

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD SEPTEMBER 19, 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.	Ellie Coddling
Gary L. Fields	Allan Rowley
Michael McGrath	Jeff McWhirt
Richard Meyer	Nancy Vehrs

Directors Absent:

Shahram Mohsenin
Patrick Small

Others Present:

UOSA Staff:

Brian Steglitz
Brian L. Owsenek
Kevin D. Wolfe
Doug Hague
June Mahoney

Legal Counsel:

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

Engineers:

Ms. Chris deBarbadillo, Black & Veatch
Don Forgacs, Jacobs
Rich Voigt, Jacobs

B. Special Announcement

1. Vice-Chair Vehrs announced that she would be chairing the meeting in Chairman Mohsenin's absence. She also welcomed alternate Director Coddling from Fairfax County and alternate Director McWhirt from the City of Manassas.

C. Approval of Minutes

1. Vice-Chair Vehrs referenced Board Minutes dated August 22, 2024, and asked the Board for their approval.

MOTION: Director McGrath moved to approve the minutes of the August 22, 2024, Board meeting.

SECOND: Director Rowley

VOTE: Unanimous

D. Public Comment Time

1. Vice-Chair Vehrs asked if there was any known interest or request received by

the Public to speak at the meeting.

2. Ms. Mahoney stated that she had not received any ahead of the meeting. None were brought forward during the meeting.
3. Vice-Chair Vehrs shared that she came from a meeting for the Prince William Soil and Water Conservation District Board where a speaker, Mr. Harry Higgins formerly with Prince William Water, spoke about freshwater salinization in the Occoquan Reservoir.

E. Administrative Reports

1. Vice-Chair Vehrs referenced staff memorandum, *July 2024 Financial Summary* (filed as Exhibit A) and *August 2024 Financial Summary* (filed as Exhibit B).
 - a. Mr. Wolfe reported that the July Financial Summary had 13.5 percent lower flows than planned, while Administrative expenses were over budget due to budget timing issues with travel and training expenses. He brought attention to the August Financial Summary and stated that staff had revised the report's format and will be using the new dashboard layout for future reports that it provides a quick glance of the status of budgets versus actuals, capital project expenditures in the current year, flows for the current month along with a graphical look at flows year to date versus their budget, and with notes at the bottom for upcoming items.
 - b. Mr. Wolfe advised the Board that staff held rating agency calls with Moody's, Fitch, and S&P on September 6, 2024. Prior to this Board meeting, Moody's released their rating of AA1, which is just below the highest level and unchanged from past ratings for UOSA. He anticipates the remaining ratings will be released by the end of the week or by early next week.
 - c. Mr. Wolfe reported that the fieldwork for the onsite portion of the audit was completed this week, and that staff soon will provide UOSA financials to our auditors for a two-week review. He stated there were no issues, weaknesses or deficiencies to note.
 - d. In response to Director McGrath, Mr. Wolfe explained that the arbitrage yield reduction rebate payment in the amount of approximately \$600,000 was made to the IRS for monies earned on investments from bond money. He said this excess does not happen often but was a result of market conditions. Director Fields clarified that this was not a penalty, but merely a rebate of excess funds.

MOTION: Director McGrath moved to receive and file the July and August 2024 Financial Summaries.

SECOND: Director Fields

VOTE: Unanimous

2. Vice-Chair Vehrs referenced staff memorandum, *September 2024 Project Summary* (filed as Exhibit C).
 - a. In response to Director Meyer, Mr. Owsenek said that the Methanol Feed Facility (Contract MFF) and the Building U Centrifuge Upgrade (Contract U2) projects were currently both behind schedule but have made improvements to recover time, especially now that the Centrifuge

has arrived in the United States. He advised Director Coddling that the centrifuge was designed and manufactured in Germany.

- b. In response to Director Farr, Mr. Owsenek said would look for ways to improve the project summary format, similar to a dashboard style. Mr. Steglitz advised that the Financial Summary does include the capital project financials, and that staff could look for ways to capture additional metrics in an effort to improve the subject document.

MOTION: Director Farr moved to receive and file the September 2024 Project Summary report.

SECOND: Director Meyer

VOTE: Unanimous

3. Vice-Chair Vehrs referenced staff memorandum, *September 2024 Safety Report* (filed as Exhibit D).

MOTION: Director Rowley moved to receive and file the September 2024 Safety Report.

SECOND: Director McGrath

VOTE: Unanimous

F. Action Items

1. Vice-Chair Vehrs referenced staff memorandum, *Laboratory Facility Upgrades (Contract LB) – Laboratory Renovations Project* (filed as Exhibit E).

- a. Mr. Owsenek summarized the memo and pointed out a couple recommendations. The timing of Fairfax County's review of the project documents for permitting purposes could result in pressure to bid this project before the holiday season arrives. UOSA staff is requesting approval for the Executive Director to take several actions at the appropriate time.

- i. Receive Board authorization through a Sole Source Resolution to enter into an agreement with Northern Virginia Biosciences Center to rent temporary laboratory space to coincide with the renovation project.
- ii. Provide the project engineer, CDM Smith, with a task order for services during construction that includes the customary contingency costs.
- iii. Receive Board authorization to advertise the project. The engineer's cost estimate as of today's date was \$12.6 million for construction costs. He advised that the Board will receive the bids and have the opportunity to review them before awarding the contract, which is anticipated to be at the January Board meeting.

- b. In response to Director Meyer, Mr. Owsenek provided an explanation as to why the rental expenses would be charged to the O&M Budget, and not included in the capital costs (i.e. CIP's Debt Service). Mr. Wolfe added that only costs that are directly attributable to placing the new asset into service could be considered a capital expense, and bond counsel agreed.

MOTION: Director Meyer moved to authorize the Executive Director to execute the Services During Construction Task Order and advertise the

Laboratory Renovation project for bidding at such time as determined by the Executive Director.

SECOND: Director Fields

VOTE: Unanimous

MOTION: Director McGrath moved to authorize the Executive Director to enter into an agreement for temporary laboratory space rental pursuant to final negotiations and to authorize the Sole Source Resolution.

SECOND: Director Fields

VOTE: Unanimous

2. Vice-Chair Vehrs referenced staff memorandum, *Methanol Feed Facilities (Contract MFF) – Engineering Services During Construction Task Order Amendment* (filed as Exhibit F).

a. Mr. Owsenek summarized the memo and reminded the Board that while this MFF project is fully funded by the City of Manassas under the terms of the Ammonia Agreement, it also involves benefits through a partnership with all UOSA member jurisdictions.

- Construction was originally estimated as \$3.2 million, and to some frustration has expanded to be approximately a \$7 million project. There has been a higher level of engineering efforts required to administer this project than originally envisioned.

- In 2021, with pre-pandemic pricing, the Board authorized a task order for the engineer of record, Jacobs Engineering, for \$599,000. That has proven to be insufficient and so staff is returning to the Board now with a request for a task order amendment for up to an additional \$620,000 for services during construction. The city of Manassas has been separately advised to this need because they will be paying the bills for it.

b. In response to Director Meyer, Mr. Owsenek assured the Board that the City of Manassas has been given this information in advance and appear to be satisfied with staff's efforts in our decision making and procedures followed. He acknowledged Director Farr's comment regarding the dollar figure for the task order and said that UOSA anticipates the Water Quality Improvement Fund also will be participating in funding the additional services during construction, and that this decision will be taken by the state at a later date.

MOTION: Director Rowley moved to authorize the Executive Director to execute Task Order No. E-04-22, Amendment No. 1, with Jacobs Engineering Group, Inc. for engineering services during construction.

SECOND: Director Farr

VOTE: Unanimous

G. Staff Reports - Presentations

1. Vice-Chair Vehrs referenced agenda item, *Re-rating Presentation by Black & Veatch* (filed as Exhibit F).

a. Mr. Steglitz introduced the project lead, Ms. Chris deBarbadillo from Black & Veatch (B&V), to provide a high-level status update to the

Board on the re-rating project's status, the conclusion, and the next steps. He said specific projects and costs would not be discussed during the presentation. He advised there would be opportunities at a future work session for the Board, and other interested folks, to attend and have those detailed discussions.

- b. Ms. deBarbadillo's presentation (filed as Exhibit G) highlighted the second phase of the rerating project scope. The first phase included development of plant models and assessments of the existing capacity, identifying bottlenecks by evaluating some rerating scenarios. The second phase includes 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.
 - c. In response to Director Coddling, Ms. deBarbadillo said the new MWCOG projections (by Hazen) for the population with be posted and B&V will have an opportunity to update their model. Mr. Steglitz said that the real factor is timing, by looking at the Master Plan projections we would have been triggered to start making the investments to accommodate the additional flow. Fortunately, flows have grown more slowly than projected. Mr. Doug Hague, UOSA's Director of Treatment Process, added that over the last decade, there has been an increased awareness for water conservation with increase fixture efficiencies, improve I&I programs, some other maintenance activities, and climate.
 - d. In response to Vice-Chair Vehrs, Mr. Owsenek acknowledged that there were over sixty data centers within UOSA's service area and that it appeared the individual flows were not of concern, rather the cumulative flow does contribute to the flow and affect our capacity needs. Director Farr stated that Prince William Water is not seeing an increase in water usage but it might contribute to the wastewater side. He said the data centers are using water more efficiently but have noticed that the diurnal patterns are much different than the patterns of the residential.
 - e. Mr. Steglitz stated that this presentation was a status update and that the next step would be to have a work session. The work session would take a couple hours to go into more detail, discuss specific projects, and would allow for folks from the member jurisdictions to attend. Director Farr asked staff to prepare supporting documentation in advance (i.e. a draft, tech memo) of the work session and share that with potential attendees so they may come prepared with questions.
2. Vice-Chair Vehrs referenced agenda item, *Renewable Energy Credits (RECs) Presentation* (filed as Exhibit H).
- a. Mr. Steglitz called on UOSA's Director of Treatment Process, Mr. Doug Hague to provide the subject presentation as an update on an ongoing effort that staff continue to pursue to augment UOSA's sustainability. Mr. Hague provided: an understanding of PJM service area and how it impacts UOSA, summarized the major components of UOSA's electrical costs and their operational impacts, highlighted UOSA's recent journey into the Renewable Energy Market, and shared potential future opportunities.

H. Staff Reports – Executive Director’s Report

1. Mr. Steglitz referenced *UOSA Organizational Chart* (filed as Exhibit I) that was included in the mailing. He said this was shared with staff a few weeks ago as part of his 100-day assessment since coming to UOSA. He said is currently working on implementing some structural changes, deciding on the fate of some vacant positions, creating position descriptions, and determining how this might impact UOSA’s number of full-time employees (FTEs). Something to note: the results of the rerating conversation could determine the need for future FTEs depending what capital projects become a reality.
2. Mr. Steglitz briefed the Board on a recent strategic plan, primarily about PFAS research initiatives, that was issued by the White House. PFAS remains a priority at all government levels. He said that an August 31, 2024 article in the *New York Times* specifically identified Synagro in a lawsuit in Texas. The lawsuit claims PFAS levels in cattle were a direct result of risks associated with land application. Synagro is the company UOSA uses to land apply its solid waste (i.e. dryer pellets).
3. Mr. Steglitz reminded the Board of staff efforts to schedule a Board Retreat to discuss a strategic plan for UOSA. After some discussion, the Board agreed to commit to a one-day retreat, rather than a one-and-a-half-day retreat. Ms. Mahoney advised that she poll the group again, this time with single one-day dates in the months of November and December.

I. Staff Reports - Legal Counsel’s Report

1. Ms. Hostetler stated that she had nothing to report.

J. Adjournment

MOTION: Director Fields moved to adjourn at 5:32 P.M.
SECOND: Director Meyer
VOTE: Unanimous



Richard Meyer, Secretary
UOSA Board of Directors

Date: October 17, 2024

These minutes are unofficial until signed.