



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
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SOUTH CENTRAL WASTEWATER AUTHORITY Board of Directors Meeting

DATE: January 21, 2021

TIME: 2:00 pm

LOCATION: **Appomattox River Water Authority**
Board Room, Administration Building
21300 Chesdin Road
South Chesterfield, VA 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Board Meeting held on November 19, 2020 (Exhibit A, pages 2 to 4)
3. Public Comment (Exhibit B, page 5)
4. Executive Director's Report:
 - Proposed Salary Adjustment Request (Exhibit C, pages 6 to 11)
 - Proposed FY21/22 Budget Presentation (Exhibit D, pages 12 to 21)
 - Nutrient Project Update (Exhibit E, pages 22 to 26)
 - Six Month Work Plan Update (Exhibit F, pages 27 to 29)
 - Status Report: Ongoing Projects/Operations (Exhibit G, page 30 to 31)
 - Financials (Exhibit H, pages 32 to 34)
5. Board Officer Election – vice chairman (Exhibit I, page 35)
6. Items from Counsel
 - Resolution Declaring the Official Intent of South Central Wastewater Authority to Reimburse Certain Expenditures with Proceeds of Bonds (Exhibit J, pages 36 to 37)
7. Closed Session
 - Executive Director's Annual Evaluation
8. Other items from Board Members/Staff Not on Agenda
9. Adjourn

BOARD OF DIRECTORS MEETING
South Central Wastewater Authority
November 19, 2020 at 2:00 p.m.
Location: South Central Wastewater Authority
900 Magazine Road, Petersburg, VA 23803

MEMBERS PRESENT:

Doug Smith, Chairman (Colonial Heights)
Aretha Ferrell-Benavides, Vice-Chairman (Petersburg)
Kevin Massengill, (Dinwiddie)
Joseph Casey, (Chesterfield)

ALTERNATES PRESENT:

Frank Haltom, (Alternate, Prince George)
Scott Morris, (Alternate, Chesterfield)

ABSENT:

Percy Ashcraft, (Prince George)
George Hayes, Secretary/Treasurer (Alternate, Chesterfield)
Lionel Lyons, (Alternate, Petersburg)
Todd Flippen, (Alternate, Colonial Heights)

STAFF PRESENT:

Robert B. Wilson, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuire Woods)
Melissa Wilkins, Business Manager/FOIA (ARWA & SCWWA)
Kathy Summerson, Administrative Assistant (SCWWA)

OTHERS PRESENT:

Chris Tabor, (Hazen and Sawyer)
Benjamin Packett, (Robinson, Farmer, Cox Associates)
Alec Brebner, (Executive Director, Crater Planning District)
Ray Burpoe, Operations Manager SCWWA
Monty Buchanan, Assistant Operations Manager SCWWA

The SCWWA meeting was called to order Mr. Smith, Chairman, at 2:03 p.m.

1. Call to Order/Roll Call

The roll was called:	Doug Smith	Present
	Kevin Massengill	Present
	Joseph Casey	Present
	Frank Haltom	Present
	Aretha Ferrell-Benavides	Present (via conference call)

Mr. Smith stated Ms. Ferrell-Benavides would be joining the meeting by conference call due to the City of Petersburg's policy that does not permit meeting in person when more than four individuals are present. Mr. Anderson stated the policy adopted by the Authority does require that the Board vote to permit remote participation.

Upon a motion made by Mr. Haltom and seconded by Mr. Massengill the Board voted to approve Ms. Ferrell-Benavides to be present by conference call.

For: 5 Against: 0 Abstain: 0

Mr. Smith introduced Alec Brebner, who is the new Executive Director of Crater Planning District Commission.

2. Approval of Minutes: Minutes of the Regular Meeting of the Board on September 10, 2020

Upon a motion by Mr. Haltom and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Minutes of the Regular Meeting of the Board on September 10, 2020 are hereby approved:

For: 5 Against: 0 Abstain: 0

3. Public Comment

There were no Public Comments.

4. Executive Director's Report:

- **Nutrient Project Update**

Mr. Gordon reported on the nutrient project update. He stated the contract with Hazen and Sawyer has been finalized and executed, with a total cost of design being \$3,316,785. He further stated the design portion of the contract includes the design for a new road across Pocahontas Island through the Roper property, funds for pre-purchasing support and procurement support for contractor prequalification. He stated since there were concerns about the ARWA project when we did this, we wanted to be upfront to make sure there were not any concerns before moving forward. Mr. Wilson added these do not happen quick, so within the next month of so, if anyone has any concerns or needs further information please let us know.

Mr. Gordon stated the WQIF application has been received but not reviewed as of the meeting date. We do have AquaLaw checking with Mr. Crocker to get an idea of review completion. He further stated that we did receive a letter dated September 30, 2020, from DEQ Director, David Paylor, stating the grant percentage of 95% of eligible costs is appropriate for upgrades to the SCWWA. Mr. Gordon stated that it is not 95% of total cost, it is 95% of nutrient qualifying process upgrades. He further stated another option would be principal forgiveness from the Virginia Clean Water Revolving Loan Fund pending receipt of a VCWRLF application.

Mr. Gordon reported Mr. Wilson made presentations to the City Councils of Colonial Heights and Petersburg. He stated we have copies available for anyone who would like to have those outlines, or we could make modifications specific to any member and would be happy to help as needed.

Mr. Gordon stated we will be proceeding with design and a target date of February 2022 for design completion.

Mr. Haltom asked if we knew how much would qualify for the grant based on what has been submitted so far, and Mr. Wilson replied that on the application the project is running about \$107 million and we are showing \$75 million to qualify. He further stated the local share that we had built into the rates is right at \$35 million and everybody has their percentage of that. He stated that is what you see is the debt service payment in that part of your budget. He stated this is in the current budget, and that is why we were able to front the cash for the engineering because we began collecting last year.

- **Annual Financial Report Year Ended June 30, 2020: Robinson, Farmer, Cox Associates**

Mr. Gordon introduced Benjamin Packett of Robinson, Farmer, Cox Associates, who provided a presentation on SCWWA's Annual Financial Accounting Audit. He stated SCWWA received a clean compliance report.

Upon a motion made by Mr. Massengill and seconded by Mr. Haltom the following resolution was adopted:

RESOLVED, that the annual financial report is hereby approved as presented:

For: 5 Against: 0 Abstain: 0

Doug Smith	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
Frank Haltom	Aye
Aretha Ferrell-Benavides	Aye

Mr. Gordon handed out a report and went over the true up. He stated we met with Mr. Haltom from Prince George County and Mr. Barnes from the City of Petersburg. He further stated the readings Petersburg provided for flows from Prince George entering their system seemed to be low. He stated everyone was agreeable to use the historic average on page one of the reports. He further stated this would not affect anyone but Prince George and Petersburg. Mr. Gordon reported the sheet labeled "Using Rte 460 Historical Average Flow Data" is the one we recommend for the members refund. We will be providing a credit with the invoices in December, if that is agreeable with everyone. He stated Petersburg was going to go back and look at the calibration of their meter, and we hope to address that this year. Mr. Haltom stated if Petersburg would share their results of the calibration he would appreciate it.

Upon a motion made by Mr. Haltom and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the results of the staff recommended true-up based on "Using Rte 460 Historical Average Flow Data" are hereby approved:

For: 4 Against: 0 Abstain: 1 (Ferrell-Benavides)

Doug Smith	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
Frank Haltom	Aye
Aretha Ferrell-Benavides	Nay

- **Proposed 2021 Board Meeting Dates**

Mr. Gordon presented the proposed schedule for 2021 Board of Directors meetings.

Upon a motion made by Mr. Massengill and seconded by Mr. Haltom the following resolution was adopted:

RESOLVED, that the Board approves the proposed schedule of regular meetings dates for 2021 as presented:

For: 5 Against: 0 Abstain: 0

- **Status Report: Ongoing Projects/Operations**

Mr. Gordon reported on the Status Report. He stated we received a very positive inspection report from DEQ from a September 16, 2020, on-site inspection. The inspection report is available if anyone wants to read it.

Mr. Gordon stated we wanted to recognize Mr. Monty Buchanan, Assistant Operations Manager, who is retiring at the end of this year. He has 10 plus years with SCWWA and 41 plus years in the utility industry. Mr. Smith presented Mr. Buchanan with an Outstanding Service Certificate in recognition for his outstanding performance and dedication for over 10 years of valued service with SCWWA.

- **Financials**

Ms. Wilkins reported on the Financials.

5. Board Officer Elections

Mr. Gordon stated that Officer elections are held at the final meeting of even number years, with the term being two years. He further stated there are no term limits outlined in the By Laws. He stated the Chairman and Vice-Chairman are required to be a primary member, but the Secretary/Treasurer can be an alternate.

Mr. Smith stated he and Ms. Ferrell-Benavides would be willing to remain as Chairman and Vice-Chairman if the Board approves. He also stated that Mr. Hayes is currently the Secretary/Treasurer, and we could ask him to continue. Dr. Casey stated that Mr. Hayes indicated he does not necessarily need to continue. Mr. Haltom stated he would be willing to step into the Secretary/Treasurer role.

Upon a motion made by Mr. Massengill and seconded by Dr. Casey, the following officers were elected for 2021 starting January 1, 2021 for a term of two years:

Mr. Doug Smith	Chairman
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Ms. Aretha Ferrell-Benavides	Vice-Chairman
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Mr. Frank Haltom	Secretary/Treasurer
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For: 5 Against: 0 Abstain: 0

6. Items from Counsel

There were no items from Counsel.

7. Closed Session

There was no Closed Session.

8. Other Items from Board Members/Staff Not on Agenda

There were no other items from Board Members/Staff not on Agenda.

9. Adjourn

Mr. Smith stated, if there is no other business, and asked for motion to adjourn.

Upon a motion by Dr. Casey and seconded by Mr. Massengill the meeting was adjourned at 2:47 p.m.

MINUTES APPROVED BY:

Frank Haltom
Secretary/Treasurer



APPOMATTOX RIVER WATER AUTHORITY
21300 Chesdin Road
Petersburg, VA 23803



SOUTH CENTRAL WASTEWATER AUTHORITY
900 Magazine Road
Petersburg, VA 23803

GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.



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Exhibit C

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 21, 2021

SUBJECT: Proposed Salary Adjustment Request

When we presented our amended budget at the July 16, 2020 meeting that did not include salary adjustments, we were advised to bring this topic up for discussion at the six month mark. On January 5th we circulated a memo requesting a salary adjustment for all full time employees at both plants. This memo illustrating our rationale is included as Attachment A.

For SCWWA, the impact of the requested \$1,000 bonus and 3% merit increase is as follows:

○ \$1,000 bonus for 31 employees	\$31,000.00
○ 3% merit, additional FICA and VRS	<u>\$28,812.18</u>
	\$59,812.18

This minor adjustment represents 2.13% of the total budget and can be easily absorbed. This proposed bonus and merit increase do not require a budget amendment or increase to the FY20/21 budget monthly billing figures.

In that same memo, we requested that each participating member provide detail on any salary adjustments that they are implementing for FY20/21. The following is a summary of the information we received:

➤ City of Colonial Heights

- November 2020 – approval of a \$600 bonus for full time employees and a \$300 bonus for year-round part-time employees employed on September 1, 2020 (that were not part of hazard pay program).
- December 2020 – 2.5% cost of living raise for full-time employees.

➤ City of Petersburg

- Tiered Resiliency Plan of \$250, \$500, and \$750 for full time employees in their January 22nd paycheck.

➤ Chesterfield County

- \$500 bonus for full time employees in December 31, 2020 paycheck.
- \$250 bonus for part time employees in December 31, 2020 paycheck.
- 2% merit increase effective January 23, 2021.

➤ Dinwiddie County

- \$1,000 bonus for full time employees in December 2020.
- \$500 bonus for part time employees in December 2020.
- Nothing planned for FY22.

➤ Prince George County

- \$500 bonus for full time employees being presented to the Board of Supervisors at the January 26th meeting.

Board Action Requested:

Staff requests that the Board approve a onetime bonus of \$1,000 and a 3% merit increase for all full time staff.



Appomattox River Water Authority
21300 Chesdin Road
S. Chesterfield, VA 23803
(804) 590-1145



South Central Wastewater Authority
900 Magazine Road
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(804) 861-0111

Attachment A

TO: Board of Directors ARWA/SCWWA

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 5, 2021

SUBJECT: FY20/21 Salary Adjustments

Each participating jurisdiction has experienced some type of challenge because of Covid-19. The world as we know it has changed the way business is accomplished. Some utilities and businesses have changed the way they operate, and others have adopted telecommuting and reduced office hours and reduced public contact as the new norm. For ARWA and SCWWA, being a wholesaler of potable water and a reclamation facility for wastewater that are demand driven, we are unable to change our schedules to adapt to the new norm. No matter what happens, our customers expect and deserve to have safe, potable drinking water and a place for the wastewater to go and be treated. Whether it is a pandemic or epidemic, natural disaster, or even a power outage, most, if not all our customers, expect to have water and sewer services available twenty-four hours a day, seven days a week, three hundred and sixty-five days a year. We do not guarantee uninterruptable service, but we do everything in our power to provide it.

To provide as close to uninterruptable service as possible, as well as maintain our permit requirements, we continue to staff our facilities around the clock and provide ongoing and preventive maintenance and support. Operators are required to be onsite twenty-fours a day. Support staff including laboratory personnel, maintenance staff, IT staff, and administration perform tests and maintain systems daily, behind the scenes, so that our customers continuously receive water and wastewater services without interruption. We are constantly working to ensure our systems are reliable, redundant, and resilient.

We understand we are not front line employees in the same category as emergency medical workers and first responders that are directly affected by the pandemic, but we also understand the services both plants provide are instrumental in helping to reduce the spread of the pandemic as are the services performed by each participating member's utility department and many other supporting departments. We are fortunate to have such a dedicated team at each plant where each staff member maintains a high level of commitment and loyalty.

We have had our encounters with Covid-19 but nothing we could not overcome. Each time a challenge has been introduced, each facility has persevered, adapted, and developed a solution so that we can minimize the effect in the future.

To reward our plant staffs for their effort, dedication, and continued commitment we are recommending a one-time bonus of \$1,000 and a merit increase of 3% retroactive to January 1, 2021. For ARWA the impact on the budget for a one-time bonus for all staff equals \$25,000 and the 3% increase for six months equals \$20,950. Currently ARWA's revenues are outpacing projections and can easily absorb this increase. For SCWWA the one-time bonus equals \$31,000 and the 3% increase for six months equals \$28,812. This minor adjustment represents 2.13% of the total budget and can be easily absorbed. Neither proposed salary adjustment requires an amendment to the current FY20/21 budget.

Below is the proposed impact on each authority:

Row Labels	Sum of One-Time Bonus	Sum of 6-Months of Change	VRS Increase
ARWA	\$25,000.00	\$19,544.62	\$ 1,405.32
SCWWA	\$31,000.00	\$24,894.30	\$ 3,914.88
Grand Total	\$56,000.00	\$44,438.92	\$ 5,320.20
	ARWA Bonus Cost	\$ 25,000.00	25 Employees
	ARWA Merit Cost	\$ 20,949.94	(1)
	Total ARWA Proposal Cost	\$ 45,949.94	
	Original ARWA Budget Request	\$ 50,000.00	(2)
	SCWWA Bonus Cost	\$ 31,000.00	31 Employees
	SCWWA Merit Cost	\$ 28,812.18	(1)
	Total SCWWA Proposal Cost	\$ 59,812.18	
	Original SCWWA Budget Request	\$ 60,000.00	(2)
	Amended ARWA Personnel Budget	\$ 2,460,200.00	(3)
	Amended SCWWA Personnel Budget	\$ 2,811,600.00	(3)
	ARWA Proposed Costs	\$ 45,949.94	1.87%
	SCWWA Propsed Costs	\$ 59,812.18	2.13%
	Overall % of Budgets	2.01%	

- (1) The respective [(Plant) Merit Cost] line includes the requested 3% merit increase, resulting increased FICA tax for January to June, and resulting VRS contribution increase for January to June.
- (2) The [Original (Plant) Budget Request] is the salary adjustment presented at the March 2020 meeting.
- (3) The [Amended (Plant) Personnel Budget] total that was approved at the July 2020 meeting as part of the FY20/21 Budget does not include the respective salary adjustments shown in (2).

The reason the SCWWA Proposal Cost is so close to the Original SCWWA Budget Request is that two operators have passed their Class 1 licensure and the assistant operations manager position has been filled thereby increasing their base salary and the proposed 3% salary increase.

We have also included a table illustrating other authorities in Virginia and the salary adjustments they are implementing/proposing:

MARKET SURVEY OF PEER WATER AND SEWER AUTHORITIES

MERIT AND/OR BONUS APPROVED

<u>Service Authority</u>	<u>Bonus</u>	<u>Merit Increase</u>	<u>COLA</u>	<u>Total Increase</u>
Albemarle County Service Authority	\$1,300	3.00%	2.50%	5.50%
Augusta County Service Authority	0	4.00%	3.00%	7.00%
Halifax County Service Authority	\$500	3.00%	1.50%	4.50%
Harrisonburg-Rockingham County Service Authority	0	3.00%	0.00%	3.00%
Louisa County Service Authority	0	3.00%	0.00%	3.00%
Rivanna W/S and SW Authorities (\$1250/\$950/\$750)	\$1,000	3.00%	0.00%	3.00%
<i>Average Increase</i>				4.33%

MERIT AND/OR BONUS PROPOSED JANUARY 1, 2021

<u>Service Authority/Locality</u>	<u>Bonus</u>	<u>Merit Increase</u>	<u>COLA</u>	<u>Total Increase</u>
Fauquier County Water & Sanitation Authority	\$1,000	2.00%	2.00%	4.00%
Loudoun County Service Authority	0	3.00%	0.00%	3.00%
Prince William County Service Authority	\$500/\$300	0.00%	0.00%	0.00%
Town of Culpeper	0	3.00%	0.00%	3.00%
Washington County Service Authority (\$165-990)	\$580	3.00%	0.00%	3.00%
Western Virginia Water Authority (Roanoke)	\$1,250	0.00%	0.00%	0.00%

OTHERS SURVEYED

<u>Service Authority</u>	<u>Bonus</u>	<u>Merit Increase</u>	<u>COLA</u>	<u>Total Increase</u>
Amherst County Service Authority	0	0.00%	0.00%	0.00%

Proposed

<u>Service Authority</u>	<u>Bonus</u>	<u>Merit Increase</u>	<u>COLA</u>	<u>Total Increase</u>
ARWA/SCWWA	\$1,000	3.00%	0.00%	3.00%

We would be happy to add a table illustrating what the participating members are proposing/implementing for their respective utility departments. If you can provide that information prior to January 12th, we will include it in the agenda package.

We thank you in advance for your review and consideration of this request. We are available to discuss this request further via phone, teleconference, or in person.



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Exhibit D

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 21, 2021

SUBJECT: Proposed FY21/22 Budget

We presented the proposed FY21/22 Budget to the participating member utility directors via teleconference on December 9, 2020. Prior to the meeting, we provided the utility directors with the Proposed FY21/22 Budget Narrative and budget spreadsheets, Attachment A and Attachment B, respectively.

The Budget Narrative provides much of the detail for the below points. However, from our discussion with the utility directors, we wanted to emphasize the following points:

- The budget is divided into operating and maintenance costs (O&M), equipment repair and replacement fund (ERRF), reserve policy, and capital reserve account. Each participating jurisdiction is responsible for a pro rata share of the operating and maintenance costs. The pro rata share for O&M costs is calculated from the previous five year running average for each participating jurisdiction. The percentages presented for the pro rata shares were accepted by the group.
- The ERRF is distributed by ownership in the plant per the Service Agreement. The ERRF is currently fully funded and that is why an appropriation is not requested for FY21/22.
- Similar to the ERRF, the pro rata share for the Reserve Policy, 50% of O&M costs, is distributed by ownership in the plant. The Reserve Policy is fully funded and therefore, no appropriation is requested for FY21/22.
- Similar to the ERRF and Reserve Policy, the Capital Reserve Account is funded by percent ownership in the plant. The Capital Reserve Account is the proposed debt service for the nutrient project. When we begin paying debt service for the nutrient project, this line item will go away.
- A 3% merit salary adjustment is requested. Not all utility directors were supportive of this increase. This will require further Board direction.
- We are proposing to set up accumulating line items for vehicle and maintenance equipment replacement. The idea is to accumulate funds annually to try to reduce large rate increases.

- The FY21/22 replacement fund projects identified are projects not included in the nutrient project.
- The spreadsheets include a section, last page, with the changes from the previous year and the proposed increases for the next five years for planning.

Board Action Requested:

Staff requests Board approval to advertise the proposed FY2021/2022 Budget and set a public hearing for the budget at the March 18, 2020 Board of Directors meeting. Final Board consideration on the budget will be requested at the May 20, 2020 Board of Directors meeting.



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Attachment A

TO: South Central Wastewater Authority Utility Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: December 9, 2020

SUBJECT: Proposed FY21/22 Budget Narrative

The budget is divided into operating and maintenance costs (O&M), equipment repair and replacement fund (ERRF), debt service, reserve policy, and the capital reserve account. Each participating member is responsible for a pro rata share of the O&M expenses. The pro rata share for O&M expenses is calculated from the previous five year running average for each participating member.

The pro rata shares used to develop the portion of O&M costs for FY21/22 were:

- City of Petersburg 59.177%
- City of Colonial Heights 17.792%
- Chesterfield County 7.996%
- Prince George County 6.209%
- Dinwiddie County 8.826%

The ERRF is distributed by ownership in the plant per the Service Agreements:

- City of Petersburg 52.5%
- City of Colonial Heights 20.0%
- Chesterfield County 10.0%
- Prince George County 7.5%
- Dinwiddie County 10.0%

The required balance in the ERRF is 5% of O&M costs. The ERRF is fully funded at \$2.5 million and therefore, no appropriation is requested for the ERRF.

The pro rata share for the Reserve Policy is distributed by ownership in the plant like the ERRF. The required balance in the Reserve Policy is 50% of O&M costs. The Reserve Policy is currently funded and therefore, no appropriation is requested.

Similar to the ERRF and Reserve Policy, the Capital Reserve Account is funded by percent ownership in the plant. The Capital Reserve Policy is being used for cash to fund the Nutrient project. When the funds are borrowed for the Nutrient Project and we begin to pay debt service, the Capital Reserve Account will be closed until it is needed for use on another project.

One of the main factors that influences the five year running average is rain. Unfortunately, water from rain gets into our participating member's collection systems and ultimately ends up at the wastewater treatment plant for treatment. Reduction in inflow and infiltration helps to reduce a participating member's treatment costs by reducing their five year running average.

For the proposed FY21/22 Budget the operating and maintenance costs are developed by meeting with staff, setting priorities and using actual estimates. The proposed budget includes a 3% salary adjustment across the board for staff.

For FY21/22 the replacement fund includes rebuilding one influent bar screen, rebuilding three primary waste pumps, replacing two grit collector mechanisms, roof replacement on various buildings and creating a line item in the LGIP for plant equipment replacement. The identified capital projects are projects that are not included in the nutrient project.

To assist with stabilizing rates, we propose to start an account for plant equipment replacement. This account will be funded annually, and funds will be withdrawn per an approved replacement schedule. We will propose to add an additional line item in FY22/23 for plant vehicle replacement. By adding these line items, we will not artificially increase or decrease the budget by adding the appropriation in the year the expense is requested.

Nutrient purchases are slated to be constant through FY25/26.

To assist participating members with determining the Authority's impact on budgets and looking at their future rates, we included a section on estimated rates for the next five years. For these future estimates, we increased the operating expenses annually by 3%, did not inflate replacement or nutrient costs and kept the debt service constant. We did increase the debt service in FY22/23 to what we calculated for a 20 year borrowing at 3%.

SOUTH CENTRAL WASTEWATER AUTHORITY

PROPOSED: January 21, 2021

APPROVED:REVISED:REVISION APPROVED:

		Revised 2020/2021	Fiscal Year 2021/2022	Increase/ (Decrease)
Acct #	ITEM	July 16, 2020	Budget	
51000	SALARY	\$ 1,900,000	\$ 1,940,000	\$40,000
52000	EMPLOYEE BENEFITS	\$ 911,600	\$ 939,500	\$27,900
52100	Employer FICA	\$ 145,000	\$ 149,000	\$4,000
52200	Virginia Retirement System	\$ 130,000	\$ 151,000	\$21,000
52300	Hospitalization Insurance	\$ 603,600	\$ 600,000	-\$3,600
52400	Group Life	\$ 28,000	\$ 28,000	\$0
52450	Supplemental Group Life	\$ 1,500	\$ 1,500	\$0
52500	Health Insurance Credit	\$ -	\$ -	\$0
52700	Employee Promotions	\$ 3,500	\$ 10,000	\$6,500
52900	OPEB Health Insuranc ARC Adj	\$ -	\$ -	\$0
52952	Net Pension Adjustment	\$ -	\$ -	\$0
53000	Contractual Services	\$ 395,000	\$ 340,000	-\$55,000
53121	Auditing Services	\$ 12,500	\$ 12,500	\$0
53122	Accounting Services	\$ 7,500	\$ 11,000	\$3,500
53123	Administrative Service	\$ 37,000	\$ 73,000	\$36,000
53140	Consults - Engineering	\$ 50,000	\$ 50,000	\$0
53145	Consults - General	\$ -	\$ -	\$0
53150	Legal Services	\$ 50,000	\$ 50,000	\$0
53152	Software Support	\$ 70,000	\$ 50,000	-\$20,000
53160	Medical	\$ 3,000	\$ 3,000	\$0
53162	Bank Service Charges	\$ 1,000	\$ -	-\$1,000
53170	Payment in Lieu of Taxes (City of Petersburg)	\$ 33,500	\$ -	-\$33,500
53190	Samples and Testing	\$ 43,000	\$ 43,000	\$0
53220	VPDES Permit Fee	\$ 12,500	\$ 12,500	\$0
53320	Maintenance Service Contracts	\$ 50,000	\$ 10,000	-\$40,000
53600	Grounds Maintenance	\$ 25,000	\$ 25,000	\$0
55000	Other Charges	\$ 998,000	\$ 1,014,500	\$16,500
55050	Advertising	\$ 10,000	\$ 5,000	-\$5,000
55110	Electricity	\$ 450,000	\$ 450,000	\$0
55120	Natural Gas	\$ 15,000	\$ 15,000	\$0
55130	Solid Waste	\$ 3,500	\$ 3,500	\$0
55140	Water	\$ 8,500	\$ 10,000	\$1,500
55150	Storm Water (City of Petersburg)	\$ 6,500	\$ 6,500	\$0
55160	Biosolids Disposal	\$ 350,000	\$ 350,000	\$0
55210	Postage and Freight	\$ 15,000	\$ 25,000	\$10,000
55230	Telecommunications	\$ 16,500	\$ 16,500	\$0
55308	General Liability Insurance	\$ 70,000	\$ 70,000	\$0
55410	Lease/Rent of Equipment	\$ 11,000	\$ 11,000	\$0
55530	Meals and Lodging	\$ 2,000	\$ 2,000	\$0
55540	Education and Training	\$ 20,000.00	\$ 25,000.00	\$5,000
55550	Safety Supplies	\$ 20,000.00	\$ 25,000.00	\$5,000
55700	Grounds Maintenance			\$0

56000	Materials and Supplies	\$ 1,192,000	\$ 1,245,100	\$53,100
56001	Office Supplies	\$ 15,000	\$ 15,000	\$0
56004	Laboratory Supplies	\$ 55,000	\$ 56,100	\$1,100
56005	Process Chemicals	\$ 575,000	\$ 575,000	\$0
56006	Repair and Maintenance Supplies - IT	\$ 80,000	\$ 80,000	\$0
56007	Repair and Maintenance Supplies - Shop	\$ 355,000	\$ 395,000	\$40,000
56008	Vehicle and Equipment Fuels	\$ 25,000	\$ 25,000	\$0
56010	Janitorial Supplies	\$ 10,000	\$ 10,000	\$0
56011	Uniforms	\$ 19,000	\$ 24,000	\$5,000
56012	Dues and Subscriptions	\$ 38,000	\$ 35,000	-\$3,000
56015	Small Equipment Purchases	\$ 10,000	\$ 20,000	\$10,000
56016	Operation - Supplies - Maintenance	\$ 10,000	\$ 10,000	\$0
57000	Equipment Replacement	\$ 538,000	\$ 727,000	\$189,000
58000	Nutrient Credit Purchases	\$ 550,000	\$ 187,500	-\$362,500
59000	Rate Stabilization Funds to be deposited to Capital Reserve Acct			\$0
	Total(Operations & Maintenance)	\$ 6,484,600	\$ 6,393,600	-\$91,000
	Reserve policy (50% O&M) (1)	\$ -	\$ -	\$0
	ERRF (5% of Operations & Maintenance) (2)	\$ -	\$ -	\$0
	Capital Reserve Account (3)	\$ 2,250,000	\$ 2,500,000	\$250,000
	Debt Service	\$ -	\$ -	\$0
	Total	\$ 8,734,600	\$ 8,893,600	\$159,000

Notes

(1) Reserve Policy requirement is to maintain 50% O&M reserves. Reserve Policy account currently has 50% O&M

(2) Equipment Replacement and Reserve Fund (ERRF) has > \$2.5 million. Per service agreement, the budget must include 5% O&M charge for ERRF until the account reaches \$2.5 million

(3) Capital Reserve account is used to offset future capital expenditures.

South Central Wastewater Authority
Replacement Fund Budget - 57000
FY21/22

Acct#	Budget	Proposed Budget	INFORMATIONAL & PLANNING									
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
57010 - Machinery & Equipment	\$ 140,000	\$ 292,000	\$ 160,000	\$ 250,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	
57020 - Instrumentation	\$ 88,000	\$ -	\$ 124,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
57030 - SCADA	\$ 15,000	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	
57040 - Computer Hardware & Software	\$ 10,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	
57050 - Motor Vehicles	\$ 35,000	\$ -	\$ 150,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 39,333	\$ 34,000	\$ 31,000	\$ 30,000	
57055 - Equipment	\$ -	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 72,937	\$ 47,853	\$ 40,889	\$ 40,889	\$ 40,889	
57060 - Construction	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
57080 - Fixtures and Furniture	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ 538,000	\$ 727,000	\$ 634,000	\$ 555,000	\$ 380,000	\$ 365,000	\$ 242,937	\$ 227,187	\$ 199,889	\$ 211,889	\$ 205,889	

NOTE: FY 20/21 TO BE APPROVED WITH BUDGET

South Central Wastewater Authority
Capital Budget
FY21/22

ITEM	Estimate	Budget	Proposed Budget	INFORMATIONAL & PLANNING									
		20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Nutrient Upgrade - Engineering	\$ 3,070,384	\$ 1,535,192	\$ 1,535,192										
Nutrient Upgrade - Bond	\$ 35,000,000			\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	
Capital Reserve Account		\$ 2,250,000	\$ 2,500,000										
Totals		\$ 2,250,000	\$ 2,500,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	\$ 2,575,000	

NOTE:

- 1) The above items for information only. Approval required from Board of Directors at time of project award.
- 2) Bond Funding will be required for these Proposed Capital Project.
- 3) Nutrient Upgrade - Engineering for FY2021 and FY2022 is funded through the Capital Reserve Account as approved at the September 2020 Board meeting
- 4) Debt service for the Nutrient Upgrade was estimated at \$35,000,000 over 20 years and 3%

Total Replacement and Construction Budget												
20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31		
\$ 2,788,000	\$ 3,227,000	\$ 3,209,000	\$ 3,130,000	\$ 2,955,000	\$ 2,940,000	\$ 2,817,937	\$ 2,802,187	\$ 2,774,889	\$ 2,786,889	\$ 2,780,889		

South Central Wastewater Authority
Nutrient Credit Purchase - Acct # 58100
FY21/22

Acct# 58100 ITEM	Budget	Proposed Budget	INFORMATIONAL & PLANNING									
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Contract + contingency	\$ 550,000	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ -	\$ -	\$ -	\$ -	\$ -	

NOTE: FY 20/21 TO BE APPROVED WITH BUDGET

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2021/2022 Budget

Proposed: January 21, 2021

Approved: _____

Revised: _____

Revision Approved: _____

Operations and Maintenance, Equipment Repair and Replacement Funds and Debt Service billing per July 2, 1996 Service Agreement

Operation and Maintenance, Section 10, Para. 2

Budget: \$6,393,600.00

Community	Petersburg	Colonial Heights	Chesterfield	Prince George	Dinwiddie
% O&M (1)	59.177%	17.792%	7.996%	6.209%	8.826%
O&M	\$ 3,783,556.53	\$ 1,137,529.17	\$ 511,223.03	\$ 397,000.77	\$ 564,290.51

Equipment Repair and Replacement Fund, Section 11, Para. E, 5% of O&M

Budget: \$ -

%ERRF(2)	52.5%	20.0%	10.0%	7.5%	10.0%
ERRF	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Service, Section 11, Para. A.2

Budget: \$ -

% Participation	0.00%	0.00%	0.00%	0.00%	0.00%
P&I Owed	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred	\$ -	\$ -	\$ -	\$ -	\$ -
Total P&I	\$ -	\$ -	\$ -	\$ -	\$ -

Reserve Policy

Budget: 0

% Participation (3)	52.5%	20.0%	10.0%	7.5%	10.0%
Reserve Policy	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Reserve Account (to offset future Capital Expenditures)

Budget: \$ 2,500,000.00

% Participation	52.5%	20.0%	10.0%	7.5%	10.0%
Reserve Policy	\$ 1,312,500.00	\$ 500,000.00	\$ 250,000.00	\$ 187,500.00	\$ 250,000.00

Annual Total	\$ 5,096,056.53	\$ 1,637,529.17	\$ 761,223.03	\$ 584,500.77	\$ 814,290.51
O&M Due Monthly	\$ 315,296.38	\$ 94,794.10	\$ 42,601.92	\$ 33,083.40	\$ 47,024.21
ERRF Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve policy Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Account	\$ 109,375.00	\$ 41,666.67	\$ 20,833.33	\$ 15,625.00	\$ 20,833.33
P&I Due Monthly	\$ -	\$ -	\$ -	\$ -	\$ -
Total Due Monthly	\$ 424,671.38	\$ 136,460.76	\$ 63,435.25	\$ 48,708.40	\$ 67,857.54

Notes:

(1) Participation percentage based on flow data for period from FY15 to FY19

(2) Participation percentage based upon Section 6 of the Service Agreement

(3) A Reserve Policy of 50% O&M was adopted with the FY15/16 Budget to be funded initially over a 5 year term. Participation is based on Plant Allocation

SOUTH CENTRAL WASTEWATER AUTHORITY

FY 2021/2022 Budget

Proposed: January 21, 2021

Approved: _____

Revised: _____

Revision Approved: _____

<u>Proposed Revenues</u>	<u>Petersburg</u>	<u>Colonial Heights</u>	<u>Chesterfield</u>	<u>Prince George</u>	<u>Dinwiddie</u>	<u>Total</u>
Estimated Share of Plant Flow	59.177%	17.792%	7.996%	6.209%	8.826%	100.000%
Estimated Share of Operations & Maintenance	\$ 3,783,556.53	\$ 1,137,529.17	\$ 511,223.03	\$ 397,000.77	\$ 564,290.51	\$ 6,393,600.00
Share of Plant Capacity (%)	52.50%	20.00%	10.00%	7.50%	10.00%	100.00%
Share of Equipment Replacement Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Policy - (50% O&M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Account	\$ 1,312,500.00	\$ 500,000.00	\$ 250,000.00	\$ 187,500.00	\$ 250,000.00	\$ 2,500,000.00
Share of Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Amount	\$ 424,671.38	\$ 136,460.76	\$ 63,435.25	\$ 48,708.40	\$ 67,857.54	\$ 741,133.33
Annual Total	\$ 5,096,056.53	\$ 1,637,529.17	\$ 761,223.03	\$ 584,500.77	\$ 814,290.51	\$ 8,893,600.00
Electrical Credit						\$ -
Miscellaneous Revenue - PROPOSE THIS REVENUE IS DEPOSITED TO A CAPITAL RESERVE FUND						\$ -
Total Budget						\$ 8,893,600.00

Budget Comparison

	FY21/22 Budget	FY20/21 Budget	FY21/22 - FY20/21	
Locality	Revenue	Revenue	Difference	
City of Petersburg	\$ 5,096,057	\$ 5,001,502	\$ 94,555	1.89%
City of Colonial Heights	\$ 1,637,529	\$ 1,622,363	\$ 15,167	0.93%
Chesterfield County	\$ 761,223	\$ 751,989	\$ 9,234	1.23%
Prince George County	\$ 584,501	\$ 579,244	\$ 5,257	0.91%
Dinwiddie County	\$ 814,291	\$ 779,503	\$ 34,788	4.46%
Sub-totals	\$ 8,893,600	\$ 8,734,600	\$ 159,000	1.885%
Deferred Debt (Petersburg)	\$ -	\$ -	\$ -	
Deferred Debt (Colonial Heights)	\$ -	\$ -	\$ -	
Deferred Debt (Prince George)			\$ -	
Electrical Credit	\$ -	\$ -	\$ -	
Miscellaneous Revenue	\$ -	\$ -	\$ -	
Total Budget	\$ 8,893,600.00	\$ 8,734,600.00	\$ 159,000.00	

50% Reserve Policy:

Reserve Policy Calculation

SCWWA O&M Budget	O&M Reserves on June 30, 2020	Recommended 50% O&M Reserves	Charges required to achieve 50% reserves	Annual Charge
\$6,393,600	\$3,916,414.45	\$3,196,800.00	-\$719,614.45	0

SCWWA Budget comparisons

	(1)			(2)			(3)						
Year	O&M Expenses		Replacement	Nutrients	Debt Service	Reserve policy	ERRF	Total	Difference	% change	Comments		
20/21	\$	5,396,600.00	\$ 538,000.00	\$ 550,000.00	\$ 2,250,000.00	\$ -	\$ -	\$ 8,734,600.00					
21/22	\$	5,479,100.00	\$ 727,000.00	\$ 187,500.00	\$ 2,500,000.00	\$ -	\$ -	\$ 8,893,600.00	\$ 159,000.00	2%			
22/23	\$	5,643,473.00	\$ 634,000.00	\$ 187,500.00	\$ 2,575,000.00	\$ -	\$ -	\$ 9,039,973.00	\$ 146,373.00	2%			
23/24	\$	5,812,777.19	\$ 555,000.00	\$ 187,500.00	\$ 2,575,000.00	\$ -	\$ -	\$ 9,130,277.19	\$ 90,304.19	1%			
24/25	\$	6,127,160.51	\$ 380,000.00	\$ 187,500.00	\$ 2,575,000.00	\$ -	\$ -	\$ 9,269,660.51	\$ 139,383.32	2%	added maint sup and mechanic + benefits		
25/26	\$	6,310,975.33	\$ 365,000.00	\$ 187,500.00	\$ 2,575,000.00	\$ -	\$ -	\$ 9,438,475.33	\$ 168,814.82	2%	should be last year purchasing credits		

Notes:

(1) Annual increase in operating expenses 3%

(2) Debt Service stays constant. Projections assume bond payments start in FY23 (shown in red)

(3) Equipment Replacement and Reserve Fund (currently fully funded at >\$2,500,000)

SCWWA Projected Annual Cost**5 year projected annual cost per Participating Jurisdiction**

	Dinwiddie	Prince George	Colonial Heights	Chesterfield	Petersburg	total
5 year aver flows	8.826%	6.209%	17.792%	7.996%	59.177%	100.000%
Allocation	10.000%	7.500%	20.000%	10.000%	52.500%	100.000%
FY 22/23	\$ 828,090	\$ 594,558	\$ 1,665,228	\$ 774,430	\$ 5,177,668	\$ 9,039,973
FY 23/24	\$ 836,060	\$ 600,165	\$ 1,681,294	\$ 781,651	\$ 5,231,108	\$ 9,130,277
FY 24/25	\$ 848,362	\$ 608,820	\$ 1,706,093	\$ 792,795	\$ 5,313,591	\$ 9,269,661
FY 25/26	\$ 863,261	\$ 619,302	\$ 1,736,128	\$ 806,294	\$ 5,413,491	\$ 9,438,475

Note: Budget % based on five year average flows (FY15/16 to FY19/20)



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

Exhibit E

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James Gordon, Assistant Executive Director

DATE: January 21, 2020

SUBJECT: Nutrient Project Update

On November 19, 2020, a kickoff meeting with our Engineering project team was held. At the meeting, the chain of communication was outlined and the project schedule, conceptual design, project costs, and next steps for the design team and SCWWA staff were discussed. The SCWWA plant will be upgraded to comply with a 4.0 mg/L Total Nitrogen and a 0.3 mg/L Total Phosphorus effluent discharge limit. Clear contract documents for bidders will be required so potential contractors understand the need to maintain plant operation and requirements/limitations for site access. The project schedule presented showed, submittal of 100% design in January 2022 with project bids being received in February 2022. Monthly meetings between our design team and staff have been scheduled for review of this project. A copy of the proposed schedule follows this memo.

Surveying, geotechnical work, and archeological work were some of the items needing to begin. The “magazine” was evaluated in early 2020 and it was determined that additional evaluation was required. The additional work was completed in November/December and it was determined that the “magazine” is not a historic magazine and that area can be used as needed for the project. Also, several areas were identified as needing geotechnical borings to evaluate the soils for potential structures. The ARWA assisted in underground utility marking onsite and our drone was flown over these areas to document these locations. This work started in December.

The Roper property was also discussed as a potential option for project staging and parking. This property is owned by the Petersburg Economic Development Authority. Ms. Ferrell-Benavides and Mr. Lyons organized a meeting for Mr. Wilson and Mr. Gordon to begin discussion with City representatives and the Petersburg Economic Development Authority to discuss a potential road alignment through the Roper property that could be used as an alternate access to the SCWWA plant. This would divert commercial traffic from the residential area. A conceptual plan of the road was provided for the discussion. We also asked if they would consider leasing some of the land to a contractor for the duration of the project construction. We have provided additional vehicle trip information to the city so they can further evaluate our request.

Dominion has two transmission easements on SCWWA property. The easement agreements are from 1947 and 1950. The preliminary plant layout for this project shows potential encroachments to the existing primary and transmission overhead easement. Conversations were started with Dominion and an easement encroachment application has been submitted. We hope to have an idea by the end of January if this is acceptable.

On December 17th, a virtual meeting was held with DEQ and VRA to discuss financing for the Nutrient Reduction Upgrade Project. In attendance were Mr. Wilson, Mrs. Wilkins, Mr. Gordon, DEQ representatives (Mr. Crocker and Ms. Doran), consultant (Mr. Tabor), VRA representatives (Ms. Pearson and Mr. Crunlish), our lobbying group (Mr. Pomeroy and Mr. Bryant), and legal counsel (Mr. Anderson). DEQ is still evaluating our WQIF application and acknowledged that we have been approved for 95% of nutrient eligible cost. They also commented that this was a first for their group. Their next step is for DEQ to evaluate the eligible percentages, hopefully by the end the January 2021, and then we could agree/negotiate on the eligible items and calculated amounts. Our consultant stated that he would be happy to discuss how the grant eligible \$75 million was calculated and split. Once this is complete, DEQ should be able to draft the agreement by the end of February and then for the thirty day comment period. The WQIF grant agreement should be completed by the end of March 2021 and ready for the SCWWA Board by April or May of this year. A Board meeting is scheduled for May 20, 2021 and depending on when the agreement is received a special meeting may be requested. Grant funds would be available once the agreement is signed and can be revised after the project is bid if the bids exceed what was applied for in the grant agreement. VRA Revolving Loan Funds (RLF) were also discussed. Principle loan forgiveness may be available if RLF bonds are used to finance the local share portion of the project. Applications are due in June/July 2021 and a project estimate will be required with the application. The project schedule has the upgrade designs at 60% in June/July. There is an opportunity to request an increase if the project bids come in higher, but acceptance depends on funding availability. It would take a couple of months to rank and evaluate the applications and then it would go to the State Water Control Board in December, at which time it would become a project. RLF funding would require the project to comply with the Davis-Bacon Act wages and the purchase of American Iron and Steel. We have kept Davenport in the loop with the financing requirements to date.

In addition to the project schedule, we have attached the midmonth update from the executive director that was emailed to members. Most of those topics were covered in more detail in this update.

Board Action Requested:

No Board action is requested at this time.

From: Robert Wilson
Sent: Monday, December 21, 2020 9:41 AM
To: Andrew Barnes (abarnes@petersburg-va.org); Aretha Ferrell-Benavides - City of Petersburg (city.manager@petersburg-va.org); Casey (caseyjoe@chesterfield.gov); 'Kevin Massengill'; 'Percy Ashcraft'; smithd@colonialheightsva.gov; Frank Haltom (fhaltom@princegeorgecountyva.gov); 'George Hayes'; llyons@petersburg-va.org; MorrisSc@chesterfield.gov; Tangelia Innis; Todd Flippen
Cc: James Gordon; Tabor, Chris; Arthur Anderson (aanderson@mcguirewoods.com)
Subject: Nutrient Updates

A few updates for the Nutrient Project:

(1) Financing:

Last Thursday we had a virtual meeting with DEQ, VRA, our engineering consultant, and legal team. The purpose of this meeting was to get a general understanding of when the draft grant agreement would be available for the Authority to review as well as an understanding of the proposed financing.

- DEQ is still working on reviewing the grant application, PER, and VE. DEQ acknowledged that we have been given an award of 95% of nutrient eligible costs. DEQ went on to advise that we will need to meet and agree/negotiate on how the grant eligible amount of \$75 million was derived. Our consultant advised he would be happy to meet and discuss the calculations and splits. I asked that this be an in person meeting.
- DEQ advised they would complete their review of the documents (grant application, PER, and VE) by the end of January 2021.
- The grant agreement should be drafted by the end of February.
- The agreement must be posted for 30 days for public comment.
- The grant agreement should be completed by the end of March.
- Submit the grant agreement to the SCWWA Board at the scheduled May 20th meeting unless the Board wants to consider a special meeting in April. Depending on when the Authority receives the draft grant agreement, we may request a special meeting.
- On the funding side, if we choose to go RLF through VRA which keeps principal forgiveness on the table, we have to submit our application in June 2021. RLF does include DBA employee rates, buy American Iron and Steel, etc. The current design schedule shows we will have only completed the 60% design submittal by June.
- The RLF package gets submitted to the SWCB in September 2021. We do get a chance to increase our RLF amount at that time if necessary. Our design schedule shows we should be at 90% plans in November 2021.
- The RLF funding gets awarded in December 2021. At that time, we could request reimbursement for qualifying engineering expenses – part of the \$3.6 million we are fronting.
- We did discuss bridge loan issues. DEQ is checking to see how often this has happened in the past. We are putting some cash aside that may cover a partial payment request or two, however, if we have to wait until the following year for an appropriation that could be a problem. Arthur is checking on the alternatives.
- We reiterated that we only want to borrow the local share.
- A couple of financial points.
 - We reiterated everyone's current financial health and that everyone is paid up to date and currently paying in their estimated portion of the local share of \$35 million debt service.

- When we get reimbursed for the eligible out of pocket engineering services, we should have approximately \$9.0 to \$10.0 million in cash at the end of 2021.
- The ERRF is currently funded at \$2.5 million
- We maintain a reserve of 50% of operating expenses on an annual basis.
- We also explained that each member has to go back to their respective council or board of supervisors to gain approval.

(2) Magazine

The archeological work on the “magazine” has been completed. Dovetail has concluded that the brick area is not a historic magazine and therefore, that area can be reclaimed.

(3) Road

We had our first conversation (virtual meeting) with representatives from the City of Petersburg and the Economic Development Authority. We will be providing additional information and presentations in January.

(4) Dominion easement encroachment

The preliminary plant layout shows potential encroachments to the existing primary and transmission overhead easements. We have begun conversations with Dominion to request encroachment. We did locate the recorded transmission easements and wording with assistance from the Chesterfield County Real Property Office.

We will also include these updates in the upcoming Board package.

Robert B. Wilson, P.E.
 Executive Director ARWA/SCWWA
 21300 Chesdin Road
 South Chesterfield, VA 23803
 (804) 590-1145 ext. 101 (office)
 (804) 586-7420 (mobile)
rwilson@arwava.org

Project Schedule

Preliminary Design Schedule, Milestones and Workshops

Project Element	Date	Status
NTP (PO)	November 11, 2020	Early Start / Received
Kickoff Meeting	November 19, 2020	Now
Complete Field Investigations	January 15, 2020	Started
30% Design Submittal	April 1, 2021	Pending
60% Design Submittal	July 1, 2021	Pending
90% Design Submittal	November 19, 2021	Pending
100% Design Submittal	January 21, 2022	Pending
Project Advertisement	January 28, 2022	Pending
Project Bids Received	February 25, 2022	Pending
SCWWA Board Meeting	March 10, 2022	Pending

Exhibit F

South Central Wastewater Authority Work Plan Initiation Date July 2020 Six Month Update – January 21, 2021

Vision

To provide extraordinary customer service to the member jurisdictions and their customers and be recognized as a community partner that provides exceptional wastewater treatment and environmental protection.

Staff

The South Central Wastewater Authority also known as SCWWA provides wastewater treatment services and customer support to five jurisdictions: Chesterfield County, Dinwiddie County, Prince George County, the City of Petersburg and the City of Colonial Heights. The SCWWA staff consists of 35 dedicated professionals in the wastewater treatment industry. The team is divided in to five departments: Administration, Operations, Maintenance, Laboratory, and IT. Each department is an integral part of the overall operation and committed to the values listed below.

Values

To provide extraordinary customer service, we are committed to the following principles:

- Open Communication
- Transparency
- Regional cooperation
- Teamwork
- Respect
- Quality

Budgeted FY21 Projects:

- Secure WQIF funding for the Nutrient Project. We have completed the PER, VE, and WQIF Eligibility Analysis. We have received notification from DEQ they are willing to fund 95% of nutrient eligible project costs. DEQ also indicated they are willing to consider principle forgiveness. We have also had follow-up conversations with VRA and DEQ to outline some of the issues and concerns on financing. This information was summarized and forwarded to members in an email dated 12/21/2020.
- Prepare request for proposals (RFP) for engineering services for nutrient project and select engineer for design and contract administration. We went the RFP process and

selected Hazen to perform the engineering design and construction administration and inspection services for the nutrient project. The Board approved the contract design services, approximately \$3.3 million at the September 10, 2020 meeting.

- Replace the drain pump station next to the primaries. This project may be influenced by the nutrient project and require resizing. The new tank proposed east of the primaries may flow back to this pump station. We are in the process of replacing the drain pump station next to the primaries. Plans are 90% complete. We propose to purchase the Gorman Rupp pump station and have a contractor perform the installation.
- Replacement of PLC 2. PLC 2 controls bar screens, sludge pumps, muffin monsters, primary flights and chains, air compressors for the scum pots, the three force main flow meters, influent pH monitors, drain pump station, grit classifiers and collectors, scum concentrators, and wet well. Basically, the front half of the plant. PLC is 24 years old. We expect to have a proposal for replacement of PLC2 by the end of January.
- Replace the caustic feed pumps. This will be accomplished by maintenance staff. We are holding on replacing the media until we determine how the scrubber will be impacted by the nutrient project.
- Replace the return activated sludge (RAS) flow signal converters for all five pumps. This will be accomplished by instrumentation/IT staff. The new flow signal converters have been ordered and will be replaced once received.
- Replace the media in Scrubber #2. This will be accomplished by maintenance staff. We are holding on replacing the media until we determine how the scrubber will be impacted by the nutrient project.
- Create an epidemic section to Emergency Action Plan in-house using the one created for ARWA as a guide. An in-house plan was developed and has been added to the policy manual, Policy 1-40.

On-going Projects:

- Develop constructability and phasing plans for the nutrient project. This will be accomplished during the nutrient project design, 2021.
- Develop a list of preferred equipment and technologies for the nutrient project. Staff has developed for the engineer.
- Asset management. Determine the useful life of equipment and factor into the capital improvement program (CIP). Develop a program for tracking equipment removed from operation and tracking operational readiness.
- Data management. Determine archiving and compliance requirements. Scanning and electronic data management.
- Develop a formal five and ten year capital improvement program. This is part the budget process and is included in the FY21/22 Budget Narrative.
- Stabilize rates. We are proposing to add annual appropriations to the budget for vehicle and equipment replacement. This is discussed further in the FY21/22 Budget Narrative.

- Tabletop exercises. Develop various catastrophic scenarios and determine if the current Emergency Action Plan and Standard Operating Procedures (SOP's) address how to react to the scenario.
- Develop one line diagrams for the new plant power distribution. This will be part of the nutrient project.
- Work with members to reduce inflow and infiltration. Providing historical data as needed. Each quarter when we are doing the reconciliation, we are pointing out high flows to the respective incorporating subdivisions and the potential impact on their portion of the budget.
- Ensure that appropriate employee development, succession planning and business continuity is in place. The assistant executive director and I have met with both operations managers and begun establishing the criteria and foundation for maintaining licensed operators. Formal policies have been reviewed and revised with time and class requirements and financial reimbursement. We are also working with the maintenance chiefs to develop succession plans for supervision.
- Develop a staffing and attrition plan. Consider a high school training program.

Permits and Important Dates:

- Virginia Pollution Discharge Elimination System (VPDES) permit VAN040087 for nitrogen and phosphorous discharges and nutrient trading in the Chesapeake Watershed expires on December 31, 2021. Renewal of the permit will begin around November 2020.
- VPDES permit VA0025437 for plant effluent expires on September 20, 2022. Renewal of the permit will begin around August 2021.
- Completion of the Nutrient Project by December 2025.
- Biosolids contract expires August 11, 2021
- Annual Laboratory certification
- Chronic toxicity testing



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Exhibit G

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, P.E., Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 21, 2021

SUBJECT: Ongoing Projects\Operations

Operating Status Report

This report hits the highlights and does not cover the day to day maintenance or preventive maintenance summaries. Some of the information is duplicate and already been provided through weekly updates since the last meeting was in July.

➤ General

- The next scheduled Board of Directors Meeting is Thursday, March 18, 2021. Staff requests the venue be moved to the Appomattox River Water Authority at 2:00 pm for this meeting due to social distancing related to COVID-19.
- One of the industries in our Industrial Pretreatment Program (IPP) has received several Notice of Violations (NOVs) for exceeding their Fats, Oils, and Grease (FOG) limit. They have involved their legal counsel to request an abeyance of the limit. SCWWA legal counsel is involved and discussions are ongoing.
- Met with utility directors via teleconference on December 9th to review and discuss the draft FY2022 budgets.
- On average, the SCWWA received 6 trucks of leachate per day for November and December 2020. Revenues for November were \$68,138.92 and for December were \$77,207.89. Septage receiving billed \$10,908.96 in November and \$14,653.09 in December.
- SCWWA's annual total nitrogen (TN) waste load allocation (WLA) is 350,239 lbs. Total 2020 TN discharged was 421,111 lbs. We have a contract with Chesterfield to purchase 171,694 lbs to cover any WLA overage.
- SCWWA's annual total phosphorus (TP) WLA is 28,404 lbs. Total 2020 TP discharged was 27,108 lbs.
- The invitation for chemical bids went out December 9th and bids were received January 14th. Results of the bids are available for any member that would like a copy
- The SCWWA is currently filling 2 vacant operator positions and 1 vacant mechanic position.

➤ Operations

- Plant effluent met all permit requirements for November and December 2020.
- The average daily effluent flow for November was 16.61 mgd and December was 19.678 mgd. The

annual average daily flow was 14.551 mgd and the max daily flow for 2020 was 37.289 mgd.

- Personnel was promoted internally to fill the vacant assistant operation manager position. Vacant floater position was backfilled and a new internally promoted to fill the vacant senior operator position. We have hired two new class 3 operators to fill vacant positions.
- Staff continues to work with NutriBlend to ensure timely removal of biosolids.

➤ Maintenance

- Delivery of the metal framing for the scum pot covers is being coordinated.
- Repair parts for Return Activated Sludge (RAS) pump 2 are being ordered. The wear plate came loose and cut a hole in the side of the piping.
- The BFP is using belts faster than expected. We are looking at alternative belt grades.
- Maintenance is currently short one mechanic. Interviews are ongoing.
- Interior painting continues (headworks, blower room, pump building 3).

➤ Instrumentation

- PLC3 which controllers our blowers, hypochlorite, sodium bisulfite feeds is currently being constructed. Onsite preparations for the install of this PLC are ongoing. An alternate PLC and flow meter have been setup to provide flow signals for feed controls.
- Our PLC (Programmable Logic Controller) integrators are working on a quote to replace PLC2. This PLC is in the current budget year and is the main PLC for the headworks equipment.
- The RAS flow meter converters are being replaced with new models.
- A new SCADA terminal Server is online, and the 2 new SCADA servers should be online by the end of the month.
- An ARWA/SCWWA domain trust relationship has been setup between the two facilities. This should allow for smoother shared resources.

➤ Laboratory

- Working on Annual Pretreatment Report due to DEQ on 1/31/21
- Semi-annual WET test scheduled for 3/15/21.
- Pretreatment: completed 12 inspections and 24 sampling events in 2020

➤ Annual Maintenance Inspection

- The final Annual Maintenance Inspection report has been received and distributed to Operations and Maintenance staff.

➤ Drain Pump Station

- WW Associates is currently in the design phase of this project. Designs are at approximately 90% and we should receive design spec next week. The SCWWA plan to prepurchase the pump station for this project. Project will be out to bid soon.

South Central Wastewater Authority

For Month Ending December 31, 2020

Assets

Current Assets

Petty Cash	\$	250
Wells Fargo Operating Account	\$	2,688,732
Total Unrestricted Cash	\$	2,688,982

Wells Fargo Reserve	\$	3,916,414
Wells Fargo Capital Improvement Reserve	\$	249,391
ERRF	\$	-
LGIP-ERRF	\$	2,710,468
LGIP_Capital Improvements Reserve	\$	7,942,150
Total Restricted Cash	\$	14,818,424

Total Checking/Savings	\$	17,507,406
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Accounts Receivable	\$	235,364
Prepaid Expenses	\$	48,376
Long Term Receivable (Petgs/Legal)	\$	-

Total Current Assets	\$	17,791,146
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Fixed Assets

Sewer System Plant	\$	35,565,964
Equipment & Vehicles	\$	2,545,521
Plant Machinery	\$	7,323,263
Construction in Progress	\$	-
Land	\$	92,968
Accumulated Depreciation	\$	(28,582,501)

Total Fixed Assets	\$	16,945,215
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Other Assets

Inventory	\$	787,928
Def Out Res-Post ER Pension Con	\$	89,508
Deferred Outflows-GLI OPEB	\$	31,804

Total Other Assets	\$	909,240
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Total Assets

\$	35,645,602
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Liabilities & Equity

Current Liabilities

Accounts Payable	\$	90,067
Total Current Liabilities	\$	90,067

Other Current Liabilities

Payroll Accruals	\$	249,172
Retainage Payable	\$	-
Suspense-Clearing Account	\$	275,000
Refunds Due Member Localities	\$	-

Total Other Current Liabilities	\$	524,172
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Long Term Liabilities

Net OPEB Obligation	\$	86,824
Net OPEB Liability-GLI	\$	143,037
Def Infl-OPEB-Chg of Assumption	\$	55,582
Deferred Inflows-GLI OPEB	\$	14,043
Def Inf-Chg in Ex and Act	\$	(16,143)
Def Inf Res-Net Dif Pension Inv	\$	30,670
Def Inf Res-Pens Chg Assumption	\$	(89,997)
Def Inf Res-Pens Dif Proj/Act E	\$	41,121
Net Pension Liability	\$	201,913

Total Long-Term Liabilities	\$	467,050
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Total Liabilities

\$	1,081,289
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Equity

Retained Earnings	\$	18,389,092
Initial Locality Contribution Cap.	\$	14,166,822

Net Income	\$	2,008,399
Total Equity	\$	34,564,313

Total Liabilities & Equity

\$	35,645,602
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South Central Wastewater Authority
YTD Income Statement for the period ending December 31, 2020

Wastewater Rate Center

Revenues and Expenses Summary

<i>Budget</i>	<i>Budget</i>	<i>Actual</i>	<i>YTD Budget</i>	<i>Variance</i>
<i>FY 20/21</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>vs. Actual</i>	<i>Percentage</i>

Operating Budget vs. Actual

Revenues

Septage/Misc Revenue	\$ -	\$ -	\$ 425,040	\$ 425,040	#DIV/0!
O&M Revenue	\$ 6,484,600	\$ 3,242,300	\$ 3,242,300	\$ 0	0.00%
Capital Improvements Reserve	\$ 2,250,000	\$ 1,125,000	\$ 1,125,000	\$ -	0.00%
ER&RF Revenue	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Operating Revenues	\$ 8,734,600	\$ 4,367,300	\$ 4,792,340	\$ 425,040	9.73%

Expenses

Personnel Cost	\$ 2,811,600	\$ 1,405,804	\$ 1,341,518	\$ (64,286)	-4.57%
Contractual/Professional Services	\$ 405,000	\$ 202,500	\$ 149,132	\$ (53,368)	-26.35%
Utilities	\$ 483,500	\$ 241,750	\$ 205,640	\$ (36,110)	-14.94%
Communication/Postage/Freight	\$ 31,500	\$ 15,750	\$ 17,540	\$ 1,790	11.37%
Office/Lab/Purification Supplies	\$ 80,000	\$ 40,004	\$ 32,168	\$ (7,836)	-19.59%
Insurance	\$ 70,000	\$ 70,000	\$ 63,281	\$ (6,719)	-9.60%
Lease/Rental Equipment	\$ 11,000	\$ 5,500	\$ 2,786	\$ (2,714)	-49.35%
Travel/Training/Dues	\$ 60,000	\$ 29,994	\$ 23,436	\$ (6,558)	-21.86%
Safety/Uniforms	\$ 39,000	\$ 19,500	\$ 13,238	\$ (6,262)	-32.11%
Chemicals/Sludge Disposal	\$ 925,000	\$ 462,498	\$ 377,046	\$ (85,452)	-18.48%
Repair/Maintenance Parts & Supplies	\$ 480,000	\$ 240,002	\$ 267,404	\$ 27,402	11.42%
Total Operating Expenses	\$ 5,396,600	\$ 2,733,302	\$ 2,493,189	\$ (240,113)	-8.78%
Operating Suplus/(Deficit)	\$ 3,338,000	\$ 1,633,998	\$ 2,299,151	\$ 665,153	40.71%

Replacement Outlay Budget vs. Actual

Machinery & Equipment	\$ 140,000	\$ 70,004	\$ 53,735	\$ (16,269)	-23.24%
Instrumentation	\$ 88,000	\$ 43,996	\$ -	\$ (43,996)	-100.00%
SCADA	\$ 15,000	\$ 7,500	\$ -	\$ (7,500)	-100.00%
Computer Equipment	\$ 10,000	\$ 5,000	\$ -	\$ (5,000)	-100.00%
Motor Vehicles	\$ 35,000	\$ 17,498	\$ 37,241	\$ 19,743	112.83%
Construction	\$ 250,000	\$ 125,002	\$ -	\$ (125,002)	-100.00%
Special Studies	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Replacement Outlay	\$ 538,000	\$ 269,000	\$ 90,976	\$ (178,024)	-66.18%

Nutrient Upgrade Budget vs. Actual

Nutrient Upgrade-Engineering	\$ -	\$ -	\$ 8,250	\$ 8,250	#DIV/0!
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Other Income/Expense Budget vs. Actual

Nutrient Credit Purchases (Expense)	\$ 550,000	\$ 275,002	\$ 275,000	\$ (2)	0.00%
Nutrient Reduction	\$ -	\$ -	\$ 5,048	\$ 5,048	#DIV/0!
Interest-Income	\$ -	\$ -	\$ 11,412	\$ 11,412	#DIV/0!
Gain/Loss on Disposal	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Other Income-Other	\$ -	\$ -	\$ 297	\$ 297	#DIV/0!
Alum Litigation Proceeds (Income)	\$ -	\$ -	\$ 66,717	\$ 66,717	#DIV/0!

**South Central Wastewater Authority
Executive Review
Cash and Debt Highlights
As of December 31, 2020**

Highlights: SCWWA Cash Positions	30-Jun-20	31-Dec-20	Change	Explanation
Unrestricted Cash & Investments:				
Petty Cash	\$ 250.00	\$ 250.00	\$ -	On-Hand Petty Cash for incidental expenses
Wells Fargo Operating Account	\$ 1,158,702.32	\$ 2,688,731.76	\$ 1,530,029.44	Financial Policy: All incoming O & M charges under service agreement
Wells Fargo Reserve Account	\$ 3,916,414.45	\$ 3,916,414.45	\$ -	Financial Policy: 50% of Authority's Annual O & M Budget
Wells Fargo-Capital Improvements Res	\$ 2,391,235.75	\$ -	\$ (2,391,235.75)	Old Capital Reserve Account-Closed once LGIP Accounts Established
Wells Fargo-Incoming Leachate/Septage	\$ -	\$ 249,391.30	\$ 249,391.30	Incoming Leachate Revenues-Moved Quarterly to LGIP Account
Restricted Cash and Investments:				
LGIP-ERRF	\$ 2,710,467.97	\$ 2,710,467.97	\$ -	Resolution adopted by BOD, January 2018
LGIP-Capital Improvement Reserve	\$ 5,373,006.28	\$ 7,942,150.44	\$ 2,569,144.16	Resolution adopted by BOD, January 2018
Total Cash and Investments	\$ 15,550,076.77	\$ 17,507,405.92	\$ 1,957,329.15	



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Exhibit I

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 21, 2021

SUBJECT: Board Officer Election – Vice Chairman

Officer elections were held at the November 19, 2020 Board of Directors meeting. At this meeting, Ms. Aretha Ferrell-Benavides was re-elected as Vice Chairman to the South Central Wastewater Authority for the term beginning January 1, 2021 and ending December 31, 2022. On February 19, 2021, Ms. Ferrell-Benavides will be leaving employment with the City of Petersburg and her position as Vice Chairmen will be vacant.

Board Action Requested:

Staff requests the Board discuss arrangements for filling the remaining term for the Vice Chairman position.

Exhibit J

**RESOLUTION DECLARING THE OFFICIAL INTENT OF SOUTH CENTRAL
WASTEWATER AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES
WITH PROCEEDS OF BONDS**

WHEREAS, the South Central Wastewater Authority (the "Authority") intends to design and construct and/or acquire certain facilities and equipment in furtherance of its Nutrient Removal Technology Upgrade Project (the "Project"), to make expenditures to pay costs of the Project prior to the issuance or incurrence of bonds or other debt by or of the Authority (the "Bonds"), and to reimburse itself for such original expenditures (the "Expenditures") from the proceeds of the Bonds; and,

WHEREAS, counsel has advised that Treas. Regs. § 1.150-2 requires the Board of the Authority to adopt a resolution in the form set forth below to preserve the Authority's ability to use portions of the proceeds of the Authority's upcoming issues of Bonds to reimburse itself for Expenditures;

NOW, THEREFORE BE IT RESOLVED by the Board of the South Central Wastewater Authority:

1. The Authority intends to finance the Project in part through the issuance of Bonds in the maximum principal amount of \$35,000,000; provided that this Resolution does not represent a binding commitment to issue and sell any Bonds. The Board will authorize the issuance and sale of the Bonds and prescribe the terms and conditions thereof in one or more subsequent resolutions, the adoption of which will be at the Board's sole discretion.
2. This Resolution represents a declaration of "official intent" under Treas. Regs. § 1.150-2.
3. Counsel has advised that the Expenditures most likely to be reimbursable under Treas. Regs. § 1.150-2 are Expenditures which are (i) capital expenditures (or would be with a proper election) under general federal income tax principles paid not earlier than 60 days before the adoption of this Resolution or (ii) costs of issuance of the Bonds.
4. The adoption of this Resolution is consistent with the budgetary and financial circumstances of the Authority.
5. This Resolution shall be in effect from and after its adoption.

The undersigned Secretary-Treasurer of the South Central Wastewater Authority certifies that the foregoing is a correct and complete copy of a resolution adopted by unanimous vote of the Board of the Authority members at a duly called meeting held on January 21, 2021.

[SEAL]

Secretary-Treasurer

139689946.1