

RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
September 27, 2004

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Monday, September 27, 2004 at 2:00 p.m., in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

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

Board Member Absent: Mr. Michael Gaffney

Authority Staff Present: Ms. Anne Bedarf, Mr. Richard Defibaugh, Mr. Bruce Edmonds, Mr. Tom Frederick, Mrs. Mary Knowles, Dr. Robert Wichser, and Mr. Lonnie Wood.

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

1.0 Call To Order

The regular meeting of the RWSA Board of Directors was called to order by Mr. Gary O'Connell in the Chairman's absence on Monday, September 27, 2004 at 2:00 p.m., and a quorum was present.

2.0 Minutes Of Previous Board Meeting

Upon a motion by Mr. Brent, and seconded by Mr. Tucker, the Board of Directors by a 4 – 0 vote approved the minutes of the regular Board meeting held on Monday, August 23, 2004.

3.0 Executive Director's Report

Mr. Frederick stated that since he wrote this report, the Public Meeting on the Community Water Supply Plan Update was held last Tuesday night at Monticello High School. Forty-seven members of the public signed the register as attending this meeting. An informal head count by RWSA staff estimated the total number in attendance in the range of 70 to 75. Those in attendance were asked to complete a meeting evaluation form, and 13 forms were returned to RWSA. The completed evaluation forms have been reviewed by RWSA. The numerical scoring ranged from "1" being the lowest to "5" being the highest for each of the questions. The average score was in the range of about 3.5 to 4.5, which would suggest that the majority of the public who attended felt the Public Meeting was beneficial. The specific comments on the evaluation forms were also reviewed. Given the diversity of the community and diversity of ideas on how to conduct a public meeting, you

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3.0 Executive Director's Report Cont.

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could expect a diversity of comments. One theme that occurred repeatedly in the general comment section was the public's interest in obtaining more details about the alternatives. The Public Meeting had been structured on the basis of getting the public involved early in the process before all the details were necessarily known. RWSA is taking these public comments under serious consideration.

Mr. Frederick reported that RWSA is working closely with the meeting facilitator to finalize all the public comments generated in the breakout sessions. This information will then be placed on our website. The target is to have the new web page available later this week. For those who came to the Public Meeting and gave RWSA their email address on the sign-in sheets, an email will be sent to them informing them when this has occurred. Public statements were also submitted to RWSA, and as Mr. Gaffney noted at the meeting, these will also be placed on the website.

After there has been an opportunity to absorb the ideas that were captured during the breakout sessions and they have been discussed further with the consultants, RWSA staff will come back to the Board with some suggestions on how the public discussion process will be handled in the future.

Mr. Frederick commented that dialog is continuing for two items discussed during last month's Board meeting. RWSA consultants are finalizing their initial study on the option to use the Beaver Creek Reservoir as an interim solution during a drought situation. Discussions are also continuing with The Nature Conservancy (TNC) on stream flows, but RWSA does not have a report for the Board at this time.

Mr. Frederick stated that the last item on his report indicated that RWSA is continuing to develop a financial policy for the Authority as well as a Capital Improvement Plan. A report to the Board on this subject is scheduled for the October meeting.

Mr. Tucker stated that overall he felt the Public Meeting went very well. He felt the comments received from the public were very helpful for RWSA staff as well as the Board.

Mr. O'Connell inquired as to when the Beaver Creek Reservoir report would come before the Board. Mr. Frederick stated that it would be presented at the October meeting.

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4.0 Items From The Public

Mr. Neil Williamson with the Free Enterprise Forum, which is a privately-funded public policy think tank located in the Charlottesville area made the following statement:

“First I want to comment on the Authority’s proactive public involvement in last week’s Community Water Supply. The breakout sessions were well attended. I for one learned a great deal, not only from the consultants attending, but also from knowledgeable members of the public that were there giving their input. When the consultants or staff did not know the answer, they said so. This is refreshing.

“I must also speak to one comment that was made in the initial public session and in the breakout groups. One member of the public suggested that the RWSA rule out the use of the James River intake because it is outside our watershed, and this large potential of water could exacerbate development. Your Executive Director should be commended for his forthright and correct answer that the RWSA has two customers: the City of Charlottesville and the Albemarle County Service Authority. The RWSA serves these local providers, and in turn, these local providers provide water where they see fit, generally in their designated growth areas. Now there may be many reasons not to use the James River intake. One of those reasons should not be that it may be able to supply too much water to our community. As your facilitator and the Executive Director stated, clearly growth issues are not the responsibility of the Rivanna Water & Sewer Authority. The Free Enterprise Forum commends the RWSA for diplomatically answering this charge and keeping your eye on the ball in solving the community’s water needs.”

Mr. John Martin, Free Union, Virginia, spoke next as follows:

“The Gannett Fleming Report mentions that the Sugar Hollow pipeline needs to be replaced at some point. I think the cost was \$11 million. During the last week, a major event has occurred on the pipeline, a break up near Sugar Hollow. It looks like it’s going to cost upwards of \$200,000 to repair it. I assume that before you spend \$200,000 on a repair on the pipeline, that you might want to look at the whole pipeline to see if there are any other snakes, if you will, waiting to bite us on the other portions of the pipeline. Of course, once the pipeline is replaced, whenever that is, that \$200,000 goes right down the drain. So, this is just a repair that’s being made by relocating an 800-foot strip.

“I think also that this might be an appropriate time, I just want to suggest it, to think through carefully with the consultants as to whether or not we continue to need the Sugar Hollow pipeline at all. It’s 75 years old, it’s very expensive, and I think it might be useful to go through a process of really analyzing the future costs that may be associated with the Sugar Hollow pipeline, as opposed to the benefits that it will

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provide. It was designed in a different era to serve a different purpose than what it's used for today. If the Mechums River Pump Station is there today working, there would be no problem with the Ragged Mountain Reservoir. The Mechums River could provide the flow. Maybe, it's a time to look as to whether or not all the alternatives could be rethought, thinking outside the box, readjusted, and eliminate the Sugar Hollow pipeline. The water that is available in Sugar Hollow is still available at the South Fork Rivanna treatment plant by flowing down the Moormans River. No loss there. The only problem is with the Ragged Mountain Reservoir. Quite obviously you could not raise the dam by 43 feet or something like that without a contribution from the Moormans River. The contribution in any case is going to be very small in that pipeline, maximum 4 MGD I would think. So, the benefit is small, and the costs on into the future could be very considerable.

"Last but not least, we citizens are going to do everything we can do to make sure that there is a flow requirement on the Moormans River in conjunction with this water supply project, and it's going to be more than 0.4. Maybe we're going to fail in getting more, but we're going to try and try and try and get that established. If that is established, that's even going to reduce the utility of the pipeline. The flow requirement in the Moormans River is not going to reduce the value of the water, which can flow down the South Fork treatment plant. So I really think it's time to rethink a lot of the stuff. In a way it is sort of good that this crisis has happened if it causes some more out-of-the box kind of thinking."

Ms. Linda Goodling next gave the following statement:

"I'm just a concerned citizen. Mechums River is sort of in my backyard. I think it would be really great if we could get more details. The meeting last week was good, but I don't feel like I learned nearly a smidgeon of what you are all up to. I would like to see more informative meetings. The breakout groups did not work that great because I didn't get to hear what all of the citizens said. Then when you came back, you didn't necessarily say what had been said in the groups. It only got partially said, especially the James River because there were a lot of challenges at the James River that when the facilitator came back, she only said the positive things.

"The other question is, 'what about conservation?' When we had the drought, we all came together to conserve water. Now that we've had a rainy season, that sort of seems out the window. We're wondering about some real conservation education and going back to restaurants and asking people if they want water before dishing out six glasses of water that don't get drunk.

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5.0 Consent Agenda

Mr. O'Connell asked if there were any 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 On-going Projects
- 5d) Community Water Supply Update
- 5e) Approval of Capital Projects Coordinator Job Description

In regards to **Item 5a), Staff Report on Finance**, Mr. Tucker noted that the report shows an overall deficit in FY05 of \$184,000 and asked Mr. Wood if that was in large part due to the new generator. Mr. Wood replied in the affirmative and stated that the expense side of the budget was not increased to account for the carry-over of a purchase order from the last fiscal year for the new generator.

Mr. Tucker also asked for clarification of the statement in the report concerning personnel costs exceeding budget due to three pay periods last month. Mr. Wood explained that Rivanna employees are paid every two weeks or 26 pay periods. The occurrence of three pay periods in a month takes place either two or three times a year.

Upon a motion by Mrs. Mueller, and seconded by Mr. Tucker, the Board of Directors voted to approve Items 5a), b), c), d) and e) of the Consent Agenda.

Prior to the vote, Mr. Brent stated that since the Crozet water rate center would be experiencing some unanticipated expenses, he suggested that a budget amendment covering those expenditures be brought before the Board possibly as early as next month. Mr. Wood responded that he was waiting on roof repair estimates to determine if there would be cost savings to offset some of those costs before requesting additional funding. Mr. Brent further stated that since some of the expenditures would be significant, he would recommend proceeding with this budget amendment. Mr. Wood was in agreement with Mr. Brent's recommendation.

The Consent Agenda was approved by a 4 – 0 vote.

6.0 Other Business

In regards to **Item 6a, Sugar Hollow Pipeline Repair**, Mr. O'Connell recognized Mr. Frederick who would be reporting on this item.

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Mr. Frederick stated that as Mr. Martin alluded to his earlier comments, RWSA experienced a pipeline break on the Sugar Hollow pipeline between the Sugar Hollow Dam and White Hall. The break occurred in an access-difficult remote area where the pipeline parallels the Moormans River. The pipeline break was discovered by RWSA on Saturday, September 11, 2004 while making some investigations as to why the Ragged Mountain Reservoir had dropped in volume. The stream had naturally meandered into the bank and exposed approximately 50 feet of the pipeline. The joint had slipped, which RWSA believed cause the pipe to fracture. Mr. Frederick distributed pictures of the exposed pipeline for the Board's review.

Mr. Frederick stated that steps were immediately taken to determine how this break would affect operations with the goal that by next spring the Ragged Mountain Reservoir would be full. Operating the reservoir system at full capacity during the spring season is a part of an effective drought management strategy. Depending on assumptions used, the conclusion is that the pipeline needs to be back in service between October 15 and December 1. As a conservative measure, RWSA had targeted mid-October or earlier if possible.

Given where the pipeline is located, Mr. Frederick reported that approximately 800 feet of pipeline would need to be relocated further away from the stream. This would require a new easement, engineering design, and installation by the contractor. Since it not possible to accomplish all these tasks by mid-October, a temporary means of getting the pipeline back in service was devised. Mr. Frederick was pleased to report that the pipeline is back in service after temporary repairs were done the week of September 20-24. As illustrated by the pictures, repairs included pipe supports, welding, and the installation of a clamp at the break. The pipeline is currently running at about 2 MGD. RWSA will continue its efforts to maintain this operation, but it is recommended that a permanent repair be done as quickly as possible. It is impossible to predict how soon further erosion of the stream bank would cause additional failure of the existing pipeline.

Mr. Frederick reported that RWSA has already received proposals on an engineering contract for the design of the pipeline relocation. The proposal amounts are less than the \$30,000 limit established by the Commonwealth for competitive negotiations with consultants. Mr. Frederick felt he had the authority to go ahead and hire an engineering firm, and it was his intent to enter into a contract this week.

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Mr. Frederick further stated that as soon as a consultant has been hired, RWSA would proceed with the establishment of a benchmark schedule. The work will be tracked and also multi-tasked whenever possible in order to expedite the schedule.

Mr. Frederick commented that it is not practical that RWSA would have a contractor selected and have completed all the required tasks within the next month. As indicated in the Board report, an updated report would be provided to the Board in October. It might be necessary at a later time to schedule a special Board meeting to award a contract or request emergency purchasing authority to ensure the pipeline relocation is properly expedited.

Mr. Frederick added that a very preliminary estimate by our Chief Engineer for the pipeline replacement is approximately \$180,000, which RWSA hopes to refine in the near future. This issue has been addressed with the Finance Director, and he recommended that the line-of-credit with the Bank of America already approved for future debt financing be budgeted for this project.

Mr. Tucker inquired as to the amount of the line-of-credit fund balance. Mr. Wood stated that there is \$1.8 million surplus currently in discretionary funds, which requires disposition by the Board. Another \$2 million had been set aside as reserves, some of which was designated for rate stabilization funds. He intended to address the disbursement of these funds in the financial policy.

In response to a question from Mr. O'Connell, Mr. Wood stated that RWSA does have the option of using the line-of-credit funds for this purpose.

Mrs. Mueller inquired if RWSA had been in contact with the property owner and did the Authority anticipate any issues arising from the execution of the easement. Dr. Wichser stated that the property owner appeared to be amenable in informal discussions, but formal negotiations have not been initiated at this time. Mr. Defibaugh added that RWSA has received verbal agreement in principle from the property owner to proceed with the project until formal negotiations could take place.

Mr. Tucker addressed his question to Mr. Krueger, RWSA attorney. He stated that RWSA needs to move forward with this project as soon possible as outlined by Mr. Frederick. He asked if the Board had authority to authorize the Executive Director to proceed with this project on an emergency basis without the need for a special Board meeting. Mr. Krueger responded that the present facts do not support an emergency procurement at this time. Once the length of the project and relocation information is known, RWSA may be able to request emergency

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procurement at that point. Mrs. Mueller inquired if the Board could authorize the Executive Director to accept the low bid if it is under a designated amount. Mr. Krueger asked Mr. Frederick if RWSA felt comfortable that the \$180,000 figure would be adequate to meet the project needs due to the preliminary nature of the estimate. Mrs. Mueller stated that RWSA may be in a better position to recommend an amount after the engineers have had an opportunity to review the estimate. Mr. Frederick responded that it was RWSA's intent to undertake that review, but the Authority was not at the point where it could undertake that process.

Mr. Krueger suggested that this issue be revisited at the October meeting if RWSA is in receipt of the information necessary to support a request for an emergency procurement.

After further discussion the Board authorized the Executive Director to proceed with this project as outlined in his report.

7.0 Other Items From Board/ Staff Not On Agenda

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

8.0 Closed Meeting

Upon a motion by Mr. Tucker, and seconded by Mr. Brent, the Rivanna Water & Sewer Authority Board of Directors voted to enter into a closed meeting for matters pertaining to legal issues concerning an insurance matter as permitted under Section 2.2-3711.A.7 of the Code of Virginia for consultation with legal counsel with respect to legal advice with respect to such matter. By a 4 – 0 vote, the motion was approved and the Board went into a closed session at 2:25 p.m.

ATTENDEES: Mr. Brent, Mrs. Mueller, Mr. O'Connell, Mr. Tucker, Mr. Krueger, Mr. Frederick, Dr. Wichser, and Mr. Wood.

9.0 Resumption of Open Meeting

The Rivanna Water & Sewer Authority Board of Directors meeting reconvened at 2:45 p.m.

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 closed meeting with on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and,

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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. O'Connell called for a roll call vote:
Mr. Brent – Aye, Mrs. Mueller – Aye, Mr. Tucker – Aye, and Mr. O'Connell – Aye..

10.0 Adjournment

There being no further business, Mr. Tucker moved the meeting be adjourned, seconded by Mrs. Mueller. All members voted aye, and the meeting was adjourned at 2:46 p.m.

Respectfully submitted,

Mr. Robert Tucker
Secretary - Treasurer