

## Albemarle County Service Authority Board of Directors

1 The Board of Directors of the Albemarle County Service Authority (ACSA)  
2 met in a regular session on June 20, 2024, at 9:00 a.m. at the Administration  
3 and Operations Center at 168 Spotnap Road in Charlottesville, Virginia.

4 **Members Present:** Mr. Richard Armstrong, Chair (virtual); Ms. Lizbeth  
5 Palmer; Mr. John Parcels; Mr. Clarence Roberts; Ms. Kimberly Swanson;  
6 Mr. Charles Tolbert, Vice-Chair.

7 **Members Absent:** None.

8 **Staff Present:** Kenny Barrow, Derek Breeden, Henry Carter, Josh  
9 Chidester, Deanna Davenport, Mike Derdeyn, Terri Knight, Quin Lunsford,  
10 Jeremy Lynn, Alex Morrison, Richard Nelson, Gary O'Connell, Emily Roach,  
11 Jason Roach, Sabrina Seay, Danielle Trent, April Walker.

12 **Staff Absent:** None.

13 **Public Present:** Neil Williamson, Free Enterprise Forum (virtual); Alexandra  
14 Veatch, Letterpress, Inc.(virtual).

15  
16 1. Call to Order and Establish a Quorum – Statement of Board Chair

17 The Vice-Chair called the meeting to order. He then read the opening  
18 Board Chair statement (Attached as Page \_\_\_\_\_), and a quorum was  
19 established. He stated that pursuant to State law and the ACSA's policy, Mr.  
20 Richard Armstrong is participating in the meeting remotely due to a personal  
21 family matter from a location in California.

22 ***Mr. Parcels moved to approve Richard Armstrong's remote***  
23 ***participation in the June 20, 2024, Board of Directors meeting;***  
24 ***seconded by Ms. Palmer. All members voted aye.***

25  
26 2. Recognitions - Richard Nelson – PE Exam; Meter Technicians-  
27 Field Tester Certifications; Gary O'Connell Retirement – 14 Years of Service

28 Jeremy Lynn, Director of Engineering, came forward to present the  
29 recognition for Richard Nelson. He stated that Richard is a Civil Engineer  
30 with the ACSA who joined the organization in 2017. He stated that in May,  
31 Mr. Nelson passed his Principals and Practice of Engineering exam. He

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1 stated that as he was preparing his remarks for today, he Googled the  
2 question “What is a PE?” and came across the following response:

3 *“To a client, it means you have the credentials to earn their trust. To*  
4 *an employer, it signals your ability to take on a higher level of responsibility.*  
5 *Among your colleagues, it demands respect. And to yourself, it is a symbol*  
6 *of pride and a measure of your own hard-won achievement.”*

7 Mr. Lynn stated that he would like to take this moment to congratulate  
8 Richard, as he is very proud of him and looks forward to many more years  
9 of service at the ACSA.

10 Mr. Lunsford came forward next to present the Meter Technician  
11 recognitions. He stated that the staff has talked to the Board in length about  
12 the AMI system and all its capabilities. He stated that one of the neat things  
13 they are now able to do because of AMI, is allocate some of the staff time to  
14 proactive tasks. He mentioned that to assist in this, the Meter Technicians  
15 participated in a certification program for large meter field testing. He stated  
16 that being able to test those large meters ensures accuracy and adds value  
17 to the water audit that the Engineering team and others help to perform. He  
18 asked the Meter Technicians Jason Roach, Henry Carter, Derek Breeden,  
19 Josh Chidester, and Meter Operations Supervisor Kenny Barrow to come  
20 forward to receive their certificates.

21 Mr. Tolbert stated that the next and final recognition was for Gary  
22 O’Connell’s retirement and read the resolution (Attached as Page\_\_\_\_\_) in  
23 the Board packet.

24 ***Mr. Roberts moved to approve the resolution as presented to***  
25 ***the Board; seconded by Mr. Parcels. All members voted aye.***

26  
27 Mr. O’Connell stated that he wanted to thank the Board. He stated  
28 that he has a presentation he would like to give at the end of the meeting, so  
29 he would save his remarks until that time.

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1           3.       Approve Minutes of May 16, 2024

2           Mr. Parcels stated that he had one small comment about page 8 of  
3 the Board packet, line 29. He stated that the word “even” should be “event.”  
4 Ms. Palmer stated that she had a couple of comments, which she already  
5 emailed to the Board clerk prior to the meeting. She stated that the first was  
6 on page 5 of the minutes, line 12. She stated that the minutes show her  
7 ending her sentence with the word “young,” which does not make sense.  
8 She stated that Ms. Trent listened to it again and found that she said “umm.”  
9 She mentioned that Ms. Trent removed the word “young,” and added the  
10 phrase “well-developed,” which is what she meant to say. Ms. Palmer stated  
11 that on page 15 of the minutes, line 2, the word should be “million” not  
12 “billion.”

13                       ***Ms. Palmer moved to approve the minutes of May 16, 2024, as***  
14 ***amended, seconded by Mr. Parcels. All members voted aye.***

15  
16           Mr. Parcels stated that he would like further clarification on the  
17 Special Rate District at the North Fork Regional Pump Station. He asked how  
18 long the debt service will last for the debt that was issued in 2010 and does  
19 the special rate end when that debt ends. He also asked if that debt is the  
20 debt that the ACSA has. Mr. Lunsford replied that it is the debt that the ACSA  
21 has. He stated that he believes the term ends in 2030 or 2031. He stated that  
22 the bond was refinanced in 2022 to realize a better interest rate. He stated  
23 that the special rate district has been established and has been slow to build  
24 out. He noted that it will continue to be assessed.

25           Mr. Parcels asked if the special rate is for water service. Mr.  
26 O’Connell replied that the rate is just for the connection. He stated that the  
27 thinking at the time was that there would be a lot of future development, and  
28 the pump station would not have been able to handle it. He stated that the  
29 bonds were used to spread out the cost as the area grew, ideally, those  
30 connection fees would pay back the debt service that was issued.

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1 Ms. Palmer asked if the bond issued was one of the Build Back Better  
2 bonds, which was a special situation because of the Great Recession. Mr.  
3 Lunsford replied that it was a Build America Bond. Ms. Palmer stated that  
4 she believes there were supposed to be around 900 units with the North  
5 Pointe development, but it was slowed because of the Great Recession. Mr.  
6 O'Connell stated that the County and the ACSA were about to issue a no-  
7 build order because the sewer system would not have been able to handle  
8 the development. He noted that the economy slowed down the development.

9 Mr. Parcels asked about the large water tower that is on 29 North,  
10 about three miles south of Ruckersville. Ms. Palmer replied that the water  
11 tower was in Greene County. Mr. O'Connell stated that the Emerson campus  
12 is basically the end of the ACSA's system.

13 Ms. Swanson asked if there was still an A and B district for the special  
14 rate district. Mr. Lynn replied that there is a North Zone and a South Zone.  
15 He stated that the North Zone customers are served by both the Camelot  
16 and North Fork Pump Stations, thus their connection fee is higher than the  
17 South Zone. Ms. Swanson asked which zone the Active Private  
18 Development projects fall under. Mr. Lynn replied that it depends on where  
19 the development occurs. He mentioned that the North Pointe development  
20 would be in the South Zone. He noted that Briarwood and Rivanna Station  
21 would be the predominant areas located in the North Zone.

22 Mr. Parcels stated that on page 28 of the minutes, there is a  
23 discussion about Letterpress. He asked if there is a specific end-date for the  
24 Letterpress contract. He mentioned that it seems they have been very  
25 effective in terms of website development and communication. He asked if  
26 they would be retained longer to facilitate more positive activity. Mr.  
27 O'Connell replied that the Letterpress contract has a 3-year term, with a  
28 monthly retainer. He stated that the ACSA is six months away from the end  
29 of the first year of the contract, and they have the option to stop or renew it.  
30 He noted that the ACSA is also in the midst of signing off on a website  
31 development project with Letterpress, which would be in addition to their

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1 normal retainer. He added that it would be a one-time project to update the  
2 website and ready the ACSA for the new CIS system.

3  
4 4. Matters from the Public

5 There were no matters from the public.

6  
7 5. Response to Public Comment

8 There was no response to public comment.

9  
10 6. Consent Agenda

11 ***A. Monthly Financial Reports –***

12 ***b. Monthly Capital Improvement Program (CIP) Report –*** Mr. Parcels

13 stated that on page 79, the Broadway Street Water Main Replacement  
14 project update shows a counteroffer from a property for an easement.

15 He stated that he was curious about the counteroffer. Mr. Lynn replied

16 that it was more than what was originally offered and just this week, the

17 ACSA agreed to that financial compensation. Mr. O’Connell asked if Mr.

18 Lynn could speak to the bigger picture of what is going on with economic

19 development in the County. Mr. Lynn replied that the County is going

20 through a process to figure out what the vision is for Broadway. He noted

21 that there are some challenges with getting business into that corridor.

22 He mentioned that the ACSA has increased the pipe diameter to ensure

23 water capacity for future development. He stated that the ACSA will

24 repave the road, and the County will provide a pavement striping plan

25 which will be incorporated into the ACSA’s bid documents. He noted that

26 the County would like to put some bike lanes and delineation along the

27 new roadway to create a more pedestrian-friendly corridor.

28 Ms. Palmer asked how the ACSA determines whether they will pay

29 a counteroffer when a customer does not accept the initial offer. She

30 asked if the customers have appraisals that show the property is worth

31 more. Mr. Lynn replied that it varies. He stated that if the customer has

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1 a reasonable justification for their counteroffer, the ACSA will take it into  
2 consideration. He noted that the ACSA also must consider the cost of  
3 delaying the project, legal fees, as well as all that is involved with the  
4 condemnation process. He noted that the ACSA's offers are based on  
5 the County assessment, which serves as the baseline. He added that  
6 the ACSA is open to considering appraisals or recent comps that have  
7 not been considered.

8 Mr. Parcels asked about the Lewis Hill- West Leigh Connection  
9 project on page 80. He noted that the update mentioned the ACSA was  
10 no longer pursuing the connection due to the proximity with the Holkham  
11 Drive interconnect. He asked why the location of the Holkham Drive  
12 interconnect led them to this decision. Mr. Lynn replied that the proposed  
13 connection of Sheffield to Holkham the ACSA was considering, was less  
14 than 1,000 feet from another connection from a road in West Leigh to  
15 Holkham. He stated that the ACSA has taken a step back and found a  
16 better route from Williston to Meriwether. He mentioned that this route  
17 would eliminate a dead-end on Williston, and there is a raw water line  
18 that currently runs through that corridor. He added that he would be glad  
19 to share the map with the Board.

20 Mr. Parcels asked if this second water connection will influence the  
21 water age and help address the sediment issue. Mr. Lynn replied that  
22 one of the ACSA's customers lives where Williston and Emerson meet,  
23 which is at the end of a long dead-end. He stated that creating this  
24 interconnect would get that customer off a dead-end feed and provide  
25 more redundancy towards the Owensville Road area. Mr. Parcels asked  
26 if the homeowners association has any say in this discussion. Mr. Lynn  
27 replied that the Williston to Meriwether connection will be private  
28 property owners, and one of the easements will be across a customer's  
29 property that is experiencing sediment issues. He noted that they could  
30 certainly make the case that this connection will improve their water  
31 quality.

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1 Mr. Parcels thanked Mr. Lynn for adding the linear feet (LF) to each  
2 CIP project summary. Mr. Lynn stated that he was glad Mr. Parcels  
3 noticed the addition. He stated that he also wanted to give an update on  
4 the Buckingham Circle project. He stated that the surveys were sent out,  
5 and there has been over a 65% affirmative response thus far. He  
6 mentioned that the ACSA had assistance from a community organizer  
7 who hand-delivered more than a dozen responses from their community.  
8 He noted that the ACSA has a meeting scheduled with the consultant in  
9 early July to reevaluate the previous design to see if it still makes sense,  
10 and what the next step will be.

11 Ms. Palmer asked if the meeting in July would be with the community  
12 as well. Mr. Lynn replied no. He stated that it is just to meet with the  
13 consultant to look at the original design and see what changes, if any,  
14 need to be made and what the next steps would be. Ms. Palmer asked  
15 Mr. Lynn to let her know when there will be a community meeting. She  
16 asked what percentage of affirmative responses would be adequate to  
17 push the project forward. Mr. Lynn replied that they are well beyond that  
18 percentage. He stated that they normally like to see a majority, but there  
19 definitely seems to be support not only from the ACSA Board but from  
20 the community as well.

21 **c. *Monthly Maintenance Update*** – Ms. Swanson mentioned the hard hats  
22 that are about to expire, and asked how the ACSA handles expired  
23 safety equipment. Mr. Morrison replied that with the hard hats, they were  
24 able to take out the internal mechanism that cannot be recycled and the  
25 hard hat itself was recycled. Ms. Swanson asked how the ACSA handles  
26 other safety equipment that has an expiration date. Mr. Morrison replied  
27 that they follow the same process. He stated that they recycle it if they  
28 can and if not, it will be correctly disposed of, so it does not stay in  
29 circulation. Mr. O’Connell added that there is a picture of the new safety  
30 helmets on page 103. He noted that they have an attached brim that

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1 provides more sun protection, and the helmet itself is a lot safer than  
2 what they have been using.

3 ***d. Rivanna Water and Sewer Authority (RWSA) Monthly Update – Mr.***

4 Parcels stated that he had a question about the South Rivanna to  
5 Ragged Mountain pipeline project on page 110. He stated that there was  
6 new wording in the project history summary that references a detailed  
7 routing study and water line design due to recent and proposed  
8 development and road projects. He asked how this would impact the  
9 easement plans. He noted that he was surprised at the “recent and  
10 proposed development and road projects” because he thought most of  
11 the easements were acquired. He asked what is changing with the  
12 pipeline plan.

13 Ms. Palmer stated that she took that to be old wording. Mr. O’Connell  
14 concurred and noted that the history section is old wording. He stated  
15 that the routing study was a part of the work that needed to be done, but  
16 it has been completed and all the easements have been acquired.

17 Ms. Swanson stated that she wondered if the master plan the school  
18 has been working on is being considered, because the line was going to  
19 go down Hydraulic Road and then Lambs Road. Mr. O’Connell replied  
20 that an easement has been granted, thus they have considered  
21 whatever plans there are for the future. He added that he does not know  
22 much about the master plan, but they must have taken it into  
23 consideration.

24 Mr. O’Connell added that RWSA’s Board meeting is next Tuesday,  
25 and the initial cause and investigation of the Rivanna Pump Station  
26 failure is being presented. He noted that the presentation will be in the  
27 ACSA’s Board packet next month. He mentioned that it gets  
28 complicated, and the insurance company has not made a decision yet.

29 ***e. ACSA Board Policy Future Issues Agenda 2024 –***

30 ***f. Water and Wastewater Professionals Appreciation Day –***



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1                    ***Mr. Parcells moved to approve the consent agenda,***  
2                    ***seconded by Ms. Palmer. All members voted aye.***  
3

4            7.        Public Hearing for Comments on Proposed FY 2025 Budget and  
5            Rates

6                    Mr. Tolbert, Vice-Chair, opened the public hearing by asking if there  
7                    were any members of the public present that wanted to comment. There  
8                    were no members of the public that wished to speak. Barring any comments  
9                    from the public, Mr. Tolbert closed the public hearing. He stated that they  
10                   would now have a discussion of the budget, led by Mr. Lunsford.

11  
12            8.        Adoption of Proposed FY 2025 Budget, Rates, and CIP

13                    Mr. Lunsford stated that today’s discussion follows two months of  
14                    budget presentations, the first being an overview of the budget in April  
15                    followed by an in-depth presentation in May. He mentioned that today’s  
16                    presentation (Attached as Pages\_\_\_\_\_) would be more of a summary of  
17                    what was discussed last month, as well as some questions that came up  
18                    during that discussion.

19                    Mr. Lunsford stated that today’s agenda would provide a brief update  
20                    on the forecast for the remaining month of FY 2024, as well as quick  
21                    overview of the Strategic Plan and how it aligns with the Proposed FY 2025  
22                    budget. He stated that he would speak about the Water and Sewer Rate  
23                    Analysis and the proposed rates. He noted that they were able to get FY  
24                    2025 rates for the City of Charlottesville (City) for comparison in this  
25                    presentation, followed by next steps.

26                    Mr. Lunsford moved to the next slide showing the FY 2024 updated,  
27                    adjusted for seasonal variations. He stated that the ACSA expects to collect  
28                    about 4% over budgeted expectations for water revenues and about 3.4%  
29                    over budgeted expectations for sewer revenues. He stated that in terms of  
30                    operating expenses, water expenses align with what was expected and  
31                    sewer expenses are slight below expectations by about 2.5%.

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1 Mr. Parcels stated that the operating revenues are adjusted for  
2 seasonal variations through May, but the budgeted expectations reflect  
3 through the end of June. He asked why the amount is different than what  
4 shows for May. Mr. Lunsford stated that what is presented in the slide is what  
5 is expected at the end of June. Mr. Lunsford added that if he is not mistaken,  
6 the numbers are not terribly different. Mr. Parcels noted that there was about  
7 a \$100,000 difference. Mr. O’Connell asked what that percentage would be.  
8 Mr. Parcels stated that it is about a .7% difference. Mr. O’Connell stated that  
9 this was pretty good and in the budget world, it would be called excellent.

10 Ms. Palmer asked, out of curiosity, what percentage would be normal  
11 in terms of the difference in numbers. Mr. Lunsford replied that is so  
12 dependent upon the weather and consumption. He stated that they can only  
13 make a best guess based on historical data. He stated that the best budget  
14 in the world can be off by 10%. Ms. Palmer stated that during her time with  
15 the County, they always expected around a 3%-4% variation, but they did  
16 not have to deal with the same types of situations. Mr. Lunsford replied that  
17 a lot of the County’s revenues are well known.

18 Mr. Lunsford moved to the next slide outlining the ACSA’s 2023-2027  
19 Strategic Plan. He stated that the ACSA has done its best to show the  
20 correlation between what has been requested in the budget document and  
21 this 5-year plan.

22 Mr. Lunsford stated that the next slide shows the rate update and  
23 analysis recommendations. He noted that the ACSA is proposing a 7%  
24 increase in water and sewer charges for FY 2025, which follows the 8.9% in  
25 FY 2024, the 4.6% increase in FY 2023, and the 5% increase in FY 2022.  
26 He mentioned that they are recommending that the current system  
27 development/capacity charges remain the same in FY 2025, with the last  
28 increase being in FY 2024.

29 Mr. Parcels asked if the special rate district fees would change. Mr.  
30 Lunsford replied no. He noted that those fees have stayed the same to  
31 recoup the known debt service that was established a long time ago. He

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1 added that the use of reserves is being proposed as well to smooth the  
2 customer rate increases over time. He noted that the budget is proposing  
3 \$6.5 million in rate stabilization reserves and \$2.8 million in growth reserves.

4 Mr. Lunsford stated that the next few slides will show the reserves  
5 that have been accumulated and commitments that have been made with  
6 those reserves. He stated that the pie chart on the first slide illustrates that  
7 the bulk of the ACSA's revenue comes from water and sewer charges. He  
8 stated that they do anticipate using about \$9.3 million worth of reserves and  
9 collection about \$8 million in system connection charges. He noted that  
10 investment income and ancillary charges make up the other revenues.

11 Mr. Lunsford stated that the next slide shows the budgeted expenses  
12 and capital costs, with the bulk of the costs incurred being related to water  
13 and wastewater treatment, and debt service that is passed along from  
14 RWSA to ACSA. He stated that the next largest block is the ACSA's CIP  
15 program, which is \$12.1 million for FY 2025.

16 Mr. Lunsford stated that the illustration on the next slide shows  
17 historical information related to charges from RWSA for water and  
18 wastewater treatment, as well as expectations for the next three years. He  
19 noted that the graph shows a very dramatic increase.

20 Mr. Lunsford moved to the next slide showing the proposed FY 2025  
21 water and sewer rates. He stated that the ACSA expects a 17.5% increase  
22 in charges from RWSA for water related expenses, and almost a 10%  
23 increase for sewer expenses. He mentioned that the ACSA is also expecting  
24 a 10.8% increase in departmental expenses, with a large part of that being  
25 merit/market rate adjustments to ensure the organization remains  
26 competitive in the marketplace. He noted that there is a new Construction  
27 Inspector position being proposed, which is related to succession. He added  
28 that the remaining part of the increase is related to items such as employee  
29 benefits, operating supplies, repairs and maintenance, and so forth.

30 Mr. Lunsford stated that the use of reserves shown on the next slide  
31 is something he discussed in detail last month. He stated that the ACSA

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1 does expect to use \$6.5 million in rate stabilization reserves to fund non-  
2 growth ACSA CIP projects, and \$2.8 million in growth reserves to fund  
3 growth-related CIP projects or RWSA capacity-related debt service. He  
4 noted that the next slide shows a pie chart illustrating the allocation of  
5 reserves, in response to a question from Mr. Parcels last month. He stated  
6 that the reserves accumulated total about \$51 million, \$19 million of which is  
7 earmarked for RWSA growth. He stated that \$15.3 million is related to ACSA  
8 CIP non-growth, and about \$17 million is related to ACSA growth-related  
9 CIP projects.

10 Mr. Parcels stated that the total in the pie chart is \$51.796 million,  
11 and the investment total is \$51.883 million. He asked why there is an  
12 \$86,000 difference between the two. Mr. Lunsford replied that it is the cash  
13 in escrow between U.S. Bank, which is the custodial manager of the ACSA's  
14 portfolio, and PFM, which is the ACSA's investment advisor. He stated that  
15 there are always transactions that are crossing periods that do not exactly  
16 line up.

17 Mr. Lunsford stated that the next slide shows a bar graph that is  
18 helpful in further understanding some of the commitments that have been  
19 made in prior budget years. Mr. Parcels stated that it is a bit difficult to tell  
20 what dollar amount the blue bars represent on the graph. He asked if Mr.  
21 Lunsford could add those amounts to the graph. Mr. Lunsford stated that he  
22 will adjust the axis going forward, but it is \$10.3 million on the growth side  
23 and \$6.0 million on the non-growth side. He stated that once all these costs  
24 are incurred, the \$17.4 million worth of reserves allocated to growth is really  
25 \$7 million and the \$15.4 million on the non-growth side is really \$9.3 million.  
26 He noted that the reserves have grown, but a lot of those reserves are  
27 committed to projects that have already been approved.

28 Mr. Parcels stated that these two graphs related to reserves are key in  
29 understating the financial health of the ACSA, and he appreciates that.

30 Mr. Lunsford moved to the next slide, outlining the sample monthly  
31 combined water and sewer bill. He stated that the ACSA's average

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1 residential customer can expect about a \$4.52 monthly increase, which is  
2 about \$0.15 per day. He noted that the table shows some other ACSA users  
3 at different levels, and some of the non-residential and multi-family  
4 customers as well.

5 Mr. Lunsford stated that the next slide shows an ACSA monthly bill  
6 comparison to that of a City customer. He noted that the ACSA compares  
7 very favorably, with its proposed FY 2025 bill being 22% less than a City  
8 customer with the same consumption.

9 Ms. Palmer asked what this difference in monthly bills could be  
10 attributed to. She stated that she knows the City has older infrastructure and  
11 they have had a lot of expenses related to that in the past. Mr. Lunsford  
12 replied that there are a few factors to consider. He stated that the ACSA has  
13 consistently charged new connections at a higher rate than some of its  
14 peers. He stated that in full transparency, the ACSA's rate structure is  
15 incredibly conservation-minded on the residential side. He mentioned that  
16 the implementation of a four-tier structure is different from the City's flat rate  
17 that they charge for water. He noted that if they were to look at a customer  
18 that uses 10,000 gallons per month, the ACSA bill would be higher than the  
19 comparable customer in the City. He added that the ACSA incentivizes  
20 conservation thus, at the lower consumption level, the ACSA compares very  
21 favorably.

22 Ms. Palmer stated that according to her memory, when the ACSA  
23 developed the tiered rate structure, the City commented they did not need to  
24 do that because they did not have the irrigation that the County had. Mr.  
25 O'Connell stated that they said that at the time, but UVA is their customer  
26 and has quite a bit of irrigation. Mr. Lunsford added that another component  
27 to consider when comparing the two utilities, is that the ACSA has a very low  
28 service charge. He mentioned that there was a movement years ago to  
29 quantify or know exactly what would be collected. He stated that utilities put  
30 more emphasis on the known service charge. He noted, however, that the  
31 ACSA let customers control what they can control, keeping service charges

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1 at a lower rate and volumetric charges past level one, increasing more than  
2 others.

3 Ms. Palmer stated that there was a manual she read back in the day  
4 on rate structures, although there is probably a much better one now. She  
5 asked what the standard is now. Mr. Lunsford replied that the ACSA follows  
6 several academics who focus on this topic, with affordability being a major  
7 focal point. He mentioned that those academics say that what the ACSA is  
8 doing is best practice. Ms. Palmer asked if the American Water Works  
9 Association still puts out a rate structure manual. Mr. Lunsford replied yes.

10 Ms. Swanson asked how many personnel the City of Charlottesville  
11 has dedicated to the water and sewer utilities, or do they have job sharing  
12 amongst all the utility departments. Mr. Lunsford stated that he knows there  
13 is some job sharing on the administrative side, but he is not sure about the  
14 field workers or customer service personnel. Mr. O'Connell stated that the  
15 City's water and wastewater personnel are solely devoted to those utilities,  
16 and then there is a gas department. He stated that there are a few people  
17 who only do utility billing, but most of the administrative personnel share jobs  
18 across the departments.

19 Ms. Swanson stated that it has always been baffling to her that we  
20 all have the exact same water, yet we are all charging something different  
21 for it. She stated that this is one of the biggest differences between the two  
22 communities that she feels should not be but is not sure how to fix that. Mr.  
23 O'Connell stated that it is the philosophy about growth. He noted that it is  
24 actually a 32% difference between the ACSA and City customer, when you  
25 add the City utility tax.

26 Mr. Lunsford stated that the wholesale water and sewer treatment  
27 rate from RWSA is the same for the ACSA and the City. He mentioned that  
28 the debt service charges are different, based on projects and negotiated  
29 allocations from different agreements, but those differences certainly do not  
30 drive the bulk of the difference between the ACSA and City.

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1 Mr. Parcels stated that he noticed the percentage charged to the  
2 City and ACSA from RWSA is changing by one percent this year and going  
3 forward. He asked if this came about because of consumption. Mr. Lunsford  
4 replied that it is based on ACSA and City reported consumption, which is  
5 used to estimate the charges to both utilities. He noted that this can move  
6 throughout the year, based on the current quarter.

7 Mr. Lunsford stated that he wanted to briefly mention the Proposed  
8 FY 2025 CIP noted on the next slide. He stated that the total proposed  
9 budget is \$12.1 million, with \$7.7 million allocated to water projects, \$1.2  
10 million to wastewater projects, and \$3.1 million for non-utility projects.

11 Mr. Lunsford moved to the final slide and noted that they have now  
12 had the public hearing and second budget workshop. He stated that the staff  
13 will ask the ACSA Board to consider what has been presented and adoption  
14 of the Proposed FY 2025 budget and rates. Mr. Parcels asked if the ACSA  
15 received any written feedback after receiving the budget flyer in the mail. Mr.  
16 Lunsford replied that he does not think they received any written feedback,  
17 but they did receive a call from a customer asking how to calculate the bill  
18 as he was not able to.

19 ***Mr. Parcels moved to approve the resolution adopting***  
20 ***Proposed FY 2025 Operating and Capital Improvement Budget and***  
21 ***Rates, which includes the rate schedule, to be effective July 1, 2024,***  
22 ***seconded by Ms. Palmer. The Vice-Chair asked for a roll-call vote: Mr.***  
23 ***Parcels, aye; Ms. Palmer, aye; Mr. Tolbert, aye; Mr. Roberts, aye; Ms.***  
24 ***Swanson, aye; Mr. Armstrong, aye.***

25  
26 9. Adoption of Proposed Amendments to Personnel Management Plan

27 Emily Roach, Director of Human Resources and Administration  
28 came forward to present the proposed amendments to the ACSA's  
29 Personnel Management Plan. She stated that the cover memo in the Board  
30 packet outlines the proposed changes. She stated that these changes have  
31 been shared with staff and the insurance company, particularly the changes

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1 to the post-accident drug-testing policy. She asked if there were any  
2 questions about any of the changes.

3 Mr. Parcels stated that the 80 hours, or two weeks, of carryover time  
4 for the standby duty policy was a lot, and asked if that was typical. Ms. Roach  
5 replied that two weeks is a lot of carry-over but provides more flexibility. She  
6 mentioned that the policy mainly impacts the maintenance department and  
7 allows them an opportunity to take leave when they want to, as opposed to  
8 having to use it all by the end of the year or take a payout for the leave. She  
9 noted that this change was requested by the maintenance department, and  
10 they are looking forward to having that flexibility. Mr. O’Connell added that it  
11 is a good tool for supervisors in terms of scheduling and spreading out leave  
12 over time to ensure good coverage.

13 Mr. Parcels stated that in his business, under the union, there was a  
14 hierarchy and those with seniority were able to pick their vacation time first.  
15 He stated that this caused a lot of grumbling by the lower-tier employees  
16 because they were forced to take vacation periods that they did not  
17 necessarily like. He asked if there was any issue with this group in terms of  
18 scheduling vacations. Mr. Morrison replied that they have not run into that  
19 issue. He stated that there is a lot of cross-training and succession planning  
20 so they can be flexible with operations. He noted that in most instances,  
21 there is no need to deny a vacation request. He added that they  
22 communicate with staff often to ensure vacation plans are on the books  
23 ahead of time, to allow for operational changes and the scheduling of  
24 trainings around that planned leave.

25 Mr. Parcels stated that he had a question about the wording on page  
26 161, about the chart showing the type of accident and post-accident test that  
27 must be performed. He mentioned that it states, “the employee who was  
28 operating the equipment needs to be tested.” He stated that he thinks the  
29 better word, for legal purposes, is “shall” be tested. He asked Mike Derdeyn,  
30 ACSA attorney, if he thought it made a difference. Mr. Derdeyn replied that  
31 they both mean the same thing. Ms. Palmer added that she thinks “shall”



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1 sounds better. Mr. Palmer stated that “needs” does not imply “must.” Mr.  
2 Lynn asked if it should be changed at the end of that section as well. Mr.  
3 Parcels replied yes.

4 ***Mr. Parcels moved to approve the resolution, adopting the***  
5 ***proposed amendments to the ACSA Personnel Management Plan,***  
6 ***seconded by Ms. Palmer. The Vice-Chair asked for a roll-call vote: Mr.***  
7 ***Parcels, aye; Ms. Palmer, aye; Mr. Tolbert, aye; Mr. Roberts, aye; Ms.***  
8 ***Swanson, aye; Mr. Armstrong, aye.***

9  
10 10. CIP Authorization Process

11 Mr. Lynn stated that this is a proposal to streamline the CIP  
12 authorization process. He stated that historically, as part of the CIP agenda,  
13 there have been CIP authorization requests submitted to the Board with  
14 sometimes considerable backup information, for consideration. He stated  
15 that one idea, which is similar to other utilities and how the ACSA handles  
16 the operating budget, would be to include some of those CIP authorizations  
17 in the monthly CIP report. He noted that this would cut down on reading time  
18 for the Board as well as preparation time for staff. He added that he wanted  
19 to get a sense from the Board as to whether they want to give it a try or stick  
20 with the current process.

21 Mr. Parcels stated that he enjoys reading all the detailed information  
22 and will miss it but, in the interest of being efficient and saving time, he is all  
23 for it. Ms. Palmer replied that she feels the same way. She stated that she  
24 likes to see the backup information, as it reminds her of what is going on and  
25 to ask questions.

26 Mr. Lynn stated that exhibit A on page 167 is an attempt to show  
27 what the new CIP authorization would look like, combined with the monthly  
28 report. He asked if the level of detail shown in that example would meet the  
29 needs of the Board. Mr. Parcels replied yes. Mr. Lynn stated that they can  
30 try it for a few months, and the staff will follow the Board’s lead in terms of  
31 whether they should revert to the old way of presenting the information.

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1        11.    State of the ACSA – Reflections

2            Mr. O’Connell stated that this presentation (Attached as  
3            Pages\_\_\_\_\_ ) is as much a thank you to the Board, as it is a reflection. He  
4            stated that he could tell a lot of stories and is tempted to do so, but there is  
5            one that he would like to share. He stated that he had a conversation with  
6            Mr. Roberts years ago when he was hired, and he was asked how long he  
7            planned to stay at the ACSA. He stated that he had not thought about it a  
8            lot, but he told the Board five years and here he is 14 years later. He stated  
9            that he has clearly liked this job and organization, and working with this group  
10           of people, but he does feel it is time to go on a new journey.

11           Mr. O’Connell stated that one of his goals was to go through all his  
12           electronic files, and it turned out to be a bigger task than he envisioned. He  
13           stated that it reminded him of a lot of things that have happened in this  
14           organization over the years.

15           Mr. O’Connell stated that he has had the pleasure of seeing the  
16           ACSA celebrate its 50<sup>th</sup> and 60<sup>th</sup> anniversary, which is something to be proud  
17           of. He moved to the next slide, outlining a reflection of leadership by the  
18           numbers. He stated that he thought it would be fun to show the level of  
19           change throughout the years. He noted that in addition to the numbers on  
20           the slide, he has also worked with two ACSA attorneys.

21           Mr. O’Connell stated that the next slide outlines a concept the Board  
22           has seen many times before and it has been his moniker over the years,  
23           which is clean, safe, reliable water. He stated that he thinks affordability is  
24           an issue for the ACSA to look at in the future. He mentioned that the ACSA,  
25           in essence, is PFAS free, lead free, and has granular activated carbon  
26           (GAC), and not many utilities can say that. He noted that it is clearly due to  
27           a great partnership with RWSA. He added that the ACSA has a great product  
28           and great service that puts the organization in a good place.

29           Mr. O’Connell stated that the next slide is the key to it all. He stated  
30           that the photo is the drone shot of the ACSA staff at the employee picnic. He  
31           stated that the staff has changed in a lot of ways, including leadership, but

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1 there is still a pride within the organization. He mentioned that all the pieces  
2 that make a good organization are here, as well as a strong foundation to  
3 build for the future. He added that the Board has been very supportive of a  
4 number of initiatives over time, as well as the employees, and they are very  
5 appreciative of that and would want him to tell the Board as much.

6 Mr. O’Connell moved to the next slide highlighting customer service.  
7 He stated that the ACSA has been doing even better in this area, particularly  
8 with the Customer Experience project and using technology to benefit  
9 customers. He noted that the Strategic Plan focus on customer  
10 communications has been good as well.

11 Mr. O’Connell stated that the next slide outlines technology and  
12 innovation, and the ACSA is in a tremendous place in terms of utilizing  
13 technology. He stated that all the foundational pieces are in place and once  
14 the new CIS is in place, there will be even more. He stated that the ACSA  
15 will have a huge amount of data that the staff can take advantage of. He  
16 noted that Mr. Morrison’s monthly maintenance reports are an example of  
17 the data that is available in Cityworks. He added that predictive analytics is  
18 also something that he thinks will be used in the future.

19 Mr. O’Connell moved to the next slide, briefly highlighting the ACSA’s  
20 strategic planning. He stated that he likes looking forward and discussing  
21 strategy, and he believes the ACSA is in an excellent place. He noted that  
22 there are few places that can say they have a 75-100-year long-term water  
23 supply plan. He stated that the next update will be in 2030, which is about  
24 the time the pipeline should be in place, as well as the central water line. He  
25 noted that there is a 5-year update to the wastewater plan coming up in 2025.

26 Mr. O’Connell stated that in terms of community commitment, he  
27 thinks the ACSA is doing all it can to respond to a growing community. He  
28 stated that the CIS project is really a customer experience project that tries  
29 to leverage existing technology to better serve customers. He added that  
30 there will be a lot of good things rolling out in the next few years to help  
31 improve that customer service.

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1           Mr. O’Connell stated that he found a note he wrote to himself 14  
2 years ago which was his goal when he began working at the ACSA. He  
3 stated that the note said, “Leave it better than I found it.” He stated that he  
4 hopes that is what he is doing. He stated that he wanted to thank the  
5 employees. He stated that they have been a very supportive group of people.  
6 He stated that he wanted to thank the Leadership Team – April, Alex, Emily,  
7 Quin, and Jeremy. He mentioned that if he had one regret, it would be that  
8 he will not be here to see the Leadership Team work together like he knows  
9 they can. He noted that it is a new team, but they are primed and ready. He  
10 added that with Mr. Lunsford’s leadership, the Board will see some great  
11 things happen. He stated that this job kind of “dropped out of the sky” for  
12 him. He stated that he has been involved with water for a long time and likes  
13 water and environmental issues, so this was an opportunity to make a nice  
14 switch. He stated that looking back, it was an appropriate switch and a  
15 perfect match that he has enjoyed.

16           Mr. O’Connell stated that he is now onto another water journey,  
17 illustrated in the next slide. He stated that he has loved fishing, flyfishing in  
18 particular, since he was 10 years old. He stated that when he moved here  
19 43 years ago, he discovered the Moormans River. He noted that it was ironic  
20 because much of the urban system’s water supply comes from the  
21 Moormans, and he gets to go fishing there and check out the water quality.  
22 He stated that as he moves on to his new journey, one of his goals is to do  
23 more fishing. He stated that the photo on the slide is of the Andes Mountain,  
24 which has one of the best trout-fishing streams in the world and is his latest  
25 adventure.

26           Mr. O’Connell stated that he wanted to thank everyone again,  
27 especially Clarence Roberts for the job offer years ago. He stated that he  
28 now wants to congratulate Quin Lunsford. He mentioned that he thinks Mr.  
29 Lunsford is a great pick and is ready, with great support from the Leadership  
30 Team. He stated that he would now turn it over to Mr. Lunsford.

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1           Mr. Lunsford stated that on behalf of everyone at the ACSA, he  
2 sincerely thanks Mr. O’Connell for his leadership, mentorship, and  
3 friendship, which has meant a lot to people. He stated that he would briefly  
4 speak to the future of the ACSA, continuing to build on the foundation that  
5 has been established by Mr. O’Connell and people before him, as well as  
6 people in this room. He stated that the staff will remain committed to ensuring  
7 they provide the highest possible level of service and water quality to  
8 customers. He mentioned that the staff will make sure that everything they  
9 do aligns with the mission of safe, clean, reliable, and affordable. He noted  
10 that while aspirational, the ACSA will strive to be a best-in-class utility. He  
11 stated that he believes they can do this by leveraging the talented ACSA  
12 workforce and technology. He stated that the goal is to continue nurturing  
13 and training the ACSA’s existing talent to ensure the workforce can meet the  
14 needs of the future. He added that the ACSA will also continue to focus on  
15 its internal customer experience to ensure that workforce is engaged and  
16 compensated fairly.

17           Mr. Lunsford stated that the ACSA’s Strategic Plan, which Mr.  
18 O’Connell had a key role in developing, is ambitious but the energy and call  
19 to service within the organization is strong. He noted that it is engrained in  
20 who we are at the ACSA, and the staff is excited for the opportunity to lead  
21 the ACSA toward the future.

22           Mr. Tolbert stated that it has been a pleasure to serve on the Board  
23 with Mr. O’Connell as the Executive Director at the ACSA. He stated that he  
24 does not know how it was before Mr. O’Connell, but it has been great since  
25 he has served.

26  
27       12.   Items Not on the Agenda

28           Ms. Palmer stated that on her way to the meeting this morning, she  
29 heard a discussion on the radio about water associations going forward with  
30 lawsuits surrounding PFAS. She asked if the ACSA belongs to any of those  
31 organizations, and if there is any information as to what is going on with the

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1 lawsuits. Mr. Lunsford stated that he would be happy to get that information  
2 for her.

3

4 13. Adjourn

5 ***There being no further business, Ms. Palmer moved that the***  
6 ***meeting be adjourned, seconded by Mr. Parcels. All members voted***  
7 ***aye.***

8

9

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ACSA BOD Secretary-Treasurer