

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 March 20, 2025, at 9:00 a.m. at the
3 Administration and Operations Center at 168 Spotnap Road in
4 Charlottesville, Virginia.

5 **Members Present:** Mr. Richard Armstrong; Ms. Lizbeth Palmer; Mr. John
6 Parcels; Mr. Clarence Roberts; Mr. Charles Tolbert; Ms. Kimberly Swanson.

7 **Members Absent:** None.

8 **Staff Present:** Kenny Barrow, Jennifer Bryant, Deanna Davenport, Mike
9 Derdeyn, Tonya Foster, Tanya Johnson, John Lewter, Quin Lunsford,
10 Jeremy Lynn, Alex Morrison, Emily Roach, Danielle Trent, April Walker,
11 Theresa Whiting.

12 **Staff Absent:** None.

13 **Public Present:** Stephanie Foster, Albemarle County Citizen.

14
15 1. Call to Order and Establish a Quorum – Statement of Board Chair

16 The Chair called the meeting to order. He then read the opening
17 Board Chair statement (Attached as Page _____), and a quorum was
18 established.

19
20 2. Recognitions – Tonya Foster, 35 Years of Service; Jeremy Lynn,
21 Darden Executive Education Program

22 Tanya Johnson, Director of Finance, came forward to share a few
23 words. She stated that today, Tonya Foster was being recognized for 35
24 years of dedication, hard work, and commitment to the ACSA. She stated
25 that for over three decades, Ms. Foster has been a vital part of keeping the
26 ACSA's financial operations running smoothly and ensuring the efficiency of
27 procurement processes. She mentioned that Tonya's attention to detail,
28 reliability, and deep institutional knowledge have been invaluable to the
29 organization's success. She noted that Ms. Foster's dedication and expertise
30 have not only helped to build a strong foundation for the ACSA but have also
31 set an example for those around her. She added that, on behalf of the ACSA,

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1 she sincerely thanks Ms. Foster for her hard work, commitment, and the
2 impact she has made over the years.

3 Mr. Armstrong read the recognition resolution in honor of Ms. Foster.

4 ***Mr. Parcels moved to approve the recognition resolution;***
5 ***seconded by Mr. Tolbert. All members voted aye.***
6

7 Quin Lunsford came forward to present the recognition for Mr. Lynn.
8 He stated that the ACSA's Strategic Plan emphasizes continuing education
9 and professional development for employees. He stated that Jeremy Lynn
10 pursued and recently earned a Certificate of Leadership in Management
11 from the University of Virginia's Darden School of Business, through their
12 Executive Education program. He noted that the program required significant
13 effort and time. He stated that it was a four-week program over the course
14 of a few years and focused on the demands of responsible leadership
15 through collaboration with professional peers and Darden faculty.

16 Mr. Lunsford stated that some of the courses that Mr. Lynn took were
17 servant leadership, which focused on leading with humility, collaboration and
18 influence, leading mindfully, and financial management for non-financial
19 executives. He stated that the staff is appreciative that the ACSA Board
20 provides the opportunity for employees to pursue opportunities like this. He
21 congratulated Mr. Lynn and thanked him for his dedication. Mr. Lynn added
22 that he wanted to thank the Board for their support.
23

24 3. Approve Minutes of January 16, 2025

25 Mr. Parcels stated that he had one correction on page 10 of the
26 Board packet, or page 6 of the minutes. He stated that he wanted to get
27 clarity on the paragraph beginning on line 3, where Ms. Palmer is discussing
28 the cost for the risk assessment. He noted the incomplete sentence. He also
29 stated that further down the page, Mr. Morrison explains that if the
30 assessment was done for wastewater only, the cost would increase
31 significantly because of the background work that has to occur. He noted,

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1 however, that Mr. Morrison goes on to say that there is a lot of carryover
2 between assets, thus adding the wastewater was a small addition. He stated
3 that he was confused and asked if the ultimate cost is less than the sum of
4 the two.

5 Mr. Morrison stated that there is a lot of synergy in the background
6 work that must be completed. He stated that a lot of the background work is
7 completed on the water side so essentially, it is already completed on the
8 sewer side as well. He mentioned that this just leaves some additional
9 analyses to complete the risk assessment. Mr. Parcels asked if that was
10 why it would make sense to complete the assessment for the sewer as well.
11 Mr. Morrison replied yes.

12 Mr. Parcels stated that he also had a question regarding the
13 discussion about generators on page 14 of the minutes. He stated that Mr.
14 Morrison said there were two locations, the Northfield Water Pump Station
15 and the Madison Office Park Pump Station, that do not have permanent
16 generators. He stated, however, that Mr. Morrison implied that fuel is kept
17 on site for generators. He asked if the fuel was for temporary generators that
18 are kept on site. Mr. Morrison replied that for Northfield, there is a trailer-
19 mounted generator on site. He noted that this station boosts the pressure
20 from the surrounding Urban ring so if it goes offline, they can maintain a
21 slightly lower pressure within that band and avoid a disruption in service. Mr.
22 Parcells asked if they maintain service by using the trailer-mounted
23 generator. Mr. Morrison stated that if the station went offline and there was
24 no generator hooked up, the area would remain in service at a lower
25 pressure. He added that with the trailer-mounted generator, if there is an
26 issue with the grid power there is a quick connect to run the station on
27 generator power.

28 Mr. Parcels asked what the advantage is of having a trailer-mounted
29 generator at the Northfields Pump Station and not a permanent one. Mr.
30 Morrison replied that the trailer-mounted generator gives flexibility for tertiary
31 coverage at other pump stations. He noted that Northfields is just one of the

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1 locations where they keep one. He added that they have not felt it prudent
2 to go through the expense of putting in a permanent generator at that station
3 because they can maintain service at a lower pressure if there is a disruption,
4 before they hook up the generator.

5 Mr. Parcels asked about the Madison Office Park Pump Station. Mr.
6 Morrison replied that they have the ability to hook up a portable generator at
7 that station. He noted that the station only serves one commercial building,
8 so wastewater flows are Monday-Friday, 8 am to 5pm. Mr. Lynn added that
9 the neighboring Old Ivy Residences is a development of 500 units, which will
10 be contributing flow the upgraded Madison Office Park Pump Station. He
11 stated that one of the conditions of that approval was to have the developer
12 fund, construct, and install a permanent generator at the upgraded pump
13 station.

14 Ms. Swanson stated that on page 18 of the minutes, or page 22 of
15 the Board packet, there was a comment about the not so positive feedback
16 on the ACSA's social media post about the Avon Operations Center. She
17 asked if there was any follow-up with those people and if they have been
18 satisfied with the responses they received. Mr. Morrison replied that the
19 ACSA did respond and messaged those individuals privately, to continue the
20 conversations with specifics. He mentioned that two of the three people
21 reached out and were provided with the information requested, and they had
22 no further questions.

23 Ms. Palmer stated that there was a discussion last month about the
24 budget and items that were added to the CIP late. She stated that Mr. Lynn
25 mentioned the Galaxie Farm situation as a good example of things that they
26 do not find out about until later in the process, like the upper elementary
27 school at Mountain View. She stated that the plan for the school was
28 presented publicly in December 2022, although the project did not go out to
29 bid until October 2024. She asked at what point does the ACSA decide to
30 move forward with a project and if there is room for improvement in their
31 communication with the schools and/or the County.

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1 Mr. Lynn replied that the ACSA may see conceptual plans much
2 earlier in the process. He stated, however, that until the applicant submits
3 utility drawings to show the infrastructure that they are proposing, the ACSA
4 does not have a good sense of how close they will be to a connection or
5 neighboring development. He noted that if the ACSA had envisioned the
6 connection with the school sooner, they still may have underestimated the
7 extent of utility that needed to be constructed to make the interconnect to
8 Galaxie Farms. He added that the ACSA is becoming more in line with the
9 County's review process through their new enterprise permitting system. He
10 stated that the ACSA's recent update to the construction specifications also
11 calls for redundant feeds and secondary connections so had the
12 specifications been in place before this project, the requirement would have
13 fallen on the school system.

14 Ms. Palmer asked if in this case, the ACSA had to wait for final
15 engineering and plans to include it in the CIP. Mr. Lynn replied that this was
16 correct. He stated that they did not know where the water and sewer utilities
17 were being proposed until they submit the plans for review, which is usually
18 later in the process during the final site plan stage. Ms. Palmer stated that
19 final site plans are far into the process. Mr. Lynn replied that they can be. He
20 stated that they also try to look at rezoning and initial site plans to see if they
21 can recognize the potential interconnects. He mentioned that with this year's
22 proposed CIP budget, the annual repair and replacement line item has been
23 increased to account for some of the interconnections that may be identified
24 during the typical plan review process.

25 ***Mr. Parcells moved to approve the minutes of January 16, 2025;***
26 ***seconded by Ms. Palmer. All members voted aye except for Mr. Tolbert***
27 ***who abstained from voting due to his absence at the last meeting.***

28 29 4. Matters from the Public

30 There were no matters from the public.
31

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1 5. Response to Public Comment

2 There was no response to public comment.

3
4 6. Consent Agenda

5 **a. Monthly Financial Reports** – Ms. Swanson stated that she had a
6 question about the Water and Sewer Report on page 39. She noted
7 under the billed consumption for selected customers that there was a
8 customer listed as PR Charger C'ville Holdings and asked what that
9 was. Ms. Knight replied that it was the owner of an apartment complex.

10 **b. Monthly Capital Improvement Program (CIP) Report** – Mr. Parcels
11 stated that he had a comment about the Briarwood Water Main
12 Replacement project summarized on page 67. He stated that he was
13 struck by the phrase “the ACSA rejected all bids as a result of being
14 over-budget and due to lack of compliance with the 3% limitation on
15 mobilization costs.” He stated that there have been times when the bids
16 have been over-budget, but the ACSA compensated.

17 Mr. Lynn replied that the apparent low bidder exceeded the 3%
18 limitation on mobilization costs, thus they were not considered a
19 responsible bidder. He stated that this left the ACSA with one bidder to
20 evaluate, and they were significantly above where they felt the project
21 should land cost-wise. He mentioned that the staff decided that the best
22 approach was to rebid the project and adjust the budget, as well as
23 identify ways to attract more bidders to the project. He stated that one of
24 those ways is to be less stringent with the expected start date, which
25 was one of the concerns they heard during the bid period. He added that
26 they hope to get more bidders by relaxing that requirement.

27 Mr. Parcels asked if the project has been advertised, as of today.
28 Mr. Lynn replied that it is out for advertisement and there should be bid
29 information to share with the Board at the next meeting. Mr. Parcels
30 asked how much over budget the bidder was, and how much the ACSA
31 has adjusted. Mr. Lynn replied that the proposed budget will increase

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1 the project from \$2.7 million to \$4.1 million. He noted that the two bids
2 they received came in at \$3.4 million and \$4.4 million.

3 Mr. Parcels stated that there was a remark made about RWSA
4 increasing their CIP by 20%. He asked if this was a similar situation in
5 terms of increasing the construction costs. Mr. Lynn replied that the
6 numbers for the Briarwood project were good, except for pavement
7 restoration which was significantly higher than the ACSA's engineer
8 estimate, and work associated with making connections from the new
9 service back into the old service. He noted that the ACSA is seeing
10 increased costs, but there has also been a decrease in interest in some
11 of the projects. He stated that they are having a harder time attracting
12 local contractors to bid on projects. He added that one of the two bidders
13 for the Briarwood project was from Alexandria, VA. He stated that in
14 speaking with some of the local contractors the ACSA has worked with
15 in the past, they mentioned that there is a lot of local development
16 underway and they have scaled back their work force. Ms. Palmer asked
17 if they scaled back their work force because they cannot find workers.
18 Mr. Lynn replied that he suspects it is because they are having a hard
19 time finding qualified laborers.

c. Monthly Maintenance Update –

d. IT Monthly Update –

e. Rivanna Water and Sewer Authority (RWSA) Monthly Update – Ms.

23 Palmer stated that she had a question about the Stillhouse Water Line
24 Erosion at Ivy Creek on page107. She asked if RWSA provided the
25 ACSA with a map, or if Mr. Lynn knew exactly where this line is located.
26 Mr. Lynn stated that he thinks it is north of the neighborhood at Broomley
27 Road into Ivy Creek. He stated that RWSA has been discussing use of
28 one of the ACSA's easements as an access point, thus he suspects it is
29 in that area east of the Flordon subdivision. Ms. Palmer asked if he knew
30 where the line goes. Mr. Lynn replied that the Stillhouse system begins
31 right at the back door of the South Rivanna filter plant. He mentioned

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1 that the Stillhouse Pump Station pumps to Barracks Road to the
2 Stillhouse tank. He noted that from there it goes west and is the
3 transmission main for the whole Ivy area, until it terminates at the
4 entrance of West Leigh.

5 ***f. ACSA Board Policy Future Issues Agenda 2025***

6 ***g. Fix-A-Leak Week Water Conservation Event –***

7 ***Ms. Palmer moved to approve the consent agenda, seconded by***
8 ***Mr. Parcells. All members voted aye.***

10 7. Proposed FY 2026 Capital Improvement Program (CIP) Presentation

11 Mr. Lynn stated that on behalf of the ACSA's CIP team, he is pleased
12 to introduce the Proposed FY 2026 CIP budget. He stated that the CIP team
13 is comprised of the ACSA's four staff engineers, Richard Nelson, Justin
14 Weiler, John Anderson, and Keane Rucker, the Director of Operations Alex
15 Morrison, and the three maintenance supervisors Roland Bega, Billy
16 Defibaugh, and Robert Lawson. He mentioned that the team meets every
17 couple of weeks and has been working very hard over the last few months
18 to prepare the CIP budget. He added that he believes this new CIP budget
19 continues the high quality of service that ACSA customers have come to
20 expect.

21 Mr. Lynn stated that he will begin his presentation this morning with
22 some highlights from the proposed FY 2026 CIP budget, followed by an
23 introduction to the three new projects that have been added this year. He
24 stated that he would also discuss five projects that are anticipated to be
25 under construction in FY 2026, followed by the next steps in the budget
26 process. He encouraged the Board to ask any questions they have along
27 the way.

28 Mr. Lynn moved to the first slide to share some highlights from the
29 proposed FY 2026 CIP budget. He stated that this is the largest budget he
30 has seen in his 21 years with the ACSA, at \$18.5 million. He noted the
31 percentage breakdown by project type, with non-utility/facility projects being

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1 high this year due to the Avon Operations Center. He stated that there are
2 three new projects, which only make up approximately 2% of the budget, or
3 \$360,000. He stated that those new projects are the Albemarle High School
4 AC Water Main Replacement, the ArcFlash Hazard Assessment Update,
5 and the Emergency Response Plan (ERP) Update.

6 Mr. Lynn moved to the next slide outlining the first new project – the
7 Albemarle High School AC Water Main Replacement. He stated that during
8 the design of the County's Center II project, the ACSA identified an
9 opportunity to work collaboratively with the school system to replace close
10 to 1,300 feet of water main. He noted that the purple portion shown on the
11 map is the portion that the County is going to fund, and the ACSA will be
12 funding the magenta-colored portion along the roadway and back towards
13 the tennis courts. He noted that construction has begun on the school with
14 a couple of buildings already demolished, so the ACSA anticipates
15 construction of the water main project in FY 2026. He added that \$200,000
16 has been included in the proposed FY 2026 CIP budget.

17 Mr. Parcels asked if the purple line on the map is new. Mr. Lynn
18 replied yes. He stated that the current line goes through the building
19 footprint. He stated that the magenta line is original to the school, and the
20 ACSA will be performing a parallel replacement. He noted that the design
21 is incorporated in the bid, and it included that replacement. Mr. Parcels
22 asked if the line would be ductile iron. Mr. Lynn replied that it will be ductile
23 iron replacing asbestos cement.

24 Ms. Swanson asked if the ACSA staff has seen the master plan for
25 the Lambs Lane campus and the new road that is going to be constructed.
26 She stated that if approved, the new road will go behind the track and asked
27 if they knew the timing of that project and how it would play out with regards
28 to the ACSA's project. Mr. Lynn replied that he believes the new road is
29 going to go between the track and the baseball field. He noted that so far,
30 they have only seen big-picture conceptual plans. He stated that they will

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1 get to the point where they see construction drawings and they may need
2 some water lines through there, which the ACSA will work with them on.

3 Mr. Lynn stated that the second new project is the ArcFlash Hazard
4 Assessment Update. He stated that the ACSA will be looking at all its pump
5 station facilities and tanks and perform an update to the current
6 assessment. He mentioned that this will provide the staff with
7 recommendations on work procedures and necessary personal protective
8 equipment (PPE) for staff to wear when working on those facilities.

9 Mr. Parcels stated that he is surprised that the assessment is
10 occurring now as opposed to when the electric equipment was installed. Mr.
11 Lynn replied that the ACSA has already had an assessment done. He noted
12 that the industry standard is to update the assessment every five years or
13 when significant changes occur. He stated that the ACSA is past the five-
14 year mark, thus they need to update the assessment. He noted that there
15 is \$80,000 in the FY 2026 proposed CIP budget for this project, which will
16 be split between water and sewer. Mr. Parcels asked who performs the
17 assessment. Mr. Lynn replied that it will be done by an outside consultant.

18 Ms. Swanson asked for Mr. Lynn to remind her of what this is. Mr.
19 Lynn replied that it is for when an employee is working in an electrical
20 cabinet inside the pump station. He stated that the goal is to provide
21 protective measures for ACSA workers and depending on the electrical
22 hazard identified, there are varying levels of personal protective equipment
23 that must be worn. Mr. Parcels stated that he had a related anecdote from
24 his time working at Merck. He stated that a contract worker entered one of
25 the switch gear boxes without the proper PPE and he was significantly
26 burned.

27 Ms. Swanson asked if the ACSA had employees that are electricians.
28 Mr. Lynn replied that there is a vacancy for that position and the job is
29 currently being advertised. Mr. Morrison added that the electrician position
30 requires a Journeyman's license. Ms. Swanson asked if that is something
31 that the ACSA sponsors. Mr. Morrison replied that applicants are expected

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1 to already have their Journeyman's license upon hiring. Mr. Roberts asked
2 what the difference is between having a Journeyman's license and being a
3 master electrician. Mr. Morrison stated that he did not know but could look
4 into it.

5 Mr. Lynn moved to the next slide outlining the last new project for the
6 proposed FY 2026 CIP budget, which is an update to the ACSA's
7 Emergency Response Plan (ERP). He stated that in 2018, the America's
8 Water Infrastructure Act (AWIA) was passed and requires water utilities to
9 develop or update their ERPs. He mentioned that based on the size of the
10 population the ACSA serves, the deadline to complete the update is June
11 30, 2026. He stated that they will probably transition from the Risk and
12 Resiliency Assessment right into the ERP update with the consultant. He
13 noted that \$80,000 is included in the proposed budget for this project, which
14 will be split between water and sewer.

15 Mr. Lynn stated that he would now highlight some of the big projects
16 that are already under construction, or that they believe will be in the
17 upcoming fiscal year. He stated that the first of these is the Avon Operations
18 Center outlined on the next slide, which consumes a good portion of the
19 budget. He stated that this project aligns with one of the ACSA's Strategic
20 Plan pillars – business resilience. He noted that the ACSA is being booted
21 out of its storage space in Crozet with the upcoming GAC expansion at the
22 filter plant. He stated that the Avon site will offer additional storage facilities,
23 maintenance space, a secondary fueling facility, and a training area for
24 equipment operators. He added that construction is underway and \$7.1
25 million is anticipated for this project in FY 2026. He stated that the overall
26 budget is \$18,000,000.

27 Ms. Swanson asked about stormwater. Mr. Lynn replied that there is
28 a stormwater management facility on the property. He stated that it would
29 be on the lower side, where the snow is pictured on the slide.

30 Mr. Lynn moved to the next slide to discuss the Briarwood Water
31 Main Replacement project, which he mentioned is currently out for rebid.

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1 He stated that this project speaks to business resilience and customer
2 experience, two pillars of the ACSA's Strategic Plan. He mentioned that
3 ACSA customers have not had a great experience with their water service
4 in this area over the last couple of years. He noted that there have been
5 several water main breaks, inconveniences, and costly repairs so they are
6 pushing hard to get this project underway. He stated that construction
7 should take place in FY 2026. He noted that the budget for this project is
8 being increased from about \$2.7 million to \$4.1 million. He added that there
9 is \$2,370,000 in the FY 2026 budget for this project.

10 Ms. Swanson asked if the people that attend the meeting felt satisfied
11 with the ACSA's follow-up. Mr. Lynn replied that he felt it was a very
12 successful meeting. He mentioned that one of them came by the office not
13 too long ago, expressing their appreciation for the ACSA moving forward
14 with the project.

15 Mr. Lynn stated that the next project was the Ragged Mountain
16 Phase I Water Main Replacement project. He stated that the yellow line on
17 the map shows what will be replaced. He stated that the water main is cast
18 iron and over 90 years old. He mentioned that the ACSA is coordinating
19 with both RWSA and VDOT to complete this project. He stated that the
20 ACSA learned in the last month that VDOT will be moving forward with their
21 bridge replacement project and would like to advertise in June. He noted
22 that part of their project includes a casing pipe over the box culvert. He
23 stated that once that is in, the ACSA will be able to make the connection to
24 Buckingham Circle. He stated that most of the orange line on the map,
25 primarily the portion under the bypass, will be installed with RWSA's raw
26 water main project.

27 Mr. Parcels asked if the orange line going under 29 North is the
28 portion of the project that the ACSA will be collaborating with RWSA to
29 complete. Mr. Lynn replied yes. He stated that RWSA's 30" raw water main
30 runs parallel to the finished water main. Mr. Parcels asked if the VDOT
31 bridge project is closer to the PRV station. Mr. Lynn replied yes. He stated

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1 that this project will consist of three pieces. He mentioned that the first would
2 be the portion that the ACSA is working with RWSA on, the second would
3 be VDOT's portion, and the third will be the final tie-in done by the ACSA
4 once VDOT has their casing pipe in. He noted that the magenta line on the
5 map will not be replaced as it will be abandoned.

6 Mr. Parcels stated that the picture of the parking lot on the map is a
7 huge construction area, and a lot of the trees on the right side of Resource
8 Drive have been cut down. He stated that he assumes the connection is not
9 part of the construction taking place so there is no interference. Mr. Lynn
10 replied no, there is no interference. He stated that RWSA has been
11 intentional about coordinating with UVA for their pipeline because of the
12 parking garage structure that is being built along Fontaine Avenue. Mr.
13 Parcells asked how deep the main would be. Mr. Lynn replied probably
14 about 4-5 feet deep.

15 Ms. Swanson asked if the new energy plant on Fontaine would be
16 served by water. Mr. Lynn replied that it would be served by water. Ms.
17 Swanson asked if they would be customers of the City of Charlottesville or
18 Albemarle County. Mr. Lynn replied that they would be an ACSA customer.

19 Ms. Palmer asked if the new pump station that RWSA is building to
20 take water from the reservoir to Observatory Hill would be just off Fontaine.
21 Mr. Lynn replied that it is at Foxhaven Farm, right off Reservoir Road. Ms.
22 Palmer stated that when RWSA put the line in along the golf course, there
23 was some flooding into Bellaire, so she wanted to make sure it was not near
24 Bellaire. Mr. Lynn replied that it is right along the road, across from the
25 Regents School.

26 Mr. Parcels stated that in looking at the Ragged Mountain project in
27 the ACSA's CIP versus the new number, there is a \$140,000 difference. He
28 noted that with a number of the projects, there are different total budgeted
29 amounts compared to what was posted earlier in the CIP. Mr. Lynn asked
30 if Mr. Parcels was referring to the budget numbers in the monthly CIP
31 reports. Mr. Parcels replied yes. Mr. Lynn stated that the monthly report

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1 numbers are current adopted budget numbers for FY 2025. He stated that
2 they have not been updated to reflect the proposed FY 2026 budget
3 numbers because they have not yet been adopted. Mr. Parcels asked if the
4 totals in today's presentation were new budget numbers that have been
5 updated. Mr. Lynn replied that they have been updated due to things like
6 change of scope, updated budgetary numbers, or updated estimates. Mr.
7 Parcels asked if they would see the CIP projects listed with the new budget
8 numbers at the April meeting. Mr. Lynn replied that he would prefer to wait
9 until the budget has been adopted and then list the new budget numbers in
10 July. He noted that these numbers are new, but they have not been
11 adopted.

12 Mr. Lynn moved to the next slide outlining the Townwood Water Main
13 Replacement project. He stated that these customers have also been
14 experiencing service disruptions due to failed pipe services. He stated that
15 the ACSA staff is currently working on easement acquisitions, with most of
16 the easements being from the HOA. He mentioned that there is \$3 million
17 in the proposed FY 2026 budget for this project, with a total project budget
18 of \$3.2 million.

19 Mr. Lynn stated that the last project he wanted to highlight is the
20 Barracks West Water Main Replacement project. He stated that this
21 development dates to the 1960s, and they are looking to replace the original
22 cast iron and galvanized water mains. He mentioned that they are also
23 looking to increase the fire protection by adding fire hydrants. He noted that
24 there is almost \$100,000 included in the budget for FY 2026, with a total
25 project budget of \$3.5 million.

26 Ms. Swanson asked if these apartments were sold. Mr. Lynn replied
27 that they just recently switched owners, and the ACSA is working with the
28 current owner. He stated that there was a pause on the deal, but they are
29 now the owner, and they have had good conversations about pavement
30 restoration expectations. He mentioned that he feels they are in a good spot
31 and should be able to move forward with the project.

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1 Mr. Lynn stated that in terms of next steps, the ACSA would like
2 authorization from the Board to advertise for a public hearing to address the
3 proposed FY 2026 CIP budget. He stated that the public hearing would take
4 place at the April 17, 2025, Board meeting, which will include a presentation
5 on all CIP projects in the FY 2026 budget. He stated that there would then
6 be a workshop for the FY 2026 budget and rates at the May Board meeting,
7 followed by adoption of the budget, rates, and CIP at the June meeting.

8 Mr. Tolbert stated that he had a question on the textual material
9 provided ahead of the presentation. He asked if the new billing system that
10 will be part of the Customer Information System (CIS) Replacement will
11 affect how customers pay their bills. Mr. Lunsford replied that it could. Mr.
12 Tolbert stated he thinks the ACSA's current billing system is crappy and
13 should be fixed. Mr. Lunsford stated that the ACSA's current billing system
14 is only designed to bill. He noted that most billing systems today are
15 customer information systems that are designed to not only bill but also
16 track customer-specific information and share useful data with more people.
17 He noted that modern customer information systems are much friendlier for
18 customer payment and information gathering. Mr. Tolbert stated that the
19 current system knows his account number because that is how it recognizes
20 him, but every time he pays his bill, he has to enter his phone number and
21 email information, which it already knows as well. He stated that he has to
22 do this every month, and it is ridiculous.

23 Mr. Parcels asked what the status is for the developer participation
24 line item in the budget for FY 2025. Mr. Lynn replied that at this point, there
25 have been no oversizing projects identified. He noted that oversizing
26 agreements will always be brought before the Board as it is an agreement
27 with the developer. He added that the funds may not be used one year, and
28 another year the budget may exceed \$100,000.

29 ***Mr. Tolbert moved to authorize the advertisement for a public***
30 ***hearing to address the FY 2026 CIP at 9:00 a.m. on Thursday, April 17,***
31 ***2025; seconded by Ms. Palmer. The Chair asked for a roll-call vote: Mr.***

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1 *Parcells, aye; Ms. Palmer, aye; Mr. Tolbert, aye; Mr. Armstrong, aye;*
2 *Mr. Roberts, aye; Ms. Swanson, aye.*

3 4 8. ACSA Toilet Rebate Program

5 Ms. Roach shared a video presentation with the Board highlighting
6 the old toilet rebate program, why the ACSA is making changes, the new
7 program, and customer communication and education on the new program.

8 Ms. Swanson asked if people living in multi-family housing would
9 reach out to their property manager about the program since they are not
10 direct customers of the ACSA. Ms. Roach replied that typically, the property
11 owner or property management company would be applying for the rebate.
12 Ms. Swanson asked if the property managers offer residents the opportunity
13 to be engaged in the process or is it just a matter of them showing up to
14 replace the toilet. Ms. Roach replied that most just show up and replace the
15 toilets. She stated that there some properties that hand out dye tablets and
16 encourage them to check for leaky toilets, but it is usually just the property
17 manager making the decision to replace the toilets.

18 Ms. Palmer asked how many rebates an apartment complex is
19 allowed to receive. Ms. Roach replied that they are eligible for up to three
20 toilets per unit. She added, however, that their rebates are usually less than
21 \$100 per toilet because they purchase the toilets in bulk and receive a good
22 deal on the per item price.

23 24 9. ACSA Financial Plan and Scope of Work Discussion

25 Mr. Lunsford stated that this is an introductory presentation about
26 what the ACSA is doing and being mindful of in the long term. He stated
27 that he would start by giving the Board a quick refresher on the ACSA's
28 financial policies, followed by a review of the ACSA's current financial
29 reserves, current and past ACSA construction projects and what has been
30 spent on those, as well as the proposed long-term financial plan and
31 analysis.

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1 Mr. Lunsford moved to the next slide which summarized the
2 objectives of the ACSA's financial policy. He stated that overall, the goal is
3 to ensure the ACSA is capable to meet immediate and long-term objectives.
4 He mentioned that the ACSA emphasizes the importance of ensuring
5 accountability to its customers. He stated that the policies have been
6 designed to safeguard fiscal stability and sustainability. He noted that the
7 financial policy was most recently updated in March 2022 to account for
8 recommendations from the ACSA's investment advisor to allow investment
9 in supernatural investment vehicles, certificates of deposit, and bank
10 notes.

11 Mr. Lunsford stated that the next slide outlined key sections of the
12 financial policy. He stated that within the operating budget policies, all
13 current expenditures should be paid for with operating revenues, which are
14 water and sewer bills. He stated that another key component of the
15 operating budget policy is maintaining operating reserves for periods of
16 revenue shortfall. He added that budgets are developed based on historic
17 performance as well as current trends.

18 Mr. Lunsford stated that in terms of capital budget policies, the ACSA
19 prepares and updates a 10-year CIP plan annually. He stated that the first
20 year of that plan is adopted by the Board. He mentioned that a key
21 component here is that assets are to be maintained at a level adequate to
22 protect the investment, meet regulatory requirements, and minimize future
23 maintenance and replacement costs.

24 Mr. Lunsford stated that the next section is debt policies. He stated
25 that within the financial policy it notes that the ACSA will utilize a balanced
26 approach to capital funding by utilizing pay as you go, reserves, and issuing
27 debt to help finance projects. He noted that when assessing capital project
28 funding approaches and the issuance of debt, the ACSA is to conduct a
29 formal analysis of that issuance.

30 Mr. Lunsford stated that regarding reserve policies, the 3R reserves
31 provide funds for potential lags between operating revenues and

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1 expenditures and provide funds to pay for unexpected major repairs and
2 planned replacement of aging infrastructure. He stated that capacity and
3 system development reserves are accumulated to fund capacity and
4 growth-related system development costs and charges. He stated that
5 these costs would be those associated with ACSA growth-related projects
6 or RWSA growth-related debt service that is passed along to the ACSA.

7 Mr. Lunsford stated that within the revenue policies, water and sewer
8 charges should be kept as low as possible over time without sacrificing
9 continual maintenance. He stated that the ACSA has long had the mantra
10 of "growth pays for growth," thus costs related to the expansion of the
11 system capacity should be funded by new and future customers. He added
12 that rate studies should be conducted regularly or at a minimum, every five
13 years.

14 Mr. Lunsford stated that in terms of expenditure policies, operating
15 expenditures should be funded with ongoing operating revenues and
16 investments in technology and other efficiency tools should be made to
17 maximize productivity.

18 Mr. Lunsford moved to the next slide to review the ACSA's financial
19 reserves. He stated that as of February 28, 2025, the growth-related ACSA
20 reserves were \$17.5 million and the growth-related RWSA reserves were
21 about \$19 million. He stated that the ACSA's non-growth and operating
22 reserves totaled a little more than \$14 million.

23 Mr. Lunsford moved to the next slide and stated that it reflects
24 adopted FY 2025 and prior years' CIP projects in total, either currently or
25 soon to be in progress. He stated that the total amount is \$24.8 million. He
26 noted that of that \$24.8 million that has been approved, the ACSA has spent
27 about \$5 million which leaves almost \$20 million to spend. Mr. Parcels
28 added that those funds are encumbered. Mr. Lunsford stated that the next
29 slide illustrates this to a degree.

30 Mr. Lunsford stated that the left bar graph represents growth-related
31 reserves, and the right side shows non-growth-related reserves. He noted

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1 that the blue bar represents current reserve balances. Mr. Parcels stated
2 that while the graph is nice, having the numbers above the bars as label
3 points would be helpful. Mr. Lunsford stated that the unspent growth-related
4 projects equal \$12.4 million, which is represented by the green bar on the
5 graph to the left. He noted that the green bar on the right represents \$7.5
6 million, leaving \$5.2 million in growth-related ACSA reserves and \$6.5
7 million in non-growth-related ACSA reserves.

8 Mr. Lunsford stated that in terms of next steps, Tanya Johnson,
9 Director of Finance, and her team have started working with Davenport &
10 Co. to assist with an analyzation of the ACSA's overall financial health and
11 sustainability. He noted that Davenport is helping to conduct an in-depth
12 financial review to ensure the ACSA has the funding it needs to pay for
13 future projects that have been identified as well as those that have not. He
14 noted that the ACSA will be evaluating whether a debt issuance makes
15 sense, as there is a large ACSA capital project that would be reasonably
16 funded through debt financing. He stated that, historically, the ACSA has
17 not issued a lot of debt. He mentioned that the last debt the ACSA issued
18 was in 2010 for the North Fork Regional Pump Station, which was
19 refinanced in the early 2020s.

20 Mr. Parcels asked what the term is on the long-term debt that was
21 refinanced. Mr. Lunsford replied that it will be finished in 2030. Mr. Parcels
22 stated that in other words, it was 20 years initially and the ACSA refinanced
23 the balance. He asked if the ACSA considers issuing a new debt, would
24 they do the same thing. Mr. Lunsford replied they would consider bond
25 funding if it was favorable. He stated that he is not sure the interest rates
26 will be favorable. Ms. Palmer asked if the ACSA would ever consider a 30-
27 year loan. Mr. Lunsford replied that he thinks they can because the current
28 debt policy states that the term of the loan cannot extend the useful life of
29 the asset.

30 Ms. Swanson stated that when the debt issuance was done for the
31 North Fork Regional Pump Station, the ACSA used a special rate district as

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1 a strategy to carry out the growth pays for growth policy. She stated that if
2 the ACSA is looking into debt issuance for other projects, it will be everyone
3 paying for it as opposed to the growth pays for growth strategy. She asked
4 if there was any way to look at how the two different ideas play out. She
5 stated that it seems as if the North Fork Regional Pump Station did not
6 completely play out as it had been envisioned. Mr. Lunsford replied that it
7 had not played out yet. He stated that ultimately, customers that helped
8 finance the pump station will be reimbursed by new connections in those
9 special rate districts. He stated that first, the ACSA needs to evaluate
10 whether it makes sense to issue debt with what they know is happening
11 right now and what is expected to happen in the future. He noted that the
12 next thing to evaluate is what the ACSA would choose to finance through
13 those proceeds and if it is something that could support a special rate
14 district, that might be something the Board could consider. He added that if
15 it is something more general or non-growth related, then the ACSA can
16 spread the cost of those projects over time and lessen the need to increase
17 rates in a steep manner from year to year.

18 Ms. Palmer stated that, as she remembers, the original plan for North
19 Pointe included a commercial component but that has changed. She stated
20 there were also supposed to be around 900 single-family units and asked if
21 that was still the case. Mr. Lynn replied that if the area was changed from
22 commercial to residential, that would be favorable for the ACSA because
23 the ERCs for residential would mean more connection charges. Ms. Palmer
24 stated that she thought it had already been changed, but she figures the
25 ACSA would know if they had. Mr. Lynn replied that they have not seen any
26 recent plans for that area.

27 Mr. Parcels stated that he heard something about affordable
28 housing being built at North Fork near the research area and asked if that
29 is in the long-term plan. Mr. Lynn replied that there was not a housing
30 component in the original plan. Mr. Parcels asked if Mr. Lynn is aware of

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1 the new plan. Mr. Lynn replied yes and stated that it would be favorable as
2 well because it would contribute more financially to the special rate district.

3 Mr. Parcels asked about the timing for the ACSA's long-term
4 financial analysis. Mr. Lunsford replied that it is ongoing but will not impact
5 what will be proposed for the FY 2026 budget. He mentioned that the ACSA
6 is seeing considerable increases from RWSA, more so on the capital side.
7 He noted that the community water supply plan that was developed in the
8 early 2000s has finally come to fruition, but the costs have increased
9 substantially. He added that the ACSA expects to see significant increases
10 from RWSA over the next five years. Mr. Parcels asked if the ACSA could
11 expect to add 20% to the increases they have already envisioned in the five-
12 year plan. Mr. Lunsford replied that it depends on how the 20% is added.
13 He stated that if he means adding 10% to the 12%, that would probably be
14 a low estimate. Mr. Parcels stated that he meant adding 20% to what is
15 currently projected, or 1.2x the current projected increases.

16 Mr. Lunsford stated that the ACSA wants to be intentional on how
17 reserve funds are used to mitigate any short-term impact on customers. He
18 stated that they hope to have a report in the next month and a half, which
19 Ms. Johnson will present.

20 21 10. Items Not on the Agenda

22 There were no items not on the agenda to discuss.

23 24 11. Executive Session

25 The Chair read a Resolution to enter Executive Session
26 pursuant to Virginia Code §2.2-3711 A (1) to discuss a personnel matter
27 (Attached as Page _____).

28 ***Ms. Palmer moved to approve the Resolution as presented***
29 ***to the Board; seconded by Mr. Parcels. The Chair asked for a roll-call***
30 ***vote: Mr. Parcels, aye; Ms. Palmer, aye; Mr. Armstrong, aye; Mr.***
31 ***Roberts, aye; Ms. Swanson, aye.***

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

Mr. Parcels moved to approve the Resolution as presented to the Board, seconded by Mr. Roberts. The Chair asked for a roll-call vote: Mr. Parcels, aye; Ms. Palmer, aye; Mr. Armstrong aye; Mr. Roberts, aye; Ms. Swanson, aye.

11. Adjourn

There being no further business, Ms. Palmer moved that the meeting be adjourned, seconded by Mr. Roberts. All members voted aye.

Quin Lunsford, Secretary-Treasurer