RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
May 28, 2019

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Tuesday, May 28, 2019 at 2:25 p.m. in the 2nd floor conference room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Mike Gaffney, Gary O’Connell, Dr. Tarron Richardson, Kathy Galvin.

Board Members Absent: Lauren Hildebrand, Jeff Richardson, Dr. Liz Palmer.

Staff Present: Lonnie Wood, Jennifer Whitaker, Phil McKalips, David Rhoades, Steven Miller, Liz Coleman, Scott Schiller, Bill Morris, Victoria Fort, Dyon Vega, Austin Marrs, Andrea Terry, David Tungate, Michelle Simpson, Bill Mawyer, Katie McIlwee.

Also Present: Mr. Kurt Krueger, RWSA counsel, members of the public and media representatives.

1. CALL TO ORDER

At 2:25 p.m., Mr. Gaffney opened the May 28, 2019 regular meeting of the Rivanna Water and Sewer Authority as a joint meeting with the Rivanna Solid Waste Authority.

2. OTHER BUSINESS

a. Presentation: Quarterly Strategic Plan Update - year one Wrap-Up; Goal Team Leaders
Ms. Katie McIlwee reminded the Board that they have had three previous updates and stated the champions of the six goal teams will present their year-end wrap ups, after which the Board may ask questions. She stated they have six goals and 12 strategies from which the goal teams have developed 78 tactics and they have completed 100% of what they had intended for year one.

Ms. McIlwee presented for the Communications and Collaboration goal team. She stated that over the last quarter they have continued to collaborate with IT and other members of the goal team to test and research different methods of increasing internal communication and Office 365 products and have also worked with Administration and IT to research a new document management workflow software. She stated they have completed the employee portal, enhanced the usability of the Rivanna website, and coordinated with Environmental Stewardship goal team on some community events, such as Imagine A Day Without Water and Riverfest, as well as a regional managers’ mixer, for which they brought in other utilities from the Central Virginia area, and team building events with the City and the Albemarle County Service Authority. She stated they also have quarterly internal employee team building engagements and a bi-monthly Rivanna employees’ newsletter.
Mr. O’Connell asked what the communications agreement among water partner agencies was about.

Ms. McIlwee explained that this stemmed from the initial tactic planning meetings when they were deciding how to implement strategies and thought that an agreement was needed, though as they have moved along they have realized that some of the tactics are not necessary. She stated this tactic was about knowing who to speak with at the County, City, or ACSA with regards to communications or marketing and working together, more than developing an actual agreement.

Ms. Betsy Nemeth, Manager of Human Resources, presented for the Workforce Development goal team. She stated they have been busy working their strategy of developing a comprehensive staffing classification and compensation plan and to conduct a training needs assessment and enhance the training program. She noted that they recommend a pay grade scale adjustment as well as new positions for both Authorities, which she noted are in the final draft of the Personnel Management Plan, which now is combined for the two Authorities and has had language regarding standard operating procedures removed. She stated they have conducted and continue to conduct training on CPR, ADAD, and leadership for managers and certain operators, for which they have partnered with PVCC, which she characterized as an amazing and terrific partner. She continued that last July 1st they implemented the recommendations of the compensation plan salary survey conducted by Evergreen. She stated they have a Staffing Master Plan which will be regularly evaluated and a Consolidated Personnel Management Plan.

Mr. David Tungate, Director of Operations, presented for the Operational Optimization goal team. He stated their strategy is to continually evaluate, prioritize, and improve key business and operational processes and to protect our workforce and the public by continually growing a culture of safety. He reviewed recent activity, including completion of Phase 1 and the beginning of Phase 2 of the corrosion inhibitor project, compliance with the American Water Infrastructure Act, by conducting a vulnerability assessment for which they must demonstrate compliance by August 2020 and expect to be compliant by next March, and continuing with the design of the South Rivanna Water Treatment Plant, which will use updated technology and allow them to change some processes. He reviewed year one highlights, which include the hiring of a consultant to conduct a safety master plan to look at how they do things on the operations side, how they treat water and wastewater, and the equipment and processes. He stated they have installed web-based security cameras at South Rivanna, Crozet, and Moores Creek.

Ms. Andrea Terry, Water Resources Manager, presented for the Environmental Stewardship goal team. She stated that their strategies are to increase environmental engagement and designate resources to support environmental outreach agreements. She stated they wanted to have an employee from each division come and sit with them and talk about what Rivanna does that is good for the environment and how they can engage with the community and partners to do this a little bit more. She stated the committee has supported the Rivanna Riverfest, which she characterized as a great effort with Rivanna Conservation Alliance and ACSA and a good collaborative opportunity. She stated they also conducted stream cleanup on Moores Creek after which three employees asked to serve on the committee and now serve. She stated they have catalogued a list of green activities, increased outside collaboration and will continue to do so, and they plan to establish an environmental committee next year, which will meet bi-monthly and consider ways to become more engaged.
Mr. Stewart expressed his thanks to Phil McKalips for taking part in the climate action team and stated that he has been an incredible resource.

Mr. Phil McKalips, Director of Solid Waste, presented for the Solid Waste Services goal team. He stated that when considering their strategies he considers what people want them to be and what the community landscape is. He stated they feel they have set themselves up well to be able to communicate with community partners such as haulers, UVA, the City and County, and the public, which can provide feedback as to where they see needs. He stated they decided to open on Mondays after speaking with haulers, which stimulated them to conduct cost modeling and which has been favorably received. He explained that the idea to introduce composting resulted from dialog with representatives of UVA and the Climate Action Committee. He reviewed ideas they have for next year, including optimization of existing resources at McIntire and improving public outreach.

Mr. Gaffney emphasized that the strategic plan was a long time coming and has taken some time to be developed, and stated that he is thoroughly impressed every time. He asked how it has helped Mr. McKalips as well as others in the organization along the way.

Mr. McKalips replied that putting the idea of optimization on a piece of paper has pushed them to look at things outside of the box and he feels they have utilized the process effectively.

Mr. Mawyer echoed Mr. McKalips’ comment, adding that they are looking in every drawer and at every policy and procedure to see if they can do things in a better way. He emphasized that the skillset and knowledge of staff is important to be able to do this.

Mr. Scott Schiller, Engineering Manager, presented for the Infrastructure & Master Planning goal team. He stated their two strategies are to implement an asset management program for the Authority and to develop and maintain long-term master plans. He stated they have developed an internal asset management policy, which can help dictate how the program proceeds and is part of the first phase of the plan, which they focused on this year. He described this as a road map for what they want the plan to look like, how it will be implemented over the next few years and indicated that, as part of the process, they have had staff training workshops, performed a gap assessment on procedures, and are looking at business process improvements and IT strategies.

Mr. Schiller stated they have developed an inventory of master plans to enable to determine if there are projects that have been identified that still have to be done and to see which facilities or systems may have gaps for which they don’t have a master plan. He next reviewed year one highlights. He stated they contracted with a nationally recognized consulting firm to guide them through the asset management process, which he characterized as a great learning experience, and for both strategies they have begun to organize internal assets, some of which will be included in the internal asset management program as they move to the implementation phase, and which will allow them to identify some critical assets in the Master Plan that may warrant their own master plans.

Ms. Galvin asked who the consulting firm is.
Mr. Schiller replied that it is GHD, based in Maryland.

Mr. Gaffney asked if there is a way to measure ways to increase the life of equipment and if the consulting company can help with this.

Mr. Schiller replied that a lot of the asset management involves risk assessment and where to best apply their efforts and they will answer questions about pieces of equipment to determine risk and consequence of failure in order to apply efforts most effectively. He stated there could be opportunities to extend the life of equipment through additional preventive maintenance or by having more spare parts in stock.

Mr. Mawyer added that there are benefits in cost savings where they can proactively plan for replacement rather than react when something breaks.

Ms. McIlwee stated that in year two some of the goal teams will be replacing members and inviting additional employees to serve, the teams will develop new tactics, start new strategies, decide what needs to roll forward and what is complete, and they will provide another update to the Board next quarter.

Ms. Galvin remarked that she understands the value of the strategic plan, described it as being crisp, clean, concise, substantive, and can be used to enhance performance. She thanked them for taking it so seriously and for implementing it so wholeheartedly.

Mr. Mawyer remarked that the strategic plan has given them guidance and direction.

Mr. McKalips remarked that it is helpful to have the strategic plan posted at work locations.

Mr. Mawyer stated that at the benefits and safety meeting they talked about the purpose and goals of the strategic plan and have tried to keep it front and center for everyone.

a. Presentations; Lonnie Wood, Director of Finance and Administration
   i. Personnel Management Plan Update
   ii. FY 2020 Pay Scale Adjustment
   iii. Virginia Retirement System Long Term Care Program

Mr. Wood stated they have come up with a new personnel management plan based on the combining of existing plans and the elimination of some procedures. He noted that their payroll timesheet and timekeeping process is manually driven, though they plan to go to an automated system as part of their IT Master Plan, as their policies didn't fit with modern payroll and timekeeping processes. He continued that they have gone to a blended overtime rate, which means that overtime is calculated weekly, whereas the Authority has a bi-weekly pay schedule, which could result in two different overtime rates on one paycheck. System changes they have made will allow them to do this and to bring the overtime policy into the modern era and to meet all FLSA requirements. He stated they have added night differential pay of 2% of base pay for water and wastewater operators that work a rolling 12 hour day/night shift, as this had been identified in meetings with employees and is an incentive for employees to take this shift.
Mr. O’Connell asked if he has included the funding for that in the budget.

Mr. Wood replied that it will cost about $16K and will be absorbed under normal vacancy turnover and, should it run over, they can make up the difference in workman’s compensation since they received a better bid this year. He stated they have included a retirement benefit that mirrors what VRS Plan 1 employees receive in the old manual. The new policy enables hybrid employees to receive $200 of sick leave pay for each year of service up to a maximum of $5K. He stated he will review a couple of other notable policy changes. He stated the Wednesday before Thanksgiving will become a formal holiday and they will make April 13, Thomas Jefferson’s birthday, a floating holiday for which the Authority will be open. He stated they have increased the tuition reimbursement of college credit courses from $2,625 to $5,250, which is the IRS tax-exempt limit. He thanked Ms. Nemeth for her work on this.

Mr. Wood reminded the Board that in summer 2017, they instituted a salary survey along with the compensation plan and that salary adjustments in 2018 were made based on the results, despite the fact the data was probably a year old. He stated they utilized that year-old data and will now add a CPI-U index adjustment increase which could support a 5% increase, but which will not have a budget impact.

Dr. Richardson asked how they planned to keep the scale moving.

Mr. Wood replied that the Authority’s policy mandates a salary survey every five years, though their goal is to conduct this every three years, and in off years will look at the CPI-U increase.

Mr. Gaffney stated if they only did it once every five years, it would look like a huge jump.

Mr. Wood informed the Board that VRS offers a long-term care insurance program through political subdivision employers, the last time political subdivisions could opt in was in 2010-2011, and the Authority recommends they opt in this time, as this will not entail any cost to the Authority as employees pay for 100% of the cost and it does not have to be deducted by payroll.

Dr. Richardson asked what the savings on overtime will be by calculating overtime pay on a weekly basis.

Mr. Wood explained that under the current system, they consider holiday and unscheduled time pay to be overtime pay, which is difficult to manage, and the new system will be easier to manage by separating out what is truly overtime and allow them to adjust schedules to reduce overtime.

Dr. Richardson remarked that when a person takes off the second week of the pay period the costs jump if overtime is calculated weekly and he thinks they will see cost savings.

Mr. Wood replied that he is hoping they will.

Ms. Galvin asked how often employees were evaluated.
Mr. Wood replied that the evaluation period runs from April 1–March 30, so that the merit system can be effective July 1, and enables them to have sufficient time to conduct evaluations, meet with employees, and enter the information into the system.

Mr. Mawyer explained that employees are rated on a 1 to 3 scale and the 3% pool money approved by the Board is distributed in accordance with the merit score.

Mr. Wood added that the pool of money for merit pay is limited and they have to wait until everyone has been evaluated in order to calculate the merit pay for each employee.

Ms. Galvin moved that the boards of the RSWA and RWSA approve the update of the Personnel Management Plan, FY20 payroll scale adjustment, and Virginia Retirement System Long-Term Care Insurance program. The motion was seconded by Mr. Oberdorfer and passed (5-0) by the RSWA Board and (5-0) by the RWSA Board. Mr. Richardson and Dr. Palmer were absent from the joint meeting and the vote.

The Rivanna Solid Waste Authority Board Meeting was adjourned at this time. At 3:01 p.m., Ms. Galvin moved that the RSWA Board adjourn its meeting. The motion was seconded by Mr. Oberdorfer and passed (5-0).

3. ELECTION OF VICE-CHAIR

Ms. Galvin moved to elect Dr. Richardson as Vice-Chair of the RWSA Board. Mr. O’Connell seconded the motion, which passed unanimously (4-0). Ms. Hildebrand, Mr. Richardson, and Dr. Palmer were absent from the meeting and the vote.

4. APPROVAL OF MINUTES

a. Approval of April 2019 RWSA Board meeting minutes.

The Board deferred a vote on the April 2019 minutes until the June meeting because Dr. Richardson had not been present at the meeting and thus could not vote.

5. RECOGNITION

a. Government Finance Officers Association – Certificate of Achievement for Excellence in Financial Reporting: Director of Finance, Mr. Lonnie Wood

Mr. Gaffney noted that receipt of this Certificate was acknowledged at the RWSA meeting.

6. EXECUTIVE DIRECTOR’S REPORT

Nothing Reported

7. Originally Item 9 c. on the agenda:
Mr. Bill Mawyer presented. He reminded the Board that they discussed the budget and CIP in February and March. He noted that the budget is over $36M, a $2.9M increase over last year, which is split between an operating expense increase of $1.7M and debt service of $1.2M. He stated the operating expense increase represents a $491K increase for the City and $1.5M increase for Service Authority, and Rivanna will contribute $667K from reserves to offset some of the expenses. He noted that 47% of the budget consists of bond debt service of $17M, which is used to finance the CIP. He continued that personnel costs are $8.5M, professional fees, utilities, insurance, and permits are almost $4M, and $6.7M is for chemicals, technology, and building and equipment repairs. He noted that much of the operating expense increase is for replacing the media in the filters of the granular activated carbon system at a budget cost of $900K.

Mr. Mawyer listed the following new positions added to the budget: construction inspector and laboratory chemist. He stated bio-solids have been shipped to Waverly for which they have a $128K increase. He stated they are trying to complete the wholesale meter project, which will add 28 meters that will need to be annually calibrated and maintained. He noted that they have reclassified a lab technician position as a chemist and will now have three chemists in the lab and four inspectors in the CIP group, for a total of 93.4 full-time equivalent (FTE) positions. He stated the $1.2M increase in debt service is to fund projects including Birdwood water line, the Observatory water treatment upgrade, South Rivanna Water Treatment Plant upgrade, Ragged Mountain to Observatory pipe and pump station replacement, Crozet water treatment plant upgrade, and Beaver Creek Dam upgrade. He presented photos of some of the facilities. He stated they will build a flow equalization tank for Crozet, which will store wastewater to prevent system overflows when it rains.

Mr. Mawyer presented the proposed CIP budget for the next five years at $97.2M for completion of 37 projects, including five that would extend to the next five-year cycle, which he stated is a significant decrease from $153M in last year’s CIP. He reminded the Board that these changes were made to level rates and mitigate costs to customers and to the Service Authority. He suggested they hold a public hearing on the wholesale rates charged to the City and to ACSA and asked the Board to approve the budget and CIP.

Mr. Gaffney opened the public hearing on the rates and related budget. As no member of the public came forward to speak Mr. Gaffney closed the public hearing.

Ms. Galvin moved that the Board adopt the rate resolution, approve the FY 20 Budget, and the FY 20-24 CIP. The motion was seconded by Mr. O’Connell and passed unanimously (4:0). Ms. Hildebrand, Mr. Richardson, and Dr. Palmer were absent from the meeting and the vote.

8. ITEMS FROM THE PUBLIC
There were none presented.

9. **RESPONSES TO PUBLIC COMMENTS**

There were no responses to public comments.

10. **CONSENT AGENDA**

(a) Staff Report on Finance

(b) Staff Report on Ongoing Projects

(c) Staff Report on Operations

(d) Sugar Hollow Dam – Rubber Crest Gate Replacement and Intake Tower Repairs – Engineering Design, Bid, and Construction Phase Services

The Board unanimously approved the consent agenda.

11. **OTHER ITEMS FROM BOARD/STAFF NOT ON AGENDA**

There were none presented.

12. **CLOSED MEETING**

There was no closed meeting held.

13. **ADJOURNMENT**

At 3:10 p.m., Ms. Galvin moved to adjourn the RWSA Board meeting. Mr. O’Connell seconded the motion, which passed unanimously 4-0. Ms. Hildebrand, Mr. Richardson, and Dr. Palmer were absent from the meeting and the vote.

Respectfully submitted,

[Signature]

Mr. Jeff Richardson
Secretary-Treasurer