

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD FEBRUARY 16, 2023 IN THE CHARLES P. BOEPPLE 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:

Tony H. Dawood	Shahram Mohsenin
Calvin D. Farr, Jr.	Jeanette M. Rishell
Gary L. Fields	Glenn Simpson
Michael McGrath	Don Pannell

Directors Absent:

Nancy Vehrs

Others Present:

UOSA Staff:	Robert W. Angelotti
	Brian L. Owsenek
	Kevin D. Wolfe
	John W. Airhart
	June A. Mahoney
	Erick U. Schlosser
Legal Counsel:	Sally Ann Hostetler, Odin, Feldman, & Pittleman, P.C.
Engineer:	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 19, 2023 and asked the Board for their approval.

MOTION: Director McGrath moved to approve the minutes of the January 19, 2023 Board meeting.

SECOND: Director Simpson

VOTE: Unanimous

C. Public Comment Time

1. Chairman Mohsenin asked if there was any known interest or request received by the Public to speak at the meeting.
2. Ms. Mahoney stated that none were received ahead of the meeting. None were brought forward during the meeting.

D. Financial Reports

1. Chairman Mohsenin referenced staff memorandum, *January 2023 Financial Summary* (filed as Exhibit A).
 - a. Mr. Wolfe stated that the January Financial Summary reflected lower O&M expenses than planned primarily due to lower Personnel, Electric Power and Facility Operations and budget timing differences for Contract Services and Administration expenses, partially offset by budget timing differences for Miscellaneous and Process Chemicals and higher Facilities Maintenance expenses than planned. Flows were 12.5 percent lower than planned for the month. Year-to-date FY-23 expenses through January were lower than budget by approximately \$575,000, primarily due to lower Personnel and Miscellaneous expenses and budget timing differences for Contract Services, partially offset by higher Facilities Maintenance and Electric Power expenses. Year-to-date flows were 10.1 percent lower than planned.
 - b. In response to Director Dawood, Mr. Owsenek said that he is aware of the disruption associated with the chemical, Permanganate, and the concerns other facilities are facing. Fortunately, UOSA does not use this chemical.

MOTION: Director Simpson moved to receive and file the January 2023 Financial Summary.

SECOND: Director Fields

VOTE: Unanimous

E. UOSA Reconciliation of Capital Expenditures to Bond Allocations

1. Chairman Mohsenin referenced staff memorandum, *UOSA Reconciliation of Capital Expenditures to Bond Allocations* (filed as Exhibit B).
 - a. Mr. Wolfe said the Board may recall that staff completed an interim reconciliation of the 2019 Bonds in February 2022. 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 interim reconciliation for the 2019 Bonds. The 2019 Bond analysis is based on actual costs to date and 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. Staff recommends maintaining current debt service allocations for the 2019 bonds and wait until the results of the 2023 CIP reconciliation to consider making any debt service allocations for the 2019 bonds, which would allow for an analysis of more actual projected expenditures and a shorter window of forecasted expenditures, which can be subject to significant change.

MOTION: Director Farr moved staff recommendations 1) to receive the CIP Reconciliation for the 2019 Bonds and 2) maintain current debt service allocations for the 2019 Bonds until the 2019 Bonds are fully depleted or the 2023 annual CIP Reconciliation is completed, to provide a more accurate balance of actual and forecasted expenditures for the analysis.

SECOND: Director Simpson

VOTE: Unanimous

F. FY-23 Second Quarter O&M Budget Review

1. Chairman Mohsenin referenced staff memorandum, *FY-23 Second Quarter O&M Budget Review* (filed as Exhibit C).
 - a. Mr. Wolfe reported that the Second Quarter FY-23 Operations and Maintenance budget review for the period ending December 31, 2022, reflected a favorable variance of \$92,000 or 1.1 percent and actual flows for the quarter were 11.4 percent lower than planned. During the Second Quarter, favorable variances in Miscellaneous, Contract Services, Personnel, Administration, Facilities Operations, and Insurance were partially offset by higher Facilities Maintenance, Electrical Power, and Process Chemicals expenses. Year-to-date expenses through December 31, 2022 reflected a favorable variance of approximately \$563,000 or 3.2 percent, primarily due to lower costs in Personnel and Miscellaneous and budget timing differences for Contract Services, partially offset by higher Electric Power and Facilities Maintenance expenses.
 - b. In response to Director McGrath, Mr. Wolfe stated the Facilities Maintenance category does fluctuate based on repairs and maintenance. He addressed some of reason for the increase in the financial summary from the month before, but there were some anomalies with repairs and maintenance that staff will be taking into consideration for this next budget cycle as there have been continual increases in certain areas.
 - c. In response to Director Rishell on the Electrical Power increase, Mr. Wolfe stated that the biggest factor for the increase was the Cogen unit being offline earlier this year for several weeks for repairs and maintenance. Mr. Angelotti reminded the Board the electrical pricing UOSA receives has been locked in for several years, unfortunately the pricing will expire after this fiscal year. A significant pricing increase is expected.

MOTION: Director Simpson moved to receive and file the FY-23 Second Quarter O&M Budget Review.

SECOND: Director McGrath

VOTE: Unanimous

G. FY-23 Fourth Quarter Appropriation

1. Chairman Mohsenin referenced staff memorandum, *FY-23 Fourth Quarter Appropriation* (filed as Exhibit D).

MOTION: Director McGrath moved to appropriate \$8,678,800 to fund Operations and Maintenance for the fourth quarter of FY-23.

SECOND: Director Fields

VOTE: Unanimous

H. UOSA Capital Improvements Program (CIP) – February 2023 Update

1. Chairman Mohsenin referenced staff memorandum, *UOSA Capital Improvements Program (CIP) – February 2023 Update* (filed as Exhibit E).
 - a. Mr. Wolfe 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 March meeting. He recalled that previously staff recommended plant expansion projects that would significantly impact capital planning and subsequent borrowing and debt service needs. Exhibit 2 of the memo, had the accelerated pace of projected spending beginning sometime in the mid-2020s. The plant expansions to 60 MGD and 66 MGD account for approximately \$247,000,000 over the ten-year planning period.
 - b. The most conservative assumptions were made with respect to project timing and infrastructure needs for the expansions. For example, the expansion assumptions include 6 MGD capacity increments come through added membrane bioreactor capacity and no upgrading credit for the activated carbon process for going to ozonation. We currently have Black and Veatch engaged and actively evaluating rerating potential for plant unit processes to better define the scope and cost of the future expansion projects. Conservative asset management program assumptions that many asset types will reach their useful life during the 10-year planning window and future conditions will require total asset replacement based on the assets' estimated replacement value results in a projected need of approximately \$572 million. A significant portion of the spending is needed to address portions of the Contract 54 expansion infrastructure and buried pipeline assets in the collection system, which are projected to age out during the planning window.
 - c. Mr. Wolfe presented some good news in the trend in actual CIP spending continues to be less than initially projected, indicating that staff efforts to contain project costs and defer projects have proven effective. For example, in 2009 the CIP projected a need to spend \$475 million by 2021. In this most recent update, the cumulative total spending through 2021 was only around \$279 million with a \$475 million cumulative cost not projected to be exceeded until at least year 2026. UOSA remains committed to staff-initiated condition assessments for better definition of CIP projects that will be funded with 2022 Series Bonds. He stated that staff will continue to make every effort to contain capital spending to match actual project scopes to meet well defined needs. Staff is also committed to assess schedules such that the required projects are delivered just in time to meet those needs.
 - d. In response to Director Pannell's question about inflation assumptions, Mr. Angelotti said projects have a 3.5 percent per year inflation rate used when projecting midpoint construction costs out in the future and that last year the CIP was adjusted based on the 10 percent construction cost index observed at that time.
 - e. In response to Director McGrath, Mr. Angelotti said there had been efforts to forecast CIP project costs out as far as 30-years into the future and that forecast was included in the 2020 Master Plan. However, it does not include bond issuance or carrying costs. After a brief discussion, the consensus was that forecasting the funding needs for Debt Service beyond 2032 becomes very speculative and results may not be dependable. Many organizations only project their CIP out five years and

UOSA's 10-year CIP and Debt Service annual projections were deemed sufficient.

MOTION: Director Fields moved to endorse the February 2023 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 Farr

VOTE: Unanimous

I. UOSA Updated Plan of Finance

1. Chairman Mohsenin referenced staff memorandum, *UOSA Updated Plan of Finance* (filed as Exhibit F).
 - a. Mr. Angelotti introduced UOSA's Financial Advisor, Mr. James Sanderson, from Davenport & Company, to present the Updated Plan of Finance.
 - b. Mr. Sanderson presented and further explained the Updated Plan of Finance that incorporated the previously endorsed February 2023 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 rise from their historical lows. He stated that the model shows the next bond issues may be needed in the years 2024, 2027 and 2030.

MOTION: Director Simpson moved to adopt, for planning purposes, the Davenport February 2023 Plan of Finance, which will be used to complete the FY-24 Debt Service Budget and be presented by staff to the Board for approval at the March 2023 Board Meeting.

SECOND: Director Dawood

VOTE: Unanimous

J. Major Project Reports

1. Chairman Mohsenin referenced staff memorandum, *February 2023 Project Summary* (filed as Exhibit G).
 - a. Mr. Airhart reported on Plant Projects. He stated that the MFF (Methanol Feeding Facility) project invitation to bid was advertised on February 12, 2023 with the pre-bid meeting scheduled for February 24th and the bid-opening planned for March 30th.
 - b. He addressed the NOVEC transformer replacement project. He said he did not get a more recent update from NOVEC's Vice President, the contact for this project, prior to the meeting.
 - c. Mr. Airhart stated that the Contract AWT (Advanced Wastewater Treatment) project is currently 76 days behind schedule. The contractor was able to commission some equipment. UOSA accepted four of the motor control centers and one quadrant of filters and carbon contactors

for operation maintenance. The substantial completion date remains unchanged at May 10, 2023.

- d. He reported that the Building U Centrifuge Upgrade (Contract U2) building permit comments and responses were satisfactory. The permit will be issued once we have a contractor on board and have a special critical structures inspection meeting.
- e. The Ozone Biofiltration (Contract OBF) project continues to await review in Fairfax County's permitting system.
- f. The P2NR Plus (Phase 2 Nutrient Reduction Plus) engineer continued developing the technical memorandum to define the scope of the renewal and replacement work that is part of the project.
- g. The Contract LB (C54 Laboratory Renovations) design task order was approved at last month's meeting and was fully executed with a design kickoff meeting slated for February 24, 2023.
- h. Mr. Airhart reported on the single active Delivery System Project, the YPIU (Yorkshire Park Interceptor Upgrade). The project remains on hold until conflicts with the Route 28 Bypass project are better understood. Events have made it prudent for UOSA to wait until the PWC DOT design team finalizes the horizontal alignment of the road before UOSA finalizes the pipeline alignment and scope in that area of the project. He stated that staff are moving toward an approach that will break the project into separate phases so the area that is not impacted by the road alignment could move forward independently. He stated that staff are negotiating a design task order for the phased approach due to the unknowns.

MOTION: Director McGrath moved to receive and file the February 2023 Project Summary reports.

SECOND: Director Rishell

VOTE: Unanimous

- 2. Chairman Mohsenin referenced staff memorandum, *Building U Organic Solids Dewatering Improvements (Contract U2) – Engineering Services During Design Construction (SDC's) Task Order No. E-04-23* (filed as Exhibit H).

- a. As described in the memo, Mr. Angelotti said this project will replace an old unreliable centrifuge and its associated sludge cake conveyor, which was installed back in Contract 54, which is now more than two decades ago. With the design task for this project complete, with hopes of the final phase of permitting from Fairfax County coming soon, staff requested Jacobs to prepare a task order for the engineering services to bid and construct the project.

MOTION: Director Rishell moved to authorize the Executive Director to execute the Task Order No. E-04-23 with Jacobs for the Contract U2 services during construction.

SECOND: Director Simpson

VOTE: Unanimous

K. Staff Reports

1. Safety Briefing

- a. Mr. Angelotti reported that UOSA has reached 23 months without a lost time injury or accident! He said that is a direct reflection of the continued focus on workplace safety. Staff continue to work hard to sustain the trend and look forward to setting a new safety record for UOSA.
- b. Mr. Angelotti reported that UOSA had only one new COVID-19 cases since the January meeting.
- c. Mr. Angelotti said staff are working on UOSA's annual respiratory fit testing this month to remain in compliance with OSHA requirements while improving our training in that area. The Safety Office is working with the Operations Support Manager and the Treatment Process Division to rework the in-house training program to better develop selected UOSA staff as confined space entry trainers certified through OSHA.
- d. Mr. Angelotti stated that UOSA continues to work on its Hazard Communication program. The Safety Office is auditing and updating our internal online catalog of material safety data sheets to ensure compliance and that we have documentation for all the chemicals that are use onsite.

2. Executive Director's Report

- a. Mr. Angelotti asked those on the Audit Committee to see Mr. Wolfe before leaving the meeting to provide him with their preferences for the auditing services contract.
- b. Mr. Angelotti said staff felt it was important for the Board to get a better familiarity with various pieces of UOSA's operations and its key leaders and staff members. He announced that during upcoming Board meetings, staff from each division will provide short presentations to serve this purpose.
- c. To start with, Mr. Angelotti introduced Mr. Erick Schlosser, UOSA's Engineering & Technology (E&T) Division Director. Mr. Schlosser's presentation focused on:
 - i. The applications, automation platforms and networks that the E&T Division is responsible for and spoke briefly about staff members within the division. Two sections are comprised of Process Engineering (5 staff) and Information Management (5 staff). Their work schedules are tiered to be available and offer customer support to other divisions in a 5AM to 5PM window, as well as, on call 24/7.
 - ii. The long running strategy to execute work in-house before spending consulting monies has been proven to provide a great value to the organization. He said this has been successful by trying to maximize in-house capabilities, by attracting and retaining very capable staff, while growing their institutional knowledge.

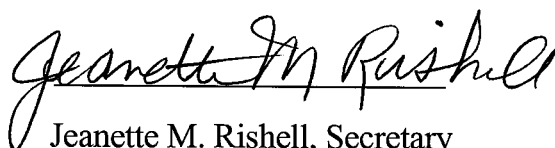
- iii. He explained that a diverse group, with deep institutional knowledge is the best way to manage UOSA's automation, its hardware maintenance and to extend the life cycle of equipment that helps run the plant processes. He showed the Board three generations of signal input cards, all still being used at UOSA. These dated back to original installations during construction projects that occurred in 1986, 1998 and 2013. Historically, staff spreads hardware replacement money over several years when updated technology is needed because doing it all at once would be a very expensive endeavor. This also enables UOSA to self-stock older generation spares, and improves cost efficiencies allowing UOSA to leverage some of those thirty-seven-year-old technology cards and still reliably process signal inputs and outputs to the automation for use by our operators.
 - iv. He stressed the importance of a staff succession plan, especially with such a unique skill set required within the E&T Division. In response to Ms. Hostetler, he said that artificial intelligence has already been incorporated into many of UOSA operations. He pointed out that while the Division has seen an explosion with regard to increased technology needs (i.e. wi-fi, remote access, cyber security) it has impressively maintained the same number of full-time employees for the past twenty years!
 - v. In response to Director Fields and Director Pannell, Mr. Angelotti acknowledged that succession planning is needed in the entire organization and UOSA would benefit from a more formal framework for it, especially in functional areas that rely on operators and trades people where we are seeing turnover and labor shortages. He emphasized that we should consider staff development and succession for every faction of the operation.
- d. Chairman Mohsenin took the succession discussion opportunity to wish Director Simpson well in his retirement, as Director Simpson announced that today's meeting would be his last on the UOSA Board. Director Simpson said that his time on the Board was a learning experience and a pleasure.

3. Legal Counsel's Report

- a. Ms. Hostetler stated that due to recent news reports on citizens making requests of councils and board members for public records, she wanted to remind the Board how UOSA handles FOIA requests. She said UOSA is governed by the Virginia Freedom of Information Act which allows citizens to request information to be provided unless there is some reason in the statute that it is not public information. While the act provides a specific process, it is somewhat vague, and the courts have determined that any request that sounds like a citizen requesting documents should be deemed a FOIA request. We want to make sure that we are responsive to our citizens as required by the Act. UOSA does have a FOIA Officer, Ms. Kristen Hylton, and her contact information is reflected on UOSA's external website. If a Board member receives a request, the process would be for them to quickly send that information to Ms. Hylton. Then she will marshal the response within the five-day time period in which to respond.
- b. Ms. Hostetler said UOSA receives approximately three to four FOIA requests per year.

L. Adjournment

MOTION: Chairman Mohsenin moved to adjourn at 5:09 P.M.
SECOND: Director Simpson
VOTE: Unanimous



Jeanette M. Rishell, Secretary
UOSA Board of Directors

Date: March 16, 2023

These minutes are unofficial until signed.