

MEMORANDUM

To: Albemarle County Board of Supervisors
From: Quin Lunsford, Executive Director
Date: July 17, 2024
Re: Albemarle County Service Authority (ACSA) Quarterly Briefing
cc: Mr. Jeff Richardson, County Executive; Mr. Trevor Henry, Deputy County Executive; Mr. Lance Stewart, Director of Facilities; ACSA Board of Directors; ACSA Leadership Team and Operations Council

We do thank you for the continuing opportunity to share with the Board of Supervisors and the broader community what is happening at your water agency, the Albemarle County Service Authority. We pride ourselves on safe, clean, and reliable Albemarle water. As you are aware, Mr. Gary O'Connell retired from the ACSA on June 30th after 14 years of service to our customers, employees, and community partners. I have been appointed as Executive Director after ten years of service as the ACSA's Director of Finance. We are excited to continue building upon Mr. O'Connell's solid foundation and we will continue our focus to ensure we provide exemplary service and deliver safe, clean, and reliable Albemarle Water. Here are some recent updates from the ACSA:

- Adoption of FY '25 Budget and Rates** – The new Budget and Rates have been Board approved and went into effect July 1st. Nearly two-thirds of the ACSA Budget and Rates go to pay the Rivanna Water and Sewer Authority (RWSA) for treatment and capital costs (bond funded annual debt service). RWSA's wholesale rate to the ACSA has a 14.3% increase, primarily driven by major water system projects and upgrades:
 - **Community Water Supply Plan Components** – the South Fork Rivanna Reservoir to Ragged Mountain Reservoir Water Pipe and Pumping Project, the Ragged Mountain to Observatory Water Pipe and Pumping Project, raising the normal pool at Ragged Mountain Reservoir and adding aeration and oxygenation systems to reservoirs.
 - **Critical Finished Water Transmission Projects** – Completion of the Airport Road Pump Station, the Central Water Line, additional crossings of the South and North Fork Rivanna River, Crozet, and Scottsville AC pipe replacement, and decommissioning of the North Rivanna WTP.
 - **Enhancement to Address Emerging Contaminants** -- Additional Granular Activated Carbon Water Filtering Facilities at the Crozet and Red Hill Water Treatment Plants.

- **Crozet Water Supply Projects** – Modifications to the Beaver Creek Reservoir Dam, construction of a new pump station, and raw water piping.

The ACSA Budget and Rates were summarized in the attached newsletter to our customers in May. We have not received any public comments.

FY 2025 ACSA Budget and Rates:

- 7.0% average customer rate increase or \$4.52 per month, or \$0.15 a day.
1. **AMI (Advanced Metering Infrastructure)** – We have completed all the installations of our advanced radio read meters (23,000+ installations). The customer benefit to AMI is instant water leak detection, which has proven to be an incredible tool to assist our customers in saving water and money on leaks. The final phase will be a customer oriented online portal to give customers access to all their water use information, including water leak alert notifications.
 2. **Drought Watch Declaration** – On June 25, 2024, the RWSA officially declared a drought watch for the Albemarle County and Charlottesville service area. A drought watch is declared to increase public awareness about the climatic conditions and stream flows that indicate there is a concern for an impending drought. As of June 25, 2024, our reservoirs were at 98% of usable capacity. The drought watch has been declared to increase awareness regarding drought conditions and to request voluntary reduction in water use. No mandatory water restrictions have been issued at this time. Conditions will continue to be monitored and further notifications will be made if a new drought stage is declared.
 3. **ACSA Capital Projects Update** - The approved FY 2025 Capital Improvement Program totals \$12.1 million. The ACSA's 10-year CIP invests \$140 million in infrastructure investments and upgrades. Highlights and current major projects are detailed below:
 - **Madison Park Pump Station Upgrade** - This project replaces the current pump station that was constructed nearly 40 years ago by a private developer. The original equipment is wearing down and the building is undersized to handle SCADA monitoring equipment. The previous pump station was demolished, and the contractor is working to install the replacement station.
 - **Crozet Phase 4 Water Main Replacement** - This project replaces aging and undersized asbestos-cement and PVC water mains along Rockfish Gap Turnpike, Crozet Avenue, Hillsboro Lane, and the neighborhood streets of the Park View subdivision. Construction is underway with the water main installation complete along Hillsboro Lane. Current activity is occurring along Rockfish Gap Turnpike and in the Park View subdivision. Some work may be performed at night due to high traffic volume along certain roadways.

- **Avon Operations Center** - The Avon Street property has long been held as a future location to build additional facilities in a central location, as needed. The current Maintenance Yard at our Pantops Operations Center is becoming overcrowded with equipment and materials. This project will develop the ACSA owned Avon Street property into a satellite facility for larger vehicle and materials storage. This new site will also replace some of our storage at Crozet that was lost with the water plant expansion there. This site creates the opportunity for some sustainable and conservation-oriented applications including solar energy and electric vehicle charging stations. The project will be rebid after receiving bids that were over budget.
- **Ragged Mountain Phase 1 Water Main Replacement** - This project will replace the oldest active water main remaining in our system, which was part of the water main that served customers on Reservoir Road. This cast iron pipe is over 90 years old and is severely tuberculated, which greatly reduces the flow capacity in this section. An alignment has been selected. Fall bidding for this project is anticipated.
- **Northfields Water Main Replacement** - This project replaces asbestos cement water mains that were part of the original well system that dates to the 1960's. Project is at the 90% design stage.
- **Scottsville Phase 4 Water Main Replacement** - This project will replace aging and undersized water mains along James River Road, Warren Street, Hardware Street, and several other roads in Downtown Scottsville. We are at the 90% design phase. Revised easement plats have been received and easement acquisition efforts are underway.
- **Briarwood Water Main Replacement** - Our Strategic Plan calls for the eventual replacement of PVC (pre-1990) water mains in our system, as they are older and made of weaker material than the current industry norm. This project will replace the PVC water mains that have been in service since the early 1980's. The field surveying work has been completed. Design work is at the 90% stage, and easement acquisition efforts are underway.
- **Broadway Street Water Main Replacement** – This project will replace the ductile iron water main that was installed in the early 1970's and has been found to be in deteriorating condition based upon recent excavations. With the redevelopment of the Woolen Mills Factory and Albemarle County's increased attention on economic revitalization of this corridor, replacement of this water main is crucial to transforming this area. Deed of Easement and negotiation underway. Coordinating with Albemarle County on the striping design and future County streetscape project. Construction is targeted for the second half of 2024.

- **Raintree and Fieldbrook Water Main Replacement** - This project will replace the PVC water mains that have been in service since the 1980s and will eliminate pipe saddles at the water service connections that have been failing due to corrosion. Project is at the 50% design phase. Construction scheduled for 2027.
- **Airport Trunk Sewer Upgrade** - With the continued growth in the Hollymead Town Center area, the existing sewer collector serving the airport and the area west of Route 29 needs upgrading to handle full build-out. A study of the drainage basin was completed in 2016, with the recommendation the sewer main be increased in size by replacing it in place. Easement acquisition efforts continue for this project. Design work is at the 90% stage.
- **Bellair – Liberty Hills Sewer** - Over the past several years there has been an increase in residents of the Bellair Subdivision seeking to connect to public sanitary sewer service, since most residents are currently served by private septic fields. We are at the 50% design phase for this project.
- **Barracks West Water Main Replacement** - This project will replace the undersized and aging cast-iron and galvanized water mains that were installed in the late 1960s. These water mains are original to the Old Salem Apartments development, now called Barracks West. This project is at the 95% design phase, with easement acquisition underway.
- **Townwood Water Main Replacement** - This project continues our systematic program to replace PVC water mains that have been in service since the early 1980's and have recently experienced several water main breaks causing water service disruptions. This project is at the 90% design phase, with easement acquisition upcoming.

Let us know if you have further questions or comments. We are more than glad to meet with you or hold a virtual meeting to talk about any of our projects, or facilities, or provide a tour if that would be useful.

Attachments:

- Customer FY 2025 Budget and Rates Newsletter

Investing in our Water Future

Dear Customer,

The ACSA's mission is to provide safe and reliable water for a good value. To succeed in that mission, the ACSA must support the Rivanna Water and Sewer Authority (RWSA), our wholesale treatment provider, as they heavily invest in the long-term sustainability of their water and wastewater systems. The projected cost for all needed improvements is \$371 million over the next five years.

Once again, the ACSA will use our available financial tools to help reduce the burden on our customers' budget. However, RWSA's work requires increased funding beyond the help that ACSA's reserves can provide; we estimate their charge to the ACSA will be a 14.3% increase for the next budget year in order to fund these upgrades.

The ACSA is responsible for 60% of the RWSA's annual budget, and those charges make up about 63% of our operating budget. As a result, we must raise our rates in Fiscal Year 2025 (starting July 1) and beyond to ensure proper funding for this important work.

We at the ACSA are mindful of the inflationary times we are in and how these circumstances can impact us all. That's why we are once again applying cash reserves to lower this year's proposed rate increase to you. The RWSA's cost increase to the ACSA is 14.3%, while our proposed average rate increase to our customers is 7%. For the average residential customer, that equates to an increase of \$4.52 per month or 15 cents per day.

We continue to work hard each day to reliably provide you with high-quality water. The investments we're making will ensure our success continues.



Gary O'Connell
Executive Director, ACSA

Proposed ACSA FY '25 Water & Sewer Monthly User Rates

Rates and Charges	FY '24	FY '25
Service Charge	\$10.40	\$11.13
Volume Charge: Single-Family Residential (per 1,000 gallons)		
Level 1: Up to 3,000 gallons	\$5.56	\$5.95
Level 2: 3,001 to 6,000 gallons	\$11.15	\$11.93
Level 3: 6,001 to 9,000 gallons	\$16.71	\$17.88
Level 4: More than 9,000 gallons	\$22.30	\$23.86
Multi-Family/Non-Residential (per 1,000 gallons)	\$11.15	\$11.93
Sewer: All Users (per 1,000 gallons)	\$11.06	\$11.83

Combined Monthly Bill Comparison: Single-Family Residential, 3,000 Gallons

Greene County	\$90.90
City of Charlottesville	\$79.08
Augusta County	\$76.25
ACSA Proposed Rate	\$64.47

ACSA System Obligations

The ACSA is obligated to provide our wholesale service provider, Rivanna Water and Sewer Authority (RWSA), with funding for essential infrastructure upgrades totaling \$371 million over the next five years.

Below are costs for RWSA's upgrades, which must be paid for by rate increases charged by the ACSA and other regional partners.



Crozet Water Supply Projects (Modifications to the Beaver Creek Reservoir Dam and Construction of a New Pump Station and Raw Water Piping):

\$58.8 million



Observatory Water Treatment Plant, Piping, Water Storage and Central Water Line:

\$82.6 million



Moore's Creek Advanced Water Resource Recovery Facility (Wastewater):

\$53.8 million



Community Water Supply Plan (South Fork Rivanna Reservoir to Ragged Mountain Reservoir to Observatory WTP Pipeline and Improvements):

\$127.8 million

FY '25 RWSA

cost increase charged to ACSA **14.3%**

ACSA's Use of Fund Reserves



FY '25 ACSA Residential Rate Increase **7%**

Average residential customer increase: \$4.52 per month. 15¢ per day.

ACSA Obligations

60%
% of ACSA's operating budget allocated to RWSA's charges

63%
% of RWSA debt service paid for by the ACSA

ACSA Proposed Budget & Rates

Public Hearing:

Thursday, June 20th at 9:00 AM in the ACSA Board Room

168 Spotnap Road, Charlottesville, VA

Virtual: www.serviceauthority.org