

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
April 26, 2004

A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Monday, April 26, 2004, at 2:00 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Mr. Michael Gaffney – Presiding, Mrs. Judith Mueller, Mr. Gary O’Connell and Mr. Robert Tucker.

Board Member Absent: Mr. William Brent

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, April 26, 2004 at 2:00 p.m., and a quorum was present.

Mr. Gaffney welcomed fellow Board members and the members of the public who were in attendance at today’s meeting.

Mr. Gaffney stated that the first item on the agenda was to recognize six outgoing members of the Citizens Advisory Committee who would each be presented with a Resolution of Appreciation. He commended the six individuals for the time and effort they put forth while serving in a voluntary capacity on the Committee. He then announced the name of each person to be recognized as follows: Mr. Grant Cosner, Mr. Don Franco, Ms. Cheryl Gomez, Mr. John Hermsmeier, Ms. Michele Mattioli and Mr. James Morrisard. Mr. Gaffney explained that due to their work schedules, none of the six were able to attend today’s meeting. He next read from one of the Resolutions of Appreciation for inclusion in the minutes as enumerated below:

RWSA Board Minutes
1.0 Call To Order Cont.
April 26, 2004

“RESOLUTION OF APPRECIATION
PRESENTED TO
GRANT COSNER
UPON COMPLETION OF HIS SERVICE
TO THE
RIVANNA WATER & SEWER AUTHORITY
CITIZENS ADVISORY COMMITTEE

WHEREAS, Grant Cosner has served as Commercial representative on the Citizens Advisory Committee for three years; and

WHEREAS, Mr. Cosner has provided the Authority with his valuable input, knowledge and community perspective in the operational areas of water and sewer management, has worked effectively with Rivanna Water & Sewer Authority staff in identifying existing and potential issues of public concern, and has assisted with the development of strategies for gaining community support for Authority projects and activities;

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the Rivanna Water & Sewer Authority that Mr. Grant Cosner is hereby extended the sincere appreciation of the Board of Directors for his outstanding service, personal diligence, commitment and achievements as Commercial representative of the Citizens Advisory Committee, and upon completion of his service, presents this Resolution as a token of esteem, and orders a copy to be placed in the Minutes of this meeting.”

2.0 Minutes Of Previous Board Meeting

Upon a motion by Mr. Tucker, and seconded by Mr. O’Connell, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, March 22, 2004, the minutes of the special joint meetings of the RSWA and RWSA Boards of Directors held on Thursday, March 4, 2004, and Wednesday, March 10, 2004.

3.0. Items From The Public

There were no items from the public.

RWSA Board Minutes Cont.
April 26, 2004

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

In regards to **Item 4a), Staff Report on Finance**, Mr. Tucker inquired as to the reason the generator at the Scottsville facility was under budgeted. Mr. Wood stated that it was his understanding that there were some location and security concerns to be addressed, and he asked Mr. Wichser to further elaborate on those issues. Mr. Wichser reported that after the initial in-house assessment, staff recognized the need for a specialist's input in this matter and an outside consultant was hired to conduct an asset evaluation on the North Rivanna, Observatory and Scottsville plants. He further stated that the consultant's preliminary assessment of \$90,000 to meet the plant's generator needs far exceeded the \$24,000 budgeted for this item.

Mr. Tucker also asked if the significant increase in Urban wastewater flows was due largely to stormwater amounts. Mr. Wood replied in the affirmative.

Upon a motion by Mr. Tucker, and seconded by Mrs. Mueller, the Board of Directors by a 4 – 0 vote approved Items 4a), b), c) and d) of the Consent Agenda.

5.0 Other Business

In regards to **Item 5a), Safe Yield White Paper**, Ms. Whitaker reported that she was before the Board today to provide discussion in response to the Board's request for information on past safe yield analyses. She further stated that specifically RWSA staff had been asked to explain why the addition of the four-foot crest controls (bladder) on the South Fork Rivanna Reservoir (SFRR) would not produce an immediate safe yield of 7 mgd.

Ms. Whitaker stated that included in the Board packets for today's meeting was a white paper entitled "Comparison of Recent and Previously Completed Safe Yield Analyses," which was prepared by Gannett Fleming. She further stated that the report and the attached Memorandum attempt to explain why the immediate safe yield from the bladder was approximately 3 mgd rather than the widely believed 7 mgd.

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

Ms. Whitaker explained that the 7 mgd safe yield number originated from the water supply evaluation work conducted by the project team of VHB and O'Brien & Gere from 1997 through January 2003. She stated that over that time period the project team performed multiple evaluations, which are listed in Appendix A of the report. She further stated that the consultants used a common reference point, which included a planning horizon of 2050, the 1930 drought of record and the assumption of a constant 8 mgd release from the SFRR.

Ms. Whitaker reported that during the assessment of the SFRR under a "Do-Nothing" scenario, the consultants concluded that the sedimentation in the SFRR with a constant 8 mgd release would preclude the use of any remaining water within the SFRR or the river channel and therefore produce a 0 mgd safe yield in 2050.

Mr. Gaffney inquired if the term "constant 8 mgd release" referred to actual inflows to the reservoir. Ms. Whitaker stated that consistently throughout the initial documentation and numbers provided by the consultants, the assumption was a constant 8 mgd release from the SFRR irrespective of inflows. She stated that it was important to note that the initial release scenario in 1997 changed during the work conducted by VHB and O'Brien & Gere.

Ms. Whitaker also reported that the consultants presented that the safe yield in the SFRR would go from 0 mgd in 2050 to 7 mgd in 2050 with the addition of the bladder. She stated that at the time of the study, the total safe yield with the addition of the bladder would be 11 mgd. She further stated that the difference between the 11 mgd in 1997 and the 7 mgd in 2050 was attributed to the sedimentation in the SFRR.

Ms. Whitaker commented that the consultants produced a memorandum in January 2003 which stated that the additional safe yield, due solely to the increase in storage volume, was approximately 3.3 mgd. She added that the remaining 2050 safe yield was attributed to the ability to utilize water in the stream and preexisting water that was unusable due to sedimentation.

Ms. Whitaker noted that some of the confusion concerning the 7 mgd safe yield number could be attributed to the following statements:

"The crest controls would provide 7 mgd additional safe yield in 2050.", and "The immediate increase in safe yield upon completion would be approximately 11 mgd."

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

Ms. Whitaker added that these statements appeared to present numbers and results that were different than those intended by the authors. She stated that during review of the documents and discussions on safe yield results with O'Brien & Gere, it was learned that the intent was to portray an 11 mgd safe yield in 1997 and a 7 mgd safe yield in 2050 with the bladder. She noted that only 3.3 mgd of both of those figures is attributed directly to the volume behind the bladder itself.

Ms. Whitaker further stated that in some cases, the words "immediate," "additional," and "increase" in conjunction with the safe yield values presented an unclear and misleading meaning. She reported that when discussing the derivation of the safe yield results, it is difficult to present any value without also presenting all of the underlying assumptions. Ms. Whitaker reiterated that when referring to the 7 mgd safe yield figure, it is not an immediate 7mgd increase due to the bladder but a 7 mgd safe yield in 2050.

Ms. Whitaker also reported that in addition to the syntax errors discussed today, there have been questions raised concerning the actual validity of the 7 mgd number in 2050, assuming a constant 8 mgd release. She stated that over the course of the evaluations from 1997 to 2003, the project team wrote and published several draft reports and meeting minutes. She further stated that consistently throughout these documents, O'Brien & Gere states that 7 mgd safe yield in 2050 does assume a constant 8 mgd release. She commented that the engineers also stated that the alteration of release from a constant 8 mgd to the lesser of 8 mgd or actual inflows would yield an additional 1.6 mgd.

Ms. Whitaker noted that in both a December 2000 meeting minutes with regulators and the *2001 Recommended Alternatives* analysis, O'Brien & Gere states that "the installation of a four-foot bladder, with the alternative release scenario, will yield the 7 mgd from the bladder, the 1.6 mgd from the alternative release, to equal an 8.6 mgd in 2050." She further stated that in a 2003 memorandum from the same engineering team, a contrasting statement is made that the addition of the bladder and the alternative release scenario would produce 7.7 mgd, which included dredging.

Ms. Whitaker stated that the results published by the previous project engineering team provided information on assumptions and results. She further stated that very little information is available outlining the calculation methodology or tabulated findings. She added that this lack of calculation documentation has made it very difficult to reconcile every assumption and every result. Ms. Whitaker commented that at this point, only suppositions could be made on how the results were derived and the 7 mgd figure cannot be substantiated. She stressed the importance of understanding that the safe yield values generated by VHB and O'Brien & Gere are

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

no longer applicable to the RWSA water system. She reported that the drought of 2002 and work performed by Gannett Fleming to date, have formed a firm platform from which the water supply strategy must move forward.

Ms. Whitaker commented that the question at hand is “Where do we go from here?”. She stated that the current project engineering team of Gannett Fleming and RWSA staff has been working on completing the Scope of Work that the Board approved in January 2004 and includes the following:

- Beaver Creek Reservoir, Lake Albemarle, and Chris Greene Lake;
- Updated Demand and Water Use study data from 1996 to 2004;
- Reevaluation of the safe yield benefits as they related to each of the impacted alternatives;
- Evaluation of the Crozet area’s current and future water demand as they relate to the Beaver Creek Reservoir;
- Compilation of the Safe Yield Comparison Analysis;
- Regulatory meeting with Virginia Dam and Safety about the future of the Ragged Mountain Dam system;
- Establishing transmission and treatment limitations on all of our facilities; and
- Identifying and moving forward with the most viable water supply alternatives.

Ms. Whitaker reported that the project team would be presenting the findings of this work at the May Board meeting.

Mr. Gaffney asked if RWSA staff would be questioning any data that might be similarly misinterpreted in the future. Ms. Whitaker replied in the affirmative and stated that documentation would be provided for all subsequent findings.

Mr. Tucker inquired as to what information would be provided during the May presentation. Ms. Whitaker stated that the project team would present the findings on all of the elements previously listed. She added that based on a redefinition of the demand figure, the most viable alternatives would also be recommended for advancement to the next phase of the project. Ms. Whitaker further stated that a matrix is being developed that would address the regulatory issues and include costs associated with the recommended alternatives, which she hoped would be available at the May Board meeting.

In regards to **Item 5b), Procurement – Rivanna Pump Station**, Mr. Wood reported that RWSA staff has gone through the bid process to obtain construction

5.0 Other Business Cont.

April 26, 2004

services for the Rivanna Pump Station – Odor Control Project, specifically to install a carbon scrubber system to replace the current bio-filter system. He stated that the lowest bid received for the project was \$182,025, which was significantly higher than the construction estimate. Mr. Wood commented that additional engineering services and landscaping expenses have increased the total cost of this project to \$259,000. He added that RWSA is in need of \$109,000 above the amount originally budgeted to finish the project. He further reported that this item was originally budgeted for \$150,000 in the Capital Improvement Plan, and RWSA has spent to date about \$63,000 on this project. Mr. Wood also stated that he felt it would be appropriate to use the operational surplus from the Urban Wastewater rate center to fund this project.

Mr. Wood stated that RWSA is requesting Board approval to move forward with the project and award the bid for construction of the carbon scrubber system to Anderson Construction, Inc., for \$182,025, and approve additional engineering services needed for \$9,610 to Black and Veatch.

Mr. Wood further stated that RWSA is also recommending that the Board authorize the transfer of \$109,000 from the operating Urban Wastewater rate center account to the Capital account to fund this project.

Referring to the discussion on the Scottsville generator and this project, Mr. Gaffney suggested that other staff-generated budget estimates be evaluated by outside sources for a determination on possible future updates. Mr. Wood stated that he was in agreement with Mr. Gaffney's suggestion and added that RWSA would consider other measures such as providing explanations whenever construction costs exceed engineering estimates and instituting a three-year project evaluation process by the Engineering Department. Mr. Wood then described the difficulty with budgeting capital items due to the uniqueness of the projects. Mr. Wichser also explained that in addition to the engineering estimate on the Odor Control Project being 40 percent below the lowest bid, sharp price increases for steel, oil and hydrocarbon products impacted the project costs.

Upon a motion by Mrs. Mueller, and seconded by Mr. Tucker, the Board of Directors voted to approve moving forward with the Odor Control Project for the Rivanna Pump Station and awarding the bid for construction of the carbon scrubber system to Anderson Construction, Inc., for \$182,025, and approval of additional engineering services needed for \$9,610 to Black and Veatch. It was also moved that the Board of Directors approve the transfer of operational surplus in the amount of \$109,000 from the Urban Wastewater rate center and transfer to the Capital fund in order to fund the Rivanna Pump Station - Odor Control Project.

RWSA Board Minutes

5.0 Other Business Cont.

April 26, 2004

Prior to the Board's vote, Mr. O'Connell requested that RWSA staff explain the odor control process. Mr. Wichser stated that the age and the wet weather conditions have resulted in a decrease in the efficiency of the current underground bio-filter system. He further stated that the proposed activated carbon system has been guaranteed to at least remove 95 percent of the odors. Mr. O'Connell inquired if the Woolen Mills neighborhood association was in agreement with RWSA's decision to proceed with the carbon scrubber system. Mr. Wichser replied in the affirmative.

By a 4-0 vote, the motion concerning the Rivanna Pump Station – Odor Control Project was approved.

In regards to **Item 5c), 1994(B) Bond Refinancing**, Mr. Wood reported that the Authority issued Revenue Bond, Series 1994(B), in the amount of \$1,389,000 in 1994 for improvements to the Scottsville Wastewater Treatment plant. The bonds were financed by the Virginia Water Facilities Revolving Loan Fund administered by the Virginia Resources Authority. He further stated that although the Virginia Resources Authority administers loans made from the Virginia Water Facilities Revolving Fund, the Department of Environmental Quality actually approves the loans. Mr. Wood added that he has received approval from DEQ to refinance the loan to take advantage of current low interest rates. He commented that the interest rate on the remaining bond would be reduced from 4.5 percent to 2.9 percent. He further stated that this represented an approximate savings of \$91,200 over the remaining life of the bond, which would benefit the Scottsville Wastewater Rate Center.

Mr. Wood stated that RWSA is recommending that the Board approve the resolution to amend the Revenue Bond, Series 1994(B), in connection with a reduction in the interest rate on this bond.

Upon a motion by Mr. Tucker, and seconded by Mr. O'Connell, the Board of Directors voted to adopt the following resolution:

“RESOLUTION AUTHORIZING CERTAIN AMENDMENTS IN CONNECTION WITH A REDUCTION IN THE INTEREST RATE ON THE AUTHORITY'S TAXABLE REGIONAL WATER AND SEWER SYSTEM REVENUE BOND, SERIES OF 1994B, AND APPROVING THE FORM OF CERTAIN AGREEMENTS RELATED THERETO

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

WHEREAS, on November 23, 1994, the Rivanna Water and Sewer Authority (the "Authority") issued its Taxable Regional Water and Sewer System Revenue Bond, Series of 1994B, in the maximum principal amount of \$1,389,000 (the "Bond") to the Virginia Water Facilities Revolving Fund (the "Fund"), acting by and through the Virginia Resources Authority ("VRA"), pursuant to the terms of a Financing Agreement dated as of November 1, 1994 (the "Financing Agreement"), and a Tenth Supplemental Agreement of Trust dated as of November 1, 1994, which supplemented and amended a Master Trust Agreement dated as of October 1, 1979, between the Authority and The Bank of New York, as successor trustee (the "Trustee"), as heretofore supplemented and amended;

WHEREAS, VRA has offered to lower the interest rate on the Bond, which will result in a debt service savings to the Authority;

WHEREAS, it appears to be in the best interests of the Authority to consent to such interest rate reduction; and

WHEREAS, there have been presented to this meeting the following documents to provide for the reduction of the interest rate on the Bond:

(a) a draft of a Sixteenth Supplemental Agreement of Trust to be dated as of April 1, 2004 (the "Sixteenth Supplemental Agreement"), between the Authority and the Trustee;

(b) a draft of a First Amendment to Financing Agreement (the "Amendment Agreement") between VRA and the Authority, which provides for a reduction in the interest rate and corresponding debt service payments for the Bond; and

(c) the form of an Allonge to be attached to the Bond (the "Allonge") evidencing the reduction in the interest rate and corresponding debt service payments on the Bond;

**BE IT RESOLVED BY RIVANNA WATER AND SEWER
AUTHORITY:**

1. The Authority hereby authorizes and approves of the reduction in the interest rate on the Bond to 2.90% per year effective as of April 1, 2004. The revised principal and interest payment is \$47,009.53, payable on each April 1 and

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

October 1, commencing October 1, 2004, with a final principal and interest payment of \$47,009.54 on April 1, 2015.

2. The Chairman or Vice-Chairman are hereby authorized and directed to execute the Sixteenth Supplemental Agreement. The Sixteenth Supplemental Agreement shall be in substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the Chairman or Vice-Chairman, the execution thereof by the Chairman or Vice-Chairman to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

3. The Chairman or Vice-Chairman are hereby authorized and directed to execute the Amendment Agreement. The Amendment Agreement shall be in substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the Chairman or Vice-Chairman, the execution thereof by the Chairman or Vice-Chairman to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

4. The form of the Allonge submitted to this meeting is hereby approved. The Chairman or Vice-Chairman and the Secretary/Treasurer of the Authority are hereby authorized and directed to execute and deliver the Allonge in substantially such form to reflect the same amended terms, as appropriate, as contained in the Amendment Agreement, together with such other completions, omissions, insertions and changes not inconsistent with this Resolution and the Amendment Agreement as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Secretary/Treasurer is hereby authorized to affix the seal of the Authority on the Allonge and attest thereto.

5. All other actions of the officers of the Authority in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of the Sixteenth Supplemental Agreement, the Amendment Agreement and the Allonge are hereby ratified, approved and confirmed. The officers of the Authority are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the execution and delivery of the Sixteenth Supplemental Agreement, the Amendment Agreement and the Allonge pursuant to this Resolution.

6. This resolution shall take effect immediately.”

RWSA Board Minutes
5.0 Other Business Cont.
April 26, 2004

VOTE

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

NAYS: 0

ABSENT DURING VOTE: Mr. Brent

ABSENT DURING MEETING: Mr. Brent

6.0 Other Items From Board/Staff Not On Agenda

There were no other items from the Board or staff not on the agenda.

7.0 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 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 2:30 p.m.

8.0 Resumption of Open Meeting

The RWSA Board of Directors meeting was reconvened at 3:00 p.m.

9.0 Joint Closed Meeting

Upon a motion by Mr. Tucker, 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. Gaffney, Mrs. Mueller, Mr. O'Connell, Mr. Tucker, Mr. Graham (RWSA), and Mr. Krueger.

10.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors meeting reconvened at 3:44 p.m.

RWSA Board Minutes

10.0 Resumption of Open Meeting Cont.

April 26, 2004

Mr. Tucker 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:
Mrs. Mueller – Aye, Mr. O'Connell – Aye, Mr. Tucker - Aye and
Mr. Gaffney – Aye. Mr. Brent – Absent.

11.0 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 3:45 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer