



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

Minutes of the Loudoun Water Board Meeting, September 10, 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	John Whitmore - absent	Johnny Rocca
Patti Psaris	Hobie Mitchel	Chuck Harris - absent

<b>General Counsel</b> – Stanley Franklin
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**LCSA Staff in Attendance:**

Dale Hammes-GM/ Treasurer	Jewell Lilly/Secretary	Lola Stith
Carla Burleson	Dave Linski	Mary Arnsbarger
Tom Bonacquisti	Samantha Villegas	Liza Young
Sue Bour	Mike Beardslee	Bruce Ringrose
Kevin Wood	Robert Holl	Todd Danielson
Thom Lipinski	Liz Sitter	Roddy Mowe
Brian Carnes	Mark Schwartz	Craig Lees
Mike Latham	Tom Broderick	Beate Wright
Tim Coughlin	Mark Guanco	Karen Arnold

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

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

## **2C. General Manager's Report**

- Mr. Hammes acknowledged the passing of former Board member and Chairman, Col. Frank Gilchrist.
- Loudoun Water received the official letter from the April VA DEQ meeting for the grant funds.
- Raspberry Falls Update – Todd Danielson
  - Staff will continue active discussion with the developer. A tentative meeting planned in early October.
  - VA Department of Health determined that the source groundwater in Raspberry is not under the influence of surface water.
  - Mr. Danielson described the pipe corrosion concern and Loudoun Water has partnered with Virginia Tech to evaluate the matter and should have a determination by the end of October.
- CAG Update – Samantha Villegas
  - Staff has met with the CAG three times so far this year. The first meeting was an orientation; second was to discuss central rates; third was to discuss sustainable yield.

## **2D. Board Member Comments**

- The Chairman requested that a Committee be assigned to review the Raspberry Falls issue. Charles McKinney, Dimitri Kesari, Chairman Jennings have volunteered.
- Chairman Jennings asked that Committee Chairs submit committee charters.
- Mr. Burrell asked if we plan to publicize the stimulus money received for water reuse.

## **AGENDA ITEM 3 – ADOPTION OF AGENDA**

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

## **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. McKinney-Aye, Mr. Rocca-Aye, Mr. Mitchel-Aye, Mr. Kesari-Aye, Mr. Burrell-Aye, Mr. Whitmore-Absent, Mr. Harris-Absent.

### **Item 4A. Approval to Conduct Hillsboro Water and Wastewater Infrastructure Study for Loudoun County - Thom Lipinski.**

The Town of Hillsboro is located along Route 9, approximately six miles northwest of Leesburg.

The Town of Hillsboro has a water supply consisting of a spring and a drilled well serving approximately 30 customers. The Town reports that the water yield from both sources has been diminishing and the water supply situation is deteriorating. The waterworks infrastructure was installed in the 1940's and the on-site septic systems that serve residents have had failures that contaminated surface water and have potential for contaminating groundwater.

The Town is working on a plan to immediately replace the spring water source to its customers. The Town has received a planning grant from the State and emergency funds from the County to be used for drilling a new water supply well.

Additionally, the County recommended that a comprehensive water and wastewater infrastructure study be initiated for the Town. The goal of the study would be to identify the infrastructure deficiencies, September 2009

system needs and system operating models to ensure a plan to correct the deficiencies of the Town is put into action.

The Town of Hillsboro and County staff conducted preliminary meetings with Loudoun Water earlier this year and requested technical assistance from Loudoun Water for this project. Loudoun Water has successfully partnered with the County to develop community water and wastewater solutions for other communities (i.e., Aldie, Broad Run Farms, Willisville, etc.).

The County notified Loudoun Water in June 2009 that sufficient funds have been appropriated to cover the cost of engineering services for the study. A copy of the letter from the County dated June 10, 2009 is attached. The County will reimburse Loudoun Water for actual expenses incurred throughout the study completion for an amount not to exceed \$150,000.

The Board provided approval for staff to complete a Water and Wastewater Infrastructure Study for the Town of Hillsboro on behalf of Loudoun County; subject to the Town's guidance regarding designation of the utility service areas. The study will be funded by the County in total. Staff shall provide quarterly project status updates to the Board.

**Item 4B. Award of Construction Contract for East Water Reuse Main to NRUCFC - Liz Sitter.**

Loudoun Water received bids on August 27, 2009 for the construction of the East Water Reuse Main to NRUCFC. This main is to serve the national headquarters for the National Rural Utilities Cooperative Finance Corporation. This main will also provide future connections for two other developments (Kincora and Dulles Town Center). This project involves the construction of 4,230 linear feet of 16-inch diameter PVC/DIP water reuse main, approximately 246 linear feet of road bore, approximately 75 linear feet of concrete encasement, one stream crossing or bore, approximately 3,400 linear feet of conversion of existing 12-inch potable water main to reuse water main and associated appurtenances. DEQ has allotted \$1,196,330 of Stimulus funding for this project; DEQ will adjust this amount, based on the bid amount and other project costs. As part of the requirements to receive stimulus funding, Loudoun Water and the contractor have to document solicitation of Disadvantaged Business Enterprise (DBE) firms. The following attached table presents the bid results.

Staff has reviewed the H.G. Buracker Construction, LLC bid and other information required by the Contract Documents. This review process includes input from Loudoun Water's legal counsel and DEQ. Staff recommends award to H.G. Buracker Construction, LLC, contingent upon DEQ approval. DEQ needs to review and approve the bidding process to confirm that the Stimulus fund requirements are met, both by Loudoun Water and the apparent low bidder. Upon Board approval, staff will submit documentation of the bid process to DEQ, including the DBE solicitation by Loudoun Water and H.G. Buracker Construction, LLC.

The Board, contingent upon DEQ approval, awarded the construction contract for the East Water Reuse Main to NRUCFC to H.G. Buracker Construction, LLC for their lump sum bid of \$598,000 with an approximate ten percent contingency to be controlled by the General Manager, for a total authorized budget ceiling of \$657,000. Additional expenditures will require further Board Approval.

**AGENDA ITEM 6 – REPORTS**

***Item 6A – Water & Sewer – Presented and reviewed Dale Hammes***

The following quarterly reports were presented for review:

***Item 6B – O&M Quarterly Reports***

***Item 6C – Engineering Quarterly Report***

***Item 6D – BOA Quarterly Report***

***Item 6E – CIP Report – Presented and reviewed by Mr. Johnny Rocca***

***Item 6F. – Central Water Supply Program: Program Development and Permitting Phase – Presented by Mr. Tim Coughlin***

Mr. Coughlin informed the Board that upon his appointment as the Project Manager, he has changed the focus of the program to the permitting task with B&V and Joint Permit Pre-application meetings with regulatory agencies which are scheduled for October 29, 2009. The Technical Report for Treatment Process Evaluation and Piloting Recommendations is finalized and this report was derived from the Project Delivery Approach Workshops attended from April to June. Staff plans to prepare a “buddy” program with existing water treatment plants of similar size/processes to share O&M costs and other information.

***Item 6G. – Finance Committee Summary – Presented and reviewed by Mr. Hobie Mitchel***

***Item 6H. – Audit Committee Report – Presented by Dimitri Kesari***

Mr. Kesari will provide a detailed report to the Board next month.

***Item 6I. – Policy Committee Report – Presented by Patti Psaris***

The Policy Committee has met twice and will now become more involved in working with the other Committees.

***Item 6J. – Personnel/Nominating Committee Report – Presented by Charlie McKinney***

Mr. McKinney had no further clarifications.

## **AGENDA ITEM 7 – INFORMATIONAL ITEMS**

***7A. Mid-Year Review Presentation – Dale Hammes***

### **BACKGROUND:**

At its meeting on August 25, 2009 the Finance Committee received the results of the mid-year review. The mid-year review is one of the first steps towards completion of the Five-year Financing Plan that will be presented to the Board in December for approval.

In preparing the review, staff evaluated revenues, expenses and capital expenditures through June 30 and projected results through the end of FY09. The primary findings from the review include:

- Cost overruns in wholesale expenses due to rate increases from providers
- Identification of “savings” in discretionary spending to offset cost overruns in non-discretionary spending

Key factors driving the results of the FY09 review include growth, the economy and the efforts taken by staff to contain costs in discretionary expense line items. With respect to growth, through June 700 equivalent residential connections (ERCs) were added to the system which is 7 percent below the budget projection. In July, however, an additional 227 ERCs were added which brought the straight-line projection through year end more in line with the budget projection.

Economic conditions have impacted wholesale rates due to increases in power and chemicals. The economy may also play a role in decreased water sales. Staff is projecting that sale of water revenues will come in slightly below budget projections.

With respect to the Capital Plan, revenue received through June exceeds actual expenditures by about \$7.0 million. The primary revenues sources are a portion of the grant funding received from the Water Quality Improvement Act for the Broad Run facility, availability charges and three percent of cash reserves.

Based on mid-year review results, staff is not requesting any additional funding for the FY09 budget. Cost containment measures will continue as we begin preparing the FY10 budget.

There being no further business, this meeting adjourned at 4:25pm.

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Chairman

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Secretary