

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
March 22, 2004

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Monday, March 22, 2004, at 2:02 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, and Mr. Gary O’Connell (arrived at 2:25 p.m.).

Board Member Absent: Mr. Robert Tucker

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Ms. Kathy Ware, Mr. Norman Wescoat, Ms. Jennifer Whitaker, Mr. Robert Wichser, Mr. Lonnie Wood and Mrs. Mary Knowles.

Also Present: Mr. Stephen Bowler – Natural Resources Manager for Albemarle County, 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, March 22, 2004 at 2:02 p.m., and a quorum was present.

2.0 Minutes Of Previous Board Meeting

Upon a motion by Mr. Brent, and seconded by Mrs. Mueller, the Board of Directors by a 3 – 0 vote approved the minutes of the regular Board meeting held on Monday, February 23, 2004.

3.0. Items From The Public

There were no items from the public.

4.0 Consent Agenda

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

- 4a) Staff Report on Finance
- 4b) Staff Report on Operations
- 4c) Staff Report on On-going Projects
- 4d) Community Water Supply Plan Update

RWSA Board Minutes
4.0 Consent Agenda Cont.
March 22, 2004

In regards to **Item 4d), Community Water Supply Plan Update**, Mr. Brent noted one correction to the narrative of the report. He stated that on page 3, first paragraph under Task 1, line 4 reads “the transfer of water to Crozet,” and he inquired if the wording should be changed to “the transfer of water from Crozet.” Ms. Whitaker stated that he was correct, and the report would be amended. Upon a motion by Mrs. Mueller, and seconded by Mr. Brent, the Board of Directors by a 3 – 0 vote approved Items 4a), b), c) and d) of the Consent Agenda.

5.0 Other Business

In regards to **Item 5a), Proposed FY 2005 Rates and Budget**, Mr. Wood stated that a Resolution was included in today’s Board packet that set the preliminary water and wastewater rate schedule for the Authority. He reported that once the Board adopted this resolution, RWSA would move forward with the advertisement for the purpose of conducting a public hearing at the regularly scheduled May 24, 2004 Board meeting. He further stated that an Executive Summary was also included in the Board packet, and he proceeded to highlight some of the main points.

Mr. Wood explained that the proposed FY 2005 budget continues many of the objectives that RWSA began during FY 2004. He stated that this proposed budget would allow the Authority to maintain its progress toward a fairly aggressive maintenance program, continue setting aside rate stabilization reserves and provide for the financing needs for the forthcoming Capital Improvement Plan. Mr. Wood added that this proposed budget accomplishes all of these objectives while keeping overall Authority costs to a modest 3 percent increase.

Mr. Wood also reported that RWSA’s rates are relatively steady in the Urban areas, with the exception of the 11.7 percent increase in the Albemarle County Service Authority’s water rate. He commented that although the debt service cost would remain the same as last year, the cost allocation agreement adopted earlier this fiscal year has resulted in a significant shift of that portion of the rates from the City to the County. Mr. Wood added that this agreement is also the main cause for the 4.1 percent decrease in the City’s water rate.

Mr. Wood noted that debt service costs remain the largest portion of the Authority’s total budget at roughly 41 percent. He stated that RWSA is proposing to include the \$16.5 million bond issue that did not occur this fiscal year. He commented that the Authority would need debt financing, but the exact amount of the Capital Improvement budget is not known at this time. Mr. Wood added that he felt the \$16.5 million figure was a realistic budget estimate to use for FY 2005.

RWSA Board Minutes
5.0 Other Business Cont.
March 22, 2004

Mr. Wood next addressed some of the personnel items included in the proposed budget. He reported that RWSA would be requesting two new operator positions for the South Rivanna Water Treatment Plant in FY 2005 and two more in FY 2006. He stated that the plant currently operates under a waiver that allows only one person per shift for all four shifts at the plant. He added that the objective is to have two operators on duty for all four shifts. Mr. Wood pointed out that when the waiver was granted, the plant capacity was only at 4 mgd. He commented that the plant could now operate at 12 mgd, and the staffing level has not changed to meet the increased workload and changes in regulatory requirements.

Mrs. Mueller asked for further explanation on the shift schedule at the South Rivanna Water Treatment Plant. Mr. Wood stated that he would provide Mrs. Mueller with the memo from Mr. Defibaugh that describes how the four shifts are coordinated at the plant.

Mr. Wood stated that other personnel-related costs in this proposed budget included increases for retirement and health insurance. He further stated that a 4 percent merit increase was calculated realizing that the Authority might need to adjust this amount to be in parity with other associated agencies. He commented that a four-year comparison study had shown that raises for Rivanna employees had not kept pace with two out of the three associated agencies. Mr. Wood also stated that life insurance premiums are going to be assessed by VRS this year after a premium "holiday" the past several years.

Mr. Brent stated that he learned this morning that all budget bills currently under consideration in Richmond are awaiting a decision on whether another "holiday" would be given on the life insurance premiums.

Mr. Wood next summarized the large operations and maintenance projects that were included in the proposed budget for Urban Water, Crozet Water, Scottsville Water, Urban Wastewater and Glenmore Wastewater facilities.

Mr. Wood also noted that legislation enacted this year has changed the way the State assesses all pollution discharge permit fees. He stated that water and wastewater plants would now be charged an annual maintenance fee for these permits.

Mr. Wood then reported on the Administration, Laboratory, and Engineering budget items. He noted that a new support department was created for the engineering function, which he felt would provide better authority and control of the budget.

RWSA Board Minutes
5.0 Other Business Cont.
March 22, 2004

- **Laboratory** - Mr. Wood stated that two pieces of laboratory equipment needed to be replaced. Mr. Wichser added that with the replacement of the absorption spectrophotometer and the gas chromatograph, laboratory staff could proceed with the certification process, which hopefully would enable them to conduct this data analysis in-house. He commented that he felt that the equipment replacement would also lead to a reduction in private laboratory costs.
- **Administration** - Mr. Wood further stated that repairs to the administration building's roof were needed and the need for an emergency exit on the annex portion of this building had also been identified to address safety issues.
- **Engineering** - Mr. Wood reported that the purchase of two vehicles for this department has been included in the proposed budget.

Regarding the Reserves, Mr. Wood reported that the Authority is maintaining its depreciation levels for most of the rate centers. He stated that Urban Water depreciation reserves would be increased from \$100,000 to \$150,000 with the goal of eventually using these funds for large or unanticipated maintenance projects. He added that depreciation reserves would assist with rate stabilization and reduce the Authority's reliance on bond issues to fund these projects. Mr. Wood further stated that RWSA is proposing to continue setting aside rate stabilization reserves in the amount of \$100,000 annually for each Urban rate center. He added that it was also being recommended that reserves in the amount of \$100,000 be set aside for watershed projects. In conclusion, Mr. Wood stated that the Authority is proposing to fund a total of \$902,000 for the various future reserves.

Mrs. Mueller inquired if policy had been developed concerning the authorization for use of the reserve funds. Mr. Wood stated that he is currently working with RWSA's financial consultant concerning this issue, and he hoped to have recommendations for the Board's review by the end of this fiscal year when the exact amount of the surplus is known.

Mr. Gaffney commented that several maintenance projects had been addressed in FY 2004 and several more have been identified for FY 2005. He inquired as to the status of the Authority's maintenance program. Mr. Wood stated that the purpose of the depreciation reserves was to fund unanticipated maintenance work. He further stated that he envisioned the Engineering and Operations Departments developing a five-year maintenance plan in addition to the five-year Capital Improvement Plan.

RWSA Board Minutes
5.0 Other Business Cont.
March 22, 2004

Mr. Wood stated that the Authority is requesting that the Board adopt the resolution today so that RWSA can move forward with the advertisement of the public hearing in order to meet the requirement of a 60-day notice for wastewater rates.

Upon a motion by Mr. Brent, and seconded by Mrs. Mueller, the RWSA Board of Directors voted to adopt the following proposed water and wastewater rates as preliminary rates, and authorized RWSA to advertise the proposed preliminary rates for the required 60 days for the purposes of notification of a public hearing to be held on May 24, 2004, at 2:00 p.m., during the regularly scheduled Board of Directors meeting. Mr. Brent also noted as a caveat during the motion that depending on RWSA's rates, the adopted rates do not necessarily correlate to a penny for penny charge for the end user. He further stated that the wholesale cost is only one function of the actual cost on the customer base.

R E S O L U T I O N

WHEREAS, the Rivanna Water & Sewer Authority Board of Directors has reviewed the proposed budget and associated rate changes for Fiscal Year 2005; 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 & Sewer Authority hereby approves the preliminary rate schedule for purposes of notification of a public hearing to be held on May 24, 2004 at 2:00 p.m. during regularly scheduled Board of Directors meeting.

WATER RATES

Urban Area
City - \$ 2.000/1000 gal.
ACSA - \$ 2.427/1000 gal.

Crozet - \$ 42,000/monthly
Scottsville Water - \$ 33,001/monthly

SEPTAGE RATES

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

WASTEWATER RATES

Urban Area
City - \$ 1.548/1000 gal.
ACSA - \$ 1.820/1000 gal.

Glenmore - \$ 17,340/monthly
Scottsville Wastewater - \$ 22,062/monthly

Outside Haulers - \$70.00/1000 gal. (\$.07/gal.)
RWSA Board Minutes
5.0 Other Business Cont.
March 22, 2004

VOTE

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

NAYS: 0

ABSENT DURING VOTE: Mr. Tucker

ABSENT DURING MEETING: Mr. Tucker

6.0 Other Items From Board/Staff Not On Agenda

Mr. Brent informed the Board that he had requested RWSA staff to prepare a paper addressing the confusing safe yield numbers that have been presented over the past several years in relation to adding a four-foot bladder on the South Fork Rivanna dam. He further stated that the safe yield numbers vary with the assumptions that are made, particularly in conjunction with the release from the South Fork Rivanna Reservoir. In response to a question from Mr. Gaffney, Mr. Wood stated that he felt the report would be available for the next Board meeting. Mr. O'Connell requested that the report be emailed to the Board members if it was completed prior to the distribution of the Board books.

Mr. Brent informed the Board that he probably would not be able to attend next month's meeting. Mr. Gaffney noted that Mr. Brent was excused from the April 26, 2004 Board meeting.

7.0 Meeting Recess

Mrs. Mueller 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 at the conclusion of the Rivanna Solid Waste Authority Board of Directors meeting to enter into a joint closed meeting with the Rivanna Solid Waste Authority Board of Directors to discuss the Executive Director selection process. By a 4 – 0 vote, the motion was approved and the meeting was recessed at 2:28 p.m.

8.0 Resumption of Open Meeting

The RWSA Board of Directors meeting was reconvened at 3:34 p.m.

RWSA Board Minutes Cont.
March 22, 2004

9.0 Joint Closed Meeting

Upon a motion by Mr. O'Connell, and seconded by Mrs. Muller, 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 matters pertaining to personnel issues as permitted under Section 2.2-3711.A.1 of the Code of Virginia to discuss the Executive Director selection process. By a 4 – 0 vote, the motion was approved.

ATTENDEES: Mr. Brent, Mr. Gaffney, Mrs. Mueller, Mr. O'Connell, Mr. Graham (RWSA), Mr. Krueger, and Mr. Robert Slavin – Consultant (via conference call).

10.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors meeting reconvened at 4:40 p.m.

Mrs. Mueller made the following motion, which was seconded by Mr. O'Connell:

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

WHEREAS, Section 2.2-3712.D 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 Board of Directors 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 and
Mr. Gaffney – Aye.

RWSA Board Minutes Cont.
March 22, 2004

11.0 Adjournment

There being no further business, Mrs. Mueller moved the meeting be adjourned, seconded by Mr. O'Connell. All members voted aye, and the meeting was adjourned at 4:42 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer