

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
February 25, 2002

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, February 25, 2002, at 2:02 p.m., in the Conference Room, Administration Building, 200 Franklin Street, Charlottesville, Virginia.

Board members present: Mr. Richard Collins, presiding, Mr. William Brent, Mrs. Judith Mueller, Mr. Robert Tucker, and Mr. Gary O'Connell.

Authority staff present: Mr. Lawrence Tropea, Mr. Gene Potter, Mr. Stephen Bowler, Mr. Lonnie Wood, Mr. Bruce Edmonds, and Ms. Mary Knowles.

Also present: Mr. Kurt Krueger, RWSA Attorney, members of the public and media representatives.

1.0 Call To Order

The regular meeting of the RWSA Board of Directors was called to order by Mr. Richard Collins, Chairman, on Monday, February 25, 2002, at 2:02 p.m., and a quorum was present.

2.0 Minutes Of Previous Meeting

Upon a motion by Mr. O'Connell, and seconded by Mr. Tucker, the Board of Directors voted to approve the minutes of the regular Board meeting held on Monday, January 28, 2002.

3.0 Executive Director's Report

Mr. Tropea reported that the Albemarle County Service Authority, the City of Charlottesville and RWSA issued a joint press release reaffirming our call for water conservation. He stated that the reservoirs are at about 77 percent capacity, which is the lowest level they have been at this time of year heading into the high demand time of the year.

Mr. Tropea stated that he attended the Rivanna Watershed Symposium on March 6, 2002, as did Mrs. Mueller. He felt it was a great success with excellent dialog between the various individuals in attendance. He added that the work group developed a series of recommendations on how they might coalesce and increase focus on protecting the Rivanna River watershed. He noted that a smaller group would be refining the recommendations.

Mr. Tropea reported that as a follow-up to the Board's recommendation, Mr. Stephen Bowler gave a presentation on his draft report on the South Fork Rivanna Reservoir at the

RWSA Board Minutes
3.0 Executive Director's Report
February 25, 2002

February 20, 2002 RWSA Citizens Advisory Committee meeting. He stated that the CAC, who is also looking at the future water supply strategy, would prepare comments and recommendations on the Bowler report which would be brought to a future Board meeting.

Mr. Tropea stated that the new environmental policy for RWSA and RSWA has been posted in the receptionist area at the RWSA Administration Building and further rollout is being planned.

Mr. Tropea informed the Board that future water supply recommendations would be reported on later in the meeting. He noted that our past and future work on this subject would probably be our most important contributions to our area citizens and environmental resources.

4.0 Consent Agenda

Mr. Collins asked if there were any items that the Board members would like to discuss regarding the Consent Agenda.

- 4a) Staff Report on Finance
- 4b) Report of Ongoing Projects
- 4d) South Rivanna Plant Improvements Payments
- 4e) Staff Report on Employee Safety
- 4f) VEPGA Cooperative Purchasing Agreement / Appalachian Power Contract Extension

In regards to Item 4f), VEPGA Cooperative Purchasing Agreement / Appalachian Power Contract Extension, the following Resolutions were submitted for Board approval:

CONTRACT EXTENSION RESOLUTION

“WHEREAS, the VML/VACo-Appalachian Power Company (APCo) Steering Committee (the “Committee”) comprised of representatives of local governments and political subdivisions has for many years negotiated on behalf of such governmental units within the service area of APCo the terms of standard contract forms which have included rates for the purchase of electricity supply and delivery service and for the installation, maintenance and delivery service for street lights by and for said governmental units from APCo as a single source provider; and,

WHEREAS, the most recent such contracts for the period beginning July 1, 2001 will terminate on June 30, 2002; and,

RWSA Board Minutes

4.0 Consent Agenda Continued February 25, 2002

WHEREAS, on or about February 12, 2001, APCo agreed with the Committee to extend the term of such contracts to December 31, 2003 at rates set forth in the Company's Schedule 17 on file with the Virginia State Corporation Commission (the "Commission") and,

WHEREAS, on or about July 24, 2001, American Electric Power Co. ("AEP"), parent corporation of APCo, filed a proceeding in the Federal Energy Regulation Commission ("FERC") seeking approval of amendment of its intercompany agreement which inter alia affects the supply and computation of the price for electricity furnished to APCo in excess of that produced by APCo, in which proceeding the Steering Committee and the Town of Wytheville appeared and objected; and,

WHEREAS, in consideration of the Committee and the Town of Wytheville agreeing to a negotiated settlement of the FERC proceeding which provides substantial protection against potential escalation of the fuel factor which is a component of APCo's total pricing for electricity supplied to its retail customers, including the governmental units, APCo has granted to the governmental units the election to (1) terminate the current contracts on June 30, 2002, or (2) extend the contracts at Schedule 17 rates to December 31, 2003 pursuant to the offer dated February 12, 2001, or (3)(a) to extend the current contracts through June 30, 2007, at rates contained in APCo's unbundled Standard Rate Schedules, or any successor or replacement schedules then on file and approved by the Commission; and (b) to extend street light service at rates as in effect July 1, 2000, but subject to changes in the fuel factor; provided that election (3) is conditioned upon the governmental unit so electing, notifying APCo of its election within 90 days of December 18, 2001, that (i) it has chosen APCo to provide generation service through June 30, 2007, and (ii) that it will not choose a different supplier prior to such date; and (iii) it will not request the Commission to determine rates and provisions for default service different from that provided under its contract, as amended by election (3); and,

WHEREAS, the Steering Committee has recommended that the governmental units, including this jurisdiction, exercise election (3) above, that is, the extension of current contracts with APCo for electric service and delivery thereof from July 1, 2002, through June 30, 2007, including street light contracts, at the rates and subject to the conditions all as set forth in the letter dated December 18, 2001 signed on behalf of APCo and AEP and on behalf of the Steering Committee and the Town of Wytheville, all by counsel, which is attached hereto as Exhibit A and incorporating letters dated February 12 and February 15, 2001 attached hereto as Exhibits B1 and B2.

RWSA Board Minutes 4.0 Consent Agenda Continued

February 25, 2002

WHEREAS, on consideration whereof, it appearing to the Board of Directors of the Rivanna Water & Sewer Authority (the "Authority") that there is only one source practically available which can and will supply electricity service and delivery thereof for the entire needs of the Authority at established rates for such bundled service or unbundled generation service for the period from July 1, 2002 through December 31, 2007, as negotiated and recommended by the Committee; and it further appearing that even if there should develop a truly competitive market in the APCo area for generation service, it is questionable whether the Virginia Electricity Restructuring Act (the "Act") provides for capped rates or default rates for public authorities in the APCo area, and if not could place this jurisdiction at a disadvantage in the event it elects to contract with an alternative supplier or if such alternative supplier should default and be unable to provide the electricity; and it further appearing that notice hereof has been posted or published as specified in Va. Code § 2.2-4303E that competitive sealed bidding and competitive negotiation for such services for such period, are not fiscally advantageous to the public because the procurement process for electric services in a competitive market, even if there should be a market, must be of such flexibility to provide a rapid response to fluctuating market conditions on a daily, or even hourly, basis; and it further appearing that the contract extensions recommended and agreed to by the Committee will provide this jurisdiction with a safeguard against excessive electricity generation costs both at this date and in the foreseeable future due to a lack of real competition in this area of Virginia; and,

WHEREAS, in addition to the fact that no other source is practically available for such electric services for such period, the APCo offer to extend the contracts, being for a limited time, i.e., ninety (90) days from December 18, 2001, is such that an emergency does exist inasmuch as such period is not sufficient for this jurisdiction to correctly assess its entire needs for electric service, whether for the short term or through June 30, 2007, to prepare and receive requests for proposals and to review, consider and act upon any proposals which may possibly be received.

NOW, THEREFORE BE IT RESOLVED that this jurisdiction accepts the offer of APCo to extend its current contract for electric service on a bundled basis, including its street light contract, from July 1, 2002 through June 30, 2007, as set forth in Exhibit A and as agreed and recommended by the Committee.

RESOLVED further that in accordance with the conditions in APCo's offer this jurisdiction agrees that (i) it has chosen APCo to provide generation service through June 30, 2007, (ii) that it will not choose a different supplier prior to such date, and (iii) that it will not request the State Corporation Commission to determine rates and provisions for

RSWA Board Minutes
4.0 Consent Agenda Continued
February 25, 2002

default service different from that provided in the contracts, as amended and extended as set forth above.

RESOLVED further that the Executive Director is authorized to execute and deliver on behalf of this jurisdiction all documents as shall be deemed appropriate to carry out the foregoing action.

The Assistant Secretary is directed to notify APCo of the aforesaid election and agreement by transmitting a copy hereof to counsel for the Committee, Howard W. Dobbins, 1021 East Cary Street, P.O. Box 1320, Richmond, VA 23218-1320, who is authorized to deliver the same to APCo.”

JOINT POWERS RESOLUTION

“WHEREAS, the VML/VACo Virginia Power Steering Committee (the “Committee”), composed of representatives of the Rivanna Water & Sewer Authority and other local governments and political subdivisions of the Commonwealth, has for over several decades negotiated on behalf of such governmental units a standard form contract for their purchase of electricity supply and delivery service from Virginia Electric and Power Company (“Virginia Power”) as a sole source provider; and,

WHEREAS, political subdivisions of the Commonwealth of Virginia are authorized under Virginia law to exercise jointly powers that they otherwise are authorized to exercise independently, and the terms and conditions of such authorization are currently set forth in Sections 15.2-1300, et seq. of the Virginia Code (the “Joint Powers Act”); and,

WHEREAS, the Virginia Electric Utility Restructuring Act (the “Restructuring Act”) further authorizes municipalities and other political subdivisions in the Commonwealth to aggregate their electricity supply requirements for the purpose of their joint purchase of such requirements from licensed suppliers, and the Restructuring Act provides that such aggregation shall not require licensure; and,

WHEREAS, the Virginia Public Procurement Act (the “Procurement Act”) exempts from its competitive sealed bidding and competitive negotiation requirements (the “Requirements”) the joint procurement by public bodies, utilizing competitive principles, of electric utility services purchased through member associations under the conditions set forth in the Procurement Act; and,

**RWSA Board Minutes
4.0 Consent Agenda Continued
February 25, 2002**

WHEREAS, the Committee recommends that the aggregation and procurement of electric supply, electric delivery, and other energy-related services (“Energy Services”) be effectuated as provided in the Joint Powers Association Agreement, a copy of which is attached to and made part of this Resolution (the “Joint Powers Agreement”), in accordance with applicable provisions of the Procurement Act, such as the utilization of competitive principles pursuant to an exemption from the Requirements; and,

WHEREAS, the Committee also recommends that the other services provided by the Committee to its members be effectuated as provided in the Joint Powers Agreement, with such services consisting of (i) assistance in implementing standard form contracts for the purpose of services from incumbent electricity utilities, (ii) education of members regarding electricity procurement issues, (iii) monitoring of legal and regulatory developments affecting the provision of electricity service to local governments, and (iv) hiring of consultants and legal counsel to assist in its provisions of the foregoing services (“Steering Committee Services”).

WHEREAS, it appearing to the Board of Directors of the Rivanna Water & Sewer Authority that the joint procurements of the Energy Services pursuant to the Joint Powers Agreement and the provision of Steering Committee Services pursuant to the Joint Powers Agreement is otherwise in the best interests of the Rivanna Water & Sewer Authority.

NOW, THEREFORE, BE IT HEREBY RESOLVED that:

- (1) Competitive sealed bidding and competitive negotiation for the procurement of Energy Services are not fiscally advantageous to the public because the procurement process for Energy Services must be flexible enough to respond to quickly changing market conditions in which energy prices can fluctuate considerably on a daily or even hourly basis.
- (2) The aggregation and joint procurement of the Energy Services pursuant to the Joint Powers Agreement is hereby approved.
- (3) The provision of Steering Committee Services pursuant to the Joint Powers Agreement is hereby approved.
- (4) The Joint Powers Agreement and the performance of the terms and conditions thereof on behalf of the Rivanna Water & Sewer Authority are hereby authorized and approved.

RWSA Board Minutes
4.0 Consent Agenda Continued
February 25, 2002

(5) The Executive Director is hereby authorized and directed to execute and deliver the Joint Powers Agreement on behalf of the Rivanna Water & Sewer Authority in substantially the form presented to this meeting.

(6) The payment obligations of the Rivanna Water & Sewer Authority pursuant to the provisions hereof and the Joint Powers Agreement shall be subject to the annual approval of funds thereof in its budget by the Rivanna Water & Sewer Authority Board of Directors.

(7) This Resolution shall take effect immediately upon its adoption or passage.”

Upon a motion by Mr. Tucker, and seconded by Mr. O’Connell, the Board of Directors voted to approve items 4a), b), c), d), e), and f) of the Consent Agenda. All members voted aye.

5.0 Other Business

In regards to Item 5a1), the Draft Minutes of the November 14, 2001 CAC Meeting were accepted. There were no actions required by the Board.

In regards to Item 5b), Recommendations on Future Water Supply Alternatives, Mr. Tropea reported that our water supply strategy to meet our projected needs through 2030 involve four key strategic actions which are water conservation, a watershed approach, maintenance dredging, and infrastructure additions. He stated that the RWSA’s longer term water supply strategies to meet projected 2050 water demand is based on earning time to look at real data over the next 20 to 30 years and put ourselves in a position to develop a more accurate prediction of 2050 water demand. He noted that our 2050 strategy would also be based on our residents’ success with water conservation and the evolution of new technology. He further stated that some of the potential 2050 water options included construction of a dam and reservoir on Buck Mountain Creek, obtaining raw water from the James River or Chris Greene Lake, and upstream base flow augmentation with highly treated wastewater. Mr. Tropea added that RWSA is also recommending that the Board authorize a public meeting to solicit further citizen input on the recommendations. Several Board members also asked that RWSA to schedule review meetings with the City of Charlottesville City Council, the Albemarle County Board of Supervisors and the Albemarle County Service Authority Board of Directors. Mr. Tropea also informed the Board that the Future Water Supply Recommendations would be placed on the Rivanna website, and we would issue a press release announcing their availability.

RWSA Board Minutes

5.0 Other Business Continued

February 25, 2002

A discussion ensued following Mr. Tropea’s report with Board members suggesting that

timelines and costs be added to the short-term goals. Mr. Brent also pointed out that the planning schedule should reflect the lengthy time frame involved with the permit process.

Mr. Collins requested clarification on the statement regarding future water supply restrictions not being used to control local growth. Mr. Tropea responded that RWSA should not be in the business of controlling growth, and this is a subject ably addressed by local government. The subject was further discussed, and Mr. Collins indicated that he was not comfortable with the present wording and might offer some improved language.

In regards to Item 5c, Update to Procurement Policy / Purchasing Manual, the following Resolution was submitted for Board approval:

“RESOLVED, that the Executive Director, in addition to such authority and duties given to him pursuant to the Bylaws or by this Board, is hereby authorized to take the following actions in connection with the fulfillment of his duties to and for the Authority:

- (1) to sign, execute, or otherwise bind the Authority with respect to any instrument, contract, or other agreement provided such instrument, contract, or other agreement has been specifically approved by the Board of Directors (the “Board”);
- (2) to sign, execute, or otherwise bind the Authority with respect to any instrument, contract, or other agreement provided the Authority’s obligation under such instrument, contract, or other agreement does not exceed Fifty Thousand and 00/100 Dollars (\$50,000); and
- (3) to sign or execute all checks in the name of the Authority, initiate wire transfers, or otherwise transfer funds of the Authority.

RESOLVED, that the Director of Finance and Administration, in addition to such authority and duties as the Board or the Executive Director may from time to time designate, is hereby authorized to take the following actions in connection with the fulfillment of his duties to and for the Authority:

RWSA Board Minutes
5.0 Other Business Continued
February 25, 2002

- (1) to sign, execute, or otherwise bind the Authority with respect to any instrument, contract or other agreement provided such instrument, contract,

or other agreement has been specifically approved by the Board;

(2) to sign, execute, or otherwise bind the Authority with respect to any instrument, contract, or other agreement provided the Authority's obligation under such instrument, contract, or other agreement does not exceed Fifty Thousand and 00/100 Dollars (\$50,000); and

(3) to sign or execute all checks in the name of the Authority, initiate wire transfers, or otherwise transfer funds of the Authority.

RESOLVED, that the Authority's Purchasing Manual, last revised effective March 9, 1999, is hereby revised to amend the Small Purchase Procedure (paragraph 8) and to update the cross-references to the Virginia Public Procurement Act, as amended, all as more particularly set forth in the revised Purchasing Manual distributed to the Board."

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Board of Directors voted to approve the foregoing Resolutions to update the Procurement Policy / Purchasing Manual. All members voted aye.

In regards to Item 5d), FY 2003 Proposed Budget, the following resolution was submitted for Board approval:

"WHEREAS, the Rivanna Water and Sewer Authority Board of Directors has reviewed the proposed budget and associated rate changes for Fiscal Year 2003; and,

WHEREAS, Section 15.2-5136 (G) of the Code of Virginia requires the adoption of the preliminary rate schedule for notification of a public hearing prior to any rate change; and,

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water and Sewer Authority hereby approves the preliminary rate schedule for purposes of notification of a public hearing to be held on May 20, 2002 at 2:00 p.m. during the regularly scheduled Board of Directors meeting.

RWSA Board Minutes
5.0 Other Business Continued
February 25, 2002

WATER RATES

Urban Area
City - \$ 1.328/1000 gal.

WASTEWATER RATES

Urban Area
City - \$ 1.101/1000 gal.

ACSA - \$ 1.410/1000 gal.

ACSA - \$ 1.338/1000 gal.

Crozet - \$ 34,321/monthly

Glenmore - \$ 13,150/monthly

Scottsville Water - \$ 20,883/monthly

Scottsville Wastewater - \$ 18,911/monthly

SEPTAGE RATES

Local Haulers - \$ 50.00/1000 gal. (\$.05/gal.)

Outside Haulers - \$ 70.00/1000 gal. (\$.07/gal.)”

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors voted to approve RWSA proceeding to publish the proposed budget for the required 60 days for the purposes of notification of a public hearing to be held on May 20, 2002, at 2:00 p.m. during the regularly scheduled Board of Directors meeting. All members voted aye.

6.0 Other Items From Board/Staff Not On Agenda

There were no other items from the Board or the staff.

7.0 Items From The Public

Ms. Sally Thomas, Chairperson of the Albemarle County Board of Supervisors, reported on the following two matters:

- Ms. Thomas reported that she had taped a Public Service Announcement for radio station WINA on water conservation.
- Ms. Thomas also reported that a public hearing will be held on March 14, 2002 on the Route 29 Bypass project and encouraged all interested parties to provide input on the impact to the water supply.

Mr. Merrill Bishop, a RWSA CAC member, recommended adjusting water rates according to water usage to promote conservation efforts. Mrs. Mueller responded that due to the high resident turnover in the City, it would be difficult to implement a changing rate structure.

RWSA Board Minutes

7.0 Items From The Public Continued

February 25, 2002

Ms. Lois Rochester suggested that RWSA staff meet with the neighbors that would be potentially affected by the proposals to perform dredging operations and construction of four-foot crest controls on the South Fork Rivanna River.

Mr. John Martin suggested that RWSA, and the Board, review the draft Supplemental Environmental Impact Statement for the Route 29 Bypass project, which may preclude, or adversely affect, future construction of eight-foot crests on the reservoir.

Mr. John Via also voiced his concerns regarding the Route 29 Bypass and the costs associated with this project.

Mr. Jason Halbert informed the Board of future neighborhood meetings that would be scheduled to discuss removal of a privately owned dam at Woolen Mills. He stated that the historical value of the dam and migrating patterns of fish would be considered when reviewing the options. The Board recommended that Mr. Halbert meet with RWSA staff to keep them informed of future plans.

Mr. Collins introduced Mr. John Hermsmeier, RWSA CAC Chair, who was in attendance. Mr. Hermsmeier reported that Mr. Stephen Bowler made a presentation on his draft report on the South Fork Rivanna Reservoir at their February meeting. He also stated that the CAC would be meeting on March 13 to review the recommendations on the Future Water Supply Alternatives and hoped to be able to report back to the Board at their next meeting.

8.0 Closed Meeting

There was no need for a closed meeting.

9.0 Adjournment

Mr. Tucker made a motion, which was seconded by Mr. O'Connell, to adjourn this meeting at 3:15 p.m.

Respectively Submitted,

Mr. Robert Tucker
Secretary - Treasurer