



**RAPIDAN SERVICE AUTHORITY
BOARD OF MEMBERS AGENDA**

21-Dec-23

	<u>PAGE</u>
1 CALL TO ORDER BY CHAIRMAN, MARK JOHNSON	
2 ROLL CALL - ESTABLISHMENT OF QUORUM	
3 PLEDGE OF ALLEGIANCE	
4 ADOPTION OF AGENDA	
5 APPROVAL OF MINUTES - NOVEMBER 16, 2023	1 - 3
6 OLD BUSINESS	
7 NEW BUSINESS	
A. PUBLIC COMMENT	
B. CUSTOMER REQUESTS	
C. COMMENTS FROM THE BOARD	
D. 2024 RSA PROPOSED OPERATING BUDGET	4 - 7
E. 2024 RSA BOM MEETING SCHEDULE	8
F. RESOLUTION OF APPRECIATION - LEE FRAME	9
G. RESOLUTION OF APPRECIATION - JIM CROZIER	10
H. GENERAL MANAGER REPORT	
I. ATTORNEY REPORT	
J. CLOSED SESSION	
8 ADJOURNMENT	

**NOTE: MEETING TO BE HELD AT THE MADISON COUNTY ADMINISTRATION BUILDING, AT 2:00 PM.
414 N. MAIN STREET, MADISON VA 22727**

A regular meeting of the Board of Members of Rapidan Service Authority was held on November 16, 2023 at the Orange Public Safety Building, Orange, VA.

The meeting was called to order at 2:00 PM. A quorum was established followed by the Pledge of Allegiance.

Present:	Members:	Coppage, Elliott, Johnson (2:02 PM), Marshall, Voorhees
	Staff:	G.M. Clemons, D.O. Jarrell, D.A. Gaskins
	Attorney:	Stephen Calos
	Guests:	

The agenda for the meeting was adopted on a motion by Elliott, seconded by Voorhees, and passed on a unanimous voice vote.

Minutes of the September 21, 2023 meeting were approved on a motion by Voorhees, seconded by Elliott, and passed on a unanimous voice vote.

There was no old business and no public or board comment. There were no customer requests.

DO Jarrell then gave an update on the Madison WTP upgrade. There was only one bid on the original proposal in July, and it was not suitable. RSA reworked the proposal and opened bids for the revised job on November 1. Patterson Construction was the low bidder. RSA has worked with them in the past in a satisfactory manner. The contract has been sent to RSA's attorney for review, and GM Clemons asked for the Board's permission to sign the contract once Mr. Calos has approved it. The contract gives an expected completion date of December 3, 2024. RSA must have the work completed by December 31, 2024 in order to receive the ARPA grant funds. The contract makes Patterson Construction responsible if the work is not completed by this date. On a motion by Johnson, seconded by Elliott, the Board authorized GM Clemons to sign the contract once approved by RSA's attorney. The motion passed unanimously on a voice vote.

On an information-only basis, GM Clemons shared about Spring Green, a potential subdivision development in Louisa County. The developer has approached RSA about the possibility of connecting the subdivision to the RSA sewer system. GM Clemons indicated that RSA provides service to a few customers in Louisa County, but this would be the largest by far. RSA has the sewer capacity to easily handle the subdivision and the availability revenue would be helpful, but GM Clemons told the developer that RSA would need something in writing from Louisa County confirming that they had no objections before RSA would take on the project. GM Clemons emphasized that at this point it is just a possibility, but he wanted the Board to be informed.

DA Gaskins then presented a recommendation to the Board that in light of RSA's strong year financially and the difficulty in finding and retaining good employees, the Board give an employee retention bonus to the employees. Mr. Coppage pointed out that this was done in the past at the end of the year when RSA was in a financial position to do so. The total cost would not exceed \$22,000. On a motion by Johnson, seconded by Voorhees, the Board passed the proposal on a unanimous voice vote. GM Clemons thanked the Board on behalf of the staff.

GM Clemons gave his report. RSA is finishing the year in good financial shape. Although the Rapidan river has yet to come back to pre-water restriction levels, it has been above mandatory water restriction levels for the last couple of months and GM Clemons feels that the water restrictions can now safely be removed. Plans for the new East office are progressing. There had been a delay due to setback issues with Orange County, but RSA's consulting engineer is working on a design revision and RSA hopes to move forward in a month or two. GM Clemons also confirmed that the final facility fee payment has been made to Greene County and the official transition period has been completed, as well. The search continues for an office location in Madison. RSA is looking at the possibility of building a maintenance storage facility on the water plant site, and there is a property that has just become available on Rt. 29 that also might be a possibility. RSA management has not yet looked at the property but plans to do so very soon.

There was no formal Attorney's Report, although Mr. Calos did point out that RSA needs to change its logo. He also pointed out that since the Greene County transition period has ended, RSA should now treat any requests for information from them as FOIA requests. If the information is already available and easily gathered, RSA could provide it at no charge. If it requires significant staff time or a new report to be produced, RSA should provide them with an estimate of the cost and then charge for the information if they decide they still want it.

The Chair made a motion, seconded by Voorhees, to go into closed session to discuss the possible purchase of a site for a future water plant in Locust Grove. The motion passed unanimously on a voice vote. The Board went into closed session at 2:33 PM and came out at 3:14 PM.

The meeting was adjourned at 3:15 PM on a motion by Johnson, seconded by Vorhees and passed unanimously by voice vote.

Chairman

**MOTION TO ENTER INTO CLOSED SESSION AT
THE REGULAR MEETING OF THE BOARD OF MEMBERS OF THE
RAPIDAN SERVICE AUTHORITY ON NOVEMBER 16, 2023**

The Chairman moved that the Board of Members of the Rapidan Service Authority enter into closed session to discuss the following matter, pursuant to Virginia Code section 2.2-3711(A)(3):

Consideration of the acquisition of real property for a public purpose, specifically, obtaining property for a future water treatment plant site in the Locust Grove, Virginia service area, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the RSA.

Seconded by: _____ Voorhees _____

The motion passed unanimously by voice vote.

Upon leaving the closed session and entering back into open session, the Chairman stated the following:

Pursuant to Virginia Code § 2.2-3712(D), (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting by the RSA board. Should any members of the board believe that there was a departure from the foregoing requirements, please so state at this time, prior to the vote, and indicate the substance of the departure that, in their judgment, has taken place.

I would ask each Board Member to certify that the foregoing requirements were met, by saying "AYE".

Coppage	_____ Aye _____
Elliot	_____ Aye _____
Johnson	_____ Aye _____
Marshall	_____ Aye _____
Voorhees	_____ Aye _____

All Board Members certified by saying "AYE", except _____ None _____



MEMORANDUM

DATE: December 11, 2023
TO: RSA Board of Members
FROM: Tim Clemons, General Manager
SUBJECT: 2024 Proposed Operating Budget

Staff has prepared the FY 2024 Proposed Operating Budget continuing to use the same general budgetary assumptions as have been used in past years. The Budget must be adopted at the December Board meeting in order to comply with RSA's Bond Covenants.

RSA's operating budget is based on the accrual method and therefore does not acknowledge non-payments, weather fluctuations, or capital obligations/expenditures. Unlike the budgets of municipalities, which are based on a guarantee of tax revenues, RSA managers do not have "free will" to spend within budget amounts, due to the unpredictability of weather-impacted revenues, economic fluctuations, etc. For these reasons, RSA, historically, uses this budget only as a guide. Revenues and expenditures are monitored throughout the year and adjustments are made accordingly. This is therefore a very dynamic yet required process.

Staff is providing you with the budget that must be adopted, as well as the staff worksheets used to compile this budget. This budget anticipates rate increases in 2024 of 10% overall, with certain individual systems needing a rate increase of up to 50%, just to adequately cover operating expenses. This budget does not reflect any revenue set aside for capital expenses. The Board previously authorized a rate study to be performed and this is expected to be completed in the first half of 2024. The outcome of this rate study will inform the Board of necessary rate increases for both future operating and capital expenditures.

This budget reflects Debt Service Coverage of 138%. Virginia Resources Authority (VRA) requires a minimum Debt Service Coverage of 115%. The budget also satisfies the statutory requirements of the Virginia Water and Waste Authorities Act.

The overriding message we would like to convey to the Board of Members is that although we are beginning to see an increase in development, economic conditions remain such that RSA management continues to take a very prudent approach in drafting this year's budget.

For the past several years it has been the goal of the staff to strive to generate operating income sufficient to cover operating expenses and existing debt service. This would allow availability fee income to build up reserves. This proposed 2024 budget accomplishes that goal. This budget does not include using any availability fee income to cover operating expenses or existing debt service. All availability fee

income generated in FY 2024 will be used to build reserves for future capital expenses.

RSA Board of Members

Page 2

In order to comply with the budget adoption requirement of the VRA Bonds, the Board needs to adopt the budget at the December 21st meeting. Therefore, any Board Member having questions or comments should contact Cindy Breeden, Trace Gaskins, or me before the meeting.

**Rapidan Service Authority
2024 Proposed Operating Budget**

	2024 Proposed
<i>Operating Revenues</i>	
Water Sales - Rt. 15 & G'ville	700,317
Water Sales - Rt. 20 Orange	34,053
Water Sales - Madison	333,297
Water Sales - East	1,569,959
Penalties	115,035
Sewer Revenue - Madison	319,710
Sewer Revenue Gordonsville	592,958
Sewer Revenue - East	4,788,400
Sale of Material & Supplies	39,000
Engr. and Maint. Revenue	26,000
Inspection Fees	20,200
Misc. Income	112,500
Service Installations-Revenue	159,000
Rental/Lease Agreements	117,424
East Non-User Fees	55,000
<i>Total Operating Revenues</i>	<u>8,982,855</u>
<i>Operating Expenses</i>	
Purchased Water	488,082
Operating Labor	1,981,192
Contract Labor	18,000
Annual Leave Paid	128,100
Sick Leave Paid	95,700
Engineering & Design	62,100
New Service Installations	100,000
Locations - Miss Utility	81,700
Maint. - Treatment Equip	475,000
Water/Sewer Treatment Supplies	809,600
Maint-Bldgs & Sites	135,500
Maint. - Pump Stations	259,000
Maint. - Holding Tanks	236,000
Utilities	949,750
Maint. - Mains & Access.	206,400
Maint. - White Oak Dam	7,000
Maint. - Equipment	42,500
Maint. - Services	57,600
Maint. - Meters	69,000
Materials for Resale	32,500
Vehicle Expense	47,600
Gas-Grease-Oil - Vehicles	74,600
Gas-Grease-Oil - Equip	28,400
Testing	87,000
Biosolids Waste Mgmt	56,500
Miscellaneous	2,000
<i>Total Operating Expenses</i>	<u>6,530,824</u>

**Rapidan Service Authority
2024 Proposed Operating Budget**

	2024 Proposed
Gross Margin	2,452,031
Gen & Admin Expenses	
Advertising	3,300
Billing & Collection Expense	142,800
Customer Assistance	400
Postage & Supplies	5,500
Annual Leave Paid	56,000
Compensation - Admin. Personnel	898,200
Sick Leave Paid	37,200
Compensation - Board of Members	9,000
Insurance Premiums	130,200
Misc. Payroll Tax Expense	2,750
Bank Fees	5,000
Office Supplies	10,000
Office Utilities	9,000
Communications	63,800
Legal/Bond Fees	64,500
Water/Sewer Regulatory Fees	53,500
Consulting Engineering	4,000
Audit & Other Consulting	30,000
Training & Education	23,300
Miscellaneous	100
Office Equip Repairs & Maint.	34,000
Total Gen. & Admin. Expenses	1,582,550
Non-Operating Income	
Interest Earned	300,000
Total Non-Operating Income	300,000
Gross Income before Debt Service	1,169,481
Debt Service	
I - VRA 2009B (Wilderness WWTP)	134,828
P - VRA 2009B (Wilderness WWTP)	270,000
I - VRA 2019B (Refund VRA 2009A)	40,176
P - VRA 2019B (Refund VRA 2009A)	403,333
Total Debt Service	848,337
Contribution to Reserves	\$ 321,144

RSA 2024 Board Meeting Schedule

<u>Date</u>	<u>Location</u>
January 18, 2024	Orange
February 15, 2024	Madison
March 21, 2024	Orange
April 18, 2024	Madison
May 16, 2024	Orange
June 20, 2024	Madison
July 18, 2024	Orange
August 15, 2024	Madison
September 19, 2024	Orange
October 17, 2024	Madison
November 21, 2024	Orange
December 19, 2024	Madison

In the event that a meeting is not held, the schedule will continue to be followed each month.

RESOLUTION OF APPRECIATION LEE FRAME

WHEREAS, Lee Frame was appointed in June of 2008 to serve as an Orange County representative on the Board of Members of Rapidan Service Authority, the regional water and sewer authority serving the Counties of Orange, Madison and Greene, Virginia; and

WHEREAS, Lee Frame served on the Rapidan Service Authority Board for more than fifteen (15) years, as a Board member from June 24, 2008 through June 23, 2020 and then as Chairman from June 24, 2020 until September 30, 2023; and

WHEREAS, Lee Frame discharged with distinction those duties and responsibilities assigned to him, most notably his unwavering care for the citizens of Orange County that he served, his participation in the implementation and funding of a capital improvement program for Orange County, providing guidance in the development of various operating policies and procedures for Rapidan Service Authority, his participation on the RSA budget committee for many years and for his support of Rapidan Service Authority staff; and

WHEREAS, during his tenure as a Member, Lee Frame at all times professionally represented the interests of Rapidan Service Authority.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Members of Rapidan Service Authority acknowledges its sincere appreciation for the dedication, skill and commitment of Lee Frame during his long tenure as a Member of the Board of Members of Rapidan Service Authority; and

BE IT FURTHER RESOLVED that a copy of this resolution be spread in the official minutes of the Rapidan Service Authority, that a copy be sent to the Board of Supervisors of Orange County and a copy be sent to Lee Frame; and

I HEREBY CERTIFY that this resolution passed by unanimous vote of the Board of Members of Rapidan Service Authority present at the regular meeting of the Board on September 21, 2023.

Chairman

Attest: _____
Secretary

RESOLUTION OF APPRECIATION JIM CROZIER

WHEREAS, Jim Crozier was appointed in June of 2017 to serve as an Orange County representative on the Board of Members of Rapidan Service Authority, the regional water and sewer authority serving the Counties of Orange, Madison and Greene, Virginia; and

WHEREAS, Jim Crozier served in this role for six years, from June 27, 2017 through July 11, 2023; and

WHEREAS, Jim Crozier discharged with distinction those duties and responsibilities assigned to him, most notably his unwavering care for the citizens of Orange County that he served, his participation in the implementation and funding of a capital improvement program for Orange County, providing guidance in the development of various operating policies and procedures for Rapidan Service Authority and for his support of Rapidan Service Authority staff; and

WHEREAS, during his tenure as a Member, Jim Crozier at all times professionally represented the interests of Rapidan Service Authority.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Members of Rapidan Service Authority acknowledges its sincere appreciation for the dedication, skill and commitment of Jim Crozier during his tenure as a Member of the Board of Members of Rapidan Service Authority; and

BE IT FURTHER RESOLVED that a copy of this resolution be spread in the official minutes of the Rapidan Service Authority, that a copy be sent to the Board of Supervisors of Orange County and a copy be sent to Jim Crozier; and

I HEREBY CERTIFY that this resolution passed by unanimous vote of the Board of Members of Rapidan Service Authority present at the regular meeting of the Board on December 21, 2023.

Chairman

Attest: _____
Secretary