

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
January 27, 2003

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, January 27, 2003, at 2:03 p.m., in the Conference Room, Administration Building, 200 Franklin Street, Charlottesville, Virginia.

Board members present: Mr. William Brent, Dr. Richard Collins – Presiding, Mrs. Judith Mueller, Mr. Gary O’Connell and Mr. Robert Tucker

Authority staff present: Mr. Lawrence Tropea, Mr. Lonnie Wood, Ms. Anne Bedarf, Mr. Richard Defibaugh, Mr. Norman Wescoat, Mr. Stephen Bowler, Mr. Bruce Edmonds, Mr. Steven Miller, and Mrs. Mary Knowles.

Also present: Mr. Kurt Krueger - RWSA Attorney, Mr. Robert Huff – independent financial auditor, Mr. Kevin Sauer – Head Coach of the University of Virginia Women’s Rowing Team, 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 Dr. Richard Collins on Monday, January 27, 2003 at 2:03 p.m., and a quorum was present.

2.0 Minutes Of Previous Board Meetings

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors voted to approve the minutes of the regular Board meeting held on December 16, 2002. The minutes were approved by a 5 – 0 vote.

3.0 Executive Director’s Report

Mr. Tropea gave a PowerPoint presentation on the status of the community water supply improvements.

He pointed out that RWSA’s emphasis was on action, and that the time for debate, planning and replanning was over. He stated that our area is still in the midst of a drought and continues to experience a depressed groundwater situation, which has the potential to adversely affect the community water supply next summer. Mr. Tropea added that there has also been a steady increase in water consumption during January as compared to the water demand for the previous eight- week period. He stressed that water conservation is a fundamental part of the community water supply plan and needs to be an environmental ethic for our community on an ongoing basis.

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Mr. Tropea explained that Rivanna has three strategic focuses as it implements the community water supply plan:

- Mechums River Pump Station
- Maintenance Dredging of the South Fork Rivanna Reservoir
- Expansion of South Fork Rivanna Reservoir

Mr. Tropea next reported on the status of the individual projects and the permit approval process.

In response to a question by Dr. Collins, Mr. Tropea stated that the positions adopted by the Army Corps of Engineers on the instream flow for the Mechums River needed further discussion with the Corps. Mr. Tropea further stated that RWSA believes that a "holistic approach" to the instream flow releases across our whole watershed is the right strategy for our community and the environment.

Dr. Collins also inquired as to the possible impact that implementation of the community water supply plan would have on the two recreational access points currently provided on the South Fork Rivanna reservoir. Mr. Tropea responded that the planned aerial photography would illustrate the degree to which these access points would be impacted. He added that funds have not been allocated at this point by RWSA for replacing these recreational access points. Mr. Tropea commented that a community meeting would be held in the spring to solicit public input for the Board on this issue. Mr. Tucker stated that Albemarle County has been studying for some time the feasibility of constructing a new boat launching access point, which would serve as a link to their greenways system and connect with the Ivy Creek natural area as well as areas further south.

Mr. Tropea then outlined RWSA's financial options for obtaining the additional funds needed to implement the community water supply plan. He stated that since the January Board meeting, RWSA staff have met with bond counsel and it is evident that a new bond issue would be needed, subject to Board approval. Mr. Tropea further stated that since RWSA would probably not be in a position to issue those bonds until at least July 2003, it will be necessary for RWSA to obtain pre-bond issue interim financing. He added that RWSA would have a funding recommendation for the Board at a future Board meeting. He commented that RWSA would also have a reimbursement resolution for the Board's consideration at the February Board meeting, which is an important component of the bond process.

Mr. Tropea also discussed the "critical path" components of the funding strategy, which included the City of Charlottesville and Albemarle County Service Authority "directing" RWSA to proceed with the community water supply projects, plus the City of Charlottesville

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3.0 Executive Director's Report Cont.

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and the Albemarle County Service Authority executing a formal cost share agreement, and the need for the City and RWSA to approve the Albemarle County Service Authority Agreement for funding maintenance dredging.

Dr. Collins inquired if a City/County cost share agreement would be required before RWSA could obtain either a pre-bond or bond issue funding. Mr. Wood responded that an agreement would be needed for a bond issue, but we would have to check with our lenders on the requirement for the pre-bond loan. Mr. Tropea added that in order for the bonds to be issued, RWSA would need to demonstrate its ability to repay, which cannot be demonstrated until the City and the Albemarle County Service Authority complete the cost share agreement.

In response to questions from Mr. O'Connell concerning the \$22.5 million estimate for the proposed bond issue, distributed to the Board at this meeting, Mr. Tropea stated that RWSA has requested that the Technical Committee meet and discuss the various RWSA capital needs in addition to the projects outlined in the \$22.5 million bond project list. He further stated after that meeting, the bond project list would be brought back to the Board for review and approval.

Concerning the question of whether RWSA has already been directed to proceed with the water supply projects, Mr. Tropea commented that it is his interpretation that there needs to be a clearer directive for RWSA to proceed with the projects. He added that while the strategy had been approved by City Council, the Board of Supervisors and the Albemarle County Service Authority Board of Directors, he felt the wording may fall short of being a directive as envisioned under the four-party agreement. Mr. Tropea requested that Mr. Krueger review the documents and render his legal opinion prior to the February Board meeting.

Mr. Brent stated that the Virginia Resources Authority is currently sizing its pool for bond issuance this year, and he strongly encouraged RWSA to consider pursuing that avenue for financing the water supply plan. Mr. Tropea stated that this funding source was discussed with the bond counsel and that RWSA would consider this option.

Mr. Tropea concluded his presentation by stating that RWSA would be striving to improve communications; focusing on increasing the community's understanding on our water supply needs and their relationship to higher future water rates; continuing to promote water conservation; moving the water supply plan implementation forward; recognizing our vulnerability to another drought; and, begin planning for a future wastewater collection and treatment system expansion and upgrade.

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4.0 Items From The Public

Ms. Frances Martin, Albemarle County resident, made the following statement:

“Good afternoon. My name is Frances Martin, and I have been a resident of Ardwood Subdivision in Albemarle County for 35 years on property bordering on the South Fork Rivanna Reservoir where it meets Naked Creek. This property is one of the steepest and most heavily wooded parts of the shoreline.

During those 35 years, and especially for the last fifteen years, we have seen increasing beaver activity along the whole shoreline of the reservoir. Many lodges and hundreds of beaver-downed trees are visible to anyone boating there. At least fifty trees, ranging from saplings to mature oaks have been destroyed on our ten acres alone. Recently the beavers cut down ten young trees high up the slope, within 60 feet of our house.

We have taken steps to limit the damage by erecting barriers and wrapping as many trees as possible with chicken wire. But this work is expensive and time-consuming, and we can't hope to protect all the trees on our land. We doubt that very many landowners will take such steps to protect their woodland.

However, what brings me here is the impact of beaver activity on the watershed as a whole. Your watershed manager, Stephen Bowler, has viewed our slope and told us that he does not feel the beavers will increase the amount of mud going into the reservoir, and that he will not recommend any action on your part.

I respectfully beg to differ with Mr. Bowler. At the rate the beavers are felling trees and expanding their population, the processes of regrowth are too slow to restore the woodland. Stumps may sprout, but the large herd of deer in the area finds these sprouts so tasty that the sprouts do not last long. Inevitably, heavy storms will wash sediment down the trails the beaver make to remove their cuttings and further reduce reservoir capacity. While beavers may serve the environment upstream by damming floodwater or creating pools in dry years, they do not similarly serve a reservoir. A man-made reservoir is not a natural place for beavers.

What do I think should be done? As trapping on the reservoir is currently illegal, the only other workable solution is for you to destroy all the lodges every year until the beavers abandon the reservoir. A

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two-man crew could handle this work. The recent drought has shown

how important it is to preserve the capacity of this water supply.

Thank you for your attention.”

Dr. Collins asked Mr. Stephen Bowler, Watershed Manager, to comment on Ms. Martin’s statement. Mr. Bowler stated that he has visited the site and was very sympathetic concerning the impact on her property, but in the large-scale environmental picture, he did not see this as having a significant sediment or other pollution impact on the reservoir. He further stated that the beavers were not generating a large erosion problem because they leave the stumps with their root mass that holds the soil in place. He added that trapping beavers is prohibited in the County Code. He reported that in County-owned parks, the Parks Director could consider waivers to that ban. Mr. Bowler also stated that in this situation, the Parks Department felt that any trapping of beavers would need to be done in cooperation with RWSA. Mr. Bowler stated that he would not recommend waiving the ban on trapping beavers in this situation.

Dr. Collins suggested that some type of cooperative effort among the landowners could assist with this problem.

Dr. Pete Cross, Geologist who conducted the first groundwater studies in the Rivanna area in Western Albemarle County, spoke in support that RWSA continue to speak publicly with an even stronger point of emphasis that the drought is not over. He also spoke in support of a water rate structure that is higher than what we have had in the past and made the following statement:

“Is the drought over?” – question has different answers depending upon what your interest is!!

- a- **Yes**, it is over from a supply perspective = the reservoirs are full!! Why are they full? Because vegetation is not growing and surface waters were sufficient in the fall to replenish the reservoirs.
- b- **No**, it is not over from a longer-term perspective. Why? Because the groundwater table is not receiving any new water or recharge:
(1) We are behind in average expected rainfall over the past two months; (2) There has been insufficient snow (10 inches of snow yields roughly 1 in. of water that is totally absorbed in the ground.

Proof of the groundwater table not being recharged: On January 25th, Mechums River was at its lowest level since recordings began 31 years ago.

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Storage and Demand:

- 1) We have 20 million gallons of storage.
- 2) Last week, our demand was over 9 million gallons for one day.

Rivers receive their water from either:

- (a) surface water runoff during and immediately after a rain or
- (b) groundwater flowing into river channels.

So far this winter, after rains, the rivers have had an extraordinarily rapid return to drought flow levels.

A proper understanding of our groundwater resources cannot be developed without a **network of observation wells and geophysical studies**. There is only one observation well in all of Virginia west of I-95 corridor!!

A **Water Impact Statement** is needed immediately (says Sally Thomas).”

5.0 Consent Agenda

Dr. Collins asked if there were any items that the Board members would like to pull for discussion from the Consent Agenda.

- 5a) Staff Report on Finance
- 5b) Staff Report on Operations
- 5c) Staff Report on Ongoing Projects
- 5d) Safety Manager’s Report
- 5e) Status Report on South Fork Rivanna Dredging Project
- 5f) Status Report on Ragged Mountain Dam Rehabilitation
- 5g) Meadow Creek Interceptor Study Consultant Selection
- 5h) Watershed Manager’s Report
- 5i) ACSA Draft Agreement on Dredging
- 5j) RWSA Letter to Woolen Mills Residents
- 5k) Regional “Water Summit”

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors voted to approve Items 5a), b), c), d), e), f), g), h), i), j) and k) of the Consent Agenda. By a vote of 5-0, the Consent Agenda was approved.

6.0 Other Business

In regards to Item 6a), Annual Financial Report, Mr. Robert Huff, the Managing Director of Robinson, Farmer, Cox Associates, our CPA firm, reported that his firm had conducted the

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annual audit of RWSA’s accounts and records for the year ending June 30, 2002, as required by statute. He stated that the auditor’s opinions contained in the financial section are unqualified. He further stated that both the financial compliance and the laws and regulations opinions are unqualified. Mr. Huff commented that he felt RWSA did a fine job of ending the year with a positive net income. He added that he felt that

Mr. Wood was well poised to implement GASB 34, which is a new accounting regulatory standard, either in FY 2003 or FY 2004.

In response to questions from Dr. Collins, Mr. Huff stated that to the best of his knowledge, his firm has had no other consulting arrangements with RWSA beyond the auditing function for the past five to ten years. Mr. Huff also stated that the auditors' statements contained in the report are meant to give a reasonable assurance that an inspection has been done and that nothing was found to breach any of the requirements that were tested. He added that it is his firm's objective to determine if RWSA was in material compliance, but it is not an objective to test 100 percent of every financial transaction.

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors voted to approve the Annual Financial Report. By a 5-0 vote, the motion was approved.

In regards to item 6b), Public Hearing on Proposed Wastewater Rate Increase, Mr. Tropea stated that RWSA is recommending that the proposed wastewater rate increase not be adopted by the Board. He further stated that the specific project for which this proposal is based has been completed and the financial obligations have been met through the proceeds from the combined water/wastewater drought rate. Mr. Tropea added that RWSA staff therefore did not see any reason for the Board to enact this wholesale wastewater rate increase.

Upon a motion by Mr. Tucker, and seconded by Mrs. Mueller, the Board of Directors voted to approve the RWSA staff recommendation that the proposed wholesale wastewater rate increase be canceled. By a 5-0 vote, the motion was approved.

In regards to item 6c1), Board Consideration of Emergency Drought Water Rate, Mr. Tropea stated that the emergency drought rate was established by the Board in October 2002 to keep RWSA financially viable due to the reduced water revenues that were occurring because of the drought. He further stated that the emergency water drought rate was not established to fund any portion of the water supply plan or any other projects in RWSA's Capital Improvements Plan. He reported that the October 2002 approved emergency drought rate was for an addition of \$1.65 per thousand gallons in addition to the regular wholesale water rate. Mr. Tropea commented that the emergency drought rate generated enough funds to cover a projected \$918,000 deficit that RWSA would otherwise have incurred. He stated that the water demand has since increased and would probably

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continue to rise as we approach the summer. He also stated that the emergency drought rate has caused some hardships in the community, and some citizens were disappointed by the rate increase after they had done such a wonderful job in their water conservation efforts. Mr. Tropea reported that the projected revenues reflect that RWSA could meet its budget obligations and lower the emergency drought rate component by about 60 percent. Mr. Tropea commented that some citizens might recommend that the rate be kept at the emergency drought rate level to cover future expenses and that a lower rate might send the

wrong message to the community, which is also a concern for RWSA. He reported that the emergency drought water rate was established for a specific purpose, and now that the situation has improved, RWSA feels that it is only fair to the public to propose to reduce the emergency drought water rate at this time. He stated that he hoped that the public does not misinterpret this action today, as the Board and RWSA staff will soon be considering the FY 2004 budget and that RWSA must proceed with a large bond issue in the near future to fund the community water supply plan and other improvements. Mr. Tropea further stated that it is the RWSA staff recommendation that the Board reduce the emergency drought water rate as proposed and set the wholesale water rate for the City at \$1.955 per thousand gallons and the Albemarle County Service Authority rate at \$2.037 per thousand gallons.

Mr. Tucker stated that another way to view this proposal would be to base the reduction on the current water rates for the City of Charlottesville and the Albemarle County Service Authority. He further stated that by using these figures, the current water rate would be reduced by about 33 percent. He added that he did not feel RWSA would be able to fund the \$13.2 million needed for the community water supply plan without increasing the current water rate, and he asked Mr. Tropea when RWSA anticipates proposing such a rate increase. Mr. Tropea responded that a new water rate would probably become effective on July 1, 2003. He also suggested that the Board consider holding a work session to discuss RWSA's financial issues and solicit public input on this matter. Mr. Tucker also pointed out that an additional water rate increase would also be needed if the drought continues over the summer and groundwater levels do not recover.

Mr. Brent stated that there have been a drought emergency, which still exists and may continue, and a budget emergency, which has ended. He further stated that a temporary rate increase was enacted by the Board until RWSA's budget situation was resolved. He added that during his 23 years with the Albemarle County Service Authority, there has never been a subject that has generated so much public input. Mr. Brent then displayed a folder containing all the correspondence received by the Albemarle County Service Authority on this issue, and he read the following from one of the letters, addressed to Mr. Brent, which was received on January 21, 2003:

"I've owned and operated (name of business) for over 22 years. Our company lost money for the first time in history due to increased

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water costs of almost \$6,000 for the combined months of October, November and December 2002. We cannot continue to operate that business with these losses without some relief in the cost of water. We will be forced to close our business soon."

Mr. Brent added that if we do not reduce the temporary drought increase, he felt the public would lose their trust in the Board.

Dr. Collins commented on the consistent and persistent gap between an adequate water

supply and water demand. He stated that the focus of the drought needs to be expanded, and we need to educate ourselves and the public to the full magnitude of this issue.

At this time, Dr. Collins asked if any members of the public present at today's meeting would like to speak on this matter.

Ms. Joy Matthews, speaking on behalf of the League of Women Voters, gave the following statement:

"The League has consistently advocated for an effective drought management program for our community, as well as responsible and conservative use of water at all times. The water rate structure is an integral part of these and an essential tool in promoting sustainable use of our most basic resource. Thus, how we pay for water is a problem for all our community to consider.

Regarding the proposed reduction in RWSA wholesale rates, we understand that the drought emergency that prompted the recent rate increase has been declared over. Thus, it can be argued, the emergency rate should be rescinded. But we must ask, "Might this decision be premature at this time? And would this action send the wrong message to the public?"

First, with river and groundwater levels still near all-time lows, it may be untimely to base such an important decision on the assumption that the drought is over. While current full reservoir levels could justify reduction in water rates, the past few months have made it clear that sound drought management must take into account many other indicators of water availability. Rates that lead water customers to believe that they can safely go back to consuming water at previous years' levels may increase the risk of depleting reservoir volume faster than it can be replenished under still precarious conditions.

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Second, until funding is secure for planned repairs and improvements to our water system to insure against future droughts and expand supply, wouldn't it be unwise to jeopardize the financial stability of RWSA? According to RWSA staff, the drought emergency rate was necessary to absorb the loss in revenue resulting from mandatory measures because "Rivanna does not have the cash reserves to cover this loss." We ask, "Would it not be prudent to set wholesale rates that fund adequate reserves?" This would seem reasonable and good business practice that the community could understand and accept, particularly if it meant that the water supply would be secure and rates predictable, even in drought.

As for those citizens and businesses that went all-out to conserve water during the emergency, they should, indeed, not be “punished.” The best reward for them may be a graduated rate structure that determines reasonable use levels and charges higher rates to excessive users. Responsibility for analyzing and establishing a rate structure that promotes and rewards conservation falls to the ACSA and the City, and we continue to hope that they are addressing this. For the present consideration of RWSA rates, however, the focus must be on the true costs of providing public water, both now and in the future. We depend on RWSA to take the long view and to set rates that reflect those costs.”

Mr. John Martin, Free Union, stated that for the first time he must respectfully disagree with the opinion by the Executive Director of RWSA, emphasizing that he would be speaking in support of the RWSA, and gave the following statement:

“The proposed reduction in the whole drought rate, on the agenda for consideration today, is an installment in further “yo-yo” pricing. Wholesale and retail rates went up several months ago, it is proposed today that rates go down, and with the drought continuing, wholesale and retail rates will likely go up again within another few months. This “yo-yo” effect on the price of a basic commodity does good for no one.

It is important to recognize, that all of this could have been avoided, by the simple expedient of an RWSA reserve fund, of the type maintained by the Fairfax County Water Authority, from which the RWSA could have made withdrawals to make up for lower than budgeted revenues as a result of reduced flows caused by drought. Such an RWSA reserve fund could have been accumulated over the span of multiple years for but pennies per month added to consumer water bills, and passed up to the RWSA by the City and the ACSA with their wholesale payments. Assuming conservative budgetary

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projections of annual flows and revenue, such a “rainy day” fund could have made it possible to maintain a level and predictable price for water to consumers, even during this most serious of droughts. From the individual perspective of citizen water consumers, the added minuscule charge on monthly water bills would have been a small price to pay for “insurance” against “yo-yo” pricing and for predictability in their water bills. Such a fund would also have facilitated water conservation, by eliminating the vexatious complaint of water consumers that by responsibly conserving water, they were nevertheless punished by higher “yo-yo” water rates.

But alas, the RWSA has no reserves, suggesting that the first order of business starting today should be to begin study of the RWSA financial structure to insure that this problem never happens again. Additionally, thirty

years now having elapsed since the RWSA's creation, it is time for the City and County governments to review the RWSA corporate structure to insure that the present involvement of City officials and the Albemarle County Service Authority in the management of the RWSA continues to meet community needs and expectations. It should be noted, that no other water authority is involved in the management of the ACSA, and that financially, it is extremely stable.

With respect to the problem at hand, it is suggested that the proposed wholesale rate reduction be deferred, from month to month if need be, upon recognition that the drought is not over, and that there will be further revenue shortfalls soon. RWSA wholesale rates should not be reduced until an RWSA financial plan is in place to meet the next round of crisis, which unfortunately is occurring at a time when financial planning must be done for the future water supply, rendering this financial problem even more critical. If rate relief for area water consumers is needed, and it may be, the financial burden to provide this relief should be shared more fully by the City, the County and the Albemarle County Service Authority. With such assistance, wholesale rates can remain at the present drought level, where they need to be, and retail rates can be reduced with supplementation of revenues provided by the Service Authority and local government. It is said that the Albemarle County Service Authority has 12 million dollars in reserves. What exactly are purposes of these massive reserves if not to be used for the public benefit at times of crisis and otherwise? At the very least, these reserves, and other governmental funds, could be drawn upon with a program to spread out payments for certain customers to make the financial burden more bearable, a practice used by other private sector utilities.

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It is also critically important for purposes of water conservation, drought management and protection of the watershed, the keys to an adequate and affordable future water supply, that the public not be misled into believing that rates are being reduced because the reservoirs are full, and by inference, the drought has ended. One can only conclude, that because the reservoirs were full at the beginning of last year, as they are at the beginning of this year, the public did not recognize the full seriousness of the ongoing drought until after two rounds of mandatory water restrictions had been imposed last year. This must not happen again. Whatever action is taken with respect to the RWSA wholesale rate, the public must be advised that the drought is not over, and that water conservation efforts must continue to avoid mandatory restrictions this year, which probably could have been avoided last year if consumption had been held in check prior to the month of September. But if wholesale and retail rates are reduced, the City, the Albemarle County Service Authority and the RWSA will have to cheer for higher consumption

in order to meet their revenue projections. This conundrum has been discussed in this room before, and without a reserve fund to draw upon when needed, there never will be a solution this quandary.

It is suggested, therefore, that the RWSA drought wholesale rate be maintained because the drought is not over, and because of other pressing RWSA financial needs. Keeping the RWSA impoverished during a time of crisis serves no useful purpose. If rate relief for consumers is deemed necessary, this relief should be absorbed by the retail providers of water by retail rate reductions. The days of underpriced, cheap water are over. This community has 21st Century problems, and it is time to replenish its 20th Century quiver of solutions, and discard “yo-yo” pricing.”

Mr. Merrill Bishop, speaking on behalf of the RWSA Citizens Advisory Committee, stated that the Committee concurs with the statement by Mr. John Martin to leave the water rates at the current level until RWSA has a reserve fund in place. He further stated that the Board should not feel guilty about collecting the extra money for this reserve fund because if RWSA does need additional money later, these funds could be used for other priority needs. He added that keeping the rates up sends a message to the heavy water users, in spite of their business problems, that they are throwing away something that the rest of the community needs. Mr. Bishop commented that the Committee feels the rates should be biased against the very heavy water users.

Mr. Timothy Hulbert, who resides in the Brandywine Drive, Greenbrier section, and works for the Charlottesville Regional Chamber of Commerce, stated that before the drought, during the drought and now, the Chamber has been very much in support of

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all RWSA’s short- and long-term efforts to put together a sustainable system that provides adequate water for the current and growing population here. He further stated that the Chamber applauds and supports the excellent approach taken by RWSA and considers RWSA and the Chamber to be partners in this enterprise. Mr. Hulbert added that the Chamber did not offer any criticism when the temporary, emergency drought rate was adopted, even though many of their businesses were adversely affected in the midst of very difficult economic times. He commented that these businesses dealt with the situation very responsibly with minimal layoffs, and they continued to support the community throughout 2002.

Mr. Hulbert stated that after listening to the previous discussions, he found himself in agreement with the suggestion of RWSA having a long-term stable rate and the establishment of a reserve fund. He suggested that RWSA develop a long-term rate stabilization plan along the lines that was done with water supply and use. Mr. Hulbert added that he was concerned with the view that wholesale rates could be maintained while reducing retail rates. He commented that what RWSA is proposing today is reasonable, prudent and, most importantly, will help in keeping the public trust that RWSA began to

engender last year. He further stated that to do otherwise would be a breach of that public trust. He also stated that if RWSA needs long-term funding, the Authority should clearly communicate that to the public and he felt the community would respond favorably to that approach, just the way they did during the drought. He concluded by stating that RWSA has an obligation to the public trust to honor its word and to reduce rates at this time.

Mr. Pete Cross, a local resident and geologist who spoke during the earlier public comment period, submitted the following written statement:

“Water rates should be maintained or even better, applied through a tiered pricing system because:

- 1) From an annual perspective, we are guaranteed to return to the same drought conditions in 7 months because groundwater feeds the streams that fill our reservoirs and groundwater levels are still at the same low levels they were last summer. These levels have been dropping continually for the past four years. Last Friday, Mechums River was at its lowest level ever recorded in the 31 years since measurements began. If we don’t get excessive rainfall or snowfall by April, we are guaranteed of repeating these drought conditions. As soon as vegetation begins to grow, it will use up any water that might have reached the groundwater table.

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- 2) I see no realistic timetable for completing remedial efforts to increase our water storage in time for this summer’s drought conditions. Financing seems to be a very slow process.
- 3) Keep in mind: *all immediate plans are aimed at expanding our water storage, not increasing the amount of water available to our area.* On an average, five new residents move into this area daily. Expanding our storage is only a temporary measure to provide sufficient water for all of us.
- 4) There is no contingency fund or cushion in place for extensive repairs and maintenance. It appears that all funds will be depleted by March. Bonds can’t start working for us until June or later. I understand that there are at least \$28 million of deferred work to be done on our existing system: supply and waste treatment. \$2. million needs to be spent just on Ragged Mountain dam!!”

Mr. Brent moved that the reduction in the emergency drought water rate, as recommended

by RWSA staff, be approved. Mr. O'Connell seconded the motion and noted that when City Council adopted its new retail rate, the higher rate was sunsetted. He further stated that from City Council's perspective, this was an emergency situation and a rollback of the rate was always anticipated.

Mr. Tucker asked Mr. Tropea if the new wholesale rate being proposed today would enable RWSA to develop any reserve funds or would it just cover expenses. Mr. Tropea replied that based on anticipated water demand, RWSA does not expect to generate any excess funds through the revised rate. He commented that it would, however, allow RWSA to meet its budget obligations through the end of June 2003.

Mr. Tucker also noted a correction to a statement made today that the reservoir system was at 100 percent capacity a year ago. He stated that the Urban Raw Water Storage graph demonstrated that we were not at 100 percent at this time in 2002. Mr. Tropea added that the urban reservoir system never reached full capacity at any point during 2002. In response to a question from a member of the public in attendance at the meeting, Mr. Tropea stated that in June 2002, the Ragged Mountain reservoir was not full and the urban reservoirs were at about 98.5 percent capacity. He further stated that the Beaver Creek reservoir in Crozet was never at full capacity during 2002. He commented that Mr. Tucker's comments were accurate.

In response to a question from Dr. Collins, Mr. Tropea stated that RWSA is still encouraging the community to continue their daily water conservation efforts. He added that water

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conservation practices today may not improve our position for July 2003, but they will build habits that would stretch the water supply when we are under a severe drought.

Mrs. Mueller stated that the emergency drought water rate was adopted by the Board as a temporary measure. She further stated that when this rate was presented to City Council, it was made very clear that this was a temporary move and that RWSA would evaluate its finances on a monthly basis. She added that lowering the rate would allow RWSA to meet all its budgeted needs and also allows the Board to do what they said they would do. Mrs. Mueller then commented that establishment of a rate stabilization reserve fund should be part of the budget process.

Dr. Collins commented on the "signal" that is being sent to the public regarding prices and market in terms of water and the need to reevaluate the whole water issue in a broad forum. Mr. O'Connell added that the value of now addressing the emergency drought rate is that it separates the issue from the future long-term water supply needs and makes the subject less confusing to the public.

By a 4-1 vote, the Board of Directors approved the motion to reduce the emergency drought rate as recommended by RWSA staff. Members voting Aye: Mr. Brent, Mrs. Mueller,

Mr. O'Connell and Mr. Tucker. Members voting No: Dr. Collins.

In regards to Item 6d1), Citizens Advisory Committee Approved Minutes of December 18, 2002, Mr. Tropea reported that Mr. Merrill Bishop, a member of the Citizens Advisory Committee, was present at the meeting to answer any questions concerning the minutes. Upon a motion by Mr. O'Connell, and seconded by Mr. Tucker, the Board of Directors voted to accept the approved minutes of the December 18, 2002 Citizens Advisory Committee meeting. By a 5-0 vote, the minutes were accepted as presented.

In regards to Item 6e), Permit Extension for University of Virginia Women's Rowing Team, Mr. Kevin Sauer, Head Coach of the University of Virginia Women's Rowing Team, requested that the Board approve an extension of their permit to use non-electric launches on the South Fork Rivanna reservoir to August 31, 2004, which would allow them adequate time to research electric launches.

Upon a motion by Mrs. Mueller, and seconded by Mr. O'Connell, the Board of Directors voted to amend the RWSA staff recommendation and extend the permit until August 31, 2004. By a 5-0 vote, the motion was approved.

In regards to Item 6f), The Rivanna Year in Review, Mr. Tropea stated that due to the length of the Board meeting, this item would be set aside until the February meeting.

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7.0 Other Items From Board/Staff Not On Agenda

Mr. Tropea requested that the Board grant the Executive Director authorization to approve the use of non-electric boats on the South Fork Rivanna reservoir by RWSA consultants, as deemed necessary, to conduct the wetlands and cultural resource studies.

Upon a motion by Mr. Tucker, and seconded by Mrs. Mueller, the Board of Directors voted to authorize the Executive Director to approve the use of non-electric boats on the South Fork Rivanna reservoir by RWSA consultants, as deemed necessary. By a 5-0 vote, the motion was approved.

8.0 Closed Meeting

There was no need for a closed meeting.

9.0 Adjournment

Upon a motion by Mrs. Mueller, and seconded by Mr. Brent, the meeting was adjourned at 3:40 p.m.

Respectfully submitted,

Mr. Robert Tucker

Secretary - Treasurer