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4 **RWSA BOARD OF DIRECTORS**  
5 **Minutes of Regular Meeting**  
6 **August 23, 2016**  
7  
8

9 A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held  
10 on Tuesday, August 23, 2016 at 2:15 p.m. in the 2<sup>nd</sup> floor conference room, Administration  
11 Building, 695 Moores Creek Lane, Charlottesville, Virginia.  
12

13 **Board Members Present:** Mr. Tom Foley, Mr. Mike Gaffney – Chair, presiding, Ms. Kathy  
14 Galvin, Mr. Maurice Jones, Ms. Judith Mueller, Mr. Gary O’Connell and Dr. Liz Palmer.  
15

16 **Board Members Absent:** None.  
17

18 **Staff Present:** Mr. Tim Castillo, Ms. Victoria Fort, Ms. Teri Kent, Mr. Doug March, Mr. Scott  
19 Schiller, Ms. Michelle Simpson, Ms. Andrea Terry, Ms. Jennifer Whitaker and Mr. Lonnie Wood.  
20

21 **Also Present:** Members of the public and media representatives.  
22

23 **1.0 Call to Order**  
24

25 The regular meeting of the RWSA Board of Directors was called to order by Mr. Gaffney on  
26 Tuesday, August 23, 2016 at 2:49 p.m., and he noted that a quorum was present.  
27

28 **2.0 Minutes of Previous Board Meeting**  
29

30 *a) Minutes of the Regular Meeting of the Board on July 22, 2016*  
31

32 Mr. Gaffney asked if there were any changes or comments to the minutes. There were none  
33 provided.  
34

35 **Mr. Foley moved to approve the minutes as presented. Mr. O’Connell seconded the motion,**  
36 **which passed by a vote of 6-0-1, with Mr. Jones abstaining from the vote because he was not**  
37 **in attendance at the July 22, 2016 meeting.**  
38

39 **3.0 Recognition**  
40

41 *a) Staff members who achieved professional licensure*

42  
43 Mr. Lonnie Wood stated that several employees had attained certifications within their fields—  
44 water, wastewater, or maintenance—several of which were voluntary. He noted that this involved  
45 an investment of time in testing and some are voluntary. The Authority feels that it is important to  
46 recognize our employees for their efforts. These recognitions would be posted at work locations.

47  
48 Mr. Gaffney suggested having Mr. Wood recognize them at the annual employee gathering.

49  
50 **4.0 Executive Director’s Report**

51 There was no report this month.

52  
53 **5.0 Items from the Public**

54 There were no items presented from the public.

55  
56 **6.0 Responses to Public Comments – No Responses This Month**

57 There were no responses to public comments this month.

58  
59 **7.0 Consent Agenda**

- 60  
61 a) *Staff Report on Finance*  
62 b) *Staff Report on Operations*  
63 c) *Staff Report on Ongoing Projects*  
64 d) *Work Authorization – Construction Inspection for Route 29 Widening Pipe Installation*  
65 e) *Work Authorization #2 – DiNatale Water Consultants*  
66 f) *Imagine a Day without Water – Resolution*

67  
68 **Dr. Palmer moved to approve the Consent Agenda as presented. Mr. O’Connell seconded**  
69 **the motion, which passed by a 7-0 vote.**

70  
71 **8.0 Other Business**

- 72  
73 a) *Status Report on Hydropower Evaluation*

74  
75 Mr. Wood stated that staff would give a brief update on the hydro plant assessment today, with a  
76 more detailed update to be provided at the October meeting.

77  
78 Mr. Schiller reported that authorization for a feasibility study was granted to Gomez & Sullivan in  
79 September 2015 to assess what would be needed to reactivate the facility in terms of cost and  
80 return on investment through electrical generation. He said that as part of an economic analysis  
81 they looked at nine economic variables, including discount rates, O&M rates and energy escalation  
82 rates—and out of nine scenarios, only four had a positive return on investment; and three of those  
83 four had the highest energy escalations. Mr. Schiller said that staff asked Gomez & Sullivan if,  
84 based upon these less than ideal results, there were other options or things that could be done with  
85 the facility. He stated that those included surrendering the FERC exception for license and  
86 decommission the facility or to work with a third party to rehabilitate, operate and maintain it. Mr.  
87 Schiller said that one disadvantage to allowing a third party to operate the facility is that they

88 would have control over release of water from the reservoir; secondly, the amount of water  
89 required to spin the turbine and generate electricity—45 million gallons/day (MGD)—would  
90 impact the amount of water spilling over the top of the dam. For reference, when the reservoir  
91 level is cresting the dam elevation by approximately 1-inch, the rate of flow over the dam is  
92 approximately 100 MGD. Additionally, he said, the intake for the hydropower plant is at the base  
93 of the reservoir where the water is colder, and this water would be released downstream instead of  
94 flowing over the top of the dam and would be warmer and more oxygenated, which would be an  
95 environmental concern. He said that staff is now reviewing these options and the legal and  
96 regulatory issues so that they can present at the October meeting the pros and cons of choosing  
97 one option or another.

98  
99 Ms. Palmer asked about energy escalation involving the three options that had a positive return on  
100 investment.

101  
102 Mr. Schiller said they looked at rates of 3-5% of escalation in the cost of energy and applied this  
103 into the economic model over a 30-year period. He said that under an assumed 5% increase in  
104 energy escalation, those were three of the scenarios that returned positive.

105  
106 Mr. Gaffney asked if the escalation costs would occur annually.

107  
108 Mr. Schiller replied in the affirmative that the costs would increase annually, and he noted that  
109 staff ran scenarios of 3, 4 and 5% energy escalation—with some offset in the energy generated  
110 internally.

111  
112 Ms. Palmer asked for the percentage of time that the flow of water is above 45 MGD with the dam  
113 spills.

114  
115 Mr. Schiller responded that he did not know the answer to Ms. Palmer’s question offhand, although  
116 it is in the report, and if they turn on the hydropower, there is no water spilling.

117  
118 Mr. Wood stated that the challenge is when spilling at the dam stops, there are issues with the  
119 regulatory requirements.

120  
121 Mr. Gaffney said that a question he would like Gomez & Sullivan to address for the October  
122 meeting is how long Rivanna can let the plant sit and still activate it, in case Dominion raises at a  
123 5% rate and Rivanna decides to activate it.

124  
125 Mr. Schiller said there is a component of “mothballing,” and Rivanna would be evaluating the  
126 possibility of not completely decommissioning the facility in case it becomes economically  
127 feasible in the future.

128  
129 Mr. Wood stated that there is a legal concern that somebody could take over the facility to produce  
130 electricity without consent, and although staff does not think this is possible which they are looking  
131 into it.

132

133 Ms. Whitaker clarified that to encourage hydropower, federal law allows another operator to come  
134 in and take over a license that is surrendered, even against the wishes of the owner/operator, if the  
135 facility is on federal land. She stated that the Federal Energy Regulatory Commission (FERC) has  
136 jurisdiction, and staff is working to clarify whether this would apply to local or state lands. She  
137 added that they are working on several different legal aspects of this and are unclear on the  
138 provisions pertaining to municipal property.

139  
140 Mr. Wood stated that if the original structures were constructed with federal funds, that may also  
141 have implications.

142  
143 Mr. O’Connell asked if the study looked at what was there before and how it operated and the  
144 amount of energy it generated versus a new facility.

145  
146 Staff responded that it did not.

147  
148 *b) Bonds – Rate Reset Approval, Series 2010A Bond, Series 2011A&B Bonds and Series*  
149 *2011D&E Bonds.*

150  
151 Mr. Wood stated that this issue was brought up at the last meeting to give the Board notice that the  
152 RWSA was working on refinancing several bonds. He reported that an opportunity has come up  
153 with VEQ/VRA in which Rivanna can refinance several bonds, and there are five bonds noted in  
154 a memo to the Board. He stated that the interest rate will be reduced from 2.93% to 2.05%, which  
155 would save \$120,000 in wastewater charges annually beginning next year; over the remaining life  
156 of the bonds, the total savings would be roughly \$1.61 million in interest costs. He noted that  
157 Board approval can be attained with one motion to approve all of the resolutions in the Board  
158 packet and a roll call vote for all five bond issues.

159  
160 **Ms. Mueller moved to approve the bond interest rate reset and the resolutions authorizing**  
161 **the reset. Mr. Foley seconded the motion. Mr. Wood called for a roll call vote: Ms. Mueller**  
162 **– aye; Mr. Jones – aye; Ms. Galvin – aye; Mr. Gaffney – aye; Dr. Palmer – aye; Mr. Foley –**  
163 **aye; and Mr. O’Connell – aye. The motion passed by a 7-0 vote.**

164  
165 *c) Bonds – Resolution of Official Intent (Reimbursement Resolution)*

166  
167 Mr. Wood explained the purpose of the resolution is to preserve the Authority’s right to pay itself  
168 back after a bond is issued, and serves as a statement of intent that the RSWA would issue debt to  
169 pay itself back as appropriately allowed by IRS law. He said that it does not authorize staff to move  
170 forward on a bond issue and is fairly routine for past CIP approvals. The main reason we wanted  
171 to do this is for the recently started Odor Control project.

172  
173 **Ms. Mueller moved to approve the Reimbursement Resolution. Mr. O’Connell seconded the**  
174 **motion. Mr. Wood called for a roll call vote: Ms. Mueller – aye; Mr. Jones – aye; Ms. Galvin**  
175 **– aye; Mr. Gaffney – aye; Dr. Palmer – aye; Mr. Foley – aye; and Mr. O’Connell – aye. The**  
176 **motion passed by a 7-0 vote.**

177  
178 **9.0 Other Items from Board/Staff not on Agenda**

179 There were none presented.

180

181 **10.0 Closed Meeting**

182 There was no closed meeting held.

183

184 **11.0 Adjournment**

185

186 **Mr. Jones moved to adjourn the RWSA Board meeting. Mr. Foley seconded the motion,**  
187 **which was approved by a vote of 7-0.**

188

189 There being no further business, the meeting adjourned at 3:04 p.m.