

Albemarle County Service Authority Board of Directors

1 The Board of Directors of the Albemarle County Service Authority (ACSA) conducted a
2 work session April 3, 2009, at 9:00 a.m. at the Administration and Operations Center at
3 168 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; Ms. Breeden, Mrs. Thraves,
8 Mrs. Walker

9 **Public Present:** None

10

11 1. Call to Order

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

13

14 2. Work Session- Proposed FY 2010 Budget (Recording Time: 09:00:58 a.m.)

15 Mr. Fern referred to a chart depicting several scenarios for the Proposed FY
16 2010 Rates (Attached as Page ____). As a basis for comparison, Mr. Fern explained
17 that the first set of rates were those proposed at the March 19, 2009 Board meeting.
18 These proposed water and sewer rates included the use of \$2 million from the 3R Fund.
19 The second scenario proposed not changing the rates but leaving them as they
20 currently stood. Utilizing the existing rates, the ACSA would need to utilize \$5.8 million
21 from reserves. Mr. Fern added that the next scenario presented break-even rates.
22 Those were the rates which would need to be charged to avoid reserves being utilized.

23 Mr. Colbaugh asked if the proportion between the tiered rates remained constant.
24 Mr. Fern replied in the affirmative. Mr. Fern stated the last scenario was the new rates
25 proposed by staff, which would show percentage increases which were less than those
26 proposed by the Rivanna Water and Sewer Authority (RWSA) for the wholesale water
27 and sewer rates. Mr. Fern added that in order to achieve the lower proposed rates, the
28 Oak Hill Sewer Phase 1, Glenmore Tank Study, and West Leigh Tank Study CIP
29 Projects were deferred from FY 2010 to FY 2011.

30 Mr. Carter asked about the 3R Fund. Mr. Fern explained that this was the
31 Repair, Replacement, and Rehabilitation reserve account. Funds from this account

Albemarle County Service Authority Board of Directors

1 were used to pay for Capital Improvement Program (CIP) Projects and replace
2 equipment currently owned by the ACSA. Mr. Carter asked the amount of reserves in
3 the 3R account. Ms. Breeden replied approximately \$6 million. Dr. Palmer asked if the
4 necessary funds would be permanently withdrawn. Ms. Breeden stated that the funds
5 would be withdrawn, but that a portion would be returned if projected revenues were
6 obtained. Dr. Palmer asked the amount anticipated to be returned to the reserve
7 account. Mr. Fern replied, approximately \$666,000. Ms. Breeden informed the Board
8 that distribution of revenue to reserves was completed after all fiscal year expenses
9 were paid.

10 Mr. Wagner asked about the amount proposed for the FY 2010 CIP. Mr. Fern
11 stated that the original budget was \$12.6 million, but approximately \$1 million was being
12 deferred until FY 2011 as a result of three less projects. Dr. Palmer asked how these
13 projects were selected. Mr. Fern stated that the Glenmore and West Leigh Water Tank
14 Studies were selected, because they were not design or construction projects. While a
15 liability exists in having a single water main feed to these areas, deferring those projects
16 for one year would not create an additional risk. Mr. Colbaugh asked if the Board would
17 review the CIP Projects. Mr. Fern replied that a Public Hearing would be held at the
18 April Board meeting, in which the CIP Projects would be presented.

19 Mr. Martin asked if the Martha Jefferson Hospital was vulnerable due to lack of a
20 water storage tank. Mr. Fern replied that they were not vulnerable, because of the
21 water distribution loop provided to serve the hospital. Mr. Lynn added that the area is
22 also served by the 5 million gallon RWSA Pantops Water Storage Tank.

23 Dr. Palmer stated that she had gone online to view the Thomas Jefferson
24 Planning District TMDL Study. She noted that while failing septic systems were noted in
25 the study and a cost benefit analysis performed, the study admitted that the analysis
26 was seriously flawed and that the concern was less urgent in the Oak Hill area. She
27 added that the report cited that the ACSA had received many complaints of failing septic
28 systems, and asked if the ACSA had provided the Thomas Jefferson Planning District
29 with this information. Mr. Fern replied that current staff had not provided this
30 information. Mr. Gorham added that the original design was based on anecdotal
31 information regarding failing septic systems prior to 2005.

Albemarle County Service Authority Board of Directors

1 Mr. Colbaugh noted that the projects proposed to be deferred included one
2 sewer project and two water projects. Mr. Fern stated that in developing rates, water
3 and sewer projects were handled separately and that deferring the Oak Hill Sewer
4 Project had a definite affect on the sewer rate. Ms. Breeden added that in addition to
5 the projects being deferred, there was also an adjustment made regarding how reserves
6 were applied. Dr. Palmer asked if deferring the Oak Hill Sewer Phase 1 Project would
7 require deferring the Oak Hill Sewer Phase 2 Project scheduled for FY 2012. Mr. Fern
8 stated that the ACSA staff would review the benefits of applying for a Community
9 Development Block Grant (CDBG) for a single, comprehensive project. Dr. Palmer
10 asked if combining the projects would help the chances for obtaining a CDBG grant.
11 Mr. Fern stated that while the percentage of potential connections for meeting the
12 criteria would remain constant, it would also require that a greater number of
13 households respond to the income survey. Dr. Palmer asked if the Oak Hill Sewer
14 Phase 1 Project was selected to address a greater need. Mr. Gorham stated that
15 originally, the two Oak Hill Projects were separated equally but that based on the
16 surveys conducted, the scope for the Phase 1 Project was increased. Mr. Wagner
17 confirmed that the Oak Hill Sewer Phase 1 Project included residents who expressed an
18 interest. Dr. Palmer stated that the ACSA may have a greater problem meeting the
19 CDBG criteria and asked when the original survey was conducted. Mr. Gorham
20 affirmed Dr. Palmer's assessment and added that the original survey was approximately
21 two years old.

22 Mr. Roberts noted that the CIP Budget over the next five years showed a
23 consistent use of funds for water projects and an erratic investment in wastewater
24 projects. He asked if this trend would continue. Mr. Fern replied that in FY 2010 and
25 FY 2011, the greatest impact would be the North Fork Regional Pump Station Project.
26 He added that although not shown in subsequent years, additional sewer rehabilitation
27 work would be proposed after sewer system evaluation surveys were conducted, on a
28 priority basis established by the RWSA's Interceptor Study. Mr. Roberts stated that it
29 seemed appropriate to defer the Oak Hill Sewer Phase 1 Project to provide rate relief.
30 However, he stated that he did not want to compromise the CIP Budget such that the
31 ACSA would find themselves "behind the eight-ball" and needing to catch up. Mr. Fern

Albemarle County Service Authority Board of Directors

1 stated that the ACSA was currently playing catch up with the CIP. Dr. Palmer agreed
2 with Mr. Roberts and added that deferring the Oak Hill Sewer Phase 1 Project to
3 potentially receive grant funds was also a good reason.

4 Dr. Palmer stated the Rate Study being performed by Municipal & Financial
5 Services Group (M&FSG) may change how rates were being charged. Mr. Roberts
6 asked how the Rate Study may change the rates that had previously been advertised.
7 Mr. Colbaugh stated that it was likely the rates may actually be reduced. Ms. Breeden
8 stated the rates could be re-advertised, if necessary. Dr. Palmer informed the Board
9 that their reason for advertising the initially proposed rates was to garner public input.

10 Mr. Martin stated the Board should consider reducing the amount of the
11 proposed bond, since he believed this would be more advantageous to rate payers. He
12 added that it was important the ACSA forecast CIP funding to gain an understanding for
13 how much would need to be borrowed in the future. He stated that it was important to
14 manage the future debt of the ACSA.

15 Dr. Palmer commented on a format proposed by Mr. Martin which included the
16 separating of operating and CIP budgets. Ms. Breeden stated that M&FSG worked with
17 guidelines of the Government Finance Officers Association (GFOA), but she was not
18 certain how they would present their findings and recommendations.

19 Mr. Martin stated that he was not sure if the Board should reduce rates or reduce
20 debt by deferring the Oak Hill Sewer Phase 1 Project to FY 2011. Mr. Fern stated, at
21 present, the only project for which bonds would be sold was the North Fork Regional
22 Pump Station Project. Mr. Martin cautioned that RWSA rate increases in the future may
23 require the ACSA to bond for more CIP projects.

24 Mr. Colbaugh added that it was his understanding the proposed RWSA increases
25 would be less than 10% annually, in the future. He added the bond for the North Fork
26 Regional Pump Station Project should only include an amount totalling the developer's
27 portion for the project; which amount should be kept separate from an accounting
28 standpoint. Mr. Martin stated that it was uncertain when the funds would be collected
29 from the developers to pay the bond amount. Mr. Colbaugh noted that as another
30 advantage to keeping the account separate.

Albemarle County Service Authority Board of Directors

1 Dr. Palmer added the use of a special rate district would allow the ACSA to
2 adjust rates to be paid by these developers to offset the bond amount. Mr. Martin
3 stated the special rate district had not been fully developed and it was his understanding
4 that residents within the rate district would need to vote in favor of a special rate district.
5 Mr. Fern stated that he would prepare the criteria necessary for establishing a special
6 rate district.

7 Dr. Palmer stated that she agreed with Mr. Colbaugh about keeping the account
8 separate. Mr. Colbaugh acknowledged that ACSA customers would initially subsidize
9 the infrastructure constructed during the North Fork Regional Pump Station Project. Mr.
10 Martin felt the ACSA would not need to bond \$5 million, if the Oak Hill Sewer Phase 1
11 Project was being deferred to FY 2011. Dr. Palmer stated the RWSA had reserved
12 funds for some time now in order to pay for their CIP projects. Mr. Fern stated the
13 current RWSA wholesale rate included reserve fund amounts which were currently
14 being paid by ACSA customers. Mr. Martin reiterated that he would prefer to see the
15 ACSA reduce its projected debt.

16 Dr. Palmer asked for Board consensus on keeping a separate account for the
17 money bonded for the developer's share of the North Fork Regional Pump Station
18 Project. She added the ACSA's share would be paid with revenue derived from rates.
19 Mr. Fern stated that if bonds were not used for the ACSA's share, then rates must
20 increase to provide the necessary revenue. Dr. Palmer agreed, and stated the separate
21 account would provide transparency.

22 Mr. Colbaugh stated the CIP schedule showed two separate bonds for the North
23 Fork Regional Pump Station Project. Mr. Fern stated that depending upon the
24 construction schedule it may be more advantageous to bond for a single amount. Mr.
25 Martin asked the amount on which the projected FY 2010 debt service was based. Ms.
26 Breeden replied \$5 million. Mr. Martin expressed concern that \$10 million needed to be
27 bonded for in FY 2010. Mr. Fern stated that a considerable number of variables
28 currently exist, including the construction cost estimate, construction schedule and bond
29 schedule. He added that as the ACSA completes each phase of the project, they would
30 gain more knowledge on each of these items.

Albemarle County Service Authority Board of Directors

1 Dr. Palmer stated that she would prefer to defer the Oak Hill Sewer Phase 1
2 Project, but keep the two tank studies in the FY 2010 CIP. Mr. Roberts asked what
3 would be gained by completing the tank studies in FY 2010. Mr. Fern stated that the
4 sighting, sizing and preliminary engineering could be completed in FY 2010 for these
5 projects. Mr. Colbaugh stated that it was important to reserve a site for the water
6 storage tanks, prior to development occurring. Mr. Martin stated that he agreed with Dr.
7 Palmer in deferring the Oak Hill Sewer Phase 1 Project, but retaining the water tank
8 studies in FY 2010.

9 Mr. Colbaugh noted that development of Rivanna Village and two other
10 subdivisions in the area would potentially double the water demand in the Glenmore
11 area. Mr. Carter questioned whether completing the study now was premature. Mr.
12 Fern stated the information obtained in the study, especially as it related to sighting,
13 was very important; however, should the County rezone areas, water tank sizing could
14 change.

15 Mr. Martin asked if there was consensus from the Board to defer the Oak Hill
16 Sewer Phase 1 Project, retain the water tank studies in the FY 2010 CIP and continue
17 to project a bond amount of \$5 million for the North Fork Regional Pump Station Project,
18 reducing payments from reserves for CIP projects. Dr. Palmer asked if additional
19 projects should be included in the FY 2010 CIP to account for the deferral of the Oak
20 Hill Sewer Phase 1 Project. Mr. Fern stated that multiple projects would need to be
21 included in the FY 2010 CIP to account for the single Oak Hill Sewer Phase 1 Project.
22 These additional projects could create a workload for ACSA staff which could not be
23 managed. It was agreed that additional projects would not be added to the FY 2010
24 CIP. Mr. Roberts stated that if Oak Hill residents petitioned the Board to include the
25 Oak Hill Sewer Phase 1 Project in FY 2010, the Board may need to reconsider this
26 action. Mr. Carter stated that based on the current economy, it was unlikely that
27 developments would move forward in the Glenmore area. Mr. Colbaugh stated that it
28 was his understanding the subdivisions currently had approval.

29 Mr. Martin stated that he would like to see the Automatic Meter Reading Test
30 Program for Scottsville moved from the Operating Budget to the CIP. Mr. Fern stated
31 the project could be moved to FY 2010 CIP. Mr. Martin added that it was his

Albemarle County Service Authority Board of Directors

1 understanding, that if the test program was successful, a retro-fit of the Urban Area
2 would occur and was estimated at \$2.5 million. Mr. Fern stated that it would be
3 proposed that approximately \$500,000 be spent annually for a five-year period to retro-
4 fit the Urban Area.

5 Mr. Colbaugh stated that he would like to see a cost benefit analysis for the test
6 program. In addition, he would like to hear about experiences from other municipalities
7 which have utilized the technology. He added that he would like to know about system
8 maintenance and reliability. He stated that he would be comparing a system with
9 newer, more accurate meters versus the proposed test program method, which
10 provides for easier reading.

11 Mr. Martin stated that he had investigated the Sensus Automatic Metering
12 Reading System on the internet and was skeptical that a tower, as shown in their
13 literature, could be constructed within Albemarle County. Mr. Fern stated it was staff's
14 understanding that existing towers would be utilized. Ms. Breeden added that jumpers
15 or relay points would be necessary to transmit the data from Scottsville to the ACSA
16 offices.

17 Mr. Fern stated that in the event the test program was not initiated in FY 2010,
18 the ACSA staff may request the Board to add a Meter Technician position for the
19 ACSA's growing water system. Mr. Carter stated that as the water system grows, he
20 would anticipate that more revenue could be generated, which would pay for an
21 additional Meter Technician.

22 Mr. Colbaugh explained the various methods for reading water meters, from
23 opening a meter vault and reading the dial, through drive by recording, as utilized by the
24 City and Dominion Power, to this proposed latest technology of utilizing transmitters at
25 each water meter. Ms. Breeden stated that such a system, as proposed for the test
26 program, would remove vehicles from the road, provide continuous data on each
27 customer and allow for more timely changes in service. Mr. Colbaugh stated that he
28 would feel more assured if a Meter Technician visited the meters on a monthly basis.
29 Ms. Breeden stated that, with the Automatic Meter Reading Testing Program, Meter
30 Technicians could be utilized to change out meters on a more frequent basis. She

Albemarle County Service Authority Board of Directors

1 noted that the Automatic Meter Reading Program would also allow the ACSA to
2 program system anomalies so extended leaks could be eliminated.

3 Mr. Carter asked the proposed impacts to the water and sewer rates if the Oak
4 Hill Sewer Phase 1 Project was removed from the FY 2010 CIP and the water tank
5 studies continued to be part of the CIP. Ms. Breeden responded that the following rates
6 would be needed to generate the appropriate revenue:

7

<u>Item</u>	<u>Rate</u>
Water - Level 1 (per 1,000 gallons):	\$ 4.09
Water - Level 2 (per 1,000 gallons):	\$ 6.74
Water - Level 3 (per 1,000 gallons):	\$12.34
Water - Non-residential & multi-family (per 1,000 gallons):	\$ 6.61
Sewer	\$ 7.73

8

9 Dr. Palmer asked how the average residential monthly bill would be impacted.
10 Ms. Breeden responded, very little. Mr. Fern added that only approximately \$800,000
11 was being removed from the budget, with removal of the Oak Hill Phase 1 Sewer
12 Project.

13 Mr. Martin stated he had proposed a change in the format of the Budget which
14 would separate the Operating Budget from the Capital Improvement Program (CIP)
15 Budget. After discussions with Mr. Fern, it was agreed the format would be changed
16 next fiscal year. Mr. Colbaugh stated that he would prefer Mr. Fern consider the
17 proposed changes and implement a format which would consider all of the changes.
18 Ms. Breeden added that revisions to the format had been discussed internally, in order
19 to submit the Budget to the GFOA. Dr. Palmer asked if projections for reserves could
20 also be printed in a similar format. Ms. Breeden stated that such revisions would be
21 considered.

22 Dr. Palmer asked how projects were prioritized for the CIP. Mr. Colbaugh
23 commented staff would present discussion on each of the projects during the Public
24 Hearing at the April Board meeting. Dr. Palmer asked for a general written procedure
25 for prioritizing projects.

Albemarle County Service Authority Board of Directors

1 Mr. Carter stated that a format should be selected which allows ACSA customers
2 to understand the Budget and CIP. Mr. Wagner added that staff must consider the
3 criteria used by reviewing organizations in developing a format. Mr. Colbaugh stated
4 that making such revisions was difficult on staff, since numerous spreadsheets must be
5 revised.

6 Dr. Palmer asked how the ACSA currently conducts leak detection within the
7 system. Mr. Fern replied that a part-time employee, in the Engineering Department,
8 performed leak detection analysis on the system. Mr. Gorham added the employee
9 uses geophones and earphones to listen to the water piping to detect leaks. Mr.
10 Colbaugh stated that this use of mechanical equipment is intended to be replaced with
11 transmitters. Mr. Gorham added the amplification would be better with the newer
12 equipment. Mr. Colbaugh stated that newer equipment had replaced the earphones,
13 which provided much better amplification. Mr. Fern added that when this technology
14 was utilized during the day, there was extensive extraneous noise, such as traffic.
15 When the proposed system is introduced, transmitters will be recording at night, when it
16 is much quieter. He added that in lieu of a private company completing a Leak
17 Detection Study throughout the ACSA water system, the ACSA intended to purchase
18 transmitters and utilize them continuously throughout the water system. Mr. Colbaugh
19 confirmed the proposed budget included the purchase of 40 transmitters. Mr. Lynn
20 stated that was correct, and added it was the Maintenance Department's intention to
21 install the transmitters on valves. He added that after an area has been evaluated and
22 leaks repaired, the transmitters would be reinstalled to confirm that a potentially larger
23 leak did not mask a smaller leak. It was the consensus of the Board to leave the Leak
24 Detection Program within the Budget.

25 Mr. Martin asked that, in publishing of the Approved Budget for FY 2010, the
26 information regarding the prior fiscal year, and the percentage change of the Proposed
27 Budget to the current fiscal year, be included.

28 Mr. Fern referred to a memorandum dated April 3, 2009 regarding the merit pool
29 increase. He stated that items detailed in the memo were merely documented from the
30 discussion at the last Board meeting. Dr. Palmer referred to the RWSA minutes of
31 February 23, 2009. She stated that in the memorandum, it read "Mr. Frederick

Albemarle County Service Authority Board of Directors

1 suggested that staff would continue to monitor that situation, in light of how the other
2 three Boards respond to the merit pool issue". Dr. Palmer asked how the RWSA
3 Budget was reviewed. Mr. Fern stated that a staff committee, consisting of himself and
4 Ms. Mueller, review a draft Budget prior to it's preparation for presentation to the entire
5 RWSA Board. Dr. Palmer asked how the issue of the merit pool was addressed. Mr.
6 Fern stated that at the committee meeting he informed Mr. Frederick and Ms. Mueller
7 that the ACSA would be proposing a merit increase. Dr. Palmer asked why Mr.
8 Frederick included the statement in the February 23, 2009 minutes. Mr. Fern stated
9 that he believed the RWSA staff would like to have the opportunity to present a merit
10 pool increase to the RWSA Board, if they felt it was in keeping with the other Boards.

11 Mr. Wagner stated that he understood that the County, though not proposing a
12 merit pool increase, was covering the health insurance premium increase. Mr. Martin
13 asked the total amount of money ACSA employees would need to cover the insurance
14 premium increase. Mr. Fern stated \$33,880.

15 Dr. Palmer stated she felt the RWSA had been slighted in the past on how they
16 were required to prepare their annual Budgets. Mr. Fern stated that Mr. Frederick was
17 allowed to present what he felt was appropriate for a Proposed Budget to the staff
18 committee for their review. The staff committee did not dictate to Mr. Frederick, prior to
19 the presentation of the Budget.

20 Dr Palmer asked if the RWSA was going to hire another engineer. Mr. Fern
21 replied there were no proposed increases in the number of employees at the RWSA for
22 the coming year. Mr. Fern stated there had been discussion of utilizing contract
23 managers for larger projects, in lieu of hiring more staff engineers. In responding to a
24 question from Dr. Palmer, Mr. Fern stated that use of contract managers would depend
25 on the size and type of the project and their expertise. Mr. Wagner stated that it was
26 not the responsibility of the ACSA to run other agencies.

27 Dr. Palmer stated that she was not objecting to ACSA staff receiving a merit
28 increase; however, she felt uncomfortable with Mr. Fern supporting no merit increase for
29 RWSA staff and then providing ACSA employees with a merit increase. Mr. Fern stated
30 as Executive Director of the RWSA, Mr. Frederick had the right to present what he felt

Albemarle County Service Authority Board of Directors

1 was an appropriate Budget for RWSA. As the ACSA Executive Director, Mr. Fern
2 presented what he felt was the most appropriate Budget for the ACSA.

3 Mr. Martin stated the RWSA presented “the most austere budget”, and that
4 training and travel was being cut by 23.1% from the FY 2010 RWSA Budget. He
5 believed that as one community, all agencies should be working together.

6 Mr. Martin took exception to Mr. Fern’s memorandum stating that “even the most
7 dedicated employees would question the Board’s perceived value of them after their
8 performance over the past year.” Mr. Martin proposed that the ACSA not provide a
9 merit increase, but cover the cost of the health insurance premium increase. Mr.
10 Colbaugh disagreed with Mr. Martin and stated that regarding the entire salary and
11 benefit program, the ACSA was requiring its employees to cover approximately
12 \$34,000. He added the ACSA had cut one position, with a salary of approximately
13 \$50,000, and last year ACSA employees received 0.5% less of a merit pool than RWSA
14 employees, estimated at approximately at \$15,000. Therefore, the ACSA had saved
15 approximately \$99,000 over the last year, compared to the approximate \$66,000
16 increase that represented a 2% merit pool. The ACSA had still reduced the overall
17 Salary and Benefit Budget.

18 Mr. Martin stated the RWSA could still implement a merit pool amount in FY
19 2010, affecting the RWSA Wholesale Rate for the ACSA. Mr. Colbaugh stated the
20 ACSA does not have authority over the RWSA. Dr. Palmer stated that she hoped the
21 RWSA was not starving themselves, as had been done previously. Mr. Wagner stated
22 that if the ACSA moved forward with a 2% merit pool, potentially the RWSA would
23 follow.

24 Mr. Roberts stated that he would prefer not covering the insurance cost, but
25 providing the ACSA employees with a 2% merit pool. He stated that not all employees
26 perform at the same level and therefore the merit increase accounts for that
27 differentiation. He stated that he agreed with Mr. Colbaugh’s assessment and felt that it
28 was important for there to be parity in pay amongst the organizations.

29 Mr. Roberts asked Mr. Fern if he had any information regarding employee
30 salaries. Mr. Fern referred to the memorandum and the discussion regarding salary
31 mid-points. Mrs. Thraves added that the ACSA is currently working with the RWSA and

Albemarle County Service Authority Board of Directors

1 HR Diversified Solutions on a salary survey. She added that the RWSA had increased
2 their pay scale each year since the last survey, where the ACSA did not make a similar
3 increase last year. Dr. Palmer asked if positions at RWSA received greater pay than
4 similar positions at the ACSA. Mrs. Thraves replied that some positions appear that
5 way. Dr. Palmer stated that she felt the ACSA should send a message that the RWSA
6 can provide their employees with a merit increase, if they wish. Mr. Fern stated that Mr.
7 Frederick was aware of how the ACSA and the City were going to address merit
8 increases and chose to propose no merit increase at this time for RWSA employees.

9 Mr. Martin stated that he would like to see a parody report substantiating the
10 differences between the organizations. Mr. Wagner stated that one must define parody.
11 Mr. Roberts stated that he defined parody as the same pay scale for like positions. Mr.
12 Roberts asked how many salary grades the ACSA had. Mrs. Thraves stated that there
13 were 26 pay grades, but only 16 were currently utilized. Mr. Roberts stated that he is
14 aware of another agency which is providing its employees with a 3% merit pool
15 increase. Mr. Colbaugh stated that it was his experience that it is difficult to compare
16 positions and it is not appropriate to compare grades for parody.

17 Dr. Palmer stated that she would like to send a message to the RWSA that it is
18 acceptable to grant their employees a merit increase. Mr. Carter stated that the ACSA
19 cannot account for other agencies. He stated that he is more concerned about how the
20 \$66,000 merit pool increase fits into the operating budget. Dr. Palmer stated that she is
21 as concerned about how the merit increase is perceived by the Albemarle County Board
22 of Supervisors. Mr. Wagner stated that the ACSA should be setting the standard for
23 other organizations to follow. Mr. Carter stated if the economy remains as it is, there
24 will be further discussion next year on a merit increase.

25 Dr. Palmer stated that the RWSA is in a much different political atmosphere. Mr.
26 Martin added that the RWSA Board will soon be adding two additional members. One
27 member would join from the City Council, and the other member would be from the
28 Albemarle County Board of Supervisors. Dr. Palmer stated that it was not known at this
29 time, which representatives from the City Council and Board of Supervisors would be on
30 the RWSA Board of Directors.

Albemarle County Service Authority Board of Directors

1 Mr. Martin stated that Board Members should keep in mind that the RWSA was
2 keeping their rates as low as possible for the benefit of the ACSA rate payers.

3 Mr. Fern referred to a spreadsheet which detailed the proposed education,
4 training, and travel budgets for FY 2010. Mr. Wagner stated that training was important.
5 Although the ACSA was not having a significant number of accidents, it was important
6 to have the training and provide good documentation when state review agencies were
7 involved. Mr. Fern stated that endorsing education and training created a very positive
8 atmosphere for employees, who realize that their employer is committed to their
9 continued development. Mr. Carter asked if in the breakdown provided by Mr. Fern,
10 there were any overlapping courses (Attached as Pages ____). Mr. Fern stated that
11 while the column on the spreadsheet said "Number of Employees," it should state
12 "number of training opportunities for employees" and that employee's who receive
13 certifications also attend other conferences during the year.

14 Dr. Palmer stated that in the veterinarian field, conferences are very expensive,
15 but worthwhile. She stated after reviewing the training cost per person, she felt it was
16 reasonable. She added that during the Strategic Planning process, the group endorsed
17 further training of the employees. Mr. Martin stated that the RWSA has reduced their
18 training budget by 23.1% while the ACSA has increased theirs 4% in the Proposed
19 Budget for FY2010. He added that he is not critical of the training, but wished to be
20 assured that the amount of training was justified.

21 Mr. Colbaugh stated that during the course of his career, he had the opportunity
22 to attend national conferences. He stated that the national conferences do provide
23 more insight than state conferences. However, he stated that it would not be
24 unreasonable to make cuts this year in the training budget. Mr. Colbaugh stated that he
25 believed that the Board should continue to support staff members that were involved in
26 committees of national organizations.

27 Mr. Wagner asked Mrs. Thraves about her experiences at a national conference.
28 Mrs. Thraves stated that when she attended her first AWWA National Conference, she
29 was inspired by how important our role was in the community and also how much
30 information was provided during the conference. Dr. Palmer added that it is invigorating
31 to attend the national conferences.

Albemarle County Service Authority Board of Directors

1 Mr. Wagner asked Mr. Lynn about his experience. Mr. Lynn stated that he was
2 able to attend his first National AWWA Conference during the prior year. He was
3 impressed with the new technologies available and the ability to network with other
4 organizations. He recalled that he was able to share the ACSA's Asbestos Abatement
5 Program, which meets OSHA standards, with other organizations. He added that
6 communities in California had requested the ACSA's policy regarding Asbestos
7 Abatement; in addition, the Virginia Rural Water Association had asked the ACSA to
8 make three presentations on our Asbestos Program Policy.

9 Mr. Wagner asked Ms. Breeden for her views on conferences. Ms. Breeden
10 stated that she had the opportunity to attend the AWWA and GFOA Conferences and
11 had found that as an organization, we tend to judge ourselves harder than others. She
12 added that she was able to learn more about the Automatic Meter Reading Program
13 through the national conferences. Mr. Fern added that the national conferences are
14 typically where you can experience state-of-the-art technology and the presentations
15 were showcasing the cutting-edge of the industry. Mr. Colbaugh added that the number
16 of exhibitors at a national conference far exceeds those of a state conference.

17 At the request of Mr. Wagner, Mr. Gorham stated that he had the opportunity to
18 go to both state and national conferences. He had been impressed with the number of
19 educational tracks and presentations available on a daily basis at the national level. He
20 added that since AWWA handles water issues and WEF handles wastewater issues,
21 there was really no technical overlap between the two national conferences. Ms.
22 Breeden added that one must schedule one's time well in order to maximize the number
23 of presentations attended. Mr. Gorham added that it was difficult to attend all of the
24 presentations of interest at a national conference. Mr. Lynn stated the technological
25 presentations at the national level are approximately 2-3 years ahead of the state
26 conferences.

27 Mr. Wagner asked Mr. Henley about his experience. Mr. Henley stated that the
28 prior month he attended his first AWWA IT Conference and gained considerable
29 knowledge from the conference.

30 Mr. Martin stated that he was impressed by the professional attitude of the staff;
31 however he was still concerned about the budget. Mr. Roberts referred to a handout he

Albemarle County Service Authority Board of Directors

1 had prepared prior to the meeting and asked the Board Members to review it at their
2 leisure (Attached as Pages ____). The handout included a list of the importance for
3 training ACSA personnel. Mr. Wagner stated that it appeared that the Board was in
4 general support of the education and training of the ACSA employees.

5 Mr. Wagner asked if there were any other comments from the staff or from the
6 Board members. Mr. Martin stated he believed it was time for the budget to be
7 reformatted, such that irrigation be treated as a separate class. He noted that irrigation
8 over the past year had exceeded both the industrial and commercial classes. He added
9 the ACSA should also consider a separate irrigation rate. Mr. Colbaugh clarified that
10 Mr. Martin desired to have a separate irrigation rate for underground irrigation systems.
11 Mr. Martin clarified that any water which goes through an irrigation or auxiliary meter
12 should be treated as a separate class. Mr. Roberts asked for confirmation that irrigation
13 water is billed through the 3-tiered system. Mr. Martin stated that it was his
14 understanding that all irrigation water was billed at the 3-tiered level. Ms. Breeden
15 clarified that water that is used through an irrigation or auxiliary meter is combined with
16 the domestic use and this amount usually puts it into the higher tiers. Mr. Colbaugh
17 stated that irrigation meters are not just from single family residences, but can be a part
18 of the other customer classes. Mr. Martin added that this issue is related to the on-
19 going Rate Study.

20 Mr. Martin referred to a spreadsheet, which he prepared prior to the meeting, and
21 noted that irrigation revenue indicated a budgeted surplus of approximately \$215,000.00
22 (Attached as Pages ____). He suggested the proposed budget be adjusted to reflect
23 and deal with this budgeted surplus. One method for handling this budgeted surplus
24 was to transfer it to reserves. Ms. Breeden stated that all surplus at the end of the
25 Fiscal Year was transferred into the reserve account. Mr. Martin stated that it would be
26 helpful to show projections for irrigation as a separate class in the Proposed Budget.
27 Mr. Fern stated he understood that Mr. Martin was attempting to separate irrigation as a
28 separate class. He suggested that possibly the term "irrigation" be revised to include
29 other outside water use. Ms. Breeden added that it was not likely that revenue
30 generated from irrigation meters would be realized in the coming Fiscal Year.

Albemarle County Service Authority Board of Directors

1 Mr. Wagner stated the budget had projected fewer connections and that if these
2 projections were not realized, less revenue would be generated. Mr. Colbaugh stated
3 he believed that when the original rate model was developed it was before irrigation was
4 considered a separate item. He agreed that all estimates and assumptions should be
5 stated, to provide greater transparency. Dr. Palmer agreed. Mr. Colbaugh added that,
6 due to the amount of work required to reformat the budget, it did not need to be
7 completed this year, but suggested it be completed for the next Fiscal Year.

8 Dr. Palmer stated the RWSA used the last 10 years of water billing projections to
9 estimate water volume. She asked how the ACSA developed their water volume sales.
10 Ms. Breeden stated that while the ACSA analyzes trends, experience plays a big factor
11 in estimating the water volume sales. Mr. Colbaugh stated it would be helpful to include
12 RWSA's projection of water volume sales as compared to ACSA's proposed water
13 volumes in the budget document.

14 Mr. Wagner stated the proposed FY 2010 Budget Public Hearing was scheduled
15 for June 4, 2009. Mr. Colbaugh confirmed the Rate Study would be discussed at the
16 May Board Meeting. He asked if M&FSG would be using the most recent budget
17 decisions made by the Board in their analysis. Ms. Breeden stated she would provide
18 M&FSG with this information.

19

20 **3. Adjourn (Recording Time: 11:34:53 a.m.)**

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

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Gary W. Fern, PE, Secretary-Treasurer