

## Albemarle County Service Authority Board of Directors

1 The Board of Directors of the Albemarle County Service Authority (ACSA) met in  
2 a regular session on June 17, 2010, at 9:00 a.m. at the Administration and  
3 Operations Center at 168 Spotnap Road in Charlottesville, Virginia.

4 **Members Present:** Mr. Roberts, Chairman, Mr. Martin, Vice-Chairman; Messrs.  
5 Carter, Colbaugh; Dr. Palmer

6 **Members Absent:** Mr. Thomas

7 **Staff Present:** Messrs. Gorham, Henley, Lynn, O'Connell, Bowling, Ms.  
8 Breeden, Mrs. Thraves and Mrs. Walker

9 **Public Present:** Mr. Sean Tubbs with Charlottesville Tomorrow

10

11 1. Call to Order

12 The Chairman called the meeting to order and a quorum was  
13 established.

14

15 2. Approval of Minutes for May 6, 2010 and May 20, 2010 (Recording

16 Time: 08:59:33 a.m.)

17 a. The Chairman asked if there were any corrections or additions to  
18 the minutes of May 6, 2010.

19 ***Mr. Colbaugh moved to approve the minutes of May 6, 2010,***  
20 ***seconded by Mr. Carter. All members voted aye; Dr. Palmer abstained,***  
21 ***since she was not a member of the Board at that time.***

22 b. The Chairman asked if there were any corrections or additions to  
23 the minutes of May 20, 2010.

24 ***Mr. Carter moved to approve the minutes of May 20, 2010, seconded***  
25 ***by Mr. Colbaugh. All members voted aye, Dr. Palmer abstained.***

26

27 3. Executive Director Report (Recording Time: 09:00:30 a.m.)

28 Mr. O'Connell stated that the ACSA's financial advisor contract approval  
29 was on the agenda for the long term financing of the North Fork Regional Pump  
30 Station (NFRPS) Project, and that the project was near the point of  
31 advertisement for bids. He advised that there was an easement issue included

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1 on the Agenda regarding the project. He added that the ACSA would probably  
2 have more easement issues to present to the Board in July. Mr. O'Connell  
3 stated that staff was beginning to review financing for the project, which would  
4 likely be a bond. He added that there were other financing alternatives also  
5 being explored.

6 Mr. O'Connell stated that at the end of the meeting, he would bring up a  
7 topic regarding the current state of the Water Supply Plan of the Rivanna Water  
8 and Sewer Authority (RWSA) and what was planned to occur.

9 The Chairman asked Mr. O'Connell to discuss his presentation to the  
10 Albemarle County Board of Supervisors. Mr. O'Connell stated that the  
11 presentation was well received. He noted that the meeting was very interactive  
12 and took approximately 45 minutes. He stated that Ms. Breeden had walked the  
13 Supervisors through the ACSA's connection fees and the process behind them.  
14 Mr. O'Connell stated that he felt the Supervisors understood the process. He  
15 advised that next quarter, the ACSA would bring the Supervisors up to date on  
16 current ACSA projects. He added that he had presented a map detailing the  
17 different locations of projects currently taking place. Mr. O'Connell stated that  
18 Mr. Martin attended the meeting.

19 Mr. Martin agreed that the meeting went very well. He stated that the  
20 presentation was the most energetic and interactive discussion of the ACSA and  
21 Supervisors since the process began. He noted that the Supervisors were so  
22 interested in the presentation that the meeting ran beyond the scheduled  
23 timeframe.

24 The Chairman thanked staff for the presentation.

25

26 **4. Matters from the Public Concerning Items Not on the Agenda (Recording**  
27 **Time: 09:03:13 a.m.)**

28 There were no matters from the public.

29

30 **5. Response to Public Comment (Recording Time: 09:03:30 a.m.)**

31 There was no public comment.

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1 **6. Consent Agenda (Recording Time: 09:03:35 a.m.)**

2 The Chairman asked if there were any questions or concerns regarding  
3 the Consent Agenda.

4

5 a. Monthly Financial Reports –

6

7 b. Monthly CIP Report -

8

9 c. Monthly CIP Authorizations –

10

11 d. RWSA Minutes of April 27, 2010 -

12

13 e. ACSA Board Policy Issues 2010- Update-

14

15 Dr. Palmer referred to the Rivanna Station Agreement listed  
16 under Pending Issues. She understood that the Rivanna Station  
17 Agreement was for the National Ground Intelligence Center (NGIC)  
18 facility. Mr. Gorham agreed and stated that it included the facility  
19 referred to as the Joint Use Facility. He stated that the referenced  
20 agreement was a Utility Maintenance Agreement; NGIC had never  
21 dedicated their water and sewer lines, therefore necessitating this  
22 agreement.

22

23 Mr. Gorham explained that issues arose with Federal  
24 regulations regarding privatization of the lines. He stated that staff  
25 had been working with NGIC and reviewing this Federal document.  
26 Mr. O’Connell noted that the document treated the ACSA as a  
27 private company. Mr. Gorham stated that included in the  
28 Agreement were statements regarding prepayment of their share of  
29 the North Fork Regional Pump Station (NFRPS) Project, which  
30 further complicated the matter.

30

31 Dr. Palmer asked if the NGIC facility would pay for new  
water connections, and if the ACSA was offering the facility any

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1 special arrangements. Mr. Gorham stated that the NGIC facility fell  
2 within the Special Rate District boundaries. He advised that if they  
3 were to pre-pay their share of the costs of the NFRPS Project, they  
4 would avoid the future Special Rate District fees (since they  
5 contributed to the project). He added that they would still be  
6 required to pay the standard connection fees.

7 Mr. O'Connell reiterated that NGIC was not being treated  
8 differently than standard ACSA policy. Dr. Palmer clarified that the  
9 staff was using standard methodology as with any other  
10 development. Mr. Bowling replied in the affirmative. He stated that  
11 the ACSA had attempted to have all parties enter into the same  
12 agreement that NGIC had. Dr. Palmer stated that she was referring  
13 to the water system. Mr. Gorham replied that NGIC would pay  
14 normal connection charges for any building they built, by meter size  
15 and equivalent residential connection (ERC). Mr. O'Connell added  
16 that the ACSA's understanding was that NGIC would likely build  
17 additional facilities.

18 Mr. O'Connell further noted that the one document he  
19 reviewed was over 50 pages long, with numerous items that did not  
20 pertain to the ACSA. Mr. Gorham stated that the ACSA and NGIC  
21 had been discussing the language for approximately one and a half  
22 years. He added that staff was currently adding language to the  
23 agreement. Mr. Bowling stated that the language was in conformity  
24 with the Standard Procurement Requirements for the Department  
25 of Defense which could not be changed without an act of Congress.  
26 He noted that there was one person at NGIC that the ACSA had  
27 been in contact with who understood the ACSA's position and was  
28 very helpful. Mr. Gorham stated that the ACSA had not yet  
29 presented the changes to NGIC. He noted that unfortunately, the  
30 person staff had been dealing with would be leaving his position

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1           shortly. He advised that staff was working to have the changes  
2 submitted to NGIC as soon as possible.

3           Dr. Palmer again asked that the Board be given assurance  
4 that the NGIC development would not be treated differently than  
5 any other development. Mr. O'Connell stated that the project was  
6 not causing any new policy implications and added that all other  
7 developments were treated the same way. He advised that the  
8 complexity with the NGIC facility was due to the Federal  
9 Governments' template document. He added that the Agreement  
10 would be brought before the Board for their approval.

11           Mr. Bowling stated that the ACSA could force the issue of  
12 the Agreement with NGIC by not allowing them to connect to the  
13 ACSA system. Mr. Gorham added that the ACSA was currently  
14 holding a meter, [not allowing connection] for the NGIC guard  
15 house.

16           Mr. Martin clarified that NGIC wanted to pay, up front, their  
17 portion of the NFRPS Project. Mr. Gorham replied in the  
18 affirmative. Mr. Martin stated that the pre-payment was different  
19 than the payment of fees by any other development. Mr. Gorham  
20 replied in the affirmative. Mr. Martin asked why NGIC wanted to  
21 pay their portion up front; did they feel it would be a cost savings?  
22 Mr. Gorham stated that the up front payment was a cost savings.  
23 He noted that NGIC would pay the actual construction of the  
24 project, so the ACSA's financing costs would be subtracted out of  
25 NGIC's share. Mr. O'Connell clarified that the opportunity was  
26 presented to all developers involved. He stated his understanding  
27 that NGIC was the only "developer" who agreed to pay their share  
28 up front. Mr. Bowling replied in the affirmative.

29           Mr. Martin stated his understanding that all affected  
30 developers agreed to pay their share up front. Mr. Gorham stated  
31 that the possibility was presented to all developers; ACSA sat down

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1 individually with each developer to discuss their share, and at no  
2 point did anyone say they were interested in paying up front, with  
3 the exception of NGIC. Mr. O'Connell clarified that NGIC had  
4 stepped forward and agreed to pursue paying for their share  
5 upfront. Mr. Gorham agreed, and added that until the Agreement  
6 was signed, it had not been finalized.

7 In response to her request, and since she had not been  
8 involved in these events, Mr. O'Connell advised Dr. Palmer that  
9 staff would present her with a simple write-up of the key issues  
10 related to NGIC so she could feel comfortable that there were no  
11 differences in the application of ACSA policy.

12  
13 The Chairman asked if there were further questions or comments  
14 regarding the Consent Agenda.

15 ***Dr. Palmer moved to approve the Consent Agenda, seconded by Mr.***  
16 ***Carter. All members voted aye.***

17  
18 **7. Contracting for a Financial Advisor (Recording Time: 09:15:23 a.m.)**

19 Ms. Breeden advised that she had sent out a request for proposals in  
20 February seeking a financial advisor for the upcoming bond issue. She stated  
21 that the response was underwhelming, with only one proposal. Ms. Breeden  
22 noted that staff had met with Davenport and Company (Davenport), and advised  
23 that Davenport would review all of the ACSA's financial reports and the different  
24 financing options available and would then make a presentation to the Board,  
25 outlining them.

26 Ms. Breeden stated that based upon the Board's decision for financing,  
27 Davenport would move forward with bond ratings and the steps for the entire  
28 financing process. She advised that the total cost of the North Fork Regional  
29 Pump Station Project would be \$23.5 million, although she had previously  
30 estimated the project cost at \$20.5 million. Mr. Carter stated his understanding  
31 that the ACSA had utilized the services of Davenport previously. Ms. Breeden

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1 replied in the affirmative. She stated that the previous experience with  
2 Davenport was prior to her employment, but she had spoken with Mr. Bill Brent,  
3 former Executive Director, and he had been pleased with their work. She added  
4 that she had also spoken with Mr. Bob Tucker and Mr. Lonnie Wood and they  
5 had all been satisfied with Davenport's work. She recommended the Board  
6 proceed with the services of Davenport.

7 Mr. O'Connell advised that he had worked with Davenport for 25 years.  
8 He stated that they had conducted a lot of water and sewer financing work, as  
9 well as other public financings, and he believed them to be one of the best  
10 financial advisors in the region. Mr. O'Connell noted that Davenport was located  
11 in Richmond, easily accessible to the ACSA, and that they were also conducting  
12 work with the Charlottesville/Albemarle Airport Authority.

13 ***Mr. Martin moved to provide staff with authorization to proceed in***  
14 ***securing the services of Davenport and Company, seconded by Mr.***  
15 ***Colbaugh. All members voted aye.***

16 Mr. Colbaugh asked if Davenport would travel to New York to assist with  
17 the sale of the bond. Mr. O'Connell stated that in recent years it was more  
18 typical to conduct a conference call for the sale of public bonds.

19 Dr. Palmer referred to the "key financing considerations" in Ms. Breeden's  
20 memorandum, and asked her to explain the "interim" versus "permanent"  
21 financing. Ms. Breeden stated that interim financing was utilized if the ACSA was  
22 able to obtain local funding such as from DEQ. She advised that those  
23 applications could not be submitted until fall and the ACSA would need some  
24 short term financing in the mean time. Ms. Breeden stated that she was not sure  
25 the ACSA would utilize interim financing since Davenport felt the ACSA would  
26 have a strong bond rating. She noted that the ACSA did not want to rule out any  
27 options.

28 Ms. Breeden stated that Davenport had provided the ACSA with pricing for  
29 other services they provide, and that staff was still reviewing those prices.

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1 Mr. O'Connell stated that given the ACSA's financial strength, he felt that  
2 the ACSA would receive a high bond rating. He added that Davenport indicated  
3 that the ACSA would stand out to typical agencies.

4  
5 **8. Adoption FY 2011 Budget and Rates (Recording Time: 09:21:08 a.m.)**

6 The Chairman stated that numerous workshops and discussions had  
7 taken place regarding the Budget. There being no other discussion,

8 ***Mr. Carter moved to approve the FY 2011 Budget as presented,***  
9 ***seconded by Dr. Palmer. All members voted aye.***

10 Dr. Palmer referred to Page 191 (Attached as Page \_\_\_\_). She stated that  
11 the Construction Plan Review Charge utilized a rate of \$40.00 per hour for  
12 Engineer Plan Review. She noted that the figure seemed low. Mr. Gorham  
13 stated that the figure was an average based on the ACSA engineers' salaries.  
14 Dr. Palmer asked if the ACSA had used the engineers' average salaries, without  
15 any overhead included? Mr. Gorham replied in the affirmative. He stated as part  
16 of the Strategic Plan, the Engineering Department would review the fees since  
17 they had been in place for a long time. Ms. Breeden stated that staff was  
18 planning to review and adjust all fees, but due to the condition of the economy,  
19 decided to wait until next year.

20 Ms. Breeden stated that a rate resolution was included within the Board  
21 packet to be approved by the Board.

22 ***Mr. Carter amended his motion to include the adoption of the***  
23 ***Resolution that the Rules and Regulations be amended and reenacted***  
24 ***effective July 1, 2010 as shown in the Board Packet, seconded by Dr.***  
25 ***Palmer. The Chairman asked for a roll-call vote: Mr. Martin, aye; Dr.***  
26 ***Palmer, aye; Mr. Carter, aye; Mr. Roberts, aye; Mr. Colbaugh, aye.***

27 **9. Virginia Retirement System (VRS) Resolution (Recording Time:**  
28 **09:24:29 a.m.)**

29 Mr. O'Connell stated that as a member of the Virginia Retirement System  
30 (VRS), the ACSA had an option regarding employee contributions that the  
31 General Assembly had put in place in their recent session. He stated that there

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1 were pros and cons regarding the issue. He asked Mrs. Thraves to “walk” the  
2 Board through the current process and what the General Assembly had  
3 authorized.

4 Mrs. Thraves stated that a Resolution had been provided to the Board,  
5 which related to part of the action taken by the General Assembly in changing the  
6 entire VRS Plan for new employees starting on July 1, 2010. She advised that  
7 any employees hired or rehired after July 1, 2010 would fall under Plan 2 of the  
8 VRS. She referred to an overview from VRS (Attached as Page \_\_\_\_), which  
9 showed the changes that the Plan 2 included. Mrs. Thraves noted that  
10 employees currently under Plan 1 would remain under Plan 1. She advised that  
11 Plan 2 reflected the elimination of 55/30 and 50/10 “early retirement” options.

12 Mrs. Thraves stated that the Board needed to decide whether they wished  
13 to continue to pay the employee’s 5% contribution to VRS. She stated that in the  
14 late 1970’s the Board had made the decision to begin paying the employee’s  
15 share of 5%, as well as the ACSA’s share for VRS Benefits. She noted that the  
16 ACSA’s rate for the current year was 8.5% and would decrease to approximately  
17 7% for the upcoming year. She stated that the General Assembly wished to  
18 make it automatic that all employees begin paying their share of VRS  
19 contributions, but it was not approved by the Governor. Mrs. Thraves advised  
20 that localities were given the option of continuing to pay the employee’s share, or  
21 not. She noted that the ACSA was also given the choice of paying one to five  
22 percent of the employee’s contribution.

23 Mrs. Thraves added that the Resolution before the Board today would be  
24 effective for one year. She stated that her recommendation was that since the  
25 ACSA only employed 67 employees who were currently members of VRS, the  
26 ACSA continue to pay the employees’ 5% retirement contribution. Mrs. Thraves  
27 referred to a spreadsheet detailing the cost savings to the ACSA by declining to  
28 pay the 5% (Attached as Page \_\_\_\_).

29 Mr. Roberts referred to the Proposed FY 2011 Budget and asked if the  
30 VRS contribution was fully funded. Mrs. Thraves replied in the affirmative. Mr.  
31 Roberts stated that the cost savings for FY 2011 would be approximately \$4,250.

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1 Mrs. Thraves stated that in the past, any employee who left the ACSA and  
2 chose to withdraw their contributions from VRS, was able to withdraw both their  
3 5% share and the employer's contributions. She advised that the General  
4 Assembly changed that allowance for FY 2011; any employee with less than five  
5 years service in VRS would not be able to withdraw any money that they did not  
6 contribute themselves. Mr. Martin clarified that if a new employee contributed his  
7 share of the contribution, and left employment, they could take the contributed  
8 money. Mr. Bowling stated that an employee could take the employee's share  
9 whether they were vested or not. Mrs. Thraves confirmed that the employee  
10 could only take what money they contributed.

11 Mr. O'Connell pointed out that the change in contribution payments would  
12 not impact current employees. He stated that the change would only affect  
13 employees who began their employment after July 1, 2010. Mr. O'Connell  
14 referred to a chart within the Board's packet, detailing what other localities had  
15 decided, or were recommending, to do (Attached as Page \_\_\_\_). He stated that  
16 the decision was similar to "flipping a coin" – it was a toss-up. If the Board was  
17 looking at the topic from a cost savings, not contributing the five percent  
18 contribution would have cost savings. He stated that from an employee relations  
19 perspective, the Board needed to consider if a 100% employer-paid contribution  
20 helped recruit employees. He noted that the Board also needed to consider the  
21 impact on employee morale, and if the ACSA could compete with the  
22 construction industry to attract good employees.

23 Dr. Palmer asked if, once an employee retired from the ACSA, the ACSA  
24 paid any percentage of their retirement income. Mrs. Thraves replied no. Mr.  
25 O'Connell clarified that in essence, the ACSA was pre-funding the employees'  
26 retirement income. He explained that the State conducted an actuarial  
27 calculation and advised the ACSA of how much they had to contribute every  
28 year, as a percentage of payroll, to fund retirements. He advised that the  
29 percentage would be reduced by 5% if the Board wished to follow the lead of the  
30 General Assembly.

31

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1 Dr. Palmer asked, if a new employee were to contribute their share, and  
2 was not vested and withdrew the money, would they receive any interest on the  
3 contributions? Mrs. Thraves stated that the contributions do earn interest but  
4 would be taxed and penalized for early withdrawal.

5 Mr. Martin stated his understanding that VRS was woefully underfunded  
6 and in need of the General Assembly to infuse more money into it. He stated  
7 that the General Assembly enforced the changes to save money for the State.  
8 He felt that the change resulted in a problem for organizations such as the  
9 ACSA.

10 Mr. Martin stated that the Board of Supervisors and the School Board had  
11 met jointly to discuss the topic and came to a unanimous consensus to not  
12 continue to fund the 5% contribution for new employees. He noted that there  
13 was also a discussion that during the next year, the Board of Supervisors and  
14 School Board would review the market implications as a result of this action and  
15 would assess their decisions after a year. He stated that if after a year the Board  
16 of Supervisors or the School Board changed their decision, it would be easier to  
17 tell the new employees.

18 Mr. Martin noted that Mr. Boyd and Mr. Tucker had indicated that they felt  
19 all local employees should be treated the same and Mr. Martin stated he agreed  
20 with them. He felt that it was appropriate to require employees to pay for part of  
21 their retirement benefits. Mr. Martin stated the ACSA should proceed cautiously  
22 through the next year to assess the market in a coordinated manner with other  
23 local agencies and government. He stated that times were changing and the  
24 VRS system was considered an old-fashioned pension plan. He added that the  
25 “millennium generation” was more in tune with financing their retirement through  
26 401k programs. Mr. Martin added that every State employee would now be  
27 required to pay their 5% contribution to VRS. Mr. O’Connell stated that a lot of  
28 UVA employees were not participants in VRS. Mr. Martin stated that he was in  
29 favor of the new employees paying their 5% contribution during the next year.

30 Dr. Palmer asked Mr. O’Connell what made him feel that continuing to pay  
31 the employees’ portion of VRS contributions would give the ACSA a “competitive

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1 edge.” She asked, if the ACSA were not paying the VRS contribution on the  
2 employees’ part, would the ACSA increase salaries? Mr. O’Connell stated that  
3 the VRS was not allowing employees the option of withdrawing any contribution  
4 not paid by them. He felt that the ACSA should be careful about the financial  
5 liability of the VRS. He advised that the ACSA had a contract with current  
6 employees stating an amount that the pension would be at retirement. He added  
7 that VRS was similar to any other retirement system; the investment market had  
8 not been doing well the last few years. He stated that the decision was a way to  
9 relieve the State Budget.

10 Mr. O’Connell pointed out that recently, the County of Albemarle had  
11 eliminated 44 positions and was under a hiring freeze. He stated that it was  
12 unlikely that the County would hire many people in the next year. He felt that  
13 people did show interest in employment at the ACSA due to a great benefit  
14 package, and a pension plan. He stated that the City paid the full contribution to  
15 their retirement plan and was not making any changes to their plan; they also  
16 offered deferred compensation if employees chose to participate. Mr. O’Connell  
17 pointed out the dilemma that the RWSA would have, if one of their customers  
18 was continuing the contribution and the other customer was not. He advised that  
19 the ACSA would be hiring people in FY 2011 and would also incur some  
20 turnover. Mr. O’Connell stated that the Board should be cautious about changes  
21 that were made to be sure the ACSA could still compete for the best employees.

22 Mr. Colbaugh asked if the contributions made by the ACSA were truly the  
23 “ACSA’s money” in VRS. Ms. Breeden replied no. She advised that VRS was  
24 the trustee of the money. Mr. Colbaugh asked, if the VRS was to decide to  
25 abolish the system, would the money be gone? Mr. O’Connell stated that the  
26 VRS had a fiduciary responsibility to honor the benefits. He advised that the  
27 actuarial reports detail how much money was needed annually to honor the  
28 benefit. Ms. Breeden added that each entity received a separate report which  
29 detailed the contribution amount that they were obligated to pay. Mr. O’Connell  
30 stated that the reports were based on a 30-year projection. Mr. Colbaugh asked,

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1 if the ACSA continued paying the employees' share of the contribution, could the  
2 decision be changed next year? Mr. Bowling replied in the affirmative.

3 Mr. Carter stated that he had given the matter a lot of thought, and felt the  
4 matter was not purely economics; he was in favor of not contributing the new  
5 employees' share of contributions. He explained that, with the overall economy  
6 in bad shape, small businesses could not afford to continue to pay their  
7 employees' retirement benefits. He added that the ACSA's benefits, both  
8 insurance and retirement, were exceptional and not offered through smaller  
9 companies. He agreed that the matter should be reassessed next year.

10 Dr. Palmer felt that the ACSA should not continue to contribute new  
11 employees' share of VRS benefits. She stated that she was not convinced that  
12 continuing to pay the contribution would give the ACSA a hiring advantage over  
13 other companies. She noted her concern that the RWSA and the City of  
14 Charlottesville were doing something different than the ACSA.

15 Mr. Roberts stated that the State of Virginia employed thousands of  
16 people; the County of Albemarle and the School Board employed hundreds of  
17 people. He noted that the matter would only affect two positions at the ACSA in  
18 FY 2011. Mr. Roberts felt that, if the Board voted against continuing the  
19 contribution, the message to employees would be "what is going to come next?"  
20 He was in favor of continuing to pay the 5% contribution to VRS. He stated that,  
21 next year, the Board could review the matter again. He felt that the ACSA was a  
22 smaller agency, and this matter would only affect two ACSA positions.

23 Mr. Martin clarified that if the ACSA did not vote to do anything, the ACSA  
24 would continue to pay the new employees 5% contribution. Mr. Roberts stated  
25 that he was asking for a motion, and if the motion died due to the lack of a  
26 second, the Board would move forward.

27 Dr. Palmer asked Mrs. Thraves if she felt such a change would hurt  
28 present employee morale, and if she felt this action would give the ACSA a  
29 disadvantage competitively in the hiring process. Mrs. Thraves replied that  
30 present employees understood and appreciated what the Board had offered  
31 them in approving the FY 2011 Budget. She noted that employees would have

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1 the opportunity for a bonus based on performance, and an additional amount of  
2 money towards their insurance benefits. She felt that the decision before the  
3 Board would not hurt current ACSA employees, but added that she would go  
4 over all of the VRS changes with each employee to make sure they understand  
5 that the change would not ever affect them.

6 Mrs. Thraves stated that she was the employee advocate and had made  
7 her recommendation based on that advocacy. She added that in ten years, the  
8 ACSA grew by ten positions, most of those occurring in the last five years. She  
9 stated that she was unsure how much more the ACSA would grow in the next ten  
10 years but she estimated the number at no more than five to ten employees. She  
11 noted that the ACSA was currently running on a lean workforce; she felt that if  
12 the Board decided to continue to pay the employees' share over the next ten  
13 years, it would not be a lot of money. Mrs. Thraves advised that every time the  
14 ACSA advertised for a new position, interest was received from City, RWSA and  
15 County employees. She felt those employees would be aware of the payment, or  
16 not, of employee contributions by ACSA. She added that 5% was a lot of money  
17 on an employee's salary. Mrs. Thraves noted that the Board's decision would  
18 impact that interest from the other localities for employment with the ACSA, even  
19 if the salaries were comparable. Mr. Martin felt it was not in the community's  
20 best interest to have the ACSA compete with area localities for employees. He  
21 felt treating all employees the same was in the best interest of the community.

22 The Chairman asked for a motion for the ACSA to continue to pay the  
23 employees' 5% contribution to VRS.

24 ***Mr. Colbaugh moved to adopt the Resolution authorizing the ACSA***  
25 ***to pay the employee contribution to VRS under § 414(h) of the Internal***  
26 ***Revenue Code for Plan 2 Employees, seconded by Dr. Palmer.***

27 Mr. Bowling stated that the Board needed to choose what percent they  
28 wished to contribute of the employees' share.

29 ***Mr. Colbaugh amended his motion to include that the ACSA continue***  
30 ***the 5% contribution, seconded by Dr. Palmer. The Chairman asked for a***

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1 ***roll-call vote: Mr. Martin, no; Dr. Palmer, no; Mr. Carter, no; Mr. Roberts,***  
2 ***aye; Mr. Colbaugh, aye.***

3 Mrs. Thraves stated that there was a second Resolution for Transitional  
4 Benefits (Attached as Page \_\_\_\_). She advised that the Resolution would allow a  
5 severance program through VRS. Mrs. Thraves stated that the General  
6 Assembly adopted the program to fund severance for employees who were being  
7 laid off from organizations which may not otherwise have funding. She noted  
8 that after talking to other localities, including the County of Albemarle and the  
9 Virginia Municipal League (VML) liaison in the General Assembly, the cost  
10 implications of this benefit would be tremendous. Mrs. Thraves stated that an  
11 organization as small as the ACSA, if ever in the situation, could provide a  
12 severance package funded solely by the ACSA. She advised that the County of  
13 Albemarle funded severance for all of their layoffs. She did not recommend the  
14 ACSA taking part in the Transition Benefits Program through the VRS.

15 The Board agreed with the staff's recommendation.

16

17 **10. Authorization Condemnation Easements for North Fork Regional Pump**  
18 **Station (Recording Time: 10:05:28 a.m.)**

19 Mr. O'Connell stated that as part of the North Fork Regional Pump Station  
20 (NFRPS) Project, the ACSA had been trying to acquire easements and was  
21 shortly approaching the deadline. He advised that a request to condemn one  
22 easement was before the Board, as the ACSA had been working hard to obtain  
23 the easement, with no success.

24 Mr. Gorham stated that included within the Board Packet were the plats of  
25 two parcels detailing the permanent and temporary easements for the property  
26 referenced (Attached as Pages \_\_\_\_). In addition, Mr. Gorham referred to a  
27 summary of contact with the property owner (Attached as Pages \_\_\_\_). Mr.  
28 Gorham stated that Whitman Requardt and Associates (WRA) had contracted  
29 Land Acquisition Services to help the ACSA acquire and negotiate the necessary  
30 easements for the project. In addition, Mr. Gorham referred to three individual

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1 letters that had been sent to Ms. Blanche Mulligan, the property owner, regarding  
2 the easement (Attached as Pages \_\_\_\_).

3 Mr. Gorham stated that the ACSA had originally offered Ms. Mulligan  
4 \$19,850.00 for the permanent and temporary easements on her property. (He  
5 noted that the Appraisal Group had rounded down the cost of the easements,  
6 where the ACSA typically rounds up.) Mr. Gorham advised that the ACSA  
7 offered \$19,860.00 as their final offer. He stated that several contact attempts  
8 with Ms. Mulligan were unsuccessful, and that no counteroffer had been  
9 received. He advised that, as the deadline approached, Ms. Mulligan expressed  
10 interest in obtaining a private appraisal group to appraise the property. He stated  
11 that Ms. Mulligan could continue to do so after a Certificate of Condemnation had  
12 been filed, but added that filing a Certificate of Condemnation would allow the  
13 project to move forward on the timeline set, which was important. He advised  
14 that the timeline had been shifted previously.

15 Mr. Gorham stated that Ms. Mulligan was advised of and offered a chance  
16 to address the Board at the meeting, via Federal Express. He recalled that  
17 pursuant to the Resolution adopted by the Board of Directors on October 15,  
18 2009, the Board directed the Executive Director to take all necessary steps if  
19 staff was unable to negotiate an easement.

20 Mr. Bowling stated that the ACSA had previously filed very few Certificates  
21 and very few of the Certificates filed have ever gone to court. He felt that the  
22 ACSA had acquired a reputation of adhering to the rule that the landowner was  
23 entitled to adequate compensation for their property being "taken." He added  
24 that the ACSA utilized competent appraisers to fairly evaluate the property.

25 Mr. Bowling explained that after a Certificate of Condemnation was filed,  
26 the project would proceed to completion. Mr. Gorham stated that the NFRPS  
27 Project was expected to take one and a half years to complete. Mr. Bowling  
28 stated that within six months after the project was complete, the ACSA was  
29 required to file a Petition in Condemnation to bring the issue before  
30 Commissioners. He added that during that time, there would be many attempts  
31 to resolve the issue. Mr. Bowling noted that given the amount offered to Ms.

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1 Mulligan, if her appraiser stated that the easement was worth double, a  
2 reasonable settlement would most likely be enforced between the landowner and  
3 the ACSA. He added that the landowner would have to incur the same cost as  
4 the ACSA for litigation and professional appraisers in addition to engaging the  
5 appraiser to participate in the Condemnation process in court. Mr. Bowling  
6 advised that most landowners come to the realization of the fair, economical  
7 process and an acceptable conclusion is met.

8 Mr. Bowling noted the complexity of the easement before the Board. He  
9 stated that there were numerous attempts to contact the landowner, with no  
10 success or input received. Mr. Colbaugh asked if the ACSA was doing anything  
11 with the permanent or temporary easement that would restrict the use of the land  
12 as it was currently zoned. He noted that the landowner did not have the ability to  
13 build a building on top of the permanent easement. Mr. Gorham replied in the  
14 affirmative, noting the temporary easement would dissolve after construction was  
15 complete. Mr. Colbaugh clarified that the landowner would be able to build a  
16 parking lot or driveway over the permanent easement. Mr. Gorham replied in the  
17 affirmative.

18 Mr. Bowling stated that landowners often claim that the residue had been  
19 damaged as a result of the Condemnation. He noted that since this  
20 condemnation would be considered a "strip take," meaning it parallels the  
21 highway, the ACSA appraiser's perspective was that there would be no damage  
22 to the residue. Mr. Martin understood that once a Certificate of Condemnation  
23 was filed, the ACSA owned the easement. Mr. Bowling added, subject to  
24 defeasance by the landowner through the process. Mr. Martin clarified that the  
25 ACSA would not need to obtain an agreement on the compensation for the  
26 easement. Mr. Bowling replied in the affirmative adding that the compensation  
27 amount would be decided in court. Mr. Martin asked, once the Certificate of  
28 Condemnation was filed, could the ACSA move the bulldozers in the next day?  
29 Mr. Bowling replied in the affirmative.

30 Mr. O'Connell stated that staff's purpose for the Condemnation request  
31 was that the project would not meet the deadline without the easement issues

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1 resolved. He added that, in July, the Board may have a couple more easement  
2 issues to review. He stated that staff was working diligently with landowners to  
3 obtain easements and obtain resolution on issues. Mr. O'Connell noted that  
4 most of the easement issues with regard to the NFRPS Project were not  
5 regarding money.

6 Mr. Martin asked if Blanche Veronica Gallagher and Blanche M. Mulligan  
7 were the same individual. Mr. Bowling stated that he was unsure; he noted that  
8 whoever was listed as the title owner of the property was for whom the Certificate  
9 would be filed.

10 ***Mr. Carter moved that the Board authorize the ACSA attorney to file a***  
11 ***Certificate of Condemnation of the permanent and temporary easements on***  
12 ***Tax Map 32, Parcels 22F and 22J, owned by Hardtimes, LLC, seconded by***  
13 ***Dr. Palmer. All members voted aye.***

14

15 **11. Items not on the Agenda (Recording Time: 10:16:26 a.m.)**

16 a. Water Conservation Plan – Mr. O'Connell stated that staff was  
17 currently reviewing the Water Conservation Plan. He stated that  
18 as the RWSA was reviewing the Demand Study work, he felt it was  
19 prudent that the ACSA review their Water Conservation Plan to be  
20 sure the ACSA was following through with all of the items agreed  
21 to.

22 Mr. O'Connell advised that one item included in the Water  
23 Conservation Plan was to educate the public. He presented an ad  
24 that was published in the C'Ville Weekly newspaper which advised  
25 customers of ways to save money and reduce their water use. He  
26 stated that he was pleasantly surprised at the number of  
27 customers that were taking advantage of the ACSA Rain Barrel  
28 rebate. He added that a lot of customers were still taking  
29 advantage of the ACSA Toilet Rebate Program. He referred to the  
30 dye strips that the ACSA distributes to their customers. He stated  
31 that one customer had contacted him regarding a running toilet

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1           where approximately 180,000 gallons of water went through one  
2           toilet in a month. He noted that such a little problem caused a  
3           tremendous use of water.

4           Dr. Palmer asked if the Scope of Services for the RWSA  
5           Demand Analysis would be included on the RWSA website. Mr.  
6           O’Connell stated his belief that the Analysis was included on the  
7           website but stated that he would be glad to distribute it to the  
8           Board. He noted that the Analysis was very basic.

9           Mr. Martin referred to the topic of Rain Barrel rebates. He  
10          stated that it seemed to him that there was an increasing demand  
11          for rain barrels. He noted that Sam’s Club and Whole Foods  
12          currently sold rain barrels. He felt the ACSA was limited in the  
13          ways to advertise the rebate but if the public was fully aware that  
14          they could receive a rebate for the purchase of a rain barrel, it  
15          could do nothing but further promote the sales. He stated that any  
16          individual, who purchased a rain barrel, was a person who was  
17          behind the conservation of water.

18          ***b. Dredging Feasibility Study*** – Mr. O’Connell stated that he had  
19          distributed a copy of the Dredging Feasibility Study to the Board,  
20          which would be publicly presented at the RWSA Board Meeting.  
21          He stated that there would be a public meeting on the study on  
22          June 30, 2010.

23          Mr. O’Connell referred to a Feasibility Study that the City of  
24          Charlottesville was conducting called the Ragged Mountain Dam  
25          Plus 13 Feet (+13), and advised that it was a phased study. Mr.  
26          O’Connell stated that the Board should receive a condition  
27          assessment for the dam in mid-August. He noted that there was  
28          an effort to have the four Boards meet around that time. He  
29          stated that the Board should begin to see all of the reports coming  
30          forward with specific information around the same time.

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1           c. Geotechnical Study performed by Schnabel Engineering – Mr.  
2           O’Connell stated that there had been some interest in having  
3           Schnabel Engineering continue to conduct geotechnical studies to  
4           review the soils of the reservoir and determine the finest detail of  
5           using those soils and the quantities necessary to build the earthen  
6           dam. He advised that there was a proposal in front of the RWSA  
7           Board at their meeting on June 22, 2010 to discuss that proposal  
8           with the possibility of gaining approval to move the study forward.  
9           Mr. O’Connell asked the Board for their direction. He stated that  
10          the proposal was an effort to stay in parallel with all of the studies  
11          being conducted, to keep the dam study work moving forward.  
12          He noted that otherwise, Schnabel Engineering would be halting  
13          their work for a period of time. Mr. O’Connell felt that a resolution  
14          would be helpful to relate the ACSA Board’s consensus to the  
15          RWSA Board.

16                       ***Mr. Colbaugh moved for staff to submit a Resolution to***  
17                       ***the Rivanna Water and Sewer Authority Board showing the***  
18                       ***ACSA in support of geotechnical studies to move forward with***  
19                       ***the Dam Project, seconded by Mr. Carter. The Chairman asked***  
20                       ***for a roll-call vote: Mr. Martin, aye; Dr. Palmer, aye; Mr. Carter,***  
21                       ***aye; Mr. Roberts, aye; Mr. Colbaugh, aye.***

22          d. Meeting of the Four Boards – Mr. Martin stated that he had last  
23          heard that the four Boards meeting would be conducted within the  
24          first couple of weeks in July. Mr. O’Connell stated that the  
25          scheduling of the meeting was causing a debate. He advised that if  
26          the meeting was conducted and all of the studies were not  
27          complete, there could only be a partial discussion. He stated that  
28          the County Board of Supervisors was interested in trying to meet as  
29          soon as possible to conduct a discussion. He felt that with the  
30          Board’s resolution of moving the geotechnical work forward, it

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1 would keep things moving forward, and having the other studies  
2 complete would make more sense.

3 Mr. Martin stated that since the Earthen Dam Study and the  
4 Dredging Feasibility Study were complete, he was concerned  
5 regarding the City's study of the Ragged Mountain dam. He stated  
6 that the City had a \$350,000 contract for the condition assessment  
7 of the dam. He asked, given the fact that the Dam Report and  
8 Feasibility Study had been completed, did the City need to proceed  
9 with the contract? Mr. O'Connell stated that the City had  
10 proceeded with the Study and he had received the scope of work  
11 for the project. He stated that the study would be conducted in two  
12 phases. He noted that the initial condition assessment would utilize  
13 test borings and would review the condition of the dam with a  
14 camera. He stated that he was advised that the first phase should  
15 be complete by early August. Mr. O'Connell added that the  
16 Demand Analysis that the RWSA was authorizing would be  
17 complete in early August as well. He stated that it appeared that  
18 reports should start to be received in early August.

- 19 e. July Work Session – Mr. Colbaugh suggested Mr. Frederick attend  
20 the ACSA Board work session in July to discuss what the current  
21 issues were and what the ACSA Board could do to assist the  
22 RWSA in the next step of the process. Mr. Colbaugh asked, if the  
23 ACSA Board took action to pay the “full freight” of conducting the  
24 next step of the process, such as starting final design in July  
25 subject to the results of further studies, would that move the project  
26 forward without the consent of the City and other agencies? Mr.  
27 O'Connell stated that he had the same discussion with Mr.  
28 Frederick and Mr. Chris Webster of Schnabel Engineering, and his  
29 understanding was that they needed to conduct the geotechnical  
30 studies to advance the project. He stated that the geotechnical  
31 studies would result in a couple months of work. Mr. O'Connell

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1           stated that if the geotechnical studies moved forward, the project  
2           would move forward in parallel. He added that if the studies did not  
3           move forward, Mr. Colbaugh's suggestion would be worthwhile to  
4           consider.

5           Mr. O'Connell stated that he had not yet received the RWSA  
6           Board Agenda but his understanding was that there would be an  
7           item on the Agenda for discussion and a proposal from Schnabel  
8           Engineering to conduct the geotechnical studies to advance their  
9           study another step. Dr. Palmer felt that if the proposal did not move  
10          forward, the July meeting with Mr. Frederick should take place. Mr.  
11          Colbaugh stated that he would be interested to find out what the  
12          ACSA could do to assist with moving the project forward. He felt  
13          that Mr. Frederick may have some ideas that he could recommend  
14          to the ACSA, to do individually, to support the RWSA moving  
15          forward with the necessary studies. He noted that the City had  
16          given Mr. Frederick direction to move forward certain studies  
17          without the ACSA Board's consent.

18          Dr. Palmer referred to a statement published in the Daily  
19          Progress by Lauren Hildebrand regarding another reason that the  
20          City felt it was necessary to conduct the study on the 13 feet  
21          addition to the old dam, outside of the Water Supply Plan. She  
22          asked if perhaps that statement had been misinterpreted? Mr.  
23          O'Connell stated that he was unsure; he felt that the study was  
24          driven by the desire to review utilization of the current dam and  
25          adding height to it. He stated that the study would give all parties a  
26          condition assessment of the existing dam. He added that a  
27          decision would then take place of moving forward with design of  
28          adding 13-feet onto the existing dam.

29          Mr. O'Connell asked if the Board wished to hold off a  
30          meeting with Mr. Frederick to see the result of the RWSA Board  
31          meeting. Mr. Roberts agreed. Mr. O'Connell stated his

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1 understanding that Schnabel Engineering would present a specific  
2 proposal of the geotechnical work at the RWSA Board meeting.  
3 Mr. Colbaugh felt that the ACSA Board needed Mr. Frederick to  
4 notify them of the current position within the process. Mr. Carter  
5 agreed that the meetings with Mr. Frederick were helpful. He  
6 added that if Mr. Frederick was ready to report something by the  
7 July work session, it would be great, but if not wait until the  
8 regularly scheduled meeting. Mr. Colbaugh felt that the meeting  
9 with Mr. Frederick was necessary prior to the meeting of the four  
10 Boards. He felt the four Board's meeting was more diplomatic and  
11 less conducive for one-on-one questions. Mr. O'Connell stated  
12 that he would compare schedules with Mr. Frederick to see if he  
13 was available July 1<sup>st</sup> or July 15<sup>th</sup> to meet with the ACSA Board.

14 Mr. O'Connell stated that a communication was circulated  
15 stating that the City was requesting that the four Board's not meet  
16 until mid- August to allow time for all of the studies to be completed.  
17 He advised that he was unsure of the location and time of the  
18 meeting.

19  
20 **12. Adjourn (Recording Time: 10:34:17 a.m.)**

21 ***There being no further business, Mr. Carter moved that the meeting***  
22 ***be adjourned, seconded by Dr. Palmer. All members voted aye.***

23  
24  
25 \_\_\_\_\_  
Gary B. O'Connell, Secretary-Treasurer