

MARCH 18, 2021

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD MARCH 18, 2021 IN THE OPERATIONS BUILDING LOCATED AT 14631 COMPTON ROAD, CENTREVILLE, VIRGINIA 20121.

A. Calling of the Meeting to Order

1. The Board of Directors of the Upper Occoquan Service Authority convened its Regularly Scheduled Meeting at 4:00 P.M.

**Directors Present:**

Dean E. Dickey	Shahram Mohsenin
Tony Dawood	Jeanette M. Rishell
Gary Fields	Glenn Simpson
Michael McGrath	Nancy Vehrs

**Directors Absent:**

None

**Others Present:**

UOSA Staff:	Robert W. Angelotti Brian L. Owsenek Kevin D. Wolfe Mishelle R. Noble-Blair John W. Airhart June A. Mahoney
Legal Counsel:	Sally Ann Hostetler
Engineer:	Tim Gallagher, Jacobs Don Forgacs, Jacobs
Financial Advisor:	James E. Sanderson, Jr., Senior Vice President Davenport & Company, LLC

B. Approval of Minutes

1. Chairman Mohsenin referenced the Board Minutes dated January 21, 2021 and asked the Board for their approval.

MOTION: Director Vehrs moved to approve the minutes of the January 21, 2021 Board meeting.

SECOND: Director Simpson

VOTE: Unanimous

C. Financial Reports

1. Chairman Mohsenin asked Mr. Wolfe to summarize staff memorandums for the *January and February 2021 Financial Summaries* (filed as Exhibit A and B) and focus on the more recent data.

- a. Mr. Wolfe said the financial summary for the month of February reflected lower O&M expenses than planned primarily due to lower pricing and usage for Electric Power and lower requirements for Facilities Operations and Administration, which were partially offset by budget timing differences for Contract Services and Miscellaneous and higher Personnel expenses. Flows were 4.3 percent higher than planned for the month. Year-to-date FY-21 expenses through February were lower than budget by approximately \$1.19 million, primarily due to lower expenses for Facilities Maintenance, Facilities Operations, Administration, Miscellaneous and Electric Power, as well as, budget timing differences for Contract Services. Year-to-date flows were 3.0 percent higher than planned.

MOTION: Director Simpson moved to receive and file the January and February 2021 Financial Summaries.

SECOND: Director Rishell

VOTE: Unanimous

2. Chairman Mohsenin referenced staff memorandum, *UOSA Reconciliation of Capital Expenditures to Bond Allocations* (filed as Exhibit C).

- a. Mr. Wolfe said the Board may recall that staff completed an interim reconciliation of the 2016A Bonds in February 2020. In addition, a CIP Reconciliation policy was adopted that states UOSA will complete an annual CIP reconciliation every February or March as necessary for each bond issue.

- b. Mr. Wolfe reported that staff completed the final reconciliation for the 2016A Bonds and an interim reconciliation for the 2019 Bonds. The 2016A Bonds were fully expended in November 2020 and the final reconciliation is complete and relatively small true-up balances are shown in the 2016A Bond table in the Board memo. He stated that variance amounts will be billed as adjustments in the upcoming debt service billing. He advised the 2019 Bond analysis is based almost entirely on forecasted expenditures from UOSA's February CIP Update and Plan of Finance. As a result, the analysis of the 2019 bonds is a high-level speculative analysis.

MOTION: Director Vehrs moved staff recommendation to receive the CIP Reconciliation for the 2016A Bonds and the 2019 Bonds, in addition to making the total variance adjustments on the next debt service billing for the 2016A Bonds final reconciliation, and to maintain current debt service allocation for the 2019 Bonds until the 2022 annual CIP Reconciliation is completed in order to provide a more accurate balance of actual and forecasted expenditures for the analysis.

SECOND: Director Simpson

VOTE: Unanimous

3. Chairman Mohsenin referenced staff memorandum, *FY-21 Second Quarter O&M Budget Review* (filed as Exhibit D).

- a. Mr. Wolfe reported that the Second Quarter FY-21 Operations and Maintenance budget review for the period ending December 31, 2020 reflected a favorable variance of \$499,000 or 6.2 percent and actual flows for the quarter were 4.8 percent higher than planned. During the Second Quarter, all budget lines were lower than planned and

year-to-date expenses through December 31, 2020 reflected a favorable variance of approximately \$976,000 or 6.1 percent, primarily due to lower costs in Miscellaneous, Administration, Facilities Maintenance, Contract Services, Facilities Operations and Chemicals.

MOTION: Director Vehrs moved to receive and file the FY-21 Second Quarter O&M Budget Review.

SECOND: Director Simpson

VOTE: Unanimous

D. FY-21 Fourth Quarter Appropriation

1. Chairman Mohsenin referenced staff memorandum, *FY-21 Fourth Quarter Appropriation* (filed as Exhibit E).

MOTION: Director Simpson moved to appropriate \$8,158,475 to fund Operations and Maintenance for the fourth quarter of FY-21.

SECOND: Director Rishell

VOTE: Unanimous

E. UOSA Capital Improvements Program (CIP) – February 2021 Update

1. Chairman Mohsenin referenced staff memorandum, *UOSA Capital Improvements Program (CIP) – February 2021 Update* (filed as Exhibit F).

- a. Mr. Angelotti reminded the Board that the 10-year CIP Update is used by UOSA's financial advisor to develop the annual Plan of Finance that will be used to finalize the Debt Service Budget. He said the Budget will be presented to the Board at the April meeting. He recalled that last year staff cautioned the master planning effort would recommend new projects that would significantly impact capital planning and subsequent borrowing and debt service needs. The final master plan was coordinated with each of the jurisdictions, and it reflects the future needs for plant expansions and some other major system renovations. He advised these needs result in an increase of \$340 million above those in the last 10-year CIP. He said plant expansions to 60 mgd and 66 mgd account for approximately \$164 million during the 10-year planning period. The updated CIP projection used the most conservative assumptions from the master plan with respect to project timing and scope. The remaining \$176 million dollar projected increase resulted from a conservative asset management assumption that many of the Contract 54 assets will reach their useful life during the planning window.

- b. Mr. Angelotti presented some good news that actual CIP spending continues to be less than projected over time, and staff efforts to contain project costs and defer projects have proven effective. He shared that the 2009 CIP projected \$475 million would be cumulatively spent by 2020 compared to this update which shows that level of spending is not expected to accumulate until 2026. He stated that staff will continue to make every effort to contain capital spending to match well defined project needs, and the staff is also committed to assessing schedules such that the required projects are delivered just in time for those needs.

MOTION: Director Vehrs moved to endorse the February 2021 CIP Update as an adjustable planning assumption for moving forward with CIP efforts and as the base plan for the generation of a February Updated Plan of Finance to be presented by UOSA's Financial Advisor.  
SECOND: Director McGrath  
VOTE: Unanimous

F. UOSA Updated Plan of Finance

1. Chairman Mohsenin referenced staff memorandum, *UOSA Updated Plan of Finance* (filed as Exhibit G).
  - a. Mr. Angelotti advised that Mr. Wolfe would provide a few introductory remarks with regard to the UOSA Updated Plan of Finance. Mr. Wolfe reported the 2020 Series refunding Bonds issued last year, along with favorable current market rates for this Plan of Finance, have reduced borrowing costs through year 2025 when compared to last year's Plan to Finance.
  - b. Mr. Wolfe introduced UOSA's Financial Advisor, Mr. James Sanderson, from Davenport & Company, to present the Updated Plan of Finance.
  - c. Mr. Sanderson presented and further explained the Updated Plan of Finance that incorporated the previously endorsed February 2021 CIP numbers into a debt service model to provide a forecast of UOSA's debt service projections. He provided the Board with a sense of what was happening in the current market while interest rates continue to remain low, as well as, the status of the favorable revenue bond which is a 30-year benchmark. He stated that the next bond issues will likely be in the years 2021, 2024 and 2027.
  - d. Mr. Sanderson reminded the Board that proceeds from bonds must include the reasonable expectation of expending the funds in three years as a requirement of tax-exempt bonds.
  - e. Director Dickey asked staff to consider other possible ways to structure the debt, to potentially avoid the spike in spending, currently showing in year 2029.

MOTION: Director Dickey moved to adopt, for planning purposes, the Davenport February 2021 Plan of Finance, which will be used to complete the FY-22 Debt Service Budget and be presented by staff to the Board for approval at the April 2021 Board Meeting.

SECOND: Director Simpson  
VOTE: Unanimous

G. Service Agreement Amendment

1. Chairman Mohsenin referenced staff memorandum, *Service Agreement Amendment* (filed as Exhibit H).
  - a. Mr. Angelotti stated that with the completion of the Master Plan and the direction from the Board at the November 2020 meeting, draft

language for a service agreement amendment was prepared by staff and legal counsel for the board's consideration. He advised that for clarity purposes, a handout (Exhibit I) was at their places to show the proposed capacity allocations at a 60 mgd capacity that reflects the jurisdiction's allocations based on a 50/50 split of the 6 mgd expansion (i.e. 3 mgd for the City of Manassas, 3 mgd for Prince William County) including the capacity sales and transfers between the member jurisdictions. He stated that this information is different than what is in the current service agreement amendment and this is a result of the allocations in place when bonds were issued to bond holders.

- b. Ms. Hostetler mentioned the steps that an amendment would need to go through. She said amending the Service Agreement can be a very lengthy process as it involves obtaining feedback and concept approval from all four member jurisdictions and their legal counsel, prior to a formal adoption by the member jurisdictions' governing bodies.
- c. Ms. Hostetler detailed the four main issues that were mentioned in her memo and redlined in the proposed amendment. She said these were the areas that the Board had recently shown interest in formally addressing in the Service Agreement.
- d. In response to Director Rishell, Ms. Hostetler explained the difference between the Sections 6.7A (existing "or clause") and 6.7B (newly proposed) options for handling loading exceedances on a temporary basis when a remedy is close to being put in place.
- e. Director Rishell asked that staff and counsel consider a way to address how unused loading capacity could be shared in the future and if it would be helpful to have some limits in place to avoid inequities between jurisdictions.
- f. Ms. Hostetler encouraged the Board to take this information and provide her with any questions or concerns so that clarifications could be provided.
- g. Director Dickey suggested a separate Service Agreement workshop or opportunity at a future meeting to discuss this matter after all the comments and concerns are gathered from the Board.
- h. Director Dickey expressed concerns over the fairness of proposed expansions that might benefit all of UOSA but be funded by less than all members, citing the negotiations of the proposed P64 project. Director Rishell asked for a memo from staff that provides background information on this issue. Ms. Hostetler clarified that the Board is looking for a way to address project costs on a fairness basis when considering if a loading benefit is UOSA-wide or only specific to certain member jurisdictions.
- i. Director Rishell inquired about the notification timeline of when a jurisdiction experiences a capacity exceedance and when the Board would actually be informed of that exceedance. Mr. Angelotti advised that flow exceedance information could be found in the monthly flow report that each jurisdiction receives.
- j. In response to Director Simpson's question about jurisdiction allocations in the Service Agreement, Ms. Hostetler stated that the

Service Agreement reflects the underlying allocations when new bonds are issued, they do not reflect reallocations resulting from separate capacity agreements between individual jurisdictions.

- k. Director Mohsenin suggested staff prepare a book or binder that describes all the side agreements as appendices to the Service Agreement so that all the documents would be combined together or handy in the same location. Ms. Hostetler stated that a binder of key documents was a good idea, but these agreements should not be made part of the Service Agreement itself.
- l. In response to Director Rishell, Mr. Angelotti stated that UOSA's discharge permit includes concentration limits measured in units of mass divided by volume (i.e. mg/L) and loading limits measured by weight or mass per unit of time (kg/day or pounds/year). He advised that UOSA's discharge permit does not impose the same limitations on its influent.
- m. The proposed deadline to have comments and questions to staff and Ms. Hostetler was set for Friday, April 30, 2021.

MOTION: Director Dickey moved to provide staff input into the proposed language and then direct staff to prepare revised Amendments for consideration at the May Board meeting, anticipating that the Amendments will be circulated to the member jurisdictions soon after the Board's approval.

SECOND: Director Rishell

VOTE: Unanimous

#### H. Major Project Reports

- 1. Chairman Mohsenin asked staff to summarize staff memorandums *February and March 2021 Project Summary* (filed as Exhibit J and K) and focus on the more recent report.
  - a. Mr. Airhart, Director of Capital Improvements, reported on Plant Projects. The Contract AWT notice of award was issued to the contractor while staff awaits for the submittal of insurance documents from the contractor. The Ozone Biofiltration design engineer continued to progress the project toward 90 percent design. The ARRP demo contractor completed all demolition work and now that the weather has improved, site work should be completed in time for the substantial completion date of the April 19, 2021.
  - b. For Contract R2D2 (Renovations to Residuals and Building D/2), the contractor has completed their centrifuge performance testing and performance test results are being analyzed by the engineer. Additionally, the contractor is testing new process equipment in Building C/1 to prepare for seeding Digester 7/2 with sludge. The project includes two subprojects; the substantial completion date for Subproject A work in Building D2 was May 4, 2020 and the staff and engineer continue to evaluate claims for time extensions, while the substantial completion requirement for Subproject B work in the Digester and Building E is unchanged at January 11 2022.

- c. For the P2NR (Phase 2 Nutrient Reduction) settleability pilot project, the team recently held a progress meeting and expects to complete the pilot data collection by the end of March 2021.
- d. Mr. Airhart reported on the YPIU (Yorkshire Park Interceptor Upgrade) and said the engineers continue to work towards 90 percent design.

MOTION: Director Simpson moved to receive and file the Project Summary reports.

SECOND: Director Fields

VOTE: Unanimous

## I. Staff Reports

### 1. Safety Briefing

- a. Ms. Noble-Blair, Director of Regulatory Affairs, provided a quick safety update. The safety sign counter had to be reset after reaching 677 days with no lost time incidents. She advised that an employee slipped and fell on ice that covered a sidewalk outside of a process building. Thankfully, the incident was not serious but the employee lost two days of work. She said that a supply of salt was added to the area and temperature activated ice warning signs have been installed in the heavy foot traffic areas of the plant to raise staff awareness. She also brought attention to the monthly Safety Newsletter left at their places (Exhibit L), she announced that this helpful information is communicated via email to all employees from UOSA's Safety Officer. She reported that between the start of the COVID-19 pandemic and November 2020, UOSA had two reported cases; since then there have been six additional reported cases none of which came from within UOSA. UOSA's Infectious Disease and Preparedness and Response Plan was updated to comply with Virginia's COVID Standard.

### 2. Executive Director's Report

- a. Mr. Angelotti congratulated Director Vehrs for being reappointed to the UOSA Board for another 4-year term to serve on behalf of Prince William County. He asked the Board to share information regarding their reappointment status with Ms. Mahoney.
- b. Mr. Angelotti referenced staff memorandum, *Jacobs Engineering – Pending Transition* (filed as Exhibit M) that informed the Board that Mr. Tim Gallagher was stepping down as UOSA's client services representative and that he will be succeeded by Mr. Don Forgacs of Jacobs. Mr. Gallagher indicated that, while he may remain initially available as a part-time technical and historical resource for selected projects, his role in serving UOSA is changing and will diminish with time. Mr. Angelotti said UOSA has held Mr. Gallagher in the highest esteem and that his contributions and institutional knowledge will be irreplaceable. Mr. Angelotti read aloud the Resolution honoring Mr. Gallagher.

MOTION: Director Dickey moved to acknowledge Mr. Gallagher's many contributions to UOSA's success by approving the attached resolution.

SECOND: Director Dawood  
VOTE: Unanimous

- c. Mr. Gallagher thanked the Board and staff for their kind words and said he has never felt like an outsider and the organization has allowed him to function very effectively within staff at all levels. He said he has been involved in every expansion project at UOSA over the past thirty-six years and has been sitting in at UOSA Board meetings for the past 19 years, following the retirement of Mr. George Gunn.
- d. Mr. Angelotti updated the Board on the recent structural changes made to the organization after the retirements of Mr. Chuck Boepple and Mr. Bob Forgione. He referenced staff memorandum, *New Organization Alignment* (filed as Exhibit N) and went over the names, titles and photos of the Executive staff and the seven Directors. He stated that UOSA has a group of directors with a broader range of age, gender, race, experience, cultural backgrounds and his hope is that the new team will bring some more diverse perspective to our senior management collaborations.
- e. Director Dickey moved to request that staff begin including Public Comment Time or Citizen's Time at or near the beginning of each meeting agenda. He said he knows that all board meetings are open to the Public but this would allow for a specific time on the agenda for a member of the Public to participate in a meeting. Director Fields second the motion. Chairman Mohsenin mentioned that staff was already considering this and will be starting with the next meeting agenda.

3. Legal Counsel's Report

- a. Ms. Hostetler stated that she had nothing to report.

J. Adjournment

MOTION: Chairman Mohsenin moved to adjourn at 5:34 P.M.  
SECOND: Director McGrath  
VOTE: Unanimous



Jeanette M. Rishell, Secretary  
UOSA Board of Directors

Date: April 15, 2021

*These minutes are unofficial until signed.*