



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

Minutes of the Loudoun Water Board Meeting, June 11, 2009

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-Absent	Dimitri Kesari-Absent
Charles McKinney	John Whitmore	Johnny Rocca
Patti Psaris	Hobie Mitchel	Chuck Harris

General Counsel – Stanley Franklin

LCSA Staff in Attendance:

Dale Hammes-GM/ Treasurer	Rick Thoesen/Deputy GM	Jewell Lilly/Secretary
Carla Burleson	Dave Linski	Mary Arnsbarger
Tom Bonacquisti	Samantha Villegas	Liza Young
Rick Jacobson	Beate Wright	Marc Schwartz
Kevin Wood	Matt McGowan	Bruce Ringrose
Mike Latham	Tom Broderick	Roddy Mowe
Mark Guanco	Craig Lees	Mike Beardslee
Todd Danielson	Tristan Delpopolo-Mills	Tim Coughlin
Lola Stith	Liz Sitter	Karen Arnold

AGENDA ITEM 1 – CALL TO ORDER

The meeting was called to order by Chairman Jennings at 3:05 pm.

2C. General Manager’s Report

- Mr. Hammes outlined the details of the LOD (Limestone Overlay District) discussion from the Loudoun County Planning Commission Meeting. No progress has been made at this time on interconnectivity.
- Reminded the Board of the Farewell Reception for Rick Thoesen immediately following the Board Meeting.

2B. Public Speakers - There were no public speakers at this time (see reference at the end of minutes).

2D. Board Member Comments

- Vice-chairman Rocca shared that he is mourning the loss of an important friend and explained the significance of the eagle feather related to the loss.

(at this point Mr. Whitmore arrived)

- Chairman Jennings mentioned that he is always pleased with the how well we are represented by staff at public events.
- The Chairman and Vice-chairman commented on the Luck Stone visit and indicated the Luck staff may be visiting us.

AGENDA ITEM 2 – GENERAL MATTERS

2A. Approval of Minutes

Upon **MOTION** of Ms. Psaris second by Mr. McKinney, the minutes of the meeting of May 14, 2009 were approved. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Absent for the vote, Mr. Kesari-Absent, Mr. Harris-Absent for the vote, Mr. Burrell-Absent.

AGENDA ITEM 3 – ADOPTION OF AGENDA

Upon **MOTION** of Mr. Rocca, second by Ms. Psaris, the agenda was approved as presented. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Absent for the vote, Mr. Kesari-Absent, Mr. Harris-Absent for the vote, Mr. Burrell-Absent.

AGENDA ITEM 4 - CONSENT AGENDA

There were no Consent Agenda Items in May 2009.

AGENDA ITEM 5 – ACTION AGENDA

5A. Board Elections - Presented by Charles McKinney

The Board of Director's Nomination Committee met to select a recommended slate of officers to present to the full Board at its regularly scheduled meeting on June 11, 2009.

The Nominations Committee hereby recommends the following personnel to serve as the Authority's officers for the July 1, 2009 to July 1, 2010 term of office:

Chairman:	Fred Jennings
Vice Chairman:	Johnny Rocca
Secretary:	Jewell R. Lilly
Treasurer:	Dale C. Hammes
Assistant Treasurer:	Vacant

Upon **MOTION** of Mr. McKinney, second by Mr. Whitmore, the Board moved to accept the recommended slate of officers as presented with the exception of the Assistant Treasurer position. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Absent for the vote, Mr. Kesari-Absent, Mr. Harris-Absent for the vote, Mr. Burrell-Absent.

5B. Adoption of User Rates for Central System Water Reuse – Presented by Liz Sitter

A Public Hearing on the proposed rates was held on May 28 at which hearing Ms. Sitter presented the following information and restated the same to the board: The Broad Run Water Reclamation Facility was designed with the intent of producing reclaimed water for distribution in Loudoun Water’s water reuse system. This promotes the beneficial use of our highly treated water and reduces the wasteful use of drinking water. Reclaimed water can be used for many commercial applications, including irrigation, toilet flushing, and cooling water for “green ” development, including data centers. The use of reclaimed water will help reduce peak summer potable water demands for new construction within the service area.

For planning of the water reuse system, Loudoun Water’s consultant, CDM, conducted a rate evaluation over a nine month period and made a rate recommendation. During this time, CDM collected information about our planned water reuse system and about the water reuse rates charged in other areas. Other resources were used as benchmarks, including the AWWA/WEF study on water reuse rates and the WaterReuse Foundation Economic Framework documents. Also factored into CDM ’s analysis was the understanding that, unlike water and wastewater service, water reuse is an optional service for our customers identified in the initial service area (see attached map). The water reuse rate needs to balance the systems cost with being attractive to potential customers.

As Loudoun Water began to present the concept of the water reuse system to developers, the feedback we received was that the combination of initial capital cost, availability fees and meter fees would cause the initial costs for water reuse to be too high. The wastewater availability fee will include the water reuse main as shown in the 10 year CIP. CDM recommended a minimum uniform rate of 70 percent of the current drinking water rate (\$1.82/ 1000 gallons).

Based on feedback from the CIP Committee and Finance Committee, the rate for the central system water reuse was proposed to be 75 percent of the base potable rate:

Rate per 1000 gallons for reclaimed water usage \$1.36

As-built fees for “water” will apply for water reuse

The goals of the water reuse system are to reduce non-potable demands on the drinking water system and support “green” infrastructure. This is in alignment with Loudoun County Economic Development and supports the policy of integrated water systems.

Following the presentation by Ms. Sitter, the Board asked for public comment. Receiving no further comment, the Chairman officially closed the Public Hearing.

Upon **MOTION** of Mr. McKinney, second by Mr. Whitmore, the Board adopted the water reuse rates for the central system as outlined on the attached Resolution with an effective date of April 1, 2009. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Absent for the vote, Mr. Kesari-Absent, Mr. Harris-Absent for the vote, Mr. Burrell-Absent.

RESOLUTION OF WATER REUSE

BE IT RESOLVED, that the Loudoun County Sanitation Authority (dba Loudoun Water) at its June 11, 2009 Board Meeting, adopted the following rates, fees and charges applicable to the water reuse system for usage to become effective on or after April 1, 2009 in the central system.

The proposed rate for the central system water reuse is:

Rate per 1000 gallons for reclaimed water usage \$1.36

As-built fees for “water” will apply for water reuse

All other rates, fees and charges shall remain unchanged.

[SEAL]

Jewell R. Lilly-Board Secretary

5C. Adoption of 2008 Comprehensive Annual Financial Report – Presented by Carla Burleson

An unbound copy of the 2008 comprehensive annual financial report (CAFR) was included in the June Board Package. Staff made a presentation to the Board and distributed the final 2008 CAFR at the June meeting.

The report describes financial operations during 2008 and confirms that those operations were conducted in accordance with the policies and guidelines established by the Board. Financial highlights from fiscal 2008 include:

- Assets exceeded liabilities \$1.04 billion
- Net assets increased by \$78.8 million primarily due to the addition of deeded lines and mains
- Operating revenues decreased 2.9% from FY07 due to a reduction in the amount of water sold and a decrease in peak use charge revenues
- Operating expenses increased 36% due to an increase in depreciation and the initiation of operations at the Broad Run facility

Loudoun Water remained in full compliance with all covenants of the Revenue Bond Master Indenture of Trust.

Upon **MOTION** of Mr. McKinney, second by Ms. Psaris, the Board moved to adopt the 2008 comprehensive annual financial report as presented and authorized staff to distribute. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchell-Absent for the vote, Mr. Kesari-Absent, Mr. Harris-Absent for the vote, Mr. Burrell-Absent.

5D. Approval of Water Treatment Technology, Task Order Amendment No. 2 to Black & Veatch – Central Supply Program: Program Development and Permitting Phase – Presented by Beate Wright

(At this point in the meeting Mr. Harris arrived)

On February 12, 2009 Task Order No.2 relative to the Central Water Supply Program for Black & Veatch to provide engineering services for the Program Development & Permitting Phase was approved by the Board. This task order includes preparation of a memorandum and coordination with the Virginia Department of Health (VDH) to address treatment technologies that Loudoun Water will consider and determine VDH requirements for pilot testing those technologies.

Staff participated in two treatment technology workshops, prepared and presented by Black & Veatch on April 17 and 24, 2009. These treatment technology workshops targeted existing raw water quality conditions, established finished water quality goals, and the applicable technologies to treat the raw water to dependably meet and exceed the finished water quality goals, as well as keeping mindful of potential future regulations and contaminants of emerging concern. The treatment technology workshop process was outlined and presented at the Loudoun Water Board Retreat on May 11, 2009.

(At this point in the meeting, Mr. Mitchel arrived)

The consultant, in conjunction with staff, identified two viable treatment options for Loudoun Water's future Central System Water Treatment Facility: (1) Treatment with Ozone and Biofiltration (same processes as Fairfax Water), and (2) Treatment with Membranes, Ozone, and Biofiltration or Granular Activated Carbon (GAC) Filtration. A comparison of the qualities and characteristics evaluated is presented in Attachment A. Both treatment options will meet current drinking water regulations with flexibility to meet expected future regulations.

The additional benefits of membrane treatment include:

- Best available technology
- Physical barrier to particles and microorganisms, independent of pretreatment and raw water quality.
- Can significantly reduce the water treatment plant footprint, resulting in capital cost savings
- Enhanced performance with low turbidity water
- Particulate removal independent of pretreatment

In order for staff to determine if membrane treatment is the right treatment for our future Central System Water Treatment Facility, we must pilot the membrane treatment. Piloting membrane treatment on our raw water source is important due to the following reasons:

- Required by the Virginia Department of Health
- Determine specific design criteria
- Determine pretreatment processes and chemicals required
- Ensure finished water quality goals are met
- Evaluate and determine residuals management
- Evaluate and determine capital and life-cycle costs
- Will likely result in significant cost savings on upfront infrastructure, sizing of processes and equipment, solids handling, and chemicals

Piloting is included in our Capital Financing Plan and there is \$500,000 allocated. It is not necessary to conduct pilot testing for process Option 1, since Fairfax Water treats Potomac River water with these exact processes, proving the capabilities and effectiveness of this treatment train for this raw water source. Staff has evaluated the estimated cost for design and construction of these two options, and they are both within the CIP Concept Level Estimate of \$104,100,000, prepared by B&V, September 2008.

Staff recommends approval of the above two treatment technology options for Loudoun Water's future Central System Water Treatment Facility as viable options and to proceed with the plan to further evaluate membrane technology through a pilot program.

NEXT STEPS:

Upon Board approval of the two treatment technology options as viable options for Loudoun Water's future Central System Water Treatment Facility, staff will pursue evaluating through pilot testing the additional benefits and any impact membrane technology has on finished water quality, operability, reliability, pretreatment requirements, capital and life-cycle cost. We will work with VDH on piloting and delivery system requirements, consider the most advantageous delivery mechanism, and present to the Board our recommendations for engineering support and the delivery mechanism for conducting the piloting, which may include design and construction of the Water Treatment Facility depending on the delivery system selected and approved.

Piloting the membrane water treatment process proposed will provide critical information and data on performance specific to our raw water quality that will allow us to make an informed determination of membrane technology for our Water Treatment Facility. Costs associated with the pilot study will require Board approval at a later date.

Upon **MOTION** of Mr. Rocca, second by Ms. Psaris, the Board approved two treatment technology options for Loudoun Water 's future Central System Water Treatment Facility [(1) Treatment with Ozone and Biofiltration (same processes as Fairfax Water), and (2) Treatment with Membranes, Ozone, and Biofiltration or Granular Activated Carbon (GAC) Filtration,] that will meet our water quality goals for our future Central System Water Treatment Facility and authorize staff to proceed with the plan to further evaluate membrane technology through a pilot study. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Absent, Mr. Harris-Aye, Mr. Burrell-Absent.

5E. Policy Review- Board of Director’s General Policies – Presented by Dale Hammes

The Loudoun Water Board has an adopted Statement of Policy and 25 policy statements in the categories of:

- Board Policies (General)
- Board Policies (Additions to Statement of Policy)
- Board Policies (Internal Fiscal Policies)
- Board Policies (Miscellaneous)

The General Manager has requested Board review of the Statement of Policy and the policy statements. A process to review the policy statements (followed by review of the Statement of Policy) began May 1, 2009 by electronic transmittal of the General Policies to the Board members for review and comment. The process is to send an additional section of policy statements prior to each Board Meeting for comment by Board Members. The purpose of this action is to be in a position to discuss or act on the policy as the Board may determine.

Attached is the first section of policies, the General Policies, sent out on May 1, 2009. Board member comments received to date are noted in red. The Board may chose to reaffirm, delete, approve as revised or continue for further work on each policy statement.

Chairman Jennings created a Policy Committee comprised of Charles McKinney, Patti Parris, Chuck Harris and Hobie Mitchel. The Committee was asked to review and update the entire policy manual. The Chairman directed the Committee to invoke the assistance of David Rose for Financial Policies, if needed and requested to have the revisions complete by September 2009.

AGENDA ITEM 6 – REPORTS

All reports were presented for review by the Board.

AGENDA ITEM 7 – ACTION AGENDA

7A. Loudoun Water Bond Refunding - Presented by Dale Hammes

Mr. Hammes provided an update on the completed Bond Refunding.

At this point in the meeting, approximately 4:00 pm, two members of the public, Ms. Laura Maschler and Ms. Holly Krauss requested the opportunity to speak.

Ms. Maschler and Ms. Krauss each expressed concerns related to Raspberry Falls. The Board thanked them for their comments.

There being no further business, this meeting adjourned at 5:04 pm.

Chairman

Secretary