

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD FEBRUARY 15, 2024, 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.	Shahram Mohsenin
Gary L. Fields	Jeanette M. Rishell
Shwan Fatah	Patrick Small
Richard Meyer	Nancy Vehrs

Directors Absent:

Michael McGrath

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, Odin, Feldman, & Pittleman, P.C.
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Engineers:	Don Forgacs, Jacobs
	Brandon Flint, CDM Smith
	Josh Gelman, CDM Smith

Financial Advisor:	James E. Sanderson, Jr., Senior Vice President Davenport & Company, LLC
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B. Approval of Minutes

1. Chairman Mohsenin referenced Board Minutes dated January 18, 2024 and January 29, 2024 as provided in their packet, as well as February 9, 2024 that was left at their places. He asked the Board for their approval for all three documents.

MOTION: Director Rishell moved to approve the minutes of the January 18, 2024, January 29, 2024, and the February 9, 2024, Board meetings.

SECOND: Vehrs

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 2024 Financial Summary* (filed as Exhibit A).
 - a. Mr. Wolfe stated that the January Financial Summary reflects lower O&M expenses than planned, primarily due to lower Electric Power and Facilities Operations expenses, partially offset by higher Personnel expenses. Flows were 14 percent higher than planned for the month. Year-to-date FY-24 expenses through January were lower than budget by approximately \$1.3 million, primarily due to a combination of lower Personnel, Process Chemicals, Electric Power, and Facilities Operations expenses, and budget timing differences for Contract Services. Year-to-date flows were 7.8 percent lower than planned.

MOTION: Director Small moved to receive and file the January 2024 Financial Summary.

SECOND: Director Vehrs

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 2023. In addition, a CIP Reconciliation policy was adopted that states UOSA will complete an annual CIP reconciliation every February or March and as necessary for each bond issue.
 - b. Mr. Wolfe reported that staff completed the interim reconciliation for the 2019 Bonds and the 2022 Bonds, which encompasses an analysis of actual and forecasted CIP expenditures. The 2019 Bond analysis is based on actual costs to date and forecasted expenditures from UOSA's February CIP Update and Plan of Finance. Staff recommends maintaining current debt service allocations for the 2019 bonds and wait until the results of the next CIP reconciliation before considering any debt service allocation changes which would allow an analysis of more actual project expenditures and a shorter window of forecasted expenditures, which can be subject to significant change.
 - c. Mr. Wolfe reported the 2022 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 2022 Bonds is a high-level speculative analysis. Staff recommends maintaining current debt service allocations for the 2022 Bonds and to wait till the results of the next CIP reconciliation, which would allow for an analysis of more actual project expenditures and a shorter window of forecasted expenditures, which can be subject to significant change.

MOTION: Director Vehrs moved staff recommendations 1) to receive the CIP Reconciliation for the 2019 Bonds and the 2022 Bonds and 2) maintain current debt service allocation for the 2019 Bonds until those funds are fully depleted and for the 2022 Bonds until the 2024 or subsequent CIP

Reconciliation indicates more significant variations. The actions will provide a more accurate balance of actual versus original expenditures for the analysis.

SECOND: Director Fields

VOTE: Unanimous

F. FY-24 Second Quarter O&M Budget Review

1. Chairman Mohsenin referenced staff memorandum, *FY-24 Second Quarter O&M Budget Review* (filed as Exhibit C).

- a. Mr. Wolfe reported that the Second Quarter FY-24 Operations and Maintenance budget review for the period ending December 31, 2023, reflected a favorable variance of \$547,000 or 5.5 percent and actual flows for the quarter were 13.2 percent lower than planned. During the Second Quarter, favorable variances in Chemicals, Personnel, Facilities Operations, Electric Power, and Miscellaneous were partially offset by higher Facilities Maintenance expenses. Year-to-date expenses through December 31, 2023 reflected a favorable variance of approximately \$1.3 million or 6.6 percent, primarily due to lower costs in Personnel, Chemicals, Electric Power, Miscellaneous, Facilities Operations, and Facilities Maintenance, along with budget timing differences for Contract Services.

MOTION: Director Vehrs moved to receive and file the FY-24 Second Quarter O&M Budget Review.

SECOND: Director Small

VOTE: Unanimous

G. FY-24 Fourth Quarter Appropriation

1. Chairman Mohsenin referenced staff memorandum, *FY-24 Fourth Quarter Appropriation* (filed as Exhibit D).

MOTION: Director Vehrs moved to appropriate \$10,083,125 to fund Operations and Maintenance for the fourth quarter of FY-24.

SECOND: Director Farr

VOTE: Unanimous

H. UOSA Capital Improvements Program (CIP) – February 2024 Update

1. Chairman Mohsenin referenced staff memorandum, *UOSA Capital Improvements Program (CIP) – February 2024 Update* (filed as Exhibit E).

- a. Mr. Owsenek 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 the 2020 Master Planning effort envisioned a series of projects and consequent borrowing needs now updated and shown in Exhibit 2 of the memo. The actual expenditures and timing associated with these projects have been progressively reduces in scope and deferred as compares to the 2020 Master Plan. As a result, as compared to the last CIP update, UOSA anticipates \$4 million in savings in FY-24 and a net \$6 million reduction for the total period, due to studies conducted to reevaluate, repackage, and defer these projects to meet actual proven needs in a timely way.

- b. Mr. Owsenek said the largest piece of the CIP is the Renovation and Rehabilitation (R&R) projects. Conservative asset management assumptions are used to show many asset types to reach their useful lives within the planning window and this will require total asset replacement based on the estimated replacement values. This results in a ten-year R&R expenditure of \$547 million, which is down from \$572 million reported last year. Staff will continue to make every effort to contain capital spending to address well-defined needs with matching actual project scopes.
- c. In response to Director Farr on whether this could wait until the next Executive Director is hired, Mr. Owsenek and Mr. Wolfe stated that the CIP is an adjustable planning tool that is updated annually in coordination with the Plan of Finance, to generate the Debt Service Budget for the March Board meeting. Staff advised that given the CIP was a planning document and that the next Executive Director would have an opportunity to endorse each individual project at the time of engineering; that staff could move forward with the proposed CIP now.
- d. Director Small said while the City of Manassas is eagerly awaiting the Rerating Study results with regards to the load and capacity analysis, he advised the Board and UOSA staff that the City of Manassas does not foresee needing all of the previously projected capacity which could significantly impact the capital budget. He said there is a chance the City may not need any of the additional 3 mgd as once projected for the 6 mgd expansion in partnership with Prince William County. He explained that the City's flows will not be what was once anticipated as Micron Technology will no longer need to complete the second phase of their facility expansion, and the City can continue to use the Micron Pond as an offline storage structure to manage temporarily increased flows. He said the City continues to monitor flows while waiting for the capacity analysis but wanted all parties to know of the potential impacts.
- e. After some discussion, Mr. Angelotti advised that the Master Plan was based on data from 2019 (report published in 2020), and it recommended periodic updating, perhaps every five years. He also advised that the Rerating Study is scheduled to be finalized in October 2024, about five years after the Master Plan. He recommended that UOSA ask for updated projections from the jurisdictions, with more recent knowledge about their needs going forward and then arrange to have the Master Plan updated around that five-year increment of time. That will allow UOSA to adjust its expansion planning based on that. He said a task order to update the Master Plan with the latest information on flows and loads could be brought before the Board for their consideration and approval once we know more about the outcome of the Rerating Study.
- f. In response to Director Small, Mr. Wolfe advised that no bonds have been issued for an expansion to 60 mgd. Ms. Hostetler stated that the only agreement that was completed in advance of the potential plant expansion from 54 mgd to 60 mgd was to update the language in the UOSA Service Agreement authorizing the expansion and allocate the increased capacity among the member jurisdictions.
- g. In response to Chairman Mohsenin, Mr. Angelotti confirmed any added capacity available from the Rerating Study would need to be approved by DEQ before any real commitment could be made based upon it. He said staff and its engineer would have to present a case to justify to DEQ before it would rerate certain unit processes in the plant.

- h. Chairman Mohsenin summarized the discussion as waiting until the Rerating Study is complete and UOSA has approval from DEQ in terms of additional capacity. Staff and the Board will regroup and figure out what is needed by each jurisdiction and who will be paying for that additional capacity.

MOTION: Director Farr moved to endorse the February 2024 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 Vehrs

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. Wolfe 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 2024 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 2025, 2027 and 2030.
 - c. In response to Director Small, Mr. Sanderson explained that the revenue bonds are backed by UOSA's own credit rating, which is based on the member jurisdiction's as well.

MOTION: Director Fields moved to adopt, for planning purposes, the Davenport February 2024 Plan of Finance, which will be used to complete the FY-25 Debt Service Budget and be presented by staff to the Board for approval at the March 2024 Board Meeting.

SECOND: Director Vehrs

VOTE: Unanimous

J. Major Project Reports

- 1. Chairman Mohsenin referenced staff memorandum, *February 2024 Project Summary* (filed as Exhibit G).
 - a. Mr. Airhart reported on Plant Projects. He stated that Clark Construction Group LLC (Clark), the contractor for the MFF (Methanol Feeding Facility) project, installed a mud mat under the building footprint and at the methanol truck unloading area as they were having trouble keeping their excavations dry. Clark installed the rebar for the building footings and continued the electrical duct bank installation at the north of Building D/2. The required Contract Substantial Completion date is January 3, 2025.

- b. The Building U centrifuge upgrade (Contract U2) project contractor, Clark, is working on subcontractor equipment procurements and continues to provide the contract required submittals for review and approval. The required Contract Substantial Completion date is August 10, 2025.
- c. The Ozone Biofiltration (Contract OBF) project bid opening was held on February 6, 2024. He advised that a request for approval to award is included as a separate agenda item at today's meeting.
- d. The P2NR Plus (Phase 2 Nutrient Reduction Plus) project, the 60 percent design was distributed to staff for review. The engineers worked on updating the opinion of probable construction cost based on the 60 percent design and the price has come down significantly to be closer to that of the PER study.
- e. Contract LB (C54 Laboratory Renovations), staff anticipate receiving the final design documents in March 2024.
- f. Mr. Airhart reported on the CTIE project in Building H/1 (the Acid Wash and Cardox Tanks) and said a new containment area is going to be constructed out of cast in place concrete. The current wall for the containment was made of concrete block and after testing it with water, it failed a leak test.
- g. Mr. Airhart reported on the single active Delivery System Project, the YPIU (Yorkshire Park Interceptor Upgrade). He stated PWCSA and UOSA are coordinating on a newly proposed Yorkshire Pump Station upgrade that is upstream of the YPIU project.

MOTION: Director Vehrs moved to receive and file the February 2024 Project Summary reports.

SECOND: Director Small

VOTE: Unanimous

K. UOSA Contract OBF – Contract Award Recommendation

- 1. Chairman Mohsenin referenced staff memorandum, *UOSA Contract OBF – Contract Award Recommendation* (filed as Exhibit H).
 - a. Mr. Angelotti said the Board may recall that the Contract OBF will construct facilities to add ozone ahead of our deep bed granular activated carbon filter process. Ozone ahead of activated carbon provides economic and treated water quality benefits while improving environmental and social bottom line for UOSA's service community. The Board authorized staff to advertise the project with the invitation to bid that went out October 2023 and two responsive bids were just received on February 6, 2024 as shown in the memo. Clark construction Group was determined to be the lowest responsive and responsible bidder with a contract price of \$46,075,000. The bid results, as you can see, were unusual with bid variability ranging from 150 percent to 265 percent of the engineer's construction estimate that was provided last year. However, with the partial subsidy that UOSA is receiving from the Bipartisan Infrastructure Law's Emerging Contaminant Funding Program the total project cost to be funded with UOSA's revenue bonds is only about 4 percent more than what is being carried in the next three years for the project in the current CIP, that was just endorsed earlier in the meeting.

- b. In response to Director Fatah, Mr. Angelotti advised that staff received some feedback explaining the vast difference in the bid amounts. He said the high bid was mostly market driven with more construction work out for bid recently than contractors available to build it. He added that the high bidder indicated it may have difficulty obtaining the labor needed for the project's timeframe, and added costs to cover the risk of complexities the high bidder perceived in how the work would be allocated between its vendors, subcontractors, and suppliers.
- c. Director Farr stated that large difference between the engineer's estimate of \$30.65 million from late October to the actual bid \$46 million was concerning and he asked if staff had enough time between opening the bid and the Board meeting to evaluate the validity of the bid. Mr. Angelotti advised the Board that the last three projects that were bid out came back significantly higher than the engineer's estimates. He said that the process taken to vet the bid followed UOSA's standard process, the bid was confirmed by the low bidder and staff did not need any more time to evaluate the low bid.
- d. Mr. Brandon Flint, with CDM Smith, responded to Director Farr's question as to whether the number of questions received by the bidders were related to the project scope not being made clear enough. Mr. Flint said many of the 100 questions received ranged from comments relating to the General Conditions and their request to modify them. In some cases, the questions related to clarification between a schedule and a plan that showed similar work. He said none were centered around any particular type of question, some were technical in nature, some were not.
- e. In response to Director Small and Director Meyer, Mr. Airhart confirmed that construction documents state that UOSA has 45 days from the bid opening to issue a Notice of intent to award a contract.
- f. After some further discussion on the agenda topic, several Directors felt they needed more information pertaining to the difference in bid amounts as well as the difference against the engineer's estimate. Director Farr acknowledged that Mr. Angelotti verbally gave a few valid explanations for bid results, but that he would like to see that spelled out, along with additional information supporting the difference between the estimate and the bid. He has requested this in writing for the Board's consideration at the next meeting. Director Small added that he would also like the engineer to explain how the estimate missed the mark. The consensus was that the additional information would provide some peace of mind moving forward prior to approval by the Board.

MOTION: Director Small moved to defer Board action until the March Board Meeting after which staff have an opportunity to obtain more information.

SECOND: Director Meyer

VOTE: Unanimous

L. Staff Reports

1. Safety Briefing

- a. Ms. Noble-Blair provided the briefing. She reported that UOSA days without a lost time injury or accident had reached 125 days.
- b. Ms. Noble-Blair said the Regulatory Affairs Division submitted the OSHA 300 log and report to OSHA. She said the document was published for employees to locate it on UOSA's internal website and on the safety board in the lobby. There were only two injuries to report, one trip injury, and one injury where someone touched a piece of hot exhaust equipment which resulted in a light duty assignment.
- c. Ms. Noble-Blair said the Safety Department continues to develop and review UOSA Safety programs and policies. A focus has been placed on enhancing or formalizing a hearing protection program and updating the respiratory protection program.
- d. Ms. Noble-Blair acknowledged that Director McGrath had shared his recent experience with a Virginia OSHA inspection and that it appeared that OSHA is starting to focus on wastewater treatment facilities.
- e. Ms. Noble-Blair said the Board may recall from last month's meeting, the 2023 Nutrient Exchange credits from UOSA are available to share with the member jurisdictions. She said the City of Manassas had responded to staff but had no responses from other member jurisdictions. Chairman Mohsenin asked for staff to resend the email requests and addresses used to Fairfax County.

2. Executive Director's Report

- a. Mr. Angelotti announced that after a quick discussion with the Chairman, he will be submitting his retirement papers to VRS with a tentative retirement date of May 1, 2024. He added that he is open to help guide the new Executive Director after that date should that be needed.

3. Legal Counsel's Report

- a. Ms. Hostetler said she had nothing to report.

M. Closed Meeting

1. Chairman Mohsenin announced that a closed meeting was needed to discuss the candidates for the Executive Director position.

MOTION: Director Vehrs moved that the Board convene a closed meeting at 5:12 P.M. pursuant to Virginia Code § 2.2-3711(A)(1), for the purpose of discussing candidates for the Executive Director position.

SECOND: Director Farr

VOTE: Unanimous

2. Chairman Mohsenin asked for a motion to accept certification of the closed meeting per the following:

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 provision 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.

MOTION: Director Vehrs moved to return to regular session at 6:03 P.M and accept Certification of Closed Meeting.
SECOND: Director Meyer
VOTE: Unanimous

N. Adjournment

MOTION: Director Vehrs moved to adjourn at 6:04 P.M.
SECOND: Director Small
VOTE: Unanimous



Jeanette M. Rishell, Secretary
UOSA Board of Directors

Date: March 21, 2024

These minutes are unofficial until signed.