Albemarle County Service Authority Board of Directors

The Board of Directors of the Albemarle County Service Authority (ACSA) met in a regular session on May 21, 2026, at 9:00 a.m. at the Administration and Operations Center at 168 Spotnap Road in Charlottesville, Virginia.

Members Present: Mr. Armstrong; Ms. McKeel; Ms. Lizbeth Palmer; Mr. John Parcells; Mr. Clarence Roberts; Ms. Kimberly Swanson.

Members Absent: None.

Staff Present: Tim Brown; Quin Lunsford; Jeremy Lynn; Alex Morrison; Emily Roach; Danielle Trent.

Staff Absent: April Walker.

Public Present: Neil Williamson, Free Enterprise Forum; Courtney Rogers and Stephen Geisz, Davenport & Company.

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

Mr. Armstrong called the meeting to order. He then read the opening Board Chair statement (Attached as Page ______), and a quorum was established.

2. Approve Minutes of April 16, 2026

There were no additions or corrections to the minutes of April 16, 2026.

Ms. Palmer moved to approve the minutes of April 16, 2026; seconded by Mr. Parcells. All other members voted aye.

3. Matters from the Public

There were no matters from the public.

4. Response to Public Comment

There was no response to public comment.

5. Consent Agenda

a. Monthly Financial Reports

b. Monthly Capital Improvement Program (CIP) Report – Mr. Parcells stated that with respect to the Ragged Mountain Phase 1 Water Main Replacement on page 68, there is a remark about the bore running into problems and the solution is to do a larger bore. He asked if this would not have similar issues. Mr. Lynn replied that a larger bore will allow better access and eliminate the need for two separate bores, increasing the likelihood of success. Mr. Parcells asked if the larger bore would be deeper. Mr. Lynn replied that he does not think it will be deeper. Mr. Parcells asked how big the larger bore would be. Mr. Lynn replied that it is 84 inches because it has to fit a 36-inch and a 12-inch pipe inside it.

Mr. Parcells stated that his next question was about the Airport Trunk Sewer Upgrade project on page 74. He asked why the Water Protection Ordinance (WPO) permit was required and if it was related to the sewage. Mr. Lynn replied that the permit is related to the amount of disturbance this project will cause. He stated that the project site is also adjacent to Lake Hollymead, so they want to ensure everything is done to protect the lake. He noted they were not able to submit the WPO until they have acquired all of the easements. Mr. Parcells asked if this means that additional inspectors will come to compare the work being done with the permit. Mr. Lynn replied that there will be an ACSA inspector focused on the work itself and the installation of the sanitary sewer, as well as a County inspector who will make site visits from an E&S standpoint.

Mr. Parcells stated that he also had a question about the Bellair-Liberty Hills Sewer project on the same page. He asked how the failing septic systems in this area impact the ACSA's construction of the sewer line. Mr. Lynn replied that most of the construction for this project will be along the roadway, so the drain fields will not be impacted. He mentioned that there are a couple of areas where they will have to cross between properties, so they will have to research where those drain fields are located.

Ms. Palmer asked if the Buckingham Circle residents were connected because she could not remember. Mr. Lynn replied that they are connected with water, but not from a sewer standpoint. He stated that both eventually connect to RWSA's Morey Creek interceptor that runs along the western side, but they are not physically connected.

Mr. Parcells stated that he wondered if the wetland nature of the terrain had an impact, but he supposes the failure of the drain field is a different problem. Mr. Lynn replied that it is a different kind of problem and one that the Virginia Department of Health (VDH) would be working on with the property owners until public sewer is made available. Ms. Palmer stated that she often wondered how much the failing septic systems contribute to the wetlands.

Mr. Parcells stated that his next question was about the Crozet Phase 3 SSES project on the next page. He asked if there was a way to measure the work that is going to be done and how effective it would be in reducing I&I, to show the amount of I&I reduction that there will be, and whether it is worth the money that will be spent. Mr. Lynn replied that they are reviewing the draft report now, and all of the repairs that have been identified are on manhole structures. He mentioned that even from an I&I reduction standpoint, it makes sense to repair those manholes. He noted that they are looking at about $200,000 in manhole rehab collectively. He stated that it is challenging to compare pre-rehab and post-rehab data because rain events and moisture conditions vary during different times of the year. He added, however, that they should see the peaks come down once the repairs in the sewer system are made. Mr. Parcells asked how long it would take to complete the repairs. Mr. Lynn replied that as soon as they get through the report, they will issue a work order to the contractor, who should have much of the work completed within the next six months.

Mr. Parcells stated that he had a question about the Avon Operations Center project on page 77. He mentioned that the update says that the previously approved HVAC system was not able to meet the project schedule, “forcing an alternative system to be selected.” He asked what this meant. Mr. Lynn stated that the original HVAC company was unable to meet the ACSA’s project schedule. He stated that they evaluated an alternative system and are working to ensure that they can remain within the ACSA’s project schedule. He mentioned that it seems the primary issue was that the coils on the units were not available due to a large demand from data centers. Mr. Parcells asked if this meant they would have a different type of coil or a different system altogether. Mr. Lynn replied that it will be a different system.

Mr. Morrison stated that it is a different system than what one would see in a residential home. He stated that this system uses a coil repeat, which helps with energy savings. He stated that it is a specialized system that has additional components related to coils, which have recently been in high demand. Mr. Parcells asked about the financial consequences of the new system. Mr. Morrison replied that currently, they are not seeing any additional cost with the change. He noted that there is a small chance that the ACSA could see some cost savings with the new system.

c. Montclair Subdivision - Oversizing Agreement –

d. Monthly Maintenance Update – Mr. Parcells stated that on page 103, it states that no leaks were reported for April. He stated, however, that there was a huge leak reported in the April Board packet that occurred in March. He stated that he does not recall that being addressed or how it was resolved. Mr. Morrison replied that in the April update, one of the leaks reported was on the fire line to the ACSA’s warehouse building. He stated that it was actually in the March packet because it occurred in February. He stated that usually it would show up on the water report at the April Board meeting, but the leak occurred at the end of the month. He mentioned that there is a report generated in Cityworks on the first of the month. He noted that if the work order is not completed and closed out, as it takes a few days to get all of the information in the system, the leak will not be included in that report. He stated that maintenance has worked with customer service and the CMMS coordinator to implement a 5-day delay in generating the report, to ensure leaks that happen at the end of the month are captured. Mr. Parcells asked about the leak at the warehouse building, stating that it seems 30,000 gallons would be visually obvious. Mr. Morrison replied that an ACSA inspector arrived first on-site that morning and noticed the leak in the maintenance yard. He stated that they quickly isolated it to make the repair. Mr. Parcells stated that he supposes there was no AMI to catch the leak. Mr. Morrison stated that there is no AMI for the fire systems since they are unmetered.

e. IT Monthly Update – Mr. Parcells stated that there was a remark in the report about IT onboarding three new employees. He stated that he went back to look at April as well, and there have been five employees onboarded between the two months. He asked if this means the ACSA is now fully staffed. Mr. Lunsford replied that the IT department is fully staffed. Mr. Parcells stated that he assumes the five new employees were for positions across the organization. Mr. Morrison stated that there have been a couple of new Utility Worker I positions that were onboarded to backfill vacancies. He stated that currently, the maintenance department has 35 employees out of the 37 budgeted positions. He mentioned that with the recent promotion for the Facilities Supervisor position, they are looking to backfill the Crew Leader II- Valves and Hydrants position. He noted that they are actively interviewing for that position this week. He added that the other vacant maintenance position is the Electrician Technician, which has been extremely challenging to fill, as they have not received qualified applicants with the required licensure. Mr. Parcells asked how long the position had been vacant and when he foresaw them being able to fill it. Mr. Morrison replied that it has been vacant for about 12 months. Mr. Parcells asked if there was any ability to connect with PVCC to fill the position, because they have a journeyman program. Mr. Morrison stated that they have advertised at PVCC as well as CATEC. He noted that the ACSA has an employee who is currently working through the CATEC journeyman program and is in his last round of classes. He mentioned that once the employee is done with classes, he will be able to sit for the journeyman's exam. Mr. Parcells asked how many vacancies there were overall in the organization. Ms. Roach replied that she believes there are three vacancies currently. Mr. Lynn added that there is a vacant engineer position, which has been vacant for about seven months. Mr. Lunsford stated that the Director of Finance position is vacant as well, with interviews to start soon.

Ms. Swanson stated that it seems like there are a lot of high-flow alerts that come from the AMI system. She stated that although the staff does not have to follow up on all of them, she is interested in understanding what high-flow alerts are related to with the AMI system. Mr. Lunsford stated that he does not know the exact metrics for a high-flow alert, but for continuous flow, it would be constant usage for 24 hours. He stated that a high-flow alert could be indicative of a major break on the customer side. He stated that high-flow alerts come in regularly when a large irrigation system turns on, as it can use hundreds of gallons in a few hours. He mentioned, however, that when they see that consumption stops or returns to a normal level, they consider that to be intentional consumption and do not consider that they have to follow up on.

f. ***Rivanna Water and Sewer Authority (RWSA) Monthly Update –*** Ms. Palmer stated that the new demand analysis for Crozet is coming out in October of this year, so there will be updated information. She stated, however, that RWSA performed a study in 2019, and their alternative was to rehab the raw water pump station at Beaver Creek to make it more efficient. She stated that for quite a while, RWSA has had the Beaver Creek raw water pump station and piping improvements in its CIP. She asked if this project would actually do what the Hazen and Sawyer alternative suggested or if this was something different. Mr. Lunsford replied that he would need to speak with RWSA, and he would get back to her.

g. ACSA Board Policy Future Issues Agenda 2026 –

h. Annual Water Quality Report –

Ms. Palmer moved to approve the consent agenda, seconded by Ms. Swanson. All members voted aye.

6. <u>Proposed FY 2027 Capital Improvement Program (CIP) Public Hearing</u>

Mr. Armstrong opened the floor for public comment on the proposed FY 2027 CIP public hearing. Neil Williamson with the Free Enterprise Forum came forward to address the Board. Mr. Williamson stated that, of all the localities that he covers, the Albemarle County Service Authority is head and shoulders above anyone else in providing information, content, answering questions, and transparency, which is to be commended. He stated that the ACSA's CIP is significant and the trickle down of the RWSA's CIP is equally significant in terms of the cost to ACSA rate payers and developers. He mentioned that he has been informed that there will be increases in connection fees to the tune of 10% annually for the next five years.

Mr. Williamson stated that this will impact the cost of housing. He stated that it is not the ACSA's concern, but it is important to recognize everything that goes into that. He stated that they were a huge supporter of the community water supply plan, and they stand by that support. He stated that they know that it costs money, and this is how you collect it. He noted that, having said that, it should be made known with eyes wide open that there are impacts to RWSA's CIP as well as the ACSA's CIP that go beyond the ACSA's true area of concern, and they should be highlighted.

Barring any further public comment, Mr. Armstrong closed the floor for public comment.

7. <u>Proposed FY 2027 Budget and Rates Workshop</u>

Mr. Lunsford stated that today's presentation was designed in the format of a workshop (Attached as Pages_______). He stated that they welcome any questions the Board may have. He stated that he would begin by providing an overview of the ACSA. He stated that he would then show where the ACSA is financially in FY 2026 and how the Strategic Plan integrates with the proposed budget for FY 2027. He stated that he would recap the water and sewer rate study that was performed earlier this year and some of the recommendations related to that study. He stated that he would emphasize the value of water and show what different customer types can expect if the proposed rate changes are approved. He added that he would also briefly go through each of the departmental budget proposals.

Mr. Lunsford moved to the next slide outlining the ACSA's mission and vision statements. He stated that the ACSA strives every day to provide best-in-class service through clean, safe, and reliable water and wastewater collection.

Mr. Lunsford moved to the next slide, showing an overview of the ACSA. He stated that the ACSA was founded in 1964 and has over 23,000 unique water accounts, serving over 91,300 customers. He stated that the ACSA has 88 dedicated employees, 380 miles of water lines, and 321 miles of sanitary sewer lines that they are responsible for maintaining to ensure they are operating efficiently.

Mr. Lunsford stated that before he discusses FY 2027, he wanted to give an update on FY 2026 through April, which was highlighted on the next slide. He stated that water revenues are slightly behind budgeted expectations, even considering a slight increase in water sold compared to last year. He mentioned that the biggest difference between the budget and where the ACSA is in actuality is consumption in July. He noted that consumption in July 2025 was lower than expected. He stated that sewer revenues are right in line with what was expected. He stated that water expenses are slightly below expectations, and sewer expenses are even more below expectations due to the year being drier. He added that departmental expenses are below expectations as well, by almost 15%. He noted that most of that is driven by vacancies throughout the year, and some of it is timing due to not being able to procure certain items.

Mr. Lunsford stated that, in terms of forecasts for the remainder of FY 2026, they do not expect any major changes to revenues. He stated that they will probably be slightly below budgeted expectations for water revenues and slightly above for sewer. He mentioned that if May and June continue to be very dry, this could change slightly but not dramatically.

Mr. Lunsford stated that they want to emphasize the integration of the ACSA's Strategic Plan with the budget. He stated that in the budget document, the staff attempted to call out which of the different pillars the various initiatives support and are working towards. He noted that the graphic on this slide shows that in summary.

Mr. Lunsford moved to the next few slides to discuss the water and sewer rate analysis. He stated that earlier this year, the ACSA performed a formal water and sewer rate analysis with the help of its consultant, NewGen Strategies & Solutions. He stated that they comprehensively reviewed historical and projected information, be it RWSA's cost or the ACSA's expectations related to labor or other needs. He mentioned that he did want to highlight the guiding principles of the study, which are that the water and sewer systems must be financially self-supporting, growth needs to pay for growth, reserves should be maintained to provide for contingencies and unplanned expenses, and water and sewer rates should be kept as low as possible over time.

Mr. Lunsford stated that, as the Board is well aware, the RWSA's charges to the ACSA are a major driver of the ACSA's budget. He stated that when RWSA's costs increase, the ACSA's rates need to increase to support those costs. He mentioned that the ACSA's FY 2027 budget shows a $34 million charge for water and sewer treatment and non-growth-related debt service, as well as a $9 million growth-related debt service charge. He noted that the ACSA's CIP for FY 2027 is large, with the bulk of the cost on the wastewater side. He stated that Mr. Lynn had provided detailed information related to this in the prior month's meeting.

Mr. Lunsford stated that the next slide shows some of the findings from the rate study. He stated that while the ACSA is currently in a sound financial position, rates need to increase due to the increase in costs in the CIP programs. He stated that water rates are proposed to increase by 17% and sewer rates by 3%. He mentioned that combined, the average customer is going to see about a 9.4%-10% increase in their monthly bill. He noted that there is a recommendation to increase the system development/capacity charges by 10%. He stated that, as Mr. Williamson pointed out earlier, this is not a one-time fix. He stated that costs continue to go up and capital programs are enormous, which helps offset growth-related costs.

Mr. Lunsford stated that this budget includes something that the ACSA has not done for some time, which is a recommendation for a debt issuance in FY 2027 of $20 million. He stated that this helps offset some of the costs over time, to help the ACSA finance assets more gradually. He stated that Davenport and Company will speak to some of the specifics related to that shortly.

Ms. Swanson stated she recalls they picked scenario 2a as the go-to. She stated that both scenarios called for debt funding of 2/3 of the CIP. She asked if they ever ran the scenario of debt funding half of the CIP in the model and why 2/3 was chosen. Mr. Lunsford stated that he would have to look at the model and the different scenarios. He stated that they felt 2/3 was a reasonable amount of debt service from an annual perspective to help get past some of the major expenditures that they have seen recently. He mentioned that in the April 2025 financials, there was about $59 million in cash and investment reserves. He noted that in the financials for April 2026, the amount has reduced to $47 million. He stated that they have spent a substantial amount of reserves this year. He stated that if they are able to issue this debt, they will be able to replenish the reserves for costs related to those projects. He stated that the $20 million will allow the ACSA to be reimbursed for about $15 million, leaving $5 million to fund costs that have yet to occur.

Ms. Swanson stated that if there is a way for the consultant to look at what would happen in a scenario where half of the CIP is debt-funded, that would be interesting to her. She also asked if the existing debt would be rolled into the new issuance. Mr. Lunsford replied that Davenport will speak to that a little bit more, but the debt the ACSA currently has with the VRA is not fully redeemable. He stated that the interest rate on that loan is very attractive and may be lower than what they are able to obtain with the new issuance.

Mr. Lunsford stated that the graphic on the next slide shows how they have tried to spread rate increases smoothly over time. He noted that the blue bars represent a single-family customer, and the green bar represents the increases to the ACSA from the RWSA for that same year.

Mr. Lunsford moved to the next slide, which illustrated where revenues are collected, debt proceeds in the current budget, and how the ACSA uses reserves. He stated that they expect to collect almost $50 million for water and sewer charges this year. He mentioned that debt proceeds are the next largest component of this budget, followed by system connection charges. He mentioned that they do include $3.6 million of reserves to offset RWSA's growth-related debt service in the FY 2027 budget, and the expectation is that other revenues will be slightly lower than in prior years.

Mr. Lunsford stated that the next slide shows budgeted expenses and capital costs. He stated that the big, blue box includes both growth and non-growth debt service from RWSA, as well as water and wastewater treatment. He stated that the green box to the right of that represents the ACSA's CIP, followed by each of the departments next to that. He noted that the blue and green boxes are the main drivers of the ACSA's budget.

Mr. Lunsford stated that he wanted to show costs over time from RWSA on the next slide. He stated that the graph shows the last 25 years of charges from RWSA to the ACSA, as well as projections from FY 2027 to

FY 2031. He noted that costs have increased significantly, and are related to initiatives important to the community, such as the community water supply plan, urban water treatment and reservoir upgrades, finished water transmission projects, and many sewer projects. He mentioned that all of those projects come with costs, and customers have to be able to pay for those costs.

Mr. Lunsford stated that, as seen in the rate study previously, the next slide is a chart showing the proposed water and sewer rates for FY 2027. He stated that the service charge is increasing 17%, volume charges on the water side are increasing by 17%, and sewer charges are increasing by 3%.

He stated that a proposal to increase the system connection charges is included in the proposed budget as well. He stated that the Board is being asked to approve a 10% increase per ERC, from $15,000 to $16,500. He noted again that this will pay for growth and capacity-related capital projects.

Mr. Lunsford stated that the ACSA is seeing an 18% increase in charges for water and debt service from RWSA, which equates to about $4.1 million. He stated that the ACSA is also seeing a little over a 10% increase in sewer charges, or about $1.6 million. He noted that the ACSA's total departmental budget is also seeing an increase of 8.2%, or $1.3 million. He stated that the increase can be attributed to the performance pool and cola adjustments. He stated that when this budget was created, the CPIU was showing about 2.8% for cola. He stated, however, that for April it is 3.8%. He stated that the 3% performance pool is something they have done in the past, as it is critical to retain the ACSA's skilled, talented, and dedicated workforce.

Mr. Parcells asked if there would be a cola adjustment before the June meeting, when they finalize the budget to begin July 1st. Mr. Lunsford replied that if there is direction from the Board to show that, they are happy to do so. Ms. Palmer asked what the average increase for employees is under this proposal. Mr. Lunsford replied that the average would be 5.5%.

Mr. Roberts pointed out that he serves on another Board, and the employees, who are Albemarle County police officers, will be receiving 7%. He stated that he knows they are the lowest paid in Central Virginia, and Green and Louisa counties pay about $10,000-$12,000 more per year. Mr. Parcells asked how, or when, the staff would inform the Board of the need to raise the cola for the fiscal year beginning July 1st. Mr. Lunsford asked for time to speak with Ms. Roach and stated that if the Board is interested in pursuing that, they are happy to do so.

Mr. Roberts stated that the budget has been advertised and asked if they are now able to increase a particular line item. Ms. Palmer stated that she thinks you can increase a line item, but not the overall budget, but that would be a legal question. Ms. Palmer asked if it would be possible to give hiring bonuses as an incentive for some of the vacancies. Ms. Roach replied that it is possible, but it is a catch-22. She stated that if they do not give bonuses to their current staff, they would be incentivizing people who have not shown their dedication and loyalty to the ACSA. Ms. Palmer stated that she remembers either the police department or the fire department used that incentive a few years ago. Ms. Roach replied that it was very popular during COVID.

Mr. Lunsford stated that he wanted to specifically mention that they are proposing three new positions in this budget. He stated that Mr. Morrison will speak to two of the three when he presents his departmental budget. He stated that he would speak to the third position, Information Technology Supervisor, in Ms. Walker’s absence when he presents the IT departmental budget.

Mr. Lunsford moved to the next slide, highlighting the use of reserves and debt proceeds. He stated that the FY 2027 proposes using $3.6 million in growth reserves to offset RWSA debt service for growth-related projects, which helps mitigate the rate increase the ACSA would need to see in addition to increases on the connection charge side. He mentioned that the debt proceeds also help to spread costs over time, which helps to smooth rate increases over time.

Mr. Lunsford stated that the graphic on the next slide illustrates current monthly bills and proposed FY 2027 monthly bills at different usage levels for single-family, multi-family, and commercial customers. He stated that the total increases range from 9.4% to 10.9%, based on meter size and consumption level. He noted that the average single-family customer will see about a $7.00 increase in their monthly bill.

Mr. Lunsford moved to the next slide showing a graphic representing the value of water. He stated that one penny does purchase 1.3 gallons of water, which they think is an incredible value. He stated that the quality of the water is very good, and the projects they have completed ensure that the ACSA provides the highest quality water to the community.

Mr. Lunsford stated that the next slide was a graphic from the rate study that shows the ACSA's current charge to a single-family customer using 3,000 gallons. He stated that with the proposed increase in FY 2027, the bill increases from $70.23 to $76.78. He mentioned that the ACSA compares well to other utilities and localities in the area. He stated that at the time the graphic was done, they did not have the City of Charlottesville's proposed increase, but their water and sewer charges are going to increase about 13% in FY 2027.

Mr. Lunsford stated that the graphic on the next slide illustrates how RWSA is the driver for the ACSA's operating expenses. He stated that the chart also shows the operating costs for each of the ACSA's departments. He stated that he would now have the rest of the Lead Team assist in presenting their respective departmental budget initiatives.

Ms. Roach came forward to present key initiatives for the Administration department. She stated that they would be working with the Virginia Department of Labor and Industry for the Virginia Challenge Program. She stated that they will be working with them to review the ACSA's safety program, as well as its education and training program. She stated that they are working with a consultant on two different development training programs, the first being for emerging leaders. She stated that this aligns with the ACSA's Succession Plan in ensuring that the workforce is ready to compete when vacancies occur. She stated that the second would be the continuation of the ACSA's quarterly leadership development with current supervisors.

Ms. Roach stated that they would continue working with community partners on various programs, such as the Rivanna Riverfest and the Fix-a-Leak contest, to ensure the community is aware of the value and quality of the water. She stated that they also continue to work with those partners to promote water conservation.

Ms. Roach mentioned that they would continue to provide training and professional development opportunities outside of the ACSA, such as classes through CATEC and PVCC. She noted that they did onboard a new safety supervisor recently, who has become certified to perform a lot of the safety training in-house. She stated that they would continue supporting the Board of Directors in policy making, as well as working to enhance the customer experience.

Ms. McKeel asked if Ms. Roach could introduce herself for members of the public who are listening and may not know who she is. Ms. Roach stated that she is the Director of Human Resources and Administration at the ACSA.

Mr. Parcells stated that he is concerned about the workers' compensation figure, which is higher in the past year than in previous years. He stated that enhancing safety is important, so they do not have issues with employees. Ms. Roach noted that the figure for incidents does not necessarily mean lost time. She stated that it could have been something like an employee being exposed to poison ivy. She stated that the data encompasses everything and is rather broad.

Ms. Roach moved to the next slide to highlight the Finance department. She stated that they are working on continuing education and training for AMI, ERP, and CMMS. She stated that the large project they are working on is the new CIS system. She stated that this project will encompass the entire organization, but currently it primarily involves accounting, customer service, and meter reading, as they are providing lots of data. She noted that they hope to go live with the new system in May 2027.

Mr. Lynn stated that his name is Jeremy Lynn and his role at the ACSA is the Director of Engineering. He stated that he would be discussing the engineering department's key initiatives that make up the departmental budget for FY 2027. He stated that many of the initiatives are directly related to the ACSA's CIP program. He noted that the first two items focus on their systematic approach to replacing aging and undersized water mains. He stated that this year they have the Townwood project, Scottsville Phase 4, and they hope to get into the Northfields project.

Mr. Parcells stated that one of the leaks that occurred at State Farm was on a PVC water main. He asked if that was in the plans to be replaced. Mr. Lynn replied that most of the PVC water mains have been put in the category to be replaced. He noted that many of the pre-1990 PVC water mains are on the list to be replaced over time.

Mr. Lynn stated that the third item on the slide speaks to increasing wastewater capacity to handle continued growth. He stated that they have the Airport Trunk sewer project, as well as the Buckingham and Bellair sewer projects. He mentioned that there is a lot of work going on, organization-wide, for the CIS project, as they prepare to move from Billmaster to SpryPoint. He stated that they have some recommended improvements to the ACSA's pump stations and the completion of the Avon Operations Center, which should wrap up at the end of this calendar year. He noted that they have the ArcFlash Hazard Assessment Updates and had a call with the consultant this morning to begin working on the scoping of that project. He stated that the Board has also approved a fourth utility locator, so they will need to purchase a vehicle for that employee. He noted that they have also been borrowing locating equipment from the maintenance department, so they will need to purchase new equipment as well. He added that there is also the scheduled replacement of some aging pressure monitoring equipment for fire flow testing.

Mr. Lunsford came forward to present the IT department's key initiatives for the FY 2027 budget year. He noted that Ms. Walker and a team member are attending an in-person regional cybersecurity tabletop exercise with the Office of Drinking Water. He stated that, in addition to the content that will be shared, many other local partners are in attendance. He stated that the opportunity to network and build relationships is really important.

Mr. Lunsford stated that the IT department plays both a leading and supporting role in almost every aspect of the ACSA, be it the Avon Operations Center, the CIS project, the Risk and Resiliency Assessment, or the cybersecurity and facility networking that they shoulder. He stated that this budget supports the continued strengthening of vast security monitoring and enhancements to the current IT infrastructure. He noted that within this budget, is a request for a new IT position, titled Information Technology Supervisor. He stated that this position will report directly to Ms. Walker. He stated that this position will help to normalize the IT department, related to other departments in the ACSA, in that there are supervisors reporting to a director. He mentioned that currently Ms. Walker has six direct reports, which can be difficult to manage. He added that this new position will supervise the systems analyst, the systems engineer, the ISO systems engineer, and the IT technician. He noted that the IT department has grown, from a percentage perspective, more than any other department in the organization over the last decade and a half.

Ms. Palmer asked if Mr. Lunsford could say a few words about whether the growth in the department has saved the organization money or how it has helped the ACSA. Mr. Lunsford replied that there are quantitative and qualitative aspects to what the IT group does. He stated that they have certainly enhanced our ability to prevent a potential security breach or attack, but it is impossible to quantify that with a dollar amount. He mentioned that the data that this team helps all other departments gather is critical as they begin entering the next phase of the organization's existence. He stated, for example, the ability to evaluate pipe condition on other data besides age and material that is being compiled in the CMMS, which definitely has a quantitative benefit.

Ms. Swanson stated that she assumes, with the growth of IT and the migration to the cloud, that there will end up being an AI way to interface on some level to get pertinent information to perform different job tasks. She asked if this is what is envisioned. Mr. Lunsford replied that at this point, they do not know what they do not know related to AI and its capabilities. He stated that there is an absolute opportunity in the future, but there would be a considerable analysis and vetting of needs and what is capable with the current setup.

Mr. Alex Morrison, Director of Operations, came forward to discuss key initiatives in FY 2027 for the maintenance department. He stated that for FY 2027, their initiatives focus on preparing the department for continued system and organizational growth. He stated that the ACSA now maintains more than 380 miles of water mains, 320 miles of sewer mains, 18 pump stations, 7 water storage tanks, and more than 23,300 connections to the water system serving a population of over 91,000. He stated that as the system grows, the ACSA's operational capacity must grow with it to maintain reliable service.

Mr. Morrison stated that they continue to expand preventative and predictive maintenance programs through coordination with GIS, CMMS, and engineering. He mentioned that these efforts help to reduce failures, improve planning, and support long-term asset management. He noted that one of the proposed new positions is a pipeline condition technician. He stated that this position will support a condition-based assessment program for pressurized pipe infrastructure. He mentioned that historically, CIP prioritization has relied on age, material, break history, and GIS data. He stated that this program and position will add real-world condition data to better prioritize rehabilitation and replacement projects. He added that bringing these capabilities in-house is more cost-effective than relying on third-party contractors for these assessments.

Mr. Morrison stated that another proposed new position is a mechanic assistant. He stated that last year's equipment and inventory technician position has already improved repair and response time, and equipment readiness. He mentioned that the maintenance department currently supports 54 fleet vehicles, 5 CDL vehicles, 16 tote assets, 35 other equipment assets, and 19 permanent generators. He stated that adding support staff will increase efficiency, improve turnaround times, and allow the expansion of the inventory management responsibilities.

Mr. Morrison stated that the Avon Operations Center remains under construction and represents a major and long-term operational resource for the ACSA as a whole. He stated that in FY 2027, efforts will focus on resource planning and how the facility will best support both maintenance for operations and the organization as a whole. He mentioned that the facility will expand operational capabilities, improve continuity of operations, and provide additional organizational redundancy. He noted that the property was acquired in 1987, and development today, nearly four decades later, reflects the continued growth of the utility and operational needs of the ACSA.

Mr. Morrison stated that succession planning and workforce development remain critical priorities in the maintenance department for FY 2027. He stated that currently, 66% of the maintenance staff have less than 10 years of service, and 20% have more than 20 years of service. He stated that continued investment in leadership, safety, and technical training prepares employees for advancement and critical operational roles. He added that, finally, maintenance will continue to coordinate with the engineering department on converting the remaining exclusion meters in the system.

Mr. Parcells asked if Mr. Morrison foresees a time when the Avon Operations Center will be built out or occupied. Mr. Morrison replied that he believes there will be a time when it is fully built out and occupied. He stated that currently, they are working on plans to see what the first phase of occupying the building will look like. He mentioned that there will be some staff that will be based out of the Avon Operations Center, such as the mechanic group, as the facility is geared towards those activities. He stated that he thinks they will see other departments utilize the facility as well.

Mr. Parcells stated that he is curious in terms of the future need for acquiring another site, having lost the Crozet storage area. He stated that in a sense, they have added an extra dimension of travel time and are utilizing vehicles for a longer time to get out to that area. He asked if they foresee a need to establish a satellite facility back in Crozet. Mr. Morrison replied that they would need to discuss that internally to see if there is a possibility or need for a facility in Crozet. He stated that they would need to allow RWSA to get through their projects at the filter plant, to see if there is any capability of utilizing the footprint there.

Mr. Parcells asked when they foresee moving into the Avon Operations Center. Mr. Morrison replied that it will be completed near the end of this calendar year. He stated that the IT department is continuing work to deploy the data security infrastructure. He stated that he imagines they would begin partially occupying the space in the first quarter of 2027 or at least having activities occurring out of the facility. Mr. Parcells asked if there would be an open house. Mr. Morrison replied that they are discussing that to see what it would look like.

Mr. Lunsford stated that the next slide lists some of the planned capital equipment purchases for FY 2027. He mentioned that some of the purchases are for new equipment, and some are for planned replacements for assets reaching the end of their useful life. He stated that Mr. Lynn mentioned the purchase of a vehicle for the new utility locator. He mentioned that there are some additional vehicles and flagging equipment needed for the maintenance department. He stated that on the IT side, there are purchases needed for the regular upkeep of the ACSA's servers and GPS units. He noted that the new equipment totals about $511,000, and the planned capital equipment replacement is about $1.2 million for FY 2027.

Ms. Swanson asked if it is true that Ford is going to stop making the Lightning vehicles, and what that will mean for the two that the ACSA has. Mr. Morrison replied that moving forward, they will have to evaluate other electric vehicles. He stated that he believes Ford will have other pickup truck models that are electric. Mr. Lynn replied that he did hear that the Lightning was going to be discontinued, but he does not know what the other options will be. He stated that they will continue to evaluate that as vehicle replacement needs are identified. He noted that the van they have is in the IT department, and the two lightning vehicles are in the engineering department.

Mr. Lunsford stated that he will not belabor the CIP program, as Mr. Lynn presented it in detail last month. He stated that the FY 2027 budget includes $4 million for water projects, $14 million for wastewater projects, and $930,000 for non-utility/facility projects. He noted that on the water side, the Northfield Water Main Replacement project, Ragged Mountain Water Main Replacement, and the Scottsville Phase 4 Water Main Replacement make up the bulk of the $4 million. He stated that on the sewer side, the Airport Trunk Sewer project, the Buckingham Circle project, and the Bellair-Liberty Hills project make up the bulk of the cost. He mentioned that, related to non-utility projects, there is about $600,000 of the budget related to the CIS project.

Mr. Lunsford stated that in terms of budget next steps, a mailer has been or is in the process of being sent to all of the ACSA customers that illustrates the proposed rates that were shared today. He mentioned that there is a public hearing for the FY 2027 budget and rates scheduled for the June Board meeting. He stated that they will also be presenting some revisions to the ACSA's Rules and Regulations. He stated that some of the revisions reflect the changes in the rates, but there is also some clean-up of the language as well. He noted that, specifically, there will be some changes to the Carwash Certification Program to encourage participation moving forward. He noted that there will also be some Personnel Management Plan (PMP) changes that will be shared as well. He stated that they will also be requesting the Board to adopt the proposed FY 2027 budget and rates.

Mr. Lunsford stated that he would like to sincerely thank the ACSA Lead Team members who had input in the FY 2027 budget creation, as well as the accounting team that helped to compile the information in the document.

Mr. Parcells stated that he noticed that every department really bumped up their office supplies. He stated that they are small numbers in the grand scheme of things, but many of them were over 150% more. He stated that he was curious as to why, especially when the office supplies are projected to be less than the budgeted amount for FY 2026. Mr. Lunsford replied that, being a smaller line item, he did not readily know, but they could certainly follow up with the Board on that.

8. Plan of Finance and Financing Schedule Presentation

Mr. Lunsford stated that they have two representatives from Davenport & Co. today, Courtney Rogers and Stephen Geisz. He stated that they have prepared a presentation (Attached as Pages_______) to help explain the process of the debt issuance and what it entails.

Mr. Rogers stated that the Board may remember that they came to present last summer and give a financial overview. He stated that since that time, NewGen came in and performed the rate study which lead to the previous presentation on the budget. He stated that today they will discuss the issuance of debt in the amount of $20 million to help support the ACSA's capital plan. He stated that he would discuss the interest rate market, the process and the best way to procure the money, credit ratings, and finally summary on the impact on the ACSA's cash flows.

Mr. Rogers stated that in terms of the interest market, he would begin with a chart showing tax-exempt interest rates over the last 20-25 years. He stated that they have generally been downward sloping up until just prior to COVID. He stated that after COVID, interest rates came up. He stated that the rates have basically came back up to where they were around 2012-2017, which were still good rates. He noted that on the right side of the slide, the chart shows what has been going on since January 2024. He added that rates were pretty flat but then started to inch upwards as the economy began to recover in late 2024.

Mr. Rogers stated that he wanted to give the Board a sense of the tax-exempt interest rate yield curve over the last 30 years with the next slide. He stated that the graph shows interest rates from year one to year thirty. He noted that two years ago, there was an inverted yield curve meaning rates on the front end were higher in some places than the long end. He stated that the rates from year one through five were actually higher than years ten through twelve. He added that the Fed really impacted the first five years of the yield curve. He noted that as the Fed lowered rates, the front part of the curve came down. He stated that the blue line represents a year ago and the purple line shows where we are now.

Mr. Rogers state that the next slide gives the Board a sense of some recent governmental bond sales. He stated that they recently sold for the City of Lynchburg on April 21, 2026, as well as the County of Albemarle on April 22, 2026. He noted that the City of Lynchburg has a 3.85% rate, which is a bit higher than the County even though they have similar ratings because Lynchburg borrowed on the long end at 30 years. He stated that if you are looking at just 20 years, the County's rate was at 3.62%. He noted that since the end of April, rates have gone up almost 15 basis points. He added that the County is actually rated AAA, but the bonds were sold as appropriation bonds which are one notch off and why it shows the Aa1/AA+ rating.

Mr. Rogers stated that the next slide shows some of the recent water and sewer bond sales. He mentioned that they do not see as many water and sewer credits around the state, so he included one that he worked on for the City of Winder, Georgia. He noted that are similar to the ACSA in size and are rated at Aa3/AA-. He stated that they are slightly different in that they do operate a water treatment plant. He noted that their rate was 4.20%, but interest rates have gone up since then. He stated that it would now be in the 4.40% range. He stated that the other example on the slide was Henrico County, Virginia, and they are rated AAA across the Board. He mentioned that their rate was right at 4%, but again, rates are up by about 25 basis points, so it is now more in the 4.30% range.

Ms. McKeel asked what Richmond's rating is. Mr. Rogers stated that they are AA rated with S&P and Finch, and AA1 with Moody's. He stated that they had a negative outlook because their CIP was $800 million in 2020 and has increased to $1.6 billion currently. He stated that they were concerned that their coverage would not be as high. He mentioned that they did not get any pushback from buyers, and they do not feel that it caused any issues with pricing.

Mr. Parcells asked what pushback from buyers would look like. Mr. Rogers replied that it would look like someone saying they are not willing to buy, or they will buy but at more basis points.

Mr. Rogers moved to the next slide to discuss financing options. He stated that the first option is public market issuance. He stated that this is where they go out to the public and offer the bonds to the public competitively. He stated that the second option of going to the public market would be to use the Virginia Resources Authority (VRA) as an option. He mentioned that they used the VRA for the ACSA when the current bond was refinanced. He stated that the third option is slightly different and does not involve going to the public market. He stated that this would be a direct bank loan via RFP. He noted that this is how the ACSA's bond was done, which was issued in the 2000s.

Mr. Rogers stated that the direct bank loan process is a little faster. He stated that the public market issuance process takes a little longer and part of it requires putting together an official statement with detailed information about the ACSA's service area, customers, rates, history of financials, and other items. He noted that the VRA goes out to the market a couple of times a year and has its own credit rating. He stated that in both cases, the rates are locked in for the full 20 or 30 years. He stated, for reference, that the bond that was issued in the early 2000s was issued for 20 years, as the administration did not want to go out for the full 30 years. He stated that it could have been that the average life of the projects then was shorter. He stated that one thing to note, which is highlighted in the middle of the slide, is that the VRA has an administration fee, which is really the difference between that option and the stand-alone option.

Mr. Rogers stated that when they did their analysis about a week ago, the all-in interest rate for a public market stand-alone issuance was about 4.38%. He stated that the VRA was at a 4.47%, which is slightly higher due to their fee. He stated that the direct bank loan came back at around 5.08%. He stated that they found the public market issuance to be the best option, with the VRA costing about $500,000 over the life of 30 years, and the direct bank loan would be around $3.2 million.

Mr. Rogers stated that he wanted to speak to Ms. Swanson's question about the banks and why they are not as competitive. He stated that he had a client a few months back who reached out to their local bank for a 20-year loan. He stated that the bank gave them an interest rate of 4.12%, but they were able to go to the public market and get a rate of less than 3.70%. He mentioned that the reason the banks are not as competitive these days is that it is about their cost of money. He stated that banks were pretty competitive up until 2017 when the tax rate was cut, and they have been less competitive since then.

Ms. Swanson stated that she does not understand why banks would not want to make their money available for local projects. Mr. Rogers replied that part of it is size, as smaller banks do not have $20 million to loan to one organization. He stated that they have been talking to banks out of state that she probably has not heard of. He mentioned that credit unions are not really players in the tax-exempt world.

Ms. Palmer asked Mr. Rogers to remind her of how Davenport's consultant fee works. Mr. Rogers stated that he does not remember the exact contract, but sometimes it is based on size, and sometimes it is just a flat fee. Mr. Rogers stated that bank loans require less work, so it is lower for a bank loan. He stated that he believes the way their contract works is that there is an additional fee for the credit rating. Ms. Palmer asked if those fees are included in the prices on the slide. Mr. Rogers replied yes, they are included.

Mr. Rogers stated that, as he mentioned earlier, they are very much advocates for competitive sales. He stated that they will have to first go out and get a bond rating. He mentioned that for larger entities like the County, they would get three ratings, but for the ACSA, they will probably get two. He noted that there are some buyers who require the entity to have two ratings, or they will not buy. He stated that the bonds will be sold based on whatever rating the ACSA gets. He stated that the credit rating agencies will issue a rating for the ACSA as the issuer, but also for the bond issue itself. He stated that, as he mentioned before, a public offering document will be prepared that will include a lot of information about the ACSA, including financial data, engineering reports, etc.

Ms. Swanson asked how much of the reporting will be ongoing once the debt issuance is finalized. She noted that the ACSA does not currently have a Director of Finance, so she wonders how they would manage the reporting internally. Mr. Rogers replied that the credit rating agencies are required to do surveillance as long as the bond is outstanding. He stated that their surveillance consists of the ACSA sending in their annual audit information. He noted that the audits need to be done on time, however, because the credit rating agency will withdraw the rating.

Ms. McKeel asked Mr. Rogers to explain what the benefit would be to the ACSA of having a rating. Mr. Rogers replied that the real benefit for the ACSA would be being able to borrow at the lowest cost. He stated that if their analysis determined that the best way to issue the bond was to go through the VRA or directly through the bank, they would not need the rating. He mentioned, however, that their analysis shows they will save money by going through the competitive public market.

Mr. Rogers stated that as they go through the process, the interest rates get locked in on the day they complete the sale. He noted that as they were planning, they added a cushion of 50 basis points to the analysis they just did in case rates go up by the time they go to market.

Mr. Parcells asked Mr. Rogers about the slide, referring to a series of bonds as opposed to one bond. Mr. Rogers replied that it is just a nomenclature and really just refers to the year. He mentioned that sometimes bonds are split up for various reasons, such as one being taxable and one being tax-exempt.

Mr. Rogers stated that when doing any revenue bond, they do what is called a master indenture. He stated that the bond will be issued pursuant to a master indenture, and they will work with counsel to see if there are any edits or tweaks that need to be made to it. He added that the master indenture protects any original investors of the bond that the ACSA currently has. Ms. McKeel asked if there was any advantage to paying off that current debt. Mr. Rogers stated that the original bond is noncallable because the ACSA refinanced it with only ten years left. He mentioned that the ACSA could put money into escrow to pay the bond off legally, and it would no longer be on the books from an auditing standpoint. He noted that this usually happens with older indentures, but the ACSA's indenture is not that old.

Mr. Rogers stated that, in terms of a timeline, generally it will take about 45-60 days to work through a public sale. He stated that they have the bond documents to work on, as well as the credit presentation. He stated that the Board is being presented with the plan of finance today, and the bond counsel has already started work on some of the documents. He stated that later, they will set up meetings with the credit rating agencies, Moody's, and S&P. He mentioned that they will get the ratings back about a week later, and a week out from that, they will have the actual bond sale and lock in the rates. He stated that about two weeks after that, documents will be finalized and the money will change accounts.

Mr. Rogers stated that, as he mentioned earlier, a credit rating is important because it allows the ACSA to get the lowest interest rate. He stated that credit spreads are compressed right now because things are going well economically. He stated that during the credit crisis of 2008-2009, AAA ratings got the lowest rate, but the spread was wide between each category from there. He mentioned, however, that for most of his career, the spreads have been fairly narrow.

Mr. Rogers stated that credit rating agencies generally look at four key areas. He stated that the first is system characteristics, such as how big the organization is and the age and condition of the infrastructure. He mentioned that the second thing they will look at is the ACSA's financial strength. He stated that they want to see what their numbers look like in terms of budget versus actual. He stated that this speaks to the third area, which is management. He mentioned that they will look to see if management has done a good job managing the budgets. He stated that the fourth key area is the actual legal provisions. He stated that the rate covenant is one of the key things that leads to the bottom of the page, showing two key financial metrics – debt service coverage and days cash on hand. He stated that debt service coverage is essentially how much is left to pay debt service after paying operational bills. He noted that in order to get a AAA rating, the ACSA will need at least a debt service coverage of 2.0x. He stated that days cash on hand means how many days the ACSA can operate if there are no more revenues coming in.

Mr. Rogers moved to the next slide outlining current credit ratings. He stated that the box represents where he thinks the ACSA will be rated, which is a conservative projection. He stated that he does not think the ACSA will be at the A level. He stated that he believes the ACSA will get an AA rating. He mentioned that last time he presented, he was asked if the ACSA ever had a rating and he said no. He stated, however, that the ACSA did have a rating in 1993 of A+ from S&P, and an AA from Moody's. He noted that the AA rating from Moody's had no number associated with it, as their ratings do now, so he will have to find out what that rating really meant.

Ms. Swanson asked if RWSA's rating impacts the ACSA. Mr. Rogers replied that it might because the ACSA has to pay the charges passed on from RWSA. Ms. Swanson asked if he knew what their rating is. Mr. Rogers replied that he thinks they are AA but does not know if they are + or -. Mr. Lunsford stated that he would find out.

Mr. Rogers stated that in terms of the ACSA's existing debt, the outstanding principal is $2.5 million, and there are basically five years left. He stated that if they think they need to get rid of it, they can, but there will not be any savings in doing so.

Mr. Rogers stated that the next slide shows the projected series 2026 debt service. He stated that it is an estimate with the plus 50 basis points added to provide a cushion. He stated that about $1.3 million is what they are currently seeing for $20 million, over 30 years.

Mr. Rogers stated that the next slide shows what it looks like if the ACSA does not do anything with the $2.5 million in existing debt. He stated that the debt service will jump up to about $1.85 million. He stated that it flattens out in 2028-2031, unless they decide to do something different structurally. He stated that, depending upon the need and timing of things, the ACSA could potentially issue another bond in a few years.

Mr. Parcells asked if it would make sense to just increase this bond issuance by $10 million so they could, in a sense, push it down the road. Mr. Rogers replied that the IRS says that the $20 million is expected to be spent in three years. He stated that interest rates are in a good place now, but no one knows how they will be in the next three years.

Ms. Swanson stated that she went the opposite direction with her question earlier about why the ACSA is looking at 2/3 of its CIP being debt financed as opposed to ½ of it. Mr. Rogers replied that this segways into the next slide showing the two key metrics rate agencies are looking at, which are debt service coverage and days cash on hand. He stated that the current indenture has a coverage of 1.2x, which is what the ACSA's current policy says. He stated that one of the things they discussed last summer was putting a policy in place as more of a target. He stated that they suggested 1.3x, and NewGen built their model around that, and 270 days cash on hand. He noted that between the two graphs, coverage is going up, which means there is more cash to use on the CIP. He noted, however, that the cash level by 2031 is exactly at the target, which means there is no additional cash to put into the CIP. He added that it is all about balance.

Mr. Rogers stated that in terms of the schedule and next steps, Davenport will be working with bond counsel and ACSA staff for the next couple of months to prepare the preliminary official statement and resolution. He stated that they are shooting for the week of July 6 to hold credit rating meetings and are looking to bring documents back to the Board at the July 16 meeting. He noted that they may have the ratings back at that time, depending on how the dates work out. He mentioned that, at minimum, they will have the bond resolution and documents, and the official statement will be presented to the Board for approval. He added that they are looking to conduct the bond sale of July 29 and closing by August 12th.

Mr. Parcells asked what effect the lack of a Director of Finance would have on gathering all the data and the rating determination. Mr. Lunsford replied that he believes the ACSA is in a position to provide all of the information that bond counsel is requesting. He stated that, for the Board's knowledge, they do have in-person interviews for the Director of Finance position scheduled for the middle of June. He stated that this means there very well could be someone in place to participate in some of the process.

Mr. Parcells stated that it also ties into the audit process. Mr. Lunsford replied that Ms. Roach is working closely with the auditors and the accounting team, and they are on track with that. He stated that a non-VRA public issuance may be a bit different on the whole, but the compliance work related to the VRA issuance consists of a twice-per-year touchpoint. He stated that they send a letter when the Board adopts the budget and when the audit is done.

Ms. Palmer stated that Mr. Rogers mentioned looking up RWSA's credit rating. She stated that, as she remembers, it is AA+ and it is highly based upon the fact that they only have two customers and their credit ratings. She stated, however, that she has always been curious about how they came up with their credit rating, given the substantial amount of debt they carry. Mr. Rogers stated that he will work with his colleague to get a better understanding of their rating.

Ms. Swanson stated that when RWSA had its catastrophic failure at the pump station, they fortunately had insurance that covered a great deal of the rebuild. She asked if the ACSA has that level of coverage on its assets and if it plays into the credit ratings at all. Mr. Lunsford stated that he could speak to the first part of her question. He stated that Ms. Roach manages the ACSA's insurance program, and he is pretty confident that they have similar coverage. Ms. Roach added that the ACSA has the same insurance carrier as RWSA, but they use a third-party company to conduct appraisals every three years, so it is very up-to-date. Mr. Rogers stated that in terms of the second part of Ms. Swanson's question, they will look at the insurance as well as cybersecurity.

9. Items Not on the Agenda

Mr. Armstrong asked if it was possible to get a quick report on water levels. He stated that he also saw that it looks like the federal government will probably drop the ban on PFAS in water systems, and how that impacts the ACSA. Mr. Lunsford replied that as of this morning, our region is in a warning stage overall, an emergency stage for groundwater and precipitation, and the reservoirs are normal. He noted that South Rivanna is 100% full as of this morning, and Ragged Mountain has decreased some. He mentioned that the transfer to Sugar Hollow from Ragged Mountain stopped in April. He added that as of right now, the water system is in good shape. He stated that RWSA ran their OASIS model two weeks ago, and the probability of changing to a different status was less than the threshold, so they have not made a drought status change recommendation at this time. Ms. McKeel added that she wanted to thank Ms. Palmer for telling her about signing up to receive the reports from RWSA, as they have been very helpful.

Mr. Lynn stated that the ACSA reports on PFAS in its annual water quality report, and they have had one instance of detectable PFAS in the raw water. He stated that with GAC, however, they are well protected on the finished water side.

Mr. Lunsford stated that he wanted to thank Ms. McKeel for pointing out an opportunity for the ACSA to participate in a chamber event in Chapel Hill, North Carolina, next week. He stated that Mr. Lynn and Ms. Swanson will be attending the event. He stated that Mr. Lynn has coordinated a meeting with the Orange Water and Sewer Authority (OWASA) in that area to ask more specific utility questions and share ideas.

Ms. Palmer stated that she had not seen this event and asked if Ms. McKeel could say what it is. Ms. McKeel replied that the chamber is offering a tour of Chapel Hill, and a mix of people from the community are going. She stated that they will be looking at a lot of different things, but the ACSA will be looking at what they are doing with water and sewer, as they are a very similar community to ours. Mr. Lunsford added that Ms. Swanson was able to find out that they are actually using the CIS system that the ACSA is currently working to deploy.

Mr. Lunsford stated that the final item he wanted to mention is that the ACSA will hold its annual employee appreciation picnic tomorrow at noon. He stated that it will be at Pen Park, not Darden Towe as they have done in the past years. He stated that the Board was welcome to join and have lunch and/or play cornhole.

Ms. Palmer stated that she did have one quick announcement. She stated that in RWSA's CIP, they have had the decommissioning of the Camelot water treatment plant for many years. She stated that they are also planning to remove the low-head dam that is there, but that has recently been pushed to 2031. She stated that Mr. Lunsford has explained why that is, as there have been some line breaks, and RWSA does not want to risk doing it at this point in time. She mentioned that she volunteers with the Rivanna Conservation Alliance (RCA), and there is supposed to be before and after water quality monitoring when they take down the dam. She noted that she was over there doing the monitoring with the RCA, and she was struck by the amount of development and the fact that there is a playground near there. She stated that she did give Ann Mallek a call, since it is her district, and asked her to take a look because she was concerned about the risks associated with the dam. She noted that since then, she has been finding out more about these old dams. She stated that she is on the Rivanna Master Naturalist education committee, and they have a program next Thursday at 7 pm, at the Ivy Creek Natural Area. She mentioned that Louise Finger from the Virginia Department of Natural Resources, who has taken down 10 of these dams, will talk about the benefits and risks if anyone is interested. She stated that some of the dams are privately owned and some are municipally owned, so it is a mixed bag.

Ms. McKeel stated that a lot of the dams are on private property, which Ms. Palmer just stated. She stated that she knows Albemarle County has worked hard to reach out to private dam owners to educate them on how to deal with them and the risks.

10. Adjourn

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

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Quin Lunsford, Secretary-Treasurer