

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 February 19, 2026, 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. McKeel; Ms. Lizbeth
6 Palmer; Mr. John Parcels; Mr. Clarence Roberts; Ms. Kimberly Swanson.

7 **Members Absent:** None.

8 **Staff Present:** Charles Da Costa; Mike Derdeyn; Quin Lunsford; Jeremy
9 Lynn; Alex Morrison; Sabrina Seay; Danielle Trent.

10 **Staff Absent:** Emily Roach; April Walker.

11 **Public Present:** Michael Maker, NewGen Strategies; Connor Drucis,
12 NewGen Strategies.

13
14 1. Call to Order and Establish a Quorum – Statement of Board Chair

15 Mr. Armstrong called the meeting to order. He stated that he first
16 wanted to welcome the ACSA's newest Board member, Diantha McKeel. He
17 mentioned that they now have a full team now. He then read the opening
18 Board Chair statement (Attached as Page _____), and a quorum was
19 established.

20
21 2. Recognitions – Charles DaCosta, 25 Years of Service

22 Mr. Lynn stated that this morning, they have the opportunity to
23 recognize Mr. Charles DaCosta for 25 years of service at the ACSA. He
24 stated that Charles came to the ACSA in 2001, following an 18-year career
25 with Faulconer Construction. He mentioned that during his time in the
26 maintenance department at the ACSA, Mr. DaCosta served as a utility
27 worker and equipment operator, before transitioning to the engineering
28 department as a utility location technician in 2017. He noted that after six
29 years as a locator, Charles was promoted to construction inspector, which is
30 the role he currently serves in.

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1 He stated that Mr. DaCosta continues to be a dedicated employee
2 and works well with everyone he encounters. He stated that his personality,
3 friendly demeanor, and wealth of experience have served him well. He
4 stated that Charles is a strong communicator and keeps his team updated
5 on construction activities related to his projects. He added that Charles also
6 regularly supports the locating group given his previous experience in that
7 role. He stated that Charles was the first employee to be assigned an electric
8 vehicle and still drives the Ford Lightning to this day. He added that Charles
9 will very soon be transitioning from developer projects to CIP projects and
10 will be the inspector for the Barracks West Water Main Replacement project.
11 He stated that on behalf of the ACSA Board and staff, he extends his sincere
12 appreciation for Mr. DaCosta’s 25 years of service to the organization and
13 its customers. The Chair then read the recognition resolution (Attached as
14 Page_____).

15 ***Ms. Palmer moved to approve the resolution recognizing***
16 ***Charles DaCosta for 25 years of service; seconded by Mr. Parcels. The***
17 ***Chair asked for a roll-call vote: Ms. McKeel, aye; Mr. Parcels, aye; Ms.***
18 ***Palmer, aye; Mr. Armstrong, aye; Mr. Roberts, aye; Ms. Swanson, aye.***

19 Ms. Palmer stated that she has such respect for the inspectors. She
20 stated that she heard a story yesterday about the importance of inspectors
21 on construction projects, so it was really on her mind today. She thanked Mr.
22 DaCosta for doing such a great job.

23
24 3. Approve Minutes of January 15, 2026

25 Mr. Parcels said he had one small correction on page of the packet,
26 or page 3 of the minutes, line 30, the second “one” should be “won.”

27 ***Ms. Palmer moved to approve the minutes of January 15, 2026;***
28 ***seconded by Mr. Roberts. Ms. McKeel stated that she would abstain***
29 ***from voting, as she was not on the Board in January. All other members***
30 ***voted aye.***

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4. Matters from the Public

There were no matters from the public.

5. Response to Public Comment

There was no response to public comment.

6. Consent Agenda

a. Monthly Financial Reports –

b. Monthly Capital Improvement Program (CIP) Report – Ms. Swanson asked if the staff has identified a location for a public meeting for the Townwood Water Main Replacement project. Mr. Lynn replied that he received an invite late yesterday afternoon and the scheduled meeting with the Townwood community and HOA is Wednesday, March 25th at 6pm. He stated that it will be held at the Unity Church on Hydraulic Road. He stated that he would send Ms. Swanson an invite. Ms. McKeel stated that she would like an invite for the meeting as well.

c. Monthly Maintenance Update –

d. IT Monthly Update – Mr. Parcels stated that he would send Ms. Walker an email since she was not present at the meeting to respond, but he had questions about two of the remarks in the update that were the same as last month. He stated that for the SCADA system assessment at the Camelot Pump Station, the update states that “preparations for implementation are in progress,” which is a repeat from the prior month. He mentioned that he was curious about what that meant and would like an update. He stated that secondly, under the Avon Operations Center, it states that the ACSA Lead Team will convene to discuss the intended utilization. He stated that he was curious if the Board would receive an update on how that will be set up and allocated.

Mr. Lunsford stated that they can certainly provide an update on those two items. He stated that in terms of the Avon Operations Center, the

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1 Lead Team is currently working to ensure they can be as flexible as they
2 need to be in some of the spaces and provide connectivity in the right
3 places.

4 Mr. Morrison added that the IT team will be conducting work onsite,
5 alongside the contractor, in the coming weeks to ensure they have identified
6 any deficiencies in conduit as well as to install some of the backbone wiring
7 for the security system.

8 ***e. Condemnation Request – Airport Industrial Develop. Complex –***

9 ***f. Rivanna Water and Sewer Authority (RWSA) Monthly Update – Ms.***

10 Palmer stated that last month, Mr. Parcels asked a question about the dam
11 improvements last month, and she wanted to follow-up to make sure she
12 understands as well. She asked, in reference to the Beaver Creek Dam
13 spillway enhancements, if RWSA is replacing the labyrinth spillway but not
14 the earthen dam. Mr. Lynn replied that the labyrinth spillway will be
15 constructed in the middle of the existing earthen dam. He stated that they
16 will have to lower the pool level and construct the spillway in the middle of
17 the dam. He mentioned that over that spillway, there will be a bridge that
18 allows the road to traverse the dam once construction is complete. She
19 asked if they would have to interrupt or dig into the earthen dam. Mr. Lynn
20 stated that they will remove sections from the top portion of the earthen dam
21 where they will cut into for the spillway. He stated that this is why they have
22 to lower the pool level. He stated that the first part of that project will be to
23 construct the new raw water pump station because the spillway is going to
24 go where the existing raw water pump station sits currently.

25 ***g. ACSA Board Policy Future Issues Agenda 2026***

26 ***h. ACSA Staffing Amendment –***

27 ***Mr. Parcels moved to approve the consent agenda, seconded***
28 ***by Ms. Palmer. All members voted aye.***

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1 7. FY 2027 Rate Study Update

2 Mr. Lunsford stated that following last month’s presentation by
3 NewGen, Michael Maker was joining them today to give another
4 presentation (Attached as Pages_____) with additional recommendations
5 and an update on the model buildout. Mr. Maker stated that he would present
6 the first half, and Connor Drucis would present the second half.

7 Mr. Maker stated that he would begin the presentation with some
8 high-level assumptions and growth-related capital charges. He stated that
9 he would then turn the presentation over to Connor, who would talk about
10 some of the capital funding scenarios, the results of those scenarios, and bill
11 comparisons.

12 Mr. Maker moved to the first slide outlining business fundamentals.
13 He stated that a business should have revenue sufficiency meaning
14 revenues should match or exceed expenses. He stated that one of the core
15 policy goals of the ACSA is that growth pays for growth, thus new customers
16 should pay for the cost they incur. He mentioned that there should also be
17 maintained reserves for a rainy day, and the ACSA has a robust reserve
18 policy. He stated, lastly, that there should be reinvestment in the system.

19 Mr. Maker stated that the second slide highlighted some of the
20 factors affecting ACSA’s rates and charges. He stated that the first is the
21 operating and maintenance expenses such as salaries and materials,
22 however, the largest of these is the purchase of water and sewage treatment
23 from RWSA. He noted that over the next five years or so, the average
24 increase from RWSA is a little over 12% per year for water and almost 11%
25 per year for sewer. He stated that for labor expenses are expected to
26 increase 5.5% per year, with other expenses around 0%-3% per year.

27 Mr. Parcels stated that he thought RWSA projected a higher
28 increase per year, across the five-year span. Mr. Lunsford replied that it is
29 subject to change. He stated that when they began conversation earlier this
30 fall with RWSA, they presented a five-year CIP that was over \$700 million.
31 He stated that since then, it has decreased to about \$600 million but that

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1 certainly could change. Mr. Maker noted that the 12% was an average
2 across the five years, so some years could be higher or lower. Mr. Parcels
3 stated that 12% seems low and asked if they were undershooting. Mr.
4 Lunsford replied that he feels it is reasonable for the purposes of the model.
5 He mentioned that they will need to evaluate it each year to ensure what the
6 ACSA is proposing is adequate. Ms. Palmer added that the ACSA staff did
7 mention that they would notify the ACSA Board of which RWSA CIP projects
8 will be extended or put off.

9 Ms. Palmer stated that at the last meeting, NewGen mentioned that
10 the increase in customers was about 2% each year, looking back about 10
11 years. She stated that during her first stint on the Board, the number was
12 1.5% in terms of increase in the number of customers. She asked where the
13 increase took place or why. Mr. Lunsford replied that they have that historical
14 information in the Annual Comprehensive Financial Report (ACFR). He
15 asked Ms. Palmer to allow staff to perform that analysis, and they would
16 include it in next month's agenda. Ms. Palmer noted that usage is showing
17 to only increase 1.5%, which she assumes is based on several factors. She
18 stated that she would think it would be more in line with the increase in
19 customers. Mr. Maker added that with customers, they are not just using a
20 fixed percentage but rather the number of additional equivalent residential
21 connections (ERC's) that they are seeing. He stated that it is about 550 per
22 year and when you add that number to a larger number each year, it
23 becomes a smaller and smaller percentage. He added that people across
24 the country are using less water per capita, on average. He stated that they
25 may be adding a handful of costumers, but they are using less on average
26 because of conservation, low-flow fixtures, and smaller household sizes.

27 Mr. Maker stated that in terms of miscellaneous revenue charges,
28 they are being conservative and holding those flat. He stated that there may
29 be a little bit of growth, but they do not want to be aggressive. He stated that
30 the last factor affecting rates and charges is the reserve targets. He stated

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1 that the ACSA has three reserves and the goal is to maintain 270 days of
2 expenses between the three.

3 Mr. Maker stated that the next slide shows the growth-related capital
4 charges. He stated that these are the charges that new customers pay and
5 help offset the capital costs of backbone capacity in the system such as
6 transmission mains and treatment facilities. He stated that for the ACSA,
7 these charges are split into system development and capacity charges. He
8 stated that the industry standard term that the American Water Works
9 Association (AWWA) uses is system development charge. He noted that
10 there is an entire manual coming out just on system development charges.
11 He stated that in Virginia, they are sometimes referred to as availability fees.
12 He stated that the ACSA is using the term system development charge and
13 referring to the RWSA charge as the capacity charge. He noted that user
14 rates can recover operating and capital costs, whereas system development
15 charges can only recover capital costs. He mentioned that user rates are
16 based on annual expense needs, whereas system development charges are
17 tied to the cost to provide capacity. He added that user rates are paid on a
18 recurring basis through monthly bills, while the system development charge
19 is a one-time fee. He noted that there must be a reasonable relationship
20 between the charge and the cost of providing capacity.

21 Mr. Maker stated that the next slide was a graphical representation
22 of what he just discussed. He reiterated that operating expenses are paid
23 through user rates. He stated that when it comes to capital expenses, they
24 can be system maintenance (non-growth) related, or system expansion
25 (growth) related. He noted that non-growth-related costs can be cash or debt
26 funded through user rates. He stated that system expansion can be cash or
27 debt funded, which ideally should be paid for through system development
28 or capacity charges. He noted that if system development and capacity
29 charges are set at less than cost or anticipated growth does not occur, then
30 existing customers will have to make up the difference through higher user
31 rates.

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1 Mr. Maker stated that there are three main methods for calculating
2 growth-related charges, listed on the next slide. He stated that the first is the
3 system buy-in method. He stated that this method looks at historical costs,
4 as well as the fixed assets and replacement costs of those less depreciation,
5 to determine what it would cost for someone to buy into the existing
6 infrastructure that existing customers have already been paying for. He
7 stated that the second method is the incremental method. He stated that this
8 method looks at the future capital plan and the cost of that capacity for new
9 projects and is usually a higher cost. He stated that the third method is the
10 hybrid method, which is sort of a weighted average of the first two, taking
11 into account historical and future capital costs.

12 Mr. Maker stated that the bar graph on the next slide is a snapshot
13 of the ACSA's growth-related charge in comparison to some of its peers. He
14 stated that they tried to use the surrounding counties, so the comparison was
15 more "apples to apples," but everyone's system is different. He mentioned
16 that some provide their own treatment and some counties are more spread
17 out. He noted that the ACSA falls right in the middle of the graph, with blue
18 representing water and green representing sewer. He stated that the two
19 combined give the total charge. He stated that the average for the chart is
20 \$14,712, and the ACSA falls just beyond that.

21 Ms. Swanson asked which counties use special rate districts. Mr.
22 Maker replied that Rapidan Service Authority, which includes both Madison
23 County and Orange County, has different districts but they charge the same
24 availability fee for every district. Mr. Maker asked if Ms. Swanson meant
25 counties that charge separate rates by district. Ms. Swanson replied yes,
26 meaning they charge more for areas that have the most infrastructure
27 investment. Mr. Maker stated that there has been a trend of going to more
28 universal rates, but he can certainly look and see what areas have special
29 rate districts. Ms. Palmer stated that the ACSA implemented a partial special
30 rate district years ago for North Fork.

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1 Mr. Maker moved to the next slide, showing the ACSA’s system
2 development charges, which he stated do not include RWSA’s treatment
3 facilities. He stated that this calculation is based off of the hybrid method. He
4 stated that the ACSA has both historical costs built up and future costs
5 coming, so it made the most sense to use the hybrid methodology. He noted
6 that currently, the ACSA charges \$2,100 per ERC which would be for a 5/8
7 inch or ¾ inch meter. He stated that for sewer, the cost is \$3,300 per ERC,
8 which varies for larger meter sizes because there are more ERCs. He
9 mentioned that for special customers, they recommend determining costs on
10 a case-by-case basis. He stated that currently, they are proposing a 10%
11 increase in system development charges each year, over the next five years.

12 Ms. Palmer asked if the hybrid method is what the ACSA has
13 historically used. Mr. Maker replied that he can double check, but it is the
14 best method because they want to recognize both past and future
15 investments. Mr. Lunsford added that the ACSA has historically used the
16 hybrid methodology.

17 Ms. McKeel asked what Mr. Maker meant by “special customers.”
18 Mr. Maker replied that when there is a very large user joining the system that
19 does not fit the normal profile, the ACSA should look at their demand profile
20 to try to determine their expected usage. He stated that the engineers would
21 sit down with them and figure that out. Ms. McKeel asked for an example.
22 Mr. Lunsford stated that the ACSA has identified reasonably common
23 connection types and have assigned ERCs to those. He stated that a hotel,
24 for example, would be charged 0.5 ERCs per room. He stated that
25 apartments, assisted living facilities, and nursing homes are examples of
26 users that all have an ERC calculation that is applied. He stated that for a
27 mega water user, the ACSA Rules and Regulations states that engineering
28 data will be used to calculate what the connection charges will be based on
29 their capacity profile.

30 Ms. McKeel stated that she knows there have been private, mega
31 water users. She asked if Mr. Lunsford is referring to just businesses or if

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1 the user could be just an individual using a significant amount of water. Ms.
2 Palmer asked if she was referring to irrigation. Ms. McKeel stated that she is
3 aware of a couple of individual mega water users. Mr. Lunsford stated that
4 on the residential side, there is a tiered rate structure. Ms. McKeel stated
5 that she was aware of the tiered rate structure. Mr. Lunsford stated that those
6 individual mega water users would be billed according to that tiered structure
7 and are paying at that higher rate.

8 Mr. Maker stated that the next slide highlighted RWSA's capacity
9 charges, which are similar in structure to the ACSA's system development
10 charges. He stated that the RWSA's capacity charge covers their backbone
11 capacity, which the ACSA has to pass down to its customers. He stated that
12 the hybrid methodology is used for these charges as well. He noted that they
13 are proposing a 10% increase per year over the next five years as well. He
14 stated that he would now turn the presentation over to Connor Drucis.

15 Mr. Drucis stated that he would go more into the rate side of things,
16 which covers non-growth expenses unless the growth rates cannot cover the
17 growth-related expenses. He stated that the next slide lists three different
18 CIP funding scenarios. He mentioned that currently the ACSA's CIP is
19 averaging about \$17.8 million for both water and sewer for the next five
20 years. He mentioned that scenario 1 assumes a fully cash-funded CIP every
21 year, which means no debt issuances. He stated that the entire CIP would
22 be paid for by cash from user rates. He stated that over the five-year period,
23 this would include rate increases on the water side at 25% for the first three
24 years, and a 3% increase for the last two years of the five-year period. He
25 noted that on the sewer side, the user rate would increase 11% for the first
26 three years and 3% for the last two years.

27 Mr. Drucis stated that the second scenario would debt fund roughly
28 2/3 of the CIP, with debt issuances occurring every other year beginning in
29 FY 2027. Mr. Parcels asked if Mr. Maker meant 2/3 of the CIP would be debt
30 funded for that year. Mr. Maker replied that it is 2/3, on average, each year
31 in the five-year period. He stated that if the CIP is \$100 million, for example,

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1 about \$65 million would be debt-funded over the five-year period. He stated
2 that the only difference between scenario 2A and 2B is how the rate
3 increases are implemented. He mentioned that scenario 2A includes more
4 aggressive rate increases on the water side for the first three years, at 17%
5 each year and 3% for the remaining two years. He stated that the user rate
6 increases on the sewer side are 3% each year for both scenarios. He noted
7 that this is because most of the CIP sewer projects are growth-related, which
8 would be paid through system development charges, capacity fees, or
9 reserves from those fees. He stated that the rate increases for water are
10 smoother with scenario B, at 14% every year for the five-year planning
11 period.

12 Mr. Drucis stated that the next few slides illustrate the three
13 scenarios in graphical form for water and sewer. He stated that as a
14 refresher, the graph on the left shows the revenue requirement for each year.
15 He noted that the light blue line represents the ACSA's current revenue,
16 assuming no changes. He noted that it is slightly going up because of the
17 ACSA's assumed customer growth rates and usage growth rates. He noted
18 that the dark blue line is the proposed revenue, with a higher slope for the
19 first three years, reflecting the proposed 25% increase for water rates. He
20 noted that the purple stacks representing cash funded capital projects are
21 rather large, so aggressive increases in rates during the first three years are
22 necessary to catch up to the costs. He noted that the light blue stacks at the
23 top represent any system development charge shortfall, which are any
24 growth-related fees that cannot be covered by the system development
25 charges or the reserves are too low to cover them. He added that the chart
26 on the right shows the combined total cash balance, which is made up of the
27 three cash balances they discussed last meeting. He stated that they are the
28 operating reserves, the system development fee reserves, and the
29 infrastructure reserve. He stated that the goal of the rate study is to make
30 these reserves meet the target cash on hand, which is 270 days. He noted
31 that scenario 1 does accomplish that goal by the end of the five-year period.

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1 Mr. Parcels asked if the current debt service, represented by light
2 green on the chart, was insignificant. Mr. Drucis replied yes, it was
3 insignificant for the water service. He stated that there is no debt service
4 issued by the ACSA on the water side, but there is on the RWSA side.

5 Ms. Palmer asked, in terms of assumptions, what the percentage
6 was for increase in CIP construction costs. Mr. Drucis replied that they are
7 using the CIP as it is for the purposes of the model. He stated that he
8 assumes, hopefully, that escalation in construction costs is included in the
9 CIP, however, they can put a contingency in the CIP if not. Mr. Lynn stated
10 that there are typically contingencies built into the CIP estimates. He stated
11 that depending on how far out the project is, that contingency could be
12 greater. He mentioned that if a project is within the 1–2-year range, that
13 contingency gets homed in, giving them a better idea of what the
14 construction costs will be.

15 Mr. Drucis stated that the next slide shows scenario 1 on the sewer
16 side. He stated that sewer costs are not escalating as high, and cash funded
17 capital projects are not reflected here because a majority of that growth is
18 growth-related, which would be funded from system development charges.
19 He stated that currently, the balance is healthy and they do assume growth.
20 He mentioned, however, that the balance will be depleted over the five-year
21 period to a point where there would be a system development charge
22 shortfall in year five. He stated that this is why they are proposing 11%
23 increases for the first three years to catch up to that cost in the outer years,
24 while also using some cash to mitigate larger rate increases in the fifth year.
25 He noted that looking at the graph on the right, the cash balances do meet
26 the target cash on hand in year five.

27 Mr. Parcels asked why would there not be cash funded capital
28 projects showing in FY 2029 or FY 2030. Mr. Drucis stated that there are
29 cash-funded capital projects, but they are on the growth-related side. He
30 stated that this graph shows revenue requirements for non-growth costs. He
31 stated that the growth-related costs are going to be funded by the system

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1 development charges. Mr. Lunsford asked, to clarify, if the dark blue stack
2 representing proposed revenue was only related to water and sewer charges
3 to customers. Mr. Drucis replied yes. He stated that last presentation, the
4 pro forma for the growth-related fees showed the revenues and costs on the
5 growth-related side. He stated that those costs should be covered by the
6 assumed revenue from those fees or cash balances.

7 Mr. Drucis stated that the next slide showed scenario 2A for water,
8 which proposes that 2/3 of the CIP each year, on average, is debt-funded.
9 He noted that the graph on the left side shows that the cash funded capital
10 projects stack has gotten smaller because those would now be going to debt
11 issuances. He stated that the light blue stack above it shows the new debt
12 service coming on as a cost. He mentioned that the system development
13 charge shortfall has been shaved down as well. He stated that this scenario
14 proposes 17% increases for the first three years, and 3% increases for the
15 remaining two years. He noted that the graph on the right shows that the
16 cash balance does meet the target by the end of the fifth year.

17 Mr. Parcels asked what the assumption is with regard to debt service
18 for those couple of years. Mr. Drucis replied that it is \$20 million in FY 2027,
19 \$20 million in FY 2029. He stated that he can check on the amount, but the
20 debt service issuance goes down in FY 2031. He stated that these
21 recommendations follow Davenport's recommendations in the last analysis,
22 based on the current costs of the system. Mr. Parcels asked what rate is
23 being assumed on this kind of debt. Mr. Lunsford replied that the assumption
24 was 5%. Mr. Parcels asked if it would be 20 years at 5%. Mr. Drucis replied
25 that he would double-check the numbers. Ms. Palmer asked how much
26 RWSA is getting percentage wise. Mr. Lunsford replied that he does not
27 know if it has reached 5% yet, but he will check their last issuance and follow
28 up.

29 Mr. Parcels asked if the 20 years at 5% was for a bond issuance.
30 Mr. Drucis replied yes. Mr. Parcels asked what the rate would be if the ACSA
31 had a line of credit. Mr. Lunsford replied that he does not know if a line of

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1 credit would be appropriate for capital-related expenditures. He stated the
2 useful life for the assets the ACSA proposes to finance is 20-30 or even 60
3 years. He stated that the ability to spread those costs over time makes
4 sense. He mentioned that the ACSA has been in an incredibly fortunate
5 position to be able to cash fund its capital program for so long. He stated that
6 this is new to the ACSA, with the exception of debt service issuance in 2010
7 for a large project. He noted that there are very few utilities that NewGen has
8 worked with, that have been able to cash fund as long as the ACSA has. Mr.
9 Drucis stated that it is very rare to see a utility with no current debt.

10 Ms. Swanson asked if Virginia has an authority that helps entities
11 with getting a good rate on these types of large capital investments. Mr.
12 Lunsford replied that the Virginia Resource Authority (VRA) has programs
13 where authorities, cities, counties, or towns, can borrow through their
14 issuances. He noted that in 2021, the VRA helped the ACSA refinance the
15 Build America Bond that was issued in 2010 to lower the interest rate on the
16 outstanding debt. He mentioned that in conversations with Davenport, VRA
17 is going to be an avenue that the ACSA explores if given direction from the
18 Board. He added that Davenport will also evaluate issuing in the public
19 market where the ACSA will be rated and issue debt, similar to RWSA and
20 the County.

21 Ms. Palmer stated that the ACSA does not really deal with any of the
22 large infrastructure like most other authorities in the state. She stated that
23 this particular period, the ACSA is building the new Avon Operations Center,
24 which is a very large project. She asked if the ACSA anticipated going back
25 to having smaller CIPs like they used to, or if there were other large projects
26 on the horizon that she is not thinking about. Mr. Lunsford replied that the
27 10-year CIP is large. Mr. Lynn stated that they are beginning to see projects
28 that are much larger than previous projects. He stated that the Airport Trunk
29 Sewer project, which is a full capacity growth-related project, is an example.
30 He stated that it is also very expensive to extend sewer into existing
31 neighborhoods like Buckingham Circle and Bellair. He mentioned that it is

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1 easy to see an \$8-\$10 million project, which is probably four times the size
2 of some of the projects five years ago. He stated that he does not know if
3 they will be able to go back to those smaller CIPs each year. Mr. Drucis
4 added that the only control the ACSA has over debt funding is with its own
5 CIP. He noted RWSA's debt service on the chart and the purchase of water,
6 which makes up a large portion of the ACSA's cost and cannot be debt
7 funded.

8 Mr. Drucis moved on to scenario 2A for the sewer side. He stated
9 that with this scenario, again, 2/3 of the CIP is assumed to be debt funded.
10 He stated that not much changes on the sewer side because most of the
11 sewer capital projects are on the growth side. He stated that any expenses
12 incurred are assumed to be covered by growth-related fees or reserves. He
13 noted that if they are not, there will be a system development charge
14 represented by the light blue line. He noted the light blue line did disappear
15 in the fifth year with this scenario because there is more debt funding for the
16 CIP and those expenses are smoothed over a 20-year period. He stated that
17 there is a 3% increase for the five-year planning period to meet the target
18 cash on hand by the fifth year.

19 Mr. Drucis stated that he would now move to scenario 2B shown on
20 the next couple of slides. He stated that it is the same CIP funding scenario
21 as 2A, but the rate increases are smoothed out. He stated that on the water
22 side, they are assuming a 14% increase each year for the five-year planning
23 period. He noted that there are some deficits in the beginning but by the end
24 of the fifth year there is a surplus, and they are able to get the cash balance
25 back to the target cash on hand. He mentioned that this scenario does allow
26 for less of a rate shock in the beginning.

27 Mr. Parcels asked how the proposed revenue line for this scenario
28 exceeds that of the 2A scenario. Mr. Drucis stated that the proposed revenue
29 line in scenario 2B gets higher because the 14% is compounding on itself. He
30 stated that by having a smooth rate increase for five years, it will be slightly
31 higher but there are some bigger deficits in the beginning. Mr. Parcels noted

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1 that the slide on the next table that breaks down the scenarios in actual costs
2 shows that the 2B scenario is lower. Mr. Drucis replied that this is because
3 the table only shows the first year, FY 2027. He stated that scenario 2B
4 assumes a 14% increase in the first year, while scenario 2A assumes a 17%
5 increase in the first year.

6 Mr. Drucis stated that scenario 2B for sewer is the same as scenario
7 2A for sewer, because most of the capital costs are growth-related. He stated
8 that this scenario assumes a 3% increase each year for the five-year
9 planning period, with cash balances meeting the target cash on hand in year
10 five.

11 Mr. Drucis stated that the next slide shows the monthly bill impact of
12 each scenario for year one. He stated that the chart shows three different
13 users – small users, which are the 25th percentile for residential customers,
14 median users, and large users, which are the 50th and 75th percentile
15 respectively. He noted that with scenario 1, the median customer would see
16 about a \$12 bill increase, a \$6.55 bill increase for scenario 2A, and a \$5.61
17 increase with scenario 2B. Ms. Swanson asked if the three users
18 represented in the graph correspond to the ACSA's current tiered rate
19 structure. Mr. Drucis replied yes.

20 Mr. Drucis moved to the next slide showing the FY 2027 combined
21 monthly bill comparison. He noted that they used mostly counties local to the
22 area or similar demographics for the comparison. He stated that the ACSA,
23 at the current rate structure, falls towards the lower part of the graph. He
24 mentioned that with the two debt funded CIP scenarios, the ACSA would
25 move closer to the middle. He added that with the cash funded CIP scenario,
26 the ACSA would be on the upper end of the graph. Ms. Palmer asked if they
27 could add Greene County to the comparison in the future. Mr. Drucis replied
28 yes.

29 Mr. Drucis stated that in terms of next steps, they will be refining the
30 revenue requirements and the cash vs. debt funding recommendations
31 before the next presentation. He stated that they will also be developing

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1 more user rate and growth-related capital charges recommendations bases
2 on any changes that may occur.

3 Ms. Swanson asked if it is possible to get a monthly bill impact
4 scenario for multi-family homes. Mr. Drucis stated that they can include that
5 in their next presentation. Mr. Lunsford asked Ms. Swanson if she was
6 referring to how these rate changes impact apartment complexes. Ms.
7 Swanson replied yes.

8 Mr. Parcels stated there were several more pages in the
9 presentation after the conclusion that illustrate projected water and sewer
10 rates scenarios for the five-year period. Mr. Drucis replied that they are
11 supplemental, but they should just reflect the percentages. Mr. Parcels
12 stated that this is where his question comes in. He stated that the 2B
13 scenario shows a lower rate, even after the end of the five years. He stated
14 that, in his mind, this contradicts the scenario 2B graph from earlier. Mr.
15 Drucis stated that he would double-check the numbers.

16
17 8. Facilities Condition Assessment Update

18 Mr. Lynn stated that he wanted to highlight that this presentation
19 (Attached as Pages_____) was a collaborative effort between the
20 maintenance and IT staff. He stated that he would speak to the purpose of
21 the assessment, followed by the approach that they took, recommendations
22 for each facility, and then next steps.

23 Mr. Lynn stated that in January 2024, ACSA learned of the flooding
24 at the Rivanna Pump Station. He stated that the Rivanna Pump Station
25 serves about 60% of the ACSA's public utility customers and average daily
26 flows are about 5 million gallons per day (MGD). He stated that the ACSA
27 decided to figure out how to avoid this from happening at one of its facilities,
28 which led to the facilities condition assessment. He mentioned that the focus
29 of the project was to identify any deficiencies or issues at critical pump
30 stations and have the consultant issue recommendations to improve those
31 sites and provide associated costs and prioritizations.

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1 Mr. Lynn stated that the ACSA maintenance and IT staff, along with
2 the consultant, made site visits to eight of the ACSA's facilities – five sewer
3 pump stations and three water pump stations. He stated that during those
4 site visits, they interviewed ACSA staff that operate and troubleshoot these
5 facilities on a daily basis. He mentioned that those interviews gave them an
6 idea of what issues are experienced and the problems that are evident at
7 each site. He stated that the consultant also reviewed the SCADA data to
8 look at pump run times, flows into the facilities, and any capacity-related
9 challenges. He noted that PLC (programmable logic controller) programming
10 was reviewed and evaluated to ensure they were operating as intended. He
11 added that as part of this process, the consultant also performed life cycle
12 evaluations of existing pumps, VFDs (variable frequency drive), and
13 generators.

14 Mr. Lynn stated that he would now go through each of the eight
15 facilities, beginning with the North Fork Regional Pump Station (NFRPS). He
16 stated that the NFRPS was constructed in 2012 and has a capacity of 5.3
17 MGD. He stated that the big issue identified at this pump station was the
18 need to replace the existing VFDs. He mentioned that the pump station has
19 four pumps, and each pump has a VFD. Mr. Parcels asked if a VFD has a
20 useful life of only 10-12 years. Mr. Lynn replied that he believes it is around
21 10-15 years. He noted that they are also having problems finding
22 replacement parts for the VFDs. He stated that in addition to the VFDs, some
23 of the instrumentation will need to be replaced as well. He stated that this
24 would include items like the pump float controls, level transmitters, and flow
25 meter. He added that NFRPS is by far the largest and most critical facility
26 that the ACSA has, thus it is critical to do everything they can to prevent a
27 negative occurrence. He stated that out of the four pumps at the station,
28 pump four was rebuilt in 2024, pump two is scheduled for service this fiscal
29 year, and pumps one and two are recommended for rebuilds.

30 Ms. Swanson stated that she recalls RWSA's pump station failure
31 was related to a transducer issue. She stated that she did not know if the

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1 ACSA had anything like that in its facilities and asked if that was similar to
2 the pump float control. Mr. Lynn replied that they want to ensure the float
3 controls and level transmitters are operating correctly because that is the
4 information that relays to the PLC and tells the pumps when to turn on, ramp
5 up, ramp down, and turn off. He stated that the last recommendation for this
6 site is to remove and service the grinder. He stated that the grinder is
7 immediately upstream of the wet well and every bit of flow that goes into the
8 pump station passes through the grinder, which provides protection for the
9 pumps. Mr. Morrison added that the transducer at RWSA's facility was an
10 ultrasonic transducer. He noted that all of ACSA's stations use submersible
11 transducers and a backup system. He noted that the backup system works
12 on an air pressure differential.

13 Mr. Lynn stated that the next facility is the Camelot Wastewater
14 Pump Station. He stated that this station was also built in 2012 as part of the
15 North Fork project. He stated that it has a smaller capacity of 3.4 MGD. He
16 mentioned that one of the challenges they faced with this site from the
17 beginning was drainage down the access road that leads to the pump
18 station. He stated that pump two has already been serviced and rebuilt, so
19 pumps one and three are recommended for rebuild as well. He mentioned
20 that they also have a recommendation to replace the PLC and OIT. He
21 stated hat OIT stands for operator interface terminal, which is the
22 touchscreen on the panel at the pump station. He added that some of these
23 items will be handled as a CIP project, which he will mention later on in the
24 presentation, but a lot of them will be handled in-house by the IT and
25 maintenance staff.

26 Mr. Lynn moved to the third facility- the Georgetown Green
27 Wastewater Pump Station. He stated that this site is located between the
28 Georgetown Green neighborhood and Albemarle High School (AHS). He
29 mentioned that the pump station was constructed in 2005 and has a pretty
30 small capacity of about 0.2 MGD. He stated that they identified the need for
31 PLC and OIT replacement at this facility. He noted that more importantly,

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1 and more related to RWSA's issue, is that the pumps are below grade at this
2 facility. He stated that there is one sump pump below grade and the
3 recommendation was to install a redundant sump pump. He stated that in
4 addition to the redundant pump, there is also a recommendation to get the
5 lower-level sump pump and the grinder connected to the SCADA system.

6 Mr. Parcels stated that there is no mention of generators and asked
7 if everything is good with those in terms of maintenance or issues. Mr. Lynn
8 replied that there were no issues found during the assessment with regard
9 to generators. Ms. Swanson stated that this is the pump station that has
10 historically had issues with the flushable wipes. Mr. Lynn replied yes. He
11 mentioned that the pump station has a grinder that was installed a number
12 of years ago, but that grinder status is not in the SCADA system. Ms.
13 Swanson asked if communication efforts about the wipes have been
14 productive. Mr. Morrison stated that he has not heard of any recent issues.
15 He stated that the communitors project helped to address the wipes issue
16 before they reach the pumps. Mr. Lynn added that the grinder takes care of
17 any and all things. Ms. Swanson stated that this is lovely but asked if it is
18 possible to continue to remind people not to flush the wipes. Ms. Palmer
19 stated that perhaps they can put a message on the bills. Mr. Lunsford added
20 that they will promote it on social media.

21 Mr. Lynn stated that the fourth sewer pump station is the Peter
22 Jefferson Place Wastewater Pump Station. He stated that the only
23 recommendation at this site was to address some settlement that has
24 occurred adjacent to an electrical transformer within the fence line. He
25 mentioned that they are looking at coordinating with Dominion Energy to
26 resolve that issue. He noted that the pumps at this station were upgraded in
27 2020, so they will look at scheduling a rebuild of those in the 2028-2030
28 timeframe. Ms. Swanson stated that, as she recalls, the pumps were made
29 smaller because they did not see the growth. Mr. Lynn stated that when the
30 pump station was constructed in the early 2000s, it was oversized with the
31 expectation of significant growth. He noted that the growth did not and still

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1 has not happened. He stated that when the upgrades were done in 2020,
2 the infrastructure footprint remained the same, but they were able to go down
3 in pump size. He added that they do have the ability to increase the pump
4 size if necessary. Ms. Swanson asked if they would keep what had already
5 been installed. Mr. Lynn replied that it had already reached the end of its
6 useful life. He noted that the third recommendation was to perform a wet well
7 drawdown to determine how the pumps are performing from an efficiency
8 standpoint.

9 Mr. Parcels stated that there is no mention of a VFD issue at the
10 Georgetown Green pump station. Mr. Lynn replied that there is no VFD at
11 that station. He stated that the bigger stations have VFDs to allow the pumps
12 to ramp up and down. He stated that the pumps at a lot of the smaller stations
13 just turn on or off.

14 Mr. Lynn stated that the last of the sewer pump stations is the
15 Glenmore Wastewater Pump Station. He stated that the pumps at this
16 station are below grade, so the big recommendation is to install redundant
17 sump pumps and integrating those pumps and the grinder into the SCADA
18 system.

19 Mr. Parcels stated that overall, the cost for all of the pumps at the
20 various facilities is not quite \$1million, but there is about \$1.1 million
21 allocated in the 10-year CIP. He asked if these expenses were already
22 anticipated or were they new compared to what was forecasted. Mr. Lynn
23 replied that a lot of this was anticipated. He stated that they had developed
24 a 10-year pump station facility program and had an idea of when they would
25 need to rebuild pumps. Mr. Parcels stated that they have done a great job
26 forecasting. Mr. Morrison added that a lot of this information is being added
27 to the ACSA's asset management program, CMMS. He stated that through
28 this study, they have been made aware of a lot of manufacturer
29 recommendations regarding rebuilding and replacement schedules. He
30 stated that the assessment solidified what the staff has already been able to
31 project over the 10-year period.

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1 Mr. Parcels stated that he wonders if stuff builds up on the
2 submersible transducers over time and reduces their sensitivity. Mr.
3 Morrison stated that it can happen, but they are able to removed and
4 cleaned. He stated that often times, they are in stilling wells which keeps the
5 solids from impacting the sensor.

6 Mr. Lynn stated that he would now move on to the three water pump
7 stations, all of which are located in the Ashcroft neighborhood. He stated that
8 Ashcroft 1 Water Pump Station is located at the same site as the Pantops
9 tank that is seen in the background of the photo. He noted that the pump
10 station was replaced in 2015 and has a capacity of 0.5 MGD. He stated that
11 the common theme with the Ashcroft pump stations is to ensure the pump
12 rebuilds and motor services are scheduled and upgrading the OIT. He noted
13 that Ashcroft Pump Station 2 and 3 work in series to get the water up the
14 mountain to the Ashcroft upper tank. He noted both pump stations were
15 upgraded in 2022.

16 Mr. Lynn stated that most of the small ticket items will be handled in-
17 house, and a lot of them have already been included in future CIP or
18 operating budgets. He stated, however, that the major items mentioned
19 related to North Fork and Camelot are complex enough that they need to be
20 packaged for a CIP project. He stated that at the March meeting when the
21 FY 2027 CIP budget is proposed, there will be a new line item for North Fork
22 and Camelot pump station improvements at about \$450,000.

23
24 9. Resolution of Official Intent to Reimburse Expenditures with
25 Proceeds of a Borrowing

26 Mr. Lunsford stated that this item is being presented in conjunction with the
27 rate study that was just provided, as well as the financial analysis that was
28 done last summer. He stated that within the packet, there is a resolution of
29 official intent to reimburse expenditures with proceeds of a borrowing. He
30 stated that if the Board chooses to adopt this, it does not obligate the ACSA
31 to authorize debit in the future. He mentioned that what it does is, it allows

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1 the ACSA to capture costs that are being incurred now until the debt
2 issuance, to reimburse the ACSA for those costs. He noted that the Board
3 has mentioned the Avon Operations Center a number of times, which is an
4 \$18 million dollar project. He stated that they have already spent \$10 million
5 and expect to spend the remaining \$8 million over the next 6-8 months. He
6 noted that if the Board authorizes the resolution and debt is issued in the
7 future, the reserves can be reimbursed through that debt borrowing. He
8 added that they worked with Davenport to craft the resolution and Mike
9 Derdeyn, ACSA attorney, has reviewed it as well.

10 Mr. Parcels asked if there would be any value to consolidating,
11 meaning paying off the initial bond that the ACSA has. Mr. Lunsford stated
12 that they will analyze that. He noted that it ends in 2030, so there is very
13 little interest left to be paid on that issuance as it is mostly principal. Ms.
14 McKeel stated that this process is the same one used for the Albemarle-
15 Charlottesville Regional Jail (ACRJ).

16 ***Ms. Parcels moved to approve the resolution of official intent***
17 ***to reimburse expenditures with proceeds of a borrowing; seconded by***
18 ***Ms. McKeel. The Chair asked for a roll-call vote: Ms. McKeel, aye; Mr.***
19 ***Parcels, aye; Ms. Palmer, aye; Mr. Armstrong, aye; Mr. Roberts, aye;***
20 ***Ms. Swanson, aye.***

21
22 10. Items Not on the Agenda

23 Ms. Palmer stated that she had one comment in response to Ms.
24 Swanson's suggestion earlier about getting the word out about flushable
25 wipes. She stated that she wonders if Tim Brown, or whoever on the staff
26 may handle this, to write something up about flushable wipes, and ask the
27 County to include it in their social media postings quarterly or every six
28 months or so. She stated that those downstream of us that are taking water
29 out do not have the wonderful GAC system. She stated that to be kind to
30 our neighbors and the environment, it would be helpful to have short
31 statement and work with the County to push that out. Mr. Roberts asked if

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1 that would include facial tissues as well. Ms. Palmer replied that she
2 believes so. She stated that she never looked those up, but she does know
3 about the flushable wipes. Mr. Lunsford stated that they will look for ways
4 to amplify that message and asked the Board if they would be ok with the
5 ACSA using witty, funny messaging. Ms. Palmer and Ms. McKeel both
6 agreed that they would be ok with it. Ms. McKeel added that it will get
7 people’s attention. Ms. Swanson stated that she also feels the messaging
8 should be around the public’s investment in the infrastructure and making
9 that more apparent to them.

10 Ms. McKeel stated that Albemarle High School students are very
11 environmentally focused and have several committees around that. She
12 stated that she would reach out not only to the County but Albemarle County
13 Public Schools as well, to perhaps get some attention through the
14 Albemarle High School. She added that the Jack Jouett district also has the
15 Hydraulic Citizens Advisory Committee that meets every month and has a
16 representative from Georgetown Green, so perhaps some of this
17 information can flow through that committee.

18 Ms. Swanson stated that, to piggy-back on Ms. McKeel’s suggestion,
19 there is an AHS student that is amazing at covering the building process for
20 Center II. He stated that he does a weekly report and he is on Instagram.
21 Ms. McKeel stated that it is an energized population that is very
22 environmentally conscious and the ACSA should tap into that demographic.

23

24 11. Executive Session – Executive Director’s Mid-Year Review

25 The Chair read a Resolution to enter into 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: Ms. McKeel, aye; Mr. Parcels, aye; Ms. Palmer, aye; Mr.***
31 ***Armstrong, aye; Mr. Roberts, aye; Ms. Swanson, aye.***

