

Albemarle County Service Authority Board of Directors

1 The Board of Directors of the Albemarle County Service Authority (ACSA) met in a
2 regular session on May 21, 2009, at 9:00 a.m. at the Administration and Operations
3 Center at 168 Spotnap Road in Charlottesville, Virginia.

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

6 **Members Absent:** None

7 **Staff Present:** Messrs. Fern, Gorham, M. Lynn, Henley, Bowling; Ms. Breeden, Mrs.
8 Thraves, Mrs. Herr

9 **Public Present:** Ms. Tasha Kates with Daily Progress, Mr. Sean Tubbs with
10 Charlottesville Tomorrow

11

12 1. Call to Order

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

14

15 2. Approve Minutes of March 3, 2009, April 3, 2009, April 16, 2009 and April 22, 2009

16 (Recording Time: 08:59:55 a.m.)

17 a. *Minutes of March 3, 2009*

18 *Mr. Colbaugh moved to approve the minutes of the March 3, 2009*
19 *meeting, seconded by Dr. Palmer. All members voted aye.*

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21 b. *Minutes of April 3, 2009*

22 Dr. Palmer requested that the sentence beginning on Line 15 of Page
23 10 be deleted.

24 *Mr. Colbaugh moved to approve the minutes of the April 3, 2009*
25 *meeting as amended, seconded by Dr. Palmer. All members voted aye.*

26

27 c. *Minutes of April 16, 2009*

28 Dr. Palmer stated she recalled that Mr. Hyder stated that it was
29 Municipal and Financial Services Group (MFSG)'s understanding at the time
30 that 3% was the projected increase of the wholesale rate by the RWSA. Mr.
31 Hyder stated that he would research this more fully to see the effect of greater

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1 wholesale rate increases on MFSG’s calculations. Dr. Palmer was interested
2 in what Mr. Hyder may have discovered. Mr. Fern stated that he would
3 review the audio recording of the meeting and revise the text accordingly.

4 Dr. Palmer commented that while she did not need the minutes to be
5 revised as they relate to the discussion on Page 27, Line 27, she would like to
6 have a discussion in the future on what constitutes an enhancement.

7 ***Mr. Carter moved to approve the minutes of the April 16, 2009***
8 ***meeting as amended, seconded by Mr. Colbaugh. All members voted***
9 ***aye.***

10
11 ***d. Minutes of April 22, 2009***

12 Dr. Palmer stated that on Page 5, Line 13, the sentence needed to be
13 divided into two separate sentences as follows: “Dr. Palmer stated that it was
14 not her intention that an RFP be issued. She believed that the ACSA had no
15 obligation to approve this RFP.”

16 Dr. Palmer stated that on Page 6, Line 7, the following revision was
17 requested in replacement of the existing sentence: “She stated that a smaller
18 Community Water Supply Plan (CWSP) was discussed by the opponents and
19 the opponents were challenging the water demand analysis.”

20 Dr. Palmer stated that on Page 6, Line 18 through 20, the sentence should
21 be revised as follows: “Dr. Palmer stated RWSA has already prepared a cost
22 per unit of water storage in the new Ragged Mountain Reservoir and this
23 information showed that the cost of water stored at the Ragged Mountain was
24 less than the cost of storage obtained from the most optimistically priced
25 dredging operation.”

26 Dr. Palmer stated that on Page 6, Line 21 and 22, the sentence should
27 read: “Dr. Palmer stated that a study would probably be completed.” The
28 remaining part of the original sentence should be deleted.

29 Dr. Palmer stated that on Page 7, Line 18, the sentence should be deleted
30 and replaced with the following: “Dr. Palmer stated that Mayor Norris had
31 endorsed publicly a plan that would result in a smaller water supply plan.”

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1 Mr. Colbaugh asked who the opponents of the CWSP were. Dr. Palmer
2 stated that the opponents are the Citizens for a Sustainable Water Plan. She
3 added that four of the members are on the Advocates for a Sustainable
4 Albemarle Population (ASAP) Board of Directors. Mr. Fern asked for
5 clarification on how the opponents should be addressed in the ACSA meeting
6 minutes. Dr. Palmer stated that she has addressed them publicly as
7 opponents to the CWSP.

8 ***Mr. Colbaugh moved to approve the minutes of the April 22, 2009***
9 ***meeting as amended, seconded by Mr. Carter. All members voted aye.***

10
11 **3. Matters from the Public Concerning Items not on the Agenda (Recording Time:**
12 **09:12:28 a.m.)**

13 There were no matters from the Public.

14
15 **4. Consent Agenda**

16 **For Information (Recording Time: 09:12:33 a.m.)**

17 ***a. Monthly Financial Reports –***

18 Mr. Colbaugh stated that he was pleased to see that the trucks purchased
19 were manufactured by Ford. Mr. Martin noted the water consumption data
20 continued to show that actual consumption was below the projected volume.
21 He stated that next year's projections were even lower than the current fiscal
22 year, and asked if staff was comfortable with the FY 2010 Water
23 Consumption Projections. Mr. Fern replied in the affirmative.

24
25 ***b. Monthly CIP Report –***

26 Mr. Martin requested a copy of the letter which was sent to residents of
27 the Oak Hill Development explaining the deferral of the Oak Hill Sewer Phase
28 1 Project.

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1 Mr. Fern referred to Section L of the Compensation and Survey Analysis, which
2 depicted a scenario of four broad bands, including Support, Technical, Professional,
3 and Management bands. Mr. Fern stated there was good potential for this structure to
4 be successful at the ACSA.

5 Mr. Fern referred the Board to a chart provided in their blue packets, (Attached
6 as Pages ____). The chart provided information previously requested by members of
7 the Board, as it related to salary and wage structure adjustments and merit increases of
8 the RWSA and ACSA over the last four years. Mr. Fern noted that the RWSA has
9 made wage structure adjustments, on an annual basis, over the last four years, while
10 the ACSA made adjustments every other year. He added the ACSA and RWSA did not
11 always budget the same merit increase package amounts. Mr. Fern stated that he was
12 requesting the Board approve the wage structure adjustment of 3%. The ACSA staff
13 would present a Broad Banded Structure to the Board at their January meeting. Mr.
14 Martin stated that at the RWSA Board meeting, the Board deferred a proposed 1%
15 wage structure adjustment for FY 2010. He added that it was his understanding that the
16 proposed 3% wage structure adjustment, by the ACSA, was not necessary for finalizing
17 the FY 2010 Budget.

18 ***Mr. Martin moved that the 3% wage structure adjustment be deferred for six***
19 ***months, seconded by Mr. Carter to allow discussion.***

20 Mr. Colbaugh stated that he understood the ACSA was considering a 3% merit
21 increase package. Mr. Fern stated the ACSA Board was considering a 2% merit
22 increase package.

23 Mr. Roberts referred the Board to Section C of the Compensation Survey and
24 Analysis, and asked the Board to focus on Job Level 18, Operations Supervisor. He
25 noted that currently, the Operations Supervisor's mid-point was 5.9% above market;
26 with a proposed 3% increase, the position would be 9.1% above market. He was
27 concerned that while realigning salaries, the ACSA did not overly enhance the mid-
28 points of some of the salary ranges. Mr. Fern stated that while some of the job titles
29 exceeded the salary mid-points, the majority did not, even after an adjustment of 3%.
30 Mr. Fern noted for Board members that the discussion did not include specific salaries,
31 but only the salary mid-points for each of the positions.

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1 Mrs. Thraves stated that over the past four years, it had been difficult to find
2 trends in survey data. She noted that several positions still remained below the mid-
3 point, or market, average. She stated that the ACSA for some time had considered
4 ways to avoid the “tree hierarchy” that resulted in inequitable position placement; broad
5 banding had been recognized as a structure to avoid the trap of continually increasing
6 the number of grades needed for internal equity. She stated that it was important to
7 invest the time to properly develop a Broad Banded Structure, but when complete, this
8 proposed structure would pull salaries closer to market averages. She referred to
9 Section L of the Survey and Analysis, which showed the various job titles in their
10 proposed salary bands. Mrs. Thraves stated that with the Board’s approval of the 3%
11 wage structure adjustment, no positions would be moved. However, four Utility Workers
12 and one Customer Service Representative would require minimal salary adjustments in
13 order to bring their salaries to the new minimum entry level.

14 Mr. Colbaugh asked if the 3% adjustment would be effective July 1 and would be
15 across the board. Mr. Fern clarified the 3% adjustment would not be made to all
16 employee salaries, but to each of the grades within the salary structure. Mr. Colbaugh
17 asked the cost to the ACSA of these salary grade revisions. Mrs. Thraves replied
18 \$3,800.

19 Mr. Roberts clarified for the Board, that the increase to the lower range would
20 affect the entry level of the five employees. Mr. Martin stated that it was important for
21 the Board not to ignore the rest of the community. He noted that Mr. Fern had voted
22 against the 1% wage structure adjustment for the RWSA, but was proposing a 3% wage
23 structure adjustment for the ACSA. Mr. Wagner stated that by his computations, over
24 the same time period, the ACSA had increased their salary grades 11.4% while the
25 RWSA had increased theirs 12%. Mr. Martin stated that an increase by the ACSA to
26 the salary range would put them at a distinct advantage for hiring new employees.

27 Dr. Palmer asked if she could have a further explanation of “Broad Banding.”
28 She added that she would also like an explanation for what occurred at the RWSA
29 meeting, regarding the 1% wage structure adjustment. Mr. Fern stated that regarding
30 the RWSA meeting, Mrs. Mueller moved to defer the 1% wage structure adjustment
31 because the City was not implementing such an adjustment; she believed the RWSA

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1 also should not increase the salary ranges. Mr. Fern stated that his reasons for voting
2 in favor of the motion made by Mrs. Mueller was that wage structure increases had
3 been conducted annually in the past, and that it was his understanding that the 1%
4 increase would not significantly impact employees at RWSA. Mrs. Thraves noted that
5 according to the information in the Compensation Survey and Analysis, the RWSA had
6 a number of mid-points below market. She stated that while the ACSA's current
7 compensation system had worked well, it had become increasingly difficult to maintain
8 competitive salary levels, in the technical positions specifically. She noted that
9 government agencies tend to keep increasing the number of grades, or initiate a Broad
10 Banded Structure. She stated that the City utilized a Broad Banded Structure. Mrs.
11 Thraves stated that one of the benefits of Broad Banding was that it allowed employees
12 to grow within a band, or to move to a higher band, through experience, education, and
13 promotion.

14 Dr. Palmer asked what the negative affect of deferring the 3% salary structure
15 adjustment would be to the ACSA. Mrs. Thraves stated the negative affect included the
16 limitation on salary if hiring a new employee should a current employee leave; and, the
17 five current employees would remain below market level.

18 Mr. Colbaugh stated that he recalled in his experience, how an organization
19 changed their salary structure to accommodate the management philosophy of the
20 Board. He stated that broad banding was introduced on a district-wide basis within that
21 organization; he recalled that the banded structure recognized supervisors as a key
22 component to the organization, and therefore banded those positions together.

23 ***Mr. Colbaugh moved to increase the salary level 3% for the five employees***
24 ***whose entry level was low, with the ACSA staff to understand they had the option***
25 ***of offering a higher salary for new hires between now and January 2010. After***
26 ***confirming that such a motion could be made, Mr. Martin withdrew his earlier***
27 ***motion. After confirming that the 3% increase would only affect the five***
28 ***employees, Mr. Roberts seconded Mr. Colbaugh's motion.***

29 Mr. Colbaugh added that he wanted staff to use the Salary Survey as a guide in
30 hiring. Dr. Palmer stated that she agreed with the motion and added she would like to
31 further understand Mr. Colbaugh's meaning of a "district-wide" approach. Mr. Colbaugh

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1 explained that the broad banding occurred only within his organization, and that other
2 organizations were not considered. Mr. Colbaugh stated that he intended his motion
3 only to adjust the levels of the five employees earlier mentioned.

4 ***The Chairman called for a vote and all members voted aye.***

5 Mr. Fern referred the members of the Board to Section 2a of the Compensation
6 Survey and Analysis (Attached as Pages ____). He explained that this section asked
7 benefit type questions to those in the survey. Mr. Martin asked for an explanation of
8 Question 5 and the responses. Mr. Fern stated that as it related to merit increases, 13
9 of those surveyed were not proposing any merit increase, two were considering the
10 merit increase, and seven were providing a merit increase. He stated that of those
11 seven, the average was 2.76%.

12

13 **6. Proposed FY 2010 Budget (Recording Time: 10:10:43 a.m.)**

14 The members of the Board agreed that they would discuss Item 7 before Item 6.

15

16 **7. Rate Study (Recording Time: 10:19:47 a.m.)**

17 Mr. Fern stated that Mr. Martin had requested specific information which was
18 further requested of Municipal and Financial Services Group (MFSG). He stated that
19 while staff had hoped to receive the information prior to the Board meeting, it had not
20 yet been received. Mr. Fern apologized for the lack of information.

21 Mr. Fern stated that Mr. Martin had suggested a follow-up meeting to further
22 discuss the Rate Study. Mr. Fern agreed that a work session would be beneficial to the
23 Board. Dr. Palmer stated that the Public Hearing was to be held on June 4, 2009 and
24 suggested that the Rate Study Work Session be held prior to the Public Hearing.

25 Mr. Colbaugh stated the preferred rates proposed for FY 2010 need to be
26 advertised prior to the Public Hearing. Mr. Martin stated that advertising prior to the
27 Public Hearing may not provide the public with enough time to evaluate the 4-tiered rate
28 structure. Mr. Fern stated that the 4-tiered system varied slightly from the current 3-
29 tiered system and that the fourth tier included a special rate for water consumption
30 greater than 9,000 gallons per month. Mr. Martin stated the fourth tier rate had an effect
31 on irrigation. Mr. Fern noted irrigation accounted for only 4% of total water

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1 consumption. Mr. Martin added irrigation currently accounted for 10% of ACSA
2 revenue.

3 Mr. Colbaugh suggested that a press release could be drafted prior to the Public
4 Hearing which addressed the revised rate structure. Mr. Fern stated that approval of
5 the budget and rates could occur at the June 18, 2009 Board of Director's meeting. Mr.
6 Roberts stated approving the FY 2010 Budget on June 18, 2009 would provide the
7 Board an opportunity to consider what the public offered at a Public Hearing. Mr.
8 Colbaugh stated it would be important to discuss the Rate Study first, prior to receiving
9 public comment. Mr. Carter suggested that the Board meet at 5:00 p.m. on June 18,
10 2009 to discuss the Rate Study and conduct the Public Hearing at 7:00 p.m.

11 Mr. Colbaugh asked that a faxed copy of Mr. Martin's spreadsheet be forwarded
12 to him after it was completed with the information provided by MFSG. Mr. Fern stated
13 the announcement for a Public Hearing would include the most current rates. Mr.
14 Martin asked if an FY 2010 Budget document would be updated prior to the Public
15 Hearing. Mr. Fern stated that the document would be prepared prior to the Public
16 Hearing.

17

18 **6. Proposed FY 2010 Budget (Recording Time: 10:30:33 a.m.)**

19 Mr. Martin asked for the reason the ACSA staff was not proposing the Automatic
20 Meter Reading Testing Program in Scottsville in FY 2010. Mr. Fern stated after a
21 meeting with Sensus Meters, it was determined that the Propagation Study completed
22 for the ACSA may not be as complete as originally believed. Dr. Palmer asked for an
23 explanation of the Propagation Study. Ms. Breeden stated that the Propagation Study
24 provided an analysis of the number of towers which would be required based on the
25 topography within the service area.

26

27 **8. Draft Dredging Feasibility Study Request for Proposal (RFP) (Recording Time: 28 10:32:11 a.m.)**

29 Mr. Fern stated that this item was included on the Agenda, to allow the Board
30 time for further discussion of the Dredging Feasibility Study RFP. The Board Meeting
31 conducted on May 14, 2009 had not yet been held prior to the preparation of the Board

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1 Packet for the May 21, 2009 meeting. Since that time, the Board had met, a letter had
2 been drafted to the City Council and delivered, the RWSA Board Meeting had been
3 conducted, and the City Council had agreed to fund the remaining tasks of the Dredging
4 Feasibility Study. Mr. Martin stated the letter prepared and sent to the City Council was
5 a very good letter. He added that it was apparent that a lot of good work was completed
6 prior to the RWSA Board Meeting and that he was happy with the overall outcome. Dr.
7 Palmer agreed with the outcome of the ACSA paying their portion of the three specific
8 tasks and the City paying for the remaining portions of the study.

9 Mr. Wagner referred to a copy of the letter from Bill Ellis regarding the legal
10 opinion as it related to impacting the CWSP permits. Mr. Wagner stated the RWSA
11 Board of Directors met in closed session to discuss this letter. Upon returning to open
12 session, the RWSA Board agreed to release the letter and to waive confidentiality. On
13 Monday evening, the City Council discussed the Dredging Feasibility Study RFP, but
14 did not mention the Ellis letter. He questioned whether there was some risk with moving
15 forward on the Dredging Feasibility Study RFP. Dr. Palmer agreed, and stated that an
16 article in the Daily Progress also did not reference the Ellis' letter; however, an editorial
17 did mention that a potential problem existed based on the contents of the letter. Mr.
18 Carter stated that the agencies should be careful on the potential impact to the CWSP
19 permits. Mr. Wagner stated that RWSA would be issuing the RFP and he hoped that
20 the RFP would not be connected to the CWSP. Mr. Martin stated that before a contract
21 was signed with an engineering firm for the Dredging Feasibility Study, the cost
22 allocation between the City and ACSA should be signed to avoid disputes. Mr.
23 Colbaugh recommended that Mr. Frederick include the distribution of cost between the
24 ACSA and the City in his request for RWSA Board approval of the appropriation for the
25 Dredging Feasibility Study. Mr. Fern stated that a breakdown of costs should be
26 provided by the selected consultant for each of the specific tasks. Mr. Martin stated the
27 percentage to be paid by each entity should be negotiated. Mr. Fern stated that it would
28 be appropriate to base the shares on the percentage of water usage and the Dredging
29 Feasibility Study should be kept separate from the CWSP cost allocation. Mr. Roberts
30 stated that he had watched the City Council meeting and understood the City Council
31 requested their approval of the selection committee.

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9. **9. Items Not on the Agenda (Recording Time: 10:39.53 a.m.)**

1
2 **a. *Pre-Audit Meeting*** - Mr. Fern stated that Robinson, Farmer, Cox (RFC)
3 would like to conduct a pre-audit meeting with the Board of Directors. A
4 similar meeting was held prior to last year's audit. Mr. Roberts asked when
5 RFC would like to conduct this meeting. Ms. Breeden stated, prior to the end
6 of the fiscal year. She added the length of the meeting depended upon the
7 Board's interest and questions. RFC had suggested that they could meet
8 with a committee instead of the entire Board. Mr. Roberts stated the meeting
9 could be held prior to the June 18th Board Meeting. Mr. Colbaugh suggested
10 the meeting could be held after July 1st. Mr. Fern stated that staff would
11 check with RFC about meeting on June 18th. Mr. Colbaugh asked if this
12 meeting would be held in closed session. Mr. Wagner recalled that at last
13 year's meeting the staff was not present, but the public was invited.

14 **b. *McLean Refinancing*** – Mr. Fern stated that he had received a request from
15 Mr. McLean, of Farmington, asking for the ACSA to allow the subrogation of
16 the amount still owed on the water system improvements. Mr. Bowling
17 explained that Mr. McLean was requesting that the lien amount by the ACSA
18 be moved from the current mortgage to the refinanced mortgage. Mr.
19 Wagner was surprised that this hasn't been discussed previously. Mr.
20 Bowling stated that in most cases the original amount is paid off in the
21 refinancing.

22 Dr. Palmer asked for a brief overview of the Farmington project. Mr.
23 Bowling stated the Board of Directors created a separate rate district and
24 assessed the cost of the water system improvements to each property,
25 allowing the property owners to pay the costs over time. Mr. Martin asked if
26 the Board had been operating as a bank. Mr. Bowling agreed. Dr. Palmer
27 asked details of the financing arrangement. Ms. Breeden stated the interest
28 rate was 6.5% and the financing arrangement varied between three, five, and
29 10 years, at the choice of the property owner. She added that currently,
30 approximately twelve liens were outstanding.

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1 **c. Consumer Confidence Reports** – Mr. Colbaugh noted the Board had
2 received Consumer Confidence Reports for 2008, and requested the USEPA
3 Secondary Standards be addressed, specifically as they related to hardness,
4 iron and magnesium, and that this information be distributed to our
5 customers.

6 **d. Planning and Coordination Council** - Mr. Martin stated the Planning and
7 Coordination Council was meeting this afternoon at the County Office
8 Building. Ms. Barbara Hutchinson, Executive Director of the Airport Authority,
9 was to address airport improvements and Mr. Tom Frederick of the Rivanna
10 Solid Waste Authority would address the RSWA's Strategic Plan.

11 **e. Ornamental Landscaping** – Mr. Martin stated that he noted the removal of
12 four ornamental trees at the ACSA offices.

13
14 **10. Executive Session – Executive Director Performance (Recording Time: Due to**
15 **Executive Session, no recording was conducted during this time period)**

16 Mr. Wagner explained that initially, the Board was going to meet in Executive
17 Session in order to discuss consultation with Legal Counsel regarding an opinion on the
18 impact of a Dredging Study on the Community Water Supply Plan. Since this letter from
19 Mr. Bill Ellis has already been issued publicly, there was no reason to meet on this
20 matter. However, Mr. Wagner asked that the Board meet in regards to the performance
21 of the Executive Director. Mrs. Herr read a Resolution to enter into Executive Session
22 pursuant to Virginia Code Section 2.2-3711 A (1) to discuss a personnel matter
23 concerning the performance of the Executive Director (Attached as Page ____).

24 ***Dr. Palmer moved to enter into Executive Session, seconded by Mr.***
25 ***Colbaugh. All members voted aye.***

26 The Board of Directors came back into regular session. Mrs. Herr read into
27 record a Resolution stating that only matters previously stated and exempted from open
28 discussion in regular session were discussed in Executive Session (Attached as Page
29 _____).

