

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD SEPTEMBER 21, 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.	Richard Meyer
Gary L. Fields	Shahram Mohsenin
Michael McGrath	Jeanette M. Rishell
Jeff McWhirt	Nancy Vehrs

Directors Absent:

Tony H. Dawood

Others Present:

UOSA Staff:	Robert W. Angelotti
	Brian L. Owsenek
	Kevin D. Wolfe
	Mishelle R. Noble-Blair
	John W. Airhart
	June A. Mahoney
	Doug Hague

Legal Counsel:	Sally Ann Hostetler, Odin, Feldman, & Pittleman, P.C.
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Engineer:	Don Forgacs, Jacobs Ms. Chris deBarbadillo, Black & Veatch
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B. Special Announcement

1. Mr. Angelotti introduced Ms. Kandi Mitchell, UOSA's Operation and Maintenance Administrative Assistant. He advised the Board that Ms. Mitchell would be providing backup assistant to Ms. Mahoney for tasks that are related to the UOSA Board meetings.

C. Approval of Minutes

1. Chairman Mohsenin referenced the Board Minutes dated July 20, 2023 and asked the Board for their approval.

MOTION: Director Vehrs moved to approve the minutes of the July 20, 2023 Board meeting.

SECOND: Director McGrath

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, *July 2023 Financial Summary* (filed as Exhibit A) and *August 2023 Financial Summary* (filed as Exhibit B) and asked for Mr. Wolfe to focus his report on the later of the two.
 - a. Mr. Wolfe stated that the August Financial Summary reflected lower O&M expenses than planned primarily due to lower Personnel and budget timing differences for Miscellaneous and Administration expenses, partially offset by budget timing differences for Process Chemicals and higher Facilities Maintenance expenses. Flows were 11.5 percent lower than planned for the month. Year-to-date FY-24 expenses through August were lower than budget by approximately \$529,000, primarily due to a combination of lower Personnel, Electric Power, and Process Chemicals expenses and budget timing differences for Contract Services and Miscellaneous. Year-to-date flows were 10.8 percent lower than planned.
 - b. Mr. Wolfe informed the Audit Committee members that an RFP for audit services was recently issued and he would follow up with them regarding the process and their responsibilities. He said it would primarily be to review, evaluate and score proposals, and possibly interview firms.
 - c. In response to Director McGrath, Mr. Angelotti said the expense charged under Specialty Underwater Services was initiated when an underwater outlet valve failed in the UOSA reservoir. The repair to this important piece of infrastructure was completed by contracted underwater divers. He stated that the repair wasn't related to an emergency but that prompt repairs were required to remain compliant with dam regulations.

MOTION: Director Vehrs moved to receive and file the July and August 2023 Financial Summaries.

SECOND: Director Meyer

VOTE: Unanimous

E. FY-24 Budget Projection

1. Chairman Mohsenin referenced staff memorandum, *FY-25 Budget Projection* (filed as Exhibit C).
 - a. Mr. Wolfe said staff are aware that a conservative September budget projection for the next fiscal year is valuable to jurisdictions for rate setting calculations. With that in mind, staff prepared the FY-25 Budget Projection with continued inflationary pressures observed for the economy. It is difficult to fully predict where things might go with the energy prices, cost of labor, fuel, services or materials.

Regardless, staff presented a reasonable conservative estimate, which is less than a five percent year over year increase in the total budget projected.

- b. In future reports, Director Meyer requested staff to provide a breakdown of percent allocations and projected costs for each of the FY-25 budgets for each individual jurisdiction. He suggested that the individual impact be communicated clearly so there are no surprises when the budget is brought forth for approval. Mr. Wolfe stated that staff would look for a way to provide that level of detail in future reports. Mr. Wolfe also acknowledged that reimbursables accumulate throughout the year and are reported in one billing cycle at the end of the fiscal year. He mentioned there may be options to spreading that out or to report on that throughout the year to avoid surprises related to direct reimbursable expenses.
- c. Director Farr asked staff to consider other potential unknowns, like new regulations for PFAS, in future projections. He said there are no regulations at this point, but they could make a difference in future budget projections.
- d. In response to Director Farr, Mr. Angelotti explained that the market rate adjustment in the projection is different than that determined for the recent compensation study. He said the labor projection was based on continuing the same model used in recent years to keep in step with what comparable jurisdictions are doing. He said a conservative estimate was selected since we do not know what will happen in the future with respect to wages or the CPI. So, staff included a market rate adjustment as was approved in recent fiscal years. The market rate adjustment for the projection was based on the CPI reported at the time the projection was prepared.
- e. In response to Director Rishell, Mr. Wolfe advised that originally the Generator Reserve fund of \$800,000 was established for repairs and maintenance of the emergency generators. With rising costs of repairs over time and with the addition of the recent Cogen system repairs, the fund has been significantly drawn down. He said that now with thirty- to forty-year-old emergency generators and the Cogen system aging, the repair and maintenance history indicates we should be replenishing that fund. At the current pace, it could be fully depleted in the next few years if we do not build it back up.
- f. In response to Director McGrath, Mr. Angelotti stated that three additional full-time employees are being requested in the projection but the specific job positions have yet to be decided. He said the process of fully fleshing out the details will be decided by UOSA's management team prior to proposing the actual FY25 budget.

MOTION: Director Rishell moved to receive and file the FY-25 Budget Projection.
SECOND: Director Farr
VOTE: Unanimous

F. FY-23 Constituent Loading Report

- 1. Chairman Mohsenin referenced staff memorandum, *FY-23 Constituent Loading Report* (filed as Exhibit D).

- g. Mr. Owsenek reported that staff performed its annual analysis of chemical constituent loadings as compared to jurisdictional allocations. He said due in part to tighter collection systems and also due to a national trend towards more concentrated wastewater, the concentration of the influent waste has been increasing over time, and in many cases jurisdictions have less capacity for chemical constituents than they do for flow. The current analysis showed that two jurisdictions exceeded their allocations for nitrogen parameters and that for a number of other cases, reserve capacity is becoming marginal with respect to nitrogen. In 2021, the Board determined that nitrogen exceedances are allowable under terms of the ammonia agreement. Also, exceeding jurisdictions have agreed to participate in an expansion project to acquire additional capacity. In the interim until new facilities are delivered, jurisdictions exceeding nitrogen allocations are charged the added O&M cost of electricity. The short load overage for COD that occurred this year did not persist for three consecutive months and did not result in an exceedance as defined by the 2022 Service Agreement.
- h. Mr. Owsenek introduced Mr. Doug Hague, UOSA's Deputy Director of the Treatment Process Division, who provided a brief presentation (filed as Exhibit E) of the constituent loading report.

MOTION: Director McGrath moved to authorize the Executive Director to advise the COM and PWC that they exceeded their TKN and ammonia allocations in FY-23 pursuant to Section 6.7 of the Service Agreement, pending completion of the Contract MFF and P2NR+ facilities. Dir McGrath further moved that the Board authorize the Executive Director to advise the COM and PWC that those jurisdictions may continue to deliver sewage as described in Service Agreement paragraph 6.7 and that UOSA assess associated charges in accordance with the 2019 Ammonia Cost Agreement.

SECOND: Director Farr

VOTE: Unanimous

G. Major Project Reports

- 1. Chairman Mohsenin referenced staff memorandum, *Plant Capacity Re-Rating Study – Recommendation to Proceed with Phase 2 of Contract No. 22-07 with Black and Veatch* (filed as Exhibit E).
 - a. Mr. Angelotti said during the November 2020 Master Plan briefing to the Board, Jacobs recommended several immediate actions for UOSA to take in the next 5 years. One of the Jacobs recommendations was to investigate increased unit process ratings with DEQ and consider how offline storage and equalization might enhance the possibility for unit process capacity re-ratings, emphasizing the potential benefits of capacity bottleneck identification, refinement of plant expansion scope, and clarification of future funding needs. Staff subsequently moved forward with gaining the Board's approval to proceed with a phased Rerating Study to be performed by Black & Veatch (B&V) and funded via the RM portion of UOSA's CIP. He advised that Phase 1 of the Study is wrapping up and introduced the project lead, Ms. Chris deBarbadillo from B&V, to brief the Board on the early phase results.

- b. Ms. deBarbadillo's presentation (filed as Exhibit F) began with an introduction to the project scope explaining it was envisioned to be completed in two phases. The first phase is the part that was wrapping up and included development of plant models and assessments of the existing capacity, identifying bottlenecks by evaluating some rerating scenarios. If authorized, she advised a second phase would include further development of the concepts, confirming those with additional full-scale stress testing and collecting information to support an expanded capacity rating application to the State. This would be needed to gain confidence and concurrence in the capacity assignment approach and to prepare conceptual project documentation materials.
- c. There was additional discussion about the use of ERP storage to allow for more process capacity, and if the capacity were to be expanded by 6 MGD, how the costs would be distributed fairly to the jurisdictions. Mr. Angelotti advised that currently only two jurisdictions have agreed to participate in the costs for expanded capacity. He also confirmed that staff is conscious of equity issues, and it may be premature to get too far into discussing that subject until conclusions from phase 2 of the study are better known. Staff will continue to be conscious of equity issues and is committed to working on those with the Board moving forward.

MOTION: Director McGrath moved to authorize staff to move forward with the Phase 2 portion of the Rerating Study, have B&V prepare and propose a task order for the remaining study work, and staff will bring the Phase 2 Rerating Study task order to the Board for its approval.

SECOND: Director Rishell

VOTE: Unanimous

- 2. Chairman Mohsenin referenced staff memorandum, *September 2023 Project Summary* (filed as Exhibit F).
 - a. Mr. Airhart reported on Plant Projects. He stated that Clark Construction Group, the contractor for the MFF (Methanol Feeding Facility) project mobilized their office on site and provided a baseline schedule that was under review. The substantial completion date is January 3, 2025.
 - b. He announced that the NOVEC transformer replacement project was complete. There are now two new transformers, one owned by UOSA and one owned by NOVEC, both have been tested and are running well.
 - c. Mr. Airhart stated that for the Contract AWT (Advanced Wastewater Treatment) project the seven-day validation test began for final pieces of equipment. He said absent any failures, the contractor should achieve substantial completion soon thereafter. The substantial completion date remains unchanged at May 10, 2023 with the project over 100 days behind schedule.
 - d. The Building U centrifuge upgrade (Contract U2) project contractor, Clark Construction Group, the same company under contract for the MFF project, is working to prepare a baseline schedule by the end of the following week. The substantial completion date is August 10, 2025
 - e. The Ozone Biofiltration (Contract OBF) project received its certificate

to construct from DEQ. A request to advertise was next on the agenda for the Board's consideration.

- f. The P2NR Plus (Phase 2 Nutrient Reduction Plus) project, the engineer continues to develop design documents for the construction based on comments to the final technical memo for electrical circuits in the area of the project.
- g. The Contract LB (C54 Laboratory Renovations) 60 percent design workshop was held the first week of September 2023. Staff continue to identify potential value engineering options with the engineer to help contain costs. The final design is anticipated toward the end of the calendar year.
- h. Mr. Airhart reported that additional work on the CTIE project in Building H/1 (the Acid Wash and Cardox Tanks) continued by installing a temporary system with an elevated platform and safety railings. The contractor is awaiting the delivery of a specialty item, the diaphragm valves. The temporary system is anticipated to be ready for clean water testing early in October.
- i. Mr. Airhart reported on the single active Delivery System Project, the YPIU (Yorkshire Park Interceptor Upgrade). He stated staff continues to negotiate and counteroffer with the Bull Run Park staff to establish the license agreement, conditions, and fees.

MOTION: Director Meyer moved to receive and file the September 2023 Project Summary reports.

SECOND: Director Rishell

VOTE: Unanimous

3. Chairman Mohsenin referenced staff memorandum, *Contract OFB – Invitation to Bid* (filed as Exhibit G).

- a. Mr. Owsenek stated that UOSA had been diligently advancing the ozone facility project that will involve construction of an ozone generation facility and modifications including an ozone contact chamber for Building L/2. The design is now complete, and at the November 2022 Board meeting, a task order for services during construction was authorized. The engineer's estimate for construction had recently been updated to reflect the current bidding environment and resulted in a \$30.65 million construction estimate. Staff returned for authorization to issue the invitation to bid. He reminded the Board that staff were pursuing a Federal grant for assistance in funding to which Mr. Angelotti provided an update.
- b. Mr. Angelotti stated as part of the 2021 Bipartisan Infrastructure Law, or BIL, Congress set aside some principal forgiveness loan funding, which is essentially a federal grant to support projects that address emerging contaminants, like PFAS and pharmaceuticals. He said staff have been updating the Board on the staff's progress towards applying for that grant money and he was incredibly pleased to advise the Board that UOSA just received a letter from Virginia DEQ that provisionally approved a principal forgiveness type loan for the Contract OBF project. He said the understanding is that the

magnitude of the grant for this project is dependent on federal grant money availability and that the grant is funneled through Virginia's Clean Water Revolving Loan Fund (VCWRLF). UOSA was informed that there is around \$10.27 million earmarked for UOSA's Ozone project through 2024, and that UOSA would also be able to compete for future grant money that becomes available through that federal program. He advised that because of this grant magnitude, the VCWRLF type loan is very attractive compared to our conventional funding using revenue bond proceeds and the grant answers the question about whether a State loan is better or worse than just financing it the traditional way. The grant money has tipped the scales. Obtaining the grant took a lot of great work. There was some assistance from our engineer, CDM Smith, and from AquaLaw, who is a legal consultant provided with our VAMWA membership. Mr. Angelotti wanted to specifically recognize and thank UOSA staff, Brian Owsenek, Kevin Wolfe, John Airhart, and UOSA's project manager, Jeff Small, for all they contributed toward the grant award. It was an impressive amount of hard work required to reach the point of obtaining the \$10.3 million in funding. He said there are still some tasks to complete, such as DEQ public notice, and getting approval by the State Water Control Board, and closing on a loan.

- c. Chairman Mohsenin extended thanks to staff for their successful efforts in obtaining grant monies for this project.

MOTION: Director Vehrs moved to authorize the Executive Director to advertise the project and issue an Invitation to Bid for UOSA Contract OBF.

SECOND: Director Meyer

VOTE: Unanimous

H. FY-23 Performance Measures and Savings Report

- 1. Chairman Mohsenin referenced staff memorandum, *FY-23 Performance Measures and Savings Report* (filed as Exhibit H).

- a. Mr. Angelotti acknowledged some highlights from the metrics provided with the report:
 - i. UOSA received the National Clean Water Agencies Platinum 18 Award, which recognizes that UOSA has now completed 18 consecutive calendar years with perfect compliance.
 - ii. We have had zero sanitary sewer overflows in the last decade of operations, as well as air, nutrient, and landfill permit compliance records for the same period.
 - iii. UOSA's first construction management at risk (CMAR) project, Contract R2D2, received a prestigious construction industry award known as the EIC Eagle Award from the Association of Builders and Contractors for the best public works environmental project in the nation.
 - iv. UOSA's safety metrics indicate a very good number for zero lost-time accident rate for calendar year 2022. However, these metrics do not reflect one remarkable statistic, that our time without a lost-time accident is approaching 2.5 years, a new record for UOSA, and is clearly the result of staff's increased safety focus during that time period.
 - v. Financial metrics are sound even with a record level of inflationary pressure which eventually manifested itself in significantly higher O&M budgets for the past few fiscal years. He said although it was not reflected in the metric report, UOSA's total budget, including

all the categories, year over year increase for the last three years has averaged less than five percent, which seems reasonable compared to the inflation rates for that same period. In FY-23, the actual total expenditures for the sum of all budgets were \$1 million dollars less than the authorized amount by the Board, which was credited back to the member jurisdictions. Also, in FY-23, the calculated monthly operations and maintenance cost per household was just over \$22 a month and when you discount that for inflation, that rate in FY-23 is less than it has been for ten years, reflecting continued fiscal efficiency.

- vi. The pelletized biosolids percentage remained very high at 97-98 percent for four consecutive years. This is a remarkable statistic considering the complexity of the dryer facilities.
 - vii. Emergency work order rates remain low at four percent of the total work orders that were processed.
 - viii. Capital projects continue to show acceptable change order rates and staff continue to look for ways to defer or save on capital expenses. A condition and risk assessment conducted in FY23 for the phase three Contract 54 solids facilities in Building U showed that UOSA could reduce the scope of planned CIP improvements by approximately \$24 million. This reflects the wisdom of the Board in directing staff to find value from such assessments before UOSA borrows money to fund those improvements.
 - ix. Workforce metrics are mixed depending on one's perspective. Our vacancy rates remain the highest in a decade, while overtime usage was lower than budgeted for the fiscal year. Workforce wages were increased to attract and retain talent while utility growth and production as measured by authorized number of employees remained relatively flat, increasing by only one percent.
- b. Mr. Angelotti summarized the text portion of savings report to be a look at examples where staff brought value to UOSA's bottom line. Staff are dedicated to sound and prudent business practices, and they have a day-to-day commitment to contain costs and make sure that we have an efficient operation at UOSA. We did not total all the estimated savings from the report, but from what was described it exceeds millions of dollars. UOSA has a long-standing history of significant end of year budget positions and that also reflects our cost-effective culture.
 - c. In response to Director Farr, Ms. Nina Andgren, UOSA's Operation and Maintenance Director, advised that staff analyzed the trend upward in emergency work orders and concluded that the main culprits are demand responses to high priority repairs which seem to have leveled off at a fairly steady but higher rate. Overall, the plant infrastructure is aging and failing at a higher rate. Some of these issues may be resolved by planned capital improvements but right now staff are doing their best to observe failures, and evaluate whether things can be tweaked in our predictive maintenance program to bring the rate down. This has been effective on our most critical assets. So, we are evaluating whether or not we need to expand that into those assets we consider to be less critical.
 - d. Chairman Mohsenin congratulated staff on the excellent report.

MOTION: Director Vehrs moved to receive and file this report.
SECOND: Director McGrath
VOTE: Unanimous

I. Staff Reports

1. Safety Briefing

- a. Ms. Noble-Blair provided the briefing. She reported that UOSA days without a lost time injury or accident continued to climb over 907 days. The Safety Office completed training sixty-five employees for Red Cross certification in First Aid, CPR, and AED. UOSA requires O&M and TP personnel to complete this training every two years.
- b. She said the Regulatory Division also completed site-wide training on chemical hazard communication. This training is required by OSHA for facilities that use hazardous chemicals, as well as hazardous and chemical waste training as required by EPA for facilities that manage those types of waste. Most of our employees also received training on UOSA's stormwater, no exposure certification, with DEQ. This program ensures that we do not expose onsite industrial activities to precipitation. More environmental health and safety training on air permits and spill prevention control and countermeasures (SPCC) is being planned.
- c. She took a moment to introduce UOSA's new Security Specialist, Mr. Reinaldo Pabon, Jr. and said the Board may see him on occasion supporting UOSA security programs.

2. Executive Director's Report

- a. Mr. Angelotti had nothing further to report.

3. Legal Counsel's Report

- a. Ms. Hostetler did not have anything additional to report. She requested to join the Board in their closed session.

J. Closed Meeting

1. Chairman Mohsenin announced that a closed meeting was needed to discuss an Executive Search firm.

MOTION: Director Vehrs moved that the Board convene a closed meeting at 5:17 P.M. pursuant to Virginia Code § 2.2-3711(8) and (29), for the purpose of negotiating a contract with an Executive Search firm to find a replacement for the Executive Director.

SECOND: Director Meyer

VOTE: Unanimous

MOTION: Director Vehrs moved to return to regular session at 5:41 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.

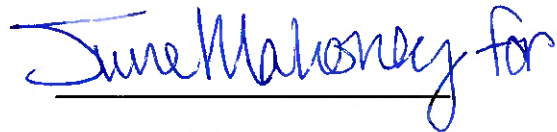
MOTION: Director Vehrs moved to accept Certification of Closed Meeting.
SECOND: Director Rishell
VOTE: Unanimous

4. Chairman Mohsenin stated that as a follow up to the discussion held at the last Board meeting, the committee of Director Meyer, Mr. Griggs and himself, had met a few times and then decided it was best to excuse Mr. Griggs from the recruitment process because of potential bias or perceived bias due to several senior supervisory staff interested in applying for the position. A decision was made to continue the procurement of the recruitment firm through UOSA Legal Counsel's office.
5. Director Meyer explained that the process the committee has decided on in no way means there is a level of dissatisfaction, or otherwise concern, with current staff and nothing being done with the recruiting firm is intended to prejudice in any way any internal or external candidate. Furthermore, the use of a recruiting firm will ensure that whoever is ultimately selected by the Board will know that they are the best in the Board's view, regardless of where they are from. So, if the selection is from someone internally or externally, for example, then that person can rest assured that they are the very best we could find, and they can begin their new position with additional confidence in knowing that.

MOTION: Director Rishell moved to authorize counsel to negotiate a contract with DHR Global, and that it is satisfactory for the Board search committee to assist in the search process for the next Executive Director.
SECOND: Director Fields
VOTE: Unanimous

K. Adjournment

MOTION: Director Vehrs moved to adjourn at 5:46 P.M.
SECOND: Director McWhirt
VOTE: Unanimous



Jeanette M. Rishell, Secretary
UOSA Board of Directors

Date: October 19, 2023

These minutes are unofficial until signed.