



44865 Loudoun Water Way • P.O. Box 4000 • Ashburn, Virginia 20146 • www.loudounwater.org

Minutes of the Loudoun Water Board Meeting, February 10, 2011

The Board Meeting was held at 3:00 pm in the Boardroom of the Loudoun Water building located at 44865 Loudoun Water Way, Ashburn, Virginia.

Board Members:

Chairman Fred Jennings	Ed Burrell	Pravin Gandhi
Tanja Thompson	Mark Koblos	Vice-Chairman Johnny Rocca
Patti Psaris	Ralph Watson	Chuck Harris

General Counsel –Jonathan Rak

Loudoun Water Staff in Attendance:

Dale Hammes-GM/ Treasurer	Jewell Lilly/Board Secretary
Mary Arnsbarger-DGM Administration	Tom Broderick-DGM Operations
Carla Burleson-DGM Finance	

AGENDA ITEM 1 – CALL TO ORDER

The meeting was called to order by Chairman Jennings at 3:00 pm.

AGENDA ITEM 2 – GENERAL MATTERS

2A. Approval of Minutes

Upon **MOTION** of Mr. Rocca, second by Mr. Burrell, the minutes of the meeting of January 13, 2011 were approved as presented. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Absent for the vote, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

2B. Public Speakers

- No public speakers during this meeting.

2C. General Manager’s Report

- A reception to recognize years of service is scheduled tonight for Mr. Stanley Franklin.
- Loudoun Water has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 23rd year in a row. Congratulations to Carla Burleson and the entire financial team.
- Staff is working with a number of data centers on payment options.
- Negotiations on relocating a 20 inch water main on the Route 7 interchange will be brought to the Finance Committee for discussion.

(Ms. Psaris arrived at this point in the meeting)

2D. Board Member Comments

- **Mr. Koblos** – Met the new capital programs manager, Brian Stone. Appreciates the great job by staff to implement Board Docs and support the Board through the transition.
- **Ms. Thompson** – Kevin Alder and Jan Chase were very helpful in assisting with iPad and email set up. The Board Docs and iPad training were very well done and appreciated.
- **Mr. Burrell** – Appreciated staff efforts, training sessions very well done.
- **Ms. Psaris** – Requested staff keep the Board informed of staffing updates.
- **Mr. Gandhi** – Recognized Loudoun Water as a highly professional organization, impressed with staff and their communication with Board.
- **Vice-Chairman Rocca** – Thanked Carla Burleson for her “amazing, consistent competency” and congratulated her on the financial achievement award.
- **Mr. Watson** – Appreciates the staff, their professionalism and recent training opportunities.
- **Mr. Harris** – The development report exceeded at 33% delta for 2010, advised staff to consider revising the budget.
- **Chairman Jennings**
 - Duly noted Mr. Harris’ point on the development report.
 - Thanked Kevin Alder, Jan Chase and Jewell Lilly for their work with Board Docs, iPad implementation and training which are in concert with the Board’s broader strategy for the organization.
 - Effective immediately, the Chairman imposed a deadline of 3:00 pm Friday before the Board Meeting for inclusion in the Board Package. This includes all agenda items, files and presentations to support agenda items. Any items failing to meet the deadline will be pushed to the following month. Upon approval by the Chairman, exceptions will be made for emergency items. An explanation will be required for late items. This process will provide the Board an opportunity to review all information in advance and make well informed decisions.
 - A special meeting is planned for Thursday to discuss key decisions that confront Loudoun Water and analyze policy implications and challenges. More information will be provided during today’s Informational Presentation. A major objective during the special meeting on Thursday will be to provide the General Manager with guidance on a path forward. Most of the meeting will be in closed session.

AGENDA ITEM 3 – AMENDMENT/ADOPTION OF AGENDA

Upon **MOTION** of Ms. Psaris, second by Mr. Gandhi, the agenda was approved as presented.

Vote: Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

AGENDA ITEM 4 – BOARD COMMITTEE ACTION

Finance – Mr. Burrell – Reviewed highlights which included quarterly financial reporting and edits to the charter.

CIP – Mr. Rocca - The committee recommended an item for the consent agenda.

PNC – Ms. Thompson – Reviewed the calendar/work plan and discussed GM performance goals. Ms. Thompson will meet with staff to discuss GM goals and dashboard.

Chairman Jennings asked that each committee review and update their charters.

AGENDA ITEM 5 – CONSENT AGENDA

Upon **MOTION** of Mr. Rocca, second by Mr. Koblos, the Board approved the following Consent Agenda Items: **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

Item 5A. Award of Contract to Accelerated Technology Laboratories, Inc., for a Laboratory Information Management System – Mike Beardslee.

The Broad Run Water Reclamation Facility Laboratory performs a wide variety of process and water quality analysis for both Plant operations and the water distribution system. This Laboratory will also serve as Loudoun Water's regional Laboratory by handling compliance sample analysis for the future Water Treatment Plant. Since its inception in 2008, the Laboratory has tracked sample events and results using a series of Excel spreadsheets. These spreadsheets lack the core capabilities that a modern Laboratory typically requires in its software to effectively manage sampling events and chain of custody, perform quality control, manage audits, maintain regulatory compliance, prepare reports, share data across departments, and comply with best practices. Results cannot be read directly from the analytical machines into the spreadsheets and must be hand-entered, reducing data confidence and reliability. The sampling and analytical data are also exposed to potential deletion, corruption, and confusion because they are not stored in a secure, managed database. The procurement and implementation of a Laboratory Information Management System (LIMS) to provide these capabilities is part of the overall BRWRF CIP. The adoption of a LIMS is also in keeping with Loudoun Water's strategic plan to leverage technology, improve integration, increase data accuracy, reduce data redundancy, and increase productivity. The Laboratory has reached a level of maturity and complexity where this procurement is now appropriate.

Loudoun Water engaged internal stakeholders, consulted with outside agencies, considered best practices, and engaged the services of a consultant to help prepare a LIMS Request for Proposal (RFP). This LIMS RFP was issued in August, 2010. Qualifications-based proposals were received from five vendors on September 29, 2010. These proposals were evaluated by a five-member Loudoun Water selection committee, and three vendors were selected for follow-up interviews and demonstrations on November 2. Two of the three vendors were deemed qualified, and were subsequently invited to submit cost proposals. After an initial scope evaluation, best and final offers were requested and received from these two vendors. The lowest qualified proposal for \$108,640.80 was received from Accelerated Technology Laboratories (ATL), offering the Sample Master LIMS software suite.

The 2011 Capital Spending Plan allocates \$150,000 for the LIMS project. The projected cost is therefore within budget. The implementation is scheduled to begin in the 2nd quarter of 2011, and will be completed in 2011. Subsequent yearly software maintenance costs will be approximately \$7,000 per year, well within industry standards. This software program is consistent with the IT Master Plan and it is a key step toward rounding out the capabilities of the Laboratory, bringing operations up to best practice standards, and improving Laboratory efficiency and effectiveness.

The Board approved a contract with Accelerated Technology Laboratories, Inc., for an estimated not to exceed cost of \$108,640.80 and authorized an approximate 10 percent contingency to be controlled by the General Manager, for an authorized budget ceiling not to exceed \$120,000 without further Board approval.

AGENDA ITEM 6 – ACTION AGENDA

Item 6A. Resolution Concerning Sale of Capacity in Broad Run Water Reclamation Facility to Fairfax County – Tom Broderick

During preliminary design of the Broad Run Water Reclamation Facility, Fairfax County expressed interest in purchase of capacity at the Broad Run WRF. The subsequent 40 year flow projections for the facility (22 mgd permitted capacity) accounted for Fairfax County projected needs. Fairfax County eventually finalized its capacity needs for the first phase of the Broad Run WRF at 1 mgd.

The area of Fairfax County intended to be served by the Broad Run WRF is located upstream of Dulles Airport (east of Rt. 28). Currently that area is served by the Blue Plains Advanced Wastewater Treatment (AWT) plant via the Potomac Interceptor (PI) sewer that conveys flow through Loudoun County in the vicinity of the Broad Run WRF. Due to costs and complexities associated with the actual transport of Fairfax County sewage flow from the PI sewer to the Broad Run WRF under the current piping configurations, the Agreement allows for the substitution of Loudoun Water sewage for Fairfax sewage to the Broad Run WRF in exchange for a corresponding reduction in Loudoun Water sewage flow to the Blue Plains WWTP. This arrangement is made possible by the fact that both jurisdictions own capacity in the PI Sewer and at the Blue Plains AWT. This arrangement has been determined to be mutually beneficial.

This Agreement has been reviewed by Loudoun Water legal counsel and Loudoun Water staff. The Fairfax County Board of Supervisors approved the Agreement on January 25, 2011.

Agreement Highlights:

- Fairfax County will purchase 1 mgd of the 11 mgd permitted capacity at the Broad Run WRF at a cost of \$20,942,294. This price includes a pro rata share of all Broad Run WRF capital project costs including preliminary design, pilot work, design, legal fees, land costs, Loudoun Water staff labor, construction, and interest expense.
- Under the terms of the Agreement, Fairfax County can designate up to 1 mgd of wastewater to be treated at the Broad Run WRF in any given Fairfax County fiscal year (July 1 – June 30). Correspondingly, Loudoun Water will invoice Fairfax County for their designated flows treated at the Broad Run WRF on a quarterly basis with an end of the fiscal year reconciliation.
- Fairfax County will pay a pro rata share of future capital improvements at the Broad Run WRF associated with the initial 11 mgd capacity.
- Fairfax County will be offered the opportunity to purchase additional capacity at the Broad Run WRF if Loudoun Water determines that capacity is available under future expansions of the facility.

Upon **MOTION** of Mr. Rocca, second by Mr. Harris, the Board authorized the General Manager to execute a sales agreement for 1 mgd of Loudoun Water's capacity at the Broad Run Water Reclamation Facility to Fairfax County substantially in the form of the draft Agreement attached to the Board Agenda dated February 10, 2011.

Vote: Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

AGENDA ITEM 7 – NEW BUSINESS

None.

AGENDA ITEM 8 – REPORTS

- A. Water and Sewer Agreements** – No questions or discussion.
- B. Central Water Supply Plan Monthly Report** – Kevin Wood explained the monthly checklist purpose, reviewed the report and milestones.
- Ms. Psaris would like to see design definition and legal implications issues addressed prior to the design definition if possible.
 - Mr. Rocca requested that the bar diagram be updated in color to indicate if a date has been extended or exceeded.
- C. BOA Quarterly Report** – Kevin Wood presented the report for Board review.
- Mr. Koblos questioned the status of the Sterling Boulevard project. Mr. Hammes explained that the project is in the second phase of design and briefly explained the master plan process, coordination and efforts.
 - Mr. Koblos would like to set up a time to go through the CIP spreadsheet with staff.
- D. Development Activity Quarterly Report** – No questions or discussion.
- E. BRWRF Quarterly Performance Summary** – Bob Canham presented the report.
- Chairman Jennings asked for the top three performance issues/design standards that would enhance the performance of the plant. Mr. Canham responded that storage is a primary concern.
 - Ms. Psaris requested staff build a safety scorecard and regulatory scorecard into the quarterly report.
- F. O&M Quarterly Report** - No questions or discussion.

AGENDA ITEM 9 – INFORMATIONAL ITEMS

- A. Loudoun County Water and Wastewater Needs Assessment** – Dale Hammes.

The Loudoun County Board of Supervisors recognized the need for a detailed, systematic approach to solve existing and potential future water and wastewater problems in the County and requested a plan from County staff to address these issues. The Loudoun County Water and Wastewater Needs Assessment, dated December 21, 2010, identifies water and wastewater issues in the County and proposes potential approaches to the Board of Supervisors for pursuing further action.

Nine specific recommendations are listed in the Needs Assessment in three categories – Policy, Planning and Implementation. Talking points developed by County staff to be discussed with the Board of Supervisors are listed (bullets) under each recommendation.

Needs Assessment Policy Recommendations:

1. Develop a long term agreement between the County and Loudoun Water that clarifies roles and responsibilities of each organization. This may involve a revision to the Charter or execution of a Memorandum of Understanding.

- The current charter was written in the 1950's.
 - The roles and visions of the County and Loudoun Water have changed over the last 50 years.
 - A clear understanding of roles and responsibilities of the Board of Supervisors and Loudoun Water is an essential element to long term planning and construction of sustainable water and wastewater infrastructure in the County.
2. Designate Loudoun Water as the provider and responsible management entity for water and wastewater infrastructure projects undertaken by the Board of Supervisors.
 - This would allow Loudoun Water to be intimately involved in the planning of water and wastewater systems before they are constructed. This currently occurs for the central system, but does not necessarily occur with onsite sewer and water systems.
 - This would permit both organizations to define the financial policies they would operate under for the development of projects undertaken by the Board of Supervisors. The Loudoun Water Board needs to define under what circumstances and at what cost structures it needs to operate to be designated as a responsible management entity.
 3. Develop policies to ensure communities that are served by onsite water and wastewater systems are converted to central water and wastewater systems as they become available.
 - This could help prevent islands of communities with wells and septic systems that are surrounded by the central water and wastewater system.
 - Once an area is surrounded by central water and sewer it is difficult for an individual with a failing system to connect due access and funding challenges.
 4. Develop procedures to integrate the detection and elimination of wastewater illicit discharge to the storm water management system. (*according to County staff this recommendation is not directed to Loudoun Water*).
 - This is required under the Section 1096.03 of the Loudoun County Stormwater Management Ordinance. In addition, it is a Minimum Control Measure under the County's VPDES Storm Water Discharge Permit.
 - There a need for interdepartmental collaboration and development of procedures in order to efficiently meet the County's obligations under their VPDES Storm Water Discharge Permit in the area of wastewater illicit discharges.

Planning Recommendations:

5. Use the 10-year Capital Needs Assessment and the 6-year Capital Improvement Program planning and budgeting processes as tools to identify water and wastewater infrastructure project(s) in the County. The 10-year Capital Needs Assessment identifies the specific water and wastewater infrastructure needs to be addressed. The 6-year Capital Improvement Program identifies the funding strategies the County will implement to address those needs. Identify the water and wastewater treatment needs by planning policy area (Suburban, Transition, Rural).
 - The County should utilize its existing capital infrastructure planning and budgeting tools to plan for water and wastewater infrastructure needs in the County.

6. Fund improvements to the maximum extent possible from external revenue sources such as tax districts, tax incremental financing, grants, and proffers with specific funding recommendations identified within the 6-year Capital Improvements Program.
 - Advance planning for water & wastewater infrastructure projects would permit a full investigation of external revenue sources to fund infrastructure improvements. In addition the community can be made aware of all the costs associated with a water & wastewater infrastructure project and review the revenue options well in advance to individual property owners making a commitment to a project.

Implementation Recommendations:

7. Develop an implementation manual that assists the Board of Supervisors with prioritizing proposed improvements.
 - This would create a nonbiased assessment to aid in determining which communities should be given a higher priority to address their water and wastewater needs.
 - Factors, such as project size/cost, potential or actual groundwater and/or surface contamination issues, greatest return on investment, pending enforcement actions, community cooperation/motivation are all factors that could be considered.
8. Use inter-jurisdictional collaboration to maximize efficiency efforts and financial means of state and local agencies and private institutions.
 - Some areas identified are within town boundaries or growth areas. Cooperation between jurisdictions is critical to solving water and wastewater problems.
 - Funding options may differ depending on the location of the identified community. Cooperation with jurisdictions is essential to maximize funding opportunities.
9. Develop a public awareness and educational program through the Public Information Office and Loudoun Water's educational services to its customers.
 - There are currently numerous educational efforts related to water and wastewater issues that originate from national, state, and local sources.
 - The County residents could benefit on a focused educational campaign tailored to Loudoun County.

In November 2003 the Loudoun Water Board adopted a policy to assist the County in providing water and/or wastewater systems in areas of failing private wells and septic systems. In September 2004, the policy language was changed to assure any financing provided by Loudoun Water did not affect our financial condition. Loudoun Water's policy on financing water and wastewater systems to replace failed onsite systems states that at the request of the Loudoun County Board of Supervisors, Loudoun Water will attempt to provide public water and/or wastewater systems to replace failed onsite systems:

1. in areas declared a health hazard by the State Health Commissioner of Virginia and in other areas on a case by case basis; and
2. where Loudoun Water, at its election, may own and operate such replacement facilities; and
3. where financing arrangements are available to fund the total project costs, such that those costs are not subsidized by existing Authority customers, and such that as determined by Loudoun Water, the total project costs funded do not affect Loudoun Water's financial condition; and
4. provided the County agrees, if necessary, to create special tax, service or sanitary districts to guarantee payment of total project costs by imposition of taxes and charges secured by liens upon real estate served by the replacement facilities; and
5. the County and Loudoun Water enter into a Service Agreement for each project to establish terms for the repayment of total project costs incurred by Loudoun Water.

This policy has been applied successfully to deliver several replacement systems. The principal roles and responsibilities of the parties included: County – identification of area of failing onsite systems, request for technical study and project participation by Loudoun Water, communication with the affected community and the Board of Supervisors and other stakeholders, establishment of a service area and a service district through the required public process, service agreement development and execution and funding of capital costs through collection of tax (county grants have also been provided) and payment to Loudoun Water. Loudoun Water – technical study and project development and participation, securing financing, design and construction, establishing user rates and operating the system. Total debt held by Loudoun Water for replacement parts has been on the order of \$3.3 million.

This approach is likely to encounter “scalability” issues if applied in a programmatic manner to all of the areas identified in the Needs Assessment. The primary issues are financial. Debt secured by Loudoun Water and service by the County's collection of tax revenue is technically a “moral obligation” of the County rather than a legal obligation. Accordingly, there is a threshold of total debt amount that will affect Loudoun Water's financial rating. Also, under current Loudoun Water policy, some of the replacement systems may result in rate subsidy as is the case for some of existing systems installed to relieve failing onsite systems. If this practice continues as additional replacement systems come on line, the amount of subsidy will likely increase significantly.

In a letter to Mr. Roger Lewis, Loudoun County Health Department, dated June 18, 2010, Loudoun Water outlined Policy, Planning and Implementation considerations as preliminary comments to the Needs Assessment.

Policy Considerations:

- Loudoun Water charter is not likely to require modification but definition of roles and responsibilities is needed. Areas of focus include where and when areas of need are addressed (prioritization), leadership and community and/or inter-jurisdictional involvement and endorsement of the proposed solution or project, service area delineation, financing, and others.

- Will Loudoun Water agree to become the Responsible Management Entity for the replacement systems? Will the County allow operations by private entities? (*according to County staff this does not include individual onsite systems*)
- Can/should Loudoun Water hold the debt for the program?
- Will mandatory connections be required for properties within a new service area?
- Will current rate policies apply?
- Loudoun Water's current policy is to serve community systems with a minimum of 15 residential connections unless there is an express written request from the Board of Supervisors. Several projects identified in the Assessment contemplate connection of fewer than 15 residences.

Other Considerations:

As in the past, Loudoun Water could work in concert with the desires of the community, the Board of Supervisors and all relevant regulatory agencies. Items for consideration include:

- Loudoun Water would look to the County to prioritize the list of projects.
- Early in the process, legislative approvals would need to be in place. All approvals would need to be championed by Loudoun County.
- Funding must be identified in order to study each individual project in detail and develop a preliminary engineering report that can more adequately assess the infrastructure needed and associated costs.
- By what process will the County manage community and stakeholder comments, expectations, and input received to gain acceptance of the proposed systems and financial impacts?

Implementation Considerations:

It is important that the long term financial sustainability of any proposed solution is considered. Major financial considerations must be managed from the onset. Any participation by Loudoun Water must not negatively impact its credit rating or its ability to fund needed system capital improvements. It is also important that there is no perceived component unit relationship between Loudoun Water and the County of Loudoun.

- Loudoun Water must have the ability to set future user rates for any system so that ongoing operations and maintenance and long-term repair and replacement costs are fully covered.
- Have new sources of funding been identified?
- It does not appear that availability charges are included in the estimates for projects in the central service area.
- Design-build options should be made available so Loudoun Water can respond quickly if needed.
- Any proposed projects are required to comply with Loudoun Water's Statement of Policy; Rates, Rules and Regulations; and Design Standards.

The Needs Assessment will be addressed by the Board of Supervisors as a Committee of the Whole. The discussion on the Assessment has been deferred until late February or early March after the Board of Supervisors has completed their discussions on the redistricting efforts and the Chesapeake Bay Ordinance. When the Assessment is scheduled for Committee discussion, Loudoun Water staff will be invited to participate. Staff is requesting input and direction from the Loudoun Water Board to guide discussions with the Board of Supervisors.

Mr. Hammes stated that staff is looking for Board guidance and direction on the Needs Assessment. A Special Meeting has been scheduled to discuss the path forward in detail on February 17, 2011.

AGENDA ITEM 10 – CLOSED MEETING

10A. Consultation with Legal Counsel Pertaining to Actual or Probable Litigation Discussion – Jonathan Rak and John Wilburn, Legal Counsel.

Upon **MOTION** of Mr. Jennings, second by Ms. Psaris, the Board moved to enter into Closed Meeting pursuant to Section 2.2-3711(A) Subsection 7. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

The items to be discussed were: Subsection 7 - Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation and consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Upon **MOTION** by Mr. Rocca, second by Mr. Harris, the Board voted to return to Open Meeting. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

Upon **MOTION** by Mr. Harris, second by Mr. Koblos, the Board adopted the following Certification for Closed Meeting. Pursuant to Section 2.2-3711(d) of the Code of Virginia the Loudoun County Sanitation Authority 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, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Loudoun County Sanitation Authority. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Koblos-Aye, Ms. Thompson-Aye, Mr. Rocca-Aye, Mr. Gandhi-Aye, Mr. Watson-Aye, Mr. Harris-Aye, Mr. Burrell-Aye.

There being no further business, this meeting adjourned at 5:40 pm.

Chairman

Secretary