

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD JUNE 15, 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:

Calvin D. Farr, Jr.
Gary L. Fields
Michael McGrath*

Richard Meyer
Shahram Mohsenin
Jeanette M. Rishell
Nancy Vehrs

Directors Absent:

Tony H. Dawood

Others Present:

UOSA Staff:

Robert W. Angelotti
Brian L. Owsenek
Kevin D. Wolfe
John W. Airhart
June A. Mahoney
Roderick Griggs

Legal Counsel:

Sally Ann Hostetler, Odin, Feldman, & Pittleman, P.C.

Engineer:

Don Forgacs, Jacobs

Guests:

Mike Garber, PBMares
Patrick Bracken, The Segal Group

B. Approval of Minutes

1. Chairman Mohsenin referenced the Board Minutes dated May 18, 2023 and asked the Board for their approval.

MOTION: Director Vehrs moved to approve the minutes of the May 18, 2023 Board meeting.

SECOND: Director Farr

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, *May 2023 Financial Summary* (filed as Exhibit A).
 - a. Mr. Wolfe stated that the May Financial Summary reflected higher O&M expenses than planned primarily due to higher pricing for Calcium Oxide and budget timing differences for Contract Services. Flows were 20.7 percent lower than planned for the month. Year-to-date FY-23 expenses through May were lower than budget by approximately \$618,000, primarily due to lower Personnel, Miscellaneous and Facilities Operations expenses and budget timing differences for Contract Services, partially offset by higher Facilities Maintenance and Process Chemical expenses. Year-to-date flows were 12.5 percent lower than planned.
 - b. Mr. Wolfe announced that the O&M Budget surplus for FY-23 was currently just over \$600,000 and is not considered a significant surplus until it is more than the \$1 million threshold. Therefore, half of the surplus would not be credited to the jurisdictions in the June quarterly billing. Per the O&M budget surplus return procedures, the entire surplus will now be returned/credited to the jurisdictions in the December quarterly billing, after the final audited numbers are presented at the October board meeting.

MOTION: Director Vehrs moved to receive and file the May 2023 Financial Summary.

SECOND: Director Fields

VOTE: Unanimous

E. FY-23 Audit

1. Chairman Mohsenin referenced staff memorandum, *FY-23 Audit* (filed as Exhibit B).
 - a. Mr. Angelotti asked Mr. Wolfe to brief the Board on any comments shared by the Auditors in the Audit Committee meeting that was held just prior to the regular Board meeting.
 - b. Mr. Wolfe stated the audit partner from PB Mares, Mr. Mike Garber, discussed the scope and the timing of this year's audit. He reported the preliminary onsite audit was completed earlier in the week with a final audit coming up in September. He said there were no issues, weaknesses, concerns, or control issues, and things are progressing as normal with a clean audit so far this year.

F. FY-24 O&M Budget Amendment – Compensation Study Implementation and Market Rate Adjustment

1. Chairman Mohsenin referenced staff memorandum, *FY-24 O&M Budget Amendment – Compensation Study Implementation and Market Rate Adjustment* (filed as Exhibit C).
 - a. Mr. Angelotti said the Board may recall that staff brought forward its concerns about employee retention and trouble recruiting in the tight labor market at the October 2022 Board meeting. At that meeting, the Board endorsed a plan to conduct a study to assess the competitiveness of salary structure with its local municipal peers. The Study was still proceeding during the FY-24 budget approval process and as a result, at that April 2023 Board meeting, the Board agreed to have staff come back at the June 2023 meeting with a recommendation for a budget amendment to address any salary adjustments, knowing that future action would benefit from the salary study results and a more complete salary adjustment data set from regional peers. He remarked that the general sense from the peer group providing a market rate adjustment this year, was that it averaged around five percent. Of those entities that budgeted on a 2023 calendar year rather than in line with UOSA's fiscal year, their adjustment was quite a bit higher than five percent. He advised that the labor market remains tight, signaling that the recommended adjustments to salaries and pay scales may be prudent if UOSA is to remain competitive with the other entities like it in the region.
 - b. Mr. Angelotti introduced Mr. Rod Griggs, UOSA's Human Resource Director, and said he would begin the presentation on the salary compensation study with Mr. Patrick Bracken, from The Segal Group consulting firm, and follow-up with an explanation on the study methodology, its findings, and the proposed recommendation for the Board's consideration.

* *Director McGrath joined the meeting after the start time.*

- c. Mr. Griggs shared with the Board the lengthy process involved in conducting the study and that UOSA undertook a very involved effort to conduct a salary survey which afforded UOSA an opportunity to take a serious look at our current salary structure and our market competitiveness. He reminded the Board a comprehensive study to evaluate all of the pay scales, that considered external market data and internal equity, had not been conducted in over a decade. The primary purpose of the study was to determine if UOSA positions were market competitive in 2023 with other similar utilities, water authorities, the surrounding counties and the private sector. The outcome of a salary study provides a level of confidence to UOSA's hardworking employees that they are compensated fairly and reasonably, which affects morale. He stated that many factors indicated that this was the correct time to conduct such a study; coming out of the COVID pandemic, realizing high inflation, and experiencing difficulties in attracting new talent and retaining talent.
- d. Mr. Griggs said The Segal Group (Segal), undertook this multi-month study that included analyzing UOSA's current pay structure, identifying positions to compare, creating a survey, sending out questionnaires and gathering responses, analyzing the data, developing a working document that both Segal and UOSA could use to capture

the data, and lastly considering a new proposal for a new pay structure and its implications and practicality, and assigning employees to that new pay scale structure.

- e. Mr. Griggs took a moment to recognize UOSA employees including Ms. Montee McGowen, Assistant HR Manager and project manager for the study who performed much of the heavy lifting, while performing her regular daily work, kept the project on track, briefed senior and the executive leadership, and met critical deadlines required by Segal.
- f. Mr. Griggs introduced Mr. Bracken, Vice President, of The Segal Group based out of the Washington, DC office, to present a summary of the study findings and allow a question-and-answer session to follow.
- g. Mr. Bracken provided his presentation (files as Exhibit D) and stated that during the process Segal and UOSA found it necessary to incorporate a new pay grade scale by consolidating the previous fifty pay grades into a grade structure of twenty pay grades. This new pay scale makes more logical sense in terms of what is common among public sectors across the country and helps create some more differentiation between pay grades as UOSA jobs are assigned to respective grades. After identifying the pay grade for all job titles, the next step in that process was to place employees on that new structure and address any inequities between supervisory pay compression with their highest paid sub-ordinate. He summarized by saying Segal's takeaways were two-fold: the new structure and refinements to it more closely align with pay structure design seen in the market, and the process used to assign employees to a pay grade in the new structure was logical and consistent with what other public sector employers do when migrating from one pay structure to another.
- h. In response to Director Farr, Mr. Angelotti and Mr. Wolfe said that staff had anticipated an amendment to the Personnel category of the O&M Budget would be necessary to implement compensation study recommendations. They assured the Board that staff worked very hard to sharpen their pencils and present a lean FY-24 Budget at the April 2023 meeting. They also reminded the Board that historically the O&M Budget surplus has been near or over \$1 million each year and the end of year surplus would typically cover the cost of the proposed FY-24 amendment of \$960,300. Mr. Wolfe also reminded the Board that there are other considerations that could help offset the costs to implement the study recommendations, such as the interest earnings from investments of Debt Service balances, especially in this favorable interest rate environment.
- i. In response to Director Meyer, Mr. Angelotti agreed that staff would provide the Board with some helpful talking points within one week, as a reference for them to convey a consistent message to their constituents about the study, staff's due diligence in preparing a lean budget, and explaining dollar offsets to help justify the Board's action on the amendment.
- j. Chairman Mohsenin was pleased to learn that the study included private sector comparators. He felt this helps break out of a perpetual cycle of jurisdictions only comparing themselves to other public municipalities which can result in lower average salaries compared to the entire regional labor market. He said UOSA's study will have a positive impact on other regional utilities when they do similar studies.

Director Farr and Director Rishell both conveyed the importance of compensating staff fairly, especially during this volatile hiring and employee retention market environment.

MOTION: Director Rishell moved to approve the recommendations from the Segal Group resulting in a budget amendment of \$960,300, increasing the Total FY-24 Budget by 1.14% bringing with it a Total FY-24 Budget increase over FY-23 of 10.48%; and to approve the salary study recommendations including the following:

- Rescind the Board's prior approval of a 3% pay scale adjustment and adopt the market competitive pay scale as recommended by Segal.
- Assign market competitive pay grades to each job description.
- Place employees into their respective job description assigned grade, which has the new market competitive pay grade associated with it.
- Move 13 employees' pay up to the minimum of their new competitive pay grade.
- Move three supervisors' salary to be at least 5% above their direct reports.
- Provide an across the board 5% Market Rate Adjustment to salaries.
- Make the changes effective July 1, 2023.

SECOND: Director Meyer

VOTE: Unanimous

G. O&M Budget FY-24 First Six-Month Appropriation

1. Chairman Mohsenin referenced staff memorandum, *O&M Budget FY-24 First Six-Month Appropriation* (filed as Exhibit E).

MOTION: Director McGrath moved to appropriate \$20,166,250 to fund Operations and Maintenance for the first six months of FY-24.

SECOND: Director Vehrs

VOTE: Unanimous

H. Major Project Reports

1. Chairman Mohsenin referenced staff memorandum, *June 2023 Project Summary* (filed as Exhibit F).

- a. Mr. Airhart reported on Plant Projects. He stated that Clark Construction Group, the most responsive and responsible low bidder for the MFF (Methanol Feeding Facility) project, was sent the Notice of Award and staff awaits the required insurance documents to sign and enter into a contract with them.
- b. He addressed the NOVEC transformer replacement project. He said the new transformer was installed and is currently going through a 30-day burn-in period and once all is clear, the old transformer will be removed so the second new transformer can be installed.

- c. Mr. Airhart stated that the Contract AWT (Advanced Wastewater Treatment) project remains approximately 100 days behind schedule. The contractor continued commissioning activities on motor control centers and the final filter quadrant was accepted for utilization. The substantial completion date remains unchanged at May 10, 2023.
- d. He reported that the Building U centrifuge upgrade (Contract U2) project bid-opening was May 25, 2023. As a result, the next meeting agenda item has that action for the Board's consideration.
- e. The Ozone Biofiltration (Contract OBF) project building permit was issued by Fairfax County and plans are being finalized to prepare the application for a certificate to construct from DEQ.
- f. The P2NR Plus (Phase 2 Nutrient Reduction Plus) project, the engineer completed the assessment of the aging electrical wiring in the area, a technical memo was issued and is currently under review by staff. The cost for replacement appears to be significantly less than what was proposed in the PER.
- g. The Contract LB (C54 Laboratory Renovations) engineer delivered the 30 percent design drawings which are being reviewed by staff. The final design is anticipated toward the end of the calendar year.
- h. Mr. Airhart reported on the single active Delivery System Project, the YPIU (Yorkshire Park Interceptor Upgrade). He stated that plan revisions continue as staff work with the Route 28 Bypass project team to resolve alignment conflicts. He said staff continue to work with Bull Run Park to establish the license agreement, conditions, and fees.

MOTION: Director Vehrs moved to receive and file the June 2023 Project Summary reports.

SECOND: Director McGrath

VOTE: Unanimous

2. Chairman Mohsenin referenced staff memorandum, *Contract U2 - Contract Award Recommendation* (filed as Exhibit G).

- a. Mr. Angelotti said the Board may recall that the Contract U2 construction will replace a 20-year-old centrifuge and cake conveyor. The Board authorized staff to advertise the project with the invitation to bid going out in late March 2023, and bids were received on May 25, 2023. Two responsive bids were received with the Clark Construction Group determined to be the lowest responsive and responsible bidder with a contract price of \$2,195,000.00.

- b. In response to Director McGrath, Mr. Angelotti stated the centrifuge manufacturer was identified as Andritz.

MOTION: Director Farr moved to approve the Resolution authorizing the Executive Director to issue a Notice of Intent to Award, the Notice of Award, and thereafter to proceed with Award and execution of UOSA Contract U2 to Clark Construction Group, LLC, the lowest responsive and responsible bidder, for the contract amount of \$2,195,000.00.

SECOND: Director McGrath

VOTE: Unanimous

I. Staff Reports

1. Safety Briefing

- a. Mr. Angelotti provided the briefing on behalf of Ms. Noble-Blair. He reported that UOSA days without a lost time injury or accident continued to climb beyond the two-year mark, over 800 days. Staff is gearing up for the hot, humid, weather this summer and was rolling out heat stress awareness training that same week.

He said the Regulatory staff continued to work on developing a comprehensive staff awareness campaign that will be rolled out for handling hazardous waste, hazard communications, spill and incident response, and a host of other topics that staff feel are quite important and that the staff need to be aware of.

2. Executive Director's Report

- a. Mr. Angelotti announced that all Board members that were awaiting confirmation of their reappointment status had now been confirmed to serve for another four-year term. The Board now has a full slate of officially appointed regular members and alternates.
- b. He reminded the Board of the UOSA's Annual Service Awards Luncheon scheduled for June 21, 2023, at the Fox Chase Manor in Manassas. Staff always welcomes and appreciates the Board members' attendance at this function. He advised that although UOSA's charter year was 1971, which makes UOSA more than 50 years old, this June marks the 45th year anniversary of reclaiming Northern Virginia's used water for potable reuse. He said there are only a handful of utilities of this type in the world that have been operating as long as UOSA.
- c. He announced that UOSA was once again a recipient of the NACWA Platinum 18 Peak Performance Award that acknowledges 18 years of perfect permit compliance.

3. Legal Counsel's Report

- a. Ms. Hostetler advised the Board that all four member jurisdictions had approved and signed the 2022 Restated and Amended Service Agreement. UOSA executes last to control the effective date of the agreement.
- b. She advised that a marked up and clean version of the Agreement (filed as Exhibits H & I, respectively) were provided at their places should anyone want to look it over again. She stated that a few minor typos were corrected from the version the Board previously endorsed. She advised that the Board could vote and have the Chairman sign off on the Service Agreement at today's meeting. She said staff would compile all five signature pages into a final document and then send a fully executed agreement to the various jurisdictions, UOSA board members, Bond Council and the Trustee.

MOTION: Director Rishell moved to approve UOSA's execution of the 2022 Restated and Amended Service Agreement.

SECOND: Director Fields

VOTE: Unanimous

J. Closed Meeting

1. Chairman Mohsenin announced that a closed meeting was needed for the purpose of discussing possible personnel actions to fill a critical vacancy resulting from the anticipated retirement of a key employee.

MOTION: Director McGrath moved that the Board of Directors of the Upper Occoquan Service Authority (UOSA) convene a closed meeting at 5:04 P.M. pursuant to Virginia Code Section 2.2-3711 (A), Subsection 1, to discuss personnel matters.

SECOND: Director Vehrs

VOTE: Unanimous

MOTION: Director Vehrs moved to return to regular session at 5:25 P.M.

SECOND: Director Rishell

VOTE: Unanimous

2. Chairman Mohsenin made the following certification pertaining to the closed meeting.

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Upper Occoquan Service Authority Board of Directors ("UOSA") has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS § 2.1-344.1 of the Code of Virginia requires a certification by UOSA that such closed meeting was conducted in conformity with Virginia law,

NOW, THEREFORE, BE IT RESOLVED that UOSA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered in the closed meeting.

3. Chairman Mohsenin said, "You have before you the Certification of Closed Meeting." He said if any member of the Board believed there was a departure from this Certification, he/she should so state now, indicating the substance of the departure that, in his/her judgment, had taken place.

MOTION: Director Vehrs moved to accept Certification of Closed Meeting.

SECOND: Director Rishell

VOTE: Unanimous

K. Adjournment

MOTION: Director Vehrs moved to adjourn at 5:26 P.M.

SECOND: Director Rishell

VOTE: Unanimous



Jeanette M. Rishell, Secretary
UOSA Board of Directors

Date: July 20, 2023

These minutes are unofficial until signed.