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RWSA BOARD OF DIRECTORS

Minutes of Regular Meeting

March 25, 2025

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Tuesday, March 25, 2025 at 2:15 p.m. at the Rivanna Administration Building, (2nd Floor Conference Room), 695 Moores Creek Lane, Charlottesville, VA 22902.

Board Members Present: Mike Gaffney, Jeff Richardson, Sam Sanders, Ann Mallek, Brian Pinkston, Quin Lunsford, Lauren Hildebrand.

Board Members Absent: None.

Rivanna Staff Present: Bill Mawyer, David Tungate, Lonnie Wood, Jennifer Whitaker, Daniel Campbell, Scott Schiller, Michelle Simpson, Austin Marrs, Victoria Fort, Leah Beard, Cary Wingo, David White, Deborah Anama, Jacob Woodson.

Attorney(s) Present: Valerie Long.

1. CALL TO ORDER

Mr. Gaffney convened the March 25, 2025 regular meeting of the Board of Directors of the Rivanna Water and Sewer Authority at 2:48 p.m.

2. AGENDA APPROVAL

Mr. Sanders moved the Board to approve the agenda as presented. Mr. Pinkston seconded the motion, which carried unanimously (7-0).

3. MINUTES OF PREVIOUS BOARD MEETING ON FEBRUARY 25, 2025

Ms. Mallek moved the Board to approve the minutes of the previous Board meeting on February 25, 2025. Mr. Pinkston seconded the motion, which carried unanimously (7-0).

4. EXECUTIVE DIRECTOR'S REPORT

Bill Mawyer, Executive Director, stated that he was pleased to introduce their new Water Department Assistant Manager, Cary Wingo. He stated that Cary had been with them since 2021 in an Operator position. He stated that she held a Class One water operator's license and was a graduate of the Civil Engineering program at UVA. He stated that they were pleased to have her as part of their management team and would like to congratulate her on her promotion.

Mr. Mawyer stated that David White, a mechanical engineer who had graduated from North Carolina A&T University had joined their team the previous day. Mr. Mawyer stated that he would like to welcome Mr. White to our Engineering team. Mr. Mawyer stated that he would also like to congratulate Tyler Powell on obtaining his Class 2 Water Operator license.

47
48 Mr. Mawyer stated that the Virginia Department of Health had a program to recognize water
49 treatment plants that exceeded minimum regulatory requirements through the Water
50 Optimization Program. Mr. Mawyer stated that the South Rivanna and Observatory Water
51 Treatment Plants were awarded Silver Awards for Excellence in Filtration and Backwashing,
52 while the Crozet, Scottsville, and North Rivanna Water Treatment Plants earned Gold Awards
53 for Excellence in Filtration, Backwashing, and Clarification. He stated that this program
54 encouraged plants to strive for excellence beyond the minimum requirements. He stated that they
55 would like to thank David Tungate and Daniel Campbell for their efforts in making these awards
56 possible.

57
58 Mr. Mawyer stated that the Virginia Department of Health contacted them yesterday to inform
59 them that they had not collected enough water quality samples in the City water distribution
60 system in the month of February. He stated that they were required to collect 50 samples, but
61 they only collected 49. He stated that this meant they were in non-compliance, but they would
62 resolve this issue in March once they collected the necessary samples. He stated that the main
63 concern was that the City may need to include a comment in the Consumer Confidence Report
64 published for its customers regarding this non-compliance. Mr. Mawyer stated that in February,
65 they experienced significant snow events and community issues including shutdowns at UVA
66 which contributed to the sampling challenges, despite having a redundant supervisory system to
67 ensure accurate sampling counts. He stated that they routinely collected more samples each
68 month than were required to have extras, but the system failed in February. Mr. Mawyer stated
69 that to prevent similar issues in the future, they would add an additional layer of supervisory
70 oversight to ensure accurate counts.

71
72 Mr. Mawyer stated that Daniel Campbell, Director of Operations, and Brian Haney, Wastewater
73 Manager, recently gave a tour to members of the Glenmore Association Water Resources
74 Subcommittee, explaining how the Glenmore Wastewater Treatment Plant operated and their
75 plans to renovate it soon. Mr. Mawyer stated that they had a \$2 million renovation project
76 planned for the Glenmore plant in the next two years, which would also help mitigate some of
77 the noise concerns the Association had expressed. He stated that they had another major \$6
78 million project planned for Glenmore in 2030-2031, which would provide additional
79 renovations. He stated that they had accelerated the first phase of this project to address the noise
80 problem. He stated that while they believed they had resolved the odor issues at the Glenmore
81 plant.

82
83 Mr. Gaffney asked if there was any more information about the black debris found in the water
84 in Glenmore.

85
86 Mr. Mawyer stated that he was unaware of any new information.

87
88 Mr. Lunsford stated that they were working with one customer to investigate a report of a
89 substance in the water and find the appropriate solution.

90
91 Mr. Mawyer stated that they had only experienced one instance in Glenmore and one in
92 Farmington recently, and both continued to be under investigation. He stated they had not seen a

widespread problem across the drinking water system or any additional customers experiencing this issue. He stated that they were now looking at individual houses to determine the root cause of the residue in those houses. Mr. Mawyer stated that some of these houses had recirculating hot water systems that ran continuously, and there was concern about the water age within the house as a contributing factor to the formation of a residue. He stated that they were working closely with Mr. Lunsford and ACSA staff to identify specific issues and solutions.

Mr. Mawyer stated that their Communications Coordinator had been collaborating with City and ACSA coordinators on the Fix-A-Leak program, which included radio spots and an education program at Martin's Hardware. He stated that the program aimed to promote water conservation in the community, with a contest for the community running through April 14.

Mr. Mawyer stated that they had previously been approved for an \$880,000 Congressionally Directed Spending grant for a project at the South Rivanna Water Treatment Plant secured by Senators Kaine and Warner. He stated that unfortunately, none of the projects in the grant program had been included in the recent Continuing Resolution passed by Congress. He stated that as a result, the FY25 grant list would not move forward. He stated they were eligible to apply for FY26 grants and would submit an application.

Mr. Mawyer stated that he would like to offer an apology to Ms. Smith, who made a public comment last month regarding the Central Water Line project. He stated that he had mentioned that the budget had increased from \$41 million to \$81 million, and she had commented that the original budget was \$31 million. He stated that at the time, he was unaware of the \$31 M budget, but Ms. Smith was correct they had listed the budget as \$31 million in their Urban Finished Water Master Plan report in January 2022. He apologized to Ms. Smith for not taking her comment into consideration and for any confusion he had caused.

Mr. Gaffney added that he previously mentioned that he believed the \$31 million had been a placeholder for many years. He stated that he double-checked and found that it had only appeared in the budget for the first time in 2022. He stated that to correct his previous statement, he would like to apologize for assuming it had been a long-standing figure.

Mr. Mawyer stated that by June 2022, the project cost had reached \$41 million, which he had presented to City Council and this Board when they selected the route for the pipe. He stated that by June 2022, the project budget had been updated again. He stated that this may be a symptom of a project that had been in their planning program since 1987. He stated that over the past 38 years, numerous changes had occurred to the project, and they attempted to keep pace with budgetary and project updates. He stated that they again apologized to Ms. Smith for not being confident in her comments, which were clearly correct.

Mr. Mawyer stated that regarding the Administration Building renovation, construction was expected to begin around June. He stated that they were busy purging the building of unnecessary files and other items. He stated that they planned to relocate staff to a suite of temporary trailers on the compost road during the two-year construction period. He stated that as for the Board meeting space, they were currently exploring use of the ACSA facility as the monthly Board meeting room.

139
140 **5. ITEMS FROM THE PUBLIC**
141

142 Dede Smith stated that she was a resident of Fry's Spring in the City of Charlottesville. She
143 stated that she would like to thank the Board for acknowledging her public comments at the
144 previous meeting; it was very kind of them. She stated that she did have a few questions
145 regarding the Central Water Line, and she would like to clarify that she did not live on the path
146 of this pipeline, but she was advocating for the south side, where she did live. She stated that the
147 area had experienced a lack of representation on any board, so she was being the Lorax to bring
148 attention to the needs of her community.
149

150 Ms. Smith stated that during the last meeting, there was significant discussion about the conflict
151 between the Central Water Line and sewer lines in the City streets, particularly the need to
152 excavate below rock for four miles of the path. She stated that she would like to clarify how they
153 planned to accomplish this, and whether blasting of rock along City streets would be necessary.
154 She stated that her second question concerned the possibility of having to sever sewer lateral
155 lines that connect the main pipes in the street to individual homes. She stated that although this
156 was mentioned in the minutes, she would like to understand the practical implications and
157 whether it would be the homeowners' or the City's responsibility to mitigate this issue.
158

159 Ms. Smith stated that her third question was regarding the discussion up to this point only
160 referenced sewer lines. She asked about water and gas lines in the street which also had laterals
161 to every home along the path. She stated that even if the water lines were avoided, she would like
162 to know what implications there would be for these lines if they were excavated or damaged. She
163 stated that she would like to understand the potential risks and consequences.
164

165 Ms. Smith stated that finally, she had been in a Historic Resources Committee meeting recently
166 that was not about water, but it was mentioned that West Main Street was going to be closed. She
167 stated that the closure was anticipated to occur in the near future, and it would require significant
168 disruption, including the removal of gas lines and RWSA infrastructure pipes. She stated that she
169 would appreciate any insight the Authority could provide regarding this matter. She asked why
170 West Main Street had initially been considered the preferred route due to the plans to tear it up,
171 but then it was stated that it would not be torn up. She stated that she would like to have some
172 clarification on that issue.
173

174 **6. RESPONSES TO PUBLIC COMMENTS**
175

176 Mr. Mawyer stated that in general, any existing sewer, gas, or water lines in the street must be
177 protected from damage during construction of the Central Water Line. He stated that they would
178 take precautions while placing their water line underneath these utilities.
179

180 Ms. Hildebrand stated that no blasting would be allowed.
181

182 Mr. Mawyer stated they would have to chip and cut rock to remove it. He stated that this was
183 consistent with Ms. Smith's earlier mention that blasting could pose challenges around gas lines
184 and other utilities. He stated that therefore, they did not anticipate any blasting. He stated that if

they needed to sever a sewer lateral, they would coordinate with the homeowner to have a short outage while they severed and then restored it. He stated that a short outage was their preferred approach. He stated that they hoped to minimize the need for impact to residents, but they had 75 to 100 sewer laterals to navigate as they installed four to five miles of large water pipe.

Ms. Hildebrand stated that she could address the West Main project. She stated that the West Main project was a natural gas project. She stated that this was the project for which they received a federal grant of \$7.1 million to replace the legacy cast iron system. City Utilities would also take the opportunity to upgrade their water lines while they were in West Main. She stated that they did not anticipate any closed roads during the project, but there may be sections of roads that required detouring traffic. She stated that the work in West Main was not a Rivanna project; it was a City project.

7. CONSENT AGENDA

- a. Staff Report on Finance*
- b. Staff Report on Operations*
- c. Staff Report on CIP Projects*
- d. Staff report on Administration and Communications*
- e. Staff Report on Wholesale Metering*
- f. Staff Report on Drought Monitoring*
- g. Approval of Term Contract for Construction Visual Documentation Services – Commonwealth Documentation, LLC*

Mr. Pinkston moved the Board to approve the Consent Agenda. Ms. Mallek seconded the motion, which carried unanimously (7-0).

8. OTHER BUSINESS

- a. Presentation: Organizational Agreements of the RWSA
David Tungate, Deputy Executive Director*

David Tungate, Deputy Executive Director, stated that he would be addressing the organizational agreements of the Rivanna Water and Sewer Authority. He stated that the idea for this organization began on June 7, 1972, when the State Water Control Board notified the City and County about the availability of \$13 million in federal and state grants, contingent upon the City of Charlottesville and Albemarle County designating a single political entity to represent both localities. He stated that a concurrent resolution on June 7, 1972, established the Rivanna Water and Sewer Authority.

Mr. Tungate stated that at the time, the Rivanna Board consisted of five members, with two representatives from the City, two from the County, and one member that was jointly appointed. He stated that the City and County later approved the concurrent resolution to reauthorize the Rivanna Water and Sewer Authority for an additional 50 years in 2022. He stated that the Service Agreement of 1973, also known as the Four-Party Agreement, involved the acquisition of the existing water and wastewater facilities from the City and Albemarle County Service Authority (ACSA) by the Rivanna Water and Sewer Authority.

Mr. Tungate stated that under this agreement, RWSA was required to be the sole producer of potable water and wastewater treatment in Albemarle County and the City, with the term set to expire on June 30, 2012, or when bonds were paid within two years of notice of termination. He stated that in 1985, the Articles of Incorporation were amended and restated to limit RWSA's service area to the City and ACSA for treatment and transmission of potable water and the treatment and disposal of sewage.

Mr. Tungate stated that in 1986, the second Articles of Incorporation were restated to place the Executive Director of the ACSA, or such Albemarle County department head as the Board of Supervisors may appoint, on the Board of RWSA in lieu of the County Engineer of Albemarle County. He stated that in 2009, a third restated article increased the number of Board members from five to seven, with the addition of one member from City Council and one member from the Albemarle County Board of Supervisors. He stated that the fourth restated article, incorporated in 2017, designated the City Director of Utilities or a department head appointed by City Council as the representative on the RWSA Board in lieu of the City Director of Public Works.

Mr. Tungate stated that the 1975 By-laws established the Officers, Board of Directors, and Executive Director position, as well as the schedule of meetings on the third Monday at 403 8th Street. He stated that the 1983 By-laws allowed a designated alternate to attend meetings but not vote. He stated that in 1986, the meetings were changed from the third Monday to the fourth Monday. He stated that by 2010, they had added a requirement to change the meetings from the fourth Monday to the fourth Tuesday. He stated that in 2014, Board members were allowed to participate remotely in Board meetings through electronic communications, provided a quorum of four was physically present at the meeting. He stated that in 2016, the Executive Director was authorized to sign contracts up to \$100,000.

Mr. Tungate stated that in 2020, this contract limit was increased to \$200,000. He stated that in 2022, a remote participation policy was adopted, allowing virtual Board meetings and remote participation by Board members. He stated that next he would discuss some of the working agreements. He stated that a Working Agreement on Urban Area Wholesale Flow Allocation and Billing Methodology was established in 1983. This agreement determined that water and wastewater treatment charges would be applied to the total amount of water produced, with the total cost proportionally allocated to City Utilities and ACSA based on the metered usage obtained from customers.

Mr. Tungate stated that the Joint Resolution of 1983 purchased 1,314 acres of land for a proposed drinking water supply reservoir and created the Buck Mountain Surcharge. He stated

that the Southern Loop Agreement of 1987 outlined the plan and cost allocation for water lines and storage tanks from the Observatory Water Treatment Plant to Avon Street and from Avon Street to East High Street, Eastern Branch. He stated that this agreement was replanned in 2022 to a southern/Cherry Avenue corridor closer to the center of the City, also known as the Central Water Line.

Mr. Tungate stated that in 1990, the Moores Creek Relief Sewer Project was undertaken, a new sewer line parallel to the existing Moores Creek Interceptor Line on Quarry Road to the Moores Creek Advanced Water Resource Recovery Facility. He stated that the Urban Water Line in 1993 established a funding formula for the water line along Berkmar, with a split of 52% City and 48% ACSA. He stated that in 2003, the South Rivanna Water Treatment Plant expansion allocated capacity and cost for a 4 MGD expansion at South Rivanna, which was 100% funded by ACSA.

Mr. Tungate stated that non-capacity CIP projects for the urban water system were allocated at 48% to the City and 52% to ACSA, and urban plants capacity and the South Fork Rivanna Reservoir was allocated for safe yield. He stated that the 2012 Ragged Mountain Dam Project Agreement required RWSA to design and build a new Ragged Mountain Dam and a pipeline from South Rivanna to Ragged Mountain. He stated that the agreement required water supply and demand studies every decade, starting in 2020. RWSA committed to construct and maintain a wholesale metering system.

Mr. Tungate stated that the Ragged Mountain Reservoir was leased from the City for 40 years, ending in 2052. He stated that the 2012 Water Cost Allocation Agreement allocated the cost of the Ragged Mountain Dam as follows: 85% ACSA, 15% City Utilities for the dam, and the pipeline being shared 80% ACSA and 20% City Utilities. Mr. Tungate stated that the agreement also allocated urban water supply and safe field monitoring to the wholesale meter system.

He stated that the 2014 Wastewater Projects Cost Agreement allocated the cost of the new Rivanna Pump Station and future capacity and non-capacity wastewater CIP projects, based on actual wastewater flow updated every five years. He stated that this update was due again in 2025.

Mr. Tungate stated that the Four-Party Agreement was amended in 2015 to compute debt services charges as a monthly charge rather than including them in water and wastewater rates. He stated that in 2019, the following year, the Buck Mountain Surcharge was ended. He stated that in 2020, the Observatory Water Treatment Plant Raw Water Pumping and Piping Upgrade Cost Allocation Agreement allocated costs for additional capacity facilities and a commitment to construct a Central Water Line through the City.

Mr. Tungate stated that a 49-year lease with UVA for the Observatory Reservoir Water Treatment Plant was signed in 2020. It established annual payments of \$175,000 to be adjusted annually for CPI-U increases every 10 years.

He stated that the 2022 Northern Area Drinking Water Project Agreement allocated costs to ACSA for new drinking water facilities north of the South Fork Rivanna River. He stated that the

323 following year, the first amendment to the Ragged Mountain Dam Project Agreement authorized
324 RWSA to increase the community's water supply by adding 700 million gallons to the existing
325 Ragged Mountain Reservoir.

326
327 Mr. Tungate stated that the foundation documents of RWSA include the Articles of
328 Incorporation, the Four-Party Agreement, and various bylaws and agreements which have been
329 established over the past 53 years to allocate water and wastewater supply and costs. He stated
330 that the staff must accurately administer these agreements and properly manage their resources,
331 budgets, and charges to the City and ACSA.

332
333 Ms. Mallek asked, when considering the allocations for costs associated with new construction,
334 was there a true-up based on consumption, typically on a regular time period? She stated that for
335 instance, if 10,000 more people were to move into the City, it would likely significantly impact
336 their percentages and consumption patterns in the construction space.

337
338 Mr. Tungate stated that to the best of his knowledge, the terms were subject to adjustment based
339 on the agreements in place, but he did not believe they would be adjusted.

340
341 Mr. Mawyer stated that the agreement outlined the specific amounts of water allocated to the
342 City and the Service Authority. He stated that this was when they conducted their monthly
343 wholesale meter report, which provided a graph showing the allocated amounts and the actual
344 usage by each party. He stated that this cross-check ensured that both parties remained within the
345 agreed-upon limitations. He stated that the agreement also specified that if either party exceeded
346 its allocation, a true-up would occur. He stated that this was outlined in the Ragged Mountain
347 Dam Project Agreement and the Water Cost Allocation Agreement, which were partnerships
348 between the City and the Service Authority.

349
350 Ms. Mallek asked if it would be higher than a normal gallon charge due to not covering the
351 construction costs.

352
353 Ms. Mawyer stated that his summary was that it may be a complicated process to determine the
354 true-up cost if the water allocation was exceeded decades into the future for a project completed
355 in 2014. He stated that the agreement included a true-up if either party exceeded its allocation.
356 He stated that the wholesale meters tracked how much water each party was using to ensure there
357 was compliance with that agreement.

358
359 Mr. Gaffney stated that he believed Mr. Wood had put in a significant amount of effort in
360 developing that agreement, and he thought that he was capable of resolving any issues that may
361 arise if someone exceeded their allocated amount.

362
363 *b. Presentation and Consider Vote to Approve: Introduction of FY 2025-2026 Budget and*
364 *Resolution to Adopt the Preliminary Rate Schedule*
365 *Bill Mawyer, Executive Director*
366

367 Bill Mawyer, Executive Director, stated that with the background provided by Mr. Tungate on
368 their foundation documents and the process of allocating costs, he would present the proposed

budget for the upcoming year. He explained that this budget was guided by five strategic plan goals, which they focused on daily. He stated that the budget was \$64 million for next year, with an \$8.9 million increase from the current year primarily driven by debt service which would increase by \$5.7 million next year.

Mr. Mawyer stated that this budget increase was largely due to the essential and generational water supply projects they were currently building along with other projects which would begin in the next fiscal year. He stated that those projects were driving the debt service increase. He stated that their operations budget increased by \$3.2 million, or 11.8%. The City's charges were expected to be \$22.9 million, a 12.4% increase, and the ACSA charges would be \$36.9 million, a 20.1% increase.

Mr. Mawyer stated that their finance group and Mr. Wood reviewed the 2024 actual urban water and wastewater retail flows and this resulted in a \$256,000 shift in operating costs from the City to the ACSA for FY26. He stated that they reviewed actual retail flows each year.

Mr. Mawyer stated that they had discussed per- and polyfluoroalkyl substances (PFAS) and how regulatory requirements had become a cost driver. He stated that other emerging contaminants, such as microplastics, were now an evolving regulatory concern. He stated that there were also capacity issues as the City, County, and the University were growing.

Mr. Mawyer stated that they were investigating the use of technologies, including artificial intelligence, which created both benefits and challenges for security and sustainability. He stated that they were exploring renewable natural gas projects with the City to utilize wastewater gas products. He noted that affordability was also a consideration for the customers of the City and the ACSA.

Mr. Mawyer stated that they had discussed the facilities they operated and maintained in the CIP, which included over 60 major facilities with a capital asset value of \$435 million. He stated that they also maintained hundreds of miles of pipe, thousands of water valves and manholes, as well as the Lickinghole stormwater impoundment.

He stated that by the end of June, they would celebrate completion of the Airport Road Water Pump Station and a major electrical upgrade at Moores Creek. He stated that they anticipated removal of the temporary bypass system next month at the Rivanna Wastewater Pump Station, followed by full restoration several months later.

Mr. Mawyer stated that after years of effort, they successfully completed a new water withdrawal permit from the Virginia Department of Environmental Quality (DEQ) for the Crozet water system and were nearing completion of a new permit for the urban water system with DEQ. He stated that they had secured approximately \$1.7 million in grants. He stated that Mr. Wood and his staff successfully issued a \$93 million revenue bond to help fund their projects. He stated that they produced about 3.4 billion gallons of drinking water and processed a similar amount of wastewater during the last year. He stated that major construction projects were underway or planned for 2026, including water supply and redundancy at the South Rivanna crossing.

Mr. Mawyer stated that the Ragged to Observatory Pipeline and Pump Station project was currently underway, along with the Central Water Line project for which they expected to receive construction bids in May. He stated that the South Rivanna to Ragged Pipeline was scheduled for bidding later this year along with a project to increase the normal pool level at Ragged Mountain reservoir. He stated that they were also making drinking water treatment improvements at the Crozet and Red Hill Water Treatment Plants, as well as an upgrade to the powdered activated carbon treatment system at the South Rivanna Water Treatment Plant.

Mr. Mawyer stated that they prioritized asset maintenance and reliability by renovating the four Crozet Wastewater Pump Stations, for which the Board had already awarded the construction contract. He stated that last month they had awarded the construction contract for concrete repairs to the basins and facilities at Moores Creek, along with the administration building renovations, addition, and education center project. He stated that these expenses were the basis for their overall budget of \$64 million. He stated that debt service now accounts for 52% of their operating expenses.

Mr. Mawyer stated that the remaining 48% of the budget provided support for their operational services and expenses. He stated that of the \$30.6 million allocated to this portion of their budget, they used 75% for workforce, chemicals, information technology, and utility expenses. He stated that this left 25% for repairs and maintenance of their equipment, facilities, buildings, and grounds. He stated that they also had expenses for the depreciation of buildings and equipment, and they shipped all of their biosolids to McGill Environmental in Waverly, VA at a cost of almost \$1 million per year.

Mr. Mawyer stated that they had a full-service water and wastewater laboratory to analyze samples. He stated that they also had a wastewater odor control system at all four pump stations from Crozet to Ivy and here at Moores Creek. He stated that this was a maintenance cost of about \$1 million per year. Safety was also a priority, costing \$100,000 per year to maintain. He stated that from the \$8.9 million increase, debt service accounted for 64% of the increase, personnel 13%, and Information Technology systems 11%.

Mr. Mawyer stated that the proposal for staff salaries next year included a 2% cost of living increase, a 3% merit pool, two new positions, and increasing benefit costs for retirement, health and life insurance. He stated that when considering a cost-of-living increase for staff, they were looking at their strategic plan goal of maintaining turnover to less than 10%; currently, they were at 7.9%. He stated that Ms. Beard would shortly present the compensation study they had completed. He stated that they had analyzed cost-of-living indices, including the CPI-U, estimated to be approximately 2.6% by the end of this March over the last 12 month period.

Mr. Mawyer noted that Albemarle-Charlottesville was one of the most expensive areas in Virginia, ranking behind only northern Virginia. He stated that they had polled 30 colleague Utilities around the state, receiving responses from 11. He stated that their data suggested proposed salary increases ranging from 3% to 6%, with an average of about 4.7%. He stated that the Virginia Retirement System had approved a COLA increase of 2.95% for Plan 1 retirees and Plan 2 hybrid received a 2.48% increase. He stated that Social Security had awarded a 2.5% COLA in January. Mr. Mawyer stated that these metrics informed their proposal for staff

461 compensation. He stated that initially, they considered proposing four additional positions, but
462 they decided on two priority positions which included an additional information technology
463 administrator to support the Supervisory Control and Data Acquisition system, community and
464 security systems, asset management, and their increasing reliance on technology for water
465 treatment, wastewater treatment, and HR functions. Mr. Mawyer stated that the second proposed
466 position was one additional construction inspector to monitor our CIP projects, which would help
467 reduce consultant inspection costs. He stated that they had eight projects under construction, with
468 several more planned for this year. He stated that this inspector position would effectively pay
469 for itself. He stated that they currently had four inspectors with a supervisor. He stated that they
470 had been growing this team over the years. He stated that the IT SCADA position fell under Mr.
471 Wood in their Finance and Information Technology Department, while the additional inspector
472 fell under Ms. Whitaker as their Director of Engineering and Maintenance, and Scott Schiller,
473 who was their Manager of Engineering. Mr. Mawyer stated that these two proposed positions
474 would bring their total to 106 positions. He stated that they allocated some of the costs of these
475 central resources, such as Finance and HR, to the Solid Waste Authority, and provided a
476 breakdown of how much would be contributed to support some of these joint administrative
477 positions; approximately six positions in Water and Sewer were supported by Solid Waste.

478
479 He stated that when considering their strategic goal of optimization and resilience, technology
480 and communication was driving an increase of about \$1 million for licenses and support services
481 for their SCADA system, which managed their water treatment, pump stations, and wastewater
482 treatment plants. Mr. Mawyer stated that they were growing their asset management system so
483 that they had a comprehensive listing of all assets with predictive information on the life cycle
484 and when they needed to be replaced. Ms. Whitaker and Katie McIlwee were making significant
485 progress with the asset management program. Mr. Mawyer stated they were focused on replacing
486 equipment before it failed. He stated that they did not want to operate their equipment to failure
487 and compromise customer service. He stated that to address this, they included replacement of
488 essential ultraviolet lamps which disinfect wastewater as part of the proposed budget. He stated
489 that the budget also included replacement of pumps and gas sensors, which were critical
490 components. He stated that they had thousands of water valves, and a motorized valve machine
491 was required to operate them. Mr. Mawyer stated that they had included a grinder for processing
492 solids in the budget along with a mobile generator and redundant power source. He stated that
493 this would enable them to move the generator to pump stations or other locations in cases when
494 emergency power was needed.

495
496 Mr. Mawyer stated that Engineering Services continued to grow with their new commissioning
497 program, which involved pre- and post-construction review by commissioning experts to
498 optimize controls and improve reliability. To support sustainability initiatives, they were
499 investigating a Renewable Natural Gas project with City Utilities. He said they had been
500 awarded significant grant funding to support projects totaling about \$10 million.

501
502 Mr. Mawyer stated that they were also conducting water modeling to assess the risk of droughts
503 and their potential impact on their water supply. He stated that they were working on improving
504 public awareness at their reservoirs in the event of a dam failure. He stated that to achieve this,
505 they were exploring ways to save money through operational optimizations, which had resulted
506 in chemical and process optimizations worth almost \$250,000 annually.

He stated that to summarize, their forecasted charges were as follows: the City was expected to see a 12.4% increase, while the ACSA was anticipating a 20.1% increase. Mr. Mawyer stated that their capital budget for next year was \$104 million, and their five-year Capital Improvement Program totaled \$550 million. He stated that they anticipated a new debt of approximately \$380 million over the next 5 years.

He stated that in summary, their budget was \$64 million, representing a 16% increase from the current year, primarily driven by debt service costs. He stated that this increase would be supported by the City Utilities Department and the ACSA.

Mr. Mawyer stated that he was happy to answer any questions the Board may have. He stated that once he had addressed their concerns, he would like the Board to consider adopting the preliminary rate schedule, which outlined the charges for water and wastewater treatment. He stated that if approved, they would advertise the rates in the newspaper and hold a public hearing at the regular meeting in May, at which time they would have the opportunity to approve the rates.

Ms. Mallek stated that she was aware that they had a significant amount of new debt, but she was unsure about the predictable amount of old debt that was rolling off annually.

Mr. Wood stated that they did not currently have any projects scheduled to come off the books until approximately 2029 or 2030.

Ms. Mallek asked if it would be a significant amount in five years.

Mr. Wood stated that over a five-year period, the annual debt service payment would be reduced by approximately \$1 million. *(note: annual debt service payments will reduce existing debt principal by about \$55 million over the next 5 years).*

Mr. Mawyer stated that they also took advantage of any opportunity they had to refinance bonds to get improved rates.

Mr. Pinkston stated that he found the presentation and the effort that went into it to be extremely impressive. He stated that he believed they had previous discussions on this topic, and he thought it was essential that they adhered to the budget. He stated that he would continue to flag the 10% annual increases, which he knew others had also pointed out, because it was exponential. He stated that he did not have a solution to this issue, but he thought it was something they all needed to be aware of and address. He stated that at the federal level, the changes in taxation on revenue bonds and municipal bonds was a topic that warranted discussion. He stated that he had heard that there were no plans to move forward with it under the new administration in Congress. He stated that he believed that was a risk they should be considering. He stated that it would likely make the situation worse.

Ms. Mallek stated that the cost would increase, as the stock value fell.

Mr. Pinkston stated that he was not certain about that, but it seemed that some of the tax exemptions that were currently in place might not be available in the future.

Mr. Gaffney stated that in the past, he was sure they had discussed the state of the Authority in the year 2000, which was marked by neglect from years before. He stated that as a result, all the sewer interceptors and the wastewater treatment plant had to be rebuilt to function properly. He stated that the water system also required attention at that time. He stated that as a result, they were still playing catch-up as reflected in this proposed budget.

Mr. Pinkston moved the Board to approve the Resolution to Adopt the Preliminary Rate Schedule including authorization to advertise the Preliminary Rate Schedule for a Public Hearing to be held during the regular meeting of the Board of Directors on May 27, 2025. Ms. Mallek seconded the motion, which carried unanimously (7-0).

(Combined Session with RSWA)

*c. Presentation and Consider Vote to Approve Amended and Restated By-Laws
Lonnie Wood, Director of Finance and Information Technology*

Lonnie Wood, Director of Finance and Information Technology, stated that this was primarily a housekeeping item. He stated that a full Board attendance was required to make changes to the bylaws. He stated that the agenda item was a proposal to approve the amended and restated bylaws. He stated that the proposed changes aimed to clarify the Executive Director's authority to execute contracts, leases, easements, deeds, and related compensation agreements.

Mr. Wood stated that the Executive Director's authorization to award procurements was also increased from \$200,000 to \$300,000 to be consistent with purchasing policies and procedures. He stated that this change was in line with the updated purchasing policies and procedures that were implemented in July 2024, which were prompted by changes in the state procurement law. He stated that the proposed by-law revisions were intended to align with the state law changes.

Ms. Mallek moved the Board to approve the Resolution to Adopt the Amended and Restated By-Laws, effective on March 25, 2025. Mr. Pinkston seconded the motion, which carried unanimously (7-0).

d. Presentation and Consider Vote to Approve: FY 2025-2026 Compensation Study and Salary Structure, Leah Beard, Human Resources Manager

Leah Beard, Human Resources Manager, stated that this past fall, they had initiated a request for a compensation study to be completed. She stated that as part of their strategic plan, the workforce development strategy aimed to remain competitive in the market by evaluating their salary structure in conjunction with job titles and functions within each position and aligning it with their overarching goals of retaining engaged employees and recruiting quality talent.

Ms. Beard stated that they had worked with PRM Consulting, a company based in Washington, D.C., which had experience evaluating salaries for numerous organizations in the D.C. area and

in Virginia. She stated that PRM worked with them to identify 26 peer organizations within Virginia, which were all authorities, local municipalities, and government utility departments. She stated that PRM requested salary information from these organizations, and 14 had responded, providing a robust data set for comparison.

Ms. Beard stated that the findings indicated we should consider a new salary structure, which involved identifying the median base salaries and pay grades. She stated that our current salary structure includes 27 pay grades, which had been somewhat cumbersome. She stated that they were reducing the salary structure to 17 pay grades and expanding each pay grade to allow greater flexibility for managers to recognize and reward employees within our merit pay system without reaching the top of a salary pay grade. She stated that the new structure would have larger salary ranges.

Ms. Beard stated that staff were now seeking the Board's adoption of the new salary structure, which would require four Water and Sewer employee salaries to be brought to the new minimum, and 10 Solid Waste employees. She stated that the total impact of this change was estimated to be around \$38,000, effective July 1.

Ms. Beard stated that the new salary structure, which consolidated 27 pay grades into 17, with multiple levels within each, would help assess an employee's position within the organization, particularly for those new to the organization based on their experience. She stated that the wider pay bands were designed to reduce and alleviate compression, and the mid-range levels had been based on competitive market data from the study. She stated that staff were requesting that the Board approve the new salary structure, which would take effect on July 1, 2025.

Mr. Hicks asked if Ms. Beard could provide an example for where an operator with a CDL would be placed in the salary structure.

Ms. Beard stated that an employee with a CDL would likely fall under pay grade 40 in their current structure and the salary for that position would be between \$44,000 and \$73,000. She stated that in the new salary structure, an employee would likely be a grade 2 with a slightly higher salary range of \$50,000 to \$82,000. She stated that Virginia increased the minimum wage by 3.4% in January to \$12.41/hr.

Ms. Beard stated that they were experiencing lower turnover rates, and were proposing a new salary structure to help retain and recruit employees. She stated that the combined turnover rate of both Authorities is currently 9.4%, which was a significant improvement from last year's 14.2%. She stated that with the new salary structure, we would become more competitive in the market, thereby reducing the likelihood of employees leaving. She stated that turnover costs around \$9,000 per employee.

Mr. Gaffney stated that the additional costs of the new salary structure only applied to existing employees because it only increased Rivanna's budget by \$6,000. Ms. Beard stated that the new salary structure primarily impacted Solid Waste and the unskilled positions within pay grade 1. Those employees would receive an increase to reach the minimum salary within the pay grade. She stated that Water Operators would likely start at pay grade 2, so the impact would primarily

645 be on entry-level positions.

646
647 Mr. Mawyer stated that the actual pay increases included 3% for merit and 2% for a cola as they
648 had discussed with the proposed budget. He stated that this was a new pay scale, and the only
649 increase to any individual was if they were below the minimum salary of the pay grade, which
650 only affected four RWSA employees and 10 RSWA employees.

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652 **Mr. Pinkston moved the Board to approve the amended Salary Structure to be effective**
653 **July 1, 2025. Ms. Mallek seconded the motion, which carried unanimously (7-0).**

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655 *(Complete and close the RWSA meeting, then complete and close the RSWA meeting)*

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657 **9. OTHER ITEMS FROM BOARD/STAFF NOT ON THE AGENDA**

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659 There were none.

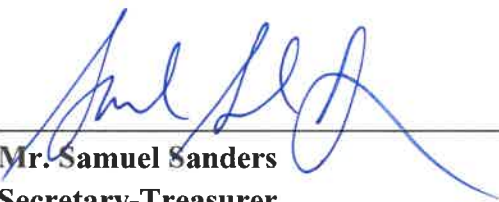
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661 **10. CLOSED MEETING**

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663 There was no reason to hold a closed meeting.

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665 **11. ADJOURNMENT**

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667 **At 3:48 p.m., Mr. Pinkston moved the Board to adjourn the Rivanna Water and Sewer**
668 **Authority meeting. Ms. Mallek seconded the motion, which carried unanimously (7-0).**

669
670 Respectfully submitted,

671
672 
673 **Mr. Samuel Sanders**
674 **Secretary-Treasurer**

