



**RAPIDAN SERVICE AUTHORITY
BOARD OF MEMBERS AGENDA
19-Dec-24**

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**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 21, 2024 at the Orange County Public Safety Building, Orange, VA.

The meeting was called to order at 2:03 PM. A quorum was established followed by the Pledge of Allegiance.

Present:	Members:	Coppage, Elliott, Johnson, Marshall, Voorhees
	Staff:	G.M. Clemons, D.O. Jarrell, D.A. Gaskins
	Attorney:	Stefan Calos
	Guests:	Mike Maker (NewGen Strategies & Solutions)

Several adjustments were made to the proposed agenda before it was adopted. An insertion regarding the acceptance of lots in Twin Lakes into the RSA system was added as Item 7I. A revised resolution as well as supporting documents were given to Board members regarding proposed rate adjustments (Item 7G) as part of the Board agenda package. An updated slide for the NewGen presentation for the proposed projected sewer charges and rates was inserted on page 15 of the agenda. An updated schedule of proposed rates was inserted on page 50 in the agenda and a revised memo for the Gordonsville rates was inserted for page 52 of the agenda. The revised agenda for the meeting was adopted on a motion by Coppage, seconded by Marshall, and passed unanimously on a voice vote.

The minutes of the September 19, 2024 meeting were approved on a motion by Coppage, seconded by Voorhees, and unanimously passed on a voice vote.

Under Old Business, D.A. Gaskins informed the Board that RSA staff had followed up on a request by RSA customers Eric and Nicholle Stancell petitioning the Board for additional funds for cleaning up after a sewer problem at their home. D.A. Gaskins presented the results of that investigation, and the Board decided that no further action was warranted.

Mike Maker of NewGen Strategies & Solutions then presented the results of the rate study that they recently finished for RSA. He explained the factors that went into the study and shared the rate adjustments that NewGen believes are needed in order for RSA to successfully meet its future obligations. There was good discussion by the Board over the presentation and its effect on rates. As a result of the discussion, Mr. Maker will revise the bar graphs in the study and provide revisions to RSA for inclusion in the study. G.M. Clemons thanked Mr. Maker for the hard work of NewGen Solutions on the study at the conclusion of his presentation.

There were no customer comments or requests. During the opportunity for Board comment, Mr. Voorhees stated that once the current necessary rate adjustments are made, RSA should consider making small rate adjustments every year or two to avoid the need to make larger rate adjustments. He indicated that he has seen this type of situation many times in the past and that customers generally find the regular smaller rate adjustments more palatable.

G.M. Clemons then gave a final report to the Board on the August objectionable odor event. After much investigation, it was determined that the WD40/kerosene/diesel odor was caused by a contractor working

on the intake pump upgrade project at the river. The contractor installed temporary wiring which caused a thermal overload of the river intake pump, and a pump motor released two to three gallons of food-grade mineral oil into the system. RSA has been working with the Health Department, which issued a notice of violation and items for improvement for RSA to work on. G.M. Clemons stated that the most significant change is that if there is a pump failure, RSA will investigate the cause of the failure rather than simply switching to another pump. This should avoid the possibility of a similar situation in the future. Operators are now sampling the water every four hours after plant start-up to check for odor or other issues, and RSA has increased the inspections of the current intake pump upgrade project. GM Clemons indicated that a granular activated carbon filtration system would have prevented the recent problem as well as mitigated other issues that RSA is working on relative to disinfection by-products, and RSA is investigating the best way to pursue this option. Looking back, he said that the pump failure followed by the odor shortly thereafter should have sent up a red flag alerting staff of a potential problem. RSA had suffered many pump failures prior to this incident without a problem, however, but will obviously be much more diligent to investigate any pump failures in the future. At the conclusion of G.M. Clemons' report, the Chairman remarked that there are two lines of thought on the situation. The first is that RSA should have figured out the problem right away. The second realizes that this was an unprecedented event and that a causal link was not obvious. As soon as RSA was able to "connect the dots," it took steps to rectify the problem.

The Board then took up the issue of a representative and alternate to represent RSA on DEQ's new regional water supply planning group. The Chairman nominated Ted Voorhees as the representative and Tim Clemons as the alternate. Mr. Coppage seconded the nominations, and they were approved on a unanimous voice vote.

The proposed rate adjustments were then presented. D.A. Gaskins informed the Board that the rates were taken straight from the NewGen rate study. Public hearings are needed for the rate adjustments except for those in Gordonsville, which are done by contract. RSA would advertise its hearings in the local Orange and Madison newspapers as well as Lake of the Woods, Lake Currents publication. The planned advertisements would go in the December 19 & 26 newspaper issues with the hearings scheduled for the first part of January 2025. RSA hopes to conduct hearings at the Locust Grove Middle School for Lake of the Woods and then at its regular Board meeting locations for Madison and Routes 15 and 20 in Orange. On a motion by Coppage, seconded by Elliott, a motion was passed on a unanimous voice vote approving the resolution presented, adopting the Schedule of Proposed Rate Adjustments, as the preliminary schedule fixing and classifying rates, fees and charges.

D.A. Gaskins then presented a proposed retention bonus for staff. Full-time staff with over six months' service would receive \$500 and other staff would receive \$300. The total cost to RSA would be under \$25,000. On a motion by Coppage, seconded by Marshall, the proposal was unanimously approved on a voice vote.

G.M. Clemons then presented the request for the acceptance of 52 lots in Twin Lakes into the RSA system. The Board had questions regarding the project and decided to defer a vote on acceptance until the December Board meeting in order to have an opportunity to have their questions answered.

G.M. Clemons then gave his report. Madison County has appointed Mr. Coppage to another four-year term on the RSA Board. RSA finances are still fine, but much of that is attributable to availability fees. A question was raised regarding the Madison water plant project. D.O. Jarrell indicated that the project is close to conclusion; it may not be complete by the end of the year but should be close. RSA has signed an

agreement with DEQ for an estimated \$2.2 million WQIF grant for the Madison sewer plant. (It can vary depending on actual bids as it is 90% of eligible costs.) RSA is also discussing possible funding with the USDA which could cover up to 50% of the remaining portion. A grant might not be possible, but a worst-case scenario would have a 40-year loan with a fairly low interest rate.

Mr. Calos advised the Board that he has been working on a variety of the items on the agenda with staff but has no further report at this time beyond that.

With no further business to discuss, on a motion by Coppage the meeting was adjourned at 3:36 p.m. on a unanimous voice vote.

Chairman

RESOLUTION

RESOLVED, that pursuant to Virginia Code section 15.2-5136(G) (1950, as amended), each of the attached Rapidan Service Authority, Schedule of Proposed Rate Adjustments, is hereby Adopted as the preliminary schedule fixing and classifying rates, fees, and charges. After a duly noticed public hearing, the preliminary schedule, either as originally adopted or as amended, shall be adopted and put into effect.

ADOPTED this 21st of November, 2024.



Mark Johnson, Chairman



Timothy L. Clemons, Secretary

4258 Germanna Hwy, Ste. A
Locust Grove, VA 22508
(540) 972-2133



2445 S. Seminole Trl.
Madison, VA 22727
(434) 985-7811

MEMO TO FILE

DATE: November 18, 2024

TO: Tim Clemens, General Manager

FROM:  Lynn Clements, Director of Projects

RE: Twin Lake Subdivision, Section 3A, Water Main and Sewer Main Acceptance

The developer of Twin Lake Subdivision (A & K Development) has completed the installation of water mains and gravity sewer mains to serve 52 lots on Mansours Drive in Locust Grove. The water mains are an extension of the Wilderness water distribution system. The gravity sewer mains are an extension of the Wilderness sewer collection system.

All documentation has been received and is correct. RSA policy requires formal Board acceptance of infrastructure serving 15 or more equivalent residential units.

Therefore, I recommend that RSA accept the water infrastructure serving this residential subdivision into RSA's Wilderness water and sewer systems.



MEMORANDUM

DATE: December 16, 2024
TO: RSA Board
FROM: Tim Clemons, General Manager
RE: Town of Gordonsville Proposed Water and Sewer Rates and Sewer Billing Methodology Change

Below are the proposed rates for the Town of Gordonsville for FY 2025. Since these rates are contract-based, no RSA rate hearings are required. These rates are to be effective February 2025.

Town of Gordonsville Water – Wholesale per 1000 gallons

Current - \$6.62

Proposed - \$8.28

Town of Gordonsville Sewer – per 1000 gallons

Current - \$12.77

Proposed - \$9.50

Further, staff is recommending revising the sewer billing methodology to be more efficient and accurate than what is presently being done. Currently, TOG reads their water meters and then reports those readings to RSA each month. RSA then deciphers those meter readings, calculates the sewer bill based on those readings, and sends a sewer bill to TOG for 90% of the reported metered usage. TOG is responsible for billing and collecting from its individual users.

RSA has 3 meters serving TOG and is recommending billing directly from those 3 meters. This is far more efficient, less time-consuming and provides increased accuracy to sewer billing to TOG

than the current methodology. This matter has been reviewed with RSA's legal counsel and is in line with the Town of Gordonsville sewer contract.

By billing TOG in this way, it not only improves efficiency and accuracy, but it will also revise the Sewer Rate to TOG from the current \$12.77 per 1000 gallons to \$9.50 per 1000 gallons for FY 2025. This rate, by contract with TOG, will be reviewed annually and adjusted as necessary.

Staff is recommending moving to this new billing methodology with plans to implement it in February along with the new rates.



MEMORANDUM

DATE: December 16, 2024
TO: RSA Board of Members
FROM: Tim Clemons, General Manager
SUBJECT: 2025 Proposed Operating Budget

Enclosed is a copy of Rapidan Service Authority's Proposed Operating Budget for Fiscal Year 2025.

The staff has prepared the FY 2025 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 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.

This budget reflects Debt Service Coverage of 285%. 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 several years now, the goal has been to strive to generate operating income sufficiently to cover operating expenses and existing debt service. This would allow non-operating income to build up reserves. This proposed 2025 budget accomplishes that goal. This budget does not include using any non-operating income to cover operating expenses or existing debt service. All non-operating income generated in FY 2025 will be used to build reserves for future capital expenses.

This budget includes the proposed rate increases as shown in NEWGEN's recent rate study, as presented to the Board, in forecasting revenue from these rates, for approximately 11 months in 2025. It also includes the addition of four new staff members. Given the recent odor related incident with the

Wilderness water system, three of the proposed new positions are water plant operators at the Wilderness Water Treatment Plant. Adding three operators will provide increased operator oversight at the water treatment plant and the river intake and reduce overtime. The fourth new position is an engineering technician position to assist initially in GIS coordination and mapping and in other areas as time permits.

RSA is constantly searching for licensed, qualified personnel. As such, it seeks to maintain a compensation program competitive with surrounding jurisdictions to attract and retain qualified personnel. In this budget funds are included to provide a 5% cost of living adjustment for both full and part-time positions.

To comply with the budget adoption requirement of the VRA Bonds, the Board needs to adopt the budget at the December 19th meeting. Therefore, any Board Member having questions or comments should contact Cindy Breeden, Trace Gaskins, or me prior to the meeting.

**Rapidan Service Authority
2025 Proposed Operating Budget**

**2025
Proposed**

Operating Revenues

Water Sales - Rt. 15 & G'ville	842,100
Water Sales - Rt. 20 Orange	69,300
Water Sales - Madison	363,900
Water Sales - East	2,037,500
Penalties	138,199
Sewer Revenue - Madison	311,500
Sewer Revenue Gordonsville	645,200
Sewer Revenue - East	5,973,100
Sale of Material & Supplies	20,000
Engr. and Maint. Revenue	21,000
Inspection Fees	20,000
Misc. Income	102,500
Service Installations-Revenue	200,000
Rental/Lease Agreements	117,100
East Non-User Fees	90,500

Total Operating Revenues

10,951,899

Operating Expenses

Purchased Water	597,800
Operating Labor	2,366,800
Contract Labor	18,000
Annual Leave Paid	130,000
Sick Leave Paid	92,200
Engineering & Design	179,100
New Service Installations	141,700
Locations - Miss Utility	78,400
Maint. - Treatment Equip	408,900
Water/Sewer Treatment Supplies	806,600
Maint-Bldgs & Sites	110,000
Maint. - Pump Stations	250,500
Maint. - Holding Tanks	236,000
Utilities	955,500
Maint. - Mains & Access.	233,500
Maint. - White Oak Dam	7,000
Maint. - Equipment	38,500
Maint. - Services	125,100
Maint. - Meters	44,000
Materials for Resale	17,200
Rental Equipment	42,000
Vehicle Expense	52,100
Gas-Grease-Oil - Vehicles	73,600
Gas-Grease-Oil - Equip	28,600
Testing	86,000
Biosolids Waste Mgmt	36,500

Total Operating Expenses

7,155,600

**Rapidan Service Authority
2025 Proposed Operating Budget**

	2025 Proposed
Gross Margin	3,796,300
Gen & Admin Expenses	
Advertising	13,900
Billing & Collection Expense	108,900
Customer Assistance	5,400
Postage & Supplies	22,650
Annual Leave Paid	55,600
Compensation - Admin. Personnel	948,900
Sick Leave Paid	33,500
Compensation - Board of Members	8,000
Insurance Premiums	151,500
Misc. Payroll Tax Expense	3,000
Bank Fees	9,000
Office Supplies	10,000
Office Utilities	12,000
Communications	72,500
Legal/Bond Fees	64,000
Water/Sewer Regulatory Fees	42,700
Consulting Engineering	2,000
Audit & Other Consulting	35,000
Training & Education	21,300
Miscellaneous	100
Office Equip Repairs & Maint.	67,500
Total Gen. & Admin. Expenses	1,687,450
Non-Operating Income	
Interest Earned	300,000
Total Non-Operating Income	300,000
Gross Income before Debt Service	2,408,850
Debt Service	
I - VRA 2009B (Wilderness WWTP)	125,400
P - VRA 2009B (Wilderness WWTP)	280,000
I - VRA 2019B (Refund VRA 2009A)	17,400
P - VRA 2019B (Refund VRA 2009A)	423,500
Total Debt Service	846,300
Contribution to Reserves	1,562,550



RSA 2025 Board Meeting Schedule

<u>Date</u>	<u>Location</u>
January 16, 2025	Orange
February 20, 2025	Madison
March 20, 2025	Orange
April 17, 2025	Madison
May 15, 2025	Orange
June 18, 2025	Madison Meeting moved to Wednesday due to holiday
July 17, 2025	Orange
August 21, 2025	Madison
September 18, 2025	Orange
October 16, 2025	Madison
November 20, 2025	Orange
December 18, 2025	Madison

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



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For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

RAPIDAN SERVICE AUTHORITY

November-2024

Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Water & Sewer Revenue - Madiso	46,118	54,417	(8,300)	504,340	598,590	(94,250)
Water & Sewer Revenue - Orange	562,896	645,057	(82,161)	6,086,412	7,095,630	(1,009,218)
Sale of Materials & Supplies	932	3,250	(2,318)	17,310	35,750	(18,440)
Engr & Maint Revenue	2,590	2,167	423	7,140	23,833	(16,693)
Service Fees	-	1,683	(1,683)	12,183	18,517	(6,334)
Misc. Income	18,871	28,747	(9,875)	281,707	316,213	(34,506)
Service Installations Revenue	9,900	13,250	(3,350)	196,000	145,750	50,250
Total Operating Income	641,308	748,571	(107,264)	7,105,092	8,234,283	(1,129,191)
Operating Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Purchased Water	45,423	40,673	(4,749)	491,555	447,408	(44,147)
Operating Labor	182,329	185,249	2,920	1,779,012	2,037,743	258,731
New Service Installations	7,839	8,333	494	119,644	91,667	(27,977)
Locations-Miss Utility	6,451	6,808	357	64,306	74,892	10,585
Engineering & Maintenance	131,909	131,883	(25)	1,637,771	1,450,717	(187,054)
Water Treatment Supp.	92,707	67,467	(25,241)	721,677	742,133	20,457
Utilities	66,310	79,146	12,836	825,675	870,604	44,929
Vehicle Expense	37,632	12,550	(25,082)	157,971	138,050	(19,921)
Testing	6,528	7,250	722	77,904	79,750	1,846
Biosolids Waste Mgmt	9,851	4,708	(5,143)	31,823	51,792	19,969
Miscellaneous	-	166.67	166.67	76.69	1,833.37	1,756.68
Total Operating Expenses	586,979	544,235	(42,744)	5,907,414	5,986,589	79,175
Gross Margin	54,328	204,336	(150,008)	1,197,677	2,247,694	(1,050,016)
General & Admin Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Billing & Collection Exp	6,139	12,208	6,069	113,238	134,292	21,053
G & A Labor	63,852	82,846	18,994	762,111	911,304	149,194
Comp. Board of Members	596	750	154	6,687	8,250	1,563
Insurance Premiums	-	10,850	10,850	137,181	119,350	(17,831)
Bank & Credit Card Fees	1,076	417	(659)	8,174	4,583	(3,591)
Offices Expenses	16,977	12,142	(4,835)	172,902	133,559	(39,343)
Legal/Bond Fees	7,470	5,375	(2,095)	67,318	59,125	(8,193)
Water Regulatory Fees	373	4,458	4,085	21,555	49,042	27,486
Audit & Other Consulting	9,139	2,833	(6,306)	75,120	31,167	(43,953)
Total General & Admin Expenses	105,621	131,879	26,258	1,364,286	1,450,672	86,386
Net Operating Income	(51,293)	72,457	(123,750)	(166,608)	797,022	(963,631)
Non-Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Avail. - Water & Sewer - Madison	-	-	-	-	-	-
Avail. - Water & Sewer - Orange C	440,000	-	440,000	4,020,000	-	4,020,000
Interest Earned	26,290	25,000	1,290	364,799	275,000	89,799
Non Operating Revenue Cap Cont	1,212,506	-	1,212,506	1,608,015	-	1,608,015
Insurance Recoveries	-	-	-	3,500	-	3,500
Total Non-Operating Income	1,678,796	25,000	1,653,796	5,996,314	275,000	5,721,314
Net Income Before Debt Service	1,627,503	97,457	1,530,046	5,829,706	1,072,022	4,757,683
Debt Service	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Debt Service	-	70,695	70,695	813,705	777,642	(36,063)
Net Income	1,627,503	26,762	1,600,741	5,016,000	294,380	4,721,620