



**RWSA BOARD OF DIRECTORS
Minutes of Regular Meeting
September 26, 2023**

A regular meeting of the Rivanna Water and Sewer Authority (RWSA) Board of Directors was held on Tuesday, September 26, 2023 at 2:45 p.m. via Zoom.

Board Members Present: Mike Gaffney, Sam Sanders, Jeff Richardson, Brian Pinkston, Ann Mallek, Gary O’Connell, Lauren Hildebrand.

Board Members Absent: None.

Rivanna Staff Present: Bill Mawyer, Lonnie Wood, David Tungate, Jennifer Whitaker, Betsy Nemeth, Jacob Woodson, Deborah Anama.

Attorney(s) Present: Valerie Long.

1. CALL TO ORDER

Mr. Gaffney convened the September 26, 2023 regular meeting of the Board of Directors of the Rivanna Water and Sewer Authority at 2:45 p.m.

2. STATEMENT FROM THE CHAIR

Mr. Gaffney read the following statement aloud:

“This is Mike Gaffney, Chair of the Rivanna Water and Sewer Authority.

“I would like to call the September 26, 2023 meeting of the Board of Directors to order.

“This virtual meeting today is being held pursuant to and in compliance with Virginia Code 2.2-3708.3. The opportunities for the public to access and participate in the electronic meeting are posted on the Rivanna Authority's website. Participation will include the opportunity to comment on those matters not listed for public hearing on the agenda. All Board members are participating electronically. All Board members will identify themselves and state their physical location via electronic means during the roll call, which we will hold next.”

Ms. Anama called the roll.

Mr. Gaffney stated that he was at 3180 Dundee Road, Earlysville, Virginia.

Mr. Sanders stated that he was in City Hall, located at 605 East Main Street in the City of Charlottesville.

Mr. Richardson stated that he was at the Albemarle County Office Building located at 401 McIntyre Road in Charlottesville.

47 Ms. Mallek stated that she was at 4826 Advanced Mills Road, Earlysville.

48

49 Mr. Pinkston stated that he was at 575 Alderman Road in Charlottesville.

50

51 Mr. O’Connell stated that he was at 168 Spotnap Road, the ACSA Administration Building in
52 Charlottesville.

53

54 Ms. Hildebrand stated that she was at 305 4th Street Northwest in Charlottesville.

55

56 **3. AGENDA APPROVAL**

57 There were no comments on or questions for the agenda.

58

59 **Ms. Mallek moved to approve the agenda. Mr. Pinkston seconded the motion, which**
60 **carried unanimously (7–0).**

61

62 **4. MINUTES OF PREVIOUS BOARD MEETING ON AUGUST 22, 2023.**

63 There were no comments on or questions regarding the minutes.

64

65 **Mr. O’Connell moved the Board to approve the minutes from the meeting held on August**
66 **22, 2023. Ms. Mallek seconded the motion, which passed unanimously (6–0). (Mr. Gaffney**
67 **abstained.)**

68

69 **5. RECOGNITIONS**

70 There were none.

71

72 **6. EXECUTIVE DIRECTOR’S REPORT**

73 Mr. Mawyer reported that one of their engineers, Dyon Vega, passed his state licensing exam for
74 professional engineering. He stated that Mr. Vega was in the process of completing the
75 paperwork and would soon be licensed as a professional engineer in the state of Virginia. He
76 noted that they had eight engineers on their staff, including himself, all of whom were licensed as
77 professional engineers in the state of Virginia. He congratulated Bonnie Eveleth, who is a Water
78 Operator, for passing her Class 2 Water Operator license exam. Ms. Eveleth has been with
79 Rivanna for about one year, operating the South Rivanna Water Treatment Plant.

80

81 Mr. Mawyer stated that September was “National Preparedness Month”, and they conducted an
82 emergency operations plan training with the staff last month. He stated that the Rivanna
83 Emergency Operations Plan had checklists for what should be done in preparation for
84 emergencies, including coordination, communications, and continuity of operations. He stated it
85 provided plans if the Moore’s Creek facility was not available, they would go to the South
86 Rivanna Water Treatment Plant. He stated that they spent most of the day with management staff
87 and trained on the procedures and protocols included in the emergency plan. He noted this was
88 because of events like what happened in Hawaii, where there were issues with notifications, and
89 the emergency response staff may not have been prepared. He stated they were trying to be as
90 proactive and prepared as they can for any type of emergency.

91

92 Mr. Mawyer stated that they had their team building event with a “Breakfast at the Beach”

93 theme organized by Ms. Anama. He noted that it was good opportunity for staff to network with
94 other employees.

95
96 He stated that they applied for a safety grant from the Virginia Risk Sharing Association, who
97 was their insurance provider. He stated they received a \$4,000 grant which was used to buy gas
98 monitoring meters. He stated the equipment was necessary because if staff members were going
99 into confined spaces, like sewer manholes, they must monitor the gas to ensure there were no
100 methane gases present that could harm them. He stated they also acquired fall protection
101 equipment and a confined space blower system, which helped to remove harmful gases from
102 confined spaces. He stated that confined spaces and the gases they contain were potentially lethal
103 environments, and they worked hard to ensure staff was properly trained.

104
105 Mr. Mawyer stated they invited Virginia Senator Creigh Deeds and his legislative director, Tracy
106 Eppert, to visit our facilities. He stated that the visit included a presentation in their conference
107 room about all of the facilities. He stated they took them on a windshield tour of the South
108 Rivanna Water Treatment Plant, Observatory Treatment Plant, and the Ivy MUC. He stated
109 Senator Deeds talked about some of his duties and topics he worked on at the General Assembly.

110
111 Mr. Mawyer stated that they had applied for the 2022 “Larry Gordon Facility Safety Award” for
112 the Crozet Water Treatment Plant. He stated the Virginia AWWA sent a committee to tour the
113 facility and look at the administrative safety documents. He stated that they won the award for
114 the Crozet Water Treatment Plant. He stated they received a plaque at the Virginia joint annual
115 meeting that was held in Virginia Beach earlier in the month. He stated Tom Barger, Water
116 Operator, received the award for the Authority. He thanked Betsy Nemeth, Administration and
117 Communications Director, and Liz Coleman, Safety Manager, for their efforts to apply for and
118 win the award. He stated the Administration and Communications division was responsible for
119 all staff and contractor safety for Rivanna facilities.

120
121 Mr. Mawyer stated they were co-sponsoring with ACSA and the City the 2023 “Imagine a Day
122 Without Water” art program. He stated they sent a letter to all the principals in the City and
123 County public schools and private schools letting them know about this program and
124 encouraging their students to submit artwork. He stated they would have an awards ceremony
125 with ACSA and the City for the winning submittals. He stated the theme was, “Tell us Your
126 Action to Save Water.”

127
128 Mr. Mawyer reported that they had signed, recorded, and paid for the water line easements from
129 the UVA Foundation. He stated it included property and easements on the Westover farm, which
130 was to the north of Route 250 near Old Garth Road, as well as easements on the Foxhaven Farm,
131 which was off Reservoir Road and near the south end of Birdwood Golf Course. He stated they
132 had obtained all of the easements needed to build the pipeline from the South Rivanna Reservoir
133 and Water Treatment Plant to the Ragged Mountain Reservoir. He stated it was a critical element
134 of the 2012 community water supply plan, as it would enable them to keep Ragged Mountain
135 Reservoir full and refill it, which would be essential if they had back-to-back droughts.

136
137 Mr. Mawyer stated completion of the pipe from South Rivanna Reservoir to the Ragged Mtn
138 Reservoir would provide operational flexibility to the Observatory and South Rivanna water

139 treatment plants. He stated that they could treat water from Ragged Mountain Reservoir at the
140 South Rivanna Water Treatment Plant after the pipe was completed. He noted that it took six
141 years, and they dealt with over 19 property owners to be able to gain about nine miles of
142 easements. He stated that they also purchased a property from the UVA Foundation, 1.17 acres
143 near Reservoir Road. He stated that was where they will build the pump station that was going to
144 pump water from Rivanna Reservoir to Ragged Mountain, and from Ragged Mountain back to
145 the Rivanna Water Treatment Plant. He stated that it will also pump water from the Ragged
146 Mountain Reservoir to the Observatory Water Treatment Plant.

147
148 Mr. Mawyer stated for the pipeline from Ragged Mtn Reservoir to the Observatory WTP, they
149 expected to start the work next calendar year. He stated in 2026, they will begin work on a
150 pipeline project from Rivanna to Ragged reservoirs. He stated they aimed to complete all three
151 projects by 2030, including the central water line that would run along Jefferson Park Avenue
152 and Cherry Avenue. He stated that when completed, these projects will significantly increase the
153 practical yield of the water system and provide increased water storage for customers and the
154 community. He stated that they had already obtained all necessary easements for the pipe from
155 Ragged Mtn reservoir to the Observatory WTP, except for a small piece near the water treatment
156 plant. He stated they were continuing to work with UVA on this final easement.

157
158 Mr. Mawyer stated that he sent Tim Rose, the Executive Director of the UVA Foundation, a
159 letter to thank him because they were the largest single property owners that they had to work
160 with for this pipeline project including on Birdwood, Westover, and Foxhaven Farms.

161
162 Mr. Pinkston asked when the line would be installed.

163
164 Mr. Mawyer stated that from 2026 to 2030, the project known as Rivanna to Ragged pipeline
165 will be underway. He stated the Ragged to Observatory pipeline was scheduled for completion in
166 2024 through 2029. He stated the central water line was planned for next year, 2024 through
167 2028. He stated that they could expect a lot of piping activity over the next seven years within
168 the community. He stated the Ragged to Rivanna pipe was one of the projects supported by the
169 Board in the last CIP, which was why it had been accelerated to increase the area's water supply.

170
171 Mr. Mawyer stated that prior to Friday, drought was a concern in the area, and the South Rivanna
172 Reservoir had stopped spilling for the first time in six years. He stated that they switched
173 operations so that they can produce more water at the Observatory Treatment Plant and take less
174 water from the South Rivanna Reservoir while producing less drinking water at the South
175 Rivanna plant.

176
177 Mr. Mawyer stated that with this strategy, they wanted to save water in the South Rivanna and
178 Sugar Hollow reservoirs as long as possible. He stated that they needed production at the South
179 Rivanna Treatment Plant to serve the urban area until they got the Rivanna to Ragged pipeline
180 built, which was scheduled for 2030. He stated that they needed South Rivanna and Observatory
181 WTPs in operation and with enough water supply to serve the urban community. He stated that
182 the if the South Rivanna Reservoir were low, they could take water out of Ragged Mountain and
183 pump it to the South Rivanna Water Treatment Plant and treat it there after the Rivanna to
184 Ragged pipeline was completed. He stated that this would give them great operational flexibility

185 and a tremendous increase in the water supply and operational yield.

186

187 Mr. Gaffney asked how much rain they received over the weekend and whether South Fork was
188 spilling.

189

190 Mr. Mawyer stated that South Fork was full along with Totier Creek and Sugar Hollow
191 reservoirs. He stated that all three were completely full. He noted that Ragged Mountain was
192 down by about 3.3 feet, but it remained low unless they transferred water from Sugar Hollow. He
193 stated they can only get about 3 million gallons a day through the older pipeline from Sugar
194 Hollow to Ragged Mtn Reservoir. He stated that they had recovered from their water storage
195 concern. He stated that on Friday, South Rivanna was at 83% capacity, but now it was 100%. He
196 stated that Sugar Hollow was at 97%, and it was back to 100%. He stated that Beaver Creek went
197 up about 2% in its storage capacity from 93% to 95%. He stated that Totier had been full the
198 whole season.

199

200 Mr. Mawyer stated that the total urban capacity had increased from 87% on Friday to 93.5% to
201 date. He stated they had recovered and they kept their fingers crossed that they would continue to
202 have seasonal rain. He stated the consultants ran the drought model, which predicted whether
203 they would be in a drought and whether South Rivanna Reservoir would be below 75% capacity
204 in the next 12 weeks. He stated the model indicated that they will not.

205

206 Mr. Mawyer stated that the historical weather patterns over the last 100 years were used by the
207 model, and the data was projected forward. He noted that the information was good news, but it
208 did not guarantee that there would be no drought or water supply problems if drought conditions
209 were prevalent. He stated that they were living in uncertain times with changing climate
210 conditions, and it was only a matter of time before the next record-breaking drought occurred.
211 He stated that the Army Corps of Engineers had planned to ship 36 million gallons of drinking
212 water to New Orleans every day. He stated that was because the Mississippi River was so low
213 that the brackish water from the Gulf of Mexico was contaminating the potable water supply. He
214 stated that they were doing their best to prepare the community by investing in infrastructure
215 such as the pipeline to connect the Rivanna and Ragged Reservoirs.

216

217 Ms. Mallek stated that Mr. Mawyer and his team had done a great job moving critical
218 infrastructure projects forward, and while they were expensive, they were extremely important
219 for our community. She stated that her concern was that the groundwater recharge was going to
220 be so much longer than it normally would be because all of the feeder streams and rivers out in
221 the rural area were completely dry. She noted that a lot of places out in the County did not get
222 the three inches of rain that they got in town. She stated they got 1/10 of that. She stated she
223 hoped that people will always be thinking that they should never waste a drop no matter what.
224 She stated it took a long time for their community to act with a conservation mentality. She
225 stated she hoped that people would all pretend that they lived on a well and no one was coming
226 to their rescue if it ran dry.

227

228 Mr. Gaffney noted that there was a settlement reached between the company responsible for
229 causing PFAS contamination of a reservoir and the City of Roanoke. He stated that the amount
230 of the settlement was \$1 billion. He asked if Mr. Mawyer had any more information.

231
232 Mr. Mawyer stated that they were staying in touch with a class action lawsuit against several
233 chemical companies, including 3M. He stated the professional organizations had Aqua Law as
234 their attorney, and they provided a briefing on this settlement which would cover all utilities in
235 the country unless they opted out. He stated the billions of dollars that 3M and possibly other
236 chemical companies were proposing to settle the class action suit would be shared among the
237 utilities. He stated they were monitoring the situation and what their share might be. He stated
238 the National Association of Clean Water Agencies was having a briefing on PFAS settlements.
239 He stated he was going to attend that virtually to see what they had to say about the settlements.
240 He stated the best option seemed to be to stay involved in the class action and let the attorneys
241 already involved represent them.

242
243 Mr. Gaffney stated that it was too soon to discuss the matter since it involved long-term
244 consequences. He stated that they had no idea about the potential expenses related to utilities,
245 communities, individuals, and other aspects.

246
247 Ms. Mallek stated that it was Chemours who had a direct settlement. She stated that they were
248 based in Martinsburg, West Virginia, and they agreed to cover the expenditure of \$13.5 million
249 that Roanoke had already spent. She stated that they were unsure about the future damage or
250 what the next surprise may be around here. She stated that they must remain vigilant at all times.

251
252 **7. ITEMS FROM THE PUBLIC**

253 There were none.

254
255 **8. RESPONSES TO PUBLIC COMMENTS**

256 There were no comments from the public, therefore, there were no responses.

257
258 **9. CONSENT AGENDA**

259 *a. Staff Report on Finance*

260
261 *b. Staff Report on Operations*

262
263 *c. Staff Report on CIP Projects*

264
265 *d. Staff Report on Administration and Communication*

266
267 *e. Staff Report on Wholesale Metering*

268
269 *f. Staff Report on Drought Monitoring*

270
271 *g. Waiver Extension for University of Virginia Rowing Programs and Rivanna Rowing*
272 *Club*

273
274 Ms. Mallek stated that with the rowing extension, they were still trying to electrify. She stated
275 that it was a short-term extension. She stated she hoped they were keeping it on the shorter side
276 because other agencies had shifted years ago.

277

278 Mr. Pinkston asked how long the extension was.

279

280 Mr. Mawyer clarified that the extension was for two years.

281

282 Mr. Pinkston stated that the current status of their progress was unclear, but it seemed like they
283 had at least two electrified boats.

284

285 Mr. Mawyer stated that they had installed electric engines in some of their boats, but they did not
286 work well, so they had to get the manufacturer to change them. He stated that now, two of the
287 boats were the ones they used gas motors on. He stated that they had made some progress in
288 getting electric motors for some of the boats, but they were not finished. He stated the first
289 extension or waiver was granted in 2019.

290

291 Mr. Pinkston asked if other gas vehicles were allowed on the reservoir.

292

293 Mr. Mawyer stated that they had their own boat with a gas motor, which was one of the only
294 other boats allowed.

295

296 Mr. Pinkston stated that it would be better to extend it on a year-by-year basis rather than for two
297 years.

298

299 Ms. Mallek stated that it would encourage them to keep working hard, because if there was no
300 incentive, they may be less apt to raise money and get this done.

301

302 Mr. Mawyer stated that they could change the timeline to one year if that was the Board's
303 pleasure. He stated that the letter from Coach Sauer stated that they had electric motors with
304 batteries on two of the coach boats. He stated they installed a charging station for both boats and
305 were in the process of upgrading the motors. He stated that the UVA Men's and Rivanna Rowing
306 Club were fundraising for their own upgrades as they witnessed the success of the UVA
307 Women's boat. He stated that Coach Sauer was applying for a waiver for both the men's and
308 women's teams. He stated that since 2019, they had been working on the project. He stated that
309 in 2022, they made some progress, and the collaboration with Pure Water resulted in better
310 progress.

311

312 Mr. Gaffney stated that he would like to suggest approving it for two years and request an update
313 on the progress next year.

314

315 Mr. Pinkston stated that it was acceptable.

316

317 Ms. Mallek stated that she valued the rowing program and had participated in the summer
318 program in the past. She stated they had been aware of the issue for twenty years. She noted that
319 at other places, the shift had been made 10 and 15 years ago. She stated that some places never
320 allowed gas on their reservoirs. She stated she wanted to encourage them as much as possible to
321 wrap up the issue.

322

323 Mr. Pinkston stated that if they did a year-by-year extension, it may provide more accountability
324 and that they will be focused on moving this forward. He stated he could not imagine that they
325 would not support the UVA team. He stated that it was unacceptable for this situation to still be
326 ongoing.

327
328 Mr. Gaffney stated that he was not opposed to approving it for one year.
329

330 Mr. Pinkston stated that if they revisited it on a yearly basis, rather than every other year, it
331 would force them to provide updates more frequently. He stated that having greater
332 accountability to both the Board and the public would be beneficial.
333

334 Ms. Mallek requested to pull item 8-G.
335

336 **Ms. Mallek moved to approve the Waiver Extension for the University of Virginia Rowing**
337 **Programs and Rivanna Rowing Club for 1 year. Mr. Pinkston seconded the motion, which**
338 **passed unanimously (7-0).**
339

340 **Ms. Mallek moved to approve the Consent Agenda as amended. Mr. Pinkston seconded the**
341 **motion, which passed unanimously (7-0).**
342

343 **10. OTHER BUSINESS**

344 *a. Presentation and Vote to Consider Approval: Request for Disposition of FY 2023 Rate*
345 *Center Results; Lonnie Wood, Director of Finance and Information Technology*

346 Mr. Wood stated the agenda item was for the disposition of year-end results and review of the
347 operating cash account. He stated that the end of every fiscal year and after the auditors have
348 substantially finished their field work, they review the cash operating account and compared it to
349 the policy limit. He stated they had about a \$2.4 million shortfall compared to the policy target.
350 He stated the two main reasons that happened was because of a \$1.4 million deficit from year-
351 end results for 2023. He stated that for 2024, there was an increase in the policy 60-day cash
352 target of almost \$1 million. He stated the Authority exceeded the revenue targets by \$1.05
353 million. However, he stated that the operating expenses exceeded the budget estimates by \$2.5
354 million, resulting in a \$1.47 million year-end deficit.
355

356 Mr. Wood stated the operating working capital was a financial policy adopted by the Board
357 many years ago, and it was a 60-day cash target for the operating account. He stated 60 days was
358 a good measure because it mimicked their working capital business cycle of cash flow. He stated
359 that in July, they had revenue that was billed at the end of July, and it did not get fully paid until
360 the end of August. He stated that represented 60 days, and during that same 60-day cycle, they
361 had to make two debt payments and four payrolls. He stated that before the first revenue for FY
362 2024 was available for expenses, they had two months' worth of business expenses.
363

364 Mr. Wood stated that the cash on hand on June 30 was \$5.4 million, and the target was computed
365 at \$7.84 million. He stated the adopted budget was \$47.7 million. He stated if they compared that
366 to the same calculation from FY 2023, it was \$6.9 million. He stated it was the change in their
367 target of \$960,000. He stated they funded the operating account shortfall by pulling funds out of

368 the discretionary reserve accounts. He stated that each rate center had its own discretionary
369 reserves for these purposes. He noted that in some years, they will have surpluses, and they will
370 replenish those reserves. He noted that this year, they had a significant target increase and an
371 operating deficit from the previous year. He stated they went from \$29.96 million to \$27.2
372 million, which was still a very robust reserve balance in the discretionary reserves. He stated that
373 most of that deficit was a result of the operating expenses being over budget.

374
375 Mr. Wood stated that there were four main areas that contributed to the excess expenses. He
376 stated the four main utility accounts at the larger plants had a 40% increase in their electric
377 utilities, related to fuel charges from Dominion Energy. He stated that they bid out their chemical
378 costs every year, and in 2022 to 2023, chemical costs and bids came in at an average of 60%
379 increase, mainly from the uncertainty at the time of fuel costs. He stated that they followed the
380 same process for 2024, and all of the bids came in with no increase. He stated that they did not
381 anticipate an increase in the average chemical costs per unit price for this year.

382
383 Mr. Wood stated that if they increased their usage of GAC as a result of some of the PFAS
384 concerns, it would increase actual chemical expenses. He stated that they had several
385 assessments from the IT infrastructure and network architecture last year. He stated some of
386 those that came were so important that they needed to immediately take action on them. He
387 stated they included separating the network and addressing some of the cybersecurity concerns.
388 He stated that some of the costs were one time in 2023, so they would not expect to see them
389 recur in 2024.

390
391 Mr. Wood stated that they replaced one-third of their ultraviolet lamps used for wastewater
392 disinfection, which was not budgeted last year. He stated it was budgeted for 2024 to continue
393 the replacement of those lamps. He stated that to offset the overages, they performed a line-item
394 budget review. He stated that they will optimize chemical usage through technological
395 advancements. He stated they will use the asset management system to identify and prioritize
396 maintenance projects. He stated they would have salary savings from strategic timing of
397 recruitment and filling of vacancies. He stated they would reduce weekend testing time in the lab
398 if it was approved by DEQ.

399
400 Mr. Wood stated that they would reduce their vehicle inventory in the future, which will have
401 longer term cost savings. He stated they would change the chemical bidding schedule to gain
402 better data for the budget timing. He stated they expected COVID testing for staff to decrease.
403 He stated that they will have cost stabilizations through either the lack of growth or inflation
404 stabilization. He stated that the \$20 million grant for the Beaver Creek Dam was already
405 programmed into the debt service budgets. He stated if they were to obtain and get approval for
406 grants requested for the central water line and the GAC facilities, those will greatly improve the
407 rate setting posture. He noted they were not built into the debt service rates right now.

408
409 Mr. Wood stated that their expenses and costs had increased by an average of 5.4% per year over
410 the past five years. He stated the debt service had gone up by 7.5%. He stated that debt service is
411 growing at a faster rate than the operating budget. He stated the charges paid by the City and
412 County were increasing, but the debt service charges were rising much faster. He stated, looking
413 at the next five years, we will see debt service costs increasing at a faster pace than in the past,

414 nearly 100% faster. He stated they planned to use their reserves to balance the net deficit of
415 \$1.47 million to help them stay within the policy target. He stated the increase in debt service
416 funding was causing pressure on their operating budgets, making it difficult to keep charges low
417 while still meeting their targets. He stated that in the next five years, this pressure was expected
418 to grow even more.

419
420 Mr. Wood stated that the operating charges may be conservative compared to where they should
421 be. He noted that deficits may occur in times of average or low flow and estimated water and
422 wastewater. He stated that in years when there was a higher flow, those higher flows generated
423 excess revenues, which took care of the deficits. He stated that this year, they did not have that.
424 He stated they had excess wastewater over the estimate, but it was 6% over budget last year, and
425 it was not enough to make up the overages in our expenses. He stated that they had limited
426 discretionary expenses available for them to minimize. He stated they will put much of the effort
427 into looking at and optimizing operating expenses. He requested the Board to authorize the
428 transfer of the funds from the discretionary reserves to the operating account.

429
430 Mr. Gaffney stated that with the increase in Dominion's charges, the budget showed that it had
431 returned to the amount allocated for 2023. He asked if it was referring to fuel service charges.

432
433 Mr. Wood stated that most of the budget was for 2023. He stated they had likely underestimated
434 the utility line item again. He stated it was probably not decreasing. He stated they were working
435 with the consultant about the utility charges, and there would likely be another 4% to 6%
436 increase in the upcoming year.

437
438 Mr. Gaffney stated that it seemed like in the past month, fuel prices had gone up.

439
440 Mr. Wood stated that yes, they were going up again.

441
442 Mr. Gaffney stated that City and County debt service on an annual basis looked like the
443 operating charges were up about 6.2% per annum and the debt service was about 8%.

444
445 Mr. Pinkston stated that he would like to know more about the IT infrastructure requirements and
446 what prompted those requests.

447
448 Mr. Wood stated that during COVID-19, they had never allowed vendors or employees to access
449 the internal systems from outside our network. He stated when they started doing that, it opened
450 up some eyes to some of the security issues they had. He stated one of them was separating the
451 operating network, which controlled their plants, from the administrative network, which
452 included email systems and Teams communications. He stated another problem was that the
453 telephone system had to be replaced, but is a one-time cost.

454
455 Mr. Gaffney stated that it was gratifying to know that they had \$29.96 million in reserves to
456 cover shortfalls in an operating budget. He stated that it was unfortunate that they must transfer
457 \$2.4 million to do so. He noted that they would still have \$27.2 million in the future.

458
459 Mr. Wood stated that the reserves were built to handle years like this one. He stated that 2023

460 was the year when inflation came into play. He stated that the inflation for 2021 and 2022 scared
461 vendors, causing pricing to rise in 2022 and 2023.

462
463 Mr. Richardson stated that COVID-19 really necessitated staff to look at IT and cybersecurity.
464 He stated they had to examine how they do things differently. He stated there were some
465 significant price tags to that infrastructure. He noted that Ms. Mallek pointed out the investments
466 that were being made into the system itself, such as growing the water capacity and growing the
467 reserves. He stated it enabled them to plan for the future 30 to 40 years out. He stated those
468 investments would pay off quite handsomely over the next 20 to 30 years.

469
470 Mr. Richardson stated that in terms of the operating costs compared to inflation, it was not that
471 much. He stated that in the County, they had to make some of the same investments, which were
472 expensive, but they were foundational investments that needed to be made. He stated that what
473 they were doing was setting themselves up to be able to serve their community in the future.

474
475 **Mr. Pinkston moved to authorize the transfer of funds for FY23 as presented by staff. Ms.**
476 **Mallek seconded the motion, which passed unanimously (7-0).**

477
478 Ms. Mallek stated that it was essential to implement all fiscal management elements. She stated
479 that when they talked about postponing hiring and other matters, her concern was that they were
480 expecting current staff to work overtime or double time in those gaps. She stated she hoped this
481 would not be the case because they had developed a strong team. She thanked the staff for their
482 efficiencies.

483
484 **11. OTHER ITEMS FROM BOARD/STAFF NOT ON AGENDA**

485 There were no items.

486
487 **12. CLOSED MEETING**

488 There was no reason for a closed meeting.

489
490 **13. ADJOURNMENT**

491
492 **At 3:39 p.m., Mr. Sanders moved to adjourn the meeting of the Rivanna Water and Sewer**
493 **Authority. Mr. O'Connell seconded the motion, which passed unanimously (7-0).**

494
495 Respectfully submitted,



496
497
498 **Mr. Jeff Richardson**
499 **Secretary - Treasurer**

500

