

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
May 19, 2003

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, May 19, 2003, at 2:07 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

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

Authority staff present: Mr. Lawrence Tropea, Mr. Lonnie Wood, Mr. Robert Wichser, Ms. Anne Bedarf, Mr. Stephen Bowler, Mr. Richard Defibaugh, Mr. Chuck Kent, Mr. Norman Wescoat, and Mrs. Mary Knowles.

Also present: Mr. George Rest – Sr. Vice President for O’Brien & Gere, Mr. Thomas Dumm – Sr. Technical Associate for O’Brien & Gere, 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. Michael Gaffney on Monday, May 19, 2003 at 2:07 p.m., and a quorum was present.

Mr. Gaffney stated that there was a full agenda for today’s Board meeting. He reported that RWSA was making progress on the community water supply plan and other important projects. He further stated that the Board would be considering the proposed RWSA FY 2004 budget. Mr. Gaffney added that the budget would allow RWSA to address the community’s mandate to expand the area water supply system. He noted that the Board had been provided with an updated water supply plan schedule for their review.

2.0 Minutes Of Previous Board 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, April 28, 2003. By a 5 – 0 vote, the minutes were approved.

3.0 Executive Director’s Report

Mr. Tropea introduced Mr. Robert Wichser, Director of Water and Wastewater Operations, who was attending his first Board meeting after completing his doctorate classes.

Mr. Tropea then reported on the following items:

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GROUNDWATER/RESERVOIR LEVELS/WATER CONSUMPTION:

Mr. Tropea stated that all the reservoirs are full and overflowing. He further stated that water consumption rates continue to steadily increase. He added that water consumption rates last week averaged 9.33 MGD. He commented that the average water consumption rate for April was 9.1 MGD, as compared to the April 2002 average of 10.53 MGD. Mr. Tropea reported that he felt water demand would be lower this year due to the community's water conservation efforts and the investment made by the City and the Albemarle County Service Authority in the toilet rebate programs.

WASTEWATER OPERATIONS:

Mr. Tropea reported that RWSA experienced more wastewater flow than water sold due to rainfall runoff. He stated that the average flow at the Moores Creek Wastewater Treatment Plant last week was 11.5 MGD versus the 9.3 MGD of water that was sold by RWSA during that same time frame. Mr. Tropea further stated that last weekend the Moores Creek plant reached a peak flow of 23.47 MGD. Mr. Tropea added that this morning an overflow needed to be instituted because the plant is not able to treat that amount of water.

WATER SUPPLY PLAN REPORTS:

Dredging – Mr. Tropea reported that RWSA staff and a local engineer, who had been retained through O'Brien & Gere, met with the Corps of Engineers and DEQ at the site on May 9, 2003. He stated that the purpose of the meeting was to review locations for the solids handling facilities that would be needed to facilitate the dredging operation. He added that it was RWSA's intent to select a location that would provide the least environmental impact and the least environmental permitting in order to expedite the schedule. Mr. Tropea commented that the regulators indicated the location originally selected by RWSA would generate a more substantial permitting need. He also stated that an alternative location was identified and, after further consideration by RWSA, a meeting would be scheduled with the Corps and DEQ to review the alternative site.

Mr. Gaffney asked if the owners of Panorama Farm were present at the site meeting. Mr. Kent responded that RWSA has been in close consultation with the owners concerning the location of the solids handling facilities, but they were not at the last meeting. He added that the owners were in agreement with the selection of the alternative location.

Mechums River Pump Station – Mr. Tropea stated that RWSA has received the engineering drawings and plans for the pump station, and it is RWSA's intent at the

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June Board meeting to request the authority and funding to proceed with the project. He further stated that during the December Board meeting, the Board agreed that RWSA could sole source this project in order to expedite the process. He added that RWSA would also revisit the sole sourcing issue at the June meeting.

South Fork Rivanna Reservoir Expansion – Mr. Tropea reported that at today's Board meeting, RWSA would be requesting Board approval for a new contract with O'Brien & Gere and a line of credit for the community water supply and other improvements. He added that both of these items are critical to RWSA's ability to move forward with the expansion project.

Mr. Tropea stated that the O'Brien & Gere proposal identifies three major elements that are required in the development of a permit application for the expansion project. He further stated that one of the elements is a Cultural Resources study, and RWSA is requesting \$100,000 to complete this report. He added that eight locations would require additional field investigation. Mr. Tropea also stated that the Wetlands Phase II work / development of a Mitigation Plan is another required element with an estimated cost of \$175,000. He commented that RWSA has recently been required to provide an updated, more comprehensive survey for the James spiny mussel to determine whether there has been any change in migration of that endangered species.

Mr. O'Connell inquired as to the status of the bridge issues. Mr. Tropea stated that RWSA has not moved forward on that matter as it has been concentrating its efforts on getting the dredging project underway. He added that RWSA does plan to schedule a meeting with VDOT to discuss that topic.

Concerning the letter requesting a James spiny mussel survey, Mr. Brent inquired as to when the regulator's recommendations become a mandate. Mr. Tropea replied that RWSA is considering it a mandate as they felt the regulators would not support the issuance of a permit as long as the question remained unanswered.

In response to a question from Mrs. Mueller, Mr. Tropea stated that the local engineer who is assisting RWSA with the dredging project is Mr. Kurt Gloeckner.

WOOLEN MILLS ODOR CONTROL PROJECT:

Mr. Tropea reported that the technical study the Board authorized RWSA to undertake is complete. He stated that RWSA staff did hold a meeting with two Woolen Mills community representatives. He further stated that the community representatives were pleased with the study and anxious for RWSA to move forward with the project. He added that during the

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meeting, the community representatives also offered input on the appearance of the odor control system. Mr. Tropea commented that RWSA has requested that the consultant prepare an actual proposal for the engineering work on the recommended option.

At this time, Mr. Tropea asked Mr. Chuck Kent to stand. He stated that Mr. Kent, who is the RWSA engineer, would be leaving Rivanna for a new opportunity. Mr. Tropea further stated that on behalf of the Board and RWSA staff, he wanted to thank Mr. Kent for his years of service.

4.0. Items From The Public

There were no items from the public.

5.0 Consent Agenda

Mr. Gaffney asked if there were any other items that the Board members would like to pull for questions or further discussion from the Consent Agenda.

- 5a) Staff Report on Finance
- 5b) Staff Report on Operations
- 5c) Staff Report on Ongoing Projects
- 5d) Environmental and Safety Manager's Report
- 5e) Staff Report on Community Water Supply Plan
- 5f) Environmental Permitting for Community Water Supply Plan
- 5g) Project Timeline for Major Elements of Community Water Supply Plan

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

6.0 Other Business

In regards to **Item 6a)**, Public Hearing on Proposed RWSA FY 2004 Budget, Mr. Gaffney opened the Public Hearing at 2:20 p.m.

As there were no members of the public in attendance at today's meeting who signed up or expressed a desire to speak on the proposed RWSA FY 2004 budget, Mr. Gaffney closed the Public Hearing at 2:21 p.m.

Mr. Gaffney asked Mr. Tropea if he had any comments on the proposed RWSA FY 2004 budget that he would like to make at this time. Mr. Tropea stated that he wanted the Board to note that in the proposed budget, RWSA did not include funding for the start-up of an Environmental Education Center since RWSA was not clear as to what the Board's position

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was on this proposal. He further stated that it is a staff recommendation to increase the funds allocated for the financial study requested by the Board. Mr. Wood commented that

he felt the \$30,000 currently being proposed would not be adequate to cover the costs of the study.

Mrs. Mueller asked if RWSA would have cost estimates on the financial study before July 1, 2003 since a request for proposals has already been submitted. Mr. Wood replied in the affirmative and added that the study would probably not be conducted until the next fiscal year. Mr. Brent commented that RWSA would end the current fiscal year with a surplus and could use these funds for the study, if needed.

Mr. O'Connell stated that RWSA would not have to provide any funding for a feasibility study on the Environmental Education Center as an intern would be working with his office during the summer to undertake this endeavor.

In response to a question from Mr. Tucker, Mr. Tropea stated that a \$16.8 million bond issue has been built into the FY 2004 budget with the second bond issue being proposed for FY 2005.

Mr. O'Connell asked RWSA to provide a list of projects clarifying whether they are funded from the line of credit bond issue or from the budget. Mr. Wood stated that all the projects would be funded with some type of debt financing. He further stated that the \$6.0 million line of credit is a temporary loan to place RWSA in a better position to do a full bond issue. He added that the proceeds from this bond issue would be used to repay the \$6 million line of credit. Mrs. Mueller inquired as to how the dredging project would be financed. Mr. Tropea responded that RWSA intends to fund the dredging project out of the \$1.0 million loan offer from the Albemarle County Service Authority. He also stated that due to the length of time needed to get a bond issue in place, RWSA was proceeding with the \$6.0 million line of credit in order to proceed with implementing the community water supply plan. Mr. Tropea added that an application has been filed with VRA, and VRA has informed RWSA that the bond issue would probably occur in December 2003.

Further clarification was requested by the Board in identifying the water supply projects that were included in the proposed \$9.3 million debt financing. Mr. Wood reported that the projects were included in the water supply strategy document that was approved by the Board in October 2002 in the amount of \$13.2 million. He stated that removing \$1.0 million for dredging and deferring the \$3.0 million for Observatory plant improvements until 2005, reduced the amount to \$9.2 million. At the Board's request, Mr. Wood provided copies of the October 2002 document for their review.

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RESOLUTION: FISCAL YEAR 2004 BUDGET AND RATES

Mr. Tucker moved, which was seconded by Mr. O'Connell, that the Board of Directors vote to adopt the following resolution regarding the adoption of the Rivanna Water and Sewer

Authority budget and related water and wastewater rates for fiscal year 2004:

“**WHEREAS**, Rivanna Water and Sewer Authority (the “Authority”) has held several public meetings and public work sessions to inform the public of the rate impact resulting from the proposed budget; and,

WHEREAS, the Authority has advertised and held a public hearing on May 19, 2003, on the proposed fiscal year 2004 budget and related rates in accordance with Section 15.2-5136 of the Code of Virginia, as amended;

THEREFORE, BE IT RESOLVED that the Rivanna Water and Sewer Authority, Board of Directors hereby adopt the accompanying rates schedule effective July 1, 2003 and the fiscal year 2004 budget.”

WATER

URBAN AREA

City - \$2.086 per 1000 gal.

ACSA - \$2.173 per 1000 gal.

RURAL AREAS

Crozet Water - \$37,660/monthly

Scottsville Water- \$26,897/monthly

WASTEWATER

URBAN AREA

City - \$1.512 per 1000 gal.

ACSA - \$1.793 per 1000 gal.

RURAL AREAS

Glenmore Wastewater - \$15,473/monthly

Scottsville Wastewater - \$19,885/monthly

VOTE

AYES: Mr. Brent, Mr. Gaffney, Mrs. Muller, Mr. O’Connell, and Mr. Tucker

NAYS: 0

Absent During Vote: 0

Absent During Meeting: 0

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Mr. Gaffney thanked RWSA staff and the Board for their diligent efforts on the budget. He added that RWSA had a mandate from the community to implement the community water supply plan, and he felt the adopted FY 2004 budget was an important first step in the process.

In regards to **Item 6b)**, Consideration of the New Compensation and Benefits Plan,

Mr. Gaffney stated that a salary survey was conducted by Mr. Cole Hendrix, with assistance from Mrs. Randi Wescoat, to bring the RWSA salary ranges into balance with comparable positions. Mr. Gaffney asked Mr. Tropea to give a brief overview of the RWSA staff recommendations concerning salary adjustments.

Mr. Tropea stated that Rivanna is fortunate to have such a terrific staff. He further stated that the salary survey indicates that RWSA had fallen behind the market in certain areas, and it is Rivanna's intent to make its wages comparable to similar positions in other organizations. Mr. Tropea noted that there was one change to the new Benefits and Compensation Plan that he would like the Board to consider. He explained that RWSA is requesting that the Chief Engineer position be increased one grade higher than was recommended in the salary study due to the knowledge requirements and responsibilities RWSA was entrusting to that position. He added that RWSA staff had previously addressed a series of questions from the Board on this plan, but they would be glad to answer any additional questions the Board might have at this time.

Mr. O'Connell inquired as to what Board action was needed today on this item. Mr. Tropea responded that RWSA is requesting that the Board adopt the new salary schedule and the proposed changes to the benefit portion of the plan. Mr. O'Connell then asked if one of the benefit recommendations was a cash match for the 457 Deferred Compensation Plan. Mr. Tropea answered in the affirmative, and he added that the potential cost was \$8,600 for RWSA and \$2,200 for RSWA. Mr. O'Connell further inquired if this policy would be reevaluated by RWSA at the end of the year. Mr. Tropea stated that continuation of the cash match would be subject to Board approval. He added that RWSA would provide a report for the Board on staff participation in this program prior to adoption of the next fiscal year budget.

Mr. Tucker moved, which was seconded by Mr. O'Connell, that a committee be created, composed of Mr. Brent and Mrs. Mueller, who would meet with RWSA staff, as necessary, to answer all the questions concerning the new Compensation and Benefits Plan, and the committee would have the authority to approve those changes that it deemed necessary in order to move RWSA's payroll process forward and would report its recommendations back to the Board. By a 5 – 0 vote, the motion was approved.

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In regards to **Item 6c)**, Approval of Line of Credit for Community Water Supply and Other Improvements, Mr. Gaffney stated that last month the Board approved the first step in establishing a needed line of credit. He further stated that before the Board today are the legal documents required for the Board to approve the establishment of the \$6.0 million line of credit for the water supply improvements and other improvements. He added that the documents have been negotiated and approved by Mr. Kurt Krueger, the Authority bond counsel and the bank. Mr. Gaffney reported that RWSA is in need of these funds to continue forward with the current projects.

RESOLUTION ON \$6.0 MILLION CREDIT AGREEMENT

Mrs. Mueller moved, which was seconded by Mr. Tucker, that the Board of Directors vote to approve adoption of the resolution in Agenda Item 6c) as follows:

“RESOLVED, that the Rivanna Water and Sewer Authority (the “Authority”) (i) enter into a Revolving Credit Agreement (the “Credit Agreement”) with Bank of America, N.A. (the “Bank”) dated May __, 2003 and (ii) execute a Promissory Note in the principal amount of \$6.0 million evidencing a revolving line of credit in such amount (the “Line of Credit”) extended to the Authority by the Bank pursuant to the Credit Agreement to finance certain Project Costs as defined in the Credit Agreement; and

RESOLVED, that the Credit Agreement and the Promissory Note, each substantially in the form of the drafts presented to the Board of Directors, are authorized and approved in all respects, with such changes therein as the officer or officers executing the same shall approve; and

RESOLVED, that the Chairman of the Board, the Executive Director, the Director of Finance and Administration, the Secretary and the Assistant Secretary are each hereby authorized in the name of and on behalf of the Authority to execute and deliver the Credit Agreement and the Promissory Note; and

RESOLVED, that the Chairman of the Board, the Executive Director, the Director of Finance and Administration, the Secretary and the Assistant Secretary are each hereby authorized to execute and deliver such other documents and instruments and to take such other and further actions as may be in any way necessary or appropriate to obtain the Line of Credit and to effectuate the foregoing resolutions and to carry out the purposes thereof, and that the taking of any such action and the execution by such individuals of any such additional documents or instruments shall conclusively evidence the due authorization thereof by the Authority.”

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VOTE

AYES: Mr. Brent, Mr. Gaffney, Mrs. Muller, Mr. O’Connell, and Mr. Tucker

NAYS: 0

Absent During Vote: 0

Absent During Meeting: 0

In regards to **Item 6d**), Board Approval of Contract for Community Water Supply Improvements, Mr. Gaffney noted that Mr. George Rest, Sr. Vice President of O'Brien & Gere, was in attendance at today's Board meeting. He asked Mr. Tropea and Mr. Rest to discuss the proposed scope of work and answer any Board member questions.

Mr. Tropea stated that RWSA has exhausted the \$382,300 that was approved by the Board in December 2002 for this project. He further stated that RWSA had asked O'Brien & Gere to identify the next series of critical project activities that needed to be moved forward. He also stated that a summary of those activities was contained in the Board packet and a detailed copy of O'Brien & Gere's proposal was also provided to the Board today. Mr. Tropea commented that it was critically important to get this contract approved in order to proceed with the next phase of the project.

Mr. Brent stated that last year the Board authorized RWSA staff to undertake certain engineering work under the emergency provisions of the Procurement Act. He further stated that the non-emergency work was to go through the public procurement process as set out in State code, and he asked if the work that RWSA was proposing to award to O'Brien & Gere had gone through that process. Mr. Tropea responded that RWSA did not follow that procedure as it was felt that the project activities were a continuation of the emergency work previously authorized by the Board. Mr. Brent commented that he felt the emergency actions would need to be identified and a resolution or letter of justification prepared in order for the Board to approve the next phase of engineering work under the emergency provisions of the Procurement Act.

Mr. Krueger advised that in order to avoid the public procurement process, a factual finding is required to support the emergency for entering into the contract. Mr. Krueger further stated that if it was found that it was an emergency to get through a series of steps, and this was one of those steps, then it has already been found that the emergency exists. He also stated that if the findings for an emergency just listed the initial step, and this is a subsequent step, a finding of an emergency is needed for the subsequent step. Mr. Krueger added that

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he could not recall at this time if RWSA's original findings for the emergency referred to only the initial step or continued to the subsequent steps of the project.

Mr. Gaffney stated that in summary, it was his understanding that a determination would need to be made as to which of the proposed work is part of the initial process and could be continued under the emergency authorization approved by the Board. He added that the activities not meeting this criterion would need to follow the process as prescribed by law. Mr. Gaffney then asked Mr. Krueger if this was a correct interpretation of the discussion to this point. Mr. Krueger stated that he felt it was a fair statement as to where we were on this issue.

In response to a question from Mrs. Mueller concerning the \$120,000 for legal services,

Mr. Tropea stated that Mr. John Daniel would be providing the legal services. Mrs. Mueller also requested documentation to show that the legal services being provided would justify the \$120,000 expenditure. Mr. Tropea responded that the \$120,000 was a low estimate and that in order to move all the water supply projects forward, he felt legal fees would exceed that amount. Mrs. Mueller stated that there needs to be accountability on expenditures for water supply projects and legal services in order to address questions from customers on the ensuing higher water rates. Mr. Gaffney asked Mr. Tropea if a breakdown on legal fees could be provided monthly to the Board. Mr. Tropea replied in the affirmative.

Mr. Tucker moved, which was seconded by Mr. O'Connell, that the Board of Directors approve RWSA proceeding with Phase II work of the community water supply improvements and authorized the Executive Director to contract with O'Brien & Gere, in the amount of \$700,000 for preliminary engineering and technical assistance and to expend for necessary legal services estimated to be \$120,000, subject to a determination by legal counsel on whether each work activity falls within the scope of the of the original emergency procurement resolution. Those projects not meeting that criterion would be brought back to the Board for further review in respect to the procurement laws. By a 5 – 0 vote, the motion was approved.

In regards to **Item 6e)**, Initiation of Hiring Process for Key Staff, Mr. Gaffney stated that before the Board today is a proposal that RWSA proceed with the hiring process for newly approved positions with the understanding that no new hires will start before July 1, 2003. He asked if the Board had any questions or there was a need for further discussion on this matter.

Mr. Brent stated that these positions were approved in the budget, but the Board has not seen job descriptions or recommended pay grades for these positions. He further stated that the new job descriptions are amendments to the Personnel Plan, which must be approved by the Board. After further discussion on this issue, Mr. Tucker stated that he would be willing for

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the committee reviewing the Benefits and Compensation Plan to also evaluate these new positions and to bring its recommendations back to the Board.

Upon a motion by Mr. O'Connell, and seconded by Mr. Tucker, the Board of Directors voted to approve RWSA proceeding with the hiring process for the new or redesignated positions that were approved as part of the FY 2004 budget, subject to the committee's review and recommendation of approval, and that job descriptions for these positions be provided to all the Board members. By a 5 – 0 vote, the motion was approved.

7.0 Other Items From Board/Staff Not On Agenda

There were no other items from the Board or staff.

8.0 Meeting Recess

Mr. Tucker moved, which was seconded by Mr. O'Connell, that the Rivanna Water &

Sewer Authority Board of Directors meeting be recessed at this time and be reconvened after the conclusion of the Rivanna Solid Waste Authority Board of Directors meeting, at which time they would enter into a joint closed meeting with the Rivanna Solid Waste Authority Board of Directors to discuss personnel matters. The meeting was recessed at 3:15 p.m.

9.0 Resumption of Open Meeting

The RWSA Board of Directors meeting was reconvened at 4:46 p.m.

10.0 Closed Meeting

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Rivanna Water & Sewer Authority Board of Directors voted to enter into a joint closed meeting with the Rivanna Solid Waste Authority Board of Directors for personnel matters permitted under Section 2.1-344 (A) (1) of the Code of Virginia. By a 5 – 0 vote, the motion was approved.

ATTENDEES: Mr. Brent, Mr. Gaffney, Mrs. Mueller, Mr. O'Connell, Mr. Tucker, Mr. Graham (RWSA Board of Directors) and Mr. Krueger.

11.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors meeting reconvened at 5:25 p.m.

Mr. Brent made the following motion, which was seconded by Mr. Tucker:

“**WHEREAS**, the Rivanna Water & Sewer Authority Board of Directors has convened a joint closed meeting on this date with the Rivanna Solid Waste Authority Board of Directors pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and,

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11.0 Resumption of Open Meeting Cont.

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WHEREAS, Section 2.1-344.1 of the Code of Virginia requires a certification by the Rivanna Water & Sewer Authority Board of Directors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Water & Sewer Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Rivanna Water & Sewer Authority Board of Directors.”

There being no further discussion, Mr. Gaffney, called for a roll call vote:
Mr. Brent – Aye, Mrs. Mueller – Aye, Mr. O'Connell – Aye, Mr. Gaffney – Aye, and Mr. Tucker – Aye.

12.0 Adjournment

There being no further business, Mrs. Mueller moved the meeting be adjourned, seconded by Mr. Tucker. All members voted aye, and the meeting was adjourned at 5:26 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer