

Minutes of the 759<sup>th</sup> Meeting  
**"Celebrating Over 50 Years of Continuous Environmental Excellence."**  
City of Alexandria, Virginia, Sanitation Authority  
6:00 p.m., Tuesday, March 16, 2010

On Tuesday, March 16, 2010 at 6:00 p.m., the regular meeting of the Authority was held in the offices of the Authority with the following present:

Members: Mr. Edward Semonian, Chair  
Mr. Thomas Van Wagner, Vice Chair  
Ms. Elise Fulstone, Secretary-Treasurer  
Mr. Jim Larrison, Member  
Mr. David Nichols, Member

Staff: Ms. Karen Pallansch, Engineer-Director  
Ms. Maureen O'Shaughnessy, Director of Clean Rivers  
Mr. Jeff DuVal, Asset Coordinator  
Ms. Angela Tibbs, Acting Controller  
Ms. Patricia Wheeler, Secretary to the Board

Fairfax County Representative: Mr. Shahram Mohsenin

City Representative: Ms. Suzanne Salva, Civil Engineer III, T&ES

Counsel: Mr. Jonathan Rak, McGuire Woods

Yount, Hyde & Barbour, P.C. Ms. Jennifer R. Files, CPA  
Mr. R. Steven Spitzer, CPA, CFE

Brown & Caldwell Mr. Mark Robinson

Call & Minutes

The Chairman called the meeting to order at 6:00 p.m. and asked for any additions or corrections to the minutes for the meeting held Tuesday, January 19, 2010. These minutes were tabled from the February Board Meeting due to weather related issues. Mr. Van Wagner moved adoption of the minutes. Ms. Fulstone seconded and the vote was unanimous in favor.

The Chairman then asked for any additions or corrections to the minutes for the meeting held Tuesday, February 16, 2010. Ms. Fulstone asked that the minutes be amended to reflect a typing mistake she found on page 3. Once amended, Ms. Fulstone moved adoption of the minutes. Mr. Larrison seconded and the vote was unanimous in favor.

Reports

January Activities Report: At the February Board Meeting Mr. Semonian moved that the January Activities Report be tabled until the March Board Meeting due to weather related issues that did not allow for proper review time. There were no questions concerning the January Activities Report.

February Activities Report: Ms. Fulstone had a few questions concerning the Financials in the February Monthly Activities Report which Ms. Tibbs addressed. Ms. Pallansch then introduced Ms. Angela Tibbs, ASA's Acting Controller, to the Board. Ms. Fulstone again asked that the Wachovia Bank issue be addressed with 0.00% yield on the checking amount on the IR&R Fund

listed on page 28. Ms. Tibbs informed her that this has been resolved and interest is being earned.

ASA Board of Directors "Retreat" Concept: Ms. Pallansch reported that the Authority has many complex issues that require the Board's attention and understanding. Many public agencies utilize a 'retreat' concept to provide Board members a greater opportunity to get educated in detail on a particular topic, review policies and guidance on an annual basis and help set the vision and direction of the agency for the next few years. The Board was asked to consider a date and time for this meeting as well as a list of the top 6 topics they would like to discuss or accomplish. Mr. Nichols said there is lot of value in a meeting with Senior Staff and the Board concerning long range issues, goals and objectives, as well as a better understanding of ASA's 5 year plan. Mr. Nichols also suggested that it might help to bring in a facilitator. After much discussion it was decided that a weekend 8 hour day may work best. Ms. Pallansch will e-mail the Board with possible dates and times and a list of topics for the Board to choose from. Mr. Mohsenin asked to be included in this retreat, to which the Board had no objection.

#### Old Business

None

#### New Business

Yount, Hyde & Barbour Comprehensive Annual Financial Report for the Years Ended September 30, 2009 and 2008: This year ASA had the CPA firm of Yount, Hyde, & Barbour, P.C. perform the annual audit. Mr. R. Steven Spitzer and Ms. Jennifer R. Files reported the findings and recommendations from their firm's audit of ASA's financial records for the year ending September 30, 2009. The audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards, and Specifications for Audits of Local Authorities, Boards and Commissions issued by the Auditor of Public Accounts (APA) of Virginia. The Comprehensive Annual Financial Report was prepared to comply with requirements of GFOA's Certificate of Achievement for Excellence in Financial Reporting. The audit began on November 2, 2009 and was completed on December 23, 2009. ASA was issued an unqualified (clean) opinion on the 2009 financial statements.

Also issued was a report of Current Expenses for Operations and Maintenance of the Sewage Treatment Disposal System between the City of Alexandria, Virginia, Sanitation Authority and the Board of Supervisors of Fairfax County, Virginia for the year ended September 30, 2009.

Ms. Files reviewed with the Board a report on internal control over financial reporting and a management advice letter with findings and recommendations. Management had responded, in writing, with the corrective actions already taken and/or planned to ensure compliance.

The Board asked questions regarding investment income and employee expenses as reported in the financials. There was much discussion concerning budgeting for retirees and other post employment benefits. Ms. Fulstone stated that this would be a good topic for the planned Board retreat. The Board also asked some general questions regarding internal controls and the roles of the Authority versus the roles of the auditors. Mr. Van Wagner asked who reports the number of ratepayers covered by the Authority and Ms. Pallansch replied that the data is reported to ASA by Virginia American Water.

Mr. Van Wagner suggested that ASA consider quarterly review of the status of the financials to help alleviate any issues and encourage more positive steps along the way. Mr. Larrison agreed that quarterly status updates on the financials would be beneficial. Ms. Pallansch stated that staff will produce a quarterly financial update and progress report regarding the audit.

The Board thanked the auditors for a good briefing.

Review and Approval of Design Consultant for Four Mile Run Pump Station Upgrade: Ms. Pallansch introduced Mr. Jeff DuVal, Asset Coordinator for the Authority. Mr. DuVal reported that the station was constructed in the early 1950's as part of the original treatment works constructed to convey and treat sewage within the City and most of the components are at or near the end of their usable life, requiring replacement within updated code requirements.

Requests for Proposals (RFP's) were requested for a sustainable upgrade of the Four Mile Run Pump Station. A total of 9 responses were received and ranked accordingly. Three top firms were short-listed for interviews and presentations and were scored accordingly to merit and financial criteria. Brown and Caldwell surpassed the other firms in quality and best overall value. They were invited in to negotiate the final contract.

The design effort is being phased to better serve the Authority's needs. The phases noted in the RFP and currently covered under this funding request include: project management; condition assessment and basis of design; design development; detailed design; and services during construction. Their completion is needed to inform and provide more detailed information, which is needed by Brown and Caldwell for the final two phases.

Mr. Nichols asked about the landscape planned for the station and if the Authority will need to hire a company to come in to maintain it. Mr. DuVal stated that native grasses and shrubbery will be used that require less maintenance and very little irrigation and that the Authority will maintain the Pump Station as is its current practice. Ms. Fulstone asked if Cora Kelly School located next to the Pump Station had been contacted about the planned upgrade. Mr. DuVal stated that Cora Kelly is a magnet school for math and science and they are extremely excited about the new upgrade and that the Authority would include community outreach as part of the design process. Mr. Van Wagner stated that this is a high crime area and has the Authority considered contacting the Alexandria Police for input because the Authority does not want to create a haven that would invite trouble. Mr. DuVal stated that security will be one of the major factors considered in the design. Mr. Van Wagner also asked if the amount of noise pollution currently being generated by the Pump Station has been reviewed. Mr. DuVal stated that most of the noise is coming from the old exhaust fans and that the new design will account for this issue. Mr. Nichols asked if the existing building will be removed. In order to meet code and the needed requirements, the building will be replaced. There was discussion about the potential for achieving Leadership in Energy and Environmental Design (LEED) certification. Mr. DuVal stated that this will be evaluated using a cost benefit analysis.

Staff recommends that the Board authorize the Engineer-Director to execute a contract with Brown and Caldwell as the most responsive and responsible bidder based on the best overall quality of their written and oral presentation at a cost not to exceed \$685,950 for the condition assessment and basis of design program. This will inform the negotiations for task orders associated with the final program elements.

Mr. Van Wagner made a motion to authorize the Engineer-Director to execute a contract with Brown and Caldwell at a cost not to exceed \$685,950 for the condition assessment and basis of design program. Ms. Fulstone seconded the motion and the vote was unanimous in favor.

**Be it RESOLVED that:** the Engineer-Director is authorized to execute a contract with Brown and Caldwell at a cost not to exceed \$685,950 for the condition assessment and basis of design program for the Four Mile Run Pump Station upgrade.

Review and Approval of Letter to City Council and the Mayor, Sanitary Sewer Collection System:

Mr. Rak began his report with a recommendation that the Board table action on the draft letter included in the Board packet. Given concerns raised by the Alexandria Department of T&ES, it would be premature to consider any formal action.

To explain why counsel suggested consideration of this issue, Mr. Rak reported that ASA was established in 1952 as an apolitical, independent entity to intercept and provide treatment to the City's and County's used water as required by regulation. The ownership and operation of Alexandria's sanitary sewer system has been divided between ASA and city government. ASA owns and operates the treatment plant, pumping stations and interceptor sewers. City government owns and operates the collection system conveying sewage from individual homes and businesses to the interceptor sewers and pumping stations, as well as the remaining combined sewers. ASA holds the permit for discharges from the treatment plant and is responsible for any sanitary sewer overflows from the interceptors. City government holds the permit for the combined sewers and is responsible for those discharges. The City is also responsible for any sanitary sewer overflows from its collection system per the Clean Water Act. However, these systems are interdependent and actions of either party can affect the regulatory compliance of the other. Infiltration and inflow from the city collection system adversely affects ASA's permit compliance and inefficient combined sewer best management practices can greatly increase maintenance costs and damage equipment at ASA. Similarly, ASA's operation of the treatment plant can affect the amount of combined sewer overflows. Despite cooperation between ASA staff and T&ES, this inevitably leads to conflicts between the two entities.

The proposed EPA Chesapeake Bay total maximum daily load (TMDL) regulations impose discharge limits that combine all sources. The recently adopted state limits on nutrient discharge also cap total nutrient discharges from combined sources. Compliance with these stringent regulations will require major investments and allocating who pays for what improvements will be a difficult problem to solve.

As ASA looks to the future being created by a change in demographics, regulations under the Chesapeake Bay program and most importantly a new economic climate, staff and counsel believe that a more holistic, efficient and effective method of collecting and conveying used water within the City should be investigated. ASA could offer to accept the responsibility for the entire sanitary sewer system, including the combined sewers. It is believed that doing so might serve the public interest through efficiency of operations and effectiveness of regulatory understanding as well as benefit our citizens of Alexandria with lower, overall costs. Mr. Rak acknowledged that there would be substantial risks and liabilities to ASA if it accepts responsibility for the collection system. Mr. Rak stated that any change to the current allocation of responsibility for the sewer system would require mutual agreement between the City and ASA and that further investigation by all parties would be needed prior to any decision.

Ms. Fulstone stated that this would be another good topic for the planned Board retreat. Mr. Semonian asked Mr. Rak if we should move forward with this request and Mr. Rak suggested the Board table any action on the proposed letter and make it a discussion item at the Board retreat. Mr. Van Wagner stated that this is a very interesting concept and there needs to be dialog with City staff and possibly a City representative should be invited to the Board retreat. Mr. Van Wagner asked if this would be something the Authority would have considered if the Alexandria sewer collection system was not a combined system. Ms. Pallansch said that the goal is for a more sustainable infrastructure.

Ms. Fulstone made a motion to table the draft letter to the Mayor and City Council concerning the sewer collection system and suggested the Board could consider the topic at the upcoming Board retreat. Mr. Nichols seconded the motion and the vote was unanimous in favor.

Review and Approval of City Staff Representative to ASA Board of Directors: Mr. Rak reported that the City engineer, Emily Baker, had requested that ASA formally designate a city staff representative, similar to the Fairfax County representative, to serve as a liaison between the Board and City government staff.

In 1985 Fairfax County requested a seat on the ASA Board. City Council considered this request and approved the establishment of a non-voting representative to the ASA Board appointed by the Fairfax County Board of Supervisors, however, took no action to formalize the role of the Fairfax County Representative. Custom and practice over the last twenty-five years is to invite the Fairfax County representative into the discussions of the Board.

The ASA Board has no legal authority to expand its own membership, either voting or non-voting, however, the Board may invite a representative of the city government to attend Board meetings and serve as a liaison between the Board and city staff. If deemed appropriate, the Board could adopt a resolution to this effect.

Mr. Semonian stated that there has always been a liaison from the City allowed to attend the Board meetings and asked for clarification of the request. Ms. Salva, the City Representative, stated that the City would like to have the same treatment and privileges as the Fairfax Representative, such as attendance at all closed sessions. Mr. Semonian said that the only way Fairfax is included in a closed session is if they are formally invited. Mr. Mohsenin said that Fairfax County would like to attend all the closed sessions. Mr. Semonian asked Mr. Rak if this is appropriate to do and Mr. Rak replied that preserving attorney-client privilege is an issue. Ms. Fulstone said that before the Board can invite other attendees to closed sessions that the appropriate discretion needs to be considered. The Board took no action on the request.

Review Item – ASA Facility Tour: Ms. Pallansch reported that a tour is scheduled for Thursday, April 8<sup>th</sup> from 9-12 for the Young Professionals within one of our educational associations, The Water Environment Federation (WEF). Board members are invited to attend.

Closed Session: At 8:37p.m., the Chairman stated it would be appropriate to convene a closed meeting and made the following statement: "The purpose of this closed meeting is to consult with staff and counsel on probable litigation and legal matters involving land acquisition matters which may be discussed in closed session under the Virginia Freedom of Information Act. The Chair will now entertain a motion that the Authority convene in a closed meeting as permitted by VA

Code Section 2.1-3711A.7 for the purpose of consultation with legal counsel and briefing by staff concerning the acquisition of real property for a public purpose. Mr. Semonian made the motion, Mr. Nichols seconded and the vote was unanimous in favor.

Upon conclusion of the closed meeting, and in compliance with the Virginia Freedom of Information Act, a motion was made by Mr. Semonian and seconded by Mr. Van Wagner to return to the regular meeting.

At 9:14p.m., the meeting returned to open session and the following certification was unanimously adopted by the members: "Pursuant to 2.2-3712(D) of the Virginia Freedom of Information Act, it is hereby certified that to the best of each Member's knowledge, (1) only public business matters lawfully exempted from the open meeting requirements of the Act, and (2) only public business matters identified in the motion by which this closed meeting was convened were heard, discussed or considered by the Alexandria Sanitation Authority." Mr. Semonian made the motion with Mr. Van Wagner providing the second, all Members present voted via Roll Call:

Mr. Edward Semonian	Aye
Mr. Thomas Van Wagner	Aye
Ms. Elise Fulstone	Aye
Mr. David Nichols	Aye
Mr. Jim Larrison	Aye

Adjournment

There being no further business Mr. Nichols moved to adjourn the meeting at 9:17p.m. Ms. Fulstone seconded the motion and the vote was unanimous in favor.

The next regular meeting date is April 20<sup>th</sup> at 6:00 p.m.

**APPROVED:**



**Secretary-Treasurer**