



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

Minutes of the Loudoun Water Board Meeting, May 14, 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	Dimitri Kesari
Charles McKinney-Absent	John Whitmore	Johnny Rocca
Patti Psaris	Hobie Mitchel	Chuck Harris-Absent

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	Sue Bour
Todd Danielson		

Mike Garber of PBG&H and David Rose of Davenport were also in attendance.

AGENDA ITEM 1 – CALL TO ORDER

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

AGENDA ITEM 2 – GENERAL MATTERS

2A. Approval of Minutes

Upon **MOTION** of Mr. Mitchel second by Mr. Rocca, the minutes of the meeting of April 9, 2009 were approved. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Absent for the Vote, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

2B. Public Speakers - There were no public speakers during this meeting.

2C. General Manager's Report

- Mr. Hammes reminded the Board of the Public Hearing set for 6:00 pm on May 28.
- Mr. Hammes introduced Kevin Wood, who provided a stimulus update. Loudoun Water received \$1.78 million for water reuse programs. Two additional projects are in the queue for possible funding.
- Mr. Hammes noted that Loudoun Water would also be participating in Energy Savings Programs.

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

- The Luck Stone meeting in Richmond is on Thursday, June 4.
- Met with Van Metre to develop a budget and workplan to determine a safe yield for groundwater and alternative irrigation. The CAG (Citizens Advisory Group) of the community is working with us.
- The Pros and Cons of the plant were discussed at the Board Retreat. More information will be provided at the June Board Meeting.

2D. Board Member Comments

- Chairman Jennings announced the retirement of Deputy General Manager Rick Thoesen effective July 2, 2009. Mr. Thoesen has accepted a challenging opportunity with the City of Fairfax. Chairman Jennings and the Board thanked Mr. Thoesen for his contributions over the past ten years. The Board and staff gave a standing ovation in recognition of those efforts.
- Vice Chairman Rocca complimented Rick's success at Loudoun Water, and thanked staff for the successful Retreat.
- Mr. Burrell was also pleased with the success and information at the Retreat.
- Ms. Psaris thanked Rick Thoesen for his service and commented on his motivational speaking abilities. Liked the venue for the Retreat.
- Mr. Whitmore thanked staff for the Retreat and liked the location.
- Mr. Mitchel thanked Mr. Thoesen and commented that the Retreat was the best ever. Mr. Mitchel mentioned that he and Vice Chairman Rocca have agreed to hold the CIP and Finance meetings consecutively in the future and asked the Board Secretary to schedule accordingly.
- Chairman Jennings noted that the Retreat was very effective and reviewed several continuing topics from the Retreat upon which the Board will be working.

AGENDA ITEM 3 – ADOPTION OF AGENDA

Mr. Mitchel asked that Consent Item 4B be moved to the Action Agenda as 5D.

Mr. Hammes requested that Information Item 7A be moved before the Consent Agenda.

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

AGENDA ITEM 7 – INFORMATIONAL ITEMS

7A. 2008 Audit Results – Presented by Dimitri Kesari and Mike Garber of PBGH.

Mr. Kesari introduced Mike Garber of PBGH Auditors. Mr. Garber presented the 2008 audit results to the Board. He discussed the Independent Auditors' Report that includes an unqualified opinion on the financial statements which contained in the 2008 comprehensive annual financial report. The Audit Committee met with representatives from PBGH on May 5, 2009 to review the results of the 2008 annual audit. Copies of the auditors' reports are available from the Board Secretary.

During the Audit Committee Meeting, the SAS 61 letter that outlines the auditors' responsibilities in conducting the audit was reviewed. The letter also highlights management's judgments and accounting estimates, audit adjustments, as well as accounting policies adopted during 2008 and future pronouncements that will affect Loudoun Water.

In addition, the Audit Committee was presented with the management letter that identifies matter relating to internal controls that should be addressed by staff. There were no significant deficiencies addressed in the letter.

No action required was required of the Board on the above informational Item.

AGENDA ITEM 4 - CONSENT AGENDA

Upon **MOTION** of Mr. Kesari, second by Mr. Rocca, the Board approved the following Consent Agenda Items: **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

4A. Approval of Employee Medical/Dental Benefits Contracts for Plan Year July 1, 2009 to June 30, 2010– Presented by Mary Arnsbarger

Loudoun Water's contracts for medical and dental insurance benefits expire on June 30, 2009. Our current medical insurance provider is Anthem BC/BS and Guardian Life provides our dental coverage. A Request for Proposal (RFP) was publicly advertised during from February 13 through March 20, 2009. Three proposals for medical benefits were received and five proposals for dental insurance. Proposals received to provide group medical were *Anthem BC/BS* (renewal), Kaiser Permanente and United Health. Offerors group dental were *Guardian Life* (renewal), MetLife, Delta Dental, Ameritas and United Concordia.

Proposals were evaluated by a committee of three employees and one external party (employee benefits specialist). Criteria included premiums, benefits levels, availability of service, provider network (doctors, hospitals etc.) and references. After a comprehensive evaluation of all proposals, staff recommends we renew our contracts with our current providers' Anthem BC/BS (medical) and Guardian Life (dental).

In order to contain costs and work within the FY09 budget allocation, the level of benefits under our renewal contract with Anthem is slightly lower than our current plan offering. The new plan increases employees' out-of-pocket expenses (co-pays and facilities fees) thereby reducing monthly premium costs. By initiating this change, Loudoun Water's cost is reduced by approximately \$150,000 and we're able to maintain our monthly premium contribution schedule at an 80% / 20% split between the organization and employee respectively.

We anticipate Loudoun Water's medical/dental group plan will cover approximately 476 individuals during the plan year (group includes employees, dependents, retirees).

The FY09 Operating Budget allocates \$1,840,000 toward the cost of providing group medical and dental benefits and the annual expense approximates at \$1,840,354. If an overage should occur, funding is available through the Personnel Services budget contingency.

The Board approved renewal of contracts with Anthem BC/BS and Guardian Life to provide group medical and dental benefits to employees at cost of approximately \$1,840,354 to be funded through the FY09 Operating Budget, Personnel Services.

4C. Approval of Engineering Design Services for Phase 3 Broad Run Interceptor - Parallel Potomac Interceptor (BRIPPI) – Presented by Bruce Ringrose

Loudoun Water is currently utilizing 86 percent of its available capacity in the Potomac Interceptor (PI). Based on the latest Loudoun County population projections and flow records for the BRIPPI service area, the average flow discharged to the PI will reach 100 percent of Loudoun Water's available capacity in 2013. This projection establishes a timeframe for constructing Phase 3, the critical link of the BRIPPI because it connects to the Broad Run WRF, so that flow can be diverted away from the PI by 2013.

The BRIPPI is presently proposed for design and construction in five phases as shown on the attached map. Phases 1 and 2 were authorized and constructed from August 2005 to May 2007. Based on lessons learned from Phases 1 and 2, it is projected that about two years will be required to design, permit, bid, and construct the 5,700 feet in Phase 3. Additional phases will be designed and constructed in sequence in later years so that by 2013 the flow from the Upper Broad Run Interceptor can be diverted from the PI to the BRWRF. The estimated timeframes for the phases of BRIPPI design and construction require that design of Phase 3 begin in June of 2009.

Michael Baker, Jr. was the design engineer for Phases 1 and 2. Baker has prepared a scope of work and an estimated fee to complete the detailed design of Phase 3. This work includes about 5,700 feet of 72-inch gravity sewer, 5,900 feet of 16-inch water reuse main, and two crossings of Broad Run. Baker's previous experience with the project will allow them to start design immediately and complete the project in a timely manner. Their ability to reuse substantial portions of the Phase 1 and 2 contract documents, has allowed them to prepare an estimated fee that is 8 percent less, on a per foot cost basis, compared to the design fees incurred for Phases 1 and 2. Baker's estimated, time and expense fee is \$184,300. The 2009 Capital Spending Plan has \$250,000 allocated for the design portion of Phase 3; no construction funds are allocated at this time. The task order for this work will include a requirement to evaluate the project, when the design reaches the 60 percent level, for possible completion through a design-build partnership approach, such as that allowed by Virginia's PPEA Act. Based on an evaluation of the fee, and the constraint for timely completion of the design effort, staff recommends award of this task order to Michael Baker, Jr.

The Board approved a task order for Michael Baker, Jr., Inc. for an estimated, not to exceed, fee of \$184,300, and authorized an approximate 10 percent contingency, to be controlled by the General Manager, for a budget ceiling not to exceed \$202,000 without further Board approval.

AGENDA ITEM 5 – ACTION AGENDA

5A. Adoption of Resolution – Refunding Portions of Outstanding Revenue Bonds, Series 1998 and Series 1999 - Presented by Carla Burluson

Mr. David Rose of Davenport & Company, Loudoun Water’s financial advisor, presented a financing alternative whereby portions of outstanding revenue bonds could be refunded through a Bank Qualification mechanism.

A Request for Proposals was issued to qualified banks and feedback is expected no later than May 8, 2009. Depending on the results of the proposals, Loudoun Water may opt to disregard the bank qualified financing mechanism and move forward with a typical public sale.

The attached resolution allows for a maximum bank qualified refunding or a public sale refunding of \$30 million with a net present value savings threshold of 3%.

Upon **MOTION** of Mr. Rocca, second by Mr. Mitchel, the Board adopted the attached Resolution authorizing the refunding of portions of outstanding Series 1998 and Series 1999 Bonds to include a maximum principal amount and percentage savings threshold criteria. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

(Resolution attached)

5B. Loudoun Water’s Position Regarding Operation and Maintenance of Small Community Water and Wastewater Systems – Presented by Dale Hammes/Todd Danielson

On April 21, 2009, an ad hoc Policy Committee of the Board met with staff to discuss revisions to *LCSA’s Position Regarding Operation and Maintenance of Water and Wastewater Systems Serving 3-14 Residential Lots*. This policy was revisited by the Board because the proposed Limestone Overlay District (LOD) regulations at Loudoun County would require subdivisions with as few as eight homes to be served by community systems, which conflicts with this policy, if Loudoun Water is to be the public utility serving these systems. The proposed revisions to the policy emphasize the importance of efficiency and economy of scale to protect public health and the environment with the customer in mind. A caveat is included, indicating Loudoun Water will own and operate facilities serving fewer than 15 residential connections if there is a known timeframe for interconnection with another communal system or to address public health issues. Finally, the proposed revisions address non-residential systems, indicating that Loudoun Water will not provide services to publicly-owned or commercial needs if the facilities do not meet the definition of a public system (i.e., serving 25 or more people at least 60 days per year). The old policy and the proposed new policy are presented on the following page.

This is one of several policies concerning community systems and required the Board’s involvement earlier than the other policies so that staff could respond to a referral by the County regarding the proposed LOD regulations. (The response to this referral is the subject of a separate Board Item.) The other community systems policies will be reviewed during the overall Board policy review during the next several months.

LOUDOUN WATER’S POSITION REGARDING OPERATION AND MAINTENANCE OF SMALL COMMUNITY WATER AND WASTEWATER SYSTEMS

Loudoun Water operates community water and wastewater systems to protect public health and the environment and does this with the customer in mind. In doing so, Loudoun Water must strive for efficiency of operations. Economies of scale are generally realized as facilities are expanded. To this end, it is in the customers’ interests for Loudoun Water to maintain minimum system size standards and interconnect or combine systems. Therefore, Loudoun Water does not accept ownership or operation of water or wastewater systems serving fewer than 15 residential lots unless there is a known or expected timeframe to interconnect with another communal system or Loudoun Water is requested by Loudoun County to serve those lots in order to address a public health issue. Regarding community systems to serve non-residential facilities, Loudoun Water will not provide services if the definition of a public system is not met (i.e., serving 25 or more people at least 60 days per year). If requested by the County, Loudoun Water agrees to provide technical services to the County for smaller systems to the extent of approving acceptable technologies, reviewing and approving system design and construction specifications, providing construction inspection and conducting semi-annual audits of system operation and maintenance. Loudoun Water expenses for these services will be reimbursed.

Upon **MOTION** of Mr. Mitchel, second by Mr. Rocca, the Board adopted Loudoun Water’s Position Regarding Operation and Maintenance of Small Community Water and Wastewater Systems as it appears above. **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

5C. Proposed Limestone Overlay District Regulations - Presented by Todd Danielson

Loudoun County has proposed to implement the Limestone Overlay District (LOD) in the limestone conglomerate area of Loudoun County and the Loudoun County Planning Commission has requested comments on the draft LOD from Loudoun Water. The Planning Commission has invited Loudoun Water to present comments at its June 3, 2009 meeting.

The proposed LOD includes several items that have the potential to affect groundwater quality and, hence, Loudoun Water's current and future community system operations and customers in the LOD. Because a requirement in the draft LOD conflicts with Loudoun Water policy, staff presented draft referral comments at an April 21, 2009 Loudoun Water Policy Committee meeting in conjunction with discussing the policy (the subject of a separate Board item). These comments have been revised based upon Board input and are attached. Loudoun Water Board approval of the comments is requested prior to staff providing written comments to Loudoun County.

The most significant item in the proposed regulations that relates to Loudoun Water and conflicts with policy is the requirement for all subdivisions of 8 or more homes to be served by communal systems. The comments reiterate our policy not to provide service to communities of fewer than 15 homes. While many provisions of the draft LOD address the principles of prevention, detection, and response to potential surface water (contaminants) influence on ground water, the attached Loudoun Water comments are important additional provisions that provide practical tools and solutions to support these principles.

Upon **MOTION** of Mr. Rocca, second by Mr. Burrell, the Board adopted the attached Loudoun Water position on the proposed Limestone Overlay District as it appears below: Mr. Rocca called to question, **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

Attachment to Loudoun Water May 14, 2009 Board Agenda Item 5C

Loudoun Water is guided by three policies that relate to the draft LOD. The first policy is *Loudoun Water's Obligation to Protect Drinking Water Resources and Public Health*, which states that we protect public health by developing and implementing effective and efficient systems that provide for the needs of the community while protecting water resources. The second is *Loudoun Water's Position Regarding Operation of Small Water and Wastewater Systems*, which states we will not operate systems serving fewer than 15 residential lots unless there is a known timeframe for interconnection with another communal system or we are addressing a known public health issue. The third is our *Policy for Integrated Water Resource Planning*, which states that we ensure protection of public health and welfare by providing services in a professionally responsible and cost-efficient manner that also plans for the future through cost effective and reliable facilities that provide for the needs of the community, protect the environment, and honor the land-use planning decisions of the County. These policies point to financial, environmental and system sustainability and have direct relationship to the limestone karst section of Loudoun, the proposed LOD, and our provision of services in this area and the following comments:

Loudoun Water has reconfirmed its policy not to own or operate systems serving fewer than 15 residential lots. This policy is in conflict with the draft LOD requirement for communal systems to serve 8 or more residential lots unless the system was interconnected with another communal system.

Loudoun Water should have blanket approval to interconnect communal systems within the LOD once the proposed communal system has met all requirements for a stand alone communal system.

Communal systems should not be required for the base density, 1 house per 10 acre (grid) development.

Loudoun Water supports the draft LOD requirement for a developer prepared and County and Loudoun Water approved water budget for proposed development to help assure that well supplies are sustainable. The water budget should establish a sustainable source water yield and included provisions for demand management. In short, the proposed community design and allowable water uses must be compatible with its available, sustainable water supply. Demand management provisions could include permanent water use restrictions, low water use and drought tolerant plantings and landscaping. A community water budget should also evaluate use of reclaimed water and other nonpotable water sources (such as cisterns for the collection and later use of rainwater) for irrigation and other non potable uses. The nonpotable sources must not compete with the communal water system water sources. Dual water systems that pipe reclaimed water for reuse, rather than disposal would be required.

The County should establish wellhead protection zones to reduce risks associated with the potential for groundwater impacts from surface pollutants. The size of the zone can vary based on well characteristics and may include offsite properties. The proper enforcement of an effective wellhead protection program on offsite properties would likely require powers of the County and may require enabling legislation.

Loudoun Water already requires a backup well for community systems within the karst because the risk of failure or contamination impact is higher. The FSM should also incorporate this requirement, along with the requirement for developers to conduct prescribed water quality testing during hydro geologic investigations. An example would be performing pumping and quality tests during both “wet” and “dry” conditions.

5D. Approval of Basic Ordering Agreements with Bowman Consulting Group, Ltd., Urban Engineering and William H. Gordon Associates, Inc. for Professional Civil Engineering, Surveying and Related Services– Presented by Kevin Wood

To supplement Loudoun Water staff resources, a “Request for Proposals” (RFP) was publicly advertised on February 11, 2009 to select engineering firms for a Basic Ordering Agreement (BOA) for Civil Engineering, Surveying and Related Services. The BOA Process is a continuation of the Authorities procurement for basic Civil Engineering and Surveying work since 2001. It has been proven to be an effective method to obtain these types of professional services and has provided to be cost effective.

Twenty one firms submitted proposals to perform the work. The procedures outlined in VA Code § 11-37-3.a for competitive negotiation are being followed. As such, the submitted proposals were reviewed by a six-member Loudoun Water Selection Committee and scored based upon evaluation criteria provided in the RFP. The seven highest ranked firms were selected for interviews. The selection committee interviewed these firms on April 2nd and April 3rd, 2009. After the interviews, the selection committee completed their final evaluation and ranked the seven interviewed firms to identify those firms whose professional qualifications, performance and proposed services were deemed most meritorious.

The selection committee elected to enter into contract negotiations with the three top ranked firms comprised of Bowman Consulting Group, Urban Engineering and William H. Gordon Associates. Negotiations for a contract agreement with these firms are nearly complete.

Upon **MOTION** of Mr. Rocca, second by Mr. Kesari, the Board approved a one-year basic ordering agreement with Bowman Consulting Group, Urban Engineering and William H. Gordon Associates with the option of two one-year extensions for Civil Engineering, Surveying and Related Services subject to final approval by Loudoun Water Counsel. Future Task Orders related to the agreements will be presented to the Board in concert with Loudoun Water Board Policy **Vote:** Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Abstained from the vote, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

AGENDA ITEM 6 – REPORTS

All reports were presented for review by the Board.

Upon **MOTION** of Mr. Mitchel, second by Mr. Burrell, the meeting adjourned at 4:50 pm.
Vote: Mr. Jennings-Aye, Ms. Psaris-Aye, Mr. Whitmore-Aye, Mr. McKinney-Absent, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Harris-Absent, Mr. Burrell-Aye.

Chairman

Secretary