



Appomattox River Water Authority Board of Directors Meeting

DATE: March 15, 2018

TIME: 2:00 PM

LOCATION: South Central Wastewater Authority
Board Room, Administration Building
900 Magazine Road
Petersburg, Virginia 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Regular Board Meeting on January 25, 2018
3. Public Comment and Public Hearing on Proposed FY 2018/2019 Budget
4. Executive Director's Report:
 - Reservoir Status Update for February 2018
 - Status Report: Ongoing Projects/Operational/Financials
5. Items from Counsel
 - Proposed Resolutions
6. Closed Session
7. Other Items from Board Members/Staff Not on Agenda: Special Meeting on April 26
8. Adjourn

Cc: W. Dupler/George Hayes, Chesterfield
J. Byerly, Petersburg Public Works
W. Henley, Colonial Heights
R. Wilson, Dinwiddie Water Authority
A. Anderson, McGuire Woods

1. Call to Order/Roll Call

2. Approval of Minutes: Minutes of the Regular Board Meeting on January 25, 2018.

Following are the Minutes of the Regular Board Meeting on January 25, 2018.

Absent any corrections or revisions, we recommend approval of the minutes as submitted.

BOARD OF DIRECTORS MEETING

**Appomattox River Water Authority
January 25, 2018 at 2:00 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, South Chesterfield, Virginia 23803**

PRESENT:

Percy Ashcraft, Chairman (Prince George)
Joseph Casey, Vice Chairman (Chesterfield)
Douglas Smith, (Colonial Heights)
Robert B. Wilson, (Alternate, Dinwiddie)
Jerry Byerly, (Alternate, Petersburg)
George Hayes, (Alternate, Chesterfield)
Dickie Thompson, (Alternate, Prince George)

ABSENT:

Kevin Massengill, Secretary/Treasurer (Dinwiddie)
Aretha Ferrell-Benavides, (Petersburg)
William Henley, (Alternate, Colonial Heights)
William Dupler, (Alternate, Chesterfield)

STAFF:

Robert C. Wichser, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Dale Mullen, (McGuire Woods)
Kathy Summerson, Administrative Assistant (SCWWA)
Melissa Wilkins, Accounting/Office manager (ARWA & SCWWA) (absent)

OTHERS:

Herb White, (WW Associates)
Chris Tabor, (Hazen & Sawyer)
Dennis Morris, (Crater PDC)
Steve Nebiker, (HydroLogics)

Mr. Ashcraft, Chairman, called the meeting to order at 3:53 p.m.

1. Call to Order/Roll Call.

The roll was called.

2. Approval of Minutes: Minutes of the Work Session on October 19, 2017 and the Regular Board Meeting on November 16, 2017:

Upon a motion made by Dr. Casey and seconded by Mr. Byerly the following resolution was adopted:

RESOLVED, that the minutes of the Work Session on October 19, 2017 with correction and the Regular Meeting of the Board on November 16, 2017 are hereby approved:

For: 5 Against: 0 Abstain: 0

3. Public Comment

There were no public comments.

4. Executive Director's Report

• **Reservoir Status Update for December/January 2017/2018**

Dr. Wichser reported on the reservoir status for December/January 2017/2018. He stated according to DEQ all reservoirs in the Commonwealth are at normal levels. He further stated that the DEQ's Drought Monitoring Task Force has the state under a warning level for lack of precipitation, low groundwater and stream flow levels. He stated the statistics, as of January 2018 to date; we have only had 1.9 inches of rain with a normal expected amount at 2.2 inches. He stated the Virginia Drought Monitoring Task Force recorded precipitation in December 2017 as significantly lower, only averaging 34% of normal. He further stated based on ongoing rainfall amounts, we are in a moderate drought presently. Mr. Ashcraft asked how much snow do you need to receive before it's an impact from rain and Mr. Gordon reported that two inches of snow equals two tenths inch of rain. Dr. Wichser stated that January, February, March and April are the months we expect to bank water towards the warm summer months. He further stated that the Oasis model that the Authority uses annually is a tool we would use to predict potential reservoir impacts if rain amounts started to dry up in April and running through May. He further stated we would be running the model for probabilities predictions on where we would be on the reservoir pool levels as we entered the warmer months of summer. Mr. Wilson asked if this was something different from what the State

runs, and Mr. Nebiker replied they have a different model, and it's not a forecasting look into the future, they are looking into the past, which is something he is going to show.

- **Presentation by Steven Nebiker – HydroLogics: 2017 Reservoir Modeling Results Compared to 2013 Modeling Results**

Dr. Wichser introduced Steve Nebiker of HydroLogics who reported on the 2017 reservoir modeling results compared to the 2013 Modeling Results. Mr. Nebiker stated the Oasis model is a water accounting tool, which was initially developed in 2012 to support the new ARWA permit requirements. He further stated that over time they have updated the raw water numbers and the process return patterns. He stated that in terms of those patterns they captured the last five years (2013-2017). He further stated for average the annual withdrawal use of 2013-2017 was 31.8 MGD. He stated the reservoir influent flows in 2017 were low, but they weren't the lowest on record. Mr. Nebiker stated that the reservoir is very reliable at current system demand levels. He further stated the new permit for minimum environmental water releases added a significant amount of reliability over the old release, and with demand growth projections the reservoir will still be able to maintain all performance objectives for the next fifty plus years, and after that the key metrics pertaining to water supply reliability will still be met.

Dr. Wichser stated that the pool levels can trigger us to take a look at the Drought Management Plan. He further stated the way the Drought Management Plan is set up for each month we compared full reservoir pool versus remaining water storage in the reservoir. He stated for instance, in June, if we were down four and one-half feet, we would be in mandatory; each month is different in this comparison. Mr. Nebiker stated when Dr. Wichser talks about running forecasts, as we get into this year, the system is reliable, but you still have to communicate this internally and to the public. He further stated the ability to forecast is useful in suggesting this is where things are heading, and the past is helpful but using the model forecasting information is equally useful. Mr. Wilson stated Stage One of current conditions is one in eighteen years going into voluntary, but in the report for 2018 going forward, it sounds as if we are worried for 2018. Mr. Nebiker answered that with voluntary there is always a possibility of going into mandatory, and this report shows you the possibility of going into that. Mr. Wilson asked how much water runs through the pen stock and Dr. Wichser answered the pen stock is the large ten-foot tube that takes the water from the reservoir up to approximately 950 CFS, and then feeds the hydro turbine that generates electricity. He further stated that we were told by Teledyne Isco, the manufacturer of the penstock flow monitoring probe, that we were the first in the world to put a flow monitoring probe in a pipe that large. He stated it was an experiment and it's working. He further stated that's how we are now receiving one of our environmental water release credits. Dr. Wichser stated the water releases we monitor are what is going over the dam, under the dam and what's going through the fish release hole. He further stated we have credits and balances on the required environmental water release and that's how this system is working.

Dr. Wichser asked Mr. Nebiker what his prognosis is and are there any concerns about what's going on with the climatic issues. Mr. Nebiker replied he refers to the historical record and the probability of refill is high with these systems. Their model is a surface water model.

Dr. Casey stated that the information was helpful. He further stated he had an update on the dam raising project. He stated that they are trying to do two things. One is to determine the viability of the \$5 million grant and what could be an intermittent use of the money. He stated that the ARWA Subcommittee had talked about what are necessity-based projects that need to occur. He further stated that bridges in Dinwiddie are definitely a project. Dr. Casey stated that VDOT is the lead for bridge projects and not DEQ. He further stated the second thought was about the wetlands mitigation and could the \$5 million grant funds go towards acquiring those assets and rights. He stated from DEQ's perspective they view this as construction-based monies, not lands or wetlands mitigation. Dr. Casey stated from Chesterfield's perspective they view this as an asset-based project. He further stated that what they need to do it as a county, in fairness to the Authority, is to find a resolution pre-June 30th of what we review the scope of that project for Chesterfield's and or Dinwiddie's role. He stated that the asset has been primarily viewed as the need of Dinwiddie and Chesterfield as far as who pays for it. He further stated he thought the Authority is owed some type of vote on this pre-June 30th. Dr. Casey stated he would request that vote from his perspective as Chesterfield County, his predecessor, as they were the ones who initiated this topic, so they are the ones to bring closure to it one way or the other. He further stated to let them work up the appropriate wording and work with everyone individually.

Mr. Wilson asked about the next step which was about doing the \$5 million grant for VDOT and having to follow up. Dr. Casey stated what they could do collectively as a region is support a VDOT project in the future. Mr. Ashcraft stated when this conversation started a couple of years ago; there have been reports, meetings and information shared. He asked if there was anything at this time that Staff can do to generate information that will continue to bring the subject to full disclosure for a vote at some time. Dr. Casey stated he thought the data was all there.

Dr. Casey stated to Mr. Nebiker that he would like to have a shorter product, so if he sat down with the homeowner's association or certain citizens that they can give them comfort from history. He further stated that the scar from 2010, time heals wounds. He stated that just in his short tenure (a year and one-half) he could tell those wounds are healed or just slowly fading. Dr. Casey stated we should be honest that this is an exercise that's done annually. Mr. Nebiker stated that, as we get into a drought, people are going to start asking questions and you could quickly produce those from the model. He further stated it's not shown here but it would show you basically where the reservoir is going to head in the next few months. Dr. Casey stated what are the metrics that Staff would say 18" makes a difference, which would be a good discussion as far as scoping for a future meeting. He further stated to let us, within the next sixty days, have a resolution, whether it's the March or April meeting. Mr. Ashcraft stated there is a special meeting scheduled for April 26, 2018 for the award of the "In-Plant" construction contract. He further stated we could add this to the agenda. Dr. Casey stated they may have some other ideas about things that have been talked about.

- **Approval of Contractor Prequalification Process**

Dr. Wichser reported on the Contractor Prequalification Process, which was discussed in the SCWWA meeting.

Upon a motion made by Mr. Wilson and seconded by Mr. Byerly the following resolution was adopted:

RESOLVED, that the Board approves adoption of the contractor Prequalification Process, and that the Executive Director be authorized to implement this process in the best interest of either Authority:

For: 5 Against: 0 Abstain: 0

- **Need for Special Meeting on April 26, 2018**

Dr. Wichser stated we would like to schedule a Special Meeting on April 26, 2018. He further stated the "In-Plant" project construction bids are scheduled to be opened on April 5, 2018, and then the evaluation would occur with the recommendation of our two Trust Engineers on the choice of the contractor to be awarded the bid. He stated we would bring this to the April 26, 2018 meeting for the "In-Plant" construction to be awarded

- **Annual Flushing Notice**

Dr. Wichser stated the flushing is scheduled for March 20th to March 23rd, and if inclement weather occurs, it will be pushed back to the week of March 26th. He further stated we would do a press release.

- **Status Report: 6 Month Work Plan Update/Ongoing Projects/Financials**

Dr. Wichser reported the Six-Month Work Plan is similar in format to what was presented on SCWWA. He stated there was one item he decided to move forward on, which was to have scheduled with Chesterfield University a two-day training course for Supervisors and Managers on "Exemplary Leadership", which will take place on February 12 and 13.

Mr. Gordon reported on the Status Update of ongoing projects/financials. He stated that ARWA met with DEQ regarding our VPDES Permit renewal, and based on that meeting, our permit will be upgraded from a Minor Industrial to a Major Industrial, which does have some financial impacts. Dr. Casey asked if we have always been in the classification of Minor Industrial, and Mr. Gordon stated we have been right on the edge. Dr. Wichser stated they are adding limits on us for the potential to discharge chlorine in the effluent. Mr. Gordon stated there is nothing operationally that we have done that prompted this change in classification. He further stated with the past two discharge permits we have been able to work with DEQ to keep from going to a Major Industrial classification. Mr. Gordon stated we are still in discussions with them.

- **Presentation of Proposed FY 2018/19 Operating Budget**

Dr. Wichser reported on the Proposed FY 2018/19 Operating Budget. He stated during the second week of November 2017 we met with all of the members' Engineering Directors and presented the proposed FY 2018/19 budget. He further stated we are requesting a performance-based salary increase up to three percent as with SCWWA. He stated there is no action needed at this time from the board. The proposed budget information is provided for the Board's consideration and approval to public notice. He further stated final Board action on the proposed FY 2018/19 budget approval is scheduled at the May 17, 2018 ARWA Board meeting.

Mr. Wilson asked if the percentage rate increases were related to the new project and the debt service and Dr. Wichser replied correct. Dr. Casey stated to just give comfort that all 100% of the debt service was in there, so once we get to that level, then we are back into inflationary operational increases, unless there are capital issues. Dr. Casey stated they do things operational on their side, illustrating how they will be using the water from three different sources, and he knows you ask demand statistics from them. He further stated they provide information to ARWA as far as what they think they will buy from ARWA, and how that number compares to what you think they are going to buy in your budget. He stated they can make significant differentials that could affect your fixed costs. Dr. Casey stated that the Authority was using history to determine what you think they are going to buy, but then you also ask them what you think they are going to buy, but you don't use that number. Dr. Wichser answered we did not use the project estimated demand numbers from the matrix because we looked at those numbers, and where they showed that they would increase, the actual demand numbers were actually decreasing. Dr. Casey stated they go through a lot of work to determine what they are going to do and you ask them for this information, and if you discount it, then you shouldn't ask them for the information. Dr. Wichser stated the reason we ask for that information is to set up the 2020, 2030, and 2040 estimated future member demand matrix for capital planning and not annual rate charges. Dr. Casey stated they did their homework assignment that lead you to think what they are going to be consuming, and if you are not going to be using that in your operational budget, he thinks that's a fair disclosure for others, because there is a fixed cost to this operation, and if they are consuming less by a certain degree, you're not going to cover your fixed costs. Mr. Gordon stated the true up is primarily for the debt service so we make sure everybody pays their fair share of the debt service. He further stated the rates are set, and in the event we have a dry year, we might make more money because we are getting more flow demands but during a wet year; everybody usually takes less water and our demands are low. Dr. Casey stated that Chesterfield, being a big part of the Authority, is going to tell you what they consume, but you are not aware of that in the budget. He further stated you are using the historical one, which is what they are not using in serving their customers. Dr. Wichser asked Dr. Casey if the rates they were using were projections rather than actual numbers, and Dr. Casey stated they have an overall projection and also project by source the cost per gallon per source. Mr. Hayes stated he has problems with projections, for example, HydroLogics came out and gave a presentation on projections and you forecast it from historic usage. He further stated he asked HydroLogics and they were not aware they rezoned part of Chesterfield County because of limitations in the transmission system. He stated they are taking water from their other sources because of limitations in the transmission system so that can impact future demands. He further stated that each year they take a look at what the overall demands will be and figure out how much to pull from each source. He stated the way you do the budget, you do estimates based on past usage in three-year averages, and they don't true up operating costs. He further stated it's the capital portion they true up. Mr. Gordon stated any debt service we true up, so everybody pays their fair share of debt service. Mr. Hayes stated he's more concerned about projections when it comes to dam raise projects, and when you are going to need it as compared to the budget, when you project out future facilities in the CIP project on future projections, and analysis on reliable yield of a reservoir. He further stated he thought you should use member projections, if that's what we think we are going to get. Dr. Wichser asked when they provide projections 2020, 2030 and 2040 would they rather we use an estimated projection for Chesterfield next year 2018-19? Mr. Hayes stated for capital projects you should look at all projections and Dr. Wichser replied that we are. Mr. Hayes stated we just had a HydroLogics study done, and they used forecasted projections from past numbers not future. Dr. Wichser stated that we used the matrix forecasted projections for the 2016 HydroLogics annual analysis last year and those projections of demands did not actually occur, so we thought we would use the real numbers from 2013 to 2017 for the 2017 HydroLogics annual analysis. Mr. Hayes stated that's because they are unable to build systems they need to get the water to Chesterfield, so they rezoned a whole portion of Chesterfield that's being fed by the City of Richmond previously fed by ARWA. Dr. Casey stated he wanted to tell Board members, in good faith, what he thinks they are going to consume. He further stated if there is a shortfall of fixed costs and as they are 70% consumer and they say they have a different consumption, then members need to be aware of it. He stated you can't tell that the way it's been presented. Mr. Wilson asked about the difference between raw and finished being 4 MGD and Mr. Gordon stated we had gotten it down to about 2-3 MGD. Mr. Wilson stated it was said the average finished would be 28 MGD and last year it was almost 33.5 MGD, and Mr. Gordon replied that is where we are at.

Mr. Ashcraft stated if he understands this discussion, that ARWA could be billing less than what is owed. Dr. Casey stated he thought they were starting to make operational decisions, because they can't get water and the throttling is an issue and things of that nature starting to impede how we design our systems. Mr. Ashcraft asked if it is a possibility that ARWA is billing members less than what they are owed. Mr. Wilson stated he thought Mr. Ashcraft's question was more related to other four localities who are very consistent in what they take because they are a single source. He further stated Chesterfield has the ability to move more water differently and take a different percentage from you, and the question is at the end of the year do you have enough to balance up. Mr. Wilson stated that if you take a three to five-year average of the four, they are only buying from ARWA, because you are our single source point of interest and it's consistent. He further stated Chesterfield has the ability to do something different, and if for example Richmond dropped their wholesale rate, it might back off a lot. He further

stated that by doing that over time, is that going to create a problem. Mr. Ashcraft stated that was the most honest and open statement made at the Authority since he's been here, and he would just ask that formulas like that be evaluated. He further stated he didn't know if it was too late to look at this budget as there was a new concept that was just disclosed. Mr. Wilson suggested a rate study.

Mr. Smith left at 5:15 p.m.

Dr. Wichser stated a rate study is part of the FY 2018/19 proposed budget request. Dr. Wichser asked if we should contact Mr. Hayes about the demands expected from Chesterfield County we put in FY 2018/19 proposed budget, and Dr. Casey stated they are trying to be forthcoming. Mr. Ashcraft stated that we just need a statement that says the number you propose are to your understanding what you think the customers are going to be using. Mr. Gordon asked Mr. Hayes if he had an issue with the flows that we are expecting or if he was saying the projections they supplied for 2020-2030-2040 are the capital side, and Mr. Hayes answered for the capital side the projections that the members provided. He further stated using HydroLogics presentation as an example, if they used the member projections you would have had a much different result than what was presented today, because the demand would have been different. Mr. Hayes stated the same thing with the CIP, when a transmission line is needed or a pump station is needed, it's a self-fulfilling prophecy if you don't listen to the members on the demand they need because, Chesterfield for example has to get water from another source. He further stated they rezoned portions of Chesterfield County because of the limitations of the transmission system. Mr. Hayes stated for the budget they were okay with what was presented. He further stated that in the future what could happen is if these limitations continue, and they have to take water from other sources, it's going to drastically impact everyone's operating budget.

Dr. Wichser stated it looked like everyone was okay with the proposed budget except for demand numbers for O&M usage for Chesterfield. Mr. Ashcraft asked Dr. Wichser if there was any information that any member could provide that would help you fine tune the numbers and either create an adjustment up or down. He stated he thought it was in the best interest of the Authority for it to be pursued. He further stated there are a couple of months before the public hearing to be able to do the numbers you propose. Dr. Wichser stated he would issue a memo to all Engineering Directors for their review to advise if they request any immediate expected FY 2018/19 demand adjustments. Dr. Casey referred to the capital program and stated he's not sure what a Regional Cooperative project initiative is and there was no disclosure of how to spend \$3.5 million one year from now. He further stated for that to be a new project, new name in coming to year two, he is surprised it wasn't disclosed. Dr. Wichser thanked Dr. Casey for bringing it to his attention and he took full credit for that and our Chairman had nothing to do with it. He further stated if the Board perceives that as something they would like to be removed, it could be removed at any time. Dr. Wichser stated that is a future project that would not be advertised with the proposed FY 2018/2019 budget, and this is the Branders Street Pump Tank and Ground Tank proposed project. He further stated the main reason this project was continued in the multi-year planning phase was based on the information we have from our Trust Engineer's reports and analysis showing if this project is not completed, it appears it is going to push us quicker towards a major transmission line project.

Upon a motion made by Mr. Wilson and seconded by Mr. Byerly the following resolution was adopted:

RESOLVED, that the Board authorize the Executive Director to advertise the budget:

For: 4 Against: 0 Abstain: 0

5. Items from Counsel

There were no Items from Counsel.

6. Closed Session

There was no Closed Session.

7. Other Items from Board Members/Staff Not on Agenda

• Financial Disclosure

Mr. Byerly talked about the leaks Petersburg has had lately and thanked the Staff in the Lab at ARWA for their help. Dr. Wichser asked if at all possible the lab could be notified about two to three hours before receiving samples for bacteria testing, which would be helpful to the laboratory staff. Mr. Byerly stated they have a boil

water email that goes out and ARWA was on it and they could add anyone else. Dr. Casey stated Chesterfield has boats that patrol the river and offered help with getting Staff out on the river for samples.

8. Adjourn

Upon a motion made by Mr. Byerly and seconded by Mr. Wilson the meeting was adjourned at 5:32 p.m.

The next regularly scheduled Board meeting is Thursday, March 15, 2018 at 2:00 p.m. at the South Central Wastewater Authority.

MINUTES APPROVED BY:

Kevin Massengill
Secretary/Treasurer

3. Public Comment and Public Hearing on Proposed FY 2018/2019 Budget

The Guidelines for Public Comment are:

GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.

4. Executive Director's Report:

- **Reservoir Status Update for February 2018**

- **Status Report: Ongoing Projects/Operational/Financial Reports**

Following are status reports concerning the Ongoing Projects, Operations, and Financials for ARWA.

MEMORANDUM

TO: APPOMATTOX RIVER WATER AUTHORITY BOARD OF DIRECTORS

**FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASSISTANT EXECUTIVE DIRECTOR**

SUBJECT: STATUS REPORT – ON-GOING PROJECTS

DATE: MARCH 15, 2018

The following projects are underway. This report includes sections on Capital projects and large replacement projects.

In-Plant Capital Projects:

- The 100 percent design plans and specifications were submitted and received by the Authority in December, 2017. These documents were also forwarded to VDH for final review.
- VDH has approved the Preliminary Engineering Report in December, 2017.
- ARWA received 7 General Contractor proposals and 3 Electrical Contractor proposals on February 28, 2018 in response to the RFQ.
- The review of these proposals was scheduled for March 7, 2018. We anticipate starting the bid process on March 14, 2018. Contractor bids will be due April 18, 2018.
- In addition, pump equipment bids are due March 22, 2018.
- Recommendation of award for this project will be presented to the Board for approval on April 26, 2018 (Special Meeting).

MEMORANDUM

TO: APPOMATTOX RIVER WATER AUTHORITY BOARD OF DIRECTORS

**FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASST. EXECUTIVE DIRECTOR**

SUBJECT: OPERATING AND FINANCIAL STATUS REPORT

DATE: MARCH 15, 2018

Operating Status Report

General:

- A special Board of Directors Meeting is scheduled for **Thursday April 26, 2018** at the Appomattox River Water Authority at 2:00 pm. The next scheduled Board of Directors meeting is May 17, 2018 at the Appomattox River Water Authority at 2:00 pm.
- On March 3rd and March 10th the DEQ will be publishing our VPDES public notice in the Progress Index.
- The ARWA Flushing Program is scheduled for March 20th.
- The new Authority uniforms have been received.
- The FY 2018/19 Proposed Budget was advertised in the Progress Index on February 18th and has been posted to the ARWA and SCWWA websites.

Operations:

- Finished water met all permit requirements for the month of January and February. Copies of the VDH monitoring reports are available if anyone would like to see them.
- The Granular Activated Carbon in a third of our filters has been exchanged. This is the first year that we have reinstated a 3 year change out schedule instead of the 4 year schedule we were on since approximately 2008.
- Spares for areas where there is a single point of failure on the lime feed system are being ordered.
- Staff is monitoring the Hydro flow closely. We currently have a loaner installed while our unit is out for repairs.
- The Qmax (average inflow to Chesdin for Jan and Feb) was 592 cfs. Based on this calculation the maximum the ARWA is required to release when the flow is not going over the Dam is 140 cfs. This is down from 250 in 2016 and 190 in 2017.

Maintenance:

- Staff has arranged for the repairs to P17 and P21.
- Work continues of updating our maintenance management system.
- Skylight screens built by the SCWWA maintenance staff are going in to meet the OSHA safety requirements.
- Staff is working with the manufacturer to troubleshoot the air burst system at the Dam. Some of the valves on the system appear to be sticking. Until they are repaired the valves are being run manually.
- The Authority's painting contractor will be onsite over the next few weeks to paint the pipe gallery piping at filters 17-32 and the Connex buildings onsite.
- P23 check valve has been repaired and installed.

- Awaiting dampeners for the new alum feed piping.

Instrumentation/IT:

- Staff is working with our SCADA integrators for the Filter Operating Table upgrade for Filters 1 – 6. Work is expected to start March 12th or March 19th.
- Updating the wiring for the Alum feed system to work with the new pump arrangement.
- Working with Operations and the manufacturer to maintain a flow signal from the hydro facility.
- The wireless system is being expanded.

Laboratory:

- The Consumer Confidence Report has been approved by the Health Department. All ARWA members should have received a copy of the CCR.
- Staff is working with the manufacturer of our GC to resolve an issue with the detectors.
- The state has completed their triennial Audit and we are awaiting the final report. Based on discussions with the inspectors we are anticipating only minor procedural changes.

Financial Status Report:

Following is the Executive Summary of the Monthly Financial Statement that includes the YTD Budget Performance and the Financial Statement for February 2018.

Appomattox River Water Authority
YTD Income Statement for the period ending February 28, 2018

Water Rate Center

Revenues and Expenses Summary

<i>Budget</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
<i>FY 17/18</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>vs. Actual</i>	<i>Percentage</i>

Operating Budget vs. Actual

Revenues

Water Sales	\$ 9,649,733	\$ 4,824,867	\$ 5,294,726	\$ 469,859	9.74%
Rent Income	\$ -	\$ -	\$ 558	\$ 558	#DIV/0!
Misc. Revenue	\$ 32,490	\$ 21,660	\$ 1,810	\$ (19,850)	-91.64%
Total Operating Revenues	\$ 9,682,223	\$ 4,846,527	\$ 5,297,093	\$ 450,567	9.30%

Expenses

Personnel Cost	\$ 2,240,100	\$ 1,493,373	\$ 1,464,186	\$ (29,187)	-1.95%
Contractual/Professional Services	\$ 809,200	\$ 539,499	\$ 769,305	\$ 229,806	42.60%
Utilities	\$ 798,000	\$ 532,000	\$ 527,722	\$ (4,278)	-0.80%
Communication/Postal/Freight	\$ 32,200	\$ 21,467	\$ 25,311	\$ 3,845	17.91%
Office/Lab/Purification Supplies	\$ 96,500	\$ 64,333	\$ 75,034	\$ 10,701	16.63%
Insurance	\$ 90,000	\$ 90,000	\$ 84,840	\$ (5,160)	-5.73%
Lease/Rental Equipment	\$ 20,000	\$ 13,333	\$ 10,236	\$ (3,098)	-23.23%
Travel/Training/Dues	\$ 46,400	\$ 30,933	\$ 20,541	\$ (10,392)	-33.59%
Safety/Uniforms	\$ 22,000	\$ 14,667	\$ 15,079	\$ 412	2.81%
Chemicals	\$ 2,200,000	\$ 1,466,667	\$ 1,228,867	\$ (237,799)	-16.21%
Repair/Maintenance Parts & Supplies	\$ 425,000	\$ 283,333	\$ 171,634	\$ (111,699)	-39.42%
Total Operating Expenses	\$ 6,779,400	\$ 4,549,605	\$ 4,392,755	\$ (156,850)	-3.45%
Operating Suplus/(Deficit)	\$ 2,902,823	\$ 296,921	\$ 904,338	\$ 607,417	204.57%

Replacement Outlay Budget vs. Actual

Machinery & Motors	\$ 125,000	\$ 83,333	\$ 64,128	\$ (19,205)	-23.05%
Instrumentation	\$ 86,000	\$ 57,333	\$ 44,258	\$ (13,075)	-22.81%
SCADA	\$ 230,000	\$ 153,333	\$ 6,862	\$ (146,471)	-95.52%
Computer Equipment	\$ 10,000	\$ 6,667	\$ 8,720	\$ 2,054	30.81%
Furniture/Fixtures	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Motor Vehicles	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Flocculation Basins	\$ -	\$ -	\$ 20,000	\$ 20,000	#DIV/0!
Valve Replacement	\$ 100,000	\$ 6,667	\$ 1,402	\$ (5,265)	-78.97%
Warehouse Racks & Shelving	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Concrete	\$ 50,000	\$ 3,333	\$ -	\$ (3,333)	-100.00%
Pre-Chem Boiler	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Off-Site Reservoir	\$ 250,000	\$ 166,667	\$ -	\$ (166,667)	-100.00%
Reservoir Storage	\$ -	\$ -	\$ 61,055	\$ 61,055	#DIV/0!
Lime Feed Improvements	\$ -	\$ -	\$ -	\$ -	#DIV/0!
In-Plant Capital Upgrade	\$ 600,000	\$ 400,000	\$ 571,397	\$ 171,397	42.85%
Repair and Replace Shafts	\$ -	\$ -	\$ 74,160	\$ 74,160	#DIV/0!
Replacement-Other	\$ -	\$ -	\$ 14,210	\$ 14,210	#DIV/0!
Total Capital Outlay	\$ 1,451,000	\$ 877,333	\$ 866,193	\$ (11,140)	-1.27%

Debt Service Budget vs. Actual

Interest Income	\$ -	\$ -	\$ 71,901	\$ 71,901	#DIV/0!
Interest Jurisdictions (Income)	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Interest Expense	\$ -	\$ -	\$ 240,748	\$ 240,748	#DIV/0!
Principal Payments	\$ 1,576,426	\$ -	\$ 598,000	\$ 598,000	#DIV/0!

Appomattox River Water Authority-Balance Sheet
For Month Ending February 28, 2018

Assets

Current Assets

Petty Cash	\$	400
SunTrust Operating Fund	\$	1,808,280
SunTrust Replacement Fund	\$	-
Total Unrestricted Cash	\$	1,808,680

Water Revenue	\$	4,875,946
Reserve Account	\$	2,467,965
Replacement Account	\$	500,000
Debt Service Reserve	\$	1,066,426
Bond Principal/Interest	\$	699,615
Bond Construction	\$	12,905,796
Total Restricted Cash	\$	22,515,748

Total Checking/Savings \$ **24,324,429**

Accounts Receivable	\$	-
Other Current Assets	\$	4,409
Inventory	\$	131,470

Total Current Assets \$ **24,460,308**

Fixed Assets

Land and Land Rights	\$	1,090,685
Water System	\$	85,248,334
Equipment	\$	1,094,840
Hydro	\$	34,873
Construction in Progress	\$	58,725
Accumulated Amortization	\$	(32,780)
Accumulated Depreciation	\$	(44,469,352)
Total Fixed Assets	\$	43,025,324

Other Assets

Pension	\$	322,971
---------	----	---------

Total Assets \$ **67,808,603**

Liabilities & Equity

Current Liabilities

Accounts Payable	\$	4,342
Retainage Payable	\$	-
Accrued Interest Payable	\$	120,374

Total Current Liabilities \$ **124,716**

Long Term Liabilities

Pension	\$	326,043
Bonds Payable-2010	\$	7,820,000
Bonds Payable-2012	\$	2,597,000
Bonds Payable-2017	\$	13,500,000
Accrued Leave Payable	\$	170,612
Post Employment Benefit	\$	63,300

Total Long-Term Liabilities \$ **24,476,955**

Total Liabilities \$ **24,601,671**

Equity

Retained Earnings	\$	(3,504,941)
Reserve for Operations	\$	3,068,942
Reserve for Water Revenue	\$	7,626,208
Reserve for Replacements	\$	500,000
Reserve for Bond Interest	\$	120,374
Reserve for Debt Service	\$	1,066,426
Reserve for Bond Principal	\$	598,000
Reserve for Reserve	\$	1,852,301
Fixed Assets, Net of Debt	\$	32,010,323

Net Income \$ (130,701)

Total Equity \$ 43,206,932

Total Liabilities & Equity \$ **67,808,603**

5. Items from Counsel

- **ARWA Board Meeting Proposed Motion March 15, 2018**
 - I move that the Board authorize the Executive Director to proceed with making all necessary applications to all agencies, hiring all necessary consultants, and executing all other steps that are necessary for the raising of the Brasfield Dam 18-inches to coincide the project completion with the next renewal date of ARWA's Virginia Water Protection Permit, which is October 31, 2028, and to secure the matching \$5,000,000 in funding from Virginia Public Building Authority bonds for such project as authorized in the 2013 and 2016 Authorization Act provisions with ARWA budget cost allocation based on plant capacity allocation for each member of the authority.

- **Alternate Motion if First Motion Fails - ARWA Board Meeting March 15, 2018**
 - I move that the Board ratifies that although there is not the current regional support needed to implement the 18-inch Brasfield Dam Raise project at this time, this is still a valid long-term alternative to increasing the region's raw water supply that should be given future consideration. In addition to the existing annual raw water supply adequacy analysis being performed by ARWA, the Executive Director shall prepare a report to the board on the need for the 18-inch Brasfield Dam Raise project at the following milestones; every five years starting October 31, 2023, which is approximately five years prior to the renewal of ARWA's Virginia Water Protection Permit; during any period where the reservoir drops more than 24-inches below the spillway; approximately one year prior to January 1, 2026 to facilitate informed discussion with respect to Appomattox River Associates, L.P. renewing the FERC License and subsequent impact to a future Brasfield Dam Raise project; and prior to any future Hydro Electric Facility Contract renewal. Validating the Brasfield Dam Raise project as a long-term alternative to increasing the regions raw water supply will also allow Dinwiddie County to coordinate any planned road and bridge projects that could be potentially impacted by a future Brasfield Dam Raise project.

6. Closed Session

7. Other Items from Board Members/Staff Not on Agenda:

8. Adjourn