



# **Loudoun Water Statement of Policy**

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(all *italicized* words can be found in Appendix A – Definition of Certain Terms)

## **I. Introduction**

This Statement of Policy for the Loudoun County Sanitation Authority, herein after referred to as “Loudoun Water”, is intended to provide information to the Board, employees and the general public on the history and statutory powers of Loudoun Water as well as its governance and management; service area definition and existing facilities and resources to serve customers; and policies adopted by the Board that reflect the core values of Loudoun Water. The Board reserves the right to amend or modify the Statement of Policy without notice and to interpret the meaning of all statements made herein.

Other Board-approved documents supplement the information contained in the Statement of Policy. Such documents include the *Employment Policy Manual; Rates, Rules and Regulations Document; Engineering Design Manual;* and the *Procurement Policy*. Additional information about these documents can be found in Appendix A.

## **II. History of Loudoun Water**

Loudoun Water is a public body, politic and corporate created and organized under the provisions of the Virginia Water and Waste Authorities Act, herein after referred to as the “Act”, and is an instrumentality of the Commonwealth of Virginia. Loudoun Water was created by an act of the Board of Supervisors of Loudoun County, Virginia (the “County”) and was chartered by the State Corporation Commission on May 27, 1959. Loudoun Water was created for the purpose of acquiring, constructing, operating and maintaining *Water Systems* and *Wastewater Treatment and Sewage Disposal Systems* for the County and to exercise the powers conferred by the Act.

## **III. Powers of Loudoun Water**

The Act and Loudoun Water’s Articles of Incorporation provide that Loudoun Water is authorized, among other things, to:

1. acquire, construct, reconstruct, improve, extend, own, operate and maintain any *Water System*, or *Sewer System*, or *Sewage Disposal System*, or any combination of such systems, within or partly within and partly without Loudoun County, Virginia;
2. issue revenue bonds to pay all or part of the cost of any of the facilities of Loudoun Water, such bonds to be repayable solely from revenues;
3. fix, charge and collect rates, fees, and charges for the use of its facilities or for the services furnished by any system operated by Loudoun Water in accordance with the provisions of the Act; and
4. enter into contracts or agreements with any unit including counties, cities, and other authorities, relating to the furnishing of services of Loudoun Water.

## **IV. Governance and Management**

Loudoun Water is governed by a Board (the “Board”) consisting of nine members who are appointed by the County Board of Supervisors to terms of up to four years, as stipulated in the Act.

Members may be reappointed for additional terms and there are no limits on the number of terms a member may serve.

The Board of Loudoun Water guides and monitors the values, goals and strategies of the organization through policy-setting. As the governing body for the agency, the Board considers the agency's strategic vision, principal goals, legal and financial matters, environmental and planning strategies in addition to the organization's commitment to excellent customer service and utility based principles. Policies are established in a manner to provide an adequate and economical system for its users while ensuring conformance to federal and state statutes, health and environmental regulations, and the County Board of Supervisors' planning and legislative mandates, to include the *Comprehensive Plan*.

The Board appoints and supervises a General Manager who bears responsibility for implementing policies established by the Board and those required under various regulatory provisions. The General Manager manages the day-to-day operations and affairs of Loudoun Water.

### Meetings

The Board establishes policy and provides oversight through regular meetings of the full board and its various Committees. There are three standing committees of the Board: Finance, CIP, and Audit. The Board Chair may, from time to time, establish additional, ad hoc committees for defined purposes.

Occasions may arise when a member of the Loudoun County Sanitation Authority ("Loudoun Water") Board of Directors (the "Board") is unable to be physically present at a Board meeting. Under certain circumstances, Virginia law permits members to participate in meetings through electronic means such as telephone and video conferencing. Occasions may also arise when the Board wishes to conduct an all-virtual public meeting in which all members of the Board participate in a Board meeting remotely.

The Virginia Freedom of Information Act ("FOIA") (*Code of Virginia § 2.2-3700 et. seq.*) limits the instances in which Board members may participate remotely, prescribes procedures that must be followed when a member participates in a meeting through electronic means, and requires that a written policy governing such participation be adopted. FOIA also requires the Board to adopt a written policy for the procedures to be used for all-virtual public meetings. Such written policy will be adopted at least once annually by vote at a public meeting.

It is the policy (the "Policy") of Loudoun Water that individual Board members may participate in Board meetings by electronic means under certain circumstances and the Board may conduct all-virtual public meetings as permitted by FOIA.

This Policy sets forth the instances and the process required when a Board member may participate in a meeting electronically and the procedures that apply. This Policy also sets forth the instances and the process required when the Board wishes to conduct an all-virtual public meeting. This Policy shall apply to all committees or subcommittees in existence at the time of the Policy's adoption and to all committees or subcommittees created by the Board after adoption. This Policy shall be applied strictly and uniformly, without exception, to all Board members and without regard to the identity of the Board member requesting to participate remotely or the matters that will be considered or voted on at the Board meeting.

## Remote Participation Policy

The Policy establishes that Board members may participate in Board meetings remotely in the following circumstances:

1. The Board member has a personal matter subject to the following conditions.
  1. The Board member must identify with specificity the nature of the personal matter.
  2. Participation by the absent Board member due to a personal matter shall be limited in each calendar year to: (1) two (2) meetings or (2) 25% of the meetings held rounded up to the next whole number, whichever is greater, of the Board.
2. The Board member has a temporary or permanent disability or other medical condition that prevents the member's physical attendance at the Board meeting or the member is a caregiver who must provide care for a person with a disability at the time of the Board meeting thereby preventing the member's physical attendance.
3. A medical condition of a Board member of the Board member's family requires the Board member to provide care that prevents the Board member's physical attendance at the Board meeting.
4. The Board member's principal residence is more than 60 miles from the Board meeting location.

The Board shall comply with the following procedural requirements when a Board member wishes to participate remotely pursuant to this Policy:

1. On or before the day of a meeting, the Board member shall notify the Chair that the Board member wishes to participate in a Board meeting remotely due to any of the circumstances described in this Policy.
2. The Chair may approve or disapprove the request for electronic participation. If the absent Board member's remote participation is disapproved because such participation would violate this Policy, the basis for the disapproval shall be recorded in the Board's minutes. The decision shall be based solely on the criteria in this Policy, without regard to the identity of the Board member or matters that will be considered or voted on during the meeting.
3. A quorum of the Board must be physically assembled at the primary or central meeting location. For purposes of determining whether a quorum is physically assembled, a Board member who participates remotely shall count toward the quorum as if the Board member was physically present if: (a) the Board member has a temporary or permanent disability or other medical condition that prevents the Board member's physical attendance; or (b) the Board member is a caregiver who must provide care for a member of their family due to a medical condition thereby preventing the Board member's physical attendance.
4. The Board shall record in the Board meeting minutes the specific reason a Board member is participating remotely and identify the remote location from which the absent Board member participated remotely. The remote location may be identified in the minutes by a general location.
5. For any remote participation by a Board member, the Board shall make arrangements for the voice of the absent Board member or Board members to be heard by all persons in attendance at the meeting location.

## All-Virtual Meeting Policy

The Policy further establishes that the Board may hold all-virtual public Board meetings no more than two times per calendar year or 50% of the meetings held per calendar year rounded up to the next whole number, whichever is greater. Such all-virtual public Board meetings are subject to the following requirements:

1. No all-virtual public Board meeting shall occur consecutively with another all-virtual public Board meeting.
2. An indication of whether the Board meeting will be an in-person or all-virtual public meeting must be included in the required meeting notice along with a statement notifying the public that the method by which the Board chooses to meet shall not be changed unless the Board approves a new meeting notice in accordance with FOIA.
3. Public access to the all-virtual public Board meeting must be provided via electronic communications means. Such electronic communications means shall include the use of technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities to transmit or receive information.
4. The electronic communications means used allows the public to hear all Board members participating in the Board's all-virtual public meeting and, when audio-visual technology is available, to see the Board members as well. When audio-visual technology is available, a member of the Board shall, for purposes of a quorum, be considered absent from any portion of the meeting during which visual communication with the member is voluntarily disconnected or otherwise fails or during which audio communication involuntarily fails.
5. A phone number or other live contact information is provided to alert the Board if the audio or video transmission of the meeting provided by the Board fails. The Board must monitor such designated means of communication during the Board meeting, and the Board must take a recess until public access is restored if the transmission fails for the public.
6. A copy of the proposed agenda and all agenda packets and, unless exempt, all materials furnished to Board members for a Board meeting is made available to the public in electronic format at the same time such materials are provided to Board members.
7. The public is afforded the opportunity to comment through electronic means, including by way of written comments, at Board meetings where public comment is customarily received.
8. No more than two Board members may be together in any one remote location unless that public location is open to the public to physically access it.
9. If a closed session is held during an all-virtual public Board meeting, transmission of the meeting to the public resumes when the Board votes to certify the closed meeting as required by FOIA.
10. Minutes of all-virtual public Board meetings held by electronic communications means must be taken as required by FOIA. The Board meeting minutes must include the fact that the Board meeting was held by electronic communications means and the type of electronic communications means by which the Board meeting was held. If a Board member's participation from a remote location pursuant to this Policy is disapproved because such participation would violate this Policy, such disapproval shall be recorded in the Board meeting minutes with specificity.

#### Meetings Held During a Declared State of Emergency Policy

The Board may also hold meetings through electronic communication means during a state of emergency without a quorum physically assembled at one location when Loudoun County has

declared a local state of emergency or the Governor of Virginia has declared a state of emergency in accordance with § 44-146.17. in the following circumstances and for the duration of the declared emergency:

1. The catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location; or
2. The purpose of the meeting is to provide for the Board's continuity of operations or the discharge of its lawful purposes, duties, and responsibilities.

When holding meetings through electronic communication means during a declared emergency, the Board shall do the following:

1. Make arrangements for public access to such meeting through electronic communication means, including videoconferencing if already used by the Board; and
2. Provide the public with the opportunity to comment at those meetings of the Board when public comment is customarily received.

### Transparency

The Board of Loudoun Water recognizes that the agency's work affects a wide range of stakeholders. The Board is committed to conducting its policy-setting activities in a manner that ensures maximum transparency and accountability. The Board and staff ensure compliance with the Virginia Freedom of Information Act (FOIA) to further maximum transparency and promote an increased awareness of governmental activities. Open meetings and associated documents are public records. It is the policy of the Board that all public meetings concerning rates or other issues at which interested persons are invited to share their views shall be conducted at a time and place for the maximum convenience of the public. The Board encourages all members to attend these important public meetings.

### Committees

The Board views the use of Committees as a way to manage the Board's workload and ensure access to and use of the technical expertise of individual board members. The standing and ad hoc committees of Loudoun Water will convene between board meetings to consider issues facing the organization and formulate proposed changes or additions to policy. Changes in policy and other matters considered by committees are subject to the review and approval of the Board before they may be implemented by management.

### Officers

The officers of the Board shall be a Chair, Vice Chair, Secretary, and General Manager/ Treasurer.

The Chair shall preside at all meetings of the Board and shall perform the duties usually required of a presiding officer. No member may serve as Chair or Vice Chair for more than four consecutive one-year terms, provided, however, the Board may waive this term limit for either or both office by action taken prior to each year's election. A member who has not filled the Chair's or Vice Chair's role for one full year may be elected to that post.

The Vice Chair shall preside at Board meetings where the Chair is unable to attend. The Secretary or the Assistant Secretary shall oversee the recording of minutes of all meetings of the Board and the issuance of notices of meetings. The Treasurer position shall be held by the General Manager.

## Board Orientation

An orientation for new board members will be conducted. The purpose of the orientation is to acquaint newly appointed members with Board policies and protocols and agency structure and operations. The orientation will be conducted by the Chair and the General Manager, although others may be asked to participate on an as needed basis.

## Board Docs

The Board uses BoardDocs, a web-based delivery system for Board documents. All meeting agendas, attachments and meeting minutes are accessed through this solution. The web-based system increases transparency and reduces the cost of preparing paper copies of Board materials.

## Compensation

All Board Members of Loudoun Water are paid a monthly stipend for their service. Board members receive such compensation as determined by resolution of the County Board of Supervisors and shall also be reimbursed for any actual expenses necessarily incurred in the performance of their duties. Any change in the compensation is solely decided by the Board of Supervisors.

## Access to Information

As the body with accountability for the operation of Loudoun Water the Board has general oversight responsibility. To discharge their duties Board Members must enjoy access to information necessary for deliberations and decision-making. Board Members who seek background information necessary to consider any matter before the Board should direct requests for information to the General Manager, who may in turn direct a staff member to work directly with a Board member to fulfill the information request. Written information provided to a member in response to any specific request will be provided to all members.

## **Governance Policies**

### **GOV 1.1 Code of Ethics / Standard of Conduct Policy**

The Board of Loudoun Water aspires to uphold the highest standards of ethical conduct. Loudoun Water's reputation for integrity and excellence requires the careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. Loudoun Water will comply with all applicable laws and regulations and expects Board members to conduct business in accordance with the letter and spirit of all relevant laws; to refrain from any illegal, dishonest, or unethical conduct; to act in a professional, businesslike manner; and to treat others with respect.

Board members should not use their positions to obtain unreasonable or excessive services or expertise from Loudoun Water staff and should direct requests for information to the General Manager. In general, the use of good judgment based on high ethical principles will guide directors with respect to lines of acceptable conduct.

If any member of the Board has concern about the propriety of certain conduct by an individual, it is the responsibility of that Board member to bring the matter to the attention of the Chair of the Board. In all questions involving ethics and conduct, the full Board will review the matter and make an

appropriate determination. However, any individual whose conduct is at issue will not participate in such determination.

### **GOV 1.2 Conflicts of Interest Policy**

Board members shall act in accordance with the Virginia State and Local Government Conflict of Interest Act (“Conflicts Act”) and the Virginia Public Procurement Act and avoid both actual and the appearance of conflicts of interest. Board members shall:

1. Engage in no conduct that could impair the ability to make impartial decisions.
2. Act consistent with the Conflicts Act and the Virginia Public Procurement Act.
3. Not have a financial interest in a contract with Loudoun Water, or be a purchaser at a sale at Loudoun Water or a vendor of a purchase made by Loudoun Water, unless such participation is legally authorized.
4. Disclose any personal or professional interest in any item coming before the Board which might be reasonably interpreted as a conflict and/or which might be perceived as rendering direct personal gain for oneself, one’s family, or any organization in which a Board member has a financial interest.
5. Refrain from participating in the discussion, deliberation or vote on a matter before the Board, or in any way attempt to use their official position to influence a decision of the Board, if they have a conflict of interest.
6. Never use any information gained confidentially in the performance of Board duties as a means of making private profit for oneself, one’s family, staff, close family relation or any business in which a Board member has a personal financial interest.
7. Grant no special favors or privileges to any individual or entity based on any outside influence or personal relationships.
8. Not recommend the employment of a relative to Loudoun Water or to any person known by the Board member to be bidding or negotiating a contract with Loudoun Water.

### **Gifts**

Board members shall not accept gifts:

1. Prohibited under the Conflicts Act.
2. From a person who has interests that may be substantially affected by the performance of the Board member’s official duties under circumstances where the timing and nature of the gift would cause a reasonable person to question the Board member’s impartiality in the matter affecting the donor.
3. From sources on a basis so frequent as to raise an appearance of the use of their public office for private gain.

### **Political Activity**

Board members will not use their official authority or influence or use Loudoun Water’s seal, trademark, stationary, or other indicia of identity to:

1. Solicit political contributions or in-kind services for political candidates/organizations, or non-profit, charitable or advocacy organizations from other Board members, or employees, or from contractors, vendors, or consultants that have a material financial interest in a Loudoun Water contract or other matter while that matter is pending or effective.

2. Interfere with or affect the result of an election or a nomination for office.
3. Directly or indirectly coerce, attempt to coerce, command, or advise a State or local officer or employee to pay, lend, or contribute anything of value to a party, committee, organization, agency, or person for political purposes.
4. Run as a candidate for public office in a partisan election.

Other political contributions and activities are not limited by this policy.

## **Financial Disclosures**

Pursuant to Conflicts Act § 2.2-3115, board members must file a Financial Disclosure Statement as a condition to assuming office, and then annually by February 1 while serving on the Board.

## **Reporting Violations**

If at any time a member of the Board becomes aware of his or her intentional or unintentional violation of this Code of Ethics, said person will immediately make that violation known to the two highest ranking members of the Board not involved in the violation.

### **GOV 1.3 Whistleblower Policy**

A protected whistleblower disclosure must be based on a reasonable belief that wrongdoing has occurred and must be made to a person or entity that is authorized to receive it. Wrongdoing includes work-related violations by a Board member or Loudoun Water employee of any law or regulation, gross waste of Loudoun Water funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of a Loudoun Water official or employee, use of a Loudoun Water office or position of Loudoun Water resources for personal gain, or a conflict of interest of a Loudoun Water Board member or Loudoun Water employee.

1. The General Manager has primary responsibility for ensuring compliance with Loudoun Water's personnel policies and procedures and ensuring that Loudoun Water employees do not engage in improper activities, for investigating allegations of improper activities, and for taking appropriate corrective and disciplinary actions.
2. Board members will disclose to the General Manager, to the extent not expressly prohibited by law, wrongdoing within their knowledge. Board members will not interfere with the General Manager's responsibilities in identifying, investigating and correcting the alleged wrongdoing, unless the Board determines the General Manager is not properly carrying out these responsibilities or the General Manager is the whistleblower or directly implicated in the disclosure.
3. A Board member will not directly or indirectly use or attempt to use the authority or influence of their position to intimidate, threaten, coerce, command or influence any other person for the purpose of preventing such person from acting in good faith to make a protected disclosure.
4. A Board member will not retaliate against a whistleblower who makes a protected disclosure.

### **GOV 1.4 Media Communications and Spokesperson Policy**

The Board of Loudoun Water recognizes that the media is one of the stakeholder groups that has an interest in the work of the organization. The Board also recognizes the importance of providing accurate, timely and consistent information in response to media inquiries and the resulting need to provide a single point of contact for media inquiries. It is therefore the policy of the Board to defer

media inquiries about Loudoun Water to the General Manager, who serves as the agency's official

spokesperson. Should circumstances arise where a Board Member believes that responding directly to a media inquiry is appropriate, s/he will inform the General Manager and Board Chair about the reasons for deviating from standard practice prior to granting a media interview.

The General Manager is entrusted with the responsibility to assure that public and community engagement is conducted in an appropriate fashion and through the most appropriate channels to maximize the impact of messages and to provide consistent and accurate information. Specific and routine communications may be delegated to appropriate departments and/or subject matter experts.

## **V. Service Area**

Loudoun Water is chartered to serve the entire County (approximately 522 square miles) with the exception of the incorporated towns and currently provides public water and sewer service to a number of the unincorporated areas. These areas make up the *Central System* with Loudoun Water owning and operating all facilities necessary to serve this area of the County. The incorporated towns within the County operate independent water and wastewater systems known as *Municipal Systems*. Loudoun Water also supports many *Community Systems* that are self-sustaining community wells and individual *Wastewater Treatment* plants designed to serve small-scale development such as villages, hamlets, clusters and other uses as defined by County zoning ordinances. Loudoun Water also operates a defined *Reclaimed Water* service area located in a limited portion of the *Central System* in the vicinity of the source of supply – the *Broad Run Water Reclamation Facility (BRWRF)*.

Loudoun Water shall pursue or cause to be pursued consolidation of potential service areas when it is in the best interest of its customers.

## **VI. Existing Facilities and Resources**

### **Water**

Loudoun Water owns and operates the state-of-the-art *Trap Rock Water Treatment Facility*, designed to meet or exceed drinking water regulations. The Trap Rock Facility replaced operations at the Goose Creek Water Treatment Facility which Loudoun Water also owns. Plans are underway for Loudoun Water's *Raw Water Storage Plan* that secures *Water Supply* needs for its customers for the next several decades. Untreated water will be pumped from the Potomac River to retired quarries for storage. The first quarry – Milestone Reservoir – will be ready for its new life as a reservoir in 2028. Loudoun Water also owns Beaverdam Creek Reservoir which holds 1.3 billion gallons of water.

Loudoun Water contracts with *Fairfax Water* for wholesale water purchases. Under various agreements with *Fairfax Water*, Loudoun Water has secured 50 million gallons per day (MGD) of water capacity rights. Those rights will continue as long as the *Fairfax Water* system is in existence and operation.

The existing *Water System* includes miles of water lines, pressure regulating stations, valves, fire hydrants and a number of water storage facilities.

## **Wastewater**

Loudoun Water owns and operates the *BRWRF*, an advanced *Wastewater Treatment* facility that serves the eastern portion of the County. Cleaned water is returned to Broad Run which joins the Potomac River about 4.5 miles downstream.

Loudoun Water contracts with the *District of Columbia Water and Sewer Authority (DCWater)* for *Wastewater Treatment* capacity at the Blue Plains *Wastewater Treatment* Plant with corresponding *Transmission Entitlements* in the Potomac Interceptor. Blue Plains supplements the *BRWRF* treatment capacity.

In addition to treatment capacity, the existing *Sewer System* includes a network of gravity and force mains, as well as pump stations.

## **Reclaimed Water**

The use of *Reclaimed Water* (highly treated wastewater) for non-potable uses is a sustainable alternative to using drinking water for irrigation, commercial cooling and other non-potable uses. *Reclaimed Water* may be available from Loudoun Water's *BRWRF* in limited quantities and based on the customer's geographic location. Some key benefits to Loudoun Water and its customers of using *Reclaimed Water* for non-potable uses, include: reduces nutrient loading to the Chesapeake Bay watershed in support of Loudoun Water's *BRWRF* permit compliance and efficient long-term management of nutrient allocation, reduces reliance on drinking water for non-potable uses, and is cost effective.

Loudoun Water's authorization to produce and distribute *Reclaimed Water* is administered by the Virginia Department of Environmental Quality. The Virginia Pollutant Discharge Elimination System (VPDES) permit is issued for the Broad Run facility and the standards and conditions for producing and discharging *Reclaimed Water* are incorporated into the permit.

In July 2011 Loudoun Water initiated *Reclaimed Water* service to its first customer. By 2025, Loudoun Water's growing *Reclaimed Water* customer base reached the limit of available supply. As such, additional new connections will be limited and prioritized based upon such factors as additional system capacity accumulated, requested capacity, location in the system, existing system operating constraints, and other operational factors, with the overarching goal of maximizing average consumption in support of nutrient management.

## **VII. Policies**

### **Section 1.0 – Water Resources Planning**

Loudoun Water has adopted a policy to create a common understanding of the primary water resources available to Loudoun Water and to establish a shared vision for organizing, planning, implementing and managing these resources. The policy serves as a solid foundation to support planning and strategies for implementing *Water Supply*, *Water Treatment*, *Wastewater Treatment*, *Reclaimed Water* and *Water Conservation* initiatives.

### **Policies**

#### **PLN 1.1 – Policy for Water Resource Planning**

A. Loudoun Water is responsible for providing water and wastewater services in a professionally

responsible and cost-efficient manner to protect public health and welfare, both now and in the future. Assets will be prudently developed and managed to sustain resources and protect the environment. Loudoun Water will ensure that current and future communities we serve have reliable, safe and affordable *Water Supply*, *Wastewater Treatment*, and *Reclaimed Water* to best protect quality of life, economic stability, and the environment.

- B. Facilities will be planned, constructed and managed in a professional manner so as to actively provide stewardship of public funds and the environment. Loudoun Water will promote the sustainability of water resources, and embrace cooperation and partnership with local and regional water and wastewater utilities, regulatory agencies and governments. Public trust and confidence must be maintained.
- C. The following critical success factors serve as guidelines during the planning, implementation, and management of Loudoun Water programs:
  - 1. Provide for greater energy efficiency, redundancy, reliability and protection of renewable resources, in anticipation of community expectations.
  - 2. Provide water and wastewater facilities compatible with, and complementary of, planned growth and land use policies established by the County Board of Supervisors.
  - 3. Provide *Reclaimed Water* facilities compatible with BRWRF operating constraints as well as compatible with, and complementary of, planned growth and land use policies established by the County Board of Supervisors.
  - 4. Ensure *Water Supply* redundancy and storage to reduce risk during drought conditions, water outages or other emergencies and to support, augment and safeguard regional *Water Supply* systems.
  - 5. Continue leadership in *Water Reclamation* including continued promotion and use of *Reclaimed Water*.
  - 6. Build upon our established water resource stewardship programming to encourage best practices of water resource conservation, water use efficiency and water demand management.
  - 7. Strengthen source water protection goals and policies in cooperation with County government and the region.
  - 8. Continue leadership in *Nutrient Management* to include: highly dependable *Wastewater Treatment* and establishing *Nutrient Trading* partnerships to best protect the economic and environmental viability of the County Accept new connections into the *Reclaimed Water* system that maximize *Nutrient Management*.
  - 9. Achieve results in a financially prudent manner to reflect Loudoun Water's continued commitment to fiscal responsibility.
  - 10. Lead by example, such that all of our business processes and decisions consider their full and long-term impacts to the environment, and that they are designed to minimize any negative impacts while maximizing economy of efforts whenever practical.
  - 11. Continue our commitment to partner with, educate and engage the public through water resources outreach programs.
- D. Management of Loudoun Water Assets
  - 1. Loudoun Water will, first and foremost, plan, manage, and operate our facilities, and all assets, to meet our core mission and business practices, providing safe, reliable drinking water and wastewater services to our customers. The Loudoun Water mission and core business practices have primary importance in all facilities and assets.

2. While developing management plans, Loudoun Water will collaborate with key stakeholders, leading a process to consider shared uses of facilities and assets. Any consideration for shared access to Loudoun Water facilities and assets is subject to formal evaluation of Loudoun Water and consistent with Policy 1.0 – Water Resources Planning, item D.1.

### **PLN 1.2 – Policy for Reclaimed Water**

- A. Loudoun Water will manage the *Reclaimed Water System* to support long-term sustainable operation and maximizing year-round nutrient diversion aligning with Loudoun Water's water reuse and nutrient management goals. Capacity allocation and distribution decisions are made in Loudoun Water's sole discretion and are intended to optimize system reliability and efficiency, subject to the *Reclaimed Water Supply* and hydraulic constraints. Loudoun Water will continue to monitor and consider future expansion opportunities of the Reclaimed Water System that are in alignment with its stated policies and goals.

## **Section 2.0 – Financial Planning**

Loudoun Water is committed to fiscal integrity and financial leadership. The following policies are intended to reinforce the commitment to provide high quality services as economically as possible and recognize the overarching priority of protecting the investment our customers have made in the system. Financial planning policies consider major areas affecting our financial condition including rates and charges, debt financing, *cash balance*, investments and procurement. These policies provide guidance for the Board and staff as they make decisions regarding Loudoun Water's current and future financial condition.

### **Subsection 2.1 – Rates and Charges**

The Act confers to Loudoun Water the power to fix, charge and collect rates, fees and charges for the use of facilities or for the services furnished by any system operated by Loudoun Water in accordance with the provisions of the Act. Loudoun Water is organized and operates on a basis designed to raise sufficient revenues to pay all costs and provide all appropriate reserves.

Loudoun Water has two general types of revenues – User Rates and Availability Charges. User Rates are designed to recover the costs of operation and maintenance, renewals and replacements, as well as capital improvements to the system serving existing customers. Availability Charges are designed to recover from each connection its fair share of costs for capital facilities required to meet the demands of new growth. Growth pays for growth. This includes the costs of capital facilities necessary to supply, store and treat water as well as capital needed to discharge, pump and treat sewage.

Detailed information regarding Loudoun Water's sources of revenue can be found in the *Rates, Rules and Regulations Document*. The document sets forth the criteria for the billing and collection of revenues as well as outlines rules and regulations applicable to providing water and sewer service to our customers.

## **Policies**

### **FIN 2.1 – Rate Setting for Community Systems**

- A. *Community Systems* shall be constructed at no net cost to Loudoun Water, in accordance with construction and design criteria approved by Loudoun Water and regulatory authorities.

- B. Prior to acceptance of any system, Loudoun Water may adopt a mandatory connection resolution applicable to that system. If adopted by Loudoun Water, such mandatory connection resolution shall be submitted to the Board of Supervisors of Loudoun County for concurrence and shall be fully enforceable and in effect prior to acceptance of the system(s).
- C. Loudoun Water shall establish a methodology for determining the amount of a subsidy payment from Applicants for Community Water and/or Wastewater Systems where the proposed cost of service for the community system(s) exceeds the revenues generated from the system(s) users. The payment shall be specific to each system and shall be determined on a case by case basis. This subsidy payment is referred to as a Revenue Equalization Fee.
- D. All users of metered *Community Systems* will be assessed the same rate as *Central System* customers. The rates shall be subject to review and revision periodically by Loudoun Water, and payment of all rates shall be secured by a lien upon properties to be served or capable of being served by the system(s) as permitted by the Act.
- E. For new developer initiated *Community Systems*, the developer or his assignee(s) shall subsidize the maintenance and operation thereof until 90% of the units are sold and occupied and are using the systems.
- F. For *Community Systems* where *Recognized Health Hazards* are being or will be abated (using state revolving loan funds and other non- Loudoun Water capital for construction) in accordance with policy FIN 2.4.2
  - 1. and usage is metered, rates will be set at the lesser of what is considered affordable by the state lending agency, if applicable, or Loudoun Water *Central System* rates; and
  - 2. rates for unmetered, sewer only customers where metering is not practical or feasible will be set at a flat rate equivalent to the average *Central System* rates based on winter average water usage in the *Central System* at the time of project completion and will be reviewed periodically.
- G. For single customer *Community Systems*, or contract operations, invoices will be rendered monthly to recover all operation and maintenance costs as well as on-going capital expenditures.
- H. The terms and conditions of this Section shall be incorporated in a Community System Agreement and a Restrictive Covenant both of which shall be recorded as separate instruments in the Land Records for any property to be served by the Community System. The Community System Agreement shall detail the design, construction, performance and surety obligations of the developer and the rights and remedies available to Loudoun Water to enforce the Agreement.
- I. In order to ensure the safety and quality of the *Water Supply*, the Restrictive Covenants and/or system design shall also provide Loudoun Water with the authority to regulate outdoor water use and prohibit the use of fertilizers, or the storage and disposal of waste.

### **Subsection 2.2 – Cash Balance and Debt Issuance**

The Act confers to Loudoun Water the power to issue revenue bonds to pay all or part of the cost of any facilities of Loudoun Water with such bonds repayable solely from revenues.

### **Policies**

### **FIN 2.2.1 – Financial Policies**

It is the financial policy of Loudoun Water that finances shall be maintained and applied within the following guidelines:

- A. *Cash balance* goal equal to 2 to 3 times the 3-year rolling average of the sum of annual operating and maintenance expenditures plus debt service (i.e., end of current capital Improvement program)
- B. Maintain at least 1.5x coverage of *Net Revenues* including availability charges to debt service requirements
- C. Maintain at least 1.0x coverage of *Net Revenues* not including availability charges to debt service requirements
- D. Current *cash balances* will be used for the capital program within the parameters established in #1, #2 and #3 above with the fiscal goal of managing debt leverage to the extent possible.

### **FIN 2.2.2 – Variable Rate Debt**

Unhedged variable rate debt exposure should not exceed approximately 20 percent of total outstanding fixed rate debt of Loudoun Water. Cash and short-term investments may serve as a hedge for variable rate debt and to the extent available would allow Loudoun Water to exceed the 20 percent ratio, accordingly, dollar for dollar. Prior to issuing variable rate debt, Loudoun Water and its financial advisor will evaluate the appropriate level of variable rate debt.

### **Subsection 2.3 – Investment**

It is the policy of Loudoun Water that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act (Title 2.2, Chapter 45), the applicable provisions of any outstanding bond indebtedness, and the following investment policy. It is the intent of Loudoun Water to be in full compliance with all applicable Federal, State and Local laws, and other regulations and statutes governing the investment of public funds.

## **Policies**

### **FIN 2.3.1 – Investment Policy**

- A. SCOPE - This policy applies to the investment of all the financial assets and funds held by Loudoun Water. A list of permitted investments is maintained by the Treasurer or Designee and reviewed periodically by the financial advisor.
- B. OBJECTIVES - All of Loudoun Water's funds, regardless of term, shall be invested with the following objectives listed in the order of priority:
  1. Legality – Funds shall be invested in only those investments permitted by federal, state and local law as it relates to public funds, as well as any contractual agreements entered into by Loudoun Water;
  2. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, Loudoun Water will:
    - a. seek to avoid realizing any loss through the sale or disposal of an investment:  
and
    - b. seek to mitigate the risk of unrealized losses due to a decline in value of

investments held in the portfolio.

3. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio in the following manner:
  - a. Loudoun Water will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity;
  - b. A portion of funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an unexpected need for cash arise; and
  - c. The portfolio will consist largely of investments with active secondary markets.
4. Yield – Loudoun Water’s investment portfolio shall be designed with the objective of attaining a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. The Treasurer shall establish suitable benchmarks for the measurement of the portfolio’s return.

#### C. DELEGATION OF AUTHORITY

1. Loudoun Water’s Treasurer is the official charged with collecting, safeguarding and disbursing Authority funds. The Treasurer is responsible for considering the quality and capability of staff, investment advisors and consultants involved in investment management, and developing and maintaining appropriate administrative procedures for the operation of the investment program.
2. The Treasurer may designate a staff member of the Authority (Designee) to manage the day-to-day operations of the investment program. The Designee may delegate authority to, yet has the responsibility to oversee, members of his/her staff in the solicitation of offerings, the placing of purchase and sell orders, confirming trades, preparing reports and other activities as required for the daily operations of the investment area.
3. The Designee is also charged with developing written standard investment procedures and an asset allocation plan consistent with this Policy. Such procedures shall be reviewed and approved by the Treasurer prior to implementation.
4. The Treasurer may employ financial consultants on a contractual basis to assist in the development and implementation of investment procedures and policies, to provide guidance in investment matters, and to monitor the effectiveness and continued compliance with such policies and procedures, subject to the approval of the Board.
5. The Treasurer may also employ investment advisors on a contractual basis to manage all or a portion of Loudoun Water’s portfolio, subject to the approval of the Board, provided that the investment advisor is fully registered under the Investment Advisory Act of 1940.

#### D. STANDARDS OF CARE

1. The standard of prudence to be used by investment personnel shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The “prudent person” standard states: “Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation,

but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. The Treasurer, and those delegated investment authority under this Policy, when acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.
- E. ETHICS AND CONFLICTS OF INTEREST - Officers and employees of Loudoun Water involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business and any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Loudoun Water.
- F. COLLATERAL AND SAFEKEEPING ARRANGEMENTS - Loudoun Water’s investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by Virginia Code, all security holdings with maturities over 30 days may not be held in

safekeeping with the “counterparty” to the investment transaction. The Code refers to a counterparty as the issuer or seller of the security and any repurchase agreement provider.

#### G. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

1. It is desirable to select investments on a competitive basis when possible to ensure that Loudoun Water receives the best price available on a particular investment and avoids paying excessive fees, mark-ups or other compensation to the provider.
2. The Treasurer or Designee shall adhere to the following procedures when funds become available for investment to the extent practical:
  - a. Treasurer or Designee shall determine the class of investment and maturity range most appropriate for investment of the funds available, based upon the anticipated expenditure schedule of Loudoun Water, the desired asset allocation of Loudoun Water’s portfolio and Loudoun Water’s Investment Plan.
  - b. Offers will be solicited for the selected investment from a group of pre-approved providers when possible. It will be the responsibility of the Treasurer or Designee to maintain a list of approved dealers/providers for various types of investments suitable for Loudoun Water’s portfolio.
  - c. Treasurer or Designee will accept the offer (or bid, if Loudoun Water is selling an investment) which provides the highest rate of return or which is otherwise deemed most suitable while complying with this Policy and any other criteria specified in the solicitation of offers.
3. Loudoun Water shall retain a record of the offers received, the instruments chosen, and the rationale for making the decision.
4. From time to time, certain investment dealers may present Loudoun Water with offers that are attractive for investment. Although Loudoun Water should endeavor to verify (and document) that the price is “fair”, it may occasionally purchase such a security without a competitive process if the investment is for \$2,000,000 or less.
5. Additionally, a competitive process shall not be required for the investment of funds in money market accounts, investment pools and overnight securities. However, it shall be the responsibility of the Treasurer or Designee to be aware of the yields being offered by various highly liquid investments, and to invest Loudoun Water’s overnight funds in the vehicle(s) which provide a competitive return to Loudoun Water while complying with this policy and any other criteria established by the Treasurer.

H. SUITABLE AND AUTHORIZED INVESTMENTS – GENERAL FUND - A list of permitted investments is maintained by the Treasurer or Designee and reviewed periodically by the financial advisor.

I. INVESTMENT OF THE BOND FUND AND DEBT SERVICE RESERVE FUND - A list of permitted investments is maintained by the Treasurer or Designee and reviewed periodically by the financial advisor.

#### J. ELIGIBLE SECURITIES AND DIVERSIFICATION

1. Loudoun Water will endeavor to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies shall be developed by the Treasurer or Designee to provide guidance as to appropriate levels of diversification.

2. The following authorized investments and limitations have been established for the portfolio:
  - a. U. S. Treasuries/Obligations collateralized with Treasuries
    - No portfolio limitation
  - b. U.S. Government Agency Securities
    - No portfolio limitation; 40% of portfolio from any one agency
  - c. Obligations of Commonwealth of Virginia or Local Virginia Governments upon which there is no default
    - 10% of total portfolio
  - d. Commercial Paper considered “Prime Quality” (Section 2.2-4502 of the Code of Virginia)
    - 25% of total portfolio
  - e. Corporate Notes considered “High Quality” (Section 2.2-4510 of the Code of Virginia)
    - 25% of total portfolio
  - f. Certificates of Deposit of banks certified to hold Virginia Public Deposit
    - 25% of total portfolio
  - g. Liquidity Investments
    - No portfolio limitation

## **Subsection 2.4 – Miscellaneous**

### **Policies**

#### **FIN 2.4.1 – Disposition of Real Property**

- A. Property Identification, Delineation and Planning
  1. Board will determine periodically if its property (or portions thereof) is available for sale, long term lease or other disposition (permit, license, easement, etc.). In making such determination, Board will recognize the principal purpose of Loudoun Water is efficient supply of water and sewer service to its present and future utility customers.
  2. It further shall:
    - a. Identify the site(s) available for lease or other disposition
    - b. Establish general criteria for and types of acceptable uses
    - c. Direct staff to master plan site(s) to include analysis of utility service, ingress/egress requirements, easement requirements and incorporation of Loudoun Water and/or public co-use, required land use approvals/studies/permits, coordination of site with balance of Loudoun Water property and site (if applicable), a plat/plan suitable for use in solicitation of use proposals.
    - d. Determine the extent of public involvement, which will be sought with respect to the plan and uses acceptable for each available property.
- B. Request for Proposals - Upon approval and acceptance of the master plan the Board will authorize a Request or Proposals (RFP) for use of the site or portions thereof. The RFP will include lease terms, public use and public benefit requirements, evaluation criteria and selection requirements. Provision at all times shall be made for appropriate indemnity to Loudoun Water against third party claims, liens or encumbrances to its property.

#### **FIN 2.4.2 – Contributing to Water and Wastewater Systems to Replace Failed On-Site Systems in Rural Policy Areas**

In areas where failed *On-Site Systems* are being replaced by a stand-alone community system and that system will serve more than 15 residential lots, Loudoun Water will agree to own and operate the community system provided that the facilities are constructed at no cost to Loudoun Water. Loudoun Water's contribution, at the Board's discretion, will be the on-going subsidy for operations, maintenance and replacement of the system, consistent with the Loudoun Water Funding and Financing Policy for Projects Prioritized through the Loudoun County Water and Wastewater Program.

#### **FIN 2.4.3 – Funding and Financing Extension of Water and Wastewater Service to Communities in the Central Service Area**

Loudoun Water will attempt to provide public water and/or wastewater service to communities in the central service area that are surrounded by or in close proximity to the *Central System* distribution and/or collection system. Connection of these communities to the *Central System* may not require land use approval by the County of Loudoun. Any assessment of opportunities for connection to the *Central System* for these communities may include involvement by the County of Loudoun.

After completion of a comprehensive facility plan, Loudoun Water will educate the community and stakeholders on the required infrastructure, associated costs and next steps.

Funding and financing plans will be prepared prior to project initiation in accordance with the [Loudoun Water Funding and Financing Policy for Projects Prioritized through the Loudoun County Water and Wastewater Program](#) as well as the [Loudoun County Water and Wastewater Projects Funding Policy](#). Funding may be available through the existing revenue structure and/or charges to customers benefitting from the replacement facilities. Loudoun Water may consider extending financing options to customers if financially feasible.

The replacement facilities will become a part of the integrated *Central System*, owned and operated by Loudoun Water.

#### **FIN 2.4.4 – Consolidation of Service Area**

Loudoun Water shall pursue or cause to be pursued consolidation of service areas when it is financially feasible and in the best interest of its customers and its operations. On a case by case basis, Loudoun Water may also consider relinquishment of service area when financially feasible and in the best interest of its customers and its operations.

Evaluation will be made of Loudoun Water-owned systems and their proximity to *Central System* utilities. After consideration of all options and when financially feasible, in the best interest of Loudoun Water and its customers, Loudoun Water shall pursue required land use approvals from the County of Loudoun as required to consolidate certain service areas.

Funding sources must be identified and financing plans prepared prior to consolidating service areas.

The abandonment of an existing Loudoun Water-owned system with *Central System* utilities or relinquishment of service area to another municipal provider will be contingent on a feasibility

evaluation to include, but not limited to, life cycle costing analysis, evaluation of risk, operational efficiency opportunities and cost benefit to customers.

### **Section 3.0 – Community Systems, Municipal Systems and Privately Owned Non-Residential Systems**

Loudoun Water owns and operates *Community Systems*, and will consider formal requests from incorporated towns to operate their *Municipal Systems* as defined in the **Service Area** section of this document. Loudoun Water will also consider formal requests to operate Loudoun County-owned or privately owned non-residential systems if the definition of public system is met (see OPS 3.1.2). The following policies do not obligate Loudoun Water to operate other systems but rather establish useful and practical conditions under which service will be provided should Loudoun Water agree to do so. The conditions provided in these policies provide the basis for service agreements with developers, towns, private entities and the County of Loudoun.

#### **Subsection 3.1 – Community Systems**

The County's General Plan prohibits extension of the *Central System* into certain areas of the County and zoning ordinances require, under certain circumstances, that development be served by *Community Systems*. The area to be served by any *Community System* to be owned and/or operated by Loudoun Water shall be approved by the County Board of Supervisors. Routine service extensions within service areas shall be as determined by Loudoun Water.

### **Policies**

#### **OPS 3.1.1 – Statement of Policy Concerning Ownership of Community Systems**

Loudoun Water adopts the following position concerning *Community Systems*:

- A. *Community Systems* to Meet Loudoun Water Policy Standards
  1. Except in response to a resolution by the Board of Supervisors, Loudoun Water will not consider accepting ownership, maintenance or operation of any *Community System* which does not meet the policy provisions herein.
- B. Design Approval Required
  1. Before agreeing to accept any *Community System*, Loudoun Water shall review and approve the design and construction standards and details applicable to that system. Loudoun Water's review and approval shall be in addition to any review, approval or standards which may be adopted and enforced by county, state, and federal regulatory authorities including approval of effluent discharge permits.
  2. Loudoun Water's design standards may require *Distribution Piping* and *Collection Systems* within *Community Systems* to be of a standard configuration, capable of being compatible when connected to future public *Water Supply* systems and wastewater systems, including conformance with requirements for fire flow of water associated with public systems.
  3. The design of any *Community System* shall make acceptable provision for necessary easements and maintenance access rights-of-way to reach all facilities and planned extensions of the systems. The systems shall be conveyed along with all necessary easements, rights-of-way, equipment manufacturer's warranties, by general warranty

deed with title satisfactory to Loudoun Water.

4. A *Hydrologic Study* (at no cost to Loudoun Water) shall be made of each proposed *Community Water System* in accordance with standards adopted by Loudoun Water. The study shall identify appropriate impoundment and/or well sites and the design of the *Community Water System* shall include reservation and preservation of replacement sites and sites for development of future services if indicated. A *Water Use Plan* shall be developed for the community, showing that intended usage will not be greater than what is sustainable. Appropriate documentation should be placed in the homeowner's documents.
5. *Community Sewer Systems* using soil for final effluent disposal (surface or subsurface disposal) shall be designed, constructed and operated in a manner to assure that effluent does not migrate by aerosol or overland flow beyond the designated disposal area to be operated by Loudoun Water. For such systems, Loudoun Water may require increased disposal area; treated storage volume and/or buffer areas; vegetation or other barriers; and/or other design and construction measures to provide operational flexibility to assure effluent does not migrate beyond the designated disposal area.

C. Covenants and Notice Provisions

1. Loudoun Water will cause to be recorded on the official record plat for the subdivision or development and in the deed of record of each parcel of property to be served by *Community Systems* a notice concerning the characteristics and nature of the system.
2. The adequacy of water and wastewater capacities, quantities and water pressures at all times will depend upon the *Community System*, independent of any other system.

**OPS 3.1.2 – Position Regarding Operation and Maintenance of Small Community Systems**

Loudoun Water operates *Community Systems* to protect public health and the environment and does this with the customer in mind. Loudoun Water must strive for efficiency of operations. Economies of scale are generally realized as facilities are expanded. 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 systems serving fewer than 15 residential lots unless there is a known or expected timeframe to interconnect with another *Community System* or Loudoun Water is requested by the County to serve those lots 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 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.

**OPS 3.1.3 - Water Supply Wells at Risk of GUDI (Ground Water Under the Direct Influence of Surface Water)**

Existing Wells: Loudoun Water will monitor and evaluate existing Loudoun Water owned and operated public *Water Supply* wells and wells under development as future public *Water Supply* wells to remain proactive against the potential of a well becoming under the direct influence of surface water (GUDI).

- A. Loudoun Water will prepare an engineering study of options that could be implemented in response to a potential determination by the Virginia Department of Health that a well in a Loudoun Water public *Water System* or proposed for acceptance as part of a Loudoun Water public *Water System* is GUDI if:
  - 1. E-coli is detected in any water sample collected from a well, or
  - 2. Microscopic Particulate Analysis result from any water sample collected from a well exceeds 15
  - 3. Total Coliform count greater than 100 in any water sample collected from a well
- B. Loudoun Water will consider implementing one or more of the options identified in the study referenced in A above, if:
  - 1. VDH requires a GUDI evaluation of a well
- C. Loudoun Water will implement one or more of the options identified in the study referenced in A above, if:
  - 1. VDH determines that a well is GUDI

This policy does not preclude action by Loudoun Water to study or implement systems deemed to be necessary in Loudoun Water's sole discretion.

**Subsection 3.2 – *Municipal Systems and Privately Owned Non-Residential Systems Policies***

**OPS 3.2.1 – Policy to Operate Incorporated Towns' *Municipal Systems* or Non- residential Systems classified as Public**

- A. Loudoun Water will consider formal requests from a town to *Contract Operate* their *Municipal System(s)* or from a private entity, operating a Non-residential system, classified as public, subject to the following conditions:
  - 1. Upon receipt of the request, Loudoun Water will conduct a cost of service study. This will establish the anticipated cost it will take for Loudoun Water to operate the facilities. If Loudoun Water acquires outside assistance to perform this study, the cost of doing so will be recovered from the town or private entity.
  - 2. In the event the *Municipal System* or non-residential system needs upgrading or repairs, a separate analysis of the systems will be performed. This study will detail the conditions of the systems, required upgrades, repairs, and costs to perform improvements. The town or private entity must agree to finance the improvements. These studies may be conducted on a periodic basis and the town or private entity must agree to all improvements.
  - 3. Loudoun Water will not provide customer service operations but may provide meter reading services.
  - 4. Any contract to operate the systems will be on a periodic basis not to exceed five years and will be reviewed at the end of the contract period. Upon mutual agreement, the contract could be extended or a new contract could be executed.
  - 5. In certain circumstances, it may be appropriate to initiate a brief (such as one year) trial period where Loudoun Water will be able to more fully understand the systems by operating and maintaining them and the town or private entity will be able to determine if contract operations by Loudoun Water are appropriate. In such cases, Loudoun Water and the town or private entity may negotiate special arrangements to aid with completion of the trial period.

B. Requests for assistance in the event of an emergency will be considered on a case by case basis and for a short-term duration.

## **VIII. Appendix**

### **A. – Definition of Certain Terms**

*Broad Run Water Reclamation Facility (BRWRF)* – Loudoun Water’s state-of-the-art plant that provides advanced wastewater treatment for protection of the Capital region’s drinking water and the Chesapeake Bay.

*Cash Balance* – balance of cash and cash equivalents, and investments at any point in time.

*Central System* – that portion of Loudoun County in which Loudoun Water is chartered to provide water and wastewater service, excluding the incorporated Towns. Loudoun Water owns and operates all facilities necessary to serve this area.

*Collection Systems* – pipelines, manholes, drains, pump stations, outfalls and controls to move wastewater from points of collection to discharge.

*Community Systems* – free standing water and wastewater systems whereby water can be supplied to a rural village or hamlet by its own community well and wastewater may be treated in the village/hamlet by its own packaged treatment facility.

*Comprehensive Plan* – set of policies adopted by the County Board of Supervisors intended to serve as a guide for future development to ensure orderly growth and protection of public health and welfare.

*Contract Operate* – to enter into an agreement with an entity to operate their water and/or wastewater systems.

*Distribution Piping* – network of pipes equipped with pumps, valves and other control devices for moving water.

*District of Columbia Water and Sewer Authority (DC Water)* – wholesale provider of wastewater capacity to Loudoun Water.

*Employment Policy Manual* – collection of employment policies to provide guidance and direction in carrying out day-to-day administration of all matters related to employment.

*Engineering Design Manual* – comprehensive collection of standards for designing water and sewer facilities, and preparing construction plans for such facilities that are to be owned, operated and/or maintained by Loudoun Water.

*Fairfax Water* – wholesale provider of water capacity to Loudoun Water.

*Hydrologic Study* – study of ground water, its location and prevalence.

*Municipal System* – independent water and wastewater systems owned by the incorporated Towns in the County.

*Net Revenues* – revenues including all receipts and other income derived from the ownership or operation of the system less operating expenses.

*Nutrient Management* – practice of using nutrients wisely for optimum economic benefit while minimizing the impact on the environment.

*Nutrient Trading* – pollution reduction method that would see a system of credits (based on how much pollution is dumped into the environment) that can be bought and sold.

*On-Site Systems* – system that serves a single user, commonly well and septic systems.

*Procurement Policy* – policies and procedures applied to purchasing goods and services to ensure compliance with the Virginia Public Procurement Act and good business practices.

*Rates, Rules and Regulations Document* – sets forth the criteria for billing and collection of revenues, and outlines rules and regulations applicable to providing service to our customers.

*Raw Water Storage Plan* – Loudoun Water’s plan to convert retired quarries to raw water reservoirs.

*Reclaimed Water* – highly treated effluent from *Wastewater Treatment* that adheres to the Commonwealth of Virginia’s Water Reclamation and Reuse Regulation (9VAC25-740) and can be distributed for beneficial reuse in such applications as commercial cooling or irrigation.

*Reclaimed Water Supply* - available water from *BRWRF* that meets quality requirements for transmission in the *Reclaimed Water System*.

*Reclaimed Water System* – infrastructure for the transmission, storage, and distribution of *Reclaimed Water* for non-potable use provided with less resiliency and increased operational limitations than the *Water System* due to the back-up connection to the *Water System*.

*Recognized Health Hazards* – on-site water and/or wastewater systems that have been declared a health hazard by the Virginia Department of Health and for which a community system is used to replace the failing systems.

*Sewage Disposal System(s)* – system of pipelines to transport sewage through inhabited areas to a sewage treatment plant.

*Sewer System(s)* – network of pipes, pumps, force mains, discharge lines and treatment works for the collection and treatment of wastewater.

*Transmission Entitlements* – access to a certain capacity in transmission mains guaranteed through a legal agreement

*Trap Rock Water Treatment Facility* – Loudoun Water’s state-of-the-art water treatment plant that has been designed to meet or exceed drinking water standards.

*Wastewater Treatment* – removal of impurities from wastewater or sewage before it reaches aquifers or natural bodies of water.

*Water Conservation* – improved water management practices that reduce or enhance the beneficial use of water. Conservation measures include an action, behavioral change, device, technology or improved design or process implemented to reduce water loss, waste or use.

*Water Reclamation* – process of reclaiming water from domestic wastewater through a multi- step treatment process that speeds up nature’s restoration of water quality.

*Water Supply* – available water to meet quality and quantity requirements.

*Water System* – infrastructure for the collection, transmission, treatment, storage and distribution

of water.

*Water Treatment* – treatment of water to make it safe and acceptable for human use.

*Water Use Plan* – required by developers of *Community Systems* to specify risks associated with using land and water resources, and to strive to achieve a sustainable balance between meeting human needs and those of the environment.

## B. – Change Log

<b><u>Policy</u></b>	<b><u>Original Adoption Date</u></b>	<b><u>Modification Date</u></b>	<b><u>Comments</u></b>
Section IV. Governance & Management – Meetings		08/26/24 09/08/22 07/08/21 9/11/14	Updated Electronic Meeting Policy
Section IV. Governance & Management – Officers		06/14/12	Revised term limit; added Asst. Secretary
Section IV. Governance & Management – Ethical Conduct		08/26/24	Updated and moved to new subsection “Governance Policies”
Section V. Service Area, Section VI. Existing Facilities and Resources, & Section VII. Policies		08/26/24	Minor text / definition updates
Section V. Service Area		10/09/2025	Added description of Reclaimed Water Service Area
Section VI. Existing Facilities and Resources		10/09/2025	Minor text / definition updates; updated summary of benefits of Reclaimed Water System & limitations of supply
Section VII. Policies		10/09/2025	Minor text updates; added policy goals of Reclaimed Water System; added new policy for Reclaimed Water
PLN 1.1	09/11/2008	04/10/2014	Added new policy on mgt of assets
Section VIII.		10/09/2025	Revised definition of BRWRF; added Reclaimed Water definitions
Section 2.0		08/26/24	Update definition of Availability Charge.

FIN 2.1 Paragraphs A – D	12/15/1989	12/12/2002 07/08/2010	Combined policies
Paragraphs E – G	10/09/1997	05/13/1999 07/08/2010	Combined policies
Paragraphs H – I	07/08/2010		Added by legal
Paragraph F		12/08/2011 08/26/24	Added subsidized rates Updated unmetered sewer-only rate definition
Paragraph I		08/26/24	Updated definition

<b><u>Policy</u></b>	<b><u>Original Adoption Date</u></b>	<b><u>Modification Date</u></b>	<b><u>Comments</u></b>
FIN 2.1.2	06/09/2011	12/08/2011	Deleted section and moved to RR&Rs
FIN 2.2.1	10/14/2004	11/10/2010	Minor edits to text
FIN 2.2.2	12/08/2005		
FIN 2.3.1	03/09/2000	07/13/2006 07/08/2010	Change to CD policy
FIN 2.4.1	04/08/1983	06/10/1999 09/14/2006 07/08/2010 08/26/24	Added legal language  Removed specificity of consultant type for master planning
FIN 2.4.3		08/26/24	Updated definition; updated policy references
FIN 2.5.1	03/13/2003	07/14/2011	Deleted Board Purchasing section & moved to Procurement Manual

FIN 2.5.2		09/13/2012	Revised title
FIN 2.5.3	09/13/2012	09/27/2012	New policy; revised Language
FIN 2.3.1	03/09/2000	11/19/2019	Change Designee references to Treasurer or Designee

<b><u>Policy</u></b>	<b><u>Original Adoption Date</u></b>	<b><u>Modification Date</u></b>	<b><u>Comments</u></b>
FIN 2.3.1.J	03/09/2000	11/19/2019	change title of section to Eligible Securities and Diversification
FIN 2.3.1.J.2	03/09/2000	11/19/2019	Defined eligible securities text; added corporate notes and established authorized investments and limitations
FIN 2.5.4	09/13/2012		New policy
OPS 3.1.1	12/15/1989	12/12/2002 07/08/2010	Combined policies
OPS 3.1.2	12/11/2003	05/14/2009	
OPS 3.1.3	10/13/2011		new policy
OPS 3.2.1	06/11/1998	09/13/2007 07/08/2010	Minor edits to text
All Sections		09/11/2014	Change GM title to Chief Executive throughout document

All Sections		03/12/2015	Changed Chief Executive title to GM throughout document
Section IV. Governance & Management		12/10/2015	Delete Personnel/ Nominating Committee  Delete reference to Board Handbook  Text regarding Water Resources

			Reference to privately non-residential systems
<b><u>Policy</u></b>	<b><u>Original Adoption Date</u></b>	<b><u>Modification Date</u></b>	<b><u>Comments</u></b>
FIN 2.1.1:			
Section C	12/15/1989	12/10/2015	Developer subsidy text
Section E	10/09/1997	12/10/2015	Uniform rate text
Section F	10/09/1997	12/10/2015	Unmetered, sewer only rate text
Section G	10/09/1997	12/10/2015	Contract operations text