the discussions that are ongoing.”

Question from Ms. Dede Smith: “Is it assumed or do we know if the debt service will be paid through increased water rates because half the County actually don’t get water bills?”

Mr. Frederick: “Under the structure that set up RWSA there is a very clearly defined way we set wholesale rates for the City and ACSA. That’s an indirect answer, because what the citizen actually pays is what’s on the retail bill and those are set up by those agencies. They have the flexibility to set up structures that promote water conservation that balance the needs of present and futures customers. That’s in their discussions and their negotiations. We have a very strict schedule in our contract with the County and the City as to how we charge wholesale rates. Barring something like a grant and in the absence of change in the structure upon which we legally can assess charges to our two customers, that is what is available to us today.”

Question from Mr. John Via: He inquired about Buck Mountain but was not audible enough to be picked up by the recorder.

Mr. Frederick: “I think that is a very good question and is something that should be part of the discussions, and I think it is, between the City and ACSA as to how to treat that. If that is not completely being considered now, we take your comment as a very important one that needs to be addressed in those negotiations and discussions.”

Question from Unidentified Citizen: “You talk about the eventual population 50 years from now, but you didn’t give any estimates. What is the estimated population in 50 years?”

Mr. Frederick: “I’m going to pass the microphone to Ms. Jennifer Whitaker, our Chief Engineer, and let her answer that question for you.”

Ms. Whitaker: “The question was ‘what population is associated with the future points that guide build out projections for water demands?’ To be quite honest with you, it’s a much more complicated question to answer than you might think. The estimate of the 18.7 million gallons was derived under four different methods. Some of those methods did use comprehensive plans and population projections. Some of those methods used historical water demands and projected linearly as to how we might use water in the future. Some of those methods also took into effect a 5% universal conservation rate and that in effect reduces how much water each person uses. Those four methods were used and averaged and then that was the projected 50-year demand. There is not a specific population associated with that number. In fact, if you go to current water use records and assume either 90, 100, 110, 120 gallons per person per day, which all are within the range of reasonable water use rates, it gives you a different projection of population served. So in fact, the 18.7 million gallons for 2055 projection can serve a wide range of population, depending on how much water each individual person used during that 50-year time period. In fact, the playing field changes over time. If we become more conservation conscious, then it will serve more people. If people use water differently, then it will serve fewer people. The demand was projected using four different accepted methods of projecting, and then because there was a variation in those different methods, we did go ahead and average those four methods.”

Questions from the audience away from the microphone were inaudible.

Ms. Whitaker: “It was on people and historical water usage.”

Follow-up Question from Unidentified Citizen: “What is the estimated population?”

Ms. Whitaker: “That is one of the four methods.”

Follow-up Question from Unidentified Citizen: “What is the estimated population that you have been using?”

Ms. Whitaker: “We have not been using an estimated population. We have been using an estimated demand. As I explained, it depends on how much water is used into the future by each of those people as to how many people that we serve.”

Follow-up Question from Unidentified Citizen: “Each of the people is population. What is the projected population?”

Mr. Frederick to Ms. Whitaker: “You explained very well that there were multiple methods that we had to use to come up with the projected demand, but some of those were based on population. Do you recall for just the ones that were based on population what those numbers were?”

Ms. Whitaker: “I didn’t bring that number with me. What we have done is back into that exact question.”

Mr. Frederick to Unidentified Citizen: “If you give me a business card, we will e-mail you the projected population numbers for the projection methods that included population.”

Ms. Whitaker: “There are a range of numbers, and it is based on one of those four methods.”

Question from Unidentified Citizen: “You are not studying shopping centers and buildings and offices?”

Ms. Whitaker: “The intention is to look at what the usage across the entire County over time is, so it incorporates residential use, as well as commercial use, hospital use, and restaurant use. It’s a little more complicated than maybe it should be, but we do have a range of numbers we believe are the populations that can be served by that number. I don’t have that number immediately on top of my head, but I will be happy to provide it to you.”

Mr. Frederick: “Ms. Whitaker explained a complicated answer, but part of the reason for that is that the Environmental Protection Agency scrutinizes our numbers very carefully in reviewing the permit application. Just about anything the federal government requires becomes complicated.”

Question from Mr. Chad Freckmann: “The University is a customer of what entity and is it correct that the University has a 99-year contract for water with whoever that entity is?”

Mr. Frederick: “The University of Virginia receives its water from the City of Charlottesville. I don’t want to quote the demands of that contract because I might get it wrong. It is the City of Charlottesville that the contract is with.”

Mr. Cobb next announced that due to time constraints the meeting would now proceed to the public comment segment and explained the procedures for submitting comments. As with the “Questions for Clarity” portion of the meeting, comments would be limited to three minutes per person. Longer comments can be e-mailed to info@rivanna.org. A person may return for another comment if others have already been heard. Mr. Cobb requested that persons speak into the microphone for the record, identify themselves and if they represent an organization, and where they reside.

Ms. Betty Mooney – City Resident: “My name is Betty Mooney, and I’m grateful to be able to speak to you. I feel like most of the people here are probably from the County and I’m a City resident, so I hope that you can just imagine how you might feel if you were a City resident. I’m representing a group called the Friends of the Ragged Mountain Natural Area. We learned that RWSA unveiled this alternative in April 2006, and then in June 2006 the regulatory portion of the plan was approved by the City Council and the Board of Supervisors. Our group feels that City residents have had inadequate time to respond to the loss of this land and that important questions remain unanswered, such as: Why would a City resident support a plan that takes away 142 acres of City-owned?— this is City-owned acres of land – a beautiful natural City-County park – destroying all the existing trails that are there, mature trees, wildlife habitat, and also – this is City residents – dramatically raising our City water rates and taxes to support future County development. According to a City Councilor present at the June 2006 City Council meeting, this was not a public hearing. To date, there has been no public hearing or City Planning Commission Hearing that would discuss for us in the City the implications of losing this land for either recreational or financial purposes. The Friends of the Ragged Mountain Natural Area intend to request a public hearing and to ask the following questions: Does the City know the real value of this land? Has the City done a thorough, on-the-ground environmental impact study of this land? Has the City given adequate time for study and public input of the loss of 142 acres of City-owned land? Has the City in cooperation with the County developed a long-term water conservation plan? What [are] the present and future implications both recreational and financial of losing this land? The Ragged Mountain Natural Area is listed on both the City and the County websites as a jointly funded park. Both websites have the following description on their Park and Recreation page: ‘The Ragged Mountain Natural area is a beautiful 980-acre forest of mature oak, hickory, poplar, pine and maple trees, with two lakes, four miles of shoreline, seven miles of trails, a majestic forest, rugged terrain, an area rich with wildlife. It offers a unique opportunity for wilderness hiking within minutes of town.’ If anyone present here tonight has not seen this majestic forest, I have copies of this description and directions to this beautiful natural park available after the meeting. Given all the unanswered questions, the Friends of the Ragged Mountain Natural Area cannot support this proposal for future water use at this time. The City needs to hold a public hearing and our questions need to be answered.”

Mr. J. A. Kessler – Albemarle County Resident: “This community when it comes to capital projects and when there are a number of options or scenarios on the table has a long history of never picking any scenario and never doing anything. Those of you who [know about] the

Meadowcreek Parkway ... might know what I am talking about. I would feel a lot more confident if RWSA simply sat down – and I think it could have been done substantially sooner than this – picked one of their scenarios, and said this is what we need, this is what we want, and see if we can't go ahead with that.”

Mr. Richard Collins: “I believe we are still in the process of planning for our future water supply. There was a consensus – a remarkable consensus as Tom has said earlier – but it largely revolved around one issue and that is additional water supply should come within our watershed. That was the principle maker in the initial consensus as opposed to getting water from the James River. All the other features, including the costs and variations, were not so much consensus data as they were visions to the primary ... as their energizing factor was that we do not want water coming from far off distances, which we cannot control in terms of quality or volume. So, I plead that what we ended up hearing this evening is still in the process of unfolding a plan that has gained support from the City and the County, from those who are existing residents, and from those who are in the development business and who would like to be free for further growth and to have that at the lowest cost possible to new residents. I am struck by the fact that almost all of the issues that have been presented to us this evening have, as we expected, been called regulatory challenges or external conditions and not what we might well call environmental costs that many citizens here locally feel are important to our future and to the quality of our environment. I'm talking about the rivers that have water in them. I'm talking about the wetlands; I'm talking about the ponds. I think that what we are talking about really is cost and growth and expansion, not regulatory or water that is coming from too far off, but citizens concerns about what our comfortable range across for future expansion. Even if dollars were not and should not be the primary factor, there was never to my knowledge any discussion or any relationship between the options and the costs to particular ratepayers within the City and the County. We do not have a plan if we do not have some reasonable way of accepting those costs as to get some future water supply by bond issue. So I believe that the plan is actually one in which we should know ... ask ourselves once again ... how much initial water can we provide within the urban area at acceptable environmental costs and at reasonable economic costs so that we can then accept and evaluate the amount of growth that we can accommodate that will be acceptable to those us who live here now and who value the environment and also who are very much concerned about the increasing costs put upon us because of expansion and population and growth.”

Ms. Faye Branham Lawson – Albemarle County Resident: “I live out on Profitt Road in Albemarle County. I've lived in Meadowfield for close to 20 years. I grew up in the area at the Airport in the early 1950's, when there was no airport. Route 29 was a one-lane road. There were no houses and traffic lights to Barracks Road ... I've seen a lot of growth in the County come up, and I welcome growth but I never thought that I would see the growth go in such a demand that all of the County residents are wondering where the next water supply is coming from. We are worrying about are you going to raise our taxes? You certainly are going to raise our water bills. You talk about putting fines on us if we use too much water. I feel that this is a result of that we live better and we supported the community and paid our taxes and try to be good citizens of the County, and now we are worried because our County Supervisors have gone and approved and approved and approved more and more buildings, more shopping centers, more apartments, and when is the growth going to stop? We have not done one thing to increase

the reservoir demand and water. We're talking about it ... but what's going to happen in these years coming up if the County and the City keep approving more development. I just feel that it's got to stop somewhere. You just can't keep saying well, we're going to develop and then we are going to wonder where the water is coming from. It's ridiculous. We are putting the cart before the horse, and I think we need to think about this. My mother's uncle was the caretaker of the Sugar Hollow Reservoir for almost 40 years, so I grew up as a child going up and visiting that reservoir and seeing how he maintained it and how it got the water out over the dam and grew up really knowing that water supply meant something. When that reservoir almost dried up in 2002, my husband and I walked across that bank. There was a little puddle of water that wasn't much bigger than this auditorium right in front of the dam. That was the perfect time to have culled? out that reservoir ... to have gotten in there with bulldozers, dug it out, made it a little deeper, worked on the dam, done a lot of things to help improve that water supply, but nothing was done. I heard from rumors that people volunteered to bring their own equipment and dig that reservoir out. You could see wet spots on the ground when you walked across the embankment. You see that came from that hurricane that came through ... brought in all trees down out of the mountain and the mud and it all went down that reservoir ... but nothing was done. We need to start leaning more to that also. When you see these reservoirs ... dry up, get in there and cull them out also. Just don't worry about what the dam is going to be controlling. We need to think about the other issues on these reservoirs also."

Ms. Marcia Joseph – Albemarle County Resident: "I am on the Albemarle County Planning Commission, and I appreciate the opportunity to speak about this. We have on many occasions ... and I in particular talk to Mr. Frederick when he comes to our meetings, and said: What's up? Is there enough water? I have asked that on several occasions, and we have always heard 'Yes, there is.' When these projects that require rezoning come before us, we often look at the infrastructure and see what needs to be done in this community. The Highway Department comes in; VDOT comes in and tells us what they need. We know what the community needs are for whatever mitigation can happen when some of these big developments go in, but we have never been told by the ACSA or RWSA that anything is needed. So, we never had the opportunity to ask any of the developers or require or request or just tell them that something like that is necessary as part of the rezoning request. The other thing is that would help provide some funding for some of these things. The other thing is that just recently there has been legislation from the General Assembly that will allow for impact fees. Some of those impact fees can be made on building permits. I don't know specifically if these fees have to go for transportation or whether they can go for other infrastructure, but that might be something for you to go ahead and look at because building permits come in all over the place and come in rapidly. Actually at a meeting yesterday, Mr. Ken Boyd said that Biscuit Run was not coming in for building permits. They were coming in for rezoning request. Well, the building permits for Biscuit Run will come in eventually and perhaps that is one way that we can start funding some of these things. I know that builders are not happy about that, and there will be rate hikes to help pay for it, but the community is going to be in dire straits unless we do something."

Mr. Jim Colbaugh – Albemarle County Resident: "I would certainly like to support Scenario No. 3. I think you made a very strong case to build a dam in one step. There doesn't seem to be any reason to not go the extra three feet. Do it now and forever forget about it. I was also significantly impressed with the ability with just the benefits the dam gives without having to

build the extra north-south pipeline. You get 85%-90% of the benefit. You are going to more than double the releases to the river that you have now. It certainly makes sense to have a phased approach. One of the reasons is cost. I would love to see it all done right now, but cost is important. I think it's important to understand, and I think this whole room supports the idea that new customers pay their fair share of these future ... costs. That's what it is all about. Talked about impact fees ... We don't need impact fees. The ACSA and the City of Charlottesville can charge connection fees to future water customers, based on whatever criteria they want to use. They set the criteria; they can charge the fee. It's up to those two agencies to set these; it's not up to RWSA. What they do need is some understanding about how much the facilities benefit existing customers and how much the new facilities benefit future customers. Obviously, they can't charge new customers the whole cost of the dam. That is shared by some of us and some of the future customers. Maybe the pipeline isn't that way. Maybe the pipeline is an 80% benefit for future customers and 20% for the existing customers. I don't know, but there ought to be some way so the ACSA and the City can ascertain how much of these new facilities benefit new customers and how much of the cost of these facilities benefit existing customers. That way they can decide whatever they want to decide on how to charge, but they don't have to put it on everyone's rate. They can figure out a way. The other positive reason for postponing some of these facilities as long as you can is that as new growth comes on board there is going to be more of us, and if you have more of us, then the cost won't be as great for the people that are here now. If we are 20% bigger, then your rates are going to be 20% less. That is another reason to look at it judiciously as far as how you implement some of these facilities. You don't need to implement them all if they are not needed right now. As far as population, it sounds to me like your plan could double the population in 50 years, and I can accept that based on the lower payment. It seems like certainly most of these facilities are going to be planned for 50 years, and it seems to me it's a big benefit. I'm sure you guys can do a lot better job of figuring out who benefits than I can say."

Mr. Jack Brown – City of Charlottesville Resident: "I have been coming to these meetings for an awfully long time. It's nice to see some progress. I share Mr. Kessler's view of being glacial, but its progress. The reason why I'm here is that I went to one of these meetings 10 years ago or eight years ago and I heard a statistic that struck me. The South Fork Rivanna Reservoir, according to Mr. Frederick's predecessor in that job, which built sometime about 45 years ago had silted up by 50%. That's what he said in a public meeting about six or seven years ago. I don't know if it is true. I do know that that number has shocked me. If we were sitting in this room and that number were true and all those seats were not available to us because they were covered with mud, we would do something about it. Instead, what I hear ... is whatever the silt problem is we are not dealing with it. When we were assessing the various options for improvement before we picked this one option, one of the capital options was to dredge the reservoir. Well that didn't make any sense; that's a maintenance option. If we are going to preserve a regional asset that is now 45 years old, we have to budget for that. I didn't see any indication that we are budgeting for silt removal and dredging in any of the things we talked about today. Indeed, one slide we did see is predicated that we are going to have more silt buildup over the course of this 50-year plan. I don't know what the rate of silt buildup is, but it does seem to me that we need to address maintenance dredging ... and decide whatever our assets are we are going to preserve them, certainly as part of any conversation about extending any of the new assets."

Mr. Stephen Thornton – Albemarle County Resident: “I walk around the Ragged Mountain Reservoir, and it is a beautiful place. I do support Scenario 3. I think of all the things that I’ve heard it makes a lot of sense. It will make the trail a bit longer, of course, when you take up the 142 acres. I do think it’s a good choice. I want to make two points. Throughout the summer we have had this problem with water restrictions and the plans we’ve been hearing about. I spent some time on the Authority’s website trying to find the information that several people have mentioned tonight – the capacity of the reservoirs - I never found that. I looked for it. I wanted to compare the drought we are having now with 2002 when water rates of course were raised and didn’t see anything on it. I couldn’t find the amount of water flow in 2002. I can’t find any historical information on the Authority. I cannot find any reports more than a year old. I guess I was really disturbed that there is basically very little information about the size of the reservoirs, the history of the reservoirs, the water flows historically, and so forth. Because as concerned citizens those are the kind of things that we do; we go to website and try to find them. Maybe they are there. If they are there, they are fairly transparent. I really would encourage the Authority to put more information on there. The second point that I want to make has to do with how you pay for this. We’ve been talking about this for a long time. People tell me that it is the state law that we can’t charge for infrastructure. In the City and County we keep paying for more and more things – transportation and schools. I guess I don’t understand why there is not a water connection fee. I think it ought to be \$10,000 or so and maybe 2% of the construction costs. I understand that the builders may not like it, but the people who are going to pay for that cost are the new customers. If people want to move to Albemarle County – many people do – then it seems to me that they ought to be paying for a large share of this. We’ve recently heard about Biscuit Run – 3,100 units. We hear another subdivision with hundreds of units. Let’s say there are 5,000 of these units in Albemarle County alone in the next few years. If they each paid \$50,000 that’s \$50 million. They ought to pay for this. If it is a state law problem that we can’t charge for this, then let’s change the state law. I never thought we wouldn’t be curious about this many years ago. I couldn’t understand why there is a state law that says we can’t charge for infrastructure. Now we all have these proffers, but that’s not quite the same thing.

Ms. Dede Smith – City of Charlottesville Resident: “I am a City resident and have been for nearly 30 years. My concern as a City resident – and I thank Mr. Brown for bringing up the siltation of the South Fork so I don’t have to because that’s another huge concern. It is losing 15 million gallons of capacity every year since it was built. The irony of course is that it will continue to do so for the 50 years if we don’t do something, and that is where the water is coming from to fill the huge new reservoir ... What I would like to comment on tonight is about where the money is going to come from, and my concern is for City residents because virtually everybody in the City is hooked up to water, so get the water bill, but the City is not growing. This enormous project is for County growth. It is not for City folks. If anything the City population is actually declining, and according to Gannett Fleming’s prediction, it will continue to decline. I am very concerned since the City, which already has a higher poverty rate, etc., will be burdened with the cost of growth in the County. We are burdened in many other ways by growth in the County in that about half of the County doesn’t even get a water bill because they are not on the water system. Yet, they are using water. The water that the people use out of their wells impacts our rivers and streams. They are using water; they just don’t get a water bill. Therefore, I am concerned that if the debt service is in fact funded through water rates that the

City will bear a disproportionate burden for these rates and the County won't actually bear even their fair share of the burden."

Ms. Colette Hall – City of Charlottesville Resident: "I want to echo what Ms. Dede Smith said. It sounds like that the Board of Supervisors continues to approve these massive developments that in the long run the City, which is basically not growing but growing at such a small percentage or even negatively growing, will be bearing the burden of these new developments in their water rates, which is totally unfair. Now I don't know about the Dillon Rule regarding what the gentleman said before Dede about the fact communities can't charge new development for infrastructure improvements, but it certainly seems just and equitable that it could do that. If someone wants to live in Albemarle County, then they should have to pay for that delightful move and to enjoy the County. The main point that I want to bring about today is water conservation. In 2002 when we had the bad drought, we heard a lot about things like 'only flush if you must,' put a bucket in your shower to collect water until it warms up enough for you to take a shower, take military showers, use gray water to flush toilets, and many other very important conservation steps. I have heard almost none of that. I have heard now and again on the television or radio announcements about conserving water. It's all very generalized. I was very concerned about the students coming back to the University a couple of weeks ago because when you take the student population, the faculties and administrators that have been away, you are increasing our general community population by 15,000 people. That is a lot of people. So, I contacted RWSA and said 'Did you contact the Dean of Students' office to let these young people know who are coming in from other localities – some even from foreign countries – that we do have a water drought here and a real water ... I won't use crisis ... but certainly conditions where we have to do water conservation wide and really do have to conserve.' Their answer in the short term was 'No.' [Editor's Note: RWSA did contact the University's Physical Plant Manager by phone at the time the press release calling for a Drought Warning was issued.] Thankfully I cc'd that e-mail to the University of Virginia community relations person. I don't know who she is, but the person who contacted me was in the Dean of Students' office. However, I then called the Dean of Students the next day and was told by the young woman there who is the receptionist – she just answers the phone – she is a student – she said, 'Funny thing that you should ask that question because on my text message on my phone' ... they use that new emergency communication system, since unfortunately the Virginia Tech incident these colleges and universities now have these emergency systems they are putting in place ... why couldn't we use that to inform them about water. Well, someone apparently did contact the Dean of Students' office, and so this young woman told me, 'Ma'am, about two hours ago on my text messaging for my phone' ... and that means automatically on every single student's e-mail and/or text message and/or phone they have now gotten the word that there is a water drought warning and a problem in the Charlottesville-Albemarle County area ... 'and we were not aware of that before.' I was shocked because somebody should have made that connection with those thousands of young people coming in who needed to know that those of us who had been living here and have been conserving for the last four or five months, particularly ... really trying ... and then a whole body of people coming in and not being informed. I don't blame them; they were not informed. They now are informed ... results of my suggestion that when we inform them to send them a link to tips on how to conserve water type things ... and the young woman told me 'yes, and also ma'am on my text message there was a link to somewhere in the University that had tips on conserving water.' As much as I also agree in the long run ... to sum it up ... to

Scenario 3 that was presented tonight, I think right now today we need to start saving water the same way we did in 2002. Two days ago I saw an environmentally conscious neighbor watering her flowers, and I said to her 'Did you know that's not allowed unless its in a gallon container that you actually truck out there to your water garden or whatever,' and she said 'Oh, I forgot about that.' She is a very intelligent person, so if she forgot because it is not getting home to people that we need to be conserving water. I thank you for the opportunity.

Mr. Joe Mooney – City of Charlottesville Resident: “I am disappointed and surprised by this plan. I would like to echo comments from several people, a few who have had personal contact with the reservoirs, have been particularly moving because they appreciate water in a way that was different than simply turning on the tap and flushing the toilet. They recognized its importance as an asset, a conservation future, and an essential feature of our lives in a very personal way. I think that they have spoken to the need for conservation in a different way – conservation of water ... conservation of our reservoirs. The Sugar Hollow Reservoir ... I didn't know the history... I do know some of the history of the South Rivanna Reservoir because I have [written] on it regularly for 15 years, and I have personally observed the silt. I personally know that 10 years ago RWSA was notified that several large stumps had been carried down into the upper reservoir ... Those stumps are still there, and in fact they are now an island that rowers call Turtle Island, which is approximately 200 feet long and rises up out of the water to a height of about 5 feet. Sedimentation is remarkable when you look at the numbers – whatever the estimates may be – but when you look at it personally up close, we are not conserving our resources – our reservoirs are resources – and I am very disappointed that there is no mention of conservation of our reservoirs. It's simply build like we always ... like build more houses ... I will personally oppose this in every way I can until we see flow rates, conservation, and reclamation measures for our present reservoirs, and I hope that my disappointment with The Nature Conservancy in failing to take a strong approach in this will change when they rethink their part in this plan.”

Mr. John Martin – Albemarle County Resident: “I've followed water supply issues and environmental issues in the community for about 10 years, and I have been upon a time a huge critic of RWSA and other agencies in town. I can tell you however that as this water supply project is coming to a close that I think RWSA has done a very very good job with the conceptual part of the plan and I think Rivanna is a first-rate organization. That being said, we still got to figure out how to get from here to there with respect to the final ... I want to talk about getting from here to there. There is a preface to that. In the spring when the permit application was being submitted to VA DEQ for approval for water supply, there was public discussion about the need to have a meeting of the four boards – the four boards being the City Council, Board of Supervisors, ACSA, and RWSA. Those four boards met during the final stages of the water supply project, and those meetings I think as a citizen were very productive. For whatever reason, a meeting of the four boards – the ACSA Board I think endorsed and the RWSA Board of Directors wanted to have one – but for whatever reason, a meeting of the four boards has never come about, and this meeting is a substitute basically. This is not a town meeting in New Hampshire with that kind of democracy where we in this room are capable of making decisions on financing the future water supply by ourselves. That is why we elect people to public office. Look around today ... look around. We've got two elected representatives here from this community, Mr. Ken Boyd from the Board of Supervisors and Mr. Dennis Rooker from the

Board of Supervisors. I thank them for being here, especially having met till 1:30 a.m. last night ... no elected representatives from the City. I just suggest that we as citizens ... one of the things that we can do at this point ... is to make sure that our elected representatives are fully involved in coming up with a solution for us. This is a representative democracy; that's our job, and we should insist that it works."

Mr. Ridge Schuyler: "I'm the Director of the Piedmont Program for The Nature Conservancy (TNC) in Virginia. Normally when I come to one of these functions, my role is to speak for those who have no voice and generally [they] are the critters that live in the rivers that we are trying to protect. In this case I would like to speak on behalf of myself and as a resident of the City of Charlottesville and a member of this community to commend the community on coming together on what is often a very contentious issue. Developing a water supply plan often pits folks against each other and often pits people who protect the environment against those who want to see economic growth. We see that in communities, not only across the nation, but globally where TNC works. I think this community really ought to be commended for working together to come up with a plan that, while none is perfect, really does address the needs both of the river and of the people. Trying to strike that balance is a very difficult proposition. I know, having worked with RWSA for a couple of years, that this has been a very difficult and complicated process to work our way through. When you try to strike a balance between people and nature, there are people who are going to say that the balance should be shifted one way or the other and it really depends on your perspective. I think this plan that the community has developed really does do an excellent job of striking the balance between the needs of the people and the needs for nature. The evidence for that I would suggest is if someone had said at the very beginning of this process that we would be able to take the Moormans River – home to a federally endangered species - and restore its flows at 90% of natural once a new reservoir was built – if someone had said at the beginning of the process that was possible, I would have thought they were crazy. Because the RWSA and this community was open to new ideas, we now have a plan on the table that which ultimately – I called the promise land – would restore flows in the Moormans River to 90% of natural while also meeting the needs of people as well as being in effect for the next 50 years. I think that's pretty remarkable, and I'm proud of the part that TNC has played in working to pull together this plan. I will be pleased to see it fully implemented."

Mr. Don Wagner: "I have been a member of the ACSA Board since 1984, with the exception of about a one-year hiatus. I've been Chairman for the last year. I came tonight to listen and not talk, but a couple things were said that I thought I needed to reply to. One was the question from a gentleman who thought there was some state law that objects to new development paying for something. That is not the case. When a new subdivision goes in, typically the developer of the subdivision puts all of the pipes in the ground for that subdivision. It is an expense that of course is passed on to the home buyers. Individuals in houses ... have to pay substantial fees – I don't remember the exact numbers – I don't think it is quite the \$2,000 mentioned, but it's pretty substantial – it's thousands of dollars. The other question that I would like to speak to is that the City residents paying for growth in the County. The City and ACSA do not pay the same dollars per gallons of water from RWSA; they are different. The reason is ... anytime something new is done, the City and ACSA sit down and negotiate how much of this is for the benefit of the City customers and how much is for the benefit of ACSA customers, and the cost is split between

them. For example, the South Fork Rivanna Water Treatment Plant was enlarged several years ago and all of the cost for that went to the ACSA because ACSA was assuming that they were going to have growth; they are going to need that additional capacity. None of the cost of that increase went to City customers whatsoever. That will be the case on the plan that we are talking about now. There will be negotiations between ACSA and the City on the new dam cost ... one of the dams was built in the 1800's and the other in the 1930's, and they don't meet current safety requirements and they have to be replaced ... obviously some of the cost of that should go to City customers, but we are going to increase capacity. Obviously some of that increased capacity should go to the County. The City by the way with their new programs on high rises, so forth, is probably pretty significant on increasing the population in the City for the next 20 to 30 years ... I don't know what the number is ... but some of that growth will probably go to the City because the City is probably going to add more residents in the future, but that's a negotiation to be made. The point is that the City people don't pick up all the costs of growth in the County. To the extent that this negotiation be fair and is fairly distributed between the City and the ACSA, then its up to the City and ACSA. The ACSA has no income whatsoever except from its ratepayers. It gets no tax money. None of your tax dollars if you are a County resident have been spent on water and sewer ... It's all paid for by ratepayers. Getting back to where I was ... once the division between the City and ACSA is determined, it will then be up to the City and ACSA to determine how much of that cost gets passed on the new hookups and how much gets passed on to the existing customers."

As there was no other questions or comments from the public, Mr. Cobb asked Mr. Gaffney to provide some closing remarks prior to adjourning the meeting.

Mr. Gaffney stated that this has been a long process. It has been very well conducted, very thorough, and the Community Water Supply Plan that was adopted by the City and County residents and the City and County governments is the best plan for our community. He thought Mr. Ridge Schuyler made a great case for how we reached that point in this plan. Referencing Mr. Kessler's previous comments about the long process, Mr. Gaffney commented that the process was as short as could possibly be done in order to achieve these results. RWSA was awaiting permit approval from the US Army Corps of Engineers so that we can move forward with the project. The Authority needs the community's input to help RWSA determine the implementation plan to recommend to the four boards, which included the Albemarle County Board of Supervisors, the City Council, the ACSA Board of Directors and the RWSA Board of Directors. All four boards need your input, and there were a number of different ways to provide that input.

Mr. Gaffney next thanked RWSA staff for tonight's presentation, which he felt was well thought out and well delivered, and Mr. Cobb for his excellent assistance with the facilitation of this meeting. He also thanked the elected officials, the Board members of both ACSA and RWSA, staffs from ACSA, the City, the County and RWSA who attended tonight's meeting. Most important is the participation of public, and he thought it was pretty clear tonight that there is a lot of information and decisions that have been made over the past five years to get us to this point in the process. This would not be clear to an individual who has been involved for just the past six months or the past year. He suggested that some of the past history could be posted to the Authority's website to inform interested parties on the progression of this process.

Mr. Gaffney then stated that as previously mentioned RWSA will be talking with members of the four local boards to develop a specific process on how to advance tonight's discussion. The Authority will also develop ways to keep the public informed and involved in the process. The best way for citizens to be kept up-to-date on new information is to be part of our e-mail list.

Mr. Gaffney next commented that RWSA continues to offer an opportunity for civic and community groups to learn more about the Authority through the use of its speaker's bureau. One of their speakers can deliver a program to an upcoming meeting focused on a topic of particular interest to your group. You can contact Mary Knowles at 977-2970, ext. 101, for more information.

Mr. Gaffney added that RWSA would appreciate your taking a few minutes to complete an evaluation of this meeting to let us know if tonight's meeting was worthwhile and how future meetings can be improved. He encouraged the public's continued participation at future meetings and thanked everyone again for coming to tonight's meeting.

2.0 Adjournment

Mr. Gaffney formally adjourned the special meeting of the RWSA Board of Directors at 8:02 p.m.

Respectfully Submitted,

Mr. Robert Tucker
Secretary - Treasurer