RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
January 28, 2020

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Tuesday, January 28, 2020 at 2:50 p.m. in the 2nd floor conference room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Lauren Hildebrand, Dr. Liz Palmer, Jeff Richardson, Gary O'Connell, Mike Gaffney, Lloyd Snook.

Board Members Absent: Dr. Tarron Richardson.

Rivanna Staff Present: David Tungate, Lonnie Wood, Michelle Simpson, Austin Marrs, Andrea Terry, Victoria Fort, Jennifer Whitaker, Scott Schiller, Dr. Bill Morris, Dyon Vega, Katie McIlwee, Bill Mawyer.

Attorney(s) Present: Kurt Krueger.

1. CALL TO ORDER
Mr. Gaffney called the January 28, 2020 regular meeting of the Rivanna Water and Sewer Authority to order at 2:50 p.m.

2. MINUTES OF PREVIOUS BOARD MEETINGS
   a. Minutes of Regular Board Meeting on December 17, 2019

Mr. Gaffney asked the board members if there were any questions or comments about the December 17, 2019 meeting and heard none.

Dr. Palmer moved that the board approve the minutes of the board meeting from December 17, 2019. The motion was seconded by Mr. O'Connell and passed unanimously (6-0). Dr. Richardson was absent from the meeting and the vote.

3. RECOGNITIONS
There were no recognitions.

4. EXECUTIVE DIRECTOR'S REPORT
Mr. Mawyer stated that RWSA continues to give tours to students and others who want to see the facility there at Moores Creek, as well as at other locations.

Mr. Mawyer stated that they are working on easements for the South Fork Rivanna Reservoir-to-Ragged Mountain Reservoir water line project. He stated that last month's minutes stated they had made offers to 9 of 11 private property owners, and that now, they have made offers to 9 of 12 private property owners. He explained that the change was that one of the properties was previously owned by VDOT, and it had reverted back to a private owner and therefore it switched from the public ownership column to the private one. He stated that the number of
properties had not changed.

Ms. Hildebrand asked if this was left over from the Western Bypass project.

Mr. Mawyer replied yes. He stated that the consultants are moving forward with the effort.

Mr. Mawyer stated that they were moving forward with the Observatory Water Treatment Plant lease and that they have made progress, particularly in the last few days. He stated that they received comments back from UVA, and that he, Mr. Krueger, and Mr. Gaffney have worked on them. He stated that they are getting closer to having a final lease for the Observatory Water Treatment Plant.

Mr. Mawyer stated that there will be a used cooking oil facility provided at the McIntire Recycling Center where residents, at no cost, can bring used cooking oil and place it in a container. He stated that the container will then be taken by a vendor, and the products are reused for animal feed or biofuels.

Mr. O’Connell thanked Mr. Mawyer for following up on this. He stated that grease is the biggest problem in the sewer system.

Dr. Palmer stated that Dr. Morris had given a great presentation the month before about fatbergs.

Mr. Mawyer stated that next month, RWSA will begin its budgeting process with the Board and present its FY 21-25 CIP. He stated that staff has been working with Ms. Hildebrand and Mr. O’Connell as a subcommittee on that budget.

Dr. Palmer stated that on the easements for South Rivanna to Ragged Mountain Pipeline, Mr. Mawyer had mentioned he was working with the County, City, County Schools, and VDOT. She asked about UVA and the UVA Foundation.

Mr. Mawyer replied that he was counting UVA Foundation in the “private” column. He stated they have a number of properties and that RWSA is working with them. He stated there is no property for UVA on that part of the line, but that UVA does have a property when going from Ragged Mountain to Observatory WTP and they will have to get easements from UVA for that pipeline replacement project.

Dr. Palmer asked if they were actively engaging with UVA.

Mr. Mawyer replied that they were on all those projects.

5. ITEMS FROM THE PUBLIC

Mr. Gaffney opened the meeting to the public.

Mr. John Martin (White Hall District) noted the lack of members of the public present and that he would like to talk to people in the community about that. He stated this is an important subject matter, and that citizens should be more involved and interested.
Mr. Martin mentioned that the County’s website is being redone. He stated that on the current website, on the first page, there is a yellow box at the top that says, “Calendar.” He stated that clicking on that, it gives the month with all the meetings of the boards and commissions. He stated that RWSA, RSWA, and ACSA meetings have never been listed, however. He stated that all the people who could make that change were in the room. He stated that the same was true of the City website, noting they do not list those meetings.

Mr. Snook stated that the City’s website hardly listed any of the meetings. He stated that this website was also in the process of being changed and that by March, a new version would be rolled out.

Mr. Martin stated that the City is a partner with Rivanna, and that City residents are also concerned. He suggested making the change to the County website and perhaps insert a link to the City’s website, as a County resident may want to see what is happening in the City. He stated that clicking on the Rivanna meetings, perhaps it could include a link to the current agendas. He stated that it would be a great convenience to members of the public to have that, and that he believes there would be interest in having that.

Mr. Gaffney closed the public comment portion of the meeting.

6. RESPONSES TO PUBLIC COMMENTS

Dr. Palmer stated she just emailed the County’s communications staff and cc’ed Mr. Richardson, suggesting to put those meetings on the website’s calendar.

7. CONSENT AGENDA

a. Wholesale Metering Report – December 2019

b. Sole Source Determination and Award of Services Contract for Biosolids Disposal - McGill Environmental

c. Award of Service Contract for Biosolids Transportation - Country Line, Inc.

d. Award of Service Contract for Granular Activated Carbon – Calgon Carbon

Mr. O’Connell stated that he had mentioned to staff that apparently, some of the trailer loads, when they are coming back, are empty, and that he would ask to explore bringing some compost back that could either be provided to residents or parks. He stated that this would allow for reuse of the material in the community instead of sitting in Waverly. He stated that some of it could be bagged and some of it could be loose.

Mr. Gaffney asked if this was biosolids composting.

Mr. O’Connell stated that it was the result of that.

Mr. Mawyer replied yes. He stated that they take the biosolids to McGill.
Mr. O'Connell stated that it sounded as if it might be feasible to get compost back from that process, and that Rivanna was exploring ways to possibly do that.

Dr. Palmer moved that the Board approve the Consent Agenda. The motion was seconded by Mr. O'Connell and passed unanimously (6-0). Dr. Richardson was absent from the meeting and the vote.

7. OTHER BUSINESS
   a. Presentation: Staff Report on Finance

Mr. Lonnie Wood (Director of Finance) stated that RWSA has two main processes -- the Operating Budget (which includes debt payment and debt service), and the five-year CIP.

Mr. Wood stated that the Operating Budget has two main areas, daily costs like maintenance personnel, chemicals, and debt service cost is the other area. He stated that the charges are separated into six main rate centers, or what are called “cost centers” on the Solid Waste side.

Mr. Wood stated that there are two urban rate centers that are shared by the two customers (City Public Utilities and ACSA), and that there are four non-urban rate centers that are exclusively the Service Authority. He stated that there are two main operating departments -- the Water department, and the Wastewater department, and that the two urban rate centers are part of both of those, so the City and County share those two.

Mr. Wood indicated to the Service Authority-only rate centers each have their own standalone budget costs and rates.

Mr. Wood stated that for the urban cost centers, the operating rates were listed on the report for water and wastewater, which are determined and charged on a cost-per-thousand-gallon basis. He stated as the flows are produced, they are split out, based on the billing methodology, to each customer.

Mr. Wood stated that for the debt service charges, which is basically like a mortgage payment, they can come up with a monthly payment, and so those are done on a monthly charge basis, not on a flow basis.

Mr. Wood stated that the four non-urban rate centers are all on a monthly charge basis.

Mr. Wood presented last year’s budget and the current budget versus actual for the Water department and described the information within the report.

Mr. Wood indicated to a field called “Allocation Departments.” He explained that they have six rate centers and four support departments (Admin, Engineering, Maintenance, and Lab). He stated that their costs each month get absorbed into the rate centers because they don’t have a way to charge revenue.
Mr. Wood indicated to the monthly charge and the expenses related to it. He explained that the report included the principal, interest, reserve charges, and the estimated growth charge for the CIP.

Mr. Wood stated that the five-year CIP is reviewed annually and that this process was currently occurring. He stated that in terms of the CIP funding and how they estimate the future debt service needs, they estimate that they will use 10% cash reserve on all projects. He stated that this is written into the financial policies. He stated that anything remaining will be funded through a debt issuance, through revenue bonds, and that this is usually timed on however quickly or slowly projects are executed. He stated that they sometimes receive grant funds, such as in 2009 when they received ENR grant funds, which helped defray bond issue costs.

Mr. Wood presented the current year’s CIP, with the total ($97 million). He stated that this total is broken out by rate centers, shared projects (split between all four), non-urban water, and non-urban wastewater.

Mr. Wood indicated to the percentage of cash-to-expense ratio (14%), explaining that this meant they were doing better than the 10% target.

Mr. Wood stated that the Percentage of Funding in Place shows that of the $97 million, they had $35 million in proceeds waiting to be spent on projects, cash available in the capital fund, or work in progress that’s been done in previous years. He stated that $45 million of the $97 million is funded.

Mr. Wood presented the budget calendar for the current year for the CIP process, including the water operating process and solid waste process. He stated that they always target May to be adoption, and so at the May board meeting, there is a public hearing where the budget and related rates are adopted. He stated that April and May are advertising (which includes twice in the newspaper). He stated that March is when they will see Finance introduce the Operating and Debt Service Budget. He stated that February is when they will see Finance introduce the CIP to the Board.

Mr. Wood stated that financial reports are created each month. He stated that Finance provides a memo that tries to explain some of the large variances, and that they present the flows graphically. He stated that the six rate centers are presented separately, along with the four support departments he mentioned earlier. He stated that the monthly report looks very similar to the budget report, with a budget, budget year-to-date (the budget divided by six-twelfths, as it was December), the actual, and the budget variance for each rate center.

Mr. Wood presented an example of what is reported for flows. He stated that for 2019, they would see that wastewater flows were very high, and in 2018, they were very low. He stated that wastewater flows can have as much as 80-90% variance at any given time comparing one year to another, which makes it very difficult to predict the flow and therefore, the related revenue for wastewater.
Mr. Mawyer stated that difference is generally a function of wet weather, or rain, that gets into the wastewater system.

Mr. O’Connell stated that one conversation they’ve had is if there is some way to budget [inaudible] between the City, County, and Rivanna to smooth this somehow so that there won’t be wild fluctuations of a bill that is double one month or year.

Dr. Palmer stated it helps a lot getting the debt service out.

Mr. Wood stated that it helped a lot getting the debt service out, but now that they have a tighter system, they are having more of that rainwater flow into the system and not leaking out of it. He stated that they actually still have the problem, which was shown the year before, of having quite a bit of flow coming into the plant.

Mr. Wood stated he was talking to [Quinn Lunsford, Director of Finance for the Albemarle County Service Authority] and [Chris Cullinan, Director of Finance for the City of Charlottesville] about that issue, noting it was fairly complex because it necessarily involves discussing reserves. He stated that reserves for the smaller rate centers are different than the ones for the larger rate centers, and that it is difficult to write a policy for each one of those. He added that when they start changing the way revenues are charged, this is a very serious thing for the bond trustee, meaning they would have to bring the trustee in to make official changes.

Mr. Wood stated that they could attempt to do a finance-review level when they have wet weather again, and that perhaps the finance departments need to set up some metrics and measures on how to smooth this out.

Mr. Snook asked whether when it rains more, it costs more.

Mr. Wood stated that this was true on the wastewater side.

Dr. Palmer stated it would cost less on the water side, as people would not use as much water.

Mr. Mawyer stated that if it is drier, water costs go up, because people use more water and less wastewater.

Mr. Wood stated that this doesn’t happen very often. He stated that he actually plotted that data over the past 15 years, and that it has happened twice. He stated that the year before that, they were low, so they had a $1 million deficit followed by a $1.5 million surplus. He stated that they therefore equaled out over a two-year period.

Mr. Gaffney stated that what Mr. O’Connell is trying to determine is how to smooth the numbers.

Mr. Wood stated that Mr. O’Connell doesn’t want the huge cash flow to hit that happened the previous year and that he understood this.
Mr. O’Connell stated that in one month, there was a $500,000 to $750,000 swing.

Mr. Gaffney stated that it was not a true-up by the end of the year, but was a month-by-month basis.

Mr. Wood stated that what they were talking about was that they may be able to have a true up. He stated that, for example, if they have a 20% variance in the wastewater flow, that triggers them to look at a true up. He stated that they also want to look at spending to see if they also had a deficit that year, because it wouldn’t make sense to have a true up and then have a deficit compounding the deficit in one year, and so it becomes a more complex issue.

Mr. Gaffney asked if there had been an I and I [inflow and infiltration] update recently.

Mr. Mawyer replied that they were currently doing a five-year update of the flows that Rivanna monitors. He stated that the ACSA monitors their flows in their systems.

Mr. Gaffney asked if the Board would be hearing that report at some point.

Mr. Mawyer replied yes.

Mr. O’Connell stated that they have done a much better job of keeping it in the system rather than just going to the top of manholes. He stated that part of what the study does is identifies problem areas to focus on to do much more work.

Ms. Hildebrand stated that it was not due to lack of effort by the County and City, as they have aggressive capital improvement programs to address infiltration and inflows. She stated that it is an ongoing process.

b. Staff Report on Operations

Mr. David Tungate, Director of Operations, presented the Operations Report, which is submitted every month. He stated that the January Board meeting will cover the December Operations Report.

Mr. Tungate stated that with regards to water operations, there is a list of all of the water treatment plants in the report, with the total monthly production. He indicated to the maximum daily production in the month, per facility. He stated that Observatory WTP, on December 4, did 2.1 million gallons per day.

Mr. Tungate stated that the report gives some perspective as it compares to the average, which is the total monthly production divided by the number of days in the month. He stated that this is broken down into Observatory, South Rivanna, and North Rivanna plants (the urban system); and the maximum daily production of the urban system, which was 9.39 million gallons. He stated that the average per day was 8 million gallons. He stated that there are then the two County plants (Crozet and Scottsville). He stated that the report adds up the total average daily production in the system as a whole, along with the total production by water treatment for the entire system, for the month.
Mr. Tungate stated that below that table, it shows that all the water treatment facilities were in regulatory compliance during the month of December.

Mr. Tungate stated that there is a column on the report for the status of the reservoirs. He stated that he was happy to say that Ragged Mountain filled over the weekend, and while it was 99.6% full as of last Thursday, it was now 100% full, so if the report were updated that day, it would show 100% for all of the reservoirs.

Mr. Tungate stated that the Wastewater Operations Report shows four wastewater facilities -- Moores Creek, and the County wastewater plants of Glenmore, Scottsville, and Stone Robinson. He stated that the report includes the average daily effluent flow, which represents how much water they are putting back into the receiving streams. He stated in Moores Creek, the average was 8.8 million gallons. He stated that this gives some perspective on the relative size of the facilities. He stated for Glenmore, the average was 97,000 gallons, Scottsville with 58,000 gallons, and Stone Robinson (a smaller facility) with 10,000 gallons.

Mr. Tungate presented the average Carbonaceous Biological Oxygen Demand (CBODs), explaining that the limit at Moores Creek is 11 mg/l, and that they were less than quantitative levels, and therefore below what their instruments could measure. He stated the report includes the performance of the other two facilities (Glenmore and Scottsville), and that because Stone Robinson is so small, they are not required to report that data.

Mr. Tungate presented the information for suspended solids, noting this was the same information. He stated with regards to ammonia, the limit level for the winter months at Moores Creek is 7 mg/l, and that their average was 1.2 mg/l.

Mr. Tungate presented the Moores Creek nutrient discharges. He stated that they are allowed to discharge 282,994 pounds of nitrogen per year, and 18,525 pounds of phosphorus per year from the plant into Moores Creek, which goes to the Rivanna, which goes to the James River, which then goes to the Chesapeake Bay.

Mr. Tungate stated that the average monthly allocation is simply the numbers 282,994 pounds and 18,525 pounds divided by 12. He stated that for the Moores Creek discharge for December, they put in 10,081 pounds of nitrogen, and were allowed to put in 23,583. He stated that they put in 226 pounds of phosphorus, and they were allowed to put in 1,544 pounds. He stated that their monthly performance for nitrogen and phosphorus, as it relates to their monthly allocation, were at 43% and 15%, respectively. He stated that for their year-to-date, they were at 55% nitrogen and 37% phosphorus. He stated that this is important because those credits are sold on the nutrient exchange, which is a revenue stream for the utility.

Mr. Mawyer stated that the credit is based on the difference between what they are allowed to discharge and what they actually do discharge. He stated that the credits allow them to sell that discharge to another plant who may not be meeting their nutrient reduction requirements.

Mr. Gaffney asked about the difference between year-to-date and monthly allocation.
Mr. Mawyer stated that this takes the annual number and divides it into 12.

Mr. Tungate stated that in some months, they were higher than 43%, so that the average for the year is 55% for nitrogen and 37% for phosphorus.

Mr. Snook asked how much they are able to sell the credits for.

Mr. Mawyer replied that in 2019, it was about $80,000. He stated that this is where they have concern, however, because the new State’s water improvement plan (phase III) will take the credits away.

Mr. Mawyer stated that the State is trying to find a way to further clean the Chesapeake Bay and reduce the annual allocations of the nitrogen and phosphorus (which are set by the State). He stated that they deemed that the Chesapeake Bay can cleanse itself up to so many pounds of nitrogen and phosphorus and then, the State allocated those pounds to the different wastewater treatment plants that flow into the Bay. He stated that in addition to Rivanna, Lynchburg, Henrico, and the City of Richmond all have wasteload allocations.

Mr. Mawyer stated that the State is concerned that they are not cleaning up the Bay at an adequate rate, and so they are trying to reduce the number of pounds of nutrients that plants such as Rivanna’s put back into Moores Creek, James River, and the Bay.

Mr. Gaffney asked what the new ingredient was that the State may be restricting.

Mr. Mawyer replied that they want to reduce nitrogen and phosphorus, and that there are also studies on ammonia and chlorophyll.

Mr. Tungate stated that there are new ammonia standards proposed. He stated that in terms of the health of the Bay, the James River dumps into the southern end of the Bay, and so the overall health of the Bay is determined by how much influence the James River Watershed has as opposed to the Potomac and others. He stated that there have been many debates, and looking at the reductions in the James River water, it has been better than some of the other watersheds. He stated that the professional organization Rivanna belongs to (VAMWA) is saying it is not fair that they are going back to the James River to make the reductions because they should appeal to other places (even Pennsylvania).

Mr. Tungate stated that the utilities that are buying the credits are concerned about staying in compliance and are considering rate increases and wastewater treatment changes. He stated that it was bigger than just Rivanna not selling credits.

Mr. Tungate stated that RWSA’s current position where they have treatment the way it is, and credits available, is a better place to be than those utilities who don’t have the treatment and are buying credits to stay in compliance.
Mr. Tungate presented graphs on urban water storage, with data as of 1/1/20. He stated that if the report was updated that day, the red line showing total storage would go all the way to 100%. He showed the last two years of rainfall measured at Observatory. He stated that Observatory was used because it is in the middle of the system as it compares to water production and wastewater treatment. He stated that 2018 was a wet year, and that typically as wastewater flows go up, water production goes down. He stated this could also be influenced by temperature and the season.

c. **Staff Report on Ongoing Projects**

Ms. Jennifer Whitaker, Director of Engineering and Maintenance, presented. She stated that the Ongoing Projects Report has lived in several iterations over the years but that generally, it is a monthly report that discusses all capital improvement programs as well as operational programs that fall within the Engineering and Maintenance Division.

Ms. Whitaker stated that in the report, on a month-to-month basis, pages 1 and 2 focus on four separate categories of projects. She stated that they typically try to put the projects that are under construction and are changing frequently at the beginning. She stated that currently, those projects include Crozet Water Treatment Plant, Valve Project, Bucks Elbow Tank, and Moores Creek Wetlands Work.

Ms. Whitaker stated that the second group of projects are projects that are in design or bidding, so they are fairly far along in the process.

Ms. Whitaker stated that the third group consisted of planning and studies, which are typically projects occurring some time out and are in the process of being evaluated or being studied to look at alternatives.

Ms. Whitaker stated that there is a group called “Other Significant Projects,” which may include catch-all projects such as security, or could be ongoing projects. She stated that the interceptor sewer work falls in that category, as it continues. She stated that they also try to capture urgent and emergent repairs in this category as well, with the idea that they have a mechanism to do some of their larger urgent repairs but make the board aware of them, as they may have questions or want to see how much money is being spent on those types of repairs.

Ms. Whitaker stated that, for instance, they recently had a tree uproot in McIntire Park, which exposed part of the urban waterline. She stated that one of the projects that week was to bring a crew out to reestablish and stabilize the bank, and so this project shows up on the report under urgent repair.

Ms. Whitaker stated that the projects are typically identified on the report in blue, with a quick snapshot of the project, including the engineer’s name, the contractor, the planned construction or design date, the status of the project’s completion, construction budget figures, and any change orders. She stated that at the end of a project, it gives a sense of how much the project cost versus what was expected. She stated that expected completion is also included in the report, as well as the total capital budget needed to change during the project.
Ms. Whitaker stated that the report also includes a line for current status (e.g. in construction, going out to bid).

Ms. Whitaker stated that all 27 projects were listed with the quick snapshot. She stated that if a Board member is inclined to get more information about the projects, there are two places to go to get it. She stated that one way is to go to the CIP, where there is a paragraph that describes the whole project. She stated that the other way was through the blue underlined project titles, which are hyperlinks that bookmark to the back of the document, which includes more in-depth information about the project. She stated that summary information is included in the front of the document, and the history of the projects are included in the back.

Ms. Whitaker stated that this report is put together by the entire staff of engineers every month and represents a fairly substantial amount of capital project execution on a month-to-month basis.

Mr. O'Connell asked if Ms. Whitaker ever considered putting some pictures in the report showing the current status of a few projects.

Ms. Whitaker replied that they do have a website link that shows pictures and locations. She stated that they have not been put into the monthly report in part because at one point, the report was becoming so cumbersome that they were having trouble getting it ready. She stated that perhaps some maps and photographs might be useful.

Dr. Palmer stated a link to the CIP at the beginning of the report could be helpful.

Mr. Gaffney asked if the McIntire Park line was along the railroad.

Ms. Whitaker replied yes, that it was behind the ballfields.

Mr. Mawyer stated that they tried to make this as streamlined as they could by giving some executive summaries in the front of the report, and then to read further information, this was included in the back.

Dr. Palmer commented about the history of the projects in the report.

Ms. Whitaker stated that they used to write page-long histories, and there was some emphasis on streamlining digestibility of the document. She stated that as they had more and more projects, the documents became onerous. She stated that the histories may not be quite as extensive as they used to be, but that she could provide answers to questions that may come up.

Mr. Gaffney stated that it became onerous when there was a new paragraph every month for three or four years.

Dr. Palmer stated that she remembered this well, but that sometimes, she would go back and read them. She stated that she was wondering if there was any place to go to see it.
Mr. O'Connell stated that there was a nice balance of keeping the history and being able to find it. He stated that this provides good historic information, especially to the new Board members, as well as seeing the current status.

Dr. Palmer mentioned the CIP as well.

Ms. Whitaker stated that they could provide the link to the CIP on the report.

d. **Award of Construction Contract and CIP Amendments – Renovation and Upgrade of South Rivanna and Observatory Water Treatment Plants**

Mr. Scott Schiller, Engineering Manager, presented.

Mr. Schiller stated that the main purpose of this presentation was to request a contract award and CIP amendment.

Mr. Schiller stated that at the South Rivanna plant, they would be adding two new filters, which should be going in the area adjacent to the existing filters, as well as all new filter control panels. He stated that they would be doing some general architectural and other building improvements to the old filter building and constructing a new alum and fluoride chemical storage building to be located behind the hypochlorite building.

Mr. Schiller stated that this project would also involve enclosing the liquid lime storage area in a building for weather purposes. He stated that they would also construct a new administration building for the Water Department, which would be located to the side of a parking area. He stated that they would also be doing some general mechanical pumping and electrical service improvements throughout the plant.

Mr. Schiller stated that at the Observatory Water Treatment Plant, they would be adding a new chemical building that would contain all chemicals, except for hypochlorite, which would be stored in a different building. He stated that they would be adding plate settlers to the two sedimentation tanks, as well as new sludge collectors. He stated that they would be demolishing two sedimentation basins to allow for future expansion of the plant.

Mr. Schiller stated that they would be adding another 4 MGD of GAC capacity to Observatory, which would involve a building expansion. He stated that they would be adding a section onto the filter building for the new backwash pumps, as well as a new blower for the filter system. He stated that they will be rebuilding all filters and replacing all the filter-facing piping. He stated that there is a gallery in the filter building where all the piping is being removed and completely replaced, and that much of this piping is original.

Mr. Schiller stated that there would be some general architectural improvements to the building, and that they would complete a loop road around the facility, which is used for chemical deliveries and other transported materials on site. He stated that they would also be rebuilding the settled water flume, which takes water from the sedimentation basins and brings it to the filter.
Mr. Schiller stated that this was a great deal of work, and that the summaries for both items included more of the pressing items.

Mr. O’Connell asked if the situation with the settling plates was similar to that of Crozet.

Mr. Schiller replied yes.

Mr. Mawyer stated that this allows them to treat more water by creating more surface area within the same basin footprint.

Mr. Schiller stated that they opened bids on January 9, 2020 and received four, ranging in value from $36,748,500 to $44,937,000. He stated that the engineer’s estimate was $32,000,570. He stated that based on those bids, the apparent low bidder is English Construction out of Lynchburg, and that their bid of about $36 million was approximately 13% higher than the engineer’s estimate.

Mr. Schiller stated that SEH (the engineer for the project) as well as staff, internally reviewed the bids and documents, and found them to be responsive, and they recommended the award to English Construction.

Mr. Schiller stated that as far as the capital budget summary, the two approved capital budgets are $15 million for the South Rivanna project, and $19,700,000 for the Observatory project, for a total budget of $34,700,000. He stated that they had come to the Board previously with information pertaining to the GAC expansion, and at that time, the only increase to the budget was to account for the engineering services. He stated that they did indicate the GAC construction would potentially add $5.8 million to the $34,700,000 budget.

Mr. Schiller stated that they were now requesting a $43 million total project budget, which would be $2.5 million higher than previously anticipated.

Mr. Schiller stated that as far as the anticipated schedule, they anticipated mobilizing and starting construction in March. He stated that as far as the more major milestones, they anticipated substantial completion of the South Rivanna work in the summer of 2021, and then the major Observatory three-month shutdown occurring during the winter of 2021-2022. He stated that the overall completion of the project would be in the spring of 2023.

Mr. O’Connell asked if there had been any response back from UVA about the lease.

Mr. Mawyer replied that Mr. Krueger had received a response, which he and Mr. Gaffney reviewed. He stated that Mr. Krueger is prepared to go back to UVA’s counsel with a few requests and suggestions, but that from his view, he would say they were far down the road with completing the lease. He stated that the term of the lease seemed like it would be 49 years, with a renewal option of 50 years. He stated that the 49 year term effectively would be 59 years, as there would be 10 additional years added to the initial term if the lease is not renewed.
Mr. Gaffney stated that there is a 49-year lease and if they choose to terminate, they have 10 years to find land, plan, raise money, and build a new plant. He stated that effectively, it makes it a 59-year lease.

Mr. Krueger stated that because it is UVA, they cannot condemn it, so they have to do this consensually with UVA to get the plant lease.

Mr. O'Connell stated that it sounded like they were close.

Mr. Mawyer agreed they were very close. He stated that most of the requests UVA made generally were acceptable.

Mr. Gaffney stated that there were a few minor points to negotiate.

Ms. Hildebrand stated that it sounded like the major point of the schedule has been worked out.

Mr. O'Connell asked if there was a valid lease through 2021 regardless.

Mr. Krueger replied yes.

Mr. Mawyer replied it was until April 2021.

Mr. Schiller stated that December 2021 would be the beginning of the three-month shutdown.

Mr. Mawyer stated that the idea was to get South Rivanna WTP renovated first so it can carry the full load when they shut down Observatory.

Mr. Schiller stated that this would allow them to treat 12 MGD at South Rivanna very reliably, which they can do now for short periods of time, but that this would allow them to do it for a longer time. He stated that if they take down Observatory, they will need the full urban demand supplied by South Rivanna.

Mr. O'Connell asked if that meant they would not be starting any of the Observatory work.

Mr. Schiller replied that they would start some of the work, but nothing that would impact plant operations. He stated that the chemical building, for instance, was something they could start building without any shutdowns or other impacts.

Mr. Mawyer stated that as was mentioned the month before in Mr. Schiller’s presentation, the South Rivanna plant will not get any treatment capacity increase, and will stay at 12 MGD. He stated that Observatory will be increased from 7.7 MGD to 10 MGD. He stated that this is a slight increase, but that they could get this at a relatively small amount of investment while renovating the plant. He stated that they have a special agreement with the City and the ACSA on how the 2.3 MGD of capacity is funded. He stated that otherwise, the City pays 48%, and the ACSA pays 52% of the costs.
Mr. Gaffney asked if they have filmed the existing plant so that when they build the new plant, they can see the before and after.

Mr. Mawyer replied there was a video and commentary about the two projects.

Mr. Gaffney stated that it would be great to look at the old piping and facilities.

Mr. Schiller stated that there would be extensive pre-construction videos.

Dr. Palmer suggested having a history section in the video.

Mr. Schiller replied that they are considering keeping one of the old control units. He stated that there is also an old plaque downstairs dated 1953 and that they would maintain some of the history of the plant.

Mr. O'Connell asked about the lease and the fact that it is not signed, and what impact this has from a legal standpoint.

Mr. Krueger stated that if they didn’t have a lease, they would have to get out of the plant. He stated that that would be the case if they could not negotiate a new lease as of 2021. He stated that the flip side of this was that they have gotten drafts that they believe are getting closer to what they want. He stated that there are points in them that he, Mr. Gaffney, and Mr. Mawyer believe they could live with, although they are irksome and could allow UVA to make some decisions they would never want them to make. He stated that they would continue to negotiate on those fronts. He stated that he would rather discuss this further in closed session.

Mr. Krueger pointed out that the Observatory Plant is so interconnected with UVA’s water system that UVA realizes that if they got to 2021 and decided not to give a new lease, the fire protection at UVA would probably be in as much trouble as the rest of the City and County, and that this would result in a nuclear meltdown sort of situation. He stated that there is some comfort in the fact that UVA recognizes that its water supply for its own university is very much related to Observatory.

Mr. Gaffney stated that the fine points they are negotiating are so that, in 50 years, if they have to negotiate the next 49 years, they don’t want future members on the Board to ask what they were thinking. He stated that UVA is thinking the same way, and are both approaching it from that standpoint.

Mr. O'Connell stated that it sounded like that in the longer term, they could live with the finer points and try to find a middle ground that satisfies everyone.

Mr. Gaffney stated something Leonard Sandridge (UVA) stated to him when they were negotiating the mitigation of the Ivy Landfill was that he wanted a fixed price and that if there were any surprises in the mitigation, UVA was not obligated. He stated that Leonard told him that he didn’t want someone 15-20 years later to wonder what he was thinking. He stated that
this was our and UVA’s approach and that they were trying to bring these together to finalize the
agreement.

Mr. Schiller stated that there were three requested actions. He stated that the first is authorization
for the Executive Director to award the construction contract to English Construction for a total
value of $36,748,500. He stated that the change orders to the construction contract necessary for
completion of work shall not exceed 10% of the original construction contract value of the
contract awarded.

Mr. Schiller stated that the second requested action is to amend the FY 20-24 CIP for the
Observatory Water Treatment Improvements Project to increase the budget by $6.3 million,
which would bring the total budget for that project to $26 million.

Mr. Schiller stated that the third requested action is to amend the FY 20-24 CIP for the South
Rivanna Water Treatment Improvement Project to increase the budget by $2 million, bringing
the total budget for that project to $17 million.

Mr. O’Connell made a motion to approve the three requested actions. The motion was
seconded by Ms. Hildebrand and passed unanimously (6-0). Dr. Richardson was absent
from the meeting and the vote.

Mr. O’Connell expressed that though the projects are expensive, it was necessary to move
forward with them.

Mr. Schiller added that a value engineering process was performed with the projects to make
sure they were moving forward with necessary improvements. He stated that at this point, to
minimize the efforts would involve pulling out critical items.

Ms. Hildebrand expressed that the approach they took to the bidding process was a good one.

9. OTHER ITEMS FROM BOARD/STAFF NOT ON AGENDA
Mr. O’Connell gave members the ACSA’s updated Strategic Plan, in which he said there were
two major focuses. He stated that one was priority in customer notifications, requests for
information, and the use of information for an advanced metering radio metering system. He
stated that the second one was they are trying to respond to customer needs that came out of the
customer survey they did about a year ago.

10. Adjournment
At 3:44 p.m., Mr. O’Connell moved to adjourn the meeting of the Rivanna Water and
Sewer Authority. The motion was seconded by Mr. Richardson and passed unanimously
(6-0). Dr. Richardson was absent from the meeting and the vote.
Respectfully submitted,

Jeff Richardson
Secretary - Treasurer