



BOARD OF DIRECTORS

October 20th, 2020

BEDFORD REGIONAL WATER AUTHORITY

Providing quality service to everyone.



1723 Falling Creek Road, Bedford, VA 24523-3137



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MEETING NOTES

To: BRWA Board of Directors
From: Brian M. Key, PE; Executive Director
Date: October 8, 2020
Re: Notes for the October 20, 2020 Board of Directors Meeting

We have a good amount of information to share with the Board this month; below are a few details about a few items on the agenda.

- 5.a. We just received notice of the GFOA award for FY 2019! Jill deserves the praise for this work, as her efforts have ensured that we have gotten the award every year that the BRWA has been in existence.
- 5.b. With the Audit for FY 2020 now complete, we have the financials prepared showing the year ending June 30, 2020 numbers; the report is included in the packets.
- 5.c. Chris Banta, with Brown Edwards, will join the meeting virtually to assist with the FY 2019-2020 Audit presentation.
- 5.d. Our financials for the current fiscal year are looking pretty good; please note, our water capital recovery fees are greatly exceeding the budget projections for the year to date, and our sewer capital recovery fees have already exceeded the budget for the entire fiscal year.
- 8.b. Rhonda will summarize the October 13 Policies and Projects Committee Meeting. There are two action items resulting from this meeting:
 - i. **Resolution 2020-10.01:** Prepayment for Forest Middle School Lift Station
 - ii. **Resolution 2020-10.02:** Ivy Creek Interceptor and 460 Pump Station Agreement

If you have any questions about any of the information contained in your board packets, or if you are not going to be able to attend the meeting, please contact me prior to the board meeting.

AGENDA

NOTICE AND AGENDA

To: Board of Directors
From: Brian Key – Executive Director
Date: October 13, 2020
Re: Notice of Board Meeting and Agenda

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Authority”) will be held on **Tuesday, October 20, 2020 at 7:00 p.m.** in the **Board Meeting Room** of the Authority located in the **Annex** building at **1723 Falling Creek Road in Bedford County**. The following Agenda is proposed for discussion:

Due to COVID-19, the meeting room attendees will be limited to board members and staff; the public can provide input and/or join the meeting in the following ways:

- Join the Zoom meeting with **audio/video** by electronic device (computer, phone, tablet):
 - <https://us02web.zoom.us/j/87163430689?pwd=amdqRG9tMXA2VWVMM2pKVUNYOVJyUT09>
 - Meeting ID: 871 6343 0689
 - Password: 4Sj9jm
- Join the Zoom meeting with **audio only** by phone:
 - Phone Numbers:
 - 470-250-9358
 - 470-381-2552
 - 786 635 1003
 - 267 831 0333
 - Meeting ID: 871 6343 0689
 - Password: 806489
- Click on the link to the online meeting on our Facebook page or website
 - www.brwa.com (the meeting link is on one of the banner posts on the front page)
 - <https://www.facebook.com/bedfordwater>

The following Agenda is proposed for discussion:

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: September 15, 2020 – Regular Board Meeting

To: Board of Directors
From: Brian Key – Executive Director
Date: October 13, 2020
Re: Notice of Board Meeting and Agenda



-
5. Financial Report: Presented by Jill Underwood
 - a. GFOA award for FY2019 CAFR
 - b. Financial Statements through month end June 2020 - Audited
 - c. Audit Presentation for FY2020 CAFR
 - d. Financial Highlights for month end September 2020
 6. Operations Report: Presented by Nathan Carroll
 - a. Work Order Summary
 7. Administration Report: Presented by Megan Pittman
 - a. Public Relations Information
 8. Engineering Report: Presented by Rhonda English
 - a. Projects Summary
 - b. Policies and Projects Committee Meeting Summary October 13, 2020
 - i. **Resolution 2020-10.01:** Prepayment for Forest Middle School Lift Station
 - ii. **Resolution 2020-10.02:** Ivy Creek Interceptor and 460 Pump Station Agreement
 9. Executive Report: Presented by Brian Key
 10. Legal Counsel Report
 11. Other business not covered on the above agenda
 12. Motion to Adjourn

MINUTES



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Bedford Regional Water Authority – Board of Directors Regular Board Meeting – Minutes September 15, 2020

A regular meeting of the Board of Directors of the Bedford Regional Water Authority ("Bedford Water") was held on Tuesday, September 15, 2020, in the Board Meeting Room in Bedford Water's Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Bob Flynn, Chair
Michael Moldenhauer, Vice Chair (virtual)
Cynthia Gunnoe
Elmer Hodge (virtual)
Thomas Segroves
Walter Siehien

Members Absent:..... Carl Wells

Staff & Counsel Present:.. Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director (virtual)
Jill Underwood – Director of Finance (virtual)
Megan Aubrey – Director of Administration (virtual)
Sam Darby – Legal Counsel, GFD&G (virtual)

1. Call to Order

The meeting was called to order by the Chair at approximately 7:11 pm due to technological delays. The Pledge of Allegiance and a moment of silence were conducted.

2. Review of Agenda

The following agenda was reviewed as shown.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: August 18, 2020 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end August 2020
 - b. **Resolution 2020-09.01**: Bond Resolution
6. Operations Report: Presented by Nathan Carroll
 - a. Work Order Summary
7. Administration Report: Presented by Megan Aubrey
 - a. Public Relations Information
8. Executive Director's Report: Presented by Brian Key
 - a. Projects Summary
 - b. Review of Supervisor's September 14, 2020 Work Session

c. Discussion about Broadband on the New London Tank

9. Legal Counsel Report

10. Other business not covered on the above agenda

11. Motion to Adjourn

3. Public Comments

There were no public comments.

4. Approval of Minutes: August 18, 2020 Regular Board Meeting

The regular Board Meeting Minutes from August 18, 2020 were reviewed.

Member Segroves made a motion to approve the minutes.

Member Moldenhauer seconded the motion.

- Board member votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.

5. Financial Report: Presented by Jill Underwood

a. Financial Statements through month end August 2020

Ms. Underwood shared a chart showing the comparison of monthly cash payments received for the past three years. August 2020 revenues were up 8% from July. Customer Service will begin assessing late charges in October and disconnects will begin in November. The finance committee will meet in November to discuss the status of this fiscal year's budget. The current SCC utility disconnection moratorium was extended to October 5, and the General Assembly is currently reviewing legislation that would create a disconnection moratorium that could apply to municipal utilities.

There are currently 360 customers that are past due, totaling \$106,329. As of March 1, 2020, there were 121 customers totaling \$36,482 that were in good standing. The remaining 239 customers had a past due balance before COVID-19. Bedford County has allocated part of the CARES Act funding for utility assistance. There have been seventeen pledges since the program began on September 1.

Ms. Underwood reviewed some of the details about the financial reports for the period ending August 2020. The targeted budget goal for July was 16.67%; operating revenues were 21%, and operating expenditures were 13%. Capital recovery fees received are 39% of the total budgeted amount, with water at 29% and sewer at 69%. There were 23 new connections in Forest in August. Several expense categories are paid either quarterly or annually that skew the percentages. There are adjusting entries to record as part of the audit process; the financials are not deemed final until the audit concludes.

In the CIP report, the PRV has been installed for Mariners Landing, and the tie in is scheduled for Thursday, September 17. Quotes have been received for the SCADA updates at the Mariners Landing pump stations.



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b. **Resolution 2020-09.01:** Bond Resolution

At the January 21, 2020 meeting, the Board approved Resolution #2020-01.01 to proceed with an Investment Grade Audit (IGA) with Schenider Electric Buildings Americas, Inc., a Qualified Energy Service Contractor (ESCO). In August of 2020, the Authority applied to the Virginia Resources Authority (VRA) to fund the project in the upcoming 2020 C Virginia Pooled Financing Program. To stay on schedule for a tentative October 28, 2020 bond sale, VRA must receive all local approvals, including this resolution, by September 25, 2020. Final information is needed from Schenider to determine the exact amount for financing.

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 15th of September 2020, beginning at 7:00 p.m.

BOND RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2020, OF THE BEDFORD REGIONAL WATER AUTHORITY, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$4,600,000 AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the Bedford Regional Water Authority (the "Local Government"), a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5159 (the "Act"), has determined to authorize the issuance of its water and sewer system revenue bond (the "Local Bond") in a principal amount not to exceed \$4,600,000 for engineering, design and construction services to replace aging and failed equipment including blowers, air diffusers and a dewatering press to achieve energy, operational and maintenance savings and improve operability of the Local Government's Central Wastewater Treatment Plant (the "Project") and to enter into a Local Bond Sale and Financing Agreement dated as of September 25, 2020, or another date specified by VRA and the Local Government (the "2020 Financing Agreement"), between the Local Government and the Virginia Resources Authority ("VRA"); and,

WHEREAS, the Local Government has applied to VRA for the purchase of the Local Bond and VRA has indicated its willingness to purchase such bond from the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2020C (the "Related Series of VRA Bonds"); and,

WHEREAS, VRA has advised the Local Government that the sale date of the Related Series of VRA Bonds is tentatively scheduled for October 28, 2020, but may occur, subject to market conditions, at any time between October 1, 2020 and November 20, 2020 (the "VRA Sale Date") and that VRA's objective is to pay the Local Government an amount which, in VRA's judgment, reflects the market value of the Local Bond (the "VRA Purchase Price Objective"), taking into consideration such factors as the purchase price to be received by VRA for VRA Bonds, the underwriters' discount and the other issuance costs of the VRA Bonds, and other market conditions relating to the sale of the VRA Bonds; and,

WHEREAS, VRA has acknowledged that the maximum aggregate principal amount and the "true" interest cost of the Local Government's water and sewer system revenue bond shall not exceed the respective amounts specified in Section 3 of this Bond Resolution; and,

WHEREAS, the foregoing arrangements will be reflected in the 2020 Financing Agreement, the form of which has been presented to this meeting; now,

THEREFORE BE IT RESOLVED by the Board of Directors of the Bedford Regional Water Authority:



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1. Issuance of Local Bond and Use of Proceeds. Pursuant to the Act and the Constitution of Virginia, the Local Government hereby provides for the issuance and sale of its water and sewer system revenue bond in a principal amount not to exceed \$4,600,000 to provide funds to finance the Project and to pay issuance and financing costs incurred in issuing such bond.

2. Authorization of 2020 Financing Agreement. The form of the 2020 Financing Agreement submitted to this meeting is hereby approved. The issuance and sale of the Local Bond to VRA shall be upon the terms and conditions set forth in the 2020 Financing Agreement. The proceeds of such bond shall be applied in the manner set forth in the 2020 Financing Agreement. All capitalized terms used but not defined herein shall have the same meaning as set forth in the 2020 Financing Agreement.

3. Bond Details. The Local Bond shall be issued as a single, registered bond, shall be designated "Water and Sewer System Revenue Bond, Series 2020," shall be numbered R-1, shall be dated the date of its delivery, shall be in a principal amount not to exceed \$4,600,000 and shall mature no later than October 1, 2035. The Local Government authorizes the issuance and sale of the Local Bond on terms as shall be determined by VRA subject to the terms of this Section 3, VRA's Purchase Price Objective and market conditions described in the Recitals hereof; provided, however, that the Local Bond shall have a "true" interest cost not to exceed 3% per year (exclusive of "Supplemental Interest" as provided in the 2020 Financing Agreement) and shall be subject to optional redemption upon the terms set forth in the 2020 Financing Agreement and in the Local Bond. If the limitation on the maximum aggregate principal amount of the Local Bond set forth in this Section 3 restricts VRA's ability to generate the Proceeds Requested, taking into account the Purchase Price Objective and market conditions relating to the sale of the Related Series of VRA Bonds, the Local Government Chair, Vice-Chair or Executive Director, any ONE of whom may act, is authorized to accept a purchase price for the Local Bond at an amount less than the Proceeds Requested. The 2020 Financing Agreement, in substantially the form presented to this meeting, is hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Bond Resolution as may be approved by the Local Government Chairman, Vice Chairman or Executive Director. The Local Government Chair, Vice-Chair or Executive Director, any ONE of whom may act, are each authorized to execute and deliver, on behalf of the Local Government, the 2020 Financing Agreement.

As set forth in the 2020 Financing Agreement, the Local Government agrees to pay such "Supplemental Interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the Capital Reserve Fund, the Infrastructure Debt Service Reserve Fund, the Operating Reserve Fund and/or a drawing on any CRF Credit Facility or the Infrastructure DSRF Credit Facility (each as defined in the 2020 Financing Agreement). The principal of and premium, if any, and interest on the Local Bond shall be payable in lawful money of the United States of America.

4. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Local Bond shall be payable as set forth in the Local Bond and the 2020 Financing Agreement. The Local Government may, at its option, redeem, prepay or refund the Local Bond upon the terms set forth in the 2020 Financing Agreement.

5. Execution and Form of Local Bond. The Local Bond shall be signed by the Local Government Chair, Vice-Chair or Executive Director, any ONE of whom may act, and the Local Government's seal shall be affixed thereon and attested by the Secretary of the Local Government. The Local Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Bond Resolution as may be approved by the Chairman, Vice Chairman or Executive Director, any ONE of whom may act, whose approval shall be evidenced conclusively by the execution and delivery of the Local Bond.



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6. Revenue Pledged; Disclaimer. Subject to the right of the Local Government to apply Revenue to the payment of Operation and Maintenance Expenses, the Local Government irrevocably pledges the Revenue to the payment of principal of and premium, if any, and interest on the Local Bond. Such pledge of Revenue shall be on a parity with the pledge of Revenue securing the outstanding principal amounts of the Local Government's \$5,020,000 Taxable Water and Sewer System Revenue Refunding Bond, Series 2012; its \$2,320,000 Taxable Water and Sewer System Revenue Refunding Bond, Series 2014, its \$31,225,000 Taxable Water and Sewer System Revenue Bond, Series 2015, and its \$2,725,000 Taxable Water and Sewer System Revenue Refunding Bond, Series 2019 (collectively, the "Existing Parity Bonds") each of which was issued pursuant to the terms of local bond sale and financing agreements between VRA and the Local Government (the "Existing Financing Agreements"). Principal of, premium, if any, and interest on the Local Bond are payable solely from the net revenue of the Local Government's water and sewer system (the "System") and other sources pledged thereto in the 2020 Financing Agreement and this Bond Resolution. Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other subdivision of the Commonwealth of Virginia, including the Local Government, Bedford County, Virginia and the Town of Bedford, Virginia, are pledged to the payment of the principal of or premium, if any, or interest on the Local Bond or other costs incident to it. The issuance of the Local Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia, Bedford County, Virginia, the Town of Bedford, Virginia or any other county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for its payment except from the revenue and any other funds or property pledged for such purpose under the provisions of the Bond Resolution, the 2020 Financing Agreement.

Reference is made to the Bond Resolution, the 2020 Financing Agreement and all amendments and supplements to them for a description of the provisions, among others, with respect to the nature and extent of the security for the Local Bond, the Local Government's rights, duties and obligations, the rights of the registered owners of the Local Bond and the terms upon which the Local Bond are issued and secured.

7. Preparation of Printed Local Bond. The Local Government shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the Local Government shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Local Bond in typewritten form, in denominations of \$5,000 and multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Local Bond may be executed by manual or facsimile signature of the Local Government Chair, Vice-Chair or Executive Director, any ONE of whom may act, the Local Government's seal affixed thereto and attested by the Secretary of the Local Government; provided, however, that if both such signatures are facsimiles, no Local Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Local Bond surrendered in any such exchange shall be canceled.



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8. Registration and Transfer of the Local Bond. The Local Government appoints the Local Government Treasurer as paying agent and registrar (the "Registrar") for the Local Bond. If deemed to be in its best interest, the Local Government may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Local Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Local Government shall execute, and the Registrar shall authenticate and deliver in exchange, a new Local Bond or Local Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Local Government, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and to the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each interest payment date.

9. Mutilated, Lost or Destroyed Local Bond. If the Local Bond has been mutilated, lost, or destroyed, the Local Government shall execute and deliver a new Local Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Local Bond or in lieu of and in substitution for such lost or destroyed Local Bond; provided, however, that the Local Government shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Local Government in connection therewith and, in the case of a lost or destroyed Local Bond, (a) has filed with the Local Government evidence satisfactory to the Local Government that such Local Bond was lost or destroyed and (b) has furnished to the Local Government satisfactory indemnity.

10. Preparation and Delivery of Local Bond. The Chairman, Vice Chairman, Executive Director and the Secretary of the Local Government, are each authorized and directed to take all proper steps to have the Local Bond prepared and executed in accordance with its terms and to deliver it to VRA as the purchaser thereof upon receipt of the Purchase Price from VRA as set forth in the 2020 Financing Agreement.

11. Arbitrage Covenants. The Local Government covenants that it will not directly or indirectly use or permit the use of any of the proceeds of the Local Bond or any other of its funds, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, or take or omit to take any other action that would cause interest on any Related Series of VRA Bond to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Local Government also consents to the calculation of any "rebate amount" to be paid with respect to the portion of the Related Series of VRA Bonds related to the Local Bond by a rebate calculation service selected by VRA.

12. Tax Compliance Agreement. Such officers of the Local Government as may be requested are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement in a form not inconsistent with this Bond Resolution as may be approved by the officers of the Local Government executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

13. Limitation on Private Use. The Local Government covenants that it shall not permit the proceeds of the Local Bond or the facilities financed with the proceeds of the Local Bond to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Internal Revenue Code (the "Code"), (b) 5% or more of such proceeds or the facilities financed with such



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proceeds being used with respect to any output facility (other than a facility for the furnishing of water or the transportation and treatment of waste water), within the meaning of Section 141(b)(4) of the Code or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Local Government receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Local Bond from being includable in the gross income of the registered owners thereof for federal income tax purposes under existing law, the Local Government need not comply with such covenants.

14. Official Statement. The Local Government authorizes and consents to the inclusion of information with respect to the Local Government contained in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds.

15. SNAP Investment Authorization. The Local Government heretofore has received and reviewed the Information Statement (the "Information Statement") describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP"), the Contract Creating the State Non-Arbitrage Program (the "Contract") and the SNAP Fund Prospectus, and the Local Government has determined to authorize the Local Government Treasurer to utilize SNAP in connection with the investment of the proceeds of the Bond if the Local Government Chair, Vice-Chair or Executive Director, in consultation with the Local Government Treasurer, determines that the utilization of SNAP is in the best interest of the Local Government. The Local Government acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the Local Government in connection with SNAP, except as otherwise provided in the Contract.

16. Other Actions. All other actions of Local Government officials in conformity with the purposes and intent of this Bond Resolution and in furtherance of the issuance and sale of the Local Bond are ratified, approved and confirmed. The Local Government officials are authorized and directed to execute and to deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Local Bond pursuant to this Bond Resolution, the 2020 Financing Agreement.

17. Effective Date. This Bond Resolution shall take effect immediately.

[Form of Local Bond]

Interest in this bond is intended by the issuer thereof to be included in gross income for federal income tax purposes.

REGISTERED
R-1

REGISTERED
October 18, 2020

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
BEDFORD REGIONAL WATER AUTHORITY \$[] WATER
AND SEWER SYSTEM REVENUE BOND
SERIES 2020

REGISTERED OWNER

VIRGINIA RESOURCES AUTHORITY

PRINCIPAL

[] AND
00/100 DOLLARS
(\$[].00)

BEDFORD REGIONAL WATER AUTHORITY, a public body politic and corporate of the Commonwealth of Virginia (the "Local Government"), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal amount advanced hereunder



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up to the maximum principal amount stated above, together with interest thereon at the annual rate stated in Schedule I attached hereto, as set forth below.

Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each April 1 and October 1 commencing April 1, 2021, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of or interest on this Bond is not paid to the registered owner of this Bond within five (5) days after its due date, the Local Government shall pay to the registered owner of this Bond a late payment charge in an amount equal to five percent (5%) of the overdue installment.

The principal of and interest on this Bond is payable in lawful money of the United States. The issuance of this Bond has been duly authorized by the Board of the Local Government by a resolution adopted September 15, 2020 (the "Local Authorization"), under the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended. This Bond is issued pursuant to the terms of the Local Authorization and a Local Bond Sale and Financing Agreement to be dated as of September 25, 2020 (the "2020 Financing Agreement"), between the Local Government and the Virginia Resources Authority ("VRA"), to evidence a loan by VRA to the Local Government. The Local Government will use the proceeds of the Bond, along with other available funds, if any, for engineering, design and construction services to replace aging and failed equipment including blowers, air diffusers and a dewatering press to achieve energy, operational and maintenance savings and improve operability of the Local Government's Central Wastewater Treatment Plant (the "Project").

If any failure of the Local Government to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this Bond results in a withdrawal from or a drawing on any VRA Reserve (as defined in the 2020 Financing Agreement), the interest rates applicable to this Bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any forgone investment earnings on the funds withdrawn therefrom and/or pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The Local Government's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the Local Government's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The Local Government's obligation to pay Supplemental Interest shall terminate on the date on which the Local Government remedies such failure to pay by making all payments required but outstanding since the date of such failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this Bond, VRA shall deliver to the Local Government a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods. This Bond is a limited obligation of the Local Government and, except to the extent payable from the proceeds of the sale of the Bond or the revenues as more particularly defined in the 2020 Financing Agreement, the "System"). This Bond is secured on parity with the Local Government's outstanding debt obligations listed on Exhibit J to the 2020 Financing Agreement (the "Existing Parity Bonds"), with respect to the pledge of Revenues. NEITHER THE COMMONWEALTH



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OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT, BEDFORD COUNTY, VIRGINIA AND THE TOWN OF BEDFORD, VIRGINIA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR THE OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES AND ANY OTHER MONEY OR PROPERTY PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT, BEDFORD COUNTY, VIRGINIA, AND THE TOWN OF BEDFORD, VIRGINIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT TO IT. THE ISSUANCE OF THIS BOND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT, BEDFORD COUNTY, VIRGINIA, OR THE TOWN OF BEDFORD, VIRGINIA TO LEVY ANY TAXES FOR THE PAYMENT OF THIS BOND.

The obligations of the Local Government under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the 2020 Financing Agreement have been paid in full.

The Local Government may issue additional bonds ranking on parity with this Bond, and the Existing Parity Bonds, with respect to the pledge of the Revenues (as defined in the 2020 Financing Agreement) of the System under the terms of the 2020 Financing Agreement and the Existing Financing Agreements relating to each of the Existing Parity Bonds.

This Bond is subject to prepayment, in accordance with the terms of the 2020 Financing Agreement.

If an Event of Default (as defined in the 2020 Financing Agreement) occurs, the principal of this Bond may be declared immediately due and payable by the registered owner of this Bond by written notice to the Local Government.

This Bond may be transferred only by an assignment duly executed by the registered owner or such owner's attorney or legal representative in form satisfactory to the Treasurer, as registrar. Such transfer shall be made in the registration books kept by the Treasurer, as registrar, upon presentation and surrender of this Bond.

It is certified and recited that all acts, conditions, and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist, or be performed precedent to the issuance of this Bond have happened, exist, or been performed in due time, form, and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Bedford Regional Water Authority has caused this Bond to be signed by the Chair, Vice-Chair or Executive Director and the Authority's seal to be affixed and attested by the signature of the Secretary.

Member Gunnoe made a motion to approve this resolution.

Member Segroves seconded the motion.

Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

6. Operations Report: Presented by Nathan Carroll

a. Work Order Summary

Mr. Carroll further expanded the details about the Mariners Landing project. The PRV is being installed in the evening on Thursday, September 17, and the switch over from well water to Smith Mountain Lake water will take place on Monday, September 21. Customers should note an improvement in the water quality once this

occurs. Mr. Flynn suggested that customers be contacted about this change. Mr. Key added that there is a VDOT sign at the community to communicate to residents about the project and the estimated time the system will be down.

The Schenider project is progressing; Schneider representatives and contractors are doing a walkthrough next week before pricing is submitted.

The Bedford County Landfill will soon cease receiving sludge from the BRWA's wastewater plants. An alternative site is being researched for sludge disposal; the Wastewater Manager has found a site that is much closer at a lower cost than the option first investigated.

7. Administration Report: Presented by Megan Aubrey

a. Public Relations Information

Ms. Aubrey briefed the board about the media articles in the board packet. The articles covered the CARES Act funding and the Forest sewer capacity project.

8. Executive Director's Report: Presented by Brian Key

a. Projects Summary

Mr. Key noted that the projects report now has a department contact to help communication run more efficiently. It was explained that interviews were being planned for September 16 & 17 for the Ivy Creek Interceptor design build team with the goal to hire the team soon to relieve the capacity restrictions in the Forest Sewer system; the recommendation for award will likely presented to the board in either October or November. It was also noted that the Authority applied for financing from the revolving loan fund from DEQ for this project, and that we were hoping to receive notice of approval in the near future.

b. Review of Supervisor's September 14, 2020 Work Session

Mr. Key and Mr. Flynn attended the work session to answer any questions from the Board of Supervisors. The Supervisors were supportive of providing funding for the Forest sewer capacity project. The Board was unanimous in supporting the Authority with a grant of \$500,000 each year for the next three years. This will be on the agenda in October for the Supervisors to vote on a resolution; after this, payment can be issued fairly quickly to the Authority so that we can proceed with the Ivy Creek Sewer project. Mr. Flynn added that there has been a lot of hard work over the past six months to educate the County of the severity of the limited capacity in Forest.

c. Discussion about Broadband on the New London Tank

Mr. Key explained some of the communication issues with this project. Mr. Key hopes that final tasks needed to complete the project will be performed well and that the project will provide excellent internet speed for Bedford County customers. Mr. Key explained that the contractor has continually blamed the Authority for the slow progress of the project, yet the contractor has been on site quite a bit since August 17 and no wire has been run yet to connect up the antennas. The project at the reservoir has been delayed due to the discovery of unexpected backfill. Mr. Hodge praised Mr. Key on how he and staff have handled this difficult project. Mr. Key also said that the Authority is working through the issues well with the County.

9. Legal Counsel Report

Mr. Darby has been working on the bond resolution and issuance. The certified copy will be filed in the court and the documents will be submitted to VRA in advance of the September. The bond pricing will be held on October with the closing in November.

10. Other Business

No other business was discussed.

11. Motion to Adjourn:

There being no further business to discuss, Member Segroves made a motion to adjourn and Member Siehien seconded the motion.

- Board member votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.

The meeting adjourned at approximately 8:10 pm.

Prepared by Megan Aubrey – Director of Administration

Approved: _____ 2020

FINANCIAL REPORT



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

9/23/2020

Robert Flynn
Chairman of the Board of Directors
Bedford Regional Water Authority, Virginia

Dear Mr. Flynn:

We are pleased to notify you that your comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and give appropriate publicity to this notable achievement. A sample news release is included to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

Michele Mark Levine
Director, Technical Services

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

	<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
OPERATING REVENUE					
3000-3000 +...	Water Sales	(\$1,167,709.87)	(\$8,576,477.77)	(\$8,700,869.00)	(\$124,391.23) 99%
3100-3000:3...	Sewer Sales	(554,092.23)	(4,345,304.28)	(4,410,678.00)	(65,373.72) 99%
3902	Penalties		(45,383.21)	(73,000.00)	(27,616.79) 62%
3903-3231:3...	Account Charges	(6,325.00)	(81,665.00)	(53,000.00)	28,665.00 154%
3903-3240:3...	Review Fees	(1,600.00)	(90,138.33)	(42,300.00)	47,838.33 213%
3900-3250:3...	Interest Earned	(111,810.53)	(193,196.65)	(45,000.00)	148,196.65 429%
3903-3245:3...	Sewer Clean Outs		(15,400.00)	(5,000.00)	10,400.00 308%
3903-3250 +...	Meter Installation Revenues	(19,250.00)	(145,120.84)	(90,000.00)	55,120.84 161%
3903-3255	Industrial Pretreatment Revenue	(1,520.82)	(18,541.51)	(15,000.00)	3,541.51 124%
3903-3261	Rent/Meter Charges	(3,320.12)	(13,738.15)	(3,000.00)	10,738.15 458%
3903-3262:3...	Misc	(10,514.97)	(130,722.76)	(106,793.00)	23,929.76 122%
3903-3280:3...	Fixed Asset Disposals	732.37	54,002.96		(54,002.96) 0%
3901-3211:3...	Account Default Fees	(105.00)	(19,690.00)	(23,000.00)	(3,310.00) 86%
3201-3275 +...	Contract Reimbursements	(90,448.90)	(271,269.08)	(151,000.00)	120,269.08 180%
	Revenue from BRWA Operations	(1,965,965.07)	(13,892,644.62)	(13,718,640.00)	174,004.62 101%
3000-3220 +...	Capital Recovery Fees	(242,000.00)	(1,359,250.00)	(953,700.00)	405,550.00 143%
3903-3265	Cellular Antenna Site Rental-County...	(3,883.31)	(47,917.13)	(44,529.00)	3,388.13 108%
3904-3310	BOS Capital Contributions		(2,000,000.00)	(2,000,000.00)	
3904-3312	BOS Contributions for New Develop...	(1,168,000.00)	(1,168,000.00)		1,168,000.00 0%
3904-3315	Developer Line Contributions		(993,674.00)	(200,000.00)	793,674.00 497%
3904-3316 +...	Contributions from WVWA		(118,000.00)		118,000.00 0%
3202-3276	Contributions from Mariners Landing		(34,161.22)		34,161.22 0%
3904-3311	Contributions from Schools		(162.70)		162.70 0%
3903-3330	SML WTF Revenue	(4.13)	(89.54)		89.54 0%
3904-3317	Developer Prepayments Redemptio...	48,050.00	27,300.00	(20,000.00)	(47,300.00) (137%)
3904-3320	Customer Line Contributions		(771.85)		771.85 0%
	Revenue from Other Sources	(1,365,837.44)	(5,694,726.44)	(3,218,229.00)	2,476,497.44 177%
	Total Revenue	(3,331,802.51)	(19,587,371.06)	(16,936,869.00)	2,650,502.06 116%
OPERATING EXPENSES					
4000 + 4002...	Salaries	496,632.94	3,919,415.65	4,113,172.16	193,756.51 95%
4010	General Office Expenses	23,396.66	216,415.38	249,171.00	32,755.62 87%
4100	Employee Benefit & Related Expens...	101,083.21	1,372,261.81	1,591,749.00	219,487.19 86%
4110	Billing Expenses	18,784.56	167,883.62	178,174.00	10,290.38 94%
4120	Information Systems Expenses	10,254.19	151,342.21	177,174.00	25,831.79 85%
4130	Administration Supplies	275.40	459.62	500.00	40.38 92%
4135	Logistics Coordinator Supplies		6.04	200.00	193.96 3%
4140	Customer Service Supplies	28.85	775.50	1,454.00	678.50 53%
4210	Engineering Expenses	2,335.31	38,353.02	74,434.00	36,080.98 52%
4220 + 4223	Operations Expenses	1,207.54	2,530.10	2,500.00	(30.10) 101%
4221	Compliance Program Supplies		3,042.27	8,650.00	5,607.73 35%
4222	Pretreatment Expenses	3,706.98	18,600.09	19,600.00	999.91 95%
4225-0100	Lab Supplies	4,673.47	24,622.85	24,000.00	(622.85) 103%
4230	Maintenance Expenses	478.40	21,227.32	35,802.00	14,574.68 59%
4240	Vehicles & Equipment Expenses	21,189.21	227,815.50	231,835.00	4,019.50 98%
4250	Forest Water Expenses	202,441.29	860,330.81	940,252.00	79,921.19 92%
4260	Well Systems Expenses	4,167.58	25,821.91	40,993.00	15,171.09 63%
4265	SML Central Distribution System Ex...	32,991.90	55,143.80	26,295.00	(28,848.80) 210%
4270	SML Treatment Expenses	2,690.35	29,645.50	33,068.00	3,422.50 90%
4330	SML WTF Expenses	89,614.46	482,757.64	493,242.00	10,484.36 98%
4275	Central Water Distribution Expenses	51,692.92	146,384.50	253,491.00	107,106.50 58%
4276	Central Water Treatment Expenses	12,131.12	124,609.73	117,901.00	(6,708.73) 106%
4280	Stewartsville Water Expenses	6,693.87	41,859.39	29,749.00	(12,110.39) 141%
4290	Forest Sewer Expenses	52,885.52	527,149.24	568,268.00	41,118.76 93%
4291	Central Sewer Collection System Ex...	12,957.42	152,708.64	289,110.00	136,401.36 53%
4293	Central Sewer Treatment Expenses	93,245.31	587,005.83	643,035.00	56,029.17 91%
4292	Moneta Sewer Collection System E...	4,943.86	37,152.34	32,200.00	(4,952.34) 115%
4294	Moneta Sewer Treatment Expenses	16,350.24	99,422.71	140,284.00	40,861.29 71%
4295	Montvale Sewer Expenses	1,183.23	37,264.93	21,057.00	(16,207.93) 177%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4340	Mariners Landing Sewer Expenses	7,787.16	8,942.98	81,123.00	72,180.02	11%
4350	Cedar Rock Sewer Expenses	1,587.76	51,703.77	22,860.00	(28,843.77)	226%
4300 + 4310	Schools Sewer Expenses	4,439.64	28,238.96	42,000.00	13,761.04	67%
4315	Mariners Landing Expenses	1,681.69	11,204.56	28,655.00	17,450.44	39%
4320	Franklin County Operations	3,167.85	30,883.74	38,000.00	7,116.26	81%
	Total Operating Expenditures	1,286,699.89	9,502,981.96	10,549,998.16	1,047,016.20	90%
4400	Depreciation	223,749.71	4,409,311.97	3,257,478.00	(1,151,833.97)	135%
4500-0640	Lynchburg Debt Service Paid		2,920.48	2,920.00	(0.48)	100%
4500-0610	VRA Semiannual Fees	42,972.62	42,972.62		(42,972.62)	0%
4500-0615	VRA 2005 Trustee Fees			328.00	328.00	0%
4500-0625	2009 VRA Interest	(10,381.25)	10,381.25	164,031.00	153,649.75	6%
4500-0645	2012 VRA Interest	(9,097.12)	165,921.64	175,019.00	9,097.36	95%
4500-0660	2014 VRA Interest		77,281.26	77,281.00	(0.26)	100%
4500-0665	2015 VRA Interest	(11,110.22)	1,072,567.91	1,083,678.00	11,110.09	99%
4500-0650	Assumed Debt from City		84,272.77	84,273.00	0.23	100%
4500-0670	VRA 2019 Interest		99,699.05		(99,699.05)	0%
	Total Interest and Debt Service	12,384.03	1,556,016.98	1,587,530.00	31,513.02	98%
	Total Exp., Depr. and Debt Servi...	1,522,833.63	15,468,310.91	15,395,006.16	(73,304.75)	100%
	Total Revenues Less Oper Expense	(1,808,968.88)	(4,119,060.15)	(1,541,862.84)	2,577,197.31	267%
	Gross Cash Before Capital Exp	(1,808,968.88)	(4,119,060.15)	(1,541,862.84)	2,577,197.31	267%
	Less non-debt Capital Contributions	48,045.87	(1,119,559.31)	(220,000.00)	899,559.31	509%
	Earnings/(loss) before BRWA Capit...	(1,857,014.75)	(2,999,500.84)	(1,321,862.84)	1,677,638.00	227%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
OPERATING REVENUE						
Water Sales:						
3000-3000	Water Sales	(1,152,877.38)	(8,436,774.08)	(8,628,839.00)	(192,064.92)	98%
3000-3050	Contract Water Sales	(14,832.49)	(139,703.69)	(72,030.00)	67,673.69	194%
	Total Water Sales	(1,167,709.87)	(8,576,477.77)	(8,700,869.00)	(124,391.23)	99%
Sewer Sales:						
3100-3000	Sewer Sales	(551,444.81)	(4,313,836.29)	(4,410,678.00)	(96,841.71)	98%
3100-3050	Cedar Rock Revenue	(2,647.42)	(31,467.99)		31,467.99	0%
	Total Sewer Sales	(554,092.23)	(4,345,304.28)	(4,410,678.00)	(65,373.72)	99%
Penalties:						
3902-3211	Water Penalty Revenue		(30,544.99)	(43,000.00)	(12,455.01)	71%
3902-3213	Sewer Penalty Revenue		(14,838.22)	(30,000.00)	(15,161.78)	49%
	Total Penalties		(45,383.21)	(73,000.00)	(27,616.79)	62%
Account Charges:						
3903-3231	Water Account Charge Revenue	(4,150.00)	(54,240.00)	(35,000.00)	19,240.00	155%
3903-3233	Sewer Account Charge Revenue	(2,175.00)	(27,425.00)	(18,000.00)	9,425.00	152%
	Total Account Charges	(6,325.00)	(81,665.00)	(53,000.00)	28,665.00	154%
Review Fees:						
3903-3240	Engineering Review Fees	(400.00)	(78,971.63)	(40,000.00)	38,971.63	197%
3903-3242	Engineering Fire Flow Testing		(2,766.70)	(300.00)	2,466.70	922%
3903-3243	SGP Review and Inspections	(1,200.00)	(8,400.00)	(2,000.00)	6,400.00	420%
	Total Review Fees	(1,600.00)	(90,138.33)	(42,300.00)	47,838.33	213%
Interest Earned:						
3900-3250	Bank Interest Earned	(35,641.55)	(117,027.67)	(45,000.00)	72,027.67	260%
3900-3251	VRA Interest Earned	(76,168.98)	(76,168.98)		76,168.98	0%
	Total Interest Earned	(111,810.53)	(193,196.65)	(45,000.00)	148,196.65	429%
Sewer Clean Outs:						
3903-3245	Sewer Clean-Out Installation Fee		(15,400.00)	(5,000.00)	10,400.00	308%
	Total Sewer Clean Outs		(15,400.00)	(5,000.00)	10,400.00	308%
Meter Installation Revenues:						
3903-3250	Meter Fee Revenue	(8,150.00)	(47,250.00)	(40,000.00)	7,250.00	118%
3903-3260	Meter Base Installation Revenue	(11,100.00)	(97,870.84)	(50,000.00)	47,870.84	196%
	Total Meter Installation Revenues	(19,250.00)	(145,120.84)	(90,000.00)	55,120.84	161%
Industrial Pretreatment Revenue:						
3903-3255	Industrial Pretreatment Revenue	(1,520.82)	(18,541.51)	(15,000.00)	3,541.51	124%
	Total Industrial Pretreatment Reve...	(1,520.82)	(18,541.51)	(15,000.00)	3,541.51	124%
Rent/Meter Charges:						
3903-3261	Service Repairs & Equipment Ren...	(3,320.12)	(13,738.15)	(3,000.00)	10,738.15	458%
	Total Rent/Meter Charges	(3,320.12)	(13,738.15)	(3,000.00)	10,738.15	458%
Misc:						
3903-3262	Cellular Antenna Rental- BRWA p...	(5,824.97)	(71,875.71)	(66,793.00)	5,082.71	108%
3903-3264	Sewer Pump Maintenance Reven...	(4,690.00)	(49,035.00)	(35,000.00)	14,035.00	140%
3903-3270	Miscellaneous Revenue		(8,312.05)	(5,000.00)	3,312.05	166%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
3903-3275	Revenue from Communication To...		(1,500.00)		1,500.00	0%
	Total Misc	(10,514.97)	(130,722.76)	(106,793.00)	23,929.76	122%
Fixed Asset Disposals:						
3903-3280	Sales and Disposals		(11,493.57)		11,493.57	0%
3903-3281	Gain / Loss on Fixed Assets	732.37	65,496.53		(65,496.53)	0%
	Total Fixed Asset Disposals	732.37	54,002.96		(54,002.96)	0%
Account Default Fees:						
3901-3211	Reconnect Fee Revenue		(16,450.00)	(20,000.00)	(3,550.00)	82%
3901-3212	Return Check Revenue	(105.00)	(2,240.00)	(2,000.00)	240.00	112%
3901-3213	Unauthorized Service Revenue		(1,000.00)	(1,000.00)		100%
	Total Account Default Fees	(105.00)	(19,690.00)	(23,000.00)	(3,310.00)	86%
Contract Reimbursements:						
3201-3275	School System Operations	(11,662.03)	(46,864.73)	(51,000.00)	(4,135.27)	92%
3904-3318	Franklin County Contract Operatio...	(78,786.87)	(224,404.35)	(100,000.00)	124,404.35	224%
	Total Contract Reimbursements	(90,448.90)	(271,269.08)	(151,000.00)	120,269.08	180%
	Revenue from BRWA Operations	(1,965,965.07)	(13,892,644.62)	(13,718,640.00)	174,004.62	101%
Capital Recovery Fees:						
3000-3220	Water Capital Recovery Fees	(142,000.00)	(783,750.00)	(734,400.00)	49,350.00	107%
3100-3220	Sewer Capital Recovery Fees	(100,000.00)	(575,500.00)	(219,300.00)	356,200.00	262%
	Total Capital Recovery Fees	(242,000.00)	(1,359,250.00)	(953,700.00)	405,550.00	143%
Cellular Antenna Site Rental-County portion:						
3903-3265	Cellular Antenna Revenue- Co. po...	(3,883.31)	(47,917.13)	(44,529.00)	3,388.13	108%
	Total Cellular Antenna Site Rental...	(3,883.31)	(47,917.13)	(44,529.00)	3,388.13	108%
BOS Capital Contributions:						
3904-3310	Bedford County Debt Support		(2,000,000.00)	(2,000,000.00)		100%
	Total BOS Capital Contributions		(2,000,000.00)	(2,000,000.00)		100%
BOS Contributions for New Development:						
3904-3312	Donated Assets	(1,168,000.00)	(1,168,000.00)		1,168,000.00	0%
	Total BOS Contributions for New...	(1,168,000.00)	(1,168,000.00)		1,168,000.00	0%
Developer Line Contributions:						
3904-3315	Developer Contributions		(993,674.00)	(200,000.00)	793,674.00	497%
	Total Developer Line Contributions		(993,674.00)	(200,000.00)	793,674.00	497%
Contributions from WVWA:						
3904-3316	Contributions from WVWA		(118,000.00)		118,000.00	0%
	Total Contributions from WVWA		(118,000.00)		118,000.00	0%
Contributions from Mariners Landing:						
3202-3276	Mariners Landing Contract Operati...		(34,161.22)		34,161.22	0%
	Total Contributions from Mariners...		(34,161.22)		34,161.22	0%
Contributions from Schools:						
3904-3311	Schools Utility Locating Revenue		(162.70)		162.70	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

	<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
Total Contributions from Schools		(162.70)		162.70	0%
SML WTF Revenue:					
3903-3330 SML WTF Revenue	(4.13)	(89.54)		89.54	0%
Total SML WTF Revenue	(4.13)	(89.54)		89.54	0%
Developer Prepayments Redemption Revenue:					
3904-3317 Developer Capital Recovery Fee...	48,050.00	27,300.00	(20,000.00)	(47,300.00)	(137%)
Total Developer Prepayments Red...	48,050.00	27,300.00	(20,000.00)	(47,300.00)	(137%)
Customer Line Contributions:					
3904-3320 Customer contributions for Line Ex...		(771.85)		771.85	0%
Total Customer Line Contributions		(771.85)		771.85	0%
Revenue from Other Sources	(1,365,837.44)	(5,694,726.44)	(3,218,229.00)	2,476,497.44	177%
Total Revenue	(3,331,802.51)	(19,587,371.06)	(16,936,869.00)	2,650,502.06	116%
OPERATING EXPENSES					
Salaries:					
4000-0010 Administration Salaries	93,233.20	750,154.12	805,180.01	55,025.89	93%
4000-0019 IT Oncall Stipend	750.00	6,000.00		(6,000.00)	0%
4000-0020 Administration Overtime	116.25	640.62	2,885.47	2,244.85	22%
4002-0010 Customer Service Salaries	43,490.99	337,095.99	327,372.00	(9,723.99)	103%
4002-0020 Customer Service Overtime	855.74	13,163.71	16,214.78	3,051.07	81%
4003-0010 Engineering Department Salaries	79,181.13	595,974.42	627,883.20	31,908.78	95%
4003-0019 Engineering OnCall Stipend	750.00	7,800.00	7,800.00		100%
4003-0020 Engineering Department Overtime	2,433.58	21,671.19	38,758.22	17,087.03	56%
4004-0010 Maintenance Department Salaries	104,942.41	828,880.63	838,735.20	9,854.57	99%
4004-0019 Maintenance Oncall Stipend Expe...	1,500.00	15,570.00	18,720.00	3,150.00	83%
4004-0020 Maintenance Department Overtime	6,414.67	80,607.31	139,383.62	58,776.31	58%
4005-0010 Operations Department Salaries	157,062.59	1,207,882.97	1,176,282.40	(31,600.57)	103%
4005-0020 Operations Department Overtime	5,902.38	53,974.69	113,957.26	59,982.57	47%
Total Salaries	496,632.94	3,919,415.65	4,113,172.16	193,756.51	95%
General Office Expenses:					
4010-0075 Board & Committee Meetings		604.36	900.00	295.64	67%
4010-0085 Long Range Planning		16,293.10	20,000.00	3,706.90	81%
4010-0100 Office Supplies	666.28	7,266.29	10,000.00	2,733.71	73%
4010-0103 Public Outreach Expenses	140.00	2,331.21	20,056.00	17,724.79	12%
4010-0110 Building Maintenance Expense	4,049.83	20,903.64	21,000.00	96.36	100%
4010-0130 Postage and Shipping Expense	1,027.06	5,889.10	8,000.00	2,110.90	74%
4010-0140 Commercial Phone Charges	1,080.55	12,359.96	12,600.00	240.04	98%
4010-0142 Cellular Phone Service	2,075.54	19,072.44	27,995.00	8,922.56	68%
4010-0150 Building Power and Utilities	1,535.17	20,040.27	20,500.00	459.73	98%
4010-0155 Building Fuel Costs		2,869.44	8,000.00	5,130.56	36%
4010-0160 Employee Bond	42.33	507.96	608.00	100.04	84%
4010-0161 Building Insurance	263.42	3,161.04	3,512.00	350.96	90%
4010-0170 Advertising	709.44	6,324.79	18,000.00	11,675.21	35%
4010-0175 Bank Service charges	1,197.00	15,861.29	14,000.00	(1,861.29)	113%
4010-0200 Accounting Services	5,000.00	34,585.00	25,000.00	(9,585.00)	138%
4010-0220 Legal Expenses	3,860.04	27,345.49	18,000.00	(9,345.49)	152%
4010-0400 Board of Directors Fees	1,750.00	21,000.00	21,000.00		100%
Total General Office Expenses	23,396.66	216,415.38	249,171.00	32,755.62	87%
Employee Benefit & Related Expenses:					
4100-0030 Payroll Taxes	26,360.35	279,944.26	304,482.00	24,537.74	92%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4100-0040	VRS Retirement and Group Life	46,826.09	304,157.84	297,909.00	(6,248.84)	102%
4100-0041	VRS Hybrid Disability Program	510.94	6,002.85	6,478.00	475.15	93%
4100-0045	Unemployment Payments		2,268.00	6,000.00	3,732.00	38%
4100-0050	Health Insurance	20,456.00	613,655.55	734,548.00	120,892.45	84%
4100-0055	Flexible Spending Account		2,417.18	2,500.00	82.82	97%
4100-0060	Worker's Compensation	4,435.36	59,288.24	78,407.00	19,118.76	76%
4100-0065	Employee Testing		3,422.75	4,785.00	1,362.25	72%
4100-0075	Meetings	89.78	2,431.86	5,625.00	3,193.14	43%
4100-0080	Professional Dues	379.00	10,365.92	19,085.00	8,719.08	54%
4100-0085	Training and Education	(1,040.00)	20,101.01	44,658.00	24,556.99	45%
4100-0090	Whistle Blower Hotline		497.00	500.00	3.00	99%
4100-0101	Clothing and Uniforms	734.68	16,773.13	27,261.00	10,487.87	62%
4100-0102	Employee & Incentive Fund	1,074.70	21,024.60	25,500.00	4,475.40	82%
4100-0103	Safety	1,256.31	29,911.62	34,011.00	4,099.38	88%
	Total Employee Benefit & Related...	101,083.21	1,372,261.81	1,591,749.00	219,487.19	86%
Billing Expenses:						
4110-0091	Bad Debt Expense Water		3,519.95	20,000.00	16,480.05	18%
4110-0093	Bad Debt Expense Sewer		4,443.20	10,000.00	5,556.80	44%
4110-0094	Bad Debt Expense Penalties/Misc.		1,420.45	8,000.00	6,579.55	18%
4110-0096	Bad Debt Expense- Misc A/R	9,239.17	9,239.17		(9,239.17)	0%
4110-0097	Collection Agency Expense	40.93	745.56	1,200.00	454.44	62%
4110-0110	Bill Processing Services	5,167.22	95,221.72	104,231.00	9,009.28	91%
4110-0120	Customer Service Software Maint...	630.00	38,674.39	27,083.00	(11,591.39)	143%
4110-0125	Credit Card Processing Fees	3,341.95	10,767.70		(10,767.70)	0%
4110-0175	Courier Service	365.29	3,851.48	3,660.00	(191.48)	105%
4110-0112	Customer Notification Expenses			3,000.00	3,000.00	0%
4110-0115	Meter Testing			1,000.00	1,000.00	0%
	Total Billing Expenses	18,784.56	167,883.62	178,174.00	10,290.38	94%
Information Systems Expenses:						
4120-0100	Information Systems Supplies	1,983.15	12,979.55	10,250.00	(2,729.55)	127%
4120-0110	Contracted Services (Network)	(47,609.97)	13,457.94	22,000.00	8,542.06	61%
4120-0115	Continuing Support (Software)	55,511.01	120,519.72	140,544.00	20,024.28	86%
4120-0145	Internet and WAN Communications	370.00	4,385.00	4,380.00	(5.00)	100%
	Total Information Systems Expens...	10,254.19	151,342.21	177,174.00	25,831.79	85%
Administration Supplies:						
4130-0100	Administration Supplies	275.40	459.62	500.00	40.38	92%
	Total Administration Supplies	275.40	459.62	500.00	40.38	92%
Logistics Coordinator Supplies:						
4135-0100	Logistics Coordinator Supplies		6.04	200.00	193.96	3%
	Total Logistics Coordinator Suppli...		6.04	200.00	193.96	3%
Customer Service Supplies:						
4140-0100	Customer Service Supplies	28.85	775.50	1,454.00	678.50	53%
	Total Customer Service Supplies	28.85	775.50	1,454.00	678.50	53%
Engineering Expenses:						
4210-0100	Engineering Supplies	1,455.36	9,132.75	14,344.00	5,211.25	64%
4210-0110	Engineering Reviews	72.50	19,788.82	50,400.00	30,611.18	39%
4210-0141	Locating Notification Tickets	807.45	8,451.45	6,870.00	(1,581.45)	123%
4210-0240	Construction testing		980.00	2,820.00	1,840.00	35%
	Total Engineering Expenses	2,335.31	38,353.02	74,434.00	36,080.98	52%
Operations Expenses:						
4220-0100	Wastewater Operations Supplies	1,207.54	2,102.51	2,000.00	(102.51)	105%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4223-0100	Water Operations Supplies		427.59	500.00	72.41	86%
	Total Operations Expenses	1,207.54	2,530.10	2,500.00	(30.10)	101%
Compliance Program Supplies:						
4221-0100	FROG Program Supplies		3,042.27	8,650.00	5,607.73	35%
	Total Compliance Program Suppli...		3,042.27	8,650.00	5,607.73	35%
Pretreatment Expenses:						
4222-0100	Pretreatment Supplies/Expenses	3,706.98	18,600.09	19,600.00	999.91	95%
	Total Pretreatment Expenses	3,706.98	18,600.09	19,600.00	999.91	95%
Lab Supplies:						
4225-0100	Lab Supplies	4,673.47	24,622.85	24,000.00	(622.85)	103%
	Total Lab Supplies	4,673.47	24,622.85	24,000.00	(622.85)	103%
Maintenance Expenses:						
4230-0100	Maintenance Supplies	478.40	21,227.32	35,802.00	14,574.68	59%
	Total Maintenance Expenses	478.40	21,227.32	35,802.00	14,574.68	59%
Vehicles & Equipment Expenses:						
4240-0100	Vehicles and Equipment Supplies	1,557.21	27,423.09	32,350.00	4,926.91	85%
4240-0110	Vehicles and Equipment Contract...	8,773.78	83,160.37	81,600.00	(1,560.37)	102%
4240-0155	Vehicles & Equipment Fuel Costs	8,360.89	87,264.08	90,000.00	2,735.92	97%
4240-0162	Vehicles and Equipment Insurance	2,497.33	29,967.96	27,885.00	(2,082.96)	107%
	Total Vehicles & Equipment Expe...	21,189.21	227,815.50	231,835.00	4,019.50	98%
Forest Water Expenses:						
4250-0100	Forest Water Supplies	41,830.42	59,589.75	35,000.00	(24,589.75)	170%
4250-0101	Forest Water Meter Installations	70,455.38	70,455.38	56,000.00	(14,455.38)	126%
4250-0110	Forest Water Contracted Services	100.00	50,818.25	19,400.00	(31,418.25)	262%
4250-0115	Forest Water System Repairs & I...		580.24	3,500.00	2,919.76	17%
4250-0140	Forest Water Communications	65.90	305.00	300.00	(5.00)	102%
4250-0150	Forest Water Power	1,330.40	5,562.41	5,400.00	(162.41)	103%
4250-0161	Forest Water Insurance	1,241.69	14,900.28	15,319.00	418.72	97%
4250-0240	Forest Water Sampling and Testing		14,231.38	9,000.00	(5,231.38)	158%
4250-0300	Forest Water Purchased	87,417.50	619,417.87	771,228.00	151,810.13	80%
4250-0410	Forest Water VDH Fees		24,470.25	24,355.00	(115.25)	100%
4250-0105	Forest Water Chemicals			750.00	750.00	0%
	Total Forest Water Expenses	202,441.29	860,330.81	940,252.00	79,921.19	92%
Well Systems Expenses:						
4260-0100	Well Systems Supplies	633.09	8,910.30	12,500.00	3,589.70	71%
4260-0101	Well Systems Meter Installations	998.35	998.35	500.00	(498.35)	200%
4260-0105	Well Systems Chemicals	1,016.89	3,443.58	4,000.00	556.42	86%
4260-0110	Well Systems Contracted Services	300.00	2,687.50	10,000.00	7,312.50	27%
4260-0150	Well Systems Power	993.58	5,286.62	5,500.00	213.38	96%
4260-0161	Well Systems Insurance	62.22	746.64	817.00	70.36	91%
4260-0240	Well Systems Sampling and Testi...	163.45	3,073.37	5,000.00	1,926.63	61%
4260-0410	Well Systems VDH Fees		675.55	676.00	0.45	100%
4260-0115	Well Systems Repairs & Improve...			2,000.00	2,000.00	0%
	Total Well Systems Expenses	4,167.58	25,821.91	40,993.00	15,171.09	63%
SML Central Distribution System Expenses:						
4265-0100	SML Central Supplies	15,886.39	22,060.80	10,000.00	(12,060.80)	221%
4265-0101	SML Central Meter Installations	16,944.51	16,944.51	6,500.00	(10,444.51)	261%
4265-0110	SML Central Contracted Services	99.00	3,457.84	3,000.00	(457.84)	115%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4265-0240	SML Central Sampling & Testing	62.00	9,373.70	2,500.00	(6,873.70)	375%
4265-0410	SML Central VDH Fees		3,306.95	3,295.00	(11.95)	100%
4265-0115	SML Central Repairs & Improvem...			1,000.00	1,000.00	0%
	Total SML Central Distribution Sys...	32,991.90	55,143.80	26,295.00	(28,848.80)	210%
SML Treatment Expenses:						
4270-0100	SML Treatment Supplies	557.99	1,798.63	3,000.00	1,201.37	60%
4270-0110	SML Treatment Contracted Services	680.00	3,932.38	3,550.00	(382.38)	111%
4270-0150	SML Treatment Water Power	1,083.23	15,989.72	16,200.00	210.28	99%
4270-0155	SML Treatment Fuel Costs		2,647.71	2,000.00	(647.71)	132%
4270-0161	SML Treatment Insurance	369.13	4,429.56	6,398.00	1,968.44	69%
4270-0240	SML Treatment Sampling and Te...		15.50		(15.50)	0%
4270-0371	SML Treatment Road Maintenanc...		832.00	920.00	88.00	90%
4270-0105	SML Treatment Chemicals			1,000.00	1,000.00	0%
	Total SML Treatment Expenses	2,690.35	29,645.50	33,068.00	3,422.50	90%
SML WTF Expenses:						
4330-0100	SML WTF Supplies	3,089.20	36,184.56	25,000.00	(11,184.56)	145%
4330-0105	SML WTF Chemicals	7,072.32	44,339.11	45,000.00	660.89	99%
4330-0110	SML WTF Contracted Services	60,970.69	158,461.54	125,000.00	(33,461.54)	127%
4330-0140	SML WTF Communications	44.10	478.11	492.00	13.89	97%
4330-0150	SML WTF Power	16,212.16	204,325.45	225,000.00	20,674.55	91%
4330-0155	SML WTF Fuel Costs	247.71	755.14	2,000.00	1,244.86	38%
4330-0161	SML WTF Property Insurance	1,132.42	13,589.04	14,450.00	860.96	94%
4330-0240	SML WTF Sampling & Testing	845.86	17,124.69	40,000.00	22,875.31	43%
4330-0300	SML Water Quality Monitoring		7,500.00	7,500.00		100%
4330-0370	SML WTF Raw Water Fee			8,800.00	8,800.00	0%
	Total SML WTF Expenses	89,614.46	482,757.64	493,242.00	10,484.36	98%
Central Water Distribution Expenses:						
4275-0100	Central Water Supplies	30,140.26	52,014.36	37,500.00	(14,514.36)	139%
4275-0101	Central Water Meter Installations	12,410.39	12,410.39	3,750.00	(8,660.39)	331%
4275-0110	Central Water Contracted Services	4,100.00	44,211.82	141,600.00	97,388.18	31%
4275-0115	Central Water Repairs & Improve...		2,018.23	44,500.00	42,481.77	5%
4275-0240	Central Water Sampling & Testing	5,042.27	24,785.20	15,000.00	(9,785.20)	165%
4275-0410	Central Water VDH Fees		10,944.50	10,891.00	(53.50)	100%
4275-0155	Central Water Fuel Purchases			250.00	250.00	0%
	Total Central Water Distribution E...	51,692.92	146,384.50	253,491.00	107,106.50	58%
Central Water Treatment Expenses:						
4276-0100	Central Water Treatment Supplies	3,079.86	21,859.10	16,000.00	(5,859.10)	137%
4276-0105	Central Water Treatment Chemica...	3,087.36	43,418.90	40,000.00	(3,418.90)	109%
4276-0110	Central Water Treatment Contract...	2,280.78	14,001.02	8,000.00	(6,001.02)	175%
4276-0140	Central Water Treatment Commun...	83.27	884.09	1,020.00	135.91	87%
4276-0150	Central Water Treatment Power	2,750.79	34,257.90	34,000.00	(257.90)	101%
4276-0161	Central Water Treatment Property...	849.06	10,188.72	16,881.00	6,692.28	60%
4276-0155	Central Water Treatment Fuel			2,000.00	2,000.00	0%
	Total Central Water Treatment Ex...	12,131.12	124,609.73	117,901.00	(6,708.73)	106%
Stewartsville Water Expenses:						
4280-0100	Stewartsville Water Supplies	541.83	1,525.22	1,000.00	(525.22)	153%
4280-0101	Stewartsville Meter Installations	1,148.76	1,148.76	500.00	(648.76)	230%
4280-0110	Stewartsville Water Contracted Se...	160.00	5,256.25	2,700.00	(2,556.25)	195%
4280-0140	Stewartsville Water Communicatio...	35.32	274.42	300.00	25.58	91%
4280-0150	Stewartsville Water Power	28.94	320.18	240.00	(80.18)	133%
4280-0161	Stewartsville Water Insurance	46.63	559.56	605.00	45.44	92%
4280-0240	Stewartsville Water Sampling and...	147.95	1,015.19	1,500.00	484.81	68%
4280-0300	Stewartsville Water Purchased	4,584.44	31,346.81	20,000.00	(11,346.81)	157%
4280-0410	Stewartsville Water VDH Fees		413.00	404.00	(9.00)	102%
4280-0115	Stewartsville Water Repairs & Imp...			2,500.00	2,500.00	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

	<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
Total Stewartsville Water Expenses	6,693.87	41,859.39	29,749.00	(12,110.39)	141%
Forest Sewer Expenses:					
4290-0100 Forest Sewer Supplies	16,132.50	97,758.28	65,000.00	(32,758.28)	150%
4290-0105 Forest Sewer Chemicals	1,722.00	51,730.83	87,000.00	35,269.17	59%
4290-0110 Forest Sewer Contracted Services	3,276.16	87,968.62	100,000.00	12,031.38	88%
4290-0115 Forest Sewer Repairs & Improvem...		1,178.28	2,000.00	821.72	59%
4290-0140 Forest Sewer Communications	215.64	3,123.14	3,000.00	(123.14)	104%
4290-0150 Forest Sewer Power	6,163.99	37,547.63	37,200.00	(347.63)	101%
4290-0161 Forest Sewer Insurance	375.23	4,502.76	4,568.00	65.24	99%
4290-0350 Forest Sewer Treatment Costs	25,000.00	243,339.70	264,000.00	20,660.30	92%
4290-0155 Forest Sewer Fuel Expense			5,000.00	5,000.00	0%
4290-0240 Forest Sewer Testing			500.00	500.00	0%
Total Forest Sewer Expenses	52,885.52	527,149.24	568,268.00	41,118.76	93%
Central Sewer Collection System Expenses:					
4291-0100 Central Sewer Supplies	5,855.25	34,847.23	70,000.00	35,152.77	50%
4291-0110 Central Sewer Coll System Contra...	6,558.00	18,501.54	82,860.00	64,358.46	22%
4291-0115 Central Sewer Repairs & Improve...		70,459.66	64,000.00	(6,459.66)	110%
4291-0150 Central Sewer Power	544.17	28,538.95	70,000.00	41,461.05	41%
4291-0155 Central Sewer Fuel Costs		361.26	2,000.00	1,638.74	18%
4291-0240 Central Sewer Sampling & Testing			250.00	250.00	0%
Total Central Sewer Collection Sy...	12,957.42	152,708.64	289,110.00	136,401.36	53%
Central Sewer Treatment Expenses:					
4293-0100 Center Sewer Treatment Supplies	8,542.13	75,181.64	73,000.00	(2,181.64)	103%
4293-0105 Center Sewer Treatment Chemicals	19,254.30	129,134.96	127,000.00	(2,134.96)	102%
4293-0110 Center Sewer Treatment Contract...	15,435.08	42,345.74	95,000.00	52,654.26	45%
4293-0115 Center Sewer Sludge Tipping Fees	1,989.02	31,275.64	45,000.00	13,724.36	70%
4293-0140 Center Sewer Treatment Commu...	733.05	7,206.67	7,200.00	(6.67)	100%
4293-0150 Center Sewer Treatment Power	42,971.81	263,101.77	250,000.00	(13,101.77)	105%
4293-0161 Center Sewer Treatment Property...	1,051.01	12,612.12	14,045.00	1,432.88	90%
4293-0240 Center Sewer Treatment Samplin...	3,268.91	16,953.29	21,260.00	4,306.71	80%
4293-0411 Center Sewer DEQ Charges		9,194.00	9,030.00	(164.00)	102%
4293-0155 Central Sewer Fuel			1,500.00	1,500.00	0%
Total Central Sewer Treatment Ex...	93,245.31	587,005.83	643,035.00	56,029.17	91%
Moneta Sewer Collection System Expenses:					
4292-0100 Moneta Sewer Supplies	102.43	10,544.51	10,250.00	(294.51)	103%
4292-0105 Moneta Sewer Chemicals	379.90	2,166.66		(2,166.66)	0%
4292-0110 Moneta Sewer Contracted Services	2,046.85	10,273.30	3,050.00	(7,223.30)	337%
4292-0150 Moneta Sewer Power	1,998.60	13,521.37	14,400.00	878.63	94%
4292-0155 Moneta Sewer Fuel Costs	416.08	597.91	3,500.00	2,902.09	17%
4292-0240 Moneta Sewer Sampling & Testing		48.59	600.00	551.41	8%
4292-0115 Moneta Sewer Repairs & Improve...			400.00	400.00	0%
Total Moneta Sewer Collection Sy...	4,943.86	37,152.34	32,200.00	(4,952.34)	115%
Moneta Sewer Treatment Expenses:					
4294-0100 Moneta Sewer Treatment Supplies	85.33	23,215.08	15,400.00	(7,815.08)	151%
4294-0105 Moneta Sewer Treatment Chemic...	1,464.90	8,039.16	9,000.00	960.84	89%
4294-0110 Moneta Sewer Contracted Services	503.97	1,878.22	36,120.00	34,241.78	5%
4294-0115 Moneta Sewer Sludge Tipping Fees	319.58	4,907.13	10,000.00	5,092.87	49%
4294-0140 Moneta Sewer Treatment Commu...	132.60	1,606.32	1,980.00	373.68	81%
4294-0150 Moneta Sewer Treatment Power	6,179.45	37,278.66	43,200.00	5,921.34	86%
4294-0155 Moneta Sewer Fuel	226.65	226.65	350.00	123.35	65%
4294-0161 Moneta Sewer Treatment Property...	456.59	5,479.08	5,834.00	354.92	94%
4294-0240 Moneta Sewer Treatment Samplin...	6,981.17	13,967.41	15,600.00	1,632.59	90%
4294-0411 Moneta Sewer DEQ Charges		2,825.00	2,800.00	(25.00)	101%
Total Moneta Sewer Treatment Ex...	16,350.24	99,422.71	140,284.00	40,861.29	71%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

	<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
Montvale Sewer Expenses:					
4295-0100 Montvale Sewer Supplies	529.25	12,786.90	4,000.00	(8,786.90)	320%
4295-0105 Montvale Sewer Chemicals	189.95	1,386.29	1,500.00	113.71	92%
4295-0110 Montvale Sewer Contracted Servi...	280.00	19,166.24	10,000.00	(9,166.24)	192%
4295-0140 Montvale Communications	35.32	274.42	300.00	25.58	91%
4295-0150 Montvale Sewer Power	58.22	338.80	360.00	21.20	94%
4295-0161 Montvale Sewer Insurance	73.69	884.28	1,427.00	542.72	62%
4295-0240 Montvale Sewer Sampling & Testi...	16.80	168.00	1,000.00	832.00	17%
4295-0411 Montvale Sewer DEQ charges		2,260.00	2,220.00	(40.00)	102%
4295-0155 Montvale Sewer Fuel Costs			250.00	250.00	0%
Total Montvale Sewer Expenses	1,183.23	37,264.93	21,057.00	(16,207.93)	177%
Mariners Landing Sewer Expenses:					
4340-0100 Mariners Landing Sewer Supplies		892.74	10,000.00	9,107.26	9%
4340-0110 Mariners Landing Sewer Contract...	750.00	750.00	20,000.00	19,250.00	4%
4340-0150 Mariners Landing Sewer Power	3,963.63	3,963.63	27,723.00	23,759.37	14%
4340-0240 Mariners Landing Sewer Sampling...	3,073.53	3,336.61	2,400.00	(936.61)	139%
4340-0105 Mariners Landing Sewer Chemicals			4,500.00	4,500.00	0%
4340-0115 Mariners Landing Sewer Sludge Ti...			8,400.00	8,400.00	0%
4340-0140 Mariners Landing Sewer Commun...			300.00	300.00	0%
4340-0155 Mariners Landing Sewer Fuel Costs			4,200.00	4,200.00	0%
4340-0161 Mariners Landing Sewer Property...			1,400.00	1,400.00	0%
4340-0411 Mariners Landing Sewer DEQ Per...			2,200.00	2,200.00	0%
Total Mariners Landing Sewer Exp...	7,787.16	8,942.98	81,123.00	72,180.02	11%
Cedar Rock Sewer Expenses:					
4350-0100 Cedar Rock Sewer Supplies		4,210.32	3,100.00	(1,110.32)	136%
4350-0105 Cedar Rock Sewer Chemicals	189.95	316.58	700.00	383.42	45%
4350-0110 Cedar Rock Sewer Contracted Ser...	250.00	38,743.72	5,000.00	(33,743.72)	775%
4350-0140 Cedar Rock Sewer Communication	254.73	376.64	300.00	(76.64)	126%
4350-0150 Cedar Rock Sewer Power	876.28	4,711.79	5,160.00	448.21	91%
4350-0240 Cedar Rock Sewer Sampling & Te...	16.80	1,084.72	2,400.00	1,315.28	45%
4350-0411 Cedar Rock Sewer DEQ Permit F...		2,260.00	2,200.00	(60.00)	103%
4350-0115 Cedar Rock Sewer Sludge Tipping...			2,000.00	2,000.00	0%
4350-0155 Cedar Rock Sewer Fuel Costs			600.00	600.00	0%
4350-0161 Cedar Rock Sewer Property Insur...			1,400.00	1,400.00	0%
Total Cedar Rock Sewer Expenses	1,587.76	51,703.77	22,860.00	(28,843.77)	226%
Schools Sewer Expenses:					
4300-0100 Schools Operations Supplies		5,691.27	10,000.00	4,308.73	57%
4300-0105 Schools Chemicals		3,971.64	10,000.00	6,028.36	40%
4300-0110 Schools Contracted Services	4,439.64	12,467.14	15,000.00	2,532.86	83%
4300-0240 Schools Sampling and Testing		6,108.91	7,000.00	891.09	87%
Total Schools Sewer Expenses	4,439.64	28,238.96	42,000.00	13,761.04	67%
Mariners Landing Expenses:					
4315-0100 Mariners Landing Water Expenses	255.14	3,272.00	6,868.00	3,596.00	48%
4315-0105 Mariners Landing Water Chemicals		2,030.44		(2,030.44)	0%
4315-0110 Mariners Landing Water Contracte...		150.00	2,000.00	1,850.00	8%
4315-0140 Mariners Landing Water Communi...	155.13	277.77	300.00	22.23	93%
4315-0150 Mariners Landing Water Power	1,084.86	1,866.04	11,925.00	10,058.96	16%
4315-0240 Mariners Landing Sampling Expen...	186.56	3,417.29	2,400.00	(1,017.29)	142%
4315-0410 Mariners Landing Water VDH Fees		191.02	1,162.00	970.98	16%
4315-0155 Mariners Landing Water Fuel Costs			2,800.00	2,800.00	0%
4315-0161 Mariners Landing Water Insurance			1,200.00	1,200.00	0%
Total Mariners Landing Expenses	1,681.69	11,204.56	28,655.00	17,450.44	39%
Franklin County Operations:					
4320-0100 Franklin County Supplies	617.33	6,642.17	7,000.00	357.83	95%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

		<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4320-0105	Franklin County Chemicals	759.80	10,656.01	6,000.00	(4,656.01)	178%
4320-0240	Franklin County Sampling & Testi...	1,790.72	13,585.56	25,000.00	11,414.44	54%
	Total Franklin County Operations	3,167.85	30,883.74	38,000.00	7,116.26	81%
	Total Operating Expenditures	1,286,699.89	9,502,981.96	10,549,998.16	1,047,016.20	90%
Depreciation:						
4400-0810	Office Depreciation	21,710.69	164,774.44	151,840.00	(12,934.44)	109%
4400-0811	Information Systems Depreciation	4,293.62	57,841.73	48,933.00	(8,908.73)	118%
4400-0812	Vehicles and Equipment Depreciat...	25,509.06	309,121.67	147,568.00	(161,553.67)	209%
4400-0813	Forest Water Depreciation	59,883.07	704,876.35	573,566.00	(131,310.35)	123%
4400-0814	Lakes Water Depreciation	2,781.53	33,380.56	26,316.00	(7,064.56)	127%
4400-0815	SML Central Depreciation	33,884.77	400,639.10	329,609.00	(71,030.10)	122%
4400-0816	Stewartsville Water Depreciation	4,074.63	48,895.23	48,895.00	(0.23)	100%
4400-0817	Forest Sewer Depreciation	44,358.25	529,884.85	511,568.00	(18,316.85)	104%
4400-0818	Montvale Sewer Depreciation	6,824.14	81,889.79	80,336.00	(1,553.79)	102%
4400-0819	Amortization Expense	(179,246.93)	(178,727.51)	1,000.00	179,727.51	(17,873...
4400-0820	Studies Depreciation Expense	2,545.11	31,182.16	35,410.00	4,227.84	88%
4400-0821	Moneta Sewer Depreciation	37,686.63	452,240.22	444,330.00	(7,910.22)	102%
4400-0822	Central Sewer Depreciation	44,109.29	505,728.59	415,564.00	(90,164.59)	122%
4400-0823	Center Water Depreciation	37,922.86	444,787.60	438,551.00	(6,236.60)	101%
4400-0824	SML Water Treatment Facility Dep...	67,762.17	813,146.37	3,992.00	(809,154.37)	20,369%
4400-0825	Mariners Landing Sewer Deprecia...	9,650.82	9,650.82		(9,650.82)	0%
	Total Depreciation	223,749.71	4,409,311.97	3,257,478.00	(1,151,833.97)	135%
Lynchburg Debt Service Paid:						
4500-0640	Lynchburg Sewer Interest		2,920.48	2,920.00	(0.48)	100%
	Total Lynchburg Debt Service Paid		2,920.48	2,920.00	(0.48)	100%
VRA Semiannual Fees:						
4500-0610	VRA Semiannual Fees	42,972.62	42,972.62		(42,972.62)	0%
	Total VRA Semiannual Fees	42,972.62	42,972.62		(42,972.62)	0%
VRA 2005 Trustee Fees:						
4500-0615	VRA Trustee Fees			328.00	328.00	0%
	Total VRA 2005 Trustee Fees			328.00	328.00	0%
2009 VRA Interest:						
4500-0625	VRA 2009 (2002A Refunding)	(10,381.25)	10,381.25	164,031.00	153,649.75	6%
	Total 2009 VRA Interest	(10,381.25)	10,381.25	164,031.00	153,649.75	6%
2012 VRA Interest:						
4500-0645	VRA 2012 Interest (2005 refunding)	(9,097.12)	165,921.64	175,019.00	9,097.36	95%
	Total 2012 VRA Interest	(9,097.12)	165,921.64	175,019.00	9,097.36	95%
2014 VRA Interest:						
4500-0660	VRA 2014 Interest (2005 Refundin...		77,281.26	77,281.00	(0.26)	100%
	Total 2014 VRA Interest		77,281.26	77,281.00	(0.26)	100%
2015 VRA Interest:						
4500-0665	VRA 2015 Interest	(11,110.22)	1,072,567.91	1,083,678.00	11,110.09	99%
	Total 2015 VRA Interest	(11,110.22)	1,072,567.91	1,083,678.00	11,110.09	99%

Assumed Debt from City:

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Twelve Months Ending Tuesday, June 30, 2020

	<u>Month</u>	<u>FY 19-20 YTD</u>	<u>FY 19- 20 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 100%</u>
4500-0650	Assumed Debt from Town- Interest	84,272.77	84,273.00	0.23	100%
	Total Assumed Debt from City	84,272.77	84,273.00	0.23	100%
VRA 2019 Interest:					
4500-0670	VRA 2019 Refunding Interest	99,699.05		(99,699.05)	0%
	Total VRA 2019 Interest	99,699.05		(99,699.05)	0%
	Total Interest and Debt Service	12,384.03	1,556,016.98	31,513.02	98%
	Total Exp., Depr. and Debt Servi...	1,522,833.63	15,468,310.91	(73,304.75)	100%
	Total Revenues Less Oper Expense	(1,808,968.88)	(4,119,060.15)	2,577,197.31	267%
	Gross Cash Before Capital Exp	(1,808,968.88)	(4,119,060.15)	2,577,197.31	267%
	Less non-debt Capital Contributions	48,045.87	(1,119,559.31)	899,559.31	509%
	Earnings/(loss) before BRWA Capit...	(1,857,014.75)	(2,999,500.84)	1,677,638.00	227%

AUDITED

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The primary mission of the BRWA is to provide our members the highest quality water and wastewater services at rates that are reasonable and just while protecting public health.

FISCAL YEAR ENDED JUNE 30, 2020

BEDFORD REGIONAL WATER AUTHORITY

Providing quality service to everyone.



Bedford
Regional
Water Authority



1723 Falling Creek Road, Bedford, VA 24523-3137



540.586.7679



540.586.5805



www.brwa.com

**BEDFORD REGIONAL
WATER AUTHORITY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

BEDFORD REGIONAL WATER AUTHORITY

BEDFORD, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2020*

PREPARED BY THE FINANCE DEPARTMENT

BEDFORD REGIONAL WATER AUTHORITY

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	i
GFOA Certificate of Achievement.....	vii
Directory of Principal Officials	viii
Organizational Chart	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4

Financial Statements

Exhibit 1 Statement of Net Position.....	12
Exhibit 2 Statement of Revenues, Expenses, and Changes in Net Position	13
Exhibit 3 Statement of Cash Flows.....	14
Notes to Financial Statements.....	15

Required Supplementary Information

Exhibit 4 Schedule of Changes in Net Pension Liability and Related Ratios	49
Exhibit 5 Schedule of Pension Contributions	50
Exhibit 6 Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan	51
Exhibit 7 Schedule of OPEB Contributions – Local Plan.....	52
Exhibit 8 Schedule of Employer's Share of Net OPEB Liability – VRS GLI	53
Exhibit 9 Schedule of Employer Contributions – VRS GLI.....	54
Notes to Required Supplementary Information	55

Supporting Schedule

Schedule 1 Schedule of Departmental Operating Income	57
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BEDFORD REGIONAL WATER AUTHORITY

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION

	Page
Table 1 Net Position by Component	59
Table 2 Changes in Net Position	59
Table 3 Operating Expenses	60
Table 4 Nonoperating Revenues and Expenses	60
Table 5 Operating Revenues by Source	61
Table 6 Water Produced and Consumed and Wastewater Treated	61
Table 7 Annual Connections	62
Table 8 Number of Water Customers by Type	62
Table 9 Number of Sewer Customers by Type	62
Table 10 Ten Largest Water Customers	63
Table 11 Ten Largest Sewer Customers	64
Table 12 Schedule of Water and Sewer Rates	65
Table 13 Schedule of Water and Sewer Facility Fees	67
Table 14 Schedule of Debt Coverage	68
Table 15 Outstanding Debt by Category	68
Table 16 Ratios of Outstanding Debt	69
Table 17 Ten Largest Employers (Bedford Town and County)	70
Table 18 Other Demographic Data (Bedford Town and County)	70
Table 19 Number of Employees by Identifiable Activity	71
Table 20 Operating Indicators	71
Table 21 Capital Asset Statistics	71

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Schedule of Finding and Response	75
Schedule of Prior Audit Finding	76
Summary of Compliance Matters	77

INTRODUCTORY SECTION

October 9, 2020

Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

The Comprehensive Annual Financial Report (CAFR) for the Bedford Regional Water Authority (Authority) is hereby submitted for the fiscal year ended June 30, 2020. The CAFR was prepared by the Authority in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and with emphasis on disclosure of the financial activities of the Authority. Responsibility for both the completeness and reliability of the information, including all disclosures, rest with the Authority, and is based upon a framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority.

The basic financial statements have been audited by our independent auditors, Brown, Edwards & Company, LLP, who have issued an unmodified ("clean") opinion of the financial statements of the Authority as of and for the year ended June 30, 2020. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read with it.



Organization and Function

The Authority was chartered December 18, 2012 under the Virginia Water and Waste Authorities Act and Sewer Authorities Act, Chapter 51 Title 15.2 of the Code of Virginia 1950 as amended, by concurrent resolutions adopted by the Bedford County Board of Supervisors and the City Council of the City of Bedford, Virginia (now the Town of Bedford). The Authority is authorized to acquire, finance, contract, operate, and maintain water systems, sewer systems, sewerage disposal and treatment systems, and other facilities or combinations thereof; furthermore, it is able to borrow money and to issue its revenue bonds to pay all or any part of the cost of such systems and facilities and related financing costs.

The revenues of the Authority are based on fixed and usage charges from the system users. The Authority does not have taxing power.



The Authority operates on a Board-administrator form of government. The Board consists of a Chair and six other Board members. Four members are appointed by the Bedford County Board of Supervisors, two are appointed by the Town Council and the seventh member was nominated by the other six members and confirmed by the Bedford County Board of Supervisors and the Town

Council. There are three standing committees comprised of two board members each; they include the Policies and Projects Committee, the Finance Committee, and the Personnel Committee. Regular meetings of the Authority Board of Directors are held the third Tuesday of every month at the Authority's office, with special meetings scheduled as needed.

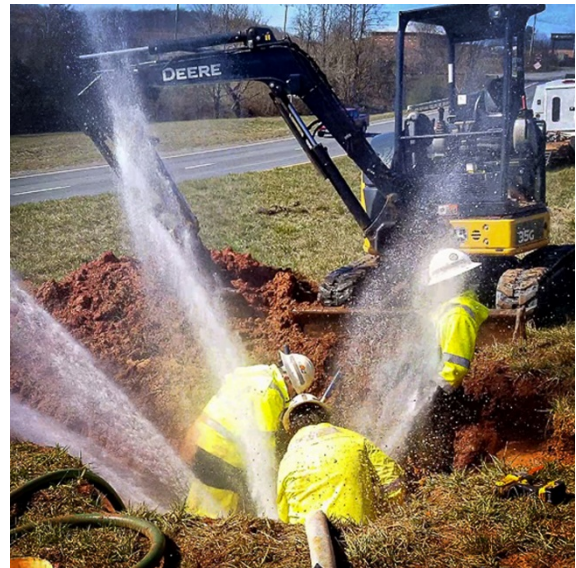
At the end of the fiscal year, water connections totaled 15,583. Water service is provided as follows:

- **Forest Central:** water is provided to the Forest, New London, and Boonsboro areas of the County with water purchased from the City of Lynchburg and distributed by the Authority; the contract is effective for fifteen years from July 1, 2007 through June 30, 2022. The agreement will be in force for twenty years commencing October 1, 2016 and ending on June 30, 2036, unless terminated as stated herein. At the conclusion of the initial twenty-year period, either party may terminate the agreement for any reason. Unless either party provides written notification of termination, the agreement will be automatically renewed in 10-year increments upon the conclusion of the initial twenty-year period. With the completion of the Smith Mountain Lake Water Treatment Facility (SML WTF) and waterlines, an additional source of water is available to the Forest area.
- **Stewartsville:** water is provided to the Stewartsville area with water purchased from the Western Virginia Water Authority and then distributed by the Authority. This agreement is in effect until June 30, 2030, unless renewed or terminated.

Organization and Function (Continued)

- **Bedford Central:** water is provided to the area inside and around the Town of Bedford through the Central Water Treatment Plant (WTP) located on Mountain Water Drive just outside of Town. The plant uses a surface water reservoir located at the foothills of the Peaks of Otter. The WTP is rated at 3.0 MGD. With the completion of the SMLWTF and waterlines an additional source of water is available to the Central district.
- **Mountain View Shores:** water in this subdivision is provided from a groundwater source accessed by three wells. Water from the three wells is filtered using greensand pressure filters and treated with chlorine, soda ash, permanganate, and a blended phosphate product before entering the distribution system.

- **Smith Mountain Lake Central Water System:** The source for the Lakes service area is Smith Mountain Lake, a reservoir maintained by American Electric Power for generation of hydroelectric power. In calendar year 2017, over 50% of the water was primarily treated at the Smith Mountain Lake Water Treatment Facility. This facility is one of the few membrane filtration plants in the state designed to treat surface water in accordance with the Safe Drinking Water Act and all other Virginia Department of Health guidelines. The filtration process requires no chemical addition and instead uses water being pressurized



through filtration membranes, with chlorine being added after filtration for disinfection in the distribution system to meet requirements set by the regulatory agencies. This system also provides water to customers in the Town of Bedford and Forest Central. The Smith Mountain Lake Water Treatment Facility (“SMLWTF”) is jointly owned with the Western Virginia Water Authority and is rated at 4.0 million gallons per day, with expansion capability of 6.0 MGD (without expanding the building). The Authority acquired the Mariners Landing water system, a well system, in May. A waterline is under construction to connect the system to the Central Water system and abandon this well in the early part of FY2021.

At the end of the fiscal year, sewer connections totaled 5,169. Sewer service is provided as follows:

- **Forest Central:** sewer service is provided to the Forest and New London areas of the County by collecting the wastewater and transmitting it to the Lynchburg Regional Wastewater Treatment Plant (“WWTP”) for treatment. The Regional Sewage Treatment Plant Agreement was executed on June 6, 1974, and it is in effect in perpetuity. The regional plant is rated at 22 million gallons per day (MGD), and the Authority has purchased 1.0 MGD capacity in the WWTP and sufficient capacity in the City’s interceptor lines allow for 1.0 MGD of sewage to flow to the regional plant.

Organization and Function (Continued)

- **Lakes Central:** sewer service is provided in Moneta by the Moneta WWTP to the Lakes community and along the Route 122 corridor. The Moneta WWTP has a current capacity of 0.5 MGD and can readily be expanded to treat 1.5 MGD.
- **Montvale:** sewer service is provided in the Montvale area by the Montvale WWTP, located behind the Montvale Elementary School. The Montvale WWTP is rated at 0.05 MGD and provides service to Montvale Elementary School, Montvale Library, Montvale Center for Business, and central Montvale community.
- **Bedford Central:** sewer service is provided inside and around the Town of Bedford using a WWTP located on Orange Street in Bedford. The Central WWTP is rated at 2.0 million gallons per day (MGD).
- **Mariners Sewer:** sewer service is provided using a WWTP that serves the development, along with 10 sewer pump stations.

The Authority is not legally required to adopt a budget; however, it is a requirement of the bond covenants that the Authority's Board of Directors adopt an annual budget before the first day of each fiscal year. The Finance department prepares the budget, in coordination with department managers, and serves as a framework for the Authority's financial planning for the year. Authorization is given to the Executive Director to move funds within the line item operating budget without further Board action, provided that a financial report is presented at the monthly Board meeting. The Executive Director can also reprioritize any of the items on the capital budget, provided the total spent did not exceed the approved budget.

In March of this year, the coronavirus pandemic began affecting the United States. The Authority is happy to report that the Authority did not experience any furloughs during the pandemic and there was a shift to teleworking for some positions. At the start of the pandemic, the Authority was in the process of developing and adopting the FY2021 budget. Due to the uncertainty of revenue collection and delinquent customer accounts, the Board of Directors adopted a more conservative budget, which did not include any rate increases for customers or salary increases for employees. The Authority also did not adopt a Capital Improvement Program (CIP) budget and spending has been restricted in an effort to monitor cash flow. The Board will review the financial statements following the close of the first quarter of FY 2021 and determine the potential release of spending restrictions and approval of capital funding.

Local Economic Condition and Outlook



Bedford County is one of the fastest growing areas in the Commonwealth of Virginia. It encompasses 753 square miles of Piedmont Plateau in the Western Central portion of Virginia and is bordered by the Blue Ridge Mountains to the west, the James River to its northeast and Smith Mountain Lake to the south. It has rolling, hilly terrain with elevations ranging from 800 to 4200 feet above sea level.

The most recent population figure for Bedford County, including the Town is 78,997 (*source: US Census 2019 Population Estimate*). The 2020 Bedford Community Profile reports an unemployment rate, as of May 2020, of 7.6% for the County; compared to the same time period where Virginia was at 9.2% and the Country was at 13.0%. The current global pandemic has affected unemployment rates in several sectors.

Relevant Financial Policies

The Authority's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority operates as an independent entity as allowed by the Virginia Water and Waste Authorities Act. Under this act and the Authority's charter, sufficient rates and fees are established so that the Authority can pay its operating expenses, principal and interest payments, and provide a margin of revenue that is sufficient to cover any contingencies that may arise. As part of the annual budget process, rates are examined to insure that they are adequate for the Authority's obligations.

The Authority has adopted the following financial policies: Purchasing Cards, Purchasing, Employee Awards, Capital Assets, Investments, Debt Management, Post Issuance Compliance, Alternate Delivery, PPEA, and Disposal of Surplus Property. The Authority believes that these procedures provide reasonable assurance that assets are properly recorded and protected; and that financial data is used confidently in the preparation of reports and projections.

Major Initiatives and Accomplishments

The following are a few of the major initiatives that the Authority accomplished during the fiscal year:

- During FY 2020 Developer Dedications included 7,606 linear feet of waterline totaling \$648,661 and 4,031 linear feet of sewer line totaling \$345,013.
- Purchases funded through the Capital Improvement Program (CIP) included vehicles and various equipment, replacement computers and servers, meter change outs throughout the County and several line replacement projects completed by the CIP crew, added in the previous fiscal year.
- The Authority acquired the Mariners Landing Water and Sewer system in May of this year.



Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bedford Regional Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the sixth year that the Authority has received this prestigious award; its predecessor, the Bedford County Public Service Authority, received this award for eighteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the hard work and dedication of the Authority's Financial and Administrative departments. The Authority also wishes to express our appreciation to all of the departments who contributed information used to prepare this report. Appreciation is also given to the Board of Directors for their interest in, and support of, the Authority's pursuit of financial reporting excellence.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jill W. Underwood".

Jill W. Underwood
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bedford Regional Water Authority
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

BEDFORD REGIONAL WATER AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2020

BOARD OF DIRECTORS

Robert Flynn, Chairman

Cynthia Gunnoe, Vice Chairman

Elmer Hodge

Carl H. Wells

Michael C. Moldenhauer

Walter Siehien

Thomas D. Segroves

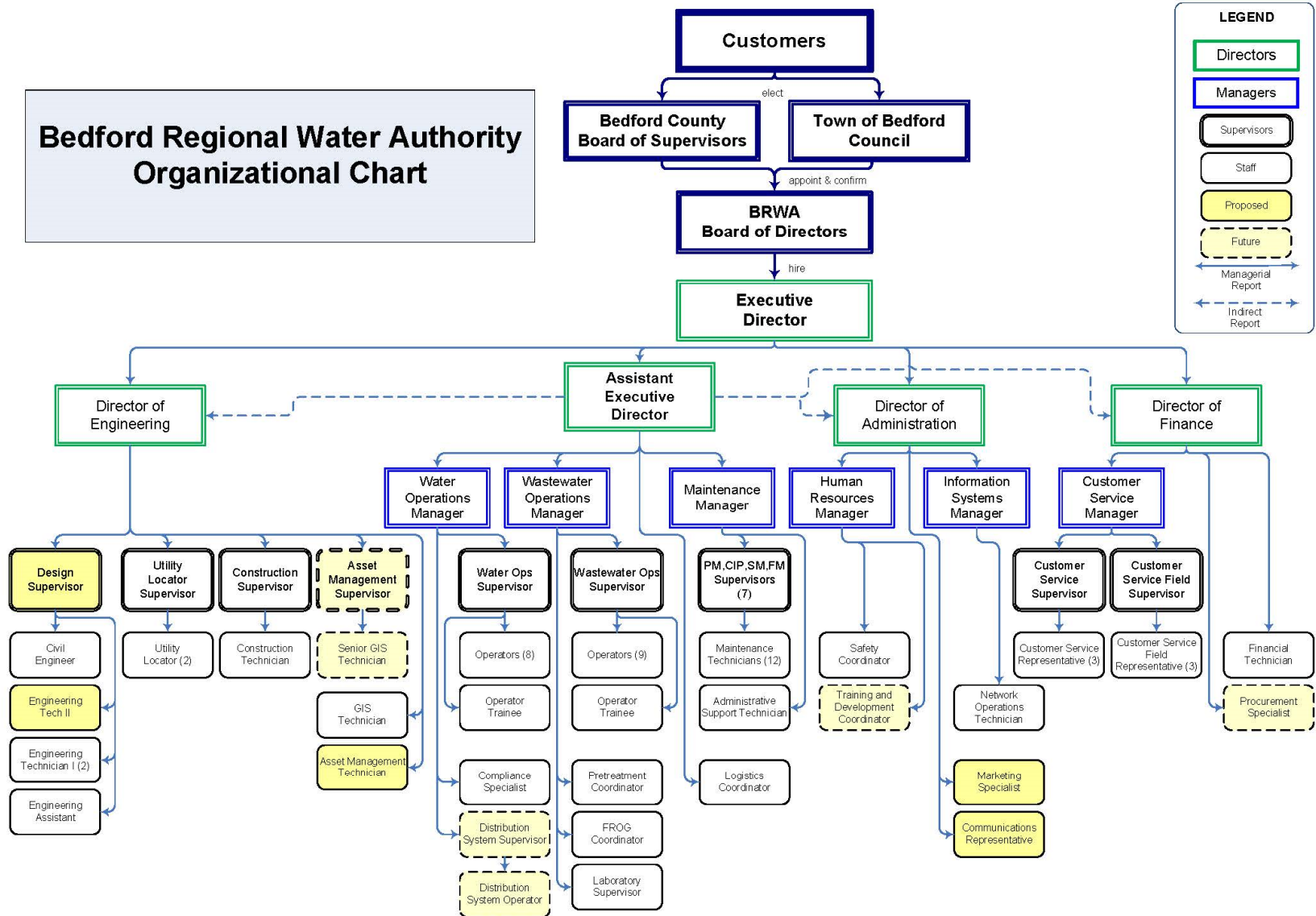
EXECUTIVE DIRECTOR

Brian M. Key, PE, Secretary/Treasurer

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.

Bedford Regional Water Authority Organizational Chart



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FINANCIAL SECTION

**Financial Section contains the
Basic Financial Statements.**

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Bedford Regional Water Authority (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bedford Regional Water Authority, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's 2019 financial statements, and in our report dated October 25, 2019, expressed an unmodified opinion on those financial statements. The 2019 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, schedule of departmental operating income, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Report on the Financial Statements (Continued)

Other Information (Continued)

The schedule of departmental operating income is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of departmental operating income is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 9, 2020

Management's Discussion and Analysis

The Bedford Regional Water Authority ("Authority") has prepared this Management's Discussion and Analysis (MD&A) as a supplement to the financial statements, to provide a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. It is encouraged that the information presented herein to be considered in conjunction with additional details that have been furnished in the letter of transmittal, which can be found on pages i-vi of this financial report.

In October of 2012 the Bedford County Public Service Authority entered into a consolidation agreement with the City of Bedford and County of Bedford. As part of the City of Bedford's reversion to a Town, the Authority and the City of Bedford water and sewer departments merged into the Bedford Regional Water Authority ("Authority"); the complete merger was effective on July 1, 2013

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,580,732 (*net position*). Of this amount \$12,006,937 (*unrestricted net position*) may be used to meet the BRWA's ongoing obligations to customers and creditors
- The Authority's total net position increased during the fiscal year by \$4,160,060. The primary cause for this increase relates to the rate equalization due to consolidation and capital contributions received by customers in order to connect to the Authority's system.

Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) enterprise fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Enterprise fund financial statements. Since the Authority engaged only in business-type activities, the *enterprise fund financial statements* and *notes* were prepared in a manner similar to private-sector businesses.

The ***statement of net position*** presents information on the Authority's assets, deferred outflows, liabilities, and deferred inflows as of June 30, 2020 and June 30, 2019, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority had improved or deteriorated.

The ***statement of revenues, expenses, and changes in net position*** presents information showing how the Authority's net position changed between fiscal years 2020 and 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, some of the revenues and expenses that are reported in this statement will only affect cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The ***statement of cash flows*** supplements the above two statements by presenting the changes in cash position as a result of the Authority's activities over the last two fiscal years.

These statements can be found on pages 12 through 14 of this report.

Overview of the Financial Statements (Continued)

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15 through 47 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 49 through 55 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$79,580,732 at the close of the most recent fiscal year. At the close of the previous fiscal year, liabilities and deferred inflows exceeded assets and deferred outflows by \$75,420,672.

By far the largest portion of the Authority's net position (82%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to customers; consequently, these assets were *not* available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis (Continued)

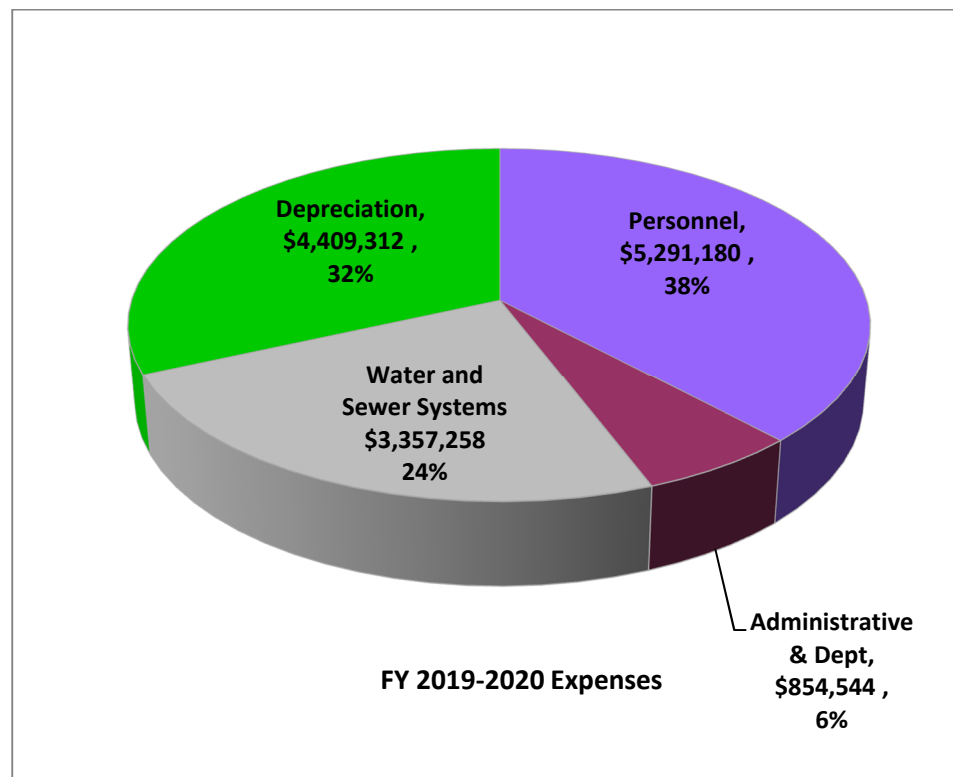
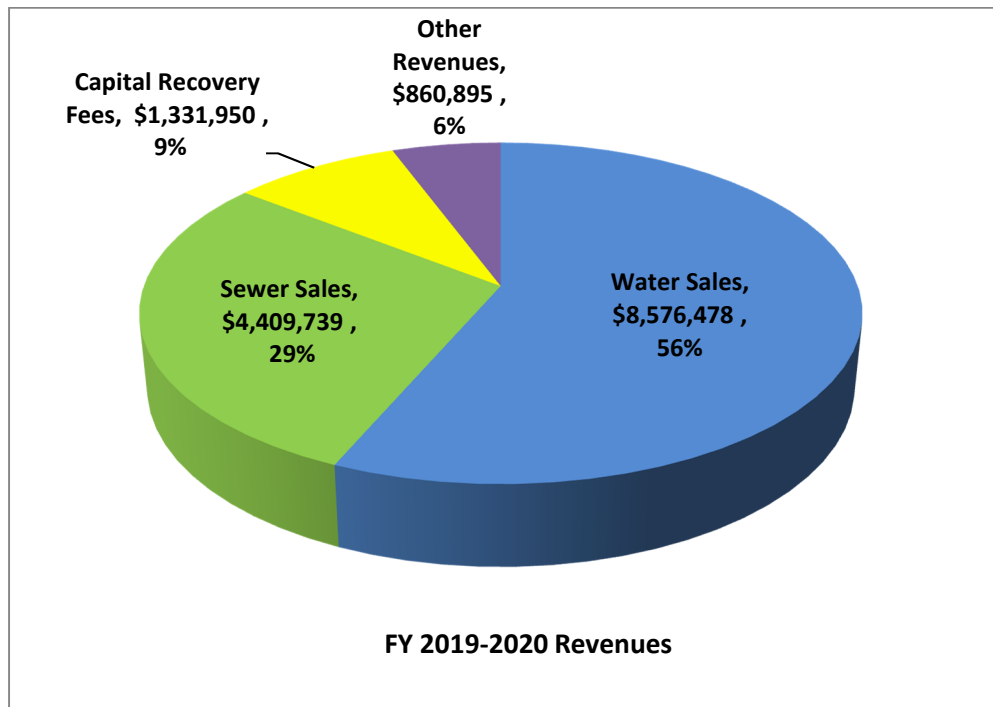
Condensed Statement of Net Position

	2020	2019
Current assets	\$ 14,399,803	\$ 11,874,890
Cash and cash equivalent, restricted	831,567	649,310
Investments, restricted	1,771,570	1,737,570
Capital assets, net	106,639,821	108,017,007
Total Assets	123,642,761	122,278,777
Deferred loss on refunding	383,431	519,750
Deferred outflows related to pensions	595,511	363,292
Deferred outflows related to other postemployment benefits	92,655	62,880
Total Deferred Outflows of Resources	1,071,597	945,922
Current liabilities	4,045,399	3,972,927
Long-term liabilities	40,881,619	43,709,865
Total Liabilities	44,927,018	47,682,792
Deferred gain on refunding	87,269	-
Deferred outflows related to pensions	83,956	100,235
Deferred outflows related to other postemployment benefits	35,383	21,000
Total Deferred Inflows of Resources	206,608	121,235
Net investment in capital assets	64,970,658	63,427,831
Restricted for:		
Capital improvements	788,121	568,882
Debt collateral	1,815,016	1,817,998
Unrestricted	12,006,937	9,605,961
Total Net Position	\$ 79,580,732	\$ 75,420,672

Financial Analysis (Continued)**Condensed Statement of Revenues, Expenses and Changes in Fund Net Position**

	2020	2019
Revenues:		
Operating revenues:		
Water sales	\$ 8,576,478	\$ 8,029,324
Capital recovery fees	1,331,950	1,454,425
Sewer service	4,409,739	4,342,351
Wastewater treatment plant operation fees	305,430	285,291
Other revenues from customers	555,465	547,073
Total Revenues	15,179,062	14,658,464
Expenses:		
Operating expenses:		
Water systems	1,809,069	1,789,809
Sewer systems	1,548,189	1,624,180
Salaries and employee benefits	5,291,180	4,732,359
Management and general	285,691	530,772
Customer service and information systems	251,688	228,958
Vehicles	227,816	260,039
Engineering, operations and maintenance	89,349	72,731
Depreciation and amortization	4,409,312	4,352,852
Total Expenses	13,912,294	13,591,700
Nonoperating Revenues (Expenses):		
Gain (loss) on disposal of capital assets	(65,497)	25,498
Investment income	193,197	168,123
Interest expense	(1,556,017)	(1,673,218)
Total Nonoperating Revenues (Expenses)	(1,428,317)	(1,479,597)
Loss before capital contributions	(161,549)	(412,833)
Capital Contributions	4,321,609	3,129,186
Changes in net position	4,160,060	2,716,353
Net position- July 1	75,420,672	72,704,319
Net position- June 30	<u>\$ 79,580,732</u>	<u>\$ 75,420,672</u>

Financial Analysis (Continued)



Financial Analysis (Continued)

At the end of the current fiscal year, the Authority was able to report positive balances in total net position. The same held true for the prior fiscal year. At the end of the current fiscal year, the Authority had positive balances in unrestricted net position.

During the current fiscal year the Authority's net position increased by \$4,160,060.

Operating revenues increased by \$520,598 or 3.55% and operating expenses increased by \$320,594 or 2.36%.

Key elements of these changes are as follows:

- Water and sewer sales increased due to a rate increase, as well as an increase in customers.
- Capital Recovery Fees decreased due to the timing of development in the area.
- Management and general expenses decreased due to a lower required adjustment related to the allowance of doubtful accounts.
- Depreciation expense increased due to the addition of capital assets.
- Salaries and employee benefits increased as result of hiring new employees and increases in insurance premiums and other benefits.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets as of June 30, 2020 amounted to \$106,639,821 (net of accumulated depreciation). This investment in capital assets includes land and land rights, buildings, water and sewer systems, vehicles, equipment, and furniture and fixtures. Additional information related to capital assets is located in Note 4 of the *Notes to Financial Statements*.

	Capital Assets	
	2020	2019
Land and land rights	\$1,010,476	\$1,010,476
Construction in progress	297,756	182,050
Water and sewer systems	162,326,195	159,816,865
Vehicles	3,367,702	3,298,819
Office Facilities	2,725,885	2,569,710
Information Systems Equipment	1,659,539	1,603,370
Total Book Value	171,387,553	168,481,290
Less- accumulated depreciation	(64,747,732)	(60,464,283)
Total- net of accumulated depreciation	<u>\$106,639,821</u>	<u>\$108,017,007</u>

Capital Asset and Debt Administration (Continued)

Major capital asset events during the fiscal year included the following:

- Developer dedications of water and sewer lines throughout Bedford County totaled \$1,916,661.
- A total of \$2,857,365 was spent on water and sewer infrastructure.
- A total of \$56,169 was spent on Information Technology. This included computers and servers.
- A total of \$145,176 was spent on vehicles and equipment. This included new vehicles, trailers and several other equipment purchases.

Below are some of the projects that were placed into service during the fiscal year:

Dawn Drive Sewer Replacement	\$86,280
Dawn Drive Water Replacement	\$64,552
Administration Building Renovations	\$118,481
Rucker Road Waterline Extension	\$58,984
Cedarcrest Waterline Replacement	\$28,286
Mariners Landing System Acquisition	\$1,268,000

Long-term debt. At the end of the fiscal year, the Authority had \$41,007,894 in bonds and notes outstanding, versus \$43,922,163 last year, a decrease of 6.63% as shown below. Outstanding obligations decreased as a result of principal payments being made.

The Authority's Virginia Resource Authority Bonds are rated "AAA" from Standard and Poor's. Other obligations include accrued paid time off (PTO). More detailed information on the Authority's long-term liabilities is located in Note 5 of the *Notes to Financial Statements*.

Long-Term Debt		
	2020	2019
Lynchburg Sewer System Bonds	\$616,513	\$ 725,170
Due to Town of Bedford	3,246,381	3,716,993
2015 VRA Bonds	29,600,000	30,265,000
2009B Pooled Loan Bonds	-	3,715,000
2012 Pooled Bonds	3,075,000	3,755,000
2014 Pooled Bonds	1,745,000	1,745,000
2019 VRA Bonds	2,725,000	-
Unamortized premium on bonds	957,431	1,186,763
	<u>\$ 41,965,325</u>	<u>\$45,108,926</u>

Requests for information

This financial report is designed to provide a general overview of the Authority's finances. For additional financial information contact the BRWA's Finance Department in person or by mail at 1723 Falling Creek Road, Bedford, VA 24523, by email at finance@brwa.com or by telephone at (540)586-7679

FINANCIAL STATEMENTS

BEDFORD REGIONAL WATER AUTHORITY
STATEMENT OF NET POSITION
June 30, 2020

		(For Comparative Purposes Only)
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 11,544,449	\$ 9,316,372
Accounts receivable (Note 3)	2,190,773	2,108,103
Inventory	488,552	364,730
Prepays	176,029	85,685
Total current assets	14,399,803	11,874,890
Noncurrent assets		
Cash and cash equivalents, restricted (Note 2)	831,567	649,310
Investments, restricted (Note 2)	1,771,570	1,737,570
Capital assets (Note 4)		
Nondepreciable	1,308,232	1,192,526
Depreciable, net	105,331,589	106,824,481
Total noncurrent assets	109,242,958	110,403,887
Total assets	123,642,761	122,278,777
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	383,431	519,750
Deferred outflows related to pensions (Note 7)	595,511	363,292
Deferred outflows related to other postemployment benefits (Note 8)	92,655	62,880
Total deferred outflows of resources	1,071,597	945,922
LIABILITIES		
Current liabilities		
Accounts payable	425,927	356,653
Accrued liabilities	106,761	148,802
Interest payable	393,431	424,020
Current maturities of other long-term liabilities (Note 5)	3,119,280	3,043,452
Total current liabilities	4,045,399	3,972,927
Long-term liabilities		
Customer security deposits	531,423	504,065
Unearned revenue	368,484	341,184
Other long-term liabilities – due in more than one year (Note 5)	38,995,564	42,185,405
Net pension liability (Note 7)	501,911	223,404
Net other postemployment benefit liabilities (Note 8)	484,237	455,807
Total long-term liabilities	40,881,619	43,709,865
Total liabilities	44,927,018	47,682,792
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	87,269	-
Deferred inflows related to pensions (Note 7)	83,956	100,235
Deferred inflows related to other postemployment benefits (Note 8)	35,383	21,000
Total deferred outflows of resources	206,608	121,235
NET POSITION		
Net investment in capital assets	64,970,658	63,427,831
Restricted for: (Note 2)		
Capital improvements	788,121	568,882
Debt collateral	1,815,016	1,817,998
Unrestricted	12,006,937	9,605,961
Total net position	\$ 79,580,732	\$ 75,420,672

The Notes to Financial Statements are an integral part of this statement.

BEDFORD REGIONAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2020

		(For Comparative Purposes Only)
	2020	2019
OPERATING REVENUES		
Water sales	\$ 8,576,478	\$ 8,029,324
Capital recovery fees	1,331,950	1,454,425
Sewer service	4,409,739	4,342,351
Wastewater treatment plant operation fees	305,430	285,291
Review fees	87,372	62,690
Meter base installation fees	97,871	90,000
Account changes	81,665	56,750
Other	239,934	245,896
Penalties	48,623	91,737
Total operating revenues	<u>15,179,062</u>	<u>14,658,464</u>
OPERATING EXPENSES		
Water systems	1,809,069	1,789,809
Sewer systems	1,548,189	1,624,180
Depreciation and amortization	4,409,312	4,352,852
Salaries and employee benefits	5,291,180	4,732,359
Management and general	285,691	530,772
Customer service and information systems	251,688	228,958
Vehicles	227,816	260,039
Engineering, operations, and maintenance	89,349	72,731
Total operating expenses	<u>13,912,294</u>	<u>13,591,700</u>
Operating income	<u>1,266,768</u>	<u>1,066,764</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposal of capital assets	(65,497)	25,498
Investment income	193,197	168,123
Interest expense	(1,556,017)	(1,673,218)
Total nonoperating revenues (expenses)	<u>(1,428,317)</u>	<u>(1,479,597)</u>
Loss before capital contributions	(161,549)	(412,833)
CAPITAL CONTRIBUTIONS (Note 6)	<u>4,321,609</u>	<u>3,129,186</u>
Change in net position	4,160,060	2,716,353
Net position – beginning at July 1	<u>75,420,672</u>	<u>72,704,319</u>
Net position – ending at June 30	<u>\$ 79,580,732</u>	<u>\$ 75,420,672</u>

The Notes to Financial Statements are an integral part of this statement.

BEDFORD REGIONAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

		(For Comparative Purposes Only)
	2020	2019
OPERATING ACTIVITIES		
Cash received from customers	\$ 15,151,050	\$ 14,392,412
Cash paid for goods and services	(4,271,290)	(4,377,961)
Cash paid to employees	(5,260,586)	(4,745,072)
Net cash provided by operating activities	5,619,174	5,269,379
CAPITAL AND RELATED FINANCING ACTIVITIES		
County of Bedford – capital debt assistance	2,000,000	2,000,000
Acquisition and construction of capital assets	(1,094,386)	(3,183,336)
Proceeds from revenue bond anticipation note and bond refunding	2,955,733	-
Principal paid on long-term borrowings	(5,639,269)	(2,668,592)
Interest paid on long-term borrowings	(1,644,355)	(1,698,930)
Proceeds from sale of capital assets	54,240	26,595
Net cash used in capital and related financing activities	(3,368,037)	(5,524,263)
INVESTING ACTIVITIES		
Purchase of restricted investments	(34,000)	(68,000)
Interest received	193,197	168,123
Net cash provided by investing activities	159,197	100,123
Net increase (decrease) in cash and cash equivalents	2,410,334	(154,761)
CASH AND CASH EQUIVALENTS		
Beginning at July 1	9,965,682	10,120,443
Ending at June 30	<u>\$ 12,376,016</u>	<u>\$ 9,965,682</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 11,544,449	\$ 9,316,372
Cash and cash equivalents, restricted	831,567	649,310
	<u>\$ 12,376,016</u>	<u>\$ 9,965,682</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,266,768	\$ 1,066,764
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,409,312	4,352,858
Pension expense net of employer contributions	30,009	(36,232)
Other postemployment benefit expense net of employer contributions	13,038	12,643
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(82,670)	184,627
Inventory	(123,822)	16,972
Prepays	(90,344)	(10,338)
Increase (decrease) in:		
Accounts payable	154,678	121,888
Unearned revenue	27,300	(334,925)
Customer security deposits	27,358	(115,754)
Compensated absences and accrued liabilities	(12,453)	10,876
Net cash provided by operating activities	<u>\$ 5,619,174</u>	<u>\$ 5,269,379</u>
SCHEDULE OF NONCASH ACTIVITIES		
Contributions of capital assets	<u>\$ 2,321,609</u>	<u>\$ 1,129,186</u>
Capital asset purchases included in accounts payable	<u>\$ 1,140</u>	<u>\$ 86,544</u>

The Notes to Financial Statements are an integral part of this statement.

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Bedford Regional Water Authority (the “Authority”) was chartered December 18, 2012 under the Water and Wastewater Authorities Act, §§15.2-5100, et seq. of the *Code of Virginia*, 1950, as amended, by concurrent resolutions adopted by the Bedford County Board of Supervisors and the City Council of the City of Bedford, Virginia (now the Town of Bedford, Virginia) (the “Town”). The Authority primarily serves water and sewer needs of the Smith Mountain Lake, Forest, Montvale, Stewartsville, New London, Town of Bedford, and Boonsboro areas of Bedford County, Virginia (the “County”). The Authority operates on a Board-administrator form of government. The Board consists of a Chairman and six other Board members, four of whom are appointed by the County Board of Supervisors, two of whom are appointed by the Town Council of the Town, and the seventh of whom is nominated by the six directors and confirmed by the County Board of Supervisors and the Town Council. The Authority is not a component unit of the County nor of the Town.

Measurement focus and basis of accounting

The Authority’s financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of facility fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

The Authority’s cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition.

Investments

The Authority’s investments consist of municipal bonds with original maturities greater than one year from the date of acquisition.

Accounts receivable

Accounts receivable are stated net of an allowance for doubtful accounts. The Authority calculates its allowance for doubtful accounts using historical collection data and specific account analysis.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Unbilled accounts receivable

Unbilled accounts receivable consist of amounts earned as of year-end, but not yet billed because billing dates do not coincide with year-end.

Inventory

Inventory consists of grinder pumps, parts, and meters reported at cost. Inventory is generally used for construction and for operation and maintenance work and is not held for resale. Costs of inventory are charged to construction or operations when used.

Capital assets

Capital assets are stated at cost, except for donated assets, which are recorded at fair market value at the date of acquisition. Donated capital assets are reported at acquisition value. The threshold for recording capital assets is \$1,000. Depreciation of property and equipment is computed using the straight-line method over useful lives as follows:

System, lines, and source of supply structures	50-66 years
Leasehold improvements	5-40 years
Vehicles and equipment	5-10 years
Information systems equipment	3-10 years

Leasehold improvements include administrative and other facilities constructed and additions affixed to those facilities on land leased from Bedford County. These leasehold improvements are depreciated over the shorter of the useful life of the asset or the remaining term of the lease. The lease term includes all reasonably assured renewals.

Compensated absences

The paid-time-off (PTO) policy of the Authority provides for up to 312 hours per year of earned vacation leave, depending on years of service. Employees that are Plan 1 or Plan 2 VRS participants may carry over 640 hours to the succeeding year. Employees that are Hybrid Plan VRS participants may carry over 352 hours to the succeeding year. Upon termination, one half of the accumulated PTO balance is payable at 100% of the employee's current pay rate. Compensated absences are accrued when incurred.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pensions and OPEB, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement that presents net position reports a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement that presents financial position reports a separate section for deferred inflows or resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue

Unearned revenue consists of monies or tangible assets given to the Authority under prescribed conditions by developers in exchange for credit vouchers to be used to pay capital recovery fees (both water and sewer) in order to connect to the Authority's system. The Authority recognizes the revenue when the credit voucher is redeemed.

Fair value measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Commercial paper and corporate bonds are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Net position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt and related deferred inflows or outflows of resources related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP and VIP).

The fair value of the positions in the external investment pools (Local Government Investment Pool and Virginia Investment Pool) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. The pools maintain a policy to operate in a manner consistent with SEC Rule 2a-7. Due to the nature of LGIP and VIP, they are considered a cash and cash equivalents on the statement of net position.

Interest rate risk

Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates. The Authority’s investment policy limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, it follows the *Code of Virginia* for investment compliance matters.

Credit risk

The Authority has no policy regarding credit risk. The investments in LGIP and VIP funds are rated AAAM by Standard and Poor’s.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2. Deposit and Investments (Continued)

Deposit and investment restrictions

Cash and cash equivalents, investments, restricted, and net position, restricted consist of the following:

	<u>Cash and Cash Equivalents, Restricted</u>	<u>Investments, Restricted</u>	<u>Net Position, Restricted</u>
New Projects Reserve Fund	\$ 229,926	\$ -	\$ 229,926
Sewerline Replacement Fund	558,195	-	558,195
VRA Debt Service Fund	43,446	1,771,570	1,815,016
	<u>\$ 831,567</u>	<u>\$ 1,771,570</u>	<u>\$ 2,603,137</u>

New Projects Reserve Fund. The County of Bedford and the Authority entered into an agreement to set aside 40% of the County's portion of funds received from the lease of two water tanks to wireless service providers. The funds in this reserve account are to be held for future capital projects for the benefit of the County, as the County deems appropriate.

Sewerline Replacement Fund. The Authority established a sewerline replacement fund as required by the DEQ consent order inherited from the Town as part of the consolidation agreement.

VRA Debt Service Fund. The Authority established a debt service fund with PNC Capital Markets by purchasing municipal bonds and cash equivalents to ensure its debt coverage requirements would be met. This fund is required by the 2015 debt issuance, and represents the highest debt service payment due during the life of the debt issue. Compliance with the debt coverage requirement is contingent upon this fund, therefore this amount is shown as restricted cash and net position. Those bonds mature on November 15, 2026 and are measured using a Level 2 input as it relates to fair value measurement. The debt service fund with PNC Capital Markets amounted to \$1,815,016 at June 30, 2020.

Note 3. Accounts Receivable

Accounts receivable, net consists of the following:

	<u>Billed</u>	<u>Unbilled</u>	<u>Total</u>
Water	\$ 833,505	\$ 631,260	\$ 1,464,765
Sewer	718,565	316,295	1,034,860
Other	177,489	-	177,489
	1,729,559	947,555	2,677,114
Less:			
Allowance for doubtful accounts	(486,341)	-	(486,341)
	<u>\$ 1,243,218</u>	<u>\$ 947,555</u>	<u>\$ 2,190,773</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 4. Capital Assets

Capital asset activity for the year was as follows:

	Beginning July 1	Increases	Decreases	Ending June 30
Capital assets, not being depreciated				
Land and land rights	\$ 1,010,476	\$ -	\$ -	\$ 1,010,476
Construction in progress	182,050	629,619	(513,913)	297,756
Total capital assets, not being depreciated	1,192,526	629,619	(513,913)	1,308,232
Capital assets, being depreciated				
System, lines, and source of supply structures	159,816,865	2,857,365	(348,035)	162,326,195
Leasehold improvements	2,569,710	156,175	-	2,725,885
Vehicles and equipment	3,298,819	145,176	(76,293)	3,367,702
Information systems equipment	1,603,370	56,169	-	1,659,539
Total capital assets, being depreciated	167,288,764	3,214,885	(424,328)	170,079,321
Less accumulated depreciation for:				
System, lines, and source of supply structures	(55,361,535)	(4,056,302)	238,286	(59,179,551)
Leasehold improvements	(1,742,045)	(164,774)	-	(1,906,819)
Vehicles and equipment	(1,871,534)	(309,122)	66,305	(2,114,351)
Information systems equipment	(1,489,169)	(57,842)	-	(1,547,011)
Total accumulated depreciation	(60,464,283)	(4,588,040)	304,591	(64,747,732)
Total capital assets being depreciated, net	106,824,481	(1,373,155)	(119,737)	105,331,589
Total capital assets, net	\$ 108,017,007	\$ (743,536)	\$ (633,650)	\$ 106,639,821

The leasehold improvements represent the Authority's administrative building, which is located on land leased from the County of Bedford. The lease began on March 30, 1999 and is for an initial term of 40 years, with renewal options for four additional ten-year periods. The land reverts to the County at the end of the lease.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 4. Capital Assets (Continued)

Construction commitments

The Authority's active construction projects as of June 30 are as follows:

<u>Project</u>	<u>Total Remaining Commitment</u>
Ivy Creek Interceptor VCWRLF Funding Assistance	\$ 2,860
BRWA Administration Parking Lot – Design 2	663
Turkey Mountain Booster Station - Design	40,207
Stoney Creek PMP Study	12,000
	<u>\$ 55,730</u>

Note 5. Long-Term Liabilities

The following is a summary of the Authority's long-term liabilities transactions for the year:

	<u>Beginning July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending June 30</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 39,480,000	\$ 2,725,000	\$ (5,060,000)	\$ 37,145,000	\$ 2,335,000
Lynchburg Sewer System Bonds	725,170	-	(108,657)	616,513	45,359
Due To Town of Bedford	3,716,993	-	(470,612)	3,246,381	475,027
Bond Premiums	1,186,763	230,733	(460,065)	957,431	226,514
Compensated absences	119,931	59,571	(29,983)	149,519	37,380
	<u>\$ 45,228,857</u>	<u>\$ 3,015,304</u>	<u>\$ (6,129,317)</u>	<u>\$ 42,114,844</u>	<u>\$ 3,119,280</u>

The Authority does not have any debt that is a direct borrowing or direct placement.

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding</u>
<u>Revenue Bonds:</u>					
Virginia Resources Authority					
Water and Sewer Bonds	2.13-5.13%	10/07/15	04/01/46	\$ 31,225,000	\$ 29,600,000
Water and Sewer Bonds	5.13	07/24/19	10/01/22	2,725,000	2,725,000
Water and Sewer Bonds	2.29-5.13	10/01/12	10/01/23	5,020,000	3,075,000
Water and Sewer Bonds	3.82-4.43	07/29/14	10/01/25	2,320,000	1,745,000
					37,145,000
					957,431
					<u>\$ 38,102,431</u>
<u>Due To Other Governmental Units:</u>					
Lynchburg Sewer System Bonds	1.75-5.00%	Various	06/01/44	\$ 3,236,174	\$ 616,513
Due To Town of Bedford	Various	Various	02/21/26	7,501,599	3,246,381
					<u>\$ 3,862,894</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5. Long-Term Liabilities (Continued)

Prior Year Defeasance of Debt

In 2012, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service on the refunded bonds through their maturity date. The deferred costs are being amortized over the life of the new bonds as a component of interest expense. As a result, the liability for those bonds has been removed from the financial statements. At June 30, 2020, \$3,255,000 of these bonds remains outstanding.

In 2014, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service on the refunded bonds through their maturity date. The deferred costs are being amortized over the life of the new bonds as a component of interest expense. As a result, the liability for those bonds has been removed from the financial statements. At June 30, 2020, \$1,835,000 of these bonds remains outstanding.

Current Year Defeasance of Debt

On July 24, 2019, the Authority issued \$2,725,000 in Water and Sewer Bonds with an interest rate of 5.13% per annum. The Authority issued the bonds to advance refund \$2,855,000 of the outstanding 2009 Water and Sewer Bonds with interest rates ranging from 4.10% to 5.00% per annum. The Authority used the net proceeds along with other resources to purchase U.S. government securities that were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 bonds. As a result, that portion of the 2009 bonds is considered defeased, and the Authority has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$2,855,000 at June 30, 2020. The advance refunding reduced total debt service payments over the next 4 years by nearly \$176,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$174,332. The bonds are due in annual installments ranging from \$905,000 to \$1,000,000, paid semi-annually, through October 1, 2022.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5. Long-Term Liabilities (Continued)

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	Lynchburg Sewer System Bonds		Revenue Bonds		Due To Town of Bedford	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 45,359	\$ 262	\$ 2,335,000	\$ 1,392,734	\$ 475,027	\$ 80,070
2022	36,082	16	2,445,000	1,285,622	482,342	72,881
2023	36,082	16	2,575,000	1,160,959	490,012	65,475
2024	36,082	15	1,590,000	1,058,031	582,000	53,071
2025	36,082	14	1,655,000	989,653	600,000	35,902
2026-2030	180,413	58	5,380,000	4,196,263	617,000	18,201
2031-2035	137,867	37	5,310,000	3,394,831	-	-
2036-2040	74,046	16	6,390,000	2,384,675	-	-
2041-2045	34,500	1	7,730,000	1,082,684	-	-
2046	-	-	1,735,000	32,858	-	-
	<u>\$ 616,513</u>	<u>\$ 435</u>	<u>\$ 37,145,000</u>	<u>\$ 16,978,310</u>	<u>\$ 3,246,381</u>	<u>\$ 325,600</u>

Note 6. Capital Contributions

Capital contributions by source are summarized as follows:

Developers and customers	\$ 2,321,609
County of Bedford – capital debt assistance	<u>2,000,000</u>
	<u>\$ 4,321,609</u>

The County of Bedford contributes funding annually to assist in the payment of debt service for water and sewer lines and plant expansion.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Bedford Regional Water Authority, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>16</u>
Inactive members:	
Vested inactive members	6
Non-vested inactive members	18
Inactive members active elsewhere in VRS	<u>9</u>
Total inactive members	33
Active members	<u>67</u>
Total covered employees	<u><u>116</u></u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's contractually required contribution rate for the year ended June 30, 2020 was 6.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$215,026 and \$193,711 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		<u>5.13 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.63 %</u>

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 4,857,346	\$ 4,633,942	\$ 223,404
Changes for the year:			
Service cost	263,853	-	263,853
Interest	333,704	-	333,704
Change of assumptions	208,200	-	208,200
Differences between expected and actual experience	131,158	-	131,158
Contributions – employer	-	193,711	(193,711)
Contributions – employee	-	146,766	(146,766)
Net investment income	-	321,040	(321,040)
Benefit payments, including refunds of employee contributions	(180,290)	(180,290)	-
Administrative expenses	-	(2,905)	2,905
Other changes	-	(204)	204
Net changes	756,625	478,118	278,507
Balances at June 30, 2019	\$ 5,613,971	\$ 5,112,060	\$ 501,911

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Political subdivision's net pension liability	<u>\$ 1,445,898</u>	<u>\$ 501,911</u>	<u>\$ (233,058)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$244,783. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 214,775	\$ -
Change in assumptions	165,710	38,814
Net difference between projected and actual earnings on pension plan investments	-	45,142
Employer contributions subsequent to the measurement date	<u>215,026</u>	<u>-</u>
Total	<u>\$ 595,511</u>	<u>\$ 83,956</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$215,026 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2021	\$ 106,124
2022	52,908
2023	72,717
2024	64,780
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities

Local Plan

Plan Description and Benefits Provided

Employees who are eligible to retire from VRS pension plan are allowed access to the Authority's health insurance plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate.

VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010 who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 of service or 90 combined age and service points for other employees. These vesting terms also apply to the Authority's local postemployment benefit plan.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	<u>3</u>
Total inactive employees	3
Active plan members	<u>74</u>
	<u><u>77</u></u>

Total OPEB Liability

The Authority's total OPEB liability of \$226,966 was measured as of June 30, 2020 and was determined based on an actuarial valuation performed as of June 30, 2019.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Local Plan (Continued)

Actuarial Assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates	4.00%
Discount rate	2.45%, 20 year tax exempt obligation municipal bond rate
Actuarial cost method	Entry Age Normal Funding Method
Retirees' share of benefit-related costs	\$680 - \$1,199 per month

Mortality rates were the same rates from the VRS valuation. (See Note 7)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2019.

Changes in assumptions and other inputs reflect an increase in the discount rate due to changes in the 20-year bond index.

Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 228,807</u>
Changes for the year:	
Service cost	17,876
Interest	6,631
Differences between expected and actual experience	(894)
Assumption or other input changes	(21,278)
Benefit payments	<u>(4,176)</u>
Net changes	<u>(1,841)</u>
Balance at June 30, 2020	<u><u>\$ 226,966</u></u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Local Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	1.00% Decrease (1.45%)	Current Discount Rate (2.45%)	1.00% Increase (3.45%)
Total OPEB liability	<u>\$ 244,753</u>	<u>\$ 226,966</u>	<u>\$ 210,153</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

	1.00% Decrease (3.00%)	Current Healthcare Cost Trend Rates (4.00%)	1.00% Increase (5.00%)
Total OPEB liability	<u>\$ 198,018</u>	<u>\$ 226,966</u>	<u>\$ 261,516</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Local Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Authority recognized OPEB expense of \$24,632. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 766
Change in assumptions	16,467	18,238
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ 16,467</u></u>	<u><u>\$ 19,004</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 125
2022	125
2023	125
2024	125
2025	127
Thereafter	(3,164)

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. The plan is considered multiple employer, cost sharing plans.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$18,380
June 30, 2019 Contribution	\$16,120

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2020 proportionate share of liability	\$257,271
June 30, 2019 proportion	0.01581%
June 30, 2018 proportion	0.01493%
June 30, 2020 expense	\$11,445

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,110	\$ 3,336
Change in assumptions	16,243	7,758
Net difference between projected and actual earnings on OPEB plan investments	-	5,285
Changes in proportion	24,455	-
Employer contributions subsequent to the measurement date	18,380	-
Total	<u>\$ 76,188</u>	<u>\$ 16,379</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 6,410
2022	6,410
2023	8,648
2024	9,701
2025	8,062
Thereafter	2,198

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary increases, including inflation:	
• Locality – general employees	3.5 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

- * Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,390,238
Plan fiduciary net position	1,762,972
Employers' net OPEB liability	\$ 1,627,266
Plan fiduciary net position as a percentage of total OPEB liability	52.00%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
		Inflation	2.50 %
*Expected arithmetic nominal return			7.63 %

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liability will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 337,982	\$ 257,271	\$ 191,816

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Other Postemployment Benefits Liabilities (Continued)

A summary of the other postemployment benefits related financial statement elements are as follows:

	<u>2020</u>	<u>2019</u>
Net other postemployment benefit liabilities		
Local Sponsored Health Insurance	\$ (226,966)	\$ (228,807)
VRS - Group Life Insurance	<u>(257,271)</u>	<u>(227,000)</u>
Total net other postemployment benefit liabilities	<u>\$ (484,237)</u>	<u>\$ (455,807)</u>
Deferred outflows of resources		
Difference between expected and actual experience		
VRS - Group Life Insurance	\$ 17,110	\$ 11,000
Change in actuarial assumptions		
Local Sponsored Health Insurance	16,467	19,760
VRS - Group Life Insurance	16,243	-
Change in proportion		
VRS - Group Life Insurance	24,455	16,000
Contributions subsequent to measurement date		
VRS - Group Life Insurance	<u>18,380</u>	<u>16,120</u>
Total deferred outflows of resources	<u>\$ 92,655</u>	<u>\$ 62,880</u>
Deferred inflows of resources		
Difference between expected and actual experience		
Local Sponsored Health Insurance	\$ (766)	\$ -
VRS - Group Life Insurance	(3,336)	(5,000)
Change in actuarial assumptions		
Local Sponsored Health Insurance	(18,238)	-
VRS - Group Life Insurance	(7,758)	(9,000)
Net difference between projected and actual investment earnings		
VRS - Group Life Insurance	<u>(5,285)</u>	<u>(7,000)</u>
Total deferred outflows of resources	<u>\$ (35,383)</u>	<u>\$ (21,000)</u>
Other postemployment benefit expense		
Local Sponsored Health Insurance	\$ 24,632	\$ 25,826
VRS - Group Life Insurance	<u>11,445</u>	<u>6,000</u>
Total other postemployment benefit expense	<u>\$ 36,077</u>	<u>\$ 31,826</u>

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 9. Service Contracts

City of Lynchburg

The Authority, as well as Amherst County and the Campbell County Utilities and Service Authority, have a sewage treatment agreement with the City of Lynchburg (the “City”). This perpetual agreement shall continue in full force and in effect until terminated by mutual agreement. As part of this agreement, each member of the Regional Sewage Treatment Plant is responsible for their proportionate share of improvements to Joint-Use Facilities. As the City performs additions to specified portions of the system, the Authority shows its proportionate share of improvements as additions to debt and capital assets. Sewage treatment under this agreement for 2020 was \$243,340. There were no current year additions to debt or to related capital assets under this agreement for 2020.

Effective July 1, 2007, the Authority renewed its water purchase contract with the City of Lynchburg. The new contract is effective through June 30, 2022. The contract is renewable in ten-year increments, if mutually agreed. Water purchases under this contract for 2020 were \$619,418.

On June 30, 2015, the Authority entered into a new water purchase contract with the City of Lynchburg. This new contract supersedes the July 1, 2007 contract and had an effective starting date of October 1, 2016 and ending date of June 30, 2036. The contract is automatically renewed in ten-year increments, upon the conclusion of the initial 20 year period. The Authority constructed a water treatment facility and additional transmission mains in Bedford County, some of which serve the Forest area of Bedford County. The Authority must purchase at least an average of 1.25 million gallons of water per day from the City measured on an annual basis for the period beginning July 1, 2016 and ending June 30, 2017 and at least an average of 1.0 million gallons of water per day measured on an annual basis thereafter until the termination of the contract. The contract had a provision that if the Authority did not complete construction on the Route 460 waterline connecting the Smith Mountain Lake and Town of Bedford Central Water System to the Forest Water System by July 1, 2018, the 2015 agreement would terminate and the contract with the City dated July 1, 2007 would be reinstated for the remainder of the contract term. Since the construction was completed prior to July 1, 2018, the 2015 contract remains in effect.

Under the agreements to purchase water and sewer services from the City of Lynchburg, the Authority is charged provisional rates for water purchases and sewer services which are then adjusted in subsequent fiscal years for the actual cost of providing those services to the Authority. These adjustments, resulting in credits or (expenses) towards current year purchases, totaled \$(7,337) for water and \$31,660 for sewer in 2020. The adjustments are not estimable and are therefore accounted for in the year they are charged to the Authority.

Western Virginia Water Authority (WVWA)

The Authority has an agreement through June 30, 2030 to purchase surplus water from the WVWA at a bulk rate, which is determined by a mutually agreed-upon formula. The agreement also establishes minimum annual average daily quantities to be purchased. The water purchased serves the Stewartsville area of Bedford County. Water purchases under this agreement were \$31,347 for 2020.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 9. Service Contracts (Continued)

Western Virginia Water Authority (WVWA) (Continued)

In addition, as part of this agreement, the Authority has agreed to provide water to residents and businesses near Smith Mountain Lake. Certain terms exist as part of this agreement that include a capital requirement for both parties to fund their proportionate share of any expansion to the related facilities should existing capacity no longer be sufficient.

Each party has the ability to transfer any portion of their ownership of capacity in the Smith Mountain Lake Water Treatment Plant to the other party, at terms that are mutually agreed to at the time of the transfer. Either party may, on or after July 1, 2024, and following one year's written notice period, require the other party to purchase its interest in the Smith Mountain Water Facility at its then depreciated book value.

Note 10. Risk Management

The Risk Management Programs of the Authority are as follows:

Worker's compensation

Worker's Compensation Insurance is provided through the Virginia Risk Sharing Association ("VRSA"). During fiscal year 2020, total premiums paid were \$59,288. Benefits are those afforded through the Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon payroll, job rates, and claims experience.

General liability and other

The Authority provides general liability and other insurance through policies with the Virginia Municipal League Pool. General liability, business, and automobile have a \$1,000,000 limit. Boiler and machinery coverage maintains an additional \$2,000,000 umbrella policy over all forms of liability insurance. The Virginia Municipal League Pool was organized to formulate, develop, and administer on behalf of the member localities, a program of insurance, lower costs for that coverage, and a comprehensive loss control program. Pool members are not subject to a supplemental assessment in the event of deficiencies. The Pool maintains a re-insurance policy, which prevents members' responsibility for the Pool's liabilities if the assets of the Pool were exhausted. The Pool limits membership from small to medium-sized Virginia localities and currently has approximately 500 members.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Unemployment benefits

The Authority does not pay state unemployment taxes for employees to draw upon should they be terminated and qualify for unemployment. Instead, should an employee be terminated and qualify for unemployment benefits, the state will pay the employee and charge the Authority for reimbursement.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Commitments and Contingencies

Arbitrage

At times, the Authority has certain debt instruments subject to arbitrage regulations. At June 30, 2020, no amounts of rebate liabilities were associated with any debt issuances.

Smith Mountain Lake Water Treatment Facility

The Authority entered into an agreement with the Western Virginia Water Authority (WVWA) on May 7, 2014 whereby both parties desired to share in the construction cost, ownership, operation, and liabilities of the Smith Mountain Lake Water Treatment Plant (the “Plant”). This project was completed in June 2018. The total cost of this project was \$14 million, which was split between the Authority and WVWA. The Authority is funding their portion of the project with the October 2015 debt issuance. As part of this agreement, the Authority will lease certain real estate to the Plant. This ground lease shall continue in effect until June 30, 2030, unless renewed or terminated. Base rent for the real estate is \$20,000 per year.

Note 12. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Note 13. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

The GASB issued **Statement No. 84, Fiduciary Activities** in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87, Leases** in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 13. New Accounting Standards (Continued)

In March 2018, the GASB issued **Statement No. 88**, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves the information disclosed in the notes to government financial statements related to debt. The requirements of this Statement are effective for fiscal years beginning after June 15, 2019.

The GASB issued **Statement No. 90**, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

(Continued)

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 13. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 14. Subsequent Event

In November 2020, the Authority will issue up to \$4,600,000 in Series 2020C Revenue Bonds for upgrades to the Central Wastewater Treatment Plant.

REQUIRED SUPPLEMENTARY INFORMATION

BEDFORD REGIONAL WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2020

	Actuarially Determined Contribution					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 263,853	\$ 269,942	\$ 273,841	\$ 253,398	\$ 259,350	\$ 129,078
Interest on total pension liability	333,704	304,772	274,839	251,090	215,254	199,921
Difference between expected and actual experience	131,158	16,269	127,083	6,745	196,404	-
Changes in assumptions	208,200	-	(89,886)	-	-	-
Benefit payments, including refunds of employee contributions	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)	(104,210)
Net change in total pension liability	756,625	415,932	444,417	308,770	555,325	224,789
Total pension liability – beginning	4,857,346	4,441,414	3,996,997	3,688,227	3,132,902	2,908,113
Total pension liability – ending	5,613,971	4,857,346	4,441,414	3,996,997	3,688,227	3,132,902
Plan Fiduciary Net Position						
Contributions – employer	193,711	206,624	194,197	192,962	182,137	178,165
Contributions – employee	146,766	136,688	130,927	123,748	113,206	111,120
Net investment income	321,040	313,758	445,970	62,939	145,164	398,747
Benefit payments, including refunds of employee contributions	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)	(104,210)
Administrative expenses	(2,905)	(2,522)	(2,349)	(2,010)	(1,782)	(1,975)
Other	(204)	(520)	(406)	(26)	(30)	21
Net change in plan fiduciary net position	478,118	478,977	626,879	175,150	323,012	581,868
Plan fiduciary net position - beginning	4,633,942	4,154,965	3,528,086	3,352,936	3,029,924	2,448,056
Plan fiduciary net position - ending	5,112,060	4,633,942	4,154,965	3,528,086	3,352,936	3,029,924
Net pension liability - ending	\$ 501,911	\$ 223,404	\$ 286,449	\$ 468,911	\$ 335,291	\$ 102,978
Plan fiduciary net position as a percentage of total pension liability	91%	95%	94%	88%	91%	97%
Covered payroll	#####	#####	#####	#####	#####	#####
Net pension liability as a percentage of covered payroll	16%	8%	11%	19%	15%	5%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2019 information was presented in the entity's fiscal year 2020 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

BEDFORD REGIONAL WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2020	\$ 215,026	\$ 215,026	\$ -	\$ 3,534,457	6.08%
2019	\$ 193,963	\$ 193,963	\$ -	\$ 3,106,905	6.24%
2018	\$ 214,380	\$ 214,380	\$ -	\$ 2,839,461	7.55%
2017	\$ 194,197	\$ 194,197	\$ -	\$ 2,638,936	7.36%
2016	\$ 192,962	\$ 192,962	\$ -	\$ 2,444,270	7.89%
2015	\$ 183,600	\$ 183,600	\$ -	\$ 2,289,281	8.02%

This schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the Authority's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

BEDFORD REGIONAL WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS – LOCAL PLAN
June 30, 2020

	Fiscal Year	
	2020	2019
	Local Plan	Local Plan
Total OPEB Liability		
Service cost	\$ 17,876	\$ 15,831
Interest on total OPEB liability	6,631	6,702
Difference between expected and actual experience	(894)	-
Changes in assumptions	(21,278)	23,053
Benefit payments	(4,176)	(3,828)
Net change in total OPEB liability	(1,841)	41,758
Total OPEB liability - beginning	228,807	187,049
Total OPEB liability - ending	226,966	228,807
Plan Fiduciary Net Position		
Contributions - employer	4,176	3,828
Benefit payments	(4,176)	(3,828)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$ 226,966	\$ 228,807
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%
Covered employee payroll	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	N/A	N/A

N/A - Because this OPEB plan does not depend on salary, salary information is not available from the actuary.

This schedule is intended to show information for 10 years. Since fiscal year 2019 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

A restatement was recorded in 2019 to record the impacts of this local plan under GASB 75 for fiscal year 2018. As a result, actuarial information, including rollforward information of the total OPEB liability is unavailable for fiscal year 2018.

BEDFORD REGIONAL WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Local Plan					
2020	N/A	\$ 4,176	\$ (4,176)	N/A	N/A
2019	N/A	\$ 3,828	\$ (3,828)	N/A	N/A

N/A - Because this OPEB plan does not depend on salary, salary information is not available from the actuary.

This schedule is intended to show information for 10 years. Since 2019 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

The covered employee payroll amounts above are for the entity's fiscal year - i.e. the covered employee payroll on which required contributions were based for the same year.

BEDFORD REGIONAL WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
June 30, 2020

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.0158%	\$ 257,271	\$ 3,096,872	8.31%	52.00%
2019	0.0149%	\$ 227,000	\$ 2,839,461	7.99%	51.22%
2018	0.0143%	\$ 215,000	\$ 2,641,731	8.14%	48.86%

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

BEDFORD REGIONAL WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – VRS GLI
June 30, 2020

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2020	\$ 18,380	\$ 18,380	\$ -	\$ 3,534,457	0.52%
2019	\$ 16,120	\$ 16,120	\$ -	\$ 3,096,872	0.52%
2018	\$ 14,765	\$ 14,765	\$ -	\$ 2,839,461	0.52%

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

BEDFORD REGIONAL WATER AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

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SUPPORTING SCHEDULE

BEDFORD REGIONAL WATER AUTHORITY
SCHEDULE OF DEPARTMENTAL OPERATING INCOME
Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Water sales	\$ 8,576,478	\$ -	\$ 8,576,478
Capital recovery fees	756,450	575,500	1,331,950
Sewer service	-	4,409,739	4,409,739
Wastewater treatment plant operation fees	177,149	128,281	305,430
Review fees	45,804	41,568	87,372
Meter base installation fees	97,871	-	97,871
Account charges	54,240	27,425	81,665
Other	139,162	100,772	239,934
Penalties	32,844	15,779	48,623
	<u>9,879,998</u>	<u>5,299,064</u>	<u>15,179,062</u>
OPERATING EXPENSES			
Water systems	1,809,069	-	1,809,069
Sewer systems	-	1,548,189	1,548,189
Depreciation and amortization	2,668,557	1,740,755	4,409,312
Salaries and employee benefits	3,068,884	2,222,296	5,291,180
Management and general	159,987	125,704	285,691
Customer service and information services	145,979	105,709	251,688
Vehicles	132,133	95,683	227,816
Engineering, operations, and maintenance	51,823	37,526	89,349
	<u>8,036,432</u>	<u>5,875,862</u>	<u>13,912,294</u>
Total operating revenues	<u>9,879,998</u>	<u>5,299,064</u>	<u>15,179,062</u>
Total operating expenses	<u>8,036,432</u>	<u>5,875,862</u>	<u>13,912,294</u>
Operating income (loss)	<u>\$ 1,843,566</u>	<u>\$ (576,798)</u>	<u>\$ 1,266,768</u>

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STATISTICAL SECTION

This part of the Bedford Regional Water Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's financial health.

Contents

Financial Trends

Tables 1-4

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

Tables 5-13

These schedules contain information to help the reader assess the Authority's most significant revenue source, water, and sewer charges.

Debt Capacity

Table 14-16

These schedules present information to help the reader access the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

Tables 17-19

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

Tables 20-21

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Notes:

On July 1, 2013 the Bedford County Public Service Authority and City of Bedford Water and Sewer department consolidated to form the Bedford Regional Water Authority, therefore only six years of statistical data are being presented. The ultimate goal is to present ten years of data.

The Authority implemented GASB Statement 68 and restated beginning net position for 2015. The restatement is not included in the prior year data.

The Authority implemented GASB Statement 75 and restated beginning net position for 2018. An additional restatement for a local OPEB plan was recorded in 2019. The restatements are not included in the prior year data.

Table 1

BEDFORD REGIONAL WATER AUTHORITY

NET POSITION BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Primary Government							
Net investment in							
capital assets	\$ 64,970,658	\$ 63,427,831	\$ 64,413,555	\$ 62,754,656	\$ 61,962,141	\$ 61,289,580	\$ 59,491,970
Restricted	2,603,137	2,386,880	2,294,317	2,270,755	1,998,401	238,334	533,542
Unrestricted	12,006,937	9,605,961	6,183,496	4,390,746	1,812,059	3,315,325	1,647,890
Total primary government net position	<u>\$ 79,580,732</u>	<u>\$ 75,420,672</u>	<u>\$ 72,891,368</u>	<u>\$ 69,416,157</u>	<u>\$ 65,772,601</u>	<u>\$ 64,843,239</u>	<u>\$ 61,673,402</u>

Note: The Authority implemented GASB Statement 75 and restated beginning net position for 2018. An additional restatement for a local OPEB plan was recorded in 2019. The restatements are not included in the prior year data.

Table 2

BEDFORD REGIONAL WATER AUTHORITY

CHANGES IN NET POSITION
LAST SEVEN FISCAL YEARS

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues (Expenses)	Income (Loss) before Capital Contributions	Capital Contributions	Transfer of Operations	Change in Net Position
2020	\$ 15,179,062	\$ 13,912,294	\$ 1,266,768	\$ (1,428,317)	\$ (161,549)	\$ 4,321,609	\$ -	\$ 4,160,060
2019	14,658,464	13,591,700	1,066,764	(1,479,597)	(412,833)	3,129,186	-	2,716,353
2018	13,183,498	11,516,468	1,667,030	(669,425)	997,605	2,701,869	-	3,699,474
2017	12,984,845	11,339,910	1,644,935	(1,042,911)	602,024	3,041,532	-	3,643,556
2016	11,781,125	11,771,099	10,026	(1,369,354)	(1,359,328)	2,288,690	-	929,362
2015	10,699,859	10,403,587	296,272	(793,906)	(497,634)	3,949,363	-	3,451,729
2014	9,437,450	10,157,922	(720,472)	(936,482)	(1,656,954)	2,679,469	60,652,044	61,674,559

Table 3

BEDFORD REGIONAL WATER AUTHORITY

OPERATING EXPENSES
LAST SEVEN FISCAL YEARS

Fiscal Year	Water Systems	Sewer Systems	Employment Costs	General Office and Departmental Expenses	Subtotal, Expenses before Depreciation and Amortization	Depreciation and Amortization	Total
2020	\$ 1,809,069	\$ 1,548,189	\$ 5,291,180	\$ 854,544	\$ 9,502,982	\$ 4,409,312	\$ 13,912,294
2019	1,789,809	1,624,180	4,732,359	1,092,500	9,238,848	4,352,852	13,591,700
2018	1,783,950	1,339,282	4,188,962	755,521	8,067,715	3,448,753	11,516,468
2017	1,960,333	1,456,985	4,023,075	674,327	8,114,720	3,225,190	11,339,910
2016	2,209,621	1,274,345	3,723,314	1,409,285	8,616,565	3,154,534	11,771,099
2015	2,193,011	1,227,407	3,210,176	643,715	7,274,309	3,129,278	10,403,587
2014	2,040,075	1,165,537	3,264,722	613,096	7,083,430	3,074,492	10,157,922

Table 4

BEDFORD REGIONAL WATER AUTHORITY

NONOPERATING REVENUES AND EXPENSES
LAST SEVEN FISCAL YEARS

Fiscal Year	Gain (Loss) on Disposal of Capital Assets	Interest Expense ^a	Investment Income	Total Nonoperating Revenues (Expenses)
2020	\$ (65,497)	\$ (1,556,017)	\$ 193,197	\$ (1,428,317)
2019	25,498	(1,673,218)	168,123	(1,479,597)
2018	35,463	(764,195)	59,307	(669,425)
2017	10,044	(1,125,038)	72,083	(1,042,911)
2016	(8,292)	(1,438,201)	77,139	(1,369,354)
2015	1,759	(795,665)	-	(793,906)
2014	-	(936,482)	-	(936,482)

^a Net of capitalized amounts in years 2015-2018. GASB 89 was implemented in 2019.

Table 5

BEDFORD REGIONAL WATER AUTHORITY

**OPERATING REVENUES BY SOURCE
LAST SEVEN FISCAL YEARS**

Fiscal Year	Water Revenue	Sewer Revenue	Water Facility Revenue	Sewer Facility Revenue	Penalties and Fees ^a	Miscellaneous ^b	Total
2020	\$ 8,753,627	\$ 4,538,020	\$ 756,450	\$ 575,500	\$ 315,531	\$ 239,934	\$ 15,179,062
2019	8,249,328	4,407,638	804,425	650,000	301,177	245,896	14,658,464
2018	7,662,156	3,849,032	664,000	436,900	328,835	242,575	13,183,498
2017	7,519,344	3,790,135	638,200	470,600	343,783	222,783	12,984,845
2016	6,756,704	3,699,411	529,700	277,400	310,556	207,354	11,781,125
2015	6,070,708	3,335,288	546,157	243,343	330,539	173,824	10,699,859
2014	5,413,660	3,050,474	408,500	159,400	231,009	174,407	9,437,450

^a Penalties and Fees include review fees, account charges, penalties and meter installation fees.

^b Miscellaneous includes reconnect fees, cellular antennae rental on water tanks, and other miscellaneous revenue.

Table 6

BEDFORD REGIONAL WATER AUTHORITY

**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED
LAST SEVEN FISCAL YEARS**

Fiscal Year	Water				Sewer			
	Gallons Produced (000's)	Gallons Billed (000's)	Other Unbilled Uses (000's)	Water Accountability	Gallons Treated (000's)	Gallons Billed (000's)	Other Unbilled Uses	Sewer Accountability
2020	1,226,182	929,666	59,825	80.70%	586,371	356,658	-	60.82%
2019	1,132,893	894,789	96,640	87.51	708,788	369,144	-	52.08
2018	1,207,069	917,950	31,194	78.63	538,400	330,082	558	61.41
2017	1,086,440	858,199	10,015	79.91	470,931	324,911	-	68.99
2016	1,080,997	836,616	27,808	79.97	500,777	334,434	-	65.04
2015	1,086,774	832,842	17,761	78.27	453,312	331,637	7,989	74.92
2014	1,053,128	788,118	43,444	78.96	485,695	293,591	8,668	62.23

Note: Other unbilled uses include water that is used for flushing and new construction.

Table 7

BEDFORD REGIONAL WATER AUTHORITY

**ANNUAL CONNECTIONS
LAST SEVEN FISCAL YEARS**

Fiscal Year	Water Connections	Sewer Connections	Total New Connections
2020	191	113	304
2019	342	177	519
2018	456	232	688
2017	206	107	313
2016	399	147	546
2015	153	45	198
2014	159	41	200

Note: Connections are the total connections sold within a fiscal year. Customers may pay connection charges and wait to connect to the system. Connections sold do not necessarily represent new customers that are active and paying monthly rates.

Table 8

BEDFORD REGIONAL WATER AUTHORITY

**NUMBER OF WATER CUSTOMERS BY TYPE
LAST SEVEN FISCAL YEARS**

Fiscal Year	Residential	Commercial	Industrial	Institutional	Irrigation	Total
2020	14,712	736	26	96	13	15,583
2019	13,817	801	25	98	12	14,753
2018	12,894	807	25	73	13	13,812
2017	12,800	787	24	68	57	13,736
2016	11,956	764	23	68	50	12,861
2015	11,737	768	23	67	15	12,610
2014	11,381	756	23	70	43	12,273

Note: Institutional includes governmental and educational user types.

Table 9

BEDFORD REGIONAL WATER AUTHORITY

**NUMBER OF SEWER CUSTOMERS BY TYPE
LAST SEVEN FISCAL YEARS**

Fiscal Year	Residential	Commercial	Industrial	Institutional¹	nm²	Total
2020	4,564	532	9	64	0	5,169
2019	4,199	535	9	66	0	4,809
2018	4,123	564	9	46	0	4,742
2017	4,071	575	9	43	0	4,698
2016	3,969	556	8	43	0	4,576
2015	3,918	562	8	43	0	4,531
2014	3,784	547	8	45	1	4,385

¹ Institutional includes governmental and educational user types.

² nm denotes no meter and sanitary sewer service only.

Table 10

BEDFORD REGIONAL WATER AUTHORITY

TEN LARGEST WATER CUSTOMERS
CURRENT YEAR

Customer	2020	
	Revenue	Percentage
TEVA (Barr Laboratories)	\$ 211,408	2.46%
Western Virginia Water Authority	145,354	1.69
Cintas Corporation	64,332	0.75
Winoa	45,086	0.53
English Meadows	38,944	0.45
Gables of Jefferson Commons	35,272	0.41
Gables of Spring Creek	35,166	0.41
Lyndondellbassell Advanced Polymers, Inc.	27,750	0.32
Jefferson Forest High School	24,010	0.28
Raintree Village	22,509	0.26
Subtotal (10 largest)	649,831	7.56
Balance from other customers	7,926,647	92.44
Grand totals	<u>\$ 8,576,478</u>	<u>100.00%</u>

Note: Information for the period nine years prior to the current period will begin in 2023.

Table 11

BEDFORD REGIONAL WATER AUTHORITY

TEN LARGEST SEWER CUSTOMERS
CURRENT YEAR

Customer	2020	
	Revenue	Percentage
TEVA (Barr Laboratories)	\$ 273,971	6.21%
Cintas Corporation	70,681	1.60
English Meadows	66,906	1.52
Gables of Jefferson Commons	45,663	1.04
Gables of Spring Creek	45,623	1.03
Lyndondellbassell Advanced Polymers, Inc.	39,153	0.89
Raintree Village	34,210	0.78
Jefferson Forest High School	33,919	0.77
Bedford County Memorial Hospital	25,825	0.59
Winoa	9,804	0.22
Subtotal (10 largest)	645,755	14.65
Balance from other customers	3,763,984	85.35
Grand totals	\$ 4,409,739	100.00%

Note: Information for the period nine years prior to the current period will begin in 2023.

Table 12

BEDFORD REGIONAL WATER AUTHORITY

SCHEDULE OF WATER AND SEWER RATES

CURRENT YEAR

Base and Minimum Charges (billed on a bi-monthly basis)

Meter Size	Forest, Lakes, Stewartsville, and Montvale Service Areas			Center Service Area					
				Inside Town of Bedford			Adjacent to Town		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Monthly Fixed Charges - Residential									
5/8"	\$23.00	\$23.00	\$46.00	\$23.00	\$29.00	\$52.00	\$25.00	\$30.00	\$55.00
3/4"	33.00	29.00	62.00	33.00	35.00	68.00	38.00	37.00	75.00
1"	50.00	42.00	92.00	50.00	53.00	103.00	54.00	56.00	110.00
1-1/2"	84.00	72.00	156.00	84.00	83.00	167.00	95.00	84.00	179.00
Mariners 5/8"	23.00	33.00	56.00	N/A	N/A	N/A	N/A	N/A	N/A
Cedar Rock 5/8"	23.00	70.00	93.00	N/A	N/A	N/A	N/A	N/A	N/A
Paradise Point 5/8"	37.00	-	37.00	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Fixed Charges – Commercial and Industrial									
5/8"	23.00	23.00	46.00	23.00	28.00	51.00	29.00	27.00	56.00
3/4"	33.00	29.00	62.00	33.00	38.00	71.00	42.00	39.00	81.00
1"	50.00	42.00	92.00	50.00	53.00	103.00	54.00	58.00	112.00
1-1/2"	84.00	72.00	156.00	84.00	83.00	167.00	104.00	88.00	192.00
2"	112.00	108.00	220.00	131.00	142.00	273.00	162.00	130.00	292.00
3"	204.00	194.00	398.00	291.00	220.00	511.00	352.00	228.00	580.00
4"	334.00	320.00	654.00	488.00	368.00	856.00	579.00	372.00	951.00
6"	656.00	628.00	1,284.00	1,104.00	714.00	1,818.00	1,128.00	720.00	1,848.00
8"	1,041.00	989.00	2,030.00	N/A	N/A	N/A	N/A	N/A	N/A
10"	1,728.00	1,638.00	3,366.00	N/A	N/A	N/A	N/A	N/A	N/A

Table 12
(Continued)

BEDFORD REGIONAL WATER AUTHORITY
SCHEDULE OF WATER AND SEWER RATES
CURRENT YEAR

Commodity Charges Per 1,000 Gallons

Monthly Usage	Forest, Lakes, Stewartsville, and Montvale Service Areas			Center Service Area					
				Inside Town of Bedford			Adjacent to Town		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Commodity Charges per 1000 gallons - Residential									
First 3,000	\$5.60	\$7.50	\$13.10	\$4.20	\$5.00	\$9.20	\$4.20	\$5.40	\$9.60
Over 3,000	5.60	7.50	13.10	4.20	6.50	10.70	4.20	7.50	11.70
Commodity Charges per 1000 gallons – Commercial									
First 3,000	5.60	7.50	13.10	4.20	5.30	9.50	4.80	7.80	12.60
Over 3,000	5.60	7.50	13.10	4.20	7.40	11.60	4.80	8.20	13.00
Commodity Charges per 1000 gallons – Industrial (400,000 gallon per month minimum)									
First 600,000	5.20	6.90	12.10	4.30	6.20	10.50	5.20	6.90	12.10
Over 600,000	5.20	6.90	12.10	4.30	5.90	10.20	5.20	6.90	12.10

Table 13

BEDFORD REGIONAL WATER AUTHORITY
SCHEDULE OF WATER AND SEWER FACILITY FEES

Capital Recovery Fees (based on meter size)	2019-2020¹	
	Water	Sewer
Residential 5/8"	\$ 4,000	\$ 5,000
3/4"	6,000	7,000
1"	10,000	12,000
1-1/2"	16,000	20,000
2"	26,000	32,000

¹ The minimum capital recovery fee is \$4,000 for water and \$5,000 for sewer.

Table 14

BEDFORD REGIONAL WATER AUTHORITY

**SCHEDULE OF DEBT COVERAGE
LAST SEVEN FISCAL YEARS**

Fiscal Year Ended June 30	Debt Coverage Reserve¹	Operating Revenues	Direct Operating Expenses²	Bedford County Support	Net Available for Debt Service	Principal	Interest	Total	Debt Coverage
2020	\$ 2,265,187	\$ 15,179,062	\$ 9,502,982	\$ 2,000,000	\$ 9,941,267	\$ 2,855,386	\$ 1,473,066	\$ 4,328,452	230%
2019	2,249,660	14,658,464	9,238,848	2,000,000	9,669,276	2,784,268	1,587,202	4,371,470	221
2018	2,205,250	13,183,498	8,067,715	2,000,000	9,321,033	2,668,592	1,698,931	4,367,523	213
2017	2,251,667	12,984,845	8,114,720	2,000,000	9,121,792	2,502,565	1,792,102	4,294,667	212
2016	2,246,623	11,781,125	8,616,565	2,000,000	7,411,183	2,428,098	1,876,094	4,304,192	172
2015	411,071	10,699,859	7,274,309	2,000,000	5,836,621	2,129,114	860,779	2,989,893	195
2014	410,612	9,437,450	7,083,430	2,000,000	4,764,632	2,504,102	921,679	3,425,781	139

¹ Balance includes a cash reserve fund that can be included in debt coverage reserve but does not have to be restricted cash or net position unless the Authority unless it is need to meet a debt coverage ratio of 115%

² Excluding depreciation, interest, and amortization

Table 15

BEDFORD REGIONAL WATER AUTHORITY

**OUTSTANDING DEBT BY CATEGORY
LAST SEVEN FISCAL YEARS**

Fiscal Year Ended June 30	Lynchburg Sewer System Bonds	Pooled Loan Bonds	Due to Town of Bedford	Revenue Bond Anticipation Note	Unamortized Premium	Total
2020	\$ 616,513	\$ 37,145,000	\$ 3,246,381	\$ -	\$ 957,431	\$ 41,965,325
2019	725,170	39,480,000	3,716,993	-	1,186,763	45,108,926
2018	857,748	41,365,000	4,368,007	-	1,415,964	48,006,719
2017	1,042,670	43,040,000	5,010,650	-	1,645,167	50,738,487
2016	1,241,288	44,635,000	5,645,130	-	1,874,368	53,395,786
2015	1,438,882	14,715,000	6,271,650	3,200,000	1,774,133	27,399,665
2014	1,443,884	16,535,000	6,890,409	1,200,000	1,725,738	27,795,031

Table 16

BEDFORD REGIONAL WATER AUTHORITY

RATIOS OF OUTSTANDING DEBT
LAST SEVEN FISCAL YEARS

Fiscal Year Ended June 30	Outstanding Debt	Number of ¹ connections	Debt per connection (3)= (1) / (2)	Estimated ² Population Served (4)= (2) * 2.5	Debt per Capita (5)=(1) / (4)	Income ³ per Capita	Debt per Capita as a % Income per Capita (7)=(5) / (6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2020	\$ 41,965,325	20,752	\$ 2,022	51,880	\$ 809	46,707	1.73%
2019	45,108,926	19,562	2,306	48,905	922	*	*
2018	48,006,719	18,554	2,587	46,385	1,035	42,082	2.46%
2017	50,738,486	18,434	2,752	46,085	1,101	41,307	2.67%
2016	53,395,785	17,437	3,062	43,593	1,225	41,066	2.98%
2015	27,399,665	17,141	1,598	42,853	639	41,066	1.56%
2014	27,795,031	16,658	1,669	41,645	667	41,066	1.63%

¹ Connections from Tables 8 and 9.

² The Virginia Department of Health estimates 2.5 residents per connection; this number is used in lieu of the population data in Table 18 which is representative of the entire county and town.

³ Per capita income from Table 18 (Source: Virginia Workforce Connection and Bureau of Economic Analysis). 2015 and 2016 information not available, therefore 2014 information was used.

* Unavailable

Table 17

BEDFORD REGIONAL WATER AUTHORITY
TEN LARGEST EMPLOYERS (BEDFORD TOWN AND COUNTY)
CURRENT YEAR

Employer	2020	
	Employees	Rank
Bedford County School Board	1,000+	1
County of Bedford	500-999	2
Centra Health	500-999	3
Wal-Mart	250-499	4
Elmwood Staffing Services, Inc.	250-499	5
Mail America Communications	250-499	6
GP Big Island LLC	250-499	7
Food Lion	250-499	8
TEVA (Barr Laboratories)	100-249	9
Sentry Equipment Erectors	100-249	10

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW).

Note: Information for the period nine years prior to the current period will begin in 2023.

Table 18

BEDFORD REGIONAL WATER AUTHORITY
OTHER DEMOGRAPHIC DATA (BEDFORD TOWN AND COUNTY)
LAST SEVEN FISCAL YEARS

Year	Population ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income	Unemployment Rate ¹
2020	78,997	\$ *	\$ 46,707	7.6%
2019	78,747	*	*	2.9
2018	77,724	3,280,745	42,082	3.9
2017	74,898	*	41,307	4.1
2016	74,898	*	*	4.4
2015	75,554	*	*	*
2014	74,898	3,075,785	41,066	5.81

¹ Virginia Workforce Connection, includes Bedford Town and County.

² Bureau of Economic Analysis, includes Bedford Town and County.

* Unavailable.

Table 19

BEDFORD REGIONAL WATER AUTHORITY

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST SEVEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30,						
	2020	2019	2018	2017	2016	2015	2014
Administration	5.5	5.5	5.5	5.0	5.0	5.0	4.0
Customer services	9.0	9.0	9.0	8.0	6.0	4.0	6.0
IT	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	2.0	2.0	1.5	1.5	1.5	1.5	1.5
Engineering	13.0	12.0	8.0	8.0	9.5	7.0	7.0
Plant operations	28.0	27.0	23.0	23.0	24.0	22.0	23.0
Maintenance	19.0	21.0	19.0	19.0	16.0	13.0	12.0
	78.5	78.5	68.0	66.5	64.0	54.5	55.5

Table 20

BEDFORD REGIONAL WATER AUTHORITY

OPERATING INDICATORS
LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
Water meters read ¹	170,017	164,492	122,864	84,139	82,263	80,043	79,117
Meter installations and change outs	1,358	1,187	795	1,510	3,125	2,470	263
Payments transacted	149,222	214,524	106,787	77,530	75,193	73,617	77,676

¹ Number of meters read for billing purposes.

Table 21

BEDFORD REGIONAL WATER AUTHORITY

CAPITAL ASSET STATISTICS
LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
Miles of water line	399	388	385	362	352	352	352
Miles of sewer line	156	144	145	141	141	141	144
Water pump stations	2	2	2	2	2	2	2
Sewer pump stations	32	22	22	22	22	22	22
Water storage tanks	14	12	12	12	12	12	12
Wastewater treatment plants	5	3	3	3	3	3	3
Water treatment plants	4	4	7	7	6	6	6

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Bedford Regional Water Authority (the “Authority”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **However as described in the accompanying schedule of finding and response, we identified a certain deficiency in internal control, described as item 2020-001 that we consider to be a material weakness.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of finding and response. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 9, 2020

BEDFORD REGIONAL WATER AUTHORITY

SCHEDULE OF FINDING AND RESPONSE

Year Ended June 30, 2020

A. FINDING – FINANCIAL STATEMENT AUDIT

2020-001: Segregation of Duties (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to cash receipts, accounts receivable, cash disbursements, and accounts payable.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls. Segregating incompatible functions reduces the risk of exposure to errors and fraud.

Management's Response:

Management understands this concern; however, the current staff size limits the separation of duties in regards to these functions.

BEDFORD REGIONAL WATER AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDING

Year Ended June 30, 2019

A. FINDING – FINANCIAL STATEMENT AUDIT

2019-001: Segregation of Duties (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to cash receipts, accounts receivable, cash disbursements, and accounts payable.

Current Status: Condition still present.

BEDFORD REGIONAL WATER AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

Cash and Investment Laws
Conflict of Interests Act
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

We have audited the financial statements of the Bedford Regional Water Authority (the “Authority”), for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are described below.

- Management’s estimate of the useful lives of capital assets and the allowance for uncollectible accounts receivable which are based on management’s knowledge and judgment, which is based on historical review of capital asset usage and the collectability of aged accounts receivable, respectively.
- Management’s estimate of the local plan net OPEB liability is based on third-party actuarial calculations and assumptions that utilize census data provided by management.
- The net pension liability and the net OPEB liability for state administered plans are based on actuarial studies provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Capital assets, long-term liabilities, other postemployment benefits, defined benefit pension plan, COVID-19 related uncertainties, and commitments and contingencies.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following misstatements were detected as a result of audit procedures and were deemed immaterial to the financial statements as a whole. All amounts are rounded to the nearest thousand.

Corrected Misstatements

- \$182,000 to increase account receivable and water and sewer revenue in order to correct the prior year reversal of the accrued accounts receivable.
- \$460,000 to increase accounts receivable and water and sewer revenue in order to agree the subledger to the trial balance.

The total impact of these adjustments was an increase in net position of \$642,000.

In addition, as part of our engagement terms with the Authority, we assisted with year-end entries related to pensions and other postemployment benefits. We also assisted with the current year bond refunding and related adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2020, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Audit Matters (Continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedules of changes in net pension and net OPEB liability and related ratios, pension and OPEB contributions, and employer's share of net OPEB liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of departmental income, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Cybersecurity Risk Management

In today's environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization. Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

Brown Edwards can assist you in evaluating your response to these risks, and advising you as you mitigate them. Ask our team how our resources can be part of your cybersecurity solution.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Bedford Regional Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 9, 2020

Attachment

October 9, 2020

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street, S.W.
Roanoke, Virginia 24014-7705

This representation letter is provided in connection with your audit of the financial statements of the Bedford Regional Water Authority (the "Authority"), which comprise the financial position of the Authority as of June 30, 2020, and the changes in financial position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 9, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 9, 2020 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Financial Statements (Continued)

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of finding and response.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
- 10) We have provided the planning communication letters to all members of those charged with governance as requested.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources, if applicable.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control,
 - c) Service organizations used by the entity, or
 - d) Others where the fraud could have a material effect on the financial statements.

Information Provided (Continued)

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us, if applicable.
- 21) We have a process to track the status of audit findings and recommendations, if applicable.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if applicable.
- 24) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.


Government – Specific (Continued)

- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes, as well as certain nonaudit journal entries. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Special and extraordinary items are appropriately classified and reported, if applicable.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.

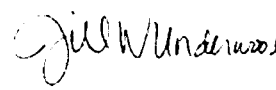
Government – Specific (Continued)

- 44) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The Authority is therefore unable to disclose the impact that adopting these Statements will have on their financial position and the results of their operations when the Statements are adopted.
- 45) We agree with the findings of specialists in evaluating the net pension and net OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 46) We believe that the actuarial assumptions and methods used to measure pension and net OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 47) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 48) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 49) With respect to the supplementary information on which an in-relation-to opinion is issued.
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 50) Expenditures of federal awards were below the \$750,000 threshold in the audit period, and we were not required to have an audit in accordance with the Uniform Guidance.
- 51) To the extent our normal procedures and controls related to our financial close or other reporting processes were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 52) Other than as disclosed in Note 12 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.

- 53) Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.
- 54) We reaffirm the representations made to you in our letter dated October 25, 2019 regarding your audit for the fiscal year ended June 30, 2019.

 Brian Key
2020.10.10 08:58:21 -04'00'

Brian M. Key
Executive Director

 Jill W. Underwood
2020.10.09 14:24:05
-04'00'

Jill W. Underwood
Director of Finance

**BEDFORD REGIONAL
WATER AUTHORITY**

**COMMENTS ON INTERNAL CONTROL
AND OTHER SUGGESTIONS
FOR YOUR CONSIDERATION**

June 30, 2020

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT ON COMMENTS AND OTHER SUGGESTIONS	1
COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS FOR YOUR CONSIDERATION.....	3
SUMMARY OF THE STATUS OF PRIOR YEAR COMMENTS AND SUGGESTIONS	
Retrospective Review of Accounts Receivable Adjustments	4
Segregation of Duties	4
Purchasing Policies and Procedures	5
Capital Assets	5
Capital Asset Disposition	6
Disaster Recovery Plan	6
Timeliness of Reconciliation Review	6
ACCOUNTING AND OTHER MATTERS.....	7

**INDEPENDENT AUDITOR'S REPORT
ON COMMENTS AND OTHER SUGGESTIONS**

To the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

In planning and performing our audit of the financial statements of the Bedford Regional Water Authority (the "Authority") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and to comply with *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as presented in this letter, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. The material weakness identified is labeled as such in the attached report.

During our audits, we became aware of certain matters that provide opportunities for improving the Authority's accounting system and/or operating efficiency. Our comments and suggestions regarding these matters are included in the attached report. Since our audits are not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all inclusive of areas where improvements might be achieved. It is our hope that these suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. A review of the status of our prior year comments and suggestions is included on pages 4-6.

Management's written responses to the items identified in our audits have not been subjected to the audit procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Board, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 9, 2020

COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS FOR YOUR CONSIDERATION

RISK ASSESSMENT PROCEDURE PLAN

We noted the Authority does not have a written risk assessment procedure plan with regards to IT. We recommend a formal risk assessment procedure plan be written and distributed to all appropriate personnel. We recommend copies of these plans be kept offsite, normally at the backup site to help reduce the amount of time and resources necessary for recovery. We also recommend that the risk assessment procedure plan be reviewed and updated periodically based on new IT risks that are constantly evolving.

INFORMATION SECURITY POLICY

We noted the Authority does not have a formal written information security policy. We recommend a formal information security policy be written and distributed to all appropriate personnel. With constantly changing IT security risks, these policies should be revisited and updated, at a minimum, annually.

SUMMARY OF THE STATUS OF PRIOR YEAR COMMENTS AND SUGGESTIONS

RETROSPECTIVE REVIEW OF ACCOUNTS RECEIVABLE ADJUSTMENTS

We noted that there is no retrospective review of accounts receivable adjustments posted by customer service representatives. While total adjustments noted for the year are not significant and such adjustments are not frequent, we recommend that a process be put in place so that all adjustments posted are reviewed at the end of the month by someone who does not have access to post adjustments. This person should date and initial their review as well.

Current Year Status: *Condition still present.*

Management's Response: *Adjustments are reviewed by the Customer Service Manager and the Executive Director before a Customer Service Representative posts the adjustment. Adjustments are not reviewed on a monthly basis.*

SEGREGATION OF DUTIES (Material Weakness)

A properly designed and implemented system of internal control assists in preventing and detecting errors in financial reporting and fraud. A fundamental concept of internal control is the separation of duties. The basic premise of this concept is that no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction, including authorization. Such access may allow errors or irregularities to occur and either not be detected or be concealed. Due to the limited size of the Authority's accounting staff, a proper separation of duties has not been established and maintained. While we realize that any internal control system must be cost effective, steps should be taken to eliminate performance of conflicting duties where possible, such as the following:

- Payroll processing is currently performed by the same person that has the ability to add or modify personnel information in the payroll system. We also noted the reviewer of the payroll registers was the backup preparer for payroll. We recommend someone other than the person responsible for preparing payroll update personnel information in the payroll system. We also recommend that someone other than the person who reviews the final payroll register perform backup duties of payroll.
- Bank reconciliations are performed by the same person in charge of the disbursement general ledger functions. We recommend someone who does not have access to the receipts and disbursements general ledger functions perform the bank reconciliation.
- Due to staff size, only three individuals are entering information into the Great Plains accounting system. This reduces the effectiveness of system controls with Great Plains as rights within the software are not able to maintain segregation of duties.
- Due to the limited size of the Authority's IT staff, a proper separation of duties has not been established and maintained. Currently only two staff are performing the Authority's IT functions.
- The Executive Director has the ability to approve purchase orders/vendor invoices, edit the master file, prepare checks for expenditures, and has check signing authority.

**SUMMARY OF THE STATUS OF
PRIOR YEAR COMMENTS AND SUGGESTIONS
(Continued)**

SEGREGATION OF DUTIES (Material Weakness) (Continued)

- Journal entries are not reviewed. We recommend that all journal entries be reviewed by someone other than the preparer prior to entry in the general ledger. While review of the periodic financials may detect erroneous entries, reviewing entries prior to entry would reduce the reliance on detection controls and reduce the inherent risk that offsetting erroneous or fraudulent entries are not apparent when aggregated in the monthly financials.

Current Year Status: *Condition still present.*

Management's Response: *Management understands this concern, however, the current staff size limits the separation of duties in regards to these functions. Management has separated these functions as much as possible given the current staff size limits. Some actions taken by management to reduce the Authority's exposure to risk are as follows. The Customer Service Supervisor reconciles the daily bank deposits to the subsidiary ledger and then it is reviewed by the Customer Service Manager. This helps to identify any problems during the month instead of waiting until the end of the month when the bank statement is received. The Executive Director reviews the entries from the subsidiary ledger and creates the journal entry for Great Plains. This entry is entered by the Director of Finance, who then prepares the bank reconciliation.*

The Authority hired a full-time Accounting Technician to handle invoice processing and other financial tasks. This position processes all invoices and prepares the checks for mailing. The Director of Finance reviews all invoices and prints the checks for the assistant to mail. The Executive Director is an authorized check signer and reviews the invoices and supporting documentation prior to returning the checks to the Accounting Technician to mail. If there are any questions regarding payments being made they are addressed at this time, but the other duties are performed by the Finance department.

PURCHASING POLICIES AND PROCEDURES

We recommend the Authority consider using purchase order software, preferably one integrated with its current accounts payable software. Purchase orders communicate the terms and conditions of purchases which may reduce the likelihood of vendor disputes. Additionally, purchase orders provide a means for controlling and authorizing purchases within the organization and help provide a formal means for complying with purchasing policies. We also suggest the Authority update its purchasing policies and procedures to include the use of purchase orders.

Current Year Status: *Condition still present.*

Management's Response: *Due to staffing constraints, purchase orders have not been implemented.*

CAPITAL ASSETS

Capital assets are not tagged or labeled with unique identification. Assets are typically tagged or labeled in order to accurately account for those capital assets and also help to ensure the completeness of the capital asset registers. We recommend policies and procedures be written about the tagging or labeling of capital assets with unique identification tags and its proper recording in the capital asset ledgers.

Current Year Status: *Condition still present.*

Management's Response: *Due to staffing constraints, asset tags have not been affixed to individual assets.*

**SUMMARY OF THE STATUS OF
PRIOR YEAR COMMENTS AND SUGGESTIONS
(Continued)**

CAPITAL ASSET DISPOSITION

It was noted that many of the departments located on the fixed asset listing have a substantial amount of immaterial fully depreciated capital assets. We recommend each department review the fixed asset listing at the end of every quarter and remove any fixed assets that have been disposed of. This review, if combined with a periodic physical observation, will help refine the asset listing to ensure it is accurate and, on an ongoing basis, detect assets that have been disposed or possibly misappropriated.

Current Year Status: *Condition still present.*

Management's Response: *The Authority has started this internal review. The Authority uses Gov Deals to sell old assets that are no longer used.*

DISASTER RECOVERY PLAN

We noted the Authority does not have an updated disaster recovery plan. We recommend a formal disaster recovery plan be updated and distributed to all appropriate personnel. We also recommend the plan be appropriately tested to assist in ensuring its viability. We recommend copies of these plans be kept offsite, normally at the backup site to help reduce the amount of time and resources necessary for recovery.

Current Year Status: *Condition still present.*

Management's Response: *A plan is in the process of being developed.*

TIMELINESS OF RECONCILIATION REVIEW

In our review of two out of twelve bank reconciliations, we noted that one was not reviewed timely. Timely reviews are one of the most important internal controls to promptly detect and recognize potential errors or other problems. This could mitigate the risk of errors or problems progressing and provide more accurate reports for management decisions. Also, it is generally easier and less time-consuming to review accounts while transactions are fresh in mind. As limited staffing can contribute to delays of performing reconciliations, we recommend that a schedule of completing reconciliation reviews on a set time frame is implemented and adhered to.

Current Year Status: *Condition still present.*

Management's Response: *A plan is in the process of being developed.*

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 87, *Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

ACCOUNTING AND OTHER MATTERS
June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 87, *Leases* (Continued)

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 87, *Leases* (Continued)

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 87, *Leases* (Continued)

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*** in March 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for periods beginning after June 15, 2019.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

The GASB issued **Statement No. 90, *Major Equity Interests, an amendment of GASB Statements No. 14 and No. 61*** in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91, *Conduit Debt Obligations*** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 91, *Conduit Debt Obligations* (Continued)

A conduit debt obligation is defined as a debt instrument having all of the following characteristics: (Continued)

- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 91, *Conduit Debt Obligations* (Continued)

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for periods beginning after December 15, 2021.

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements* (Continued)

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (Continued)

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Recognition. The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Conceptual Framework – Disclosure. The project's objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

(Continued)

ACCOUNTING AND OTHER MATTERS

June 30, 2020

CURRENT GASB PROJECTS (Continued)

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in the preliminary views comment period, with an estimated completion of February 2021.



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MEMORANDUM

To: BRWA Board of Directors
From: Jill W. Underwood, Director of Finance
Date: October 7, 2020
Re: Financial Highlights for September 2020

Customer Service Statistical Report:

We began assessing late charges this month and plan to begin disconnects in November. The General Assembly is still in session and final guidance has not yet been released regarding the disconnection moratorium. As it is currently written, the BRWA would not be exempt from this moratorium, as past due balances are less than 1% of total water and sewer revenues.

There are currently 260 customers that are past due, totaling \$70,532. This number has been steadily improving since July. As of October 2, we have received \$14,569 in pledges from the County CARES funding.

To compare to August's financials: the amount of payments increased 2.06%, water revenue increased 11.27% and sewer revenue increased 7.38%.

Summary of Revenues & Expenses:

- 1) Budget goal is 25% for the month of September. Revenues are at 30% and expenses are at 19%.
- 2) Capital Recovery fees received so far this FY are 58% of the total budgeted amount, with water at 44% and sewer at 104%. There were 15 new connections in Forest and 6 in Moneta during September.

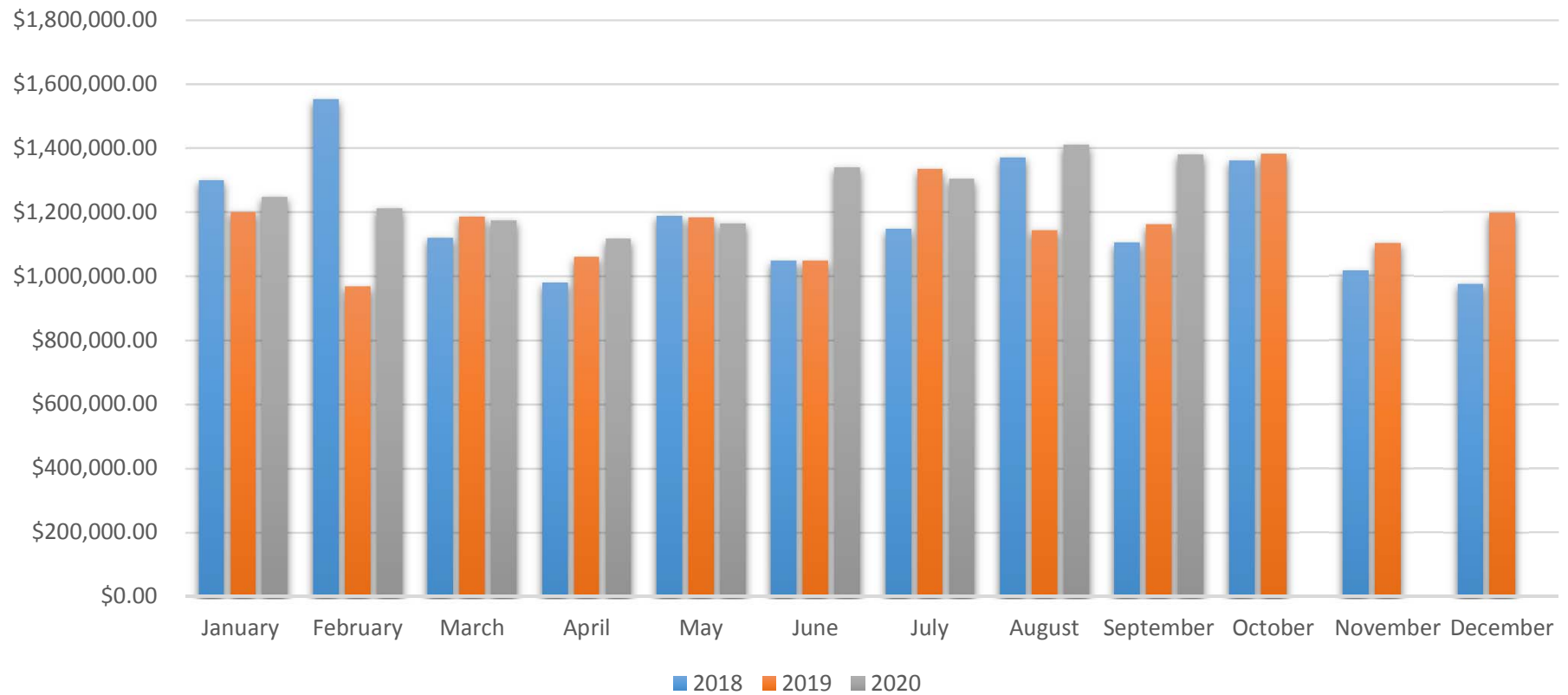
Cash Flow Summary

The summary is included in your packets.

Tracking Data for Customer Service Department

Description		October '19	November '19	December '19	January '20	February '20	March '20	April '20	May '20	June '20	July '20	August '20	September '20	Running 12 Month Totals
1	Statements Mailed	14,870	14,490	14,511	14,491	14,466	14,551	14,600	15,017	15,091	15,149	15,179	15,170	177,585
2	Statements Sent Electronically	1,380	1,460	1,422	1,427	1,479	1,518	1,552	1,613	1,675	1,712	1,743	1,781	18,762
3	Total of Payments Received	13,171	11,450	13,035	12,507	12,203	12,695	12,456	11,757	13,019	12,372	12,986	12,723	150,374
4		\$1,382,260.17	\$1,102,608.14	\$1,198,842.39	\$1,249,113.22	\$1,213,904.31	\$1,175,968.85	\$1,118,132.30	\$1,166,857.67	\$1,341,042.49	\$1,304,444.99	\$1,411,137.42	\$1,382,006.43	\$15,046,318.38
5		2,686	2,355	2,619	2,590	2,432	2,588	2,600	2,516	2,698	2,668	2,642	2,617	31,011
6	Bill Payer Payments	\$181,932.16	\$153,379.00	\$159,762.75	\$153,100.53	\$148,328.91	\$148,845.01	\$153,214.88	\$174,925.19	\$186,081.65	\$182,270.17	\$197,183.61	\$203,632.67	2,042,657
7		20.4%	20.6%	20.1%	20.7%	19.9%	20.4%	20.9%	21.4%	20.7%	21.6%	20.3%	20.6%	20.6%
8		2,141	2,140	2,098	2,248	2,214	2,049	2,216	1,982	2,150	2,189	2,209	2,356	25,992
9	Paymentus Payments	\$190,835.48	\$194,098.67	\$180,889.55	\$196,219.17	\$190,474.47	\$173,978.03	\$192,068.19	\$181,547.19	\$192,581.63	\$196,439.49	\$209,415.28	\$240,699.46	\$2,339,246.61
10		16.3%	18.7%	16.1%	18.0%	18.1%	16.1%	17.8%	16.9%	16.5%	17.7%	17.0%	18.5%	17.3%
11	Automatic Draft Payments (ACH)	1,545	1,552	1,571	1,577	1,592	1,603	1,620	1,629	1,692	1,701	1,705	1,736	19,523
12		\$105,192.44	\$101,306.31	\$99,730.46	\$92,277.41	\$96,016.58	\$92,411.16	\$91,204.25	\$93,358.28	\$110,038.96	\$111,667.16	\$118,811.43	\$136,682.95	\$1,248,697.39
13		11.7%	13.6%	12.1%	12.6%	13.0%	12.6%	13.0%	13.9%	13.0%	13.7%	13.1%	13.6%	13.0%
14	Account Transfers	135	124	135	113	127	130	134	136	167	205	174	149	1,729
15	New Customers	14	11	11	28	16	22	16	14	38	37	23	21	251
16	Disconnects for Non-payment	40	56	54	55	34	19	-	-	-	-	-	-	258
17	Customers Still Off for Non-Payment	8	11	12	5	7	-	-	-	-	-	-	-	43
18	Repeat Disconnected Customers	11	16	21	9	6	5	-	-	-	-	-	-	68
19	Meters Read - Normal and Transfer Readings	14,258	14,222	14,230	14,253	14,264	14,277	14,289	14,315	14,334	14,363	14,369	15,422	172,596
20	Radio Read Meters	11,749	11,827	11,863	11,935	12,103	12,341	12,515	12,595	12,727	12,771	12,781	12,798	148,005
21	Manually Read Meters	2,509	2,395	2,367	2,318	2,161	1,936	1,774	1,720	1,607	1,592	1,592	1,587	23,558
22	Tower Read Meters	984	716	1,019	1,086	910	1,054	1,071	1,283	1,037	1,002	950	1,037	12,149
23	New Meter Installs	3	2	1	21	6	9	11	7	22	22	11	4	119
24	Broken Meters Replaced	11	6	25	5	12	5	13	-	4	2	1	4	88
25	Meters Changed - Program	125	85	28	49	173	209	150	78	108	10	1	4	1,020
26	Connections paid for but not installed	685	279	280	287	289	290	286	281	291	300	303	311	N/A
27	Remaining Developer's Credits	\$386,484.01	\$386,484.01	\$368,484.01	\$368,484.01	\$368,480.01	\$368,484.01	\$368,484.01	\$368,484.01	\$368,484.01	\$368,484.01	\$368,484.01	\$350,484.01	N/A
28	Bulk Water Sales - New London (Gallons)	41,825	8,325	6,324	7,315	1,410	14,969	58,475	23,485	82,673	42,738	-	6,280	293,819
29	Bulk Water Sales - Moneta (Gallons)	30,140	3,458	-	4,250	600	2,700	8,610	12,200	40,480	6,000	-	20,128	128,566
30	Bulk Water Sales - Central Distr (Gallons)	3,400	-	-	8,800	3,000	-	-	400	-	28,700	3,900	17,800	66,000
31	Total Bulk Water Sales	\$406.97	\$63.63	\$34.15	\$109.97	\$27.05	\$95.41	\$362.26	\$194.86	\$665.03	\$418.17	\$21.06	\$238.72	\$2,637.28

2018-2020 Total Payments Received



Bedford Regional Water Auth.
Balance Sheet
For the Three Months Ending Wednesday, September 30, 2020

		<u>7/1/2020</u> <u>Beginning</u>	<u>Sep 2020</u> <u>Actual</u>
	ASSETS		
1000:1000	Cash	\$5,993,484.61	\$6,654,789.17
1001	Restricted Investments	8,150,166.66	7,634,598.41
1002:1002	Prepaid Expenses	828,812.19	867,231.44
1101:1101	Accounts Receivable	2,157,333.40	2,373,427.40
1102	Accounts Receivable Other	33,439.18	35,088.88
1200	Inventory	488,551.59	538,898.25
1202	Loan Related Assets	3,934.66	3,934.66
1250	Construction In Progress	297,742.21	439,403.46
1301	Tangible Assets- Office	4,385,424.94	4,385,424.94
1302	Tangible Assets - Vehicles	3,367,485.04	3,367,485.04
1400:1500	Tangible Assets - Water	100,146,345.04	100,146,345.04
1700	Tangible Assets - Sewer	62,476,091.92	62,476,091.92
1800	Intangible Assets	714,451.00	714,451.00
1801	Fixed Asset Clearing Account		21,773.22
1900	Depreciation	(64,747,719.17)	(64,747,719.17)
	Total assets	<u>124,295,543.27</u>	<u>124,911,223.66</u>
	LIABILITIES		
2000	Accounts Payable	(419,653.13)	(202,518.90)
2001	Customer Liabilities	(515,437.37)	(527,734.79)
2100	Employee Liabilities	(1,264,686.26)	(1,202,147.77)
2200	Notes Payable	(42,062,594.55)	(39,610,937.05)
2300	Developer Credits	(452,440.01)	(434,440.01)
2900	Equity	(41,000.00)	(41,000.00)
2999	Retained Earnings	(79,539,731.95)	(79,539,731.95)
	Total liabilities	<u>(124,295,543.27)</u>	<u>(121,558,510.47)</u>
	Operating Surplus/ (Loss)		3,352,713.19

Bedford Regional Water Auth.
Balance Sheet
For the Three Months Ending Wednesday, September 30, 2020

		<u>7/1/2020</u> <u>Beginning</u>	<u>Sep 2020</u> <u>Actual</u>
ASSETS			
Cash:			
1000-0000	Change Box for CS	350.00	350.00
1000-0001	Petty Cash	16.57	16.57
1000-0002	SunTrust Checking Account	2,136,501.19	2,800,962.02
1000-0004	Cash Drawer	225.00	225.00
1000-0011	LGIP Operating Reserves Fund	322,251.36	322,421.82
1000-1000	VA Investment Pool-Capital Projects Reserve	2,498,188.70	2,499,454.92
1000-2000	VA Investment Pool- Operating Reserves	1,035,951.79	1,036,476.84
1000-0005	Cash Suspense Account (for F.A.)		(5,118.00)
	Total Cash	5,993,484.61	6,654,789.17
Restricted Investments:			
1001-0001	Deposit Refund Program Fund	359,661.65	359,661.65
1001-0010	Debt Service Accumulation Fund	1,705,687.91	1,012,417.45
1001-0020	Reserve for future capital projects	662,705.67	662,799.81
1001-0021	County Funds for New Projects	229,925.42	191,603.87
1001-0022	SML WTF Depreciation Fund WVWA	252,079.10	252,083.37
1001-0023	BRWA Cell Tower Funds	240,538.75	246,363.72
1001-0024	SML WTF Depreciation Fund- BRWA portion	252,065.18	252,069.45
1001-0025	Vehicle and Equipment Replacement Fund	295,493.54	355,610.54
1001-0030	Information Systems Replacement Fund	157,872.83	167,234.17
1001-0035	Meter Replacement Fund	318,719.33	393,894.33
1001-0040	Sewerline Replacement Fund	558,195.16	583,194.16
1001-0045	Waterline Replacement Fund	522,165.92	562,164.92
1001-0050	Tank Rehab	237,996.00	237,996.00
1001-1010	VA Investment Pool- Reserve Fund	450,171.30	450,616.07
1001-1020	LGIP Repairs & Maintenance Reserve	24,085.63	24,085.63
1001-1025	VRA Debt Service Reserve Fund- PNC Bank	1,771,570.44	1,771,570.44
1001-1030	VRA 2015 Debt Service Reserve Fund-SNAP	43,445.49	43,445.49
1001-1100	Escrow Account	67,787.34	67,787.34
	Total Restricted Investments	8,150,166.66	7,634,598.41
Prepaid Expenses:			
1002-1000	Prepaid Insurance	113,720.53	151,814.78
1002-1001	Prepaid Dues/Service Contracts	62,308.66	62,633.66
1002-1002	Deferred Outflows of Resources (Pensions)	595,511.00	595,511.00
1002-1003	VRS OPEB Deferred Outflow	76,188.00	76,188.00
1002-1004	VRS OPEB Deferred Outflow	(16,379.00)	(16,379.00)
1002-1005	Local OPEB Deferred Outflows	16,467.00	16,467.00
1002-1006	Local OPEB Deferred Inflows	(19,004.00)	(19,004.00)
	Total Prepaid Expenses	828,812.19	867,231.44
Accounts Receivable:			
1101-1000	Billings Receivable Water	1,411,415.24	1,493,289.15
1101-2000	Budget Billing Accounts Rec.	229.36	229.36
1101-2001	Monthly Statement A/R	(20.00)	(20.00)
1101-2002	Monthly Deferred A/R- holding account	553.47	553.47
1101-2003	AR Credits	(50.00)	(50.00)
1101-3000	Billings Receivable Sewer	908,202.39	960,336.38
1101-3210	Credit Card Convenience Fee AR	847.58	847.58
1101-4000	Allowance for Doubtful Accounts	(486,341.29)	(486,341.29)
1101-4001	Water Penalties- A/R	39,404.50	39,138.86
1101-4002	Payment Arrangement AR- Water	(154.96)	(154.96)
1101-4003	Sewer Penalties A/R	25,136.10	24,888.70
1101-4004	Payment Arrangement AR- Sewer	268.43	268.43
1101-4005	Payment Arrangement AR- Sewer Penalties	94.60	94.60
1101-4006	Payment Arrangement AR- Water Penalties	174.14	174.14
1101-5001	Water Facility Fees A/R	86,479.00	123,979.00

Bedford Regional Water Auth.
Balance Sheet
For the Three Months Ending Wednesday, September 30, 2020

		<u>7/1/2020</u> <u>Beginning</u>	<u>Sep 2020</u> <u>Actual</u>
1101-5002	Returned Check A/R	784.75	1,008.80
1101-5003	Sewer Facility Fees A/R	55,627.78	90,627.78
1101-5005	Reconnect Fee A/R	27,058.15	26,922.71
1101-6000	Water Account Charge A/R	10,552.03	9,602.03
1101-6003	Sewer Account Charges A/R	6,168.09	5,443.09
1101-7001	Water Deposits A/R	3,393.56	3,294.81
1101-7003	Sewer Deposits A/R	20,712.75	20,758.50
1101-7500	Meter Base Installation Fee A/R	14,244.02	14,244.02
1101-7504	Sewer Pump Maintenance A/R	4,284.79	4,841.39
1101-7505	Service Repairs & Rents A/R	2,504.94	2,504.94
1101-7506	A/R- Septage Dumping Fees	8,335.00	8,335.00
1101-7507	Meter Fee A/R	5,750.00	6,000.00
1101-7508	A/R- Industrial Pretreatment	1,541.66	1,583.32
1101-8000	Misc. Charges Receivable	(1.00)	(1.00)
1101-8002	NSF holding/clearing account	145.78	415.78
1101-8003	Consolidation holding account	(3,761.63)	(3,761.63)
1101-8006	Unauthorized Service A/R	7,845.08	7,810.26
1101-8009	Pending Electronic Payments	5,909.09	14,764.18
1101-7510	SGP Review and Inspections A/R		1,800.00
	Total Accounts Receivable	<u>2,157,333.40</u>	<u>2,373,427.40</u>
Accounts Receivable Other:			
1102-0001	Miscellaneous Accounts Receivable	33,439.18	35,088.88
	Total Accounts Receivable Other	<u>33,439.18</u>	<u>35,088.88</u>
Inventory:			
1200-0001	Maintenance Inventory	174,859.22	220,331.06
1200-0002	Meter Inventory	313,692.37	318,567.19
	Total Inventory	<u>488,551.59</u>	<u>538,898.25</u>
Loan Related Assets:			
1202-0009	VRA 2014 Cash Account (per docs)	3,934.66	3,934.66
	Total Loan Related Assets	<u>3,934.66</u>	<u>3,934.66</u>
Construction In Progress:			
1250-0363	BRWA Facility Master Plan & Building	44,400.11	68,400.11
1250-0381	CIP- Mariners Landing	112,595.11	154,930.94
1250-0383	CIP- Ivy Creek Sewer	45,700.00	50,454.09
1250-0389	CIP- Country Estates Waterline	77,044.49	88,713.10
1250-0391	CIP- Turkey Mtn Booster Station	18,002.50	25,697.50
1250-0386	CIP - Building Renovations		3,600.00
1250-0387	CIP- Rucker Rd. waterline project		104.99
1250-0390	CIP- SML Pump Station		7,160.00
1250-0392	Montvale Sewer (VDOT)		17,104.08
1250-0393	CIP- Bunker Hill Loop (DEQ)		7,220.00
1250-0394	Mariners Landing WWTP		16,018.65
	Total Construction In Progress	<u>297,742.21</u>	<u>439,403.46</u>
Tangible Assets- Office:			
1301-0001	Office Facilities	2,725,886.28	2,725,886.28
1301-0002	Information Systems	1,659,538.66	1,659,538.66
	Total Tangible Assets- Office	<u>4,385,424.94</u>	<u>4,385,424.94</u>
Tangible Assets - Vehicles:			
1302-0001	Vehicles and Equipment	3,367,485.04	3,367,485.04
	Total Tangible Assets - Vehicles	<u>3,367,485.04</u>	<u>3,367,485.04</u>

Bedford Regional Water Auth.
Balance Sheet
For the Three Months Ending Wednesday, September 30, 2020

		<u>7/1/2020</u> <u>Beginning</u>	<u>Sep 2020</u> <u>Actual</u>
Tangible Assets - Water:			
1400-1000	SML Water Treatment Facility	16,447,649.90	16,447,649.90
1400-2000	Smith Mountain Lake Central	21,339,066.84	21,339,066.84
1400-3000	Stewartsville Water	2,735,076.84	2,735,076.84
1500-1000	Forest Water	36,203,064.99	36,203,064.99
1500-2000	Lakes Water	1,625,458.78	1,625,458.78
1500-3000	Central Water	21,796,027.69	21,796,027.69
	Total Tangible Assets - Water	<u>100,146,345.04</u>	<u>100,146,345.04</u>
Tangible Assets - Sewer:			
1700-0014	Central Sewer	22,535,093.64	22,535,093.64
1700-0015	Moneta Sewer	12,700,512.43	12,700,512.43
1700-0016	Forest Sewer	18,983,660.02	18,983,660.02
1700-0020	Mariners Landing Sewer	1,218,000.00	1,218,000.00
1700-1016	BRWA Share Lynchburg Sewer Upgrade	4,983,649.44	4,983,649.44
1700-8000	Montvale Sewer	2,055,176.39	2,055,176.39
	Total Tangible Assets - Sewer	<u>62,476,091.92</u>	<u>62,476,091.92</u>
Intangible Assets:			
1800-0000	Studies & Permits (Feasibility, master studies)	658,040.55	658,040.55
1800-0090	Capitalized Interest (Various projects)	56,410.45	56,410.45
	Total Intangible Assets	<u>714,451.00</u>	<u>714,451.00</u>
Fixed Asset Clearing Account:			
1801-0000	Fixed Asset Clearing Account		21,773.22
	Total Fixed Asset Clearing Account		<u>21,773.22</u>
Depreciation:			
1900-0000	Accumulated Depreciation	(64,747,719.17)	(64,747,719.17)
	Total Depreciation	<u>(64,747,719.17)</u>	<u>(64,747,719.17)</u>
	Total assets	124,295,543.27	124,911,223.66
LIABILITIES			
Accounts Payable:			
2000-1000	Accounts Payable	(219,653.13)	(2,518.90)
2000-1005	Retainage Payable	(200,000.00)	(200,000.00)
	Total Accounts Payable	<u>(419,653.13)</u>	<u>(202,518.90)</u>
Customer Liabilities:			
2001-0000	Customer Credit- Budget Billing accounts	5,068.88	5,068.88
2001-0001	Customer Credits	(234,769.82)	(238,620.78)
2001-0002	Misc. Misposting	(1,520.90)	(1,520.90)
2001-0003	Customer Refunds Payable	10,916.45	8,592.74
2001-1000	Water Deposits	(189,397.42)	(194,516.17)
2001-1555	Fireline Assembly Deposits	(16,308.86)	(16,308.86)
2001-2000	Interest on Deposits (Town accounts)	1,256.53	1,256.53
2001-3000	Sewer Deposits	(90,682.23)	(91,686.23)
	Total Customer Liabilities	<u>(515,437.37)</u>	<u>(527,734.79)</u>
Employee Liabilities:			
2100-0050	Compensated Absences Liability	(149,518.68)	(149,518.68)
2100-0060	Accrued Payroll	(106,761.48)	(0.01)
2100-0250	VRS Employee Contribution Payable	300.36	(13,501.87)

Bedford Regional Water Auth.
Balance Sheet
For the Three Months Ending Wednesday, September 30, 2020

		<u>7/1/2020</u> <u>Beginning</u>	<u>Sep 2020</u> <u>Actual</u>
2100-0400	Net Pension Liability	(501,911.00)	(501,911.00)
2100-0450	Flexible Spending Account Payable	1.63	
2100-0500	VRS OPEB Liability	(257,271.00)	(257,271.00)
2100-0510	Local OPEB Liability	(226,966.00)	(226,966.00)
2100-0550	Health Insurance Payable- Employee Share	(24,551.55)	(20,611.15)
2100-0600	VRS Mandatory Cash Match- Hybrid	1.25	1.25
2100-0750	Optional Life Insurance Payable	342.81	610.77
2100-0800	AFLAC Withholding Payable	1,697.23	1,696.75
2100-0900	Outstanding Payables Checks	(49.83)	(49.83)
2100-0200	State Withholding Payable		(34,277.00)
2100-1000	Garnishments Payable		(350.00)
	Total Employee Liabilities	<u>(1,264,686.26)</u>	<u>(1,202,147.77)</u>
Notes Payable:			
2200-0115	Current Maturities Long-Term Debt	0.40	2,451,657.90
2200-2001	Accrued Interest Payable	(393,431.42)	(393,431.42)
2200-2020	VRA 2015 Loan	(29,600,000.00)	(29,600,000.00)
2200-2021	VRA 2015 Premium	(274,983.94)	(274,983.94)
2200-2026	VRA Series 2005 Premium	(2,107.00)	(2,107.00)
2200-2029	VRA 2009 Series Deferred amount of Refunding	137,400.52	137,400.52
2200-2230	Series 2012 Loan (2005 Refunding)	(3,075,000.00)	(3,075,000.00)
2200-2231	Series 2012 Premium (2005 Refunding)	(360,271.80)	(360,271.80)
2200-2232	VRA 2012 Deferred Amount on refunding	195,351.94	195,351.94
2200-2233	VRA Series 2014 Loan (2005 refunding)	(1,745,000.00)	(1,745,000.00)
2200-2234	VRA Series 2014 Premium (2005)	(154,413.52)	(154,413.52)
2200-2235	VRA 2014 Deferred Amt on Refunding	50,678.07	50,678.07
2200-2236	VRA 2019 Refunding Premium	(165,654.33)	(165,654.33)
2200-2237	VRA Series 2019 Refunding	(2,725,000.00)	(2,725,000.00)
2200-2238	VRA Series 2019 Deferred Amt on Refunding	(87,268.87)	(87,268.87)
2200-2500	Assumed Debt from Town	(3,246,382.17)	(3,246,382.17)
2200-3000	Lynchburg Sewer System Loan Payable	(616,512.43)	(616,512.43)
	Total Notes Payable	<u>(42,062,594.55)</u>	<u>(39,610,937.05)</u>
Developer Credits:			
2300-0000	Deferred Revenue Liability	(368,484.01)	(350,484.01)
2300-1000	Deferred Inflows of Resources	(83,956.00)	(83,956.00)
	Total Developer Credits	<u>(452,440.01)</u>	<u>(434,440.01)</u>
Equity:			
2900-0150	Customer Contributions for Line Extensions	(41,000.00)	(41,000.00)
	Total Equity	<u>(41,000.00)</u>	<u>(41,000.00)</u>
Retained Earnings:			
2999-0000	Retained Earnings	(79,539,731.95)	(79,539,731.95)
	Total Retained Earnings	<u>(79,539,731.95)</u>	<u>(79,539,731.95)</u>
	Total liabilities	<u>(124,295,543.27)</u>	<u>(121,558,510.47)</u>
	Operating Surplus/ (Loss)		3,352,713.19

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
OPERATING REVENUE						
3000-3000 +...	Water Sales	(\$778,092.77)	(\$2,434,143.86)	(\$8,004,138.00)	(\$5,569,994.14)	30%
3100-3000:3...	Sewer Sales	(391,927.04)	(1,200,999.84)	(4,089,024.00)	(2,888,024.16)	29%
3902	Penalties		11.78	(70,000.00)	(70,011.78)	0%
3903-3231:3...	Account Charges	(5,650.00)	(19,000.00)	(60,000.00)	(41,000.00)	32%
3903-3240:3...	Review Fees	(1,200.00)	(7,284.64)	(53,500.00)	(46,215.36)	14%
3900-3250:3...	Interest Earned	(47.87)	(2,548.93)	(60,000.00)	(57,451.07)	4%
3903-3245:3...	Sewer Clean Outs		(2,350.00)	(7,000.00)	(4,650.00)	34%
3903-3250 +...	Meter Installation Revenues	(13,750.00)	(76,569.95)	(95,000.00)	(18,430.05)	81%
3903-3255	Industrial Pretreatment Revenue	(1,520.82)	(4,562.46)	(18,000.00)	(13,437.54)	25%
3903-3261	Rent/Meter Charges	(339.18)	(339.18)	(5,000.00)	(4,660.82)	7%
3903-3262:3...	Misc	(12,967.51)	(32,812.68)	(112,729.00)	(79,916.32)	29%
3903-3280:3...	Fixed Asset Disposals		(1,675.00)		1,675.00	0%
3901-3211:3...	Account Default Fees	(280.00)	(525.00)	(23,000.00)	(22,475.00)	2%
3201-3275 +...	Contract Reimbursements		(42,735.36)	(151,000.00)	(108,264.64)	28%
	Revenue from BRWA Operations	(1,205,775.19)	(3,825,535.12)	(12,748,391.00)	(8,922,855.88)	30%
3000-3220 +...	Capital Recovery Fees	(179,000.00)	(542,500.00)	(939,010.00)	(396,510.00)	58%
3903-3265 +...	Cellular Antenna Site Rental-County...	(13,588.34)	(20,028.45)	(45,153.00)	(25,124.55)	44%
3904-3310	BOS Capital Contributions	(1,762,265.64)	(1,762,265.64)	(2,000,000.00)	(237,734.36)	88%
3904-3315	Developer Line Contributions			(200,000.00)	(200,000.00)	0%
3904-3316 +...	Contributions from WVWA		(1,948.19)		1,948.19	0%
3904-3335	Contributions for DEQ Projects		(24,000.00)		24,000.00	0%
3903-3330	SML WTF Revenue		(8.54)		8.54	0%
3904-3317	Developer Prepayments Redemptio...			(20,000.00)	(20,000.00)	0%
	Revenue from Other Sources	(1,954,853.98)	(2,350,750.82)	(3,204,163.00)	(853,412.18)	73%
	Total Revenue	(3,160,629.17)	(6,176,285.94)	(15,952,554.00)	(9,776,268.06)	39%
OPERATING EXPENSES						
4000 + 4002...	Salaries	295,371.37	767,149.48	4,029,628.90	3,262,479.42	19%
4010	General Office Expenses	13,646.52	45,201.25	268,467.00	223,265.75	17%
4100	Employee Benefit & Related Expens...	111,702.92	298,322.40	1,694,076.00	1,395,753.60	18%
4110	Billing Expenses	4,794.72	64,597.55	211,404.00	146,806.45	31%
4120	Information Systems Expenses	3,411.77	13,555.88	158,194.00	144,638.12	9%
4130	Adminstration Supplies	2,235.26	2,235.26	500.00	(1,735.26)	447%
4140	Customer Service Supplies	112.81	112.81	3,368.00	3,255.19	3%
4210	Engineering Expenses	7,147.07	10,837.39	81,353.00	70,515.61	13%
4220 + 4223	Operations Expenses		42.36	2,400.00	2,357.64	2%
4221	Compliance Program Supplies			8,000.00	8,000.00	0%
4222	Pretreatment Expenses	3,577.21	4,498.02	19,600.00	15,101.98	23%
4225-0100	Lab Supplies	(751.06)	1,247.98	24,000.00	22,752.02	5%
4230	Maintenance Expenses	819.50	1,678.70	46,402.00	44,723.30	4%
4240	Vehicles & Equipment Expenses	22,842.32	44,707.02	239,624.00	194,916.98	19%
4250	Forest Water Expenses	94,628.45	292,744.31	840,247.00	547,502.69	35%
4260	Well Systems Expenses	2,204.10	6,900.73	45,678.00	38,777.27	15%
4265	SML Central Distribution System Ex...	1,057.94	16,774.81	33,845.00	17,070.19	50%
4270	SML Treatment Expenses	1,764.87	13,154.68	33,238.00	20,083.32	40%
4330	SML WTF Expenses	26,240.65	81,119.17	501,266.00	420,146.83	16%
4275	Central Water Distribution Expenses	12,143.41	34,644.64	225,692.00	191,047.36	15%
4276	Central Water Treatment Expenses	5,685.74	19,775.91	135,189.00	115,413.09	15%
4280	Stewartsville Water Expenses	2,967.96	7,456.00	38,532.00	31,076.00	19%
4290	Forest Sewer Expenses	34,050.78	118,752.07	609,825.00	491,072.93	19%
4291	Central Sewer Collection System Ex...	6,087.43	16,902.16	318,750.00	301,847.84	5%
4293	Central Sewer Treatment Expenses	11,811.87	108,209.36	626,550.00	518,340.64	17%
4292	Moneta Sewer Collection System E...	1,432.66	6,991.01	31,800.00	24,808.99	22%
4294	Moneta Sewer Treatment Expenses	4,538.72	16,396.06	150,447.00	134,050.94	11%
4295	Montvale Sewer Expenses	413.82	4,801.29	29,380.00	24,578.71	16%
4340	Mariners Landing Sewer Expenses	6,088.83	26,547.83	86,770.00	60,222.17	31%
4350	Cedar Rock Sewer Expenses	11,263.84	18,457.94	26,070.00	7,612.06	71%
4300 + 4310	Schools Sewer Expenses	2,198.84	2,424.49	35,000.00	32,575.51	7%
4315	Mariners Landing Expenses	872.34	4,393.98	28,655.00	24,261.02	15%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
4320	Franklin County Operations	2,450.34	12,811.07	36,000.00	23,188.93	36%
	Total Operating Expenditures	692,813.00	2,063,443.61	10,619,950.90	8,556,507.29	19%
4400	Depreciation			3,231,425.16	3,231,425.16	0%
4500-0640	Lynchburg Debt Service Paid			262.00	262.00	0%
4500-0645	2012 VRA Interest	78,796.88	78,796.88	139,400.00	60,603.12	57%
4500-0660	2014 VRA Interest	38,640.63	38,640.63	77,281.00	38,640.37	50%
4500-0665	2015 VRA Interest	533,318.75	533,318.75	1,058,563.00	525,244.25	50%
4500-0650	Assumed Debt from City		39,544.75	80,070.00	40,525.25	49%
4500-0670	VRA 2019 Interest	69,828.13	69,828.13	117,491.00	47,662.87	59%
	Total Interest and Debt Service	720,584.39	760,129.14	1,473,067.00	712,937.86	52%
	Total Exp., Depr. and Debt Servi...	1,413,397.39	2,823,572.75	15,324,443.06	12,500,870.31	18%
	Total Revenues Less Oper Expense	(1,747,231.78)	(3,352,713.19)	(628,110.94)	2,724,602.25	534%
	Gross Cash Before Capital Exp	(1,747,231.78)	(3,352,713.19)	(628,110.94)	2,724,602.25	534%
	Less non-debt Capital Contributions		(25,956.73)	(220,000.00)	(194,043.27)	12%
	Earnings/(loss) before BRWA Capit...	(1,747,231.78)	(3,326,756.46)	(408,110.94)	2,918,645.52	815%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
OPERATING REVENUE						
Water Sales:						
3000-3000	Water Sales	(766,660.72)	(2,394,674.57)	(7,930,668.00)	(5,535,993.43)	30%
3000-3050	Contract Water Sales	(11,432.05)	(39,469.29)	(73,470.00)	(34,000.71)	54%
	Total Water Sales	(778,092.77)	(2,434,143.86)	(8,004,138.00)	(5,569,994.14)	30%
Sewer Sales:						
3100-3000	Sewer Sales	(389,227.31)	(1,192,897.35)	(4,057,824.00)	(2,864,926.65)	29%
3100-3050	Cedar Rock Revenue	(2,699.73)	(8,102.49)	(31,200.00)	(23,097.51)	26%
	Total Sewer Sales	(391,927.04)	(1,200,999.84)	(4,089,024.00)	(2,888,024.16)	29%
Penalties:						
3902-3211	Water Penalty Revenue		5.70	(45,000.00)	(45,005.70)	0%
3902-3213	Sewer Penalty Revenue		6.08	(25,000.00)	(25,006.08)	0%
	Total Penalties		11.78	(70,000.00)	(70,011.78)	0%
Account Charges:						
3903-3231	Water Account Charge Revenue	(3,700.00)	(12,600.00)	(40,000.00)	(27,400.00)	32%
3903-3233	Sewer Account Charge Revenue	(1,950.00)	(6,400.00)	(20,000.00)	(13,600.00)	32%
	Total Account Charges	(5,650.00)	(19,000.00)	(60,000.00)	(41,000.00)	32%
Review Fees:						
3903-3240	Engineering Review Fees		(4,884.64)	(50,000.00)	(45,115.36)	10%
3903-3243	SGP Review and Inspections	(1,200.00)	(2,400.00)	(2,000.00)	400.00	120%
3903-3242	Engineering Fire Flow Testing			(1,500.00)	(1,500.00)	0%
	Total Review Fees	(1,200.00)	(7,284.64)	(53,500.00)	(46,215.36)	14%
Interest Earned:						
3900-3250	Bank Interest Earned	(47.87)	(2,548.93)	(60,000.00)	(57,451.07)	4%
	Total Interest Earned	(47.87)	(2,548.93)	(60,000.00)	(57,451.07)	4%
Sewer Clean Outs:						
3903-3245	Sewer Clean-Out Installation Fee		(2,350.00)	(7,000.00)	(4,650.00)	34%
	Total Sewer Clean Outs		(2,350.00)	(7,000.00)	(4,650.00)	34%
Meter Installation Revenues:						
3903-3250	Meter Fee Revenue	(4,750.00)	(19,400.00)	(35,000.00)	(15,600.00)	55%
3903-3260	Meter Base Installation Revenue	(9,000.00)	(57,169.95)	(60,000.00)	(2,830.05)	95%
	Total Meter Installation Revenues	(13,750.00)	(76,569.95)	(95,000.00)	(18,430.05)	81%
Industrial Pretreatment Revenue:						
3903-3255	Industrial Pretreatment Revenue	(1,520.82)	(4,562.46)	(18,000.00)	(13,437.54)	25%
	Total Industrial Pretreatment Reve...	(1,520.82)	(4,562.46)	(18,000.00)	(13,437.54)	25%
Rent/Meter Charges:						
3903-3261	Service Repairs & Equipment Ren...	(339.18)	(339.18)	(5,000.00)	(4,660.82)	7%
	Total Rent/Meter Charges	(339.18)	(339.18)	(5,000.00)	(4,660.82)	7%
Misc:						
3903-3262	Cellular Antenna Rental- BRWA p...	(7,857.51)	(17,517.68)	(67,729.00)	(50,211.32)	26%
3903-3264	Sewer Pump Maintenance Reven...	(5,110.00)	(15,295.00)	(40,000.00)	(24,705.00)	38%
3903-3270	Miscellaneous Revenue			(5,000.00)	(5,000.00)	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

	<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
Total Misc	(12,967.51)	(32,812.68)	(112,729.00)	(79,916.32)	29%
Fixed Asset Disposals:					
3903-3280 Sales and Disposals		(1,675.00)		1,675.00	0%
Total Fixed Asset Disposals		(1,675.00)		1,675.00	0%
Account Default Fees:					
3901-3212 Return Check Revenue	(280.00)	(525.00)	(2,000.00)	(1,475.00)	26%
3901-3211 Reconnect Fee Revenue			(20,000.00)	(20,000.00)	0%
3901-3213 Unauthorized Service Revenue			(1,000.00)	(1,000.00)	0%
Total Account Default Fees	(280.00)	(525.00)	(23,000.00)	(22,475.00)	2%
Contract Reimbursements:					
3201-3275 School System Operations		(3,810.31)	(51,000.00)	(47,189.69)	7%
3904-3318 Franklin County Contract Operatio...		(38,925.05)	(100,000.00)	(61,074.95)	39%
Total Contract Reimbursements		(42,735.36)	(151,000.00)	(108,264.64)	28%
Revenue from BRWA Operations	(1,205,775.19)	(3,825,535.12)	(12,748,391.00)	(8,922,855.88)	30%
Capital Recovery Fees:					
3000-3220 Water Capital Recovery Fees	(104,000.00)	(315,500.00)	(719,710.00)	(404,210.00)	44%
3100-3220 Sewer Capital Recovery Fees	(75,000.00)	(227,000.00)	(219,300.00)	7,700.00	104%
Total Capital Recovery Fees	(179,000.00)	(542,500.00)	(939,010.00)	(396,510.00)	58%
Cellular Antenna Site Rental-County portion:					
3903-3265 Cellular Antenna Revenue- Co. po...	(5,238.34)	(11,678.45)	(45,153.00)	(33,474.55)	26%
3903-3285 Bedford County Broadband Reven...	(8,350.00)	(8,350.00)		8,350.00	0%
Total Cellular Antenna Site Rental...	(13,588.34)	(20,028.45)	(45,153.00)	(25,124.55)	44%
BOS Capital Contributions:					
3904-3310 Bedford County Debt Support	(1,762,265.64)	(1,762,265.64)	(2,000,000.00)	(237,734.36)	88%
Total BOS Capital Contributions	(1,762,265.64)	(1,762,265.64)	(2,000,000.00)	(237,734.36)	88%
Developer Line Contributions:					
3904-3315 Developer Contributions			(200,000.00)	(200,000.00)	0%
Total Developer Line Contributions			(200,000.00)	(200,000.00)	0%
Contributions from WVWA:					
3904-3316 Contributions from WVWA		(1,948.19)		1,948.19	0%
Total Contributions from WVWA		(1,948.19)		1,948.19	0%
Contributions for DEQ Projects:					
3904-3335 DEQ Contributions for Projects		(24,000.00)		24,000.00	0%
Total Contributions for DEQ Proje...		(24,000.00)		24,000.00	0%
SML WTF Revenue:					
3903-3330 SML WTF Revenue		(8.54)		8.54	0%
Total SML WTF Revenue		(8.54)		8.54	0%
Developer Prepayments Redemption Revenue:					
3904-3317 Developer Capital Recovery Fee...			(20,000.00)	(20,000.00)	0%
Total Developer Prepayments Red...			(20,000.00)	(20,000.00)	0%
Revenue from Other Sources	(1,954,853.98)	(2,350,750.82)	(3,204,163.00)	(853,412.18)	73%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

	<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
Total Revenue	(3,160,629.17)	(6,176,285.94)	(15,952,554.00)	(9,776,268.06)	39%
OPERATING EXPENSES					
Salaries:					
4000-0010 Administration Salaries	57,386.78	150,693.95	777,305.88	626,611.93	19%
4000-0019 IT Oncall Stipend	600.00	1,650.00	7,800.00	6,150.00	21%
4000-0020 Administration Overtime			1,734.00	1,734.00	0%
4002-0010 Customer Service Salaries	25,105.44	63,040.90	325,996.80	262,955.90	19%
4002-0020 Customer Service Overtime	734.85	2,097.85	16,760.85	14,663.00	13%
4003-0010 Engineering Department Salaries	48,761.04	126,434.49	600,353.60	473,919.11	21%
4003-0019 Engineering OnCall Stipend	600.00	1,650.00	7,800.00	6,150.00	21%
4003-0020 Engineering Department Overtime	2,063.58	5,081.69	30,570.08	25,488.39	17%
4004-0010 Maintenance Department Salaries	56,422.53	149,783.40	829,099.20	679,315.80	18%
4004-0019 Maintenance Oncall Stipend Expe...	1,200.00	3,450.00	18,720.00	15,270.00	18%
4004-0020 Maintenance Department Overtime	8,280.72	18,208.02	135,247.13	117,039.11	13%
4005-0010 Operations Department Salaries	90,518.64	236,653.23	1,184,543.20	947,889.97	20%
4005-0020 Operations Department Overtime	3,697.79	8,405.95	93,698.16	85,292.21	9%
Total Salaries	295,371.37	767,149.48	4,029,628.90	3,262,479.42	19%
General Office Expenses:					
4010-0100 Office Supplies	601.41	654.15	10,000.00	9,345.85	7%
4010-0103 Public Outreach Expenses	215.00	824.55	16,415.00	15,590.45	5%
4010-0110 Building Maintenance Expense	1,204.96	5,025.20	21,000.00	15,974.80	24%
4010-0130 Postage and Shipping Expense	1,031.47	1,526.83	8,000.00	6,473.17	19%
4010-0140 Commercial Phone Charges	1,096.13	2,208.46	12,600.00	10,391.54	18%
4010-0142 Cellular Phone Service	1,194.14	3,383.14	19,220.00	15,836.86	18%
4010-0150 Building Power and Utilities	1,664.08	4,925.37	20,500.00	15,574.63	24%
4010-0155 Building Fuel Costs		239.41	8,000.00	7,760.59	3%
4010-0160 Employee Bond			669.00	669.00	0%
4010-0161 Building Insurance			3,863.00	3,863.00	0%
4010-0170 Advertising	100.00	100.00	18,000.00	17,900.00	1%
4010-0175 Bank Service charges	1,410.33	3,709.86	15,600.00	11,890.14	24%
4010-0200 Accounting Services	1,500.00	13,500.00	30,000.00	16,500.00	45%
4010-0220 Legal Expenses	1,879.00	3,854.28	18,000.00	14,145.72	21%
4010-0400 Board of Directors Fees	1,750.00	5,250.00	21,000.00	15,750.00	25%
4010-0075 Board & Committee Meetings			600.00	600.00	0%
4010-0085 Long Range Planning			45,000.00	45,000.00	0%
Total General Office Expenses	13,646.52	45,201.25	268,467.00	223,265.75	17%
Employee Benefit & Related Expenses:					
4100-0030 Payroll Taxes	21,432.27	63,340.04	305,641.00	242,300.96	21%
4100-0040 VRS Retirement and Group Life	23,574.47	49,445.08	345,852.00	296,406.92	14%
4100-0041 VRS Hybrid Disability Program	516.74	1,533.07	10,051.00	8,517.93	15%
4100-0045 Unemployment Payments		359.82	6,000.00	5,640.18	6%
4100-0050 Health Insurance	58,379.54	167,690.50	724,311.00	556,620.50	23%
4100-0055 Flexible Spending Account	469.92	469.92	2,500.00	2,030.08	19%
4100-0060 Worker's Compensation	(1,691.00)	(1,691.00)	105,397.00	107,088.00	(2%)
4100-0065 Employee Testing	599.00	855.00	4,785.00	3,930.00	18%
4100-0075 Meetings	87.38	87.38	6,140.00	6,052.62	1%
4100-0080 Professional Dues	843.00	1,988.00	23,150.00	21,162.00	9%
4100-0085 Training and Education	2,212.70	3,367.70	54,117.00	50,749.30	6%
4100-0101 Clothing and Uniforms	888.21	3,750.73	31,248.00	27,497.27	12%
4100-0102 Employee & Incentive Fund	1,449.77	1,510.23	27,500.00	25,989.77	5%
4100-0103 Safety	2,940.92	5,615.93	41,174.00	35,558.07	14%
4100-0070 Mileage Reimbursements			460.00	460.00	0%
4100-0086 Continuing Education			5,250.00	5,250.00	0%
4100-0090 Whistle Blower Hotline			500.00	500.00	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

	<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
Total Employee Benefit & Related...	111,702.92	298,322.40	1,694,076.00	1,395,753.60	18%
Billing Expenses:					
4110-0091 Bad Debt Expense Water		342.04	15,000.00	14,657.96	2%
4110-0093 Bad Debt Expense Sewer		453.33	7,500.00	7,046.67	6%
4110-0097 Collection Agency Expense			1,200.00	1,200.00	0%
4110-0110 Bill Processing Services	2,711.44	40,132.22	103,978.00	63,845.78	39%
4110-0120 Customer Service Software Maint...		19,585.00	52,596.00	33,011.00	37%
4110-0125 Credit Card Processing Fees	1,753.20	3,424.80	18,900.00	15,475.20	18%
4110-0175 Courier Service	330.08	660.16	4,230.00	3,569.84	16%
4110-0094 Bad Debt Expense Penalties/Misc.			4,000.00	4,000.00	0%
4110-0112 Customer Notification Expenses			3,000.00	3,000.00	0%
4110-0115 Meter Testing			1,000.00	1,000.00	0%
Total Billing Expenses	4,794.72	64,597.55	211,404.00	146,806.45	31%
Information Systems Expenses:					
4120-0100 Information Systems Supplies	156.95	1,672.36	8,500.00	6,827.64	20%
4120-0110 Contracted Services (Network)	908.50	6,827.06	22,000.00	15,172.94	31%
4120-0115 Continuing Support (Software)	1,981.32	3,961.46	123,314.00	119,352.54	3%
4120-0145 Internet and WAN Communications	365.00	1,095.00	4,380.00	3,285.00	25%
Total Information Systems Expens...	3,411.77	13,555.88	158,194.00	144,638.12	9%
Adminstration Supplies:					
4130-0100 Administration Supplies	2,235.26	2,235.26	500.00	(1,735.26)	447%
Total Adminstration Supplies	2,235.26	2,235.26	500.00	(1,735.26)	447%
Customer Service Supplies:					
4140-0100 Customer Service Supplies	112.81	112.81	3,368.00	3,255.19	3%
Total Customer Service Supplies	112.81	112.81	3,368.00	3,255.19	3%
Engineering Expenses:					
4210-0100 Engineering Supplies	544.42	1,654.96	18,413.00	16,758.04	9%
4210-0110 Engineering Reviews	5,537.05	7,351.38	51,800.00	44,448.62	14%
4210-0141 Locating Notification Tickets	915.60	1,681.05	8,320.00	6,638.95	20%
4210-0240 Construction testing	150.00	150.00	2,820.00	2,670.00	5%
Total Engineering Expenses	7,147.07	10,837.39	81,353.00	70,515.61	13%
Operations Expenses:					
4220-0100 Wastewater Operations Supplies		42.36	1,900.00	1,857.64	2%
4223-0100 Water Operations Supplies			500.00	500.00	0%
Total Operations Expenses		42.36	2,400.00	2,357.64	2%
Compliance Program Supplies:					
4221-0100 FROG Program Supplies			8,000.00	8,000.00	0%
Total Compliance Program Suppli...			8,000.00	8,000.00	0%
Pretreatment Expenses:					
4222-0100 Pretreatment Supplies/Expenses	3,577.21	4,498.02	19,600.00	15,101.98	23%
Total Pretreatment Expenses	3,577.21	4,498.02	19,600.00	15,101.98	23%
Lab Supplies:					
4225-0100 Lab Supplies	(751.06)	1,247.98	24,000.00	22,752.02	5%
Total Lab Supplies	(751.06)	1,247.98	24,000.00	22,752.02	5%
Maintenance Expenses:					

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
4230-0100	Maintenance Supplies	819.50	1,678.70	46,402.00	44,723.30	4%
	Total Maintenance Expenses	819.50	1,678.70	46,402.00	44,723.30	4%
Vehicles & Equipment Expenses:						
4240-0100	Vehicles and Equipment Supplies	824.88	5,393.01	32,350.00	26,956.99	17%
4240-0110	Vehicles and Equipment Contract...	15,207.89	27,397.02	81,600.00	54,202.98	34%
4240-0155	Vehicles & Equipment Fuel Costs	6,809.55	11,916.99	95,000.00	83,083.01	13%
4240-0162	Vehicles and Equipment Insurance			30,674.00	30,674.00	0%
	Total Vehicles & Equipment Expe...	22,842.32	44,707.02	239,624.00	194,916.98	19%
Forest Water Expenses:						
4250-0100	Forest Water Supplies	974.24	6,211.94	35,000.00	28,788.06	18%
4250-0110	Forest Water Contracted Services	6,163.75	13,535.75	19,400.00	5,864.25	70%
4250-0140	Forest Water Communications	33.56	100.68	300.00	199.32	34%
4250-0150	Forest Water Power	403.15	1,086.74	3,000.00	1,913.26	36%
4250-0161	Forest Water Insurance			16,851.00	16,851.00	0%
4250-0300	Forest Water Purchased	87,053.75	246,878.75	666,440.00	419,561.25	37%
4250-0410	Forest Water VDH Fees		24,930.45	24,756.00	(174.45)	101%
4250-0101	Forest Water Meter Installations			56,000.00	56,000.00	0%
4250-0115	Forest Water System Repairs & I...			3,500.00	3,500.00	0%
4250-0240	Forest Water Sampling and Testing			15,000.00	15,000.00	0%
	Total Forest Water Expenses	94,628.45	292,744.31	840,247.00	547,502.69	35%
Well Systems Expenses:						
4260-0100	Well Systems Supplies	652.10	1,420.10	15,000.00	13,579.90	9%
4260-0105	Well Systems Chemicals	566.49	1,834.73	3,000.00	1,165.27	61%
4260-0110	Well Systems Contracted Services	300.00	1,050.00	13,100.00	12,050.00	8%
4260-0150	Well Systems Power	524.11	1,694.00	5,500.00	3,806.00	31%
4260-0161	Well Systems Insurance			899.00	899.00	0%
4260-0240	Well Systems Sampling and Testi...	161.40	223.40	5,000.00	4,776.60	4%
4260-0410	Well Systems VDH Fees		678.50	679.00	0.50	100%
4260-0101	Well Systems Meter Installations			500.00	500.00	0%
4260-0115	Well Systems Repairs & Improve...			2,000.00	2,000.00	0%
	Total Well Systems Expenses	2,204.10	6,900.73	45,678.00	38,777.27	15%
SML Central Distribution System Expenses:						
4265-0100	SML Central Supplies	964.94	12,325.62	10,000.00	(2,325.62)	123%
4265-0110	SML Central Contracted Services		893.54	3,000.00	2,106.46	30%
4265-0240	SML Central Sampling & Testing	93.00	201.50	10,000.00	9,798.50	2%
4265-0410	SML Central VDH Fees		3,354.15	3,345.00	(9.15)	100%
4265-0101	SML Central Meter Installations			6,500.00	6,500.00	0%
4265-0115	SML Central Repairs & Improvem...			1,000.00	1,000.00	0%
	Total SML Central Distribution Sys...	1,057.94	16,774.81	33,845.00	17,070.19	50%
SML Treatment Expenses:						
4270-0100	SML Treatment Supplies			2,000.00	2,000.00	0%
4270-0110	SML Treatment Contracted Services	680.00	2,380.00	3,550.00	1,170.00	67%
4270-0150	SML Treatment Water Power	1,084.87	3,246.99	16,800.00	13,553.01	19%
4270-0155	SML Treatment Fuel Costs		27.69	2,000.00	1,972.31	1%
4270-0161	SML Treatment Insurance			7,038.00	7,038.00	0%
4270-0300	SML Quality Monitoring		7,500.00		(7,500.00)	0%
4270-0105	SML Treatment Chemicals			1,000.00	1,000.00	0%
4270-0371	SML Treatment Road Maintenanc...			850.00	850.00	0%
	Total SML Treatment Expenses	1,764.87	13,154.68	33,238.00	20,083.32	40%
SML WTF Expenses:						
4330-0100	SML WTF Supplies	886.32	5,020.58	30,000.00	24,979.42	17%
4330-0105	SML WTF Chemicals	6,152.12	14,378.17	45,000.00	30,621.83	32%
4330-0110	SML WTF Contracted Services	797.29	6,108.58	125,000.00	118,891.42	5%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
4330-0140	SML WTF Communications		45.44	516.00	470.56	9%
4330-0150	SML WTF Power	17,997.16	54,018.47	228,000.00	173,981.53	24%
4330-0155	SML WTF Fuel Costs		15.40	2,000.00	1,984.60	1%
4330-0161	SML WTF Property Insurance			14,450.00	14,450.00	0%
4330-0240	SML WTF Sampling & Testing	407.76	1,532.53	40,000.00	38,467.47	4%
4330-0300	SML Water Quality Monitoring			7,500.00	7,500.00	0%
4330-0370	SML WTF Raw Water Fee			8,800.00	8,800.00	0%
Total SML WTF Expenses		26,240.65	81,119.17	501,266.00	420,146.83	16%
Central Water Distribution Expenses:						
4275-0100	Central Water Supplies	723.21	6,922.14	37,500.00	30,577.86	18%
4275-0110	Central Water Contracted Services	10,762.06	13,981.66	108,700.00	94,718.34	13%
4275-0140	Central Water Communications		62.00		(62.00)	0%
4275-0240	Central Water Sampling & Testing	658.14	2,651.74	20,000.00	17,348.26	13%
4275-0410	Central Water VDH Fees		11,027.10	10,992.00	(35.10)	100%
4275-0101	Central Water Meter Installations			3,750.00	3,750.00	0%
4275-0115	Central Water Repairs & Improve...			44,500.00	44,500.00	0%
4275-0155	Central Water Fuel Purchases			250.00	250.00	0%
Total Central Water Distribution E...		12,143.41	34,644.64	225,692.00	191,047.36	15%
Central Water Treatment Expenses:						
4276-0100	Central Water Treatment Supplies	2,485.47	4,974.25	20,000.00	15,025.75	25%
4276-0105	Central Water Treatment Chemica...	1,141.91	6,460.93	50,000.00	43,539.07	13%
4276-0110	Central Water Treatment Contract...	85.09	2,170.18	10,000.00	7,829.82	22%
4276-0140	Central Water Treatment Commu...	59.06	142.33	1,020.00	877.67	14%
4276-0150	Central Water Treatment Power	1,914.21	6,028.22	33,600.00	27,571.78	18%
4276-0161	Central Water Treatment Property...			18,569.00	18,569.00	0%
4276-0155	Central Water Treatment Fuel			2,000.00	2,000.00	0%
Total Central Water Treatment Ex...		5,685.74	19,775.91	135,189.00	115,413.09	15%
Stewartsville Water Expenses:						
4280-0100	Stewartsville Water Supplies		363.63	2,000.00	1,636.37	18%
4280-0110	Stewartsville Water Contracted Se...	160.00	560.00	2,700.00	2,140.00	21%
4280-0140	Stewartsville Water Communicatio...	18.22	54.66	300.00	245.34	18%
4280-0150	Stewartsville Water Power	13.21	42.04	300.00	257.96	14%
4280-0161	Stewartsville Water Insurance			666.00	666.00	0%
4280-0240	Stewartsville Water Sampling and...	33.41	250.32	1,500.00	1,249.68	17%
4280-0300	Stewartsville Water Purchased	2,743.12	5,769.40	27,650.00	21,880.60	21%
4280-0410	Stewartsville Water VDH Fees		415.95	416.00	0.05	100%
4280-0101	Stewartsville Meter Installations			500.00	500.00	0%
4280-0115	Stewartsville Water Repairs & Imp...			2,500.00	2,500.00	0%
Total Stewartsville Water Expenses		2,967.96	7,456.00	38,532.00	31,076.00	19%
Forest Sewer Expenses:						
4290-0100	Forest Sewer Supplies	989.45	12,927.93	65,000.00	52,072.07	20%
4290-0105	Forest Sewer Chemicals	3,150.00	13,431.90	87,000.00	73,568.10	15%
4290-0110	Forest Sewer Contracted Services	1,369.55	8,068.06	104,500.00	96,431.94	8%
4290-0140	Forest Sewer Communications	141.01	356.65	3,600.00	3,243.35	10%
4290-0150	Forest Sewer Power	3,400.77	8,967.53	37,200.00	28,232.47	24%
4290-0161	Forest Sewer Insurance			5,025.00	5,025.00	0%
4290-0350	Forest Sewer Treatment Costs	25,000.00	75,000.00	300,000.00	225,000.00	25%
4290-0115	Forest Sewer Repairs & Improvem...			2,000.00	2,000.00	0%
4290-0155	Forest Sewer Fuel Expense			5,000.00	5,000.00	0%
4290-0240	Forest Sewer Testing			500.00	500.00	0%
Total Forest Sewer Expenses		34,050.78	118,752.07	609,825.00	491,072.93	19%
Central Sewer Collection System Expenses:						
4291-0100	Central Sewer Supplies	4,434.68	12,309.45	70,000.00	57,690.55	18%
4291-0110	Central Sewer Coll System Contra...	1,085.00	2,740.00	84,500.00	81,760.00	3%
4291-0150	Central Sewer Power	567.75	1,852.71	55,000.00	53,147.29	3%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
4291-0115	Central Sewer Repairs & Improve...			104,000.00	104,000.00	0%
4291-0155	Central Sewer Fuel Costs			5,000.00	5,000.00	0%
4291-0240	Central Sewer Sampling & Testing			250.00	250.00	0%
	Total Central Sewer Collection Sy...	6,087.43	16,902.16	318,750.00	301,847.84	5%
Central Sewer Treatment Expenses:						
4293-0100	Center Sewer Treatment Supplies	404.91	27,965.15	73,000.00	45,034.85	38%
4293-0105	Center Sewer Treatment Chemicals	8,104.80	17,088.55	127,000.00	109,911.45	13%
4293-0110	Center Sewer Treatment Contract...	833.00	5,376.75	95,000.00	89,623.25	6%
4293-0115	Center Sewer Sludge Tipping Fees	706.37	2,764.20	45,000.00	42,235.80	6%
4293-0140	Center Sewer Treatment Commun...	972.20	1,821.43	7,200.00	5,378.57	25%
4293-0150	Center Sewer Treatment Power	98.70	38,481.53	228,000.00	189,518.47	17%
4293-0161	Center Sewer Treatment Property...			15,450.00	15,450.00	0%
4293-0240	Center Sewer Treatment Samplin...	691.89	5,332.75	25,000.00	19,667.25	21%
4293-0411	Center Sewer DEQ Charges		9,379.00	9,400.00	21.00	100%
4293-0155	Central Sewer Fuel			1,500.00	1,500.00	0%
	Total Central Sewer Treatment Ex...	11,811.87	108,209.36	626,550.00	518,340.64	17%
Moneta Sewer Collection System Expenses:						
4292-0100	Moneta Sewer Supplies	224.91	299.81	10,250.00	9,950.19	3%
4292-0105	Moneta Sewer Chemicals		1,392.54	2,000.00	607.46	70%
4292-0110	Moneta Sewer Contracted Services	160.00	2,828.62	3,050.00	221.38	93%
4292-0150	Moneta Sewer Power	1,047.75	2,470.04	12,000.00	9,529.96	21%
4292-0115	Moneta Sewer Repairs & Improve...			400.00	400.00	0%
4292-0155	Moneta Sewer Fuel Costs			3,500.00	3,500.00	0%
4292-0240	Moneta Sewer Sampling & Testing			600.00	600.00	0%
	Total Moneta Sewer Collection Sy...	1,432.66	6,991.01	31,800.00	24,808.99	22%
Moneta Sewer Treatment Expenses:						
4294-0100	Moneta Sewer Treatment Supplies	197.85	497.28	30,000.00	29,502.72	2%
4294-0105	Moneta Sewer Treatment Chemic...		1,464.90	9,000.00	7,535.10	16%
4294-0110	Moneta Sewer Contracted Services		1,000.00	21,500.00	20,500.00	5%
4294-0115	Moneta Sewer Sludge Tipping Fees	308.51	1,431.02	15,000.00	13,568.98	10%
4294-0140	Moneta Sewer Treatment Commu...	132.60	265.20	1,980.00	1,714.80	13%
4294-0150	Moneta Sewer Treatment Power	3,241.06	6,514.98	43,200.00	36,685.02	15%
4294-0161	Moneta Sewer Treatment Property...			6,417.00	6,417.00	0%
4294-0240	Moneta Sewer Treatment Samplin...	658.70	2,333.68	20,000.00	17,666.32	12%
4294-0411	Moneta Sewer DEQ Charges		2,889.00	3,000.00	111.00	96%
4294-0155	Moneta Sewer Fuel			350.00	350.00	0%
	Total Moneta Sewer Treatment Ex...	4,538.72	16,396.06	150,447.00	134,050.94	11%
Montvale Sewer Expenses:						
4295-0100	Montvale Sewer Supplies	88.59	88.59	6,000.00	5,911.41	1%
4295-0110	Montvale Sewer Contracted Servi...	280.00	2,080.00	10,000.00	7,920.00	21%
4295-0140	Montvale Communications	18.22	54.66	300.00	245.34	18%
4295-0150	Montvale Sewer Power	10.21	69.85	360.00	290.15	19%
4295-0161	Montvale Sewer Insurance			1,570.00	1,570.00	0%
4295-0240	Montvale Sewer Sampling & Testi...	16.80	197.19	7,000.00	6,802.81	3%
4295-0411	Montvale Sewer DEQ charges		2,311.00	2,400.00	89.00	96%
4295-0105	Montvale Sewer Chemicals			1,500.00	1,500.00	0%
4295-0155	Montvale Sewer Fuel Costs			250.00	250.00	0%
	Total Montvale Sewer Expenses	413.82	4,801.29	29,380.00	24,578.71	16%
Mariners Landing Sewer Expenses:						
4340-0100	Mariners Landing Sewer Supplies	853.47	2,331.32	16,000.00	13,668.68	15%
4340-0110	Mariners Landing Sewer Contract...	2,925.00	17,689.00	28,400.00	10,711.00	62%
4340-0150	Mariners Landing Sewer Power	2,310.36	6,527.51	27,000.00	20,472.49	24%
4340-0105	Mariners Landing Sewer Chemicals			4,500.00	4,500.00	0%
4340-0140	Mariners Landing Sewer Commun...			300.00	300.00	0%
4340-0155	Mariners Landing Sewer Fuel Costs			4,200.00	4,200.00	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

		<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
4340-0161	Mariners Landing Sewer Property...			1,570.00	1,570.00	0%
4340-0240	Mariners Landing Sewer Sampling...			2,400.00	2,400.00	0%
4340-0411	Mariners Landing Sewer DEQ Per...			2,400.00	2,400.00	0%
	Total Mariners Landing Sewer Exp...	6,088.83	26,547.83	86,770.00	60,222.17	31%
Cedar Rock Sewer Expenses:						
4350-0100	Cedar Rock Sewer Supplies	23.27	3,877.20	5,000.00	1,122.80	78%
4350-0110	Cedar Rock Sewer Contracted Ser...	10,725.00	10,975.00	8,000.00	(2,975.00)	137%
4350-0140	Cedar Rock Sewer Communication	72.81	242.15	300.00	57.85	81%
4350-0150	Cedar Rock Sewer Power	425.96	861.64	5,100.00	4,238.36	17%
4350-0240	Cedar Rock Sewer Sampling & Te...	16.80	190.95	2,400.00	2,209.05	8%
4350-0411	Cedar Rock Sewer DEQ Permit F...		2,311.00	2,400.00	89.00	96%
4350-0105	Cedar Rock Sewer Chemicals			700.00	700.00	0%
4350-0155	Cedar Rock Sewer Fuel Costs			600.00	600.00	0%
4350-0161	Cedar Rock Sewer Property Insur...			1,570.00	1,570.00	0%
	Total Cedar Rock Sewer Expenses	11,263.84	18,457.94	26,070.00	7,612.06	71%
Schools Sewer Expenses:						
4300-0100	Schools Operations Supplies	419.95	436.85	10,000.00	9,563.15	4%
4300-0105	Schools Chemicals		208.75	10,000.00	9,791.25	2%
4300-0240	Schools Sampling and Testing	1,778.89	1,778.89		(1,778.89)	0%
4300-0110	Schools Contracted Services			15,000.00	15,000.00	0%
	Total Schools Sewer Expenses	2,198.84	2,424.49	35,000.00	32,575.51	7%
Mariners Landing Expenses:						
4315-0100	Mariners Landing Water Expenses	507.12	577.76	6,868.00	6,290.24	8%
4315-0140	Mariners Landing Water Communi...	86.69	296.36	300.00	3.64	99%
4315-0150	Mariners Landing Water Power	76.47	1,967.14	11,925.00	9,957.86	16%
4315-0240	Mariners Landing Sampling Expen...	202.06	493.67	2,400.00	1,906.33	21%
4315-0410	Mariners Landing Water VDH Fees		1,059.05	1,162.00	102.95	91%
4315-0110	Mariners Landing Water Contracte...			2,000.00	2,000.00	0%
4315-0155	Mariners Landing Water Fuel Costs			2,800.00	2,800.00	0%
4315-0161	Mariners Landing Water Insurance			1,200.00	1,200.00	0%
	Total Mariners Landing Expenses	872.34	4,393.98	28,655.00	24,261.02	15%
Franklin County Operations:						
4320-0100	Franklin County Supplies	1,203.63	4,628.64	7,000.00	2,371.36	66%
4320-0105	Franklin County Chemicals	1,045.21	5,437.34	9,000.00	3,562.66	60%
4320-0240	Franklin County Sampling & Testi...	201.50	2,745.09	20,000.00	17,254.91	14%
	Total Franklin County Operations	2,450.34	12,811.07	36,000.00	23,188.93	36%
	Total Operating Expenditures	692,813.00	2,063,443.61	10,619,950.90	8,556,507.29	19%
Depreciation:						
4400-0810	Office Depreciation			151,840.00	151,840.00	0%
4400-0811	Information Systems Depreciation			48,933.00	48,933.00	0%
4400-0812	Vehicles and Equipment Depreciat...			147,568.00	147,568.00	0%
4400-0813	Forest Water Depreciation			573,566.00	573,566.00	0%
4400-0814	Lakes Water Depreciation			263.16	263.16	0%
4400-0815	SML Central Depreciation			329,609.00	329,609.00	0%
4400-0816	Stewartsville Water Depreciation			48,895.00	48,895.00	0%
4400-0817	Forest Sewer Depreciation			511,568.00	511,568.00	0%
4400-0818	Montvale Sewer Depreciation			80,336.00	80,336.00	0%
4400-0819	Amortization Expense			1,000.00	1,000.00	0%
4400-0820	Studies Depreciation Expense			35,410.00	35,410.00	0%
4400-0821	Moneta Sewer Depreciation			444,330.00	444,330.00	0%
4400-0822	Central Sewer Depreciation			415,564.00	415,564.00	0%
4400-0823	Center Water Depreciation			438,551.00	438,551.00	0%
4400-0824	SML Water Treatment Facility Dep...			3,992.00	3,992.00	0%

Bedford Regional Water Auth.
Summary of Revenue & Expenditures
For the Three Months Ending Wednesday, September 30, 2020

	<u>Month</u>	<u>FY 20-21 YTD</u>	<u>FY 20-21 Budget</u>	<u>Remaining On Budget</u>	<u>Goal: 25%</u>
Total Depreciation			3,231,425.16	3,231,425.16	0%
Lynchburg Debt Service Paid:					
4500-0640 Lynchburg Sewer Interest			262.00	262.00	0%
Total Lynchburg Debt Service Paid			262.00	262.00	0%
2012 VRA Interest:					
4500-0645 VRA 2012 Interest (2005 refunding)	78,796.88	78,796.88	139,400.00	60,603.12	57%
Total 2012 VRA Interest	78,796.88	78,796.88	139,400.00	60,603.12	57%
2014 VRA Interest:					
4500-0660 VRA 2014 Interest (2005 Refundin...	38,640.63	38,640.63	77,281.00	38,640.37	50%
Total 2014 VRA Interest	38,640.63	38,640.63	77,281.00	38,640.37	50%
2015 VRA Interest:					
4500-0665 VRA 2015 Interest	533,318.75	533,318.75	1,058,563.00	525,244.25	50%
Total 2015 VRA Interest	533,318.75	533,318.75	1,058,563.00	525,244.25	50%
Assumed Debt from City:					
4500-0650 Assumed Debt from Town- Interest		39,544.75	80,070.00	40,525.25	49%
Total Assumed Debt from City		39,544.75	80,070.00	40,525.25	49%
VRA 2019 Interest:					
4500-0670 VRA 2019 Refunding Interest	69,828.13	69,828.13	117,491.00	47,662.87	59%
Total VRA 2019 Interest	69,828.13	69,828.13	117,491.00	47,662.87	59%
Total Interest and Debt Service	720,584.39	760,129.14	1,473,067.00	712,937.86	52%
Total Exp., Depr. and Debt Servi...	1,413,397.39	2,823,572.75	15,324,443.06	12,500,870.31	18%
Total Revenues Less Oper Expense	(1,747,231.78)	(3,352,713.19)	(628,110.94)	2,724,602.25	534%
Gross Cash Before Capital Exp	(1,747,231.78)	(3,352,713.19)	(628,110.94)	2,724,602.25	534%
Less non-debt Capital Contributions		(25,956.73)	(220,000.00)	(194,043.27)	12%
Earnings/(loss) before BRWA Capit...	(1,747,231.78)	(3,326,756.46)	(408,110.94)	2,918,645.52	815%

BRWA Cash Flow Analysis- SunTrust Checking Account

Description	July-20	August-20	September-20	October-20	November-20	December-20	January-21	February-21	March-21	April-21	May-21	June-21	YTD Total
Starting Balance	\$ 2,136,501.19	\$ 2,471,838.17	\$ 2,766,224.08										
DEBITS													
Debits from Operations													
Capital Contributions/Asset Sales and Dispos	\$ 5,118.00	\$ 25,675.00	\$ -										\$ 30,793.00
Cash From Operations	\$ 1,339,885.55	\$ 1,431,050.59	\$ 1,394,976.43										\$ 4,165,912.57
Total Cash from Operations:	\$ 1,345,003.55	\$ 1,456,725.59	\$ 1,394,976.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,196,705.57
Debits from Non-Operating Sources													
County CIP Debt Service	\$ -	\$ -	\$ 1,762,265.64										\$ 1,762,265.64
Transfers from Reserve Accounts	\$ -	\$ -	\$ -										\$ -
Transfers from SNAP Project Fund	\$ -	\$ -	\$ -										\$ -
Transfers from Escrow Account	\$ -	\$ -	\$ -										\$ -
Transfers from Capital & Replacement Fund	\$ -	\$ -	\$ -										\$ -
Transfers in Deposit Refund Program Fund	\$ -	\$ -	\$ -										\$ -
Transfers from Economic Dev. Fund	\$ -	\$ -	\$ 50,000.00										\$ 50,000.00
Transfers In Debt Service Fund	\$ -	\$ -	\$ 1,293,318.75										\$ 1,293,318.75
Total Cash from Non Operating:	\$ -	\$ -	\$ 3,105,584.39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,105,584.39
Total Debits (Oper. and Non-Oper.)	\$ 1,345,003.55	\$ 1,456,725.59	\$ 4,500,560.82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,302,289.96
CREDITS													
Credits for Operating Expenditures	\$ 729,149.57	\$ 704,205.16	\$ 1,130,343.01										\$ 2,563,697.74
Credits for Non-Operating Expenditures													
Payments on Capital Projects	\$ 5,900.00	\$ 60,594.74	\$ 8,240.00										\$ 74,734.74
Payments on Debt Service	\$ -	\$ 116,657.50	\$ 3,055,584.39										\$ 3,172,241.89
Transfers to Debt Service Account	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00										\$ 600,000.00
Transfers to Capital Account	\$ -	\$ -	\$ -										\$ -
Transfers to Replacement Fund	\$ 74,617.00	\$ 71,174.00	\$ 63,860.34										\$ 209,651.34
Transfers to Deposit Refund Program	\$ -	\$ -	\$ -										\$ -
Transfers to Investment Account	\$ -	\$ -	\$ -										\$ -
Transfers to Escrow Account	\$ -	\$ -	\$ -										\$ -
Transfers to SML WTF Depreciation Fund	\$ -	\$ -	\$ -										\$ -
Payments/Transfers to Economic Development Fund	\$ -	\$ 9,708.28	\$ 7,795.14										\$ 17,503.42
Total Non-Operating Expenditures:	\$ 280,517.00	\$ 458,134.52	\$ 3,335,479.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,074,131.39
Total Credits (Oper. and Non-Oper.)	\$ 1,009,666.57	\$ 1,162,339.68	\$ 4,465,822.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,637,829.13
Ending Cash Balance	\$ 2,471,838.17	\$ 2,766,224.08	\$ 2,800,962.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

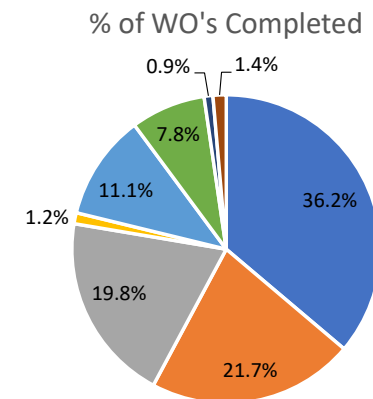
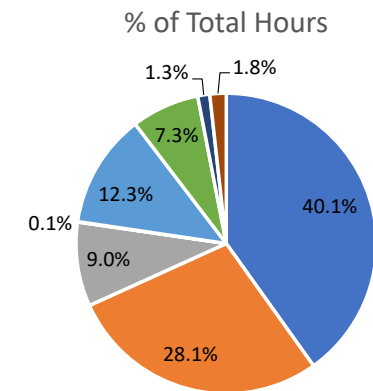
Capital Improvement Projects (CIP) Tracking																			
ID	Task Name	Duration	Start	Finish	Budget	Spent	Remaining	% Done	Notes	Manager	2019		2020			2021			
											Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
0	Total Active CIP Projects				\$3,309,000.00	\$839,691.21	\$2,469,308.79	55%											
1	FY 2018-2019 CIP																		
2	Mariners Waterline Connection- Design	16 wks	Mon 7/2/18	Fri 10/19/18	\$45,000.00	\$22,700.00	\$22,300.00	100%	Design Complete. Construction is #34 below.	English									
3	Country Estates Neighborhood Line Extension	41.5 wks	Mon 12/24/18	Tue 6/30/20	\$108,000.00	\$64,286.00	\$43,714.00	9%	Easements recorded; CIP crew is beginning construction	English,Ch									
4	Office Improvements- Parking Lot Design	91 wks	Mon 7/2/18	Fri 3/27/20	\$50,000.00	\$41,108.00	\$8,892.00	70%	E&S approvals received pending permit. See #5 & #16 below.	English									
5	Office Improvements- Parking Lot Construction and Storm water Facilities. Funding increased with #21 below.	30 wks	Mon 3/30/20	Fri 10/23/20	\$200,000.00	\$0.00	\$200,000.00	0%	VDOT comments received with entrance waiver under review.	English									
6	Lake Vista Sewer Line Extension- Preliminary Engineering Report (PER)	20 wks	Mon 12/3/18	Fri 4/19/19	\$60,000.00	\$45,700.00	\$14,300.00	100%	Final report received. Project complete.	English									
7	Office Improvements- Admin Building- Flooring and Painting	26.8 wks	Mon 1/28/19	Thu 8/1/19	\$70,000.00	\$114,259.00	(\$44,259.00)	100%	Includes cost of moving and setting up new mobile units from Forest Middle School. Also added security cameras, and office furniture..	Key									
8	Purchase Track Skid Steer Loader	8.6 wks	Wed 7/17/19	Fri 9/13/19	\$70,000.00	\$75,502.00	(\$5,502.00)	100%	Purchase complete.	Cherro									
9	FY 2019-2020 CIP		Sat 7/1/17		\$2,706,000.00	\$476,136.21	\$2,229,863.79	52%											
10	Supplies and Tools		Sat 7/1/17		\$45,000.00	\$32,118.00	\$12,882.00	93%											
11	Customer Service Gateway antennae's	2 wks	Tue 8/13/19	Mon 8/26/19	\$15,000.00	\$9,515.00	\$5,485.00	50%	Purchased, still need to install it.	Mclvor									
12	Vehicle for Water Operations	12 wks	Wed 4/1/20	Tue 6/23/20	\$30,000.00	\$22,603.00	\$7,397.00	100%	Vehicle is in use in the fleet	Cherro									
13	Site Upgrades				\$658,000.00	\$91,667.06	\$566,332.94	57%											
14	Main Office	63.8 wks	Tue 8/13/19	Fri 10/30/20	\$181,000.00	\$37,694.31	\$143,305.69	83%											
15	Engineering Assistant Manager desk	37.2 wks	Mon 9/2/19	Mon 5/18/20	\$6,000.00	\$0.00	\$6,000.00	100%	Paid for under #17 (same invoice)	English									
16	Additional funding for Parking Lot Construction (in addition to item #10 above)	16 wks	Mon 7/13/20	Fri 10/30/20	\$100,000.00	\$0.00	\$100,000.00	0%	Comments issued on site plan, waiting for revisions.	English									
17	Annex Cubicles and chairs	40 wks	Tue 8/13/19	Mon 5/18/20	\$75,000.00	\$37,694.31	\$37,305.69	100%	Installed/delivered and invoice received for payment	English									
18	Central Water Treatment Plant	2 wks	Tue 8/13/19	Mon 8/26/19	\$140,000.00	\$15,313.75	\$124,686.25	17%											
19	Central Water Control Valve replacements	12 wks	Mon 11/4/19	Fri 1/24/20	\$80,000.00	\$0.00	\$80,000.00	0%		Deitrich									
20	Design for booster station & finished line for customers served by Central WTP	23.4 wks	Mon 1/20/20	Tue 6/30/20	\$60,000.00	\$15,313.75	\$44,686.25	25%	Comments on 2nd submittal of Design Report and 30% Plans were sent to H&P on 8/7/2020. Submitted SRP Application on 8/7/2020.	Deitrich									
21	Central Wastewater Treatment Plant	2 wks	Tue 8/13/19	Mon 8/26/19	\$217,000.00	\$38,659.00	\$178,341.00	62%											
22	Patch and Seam asphalt	14 wks	Mon 3/16/20	Fri 6/19/20	\$30,000.00	\$0.00	\$30,000.00	0%	On hold due to COVID-19.	Ramsey									
23	PLC Controls- sand filter	10.6 wks	Mon 2/24/20	Wed 5/6/20	\$34,000.00	\$0.00	\$34,000.00	0%	On hold due to COVID-19.	Ramsey									
24	Central WWTP VFD's for EQ	31.8 wks	Tue 8/20/19	Fri 3/27/20	\$16,000.00														

OPERATIONS REPORT



September 2020 Work Orders
(excluding Meter Replacement Program)

Service Area	Hours	% of Total Hours	Completed Work Orders	% of WO's Completed
Central Sewer Collection	154.9	8.6%	24	5.5%
Central Sewer Treatment	137.7	7.7%	70	16.1%
Central Water Distribution	301.0	16.8%	36	8.3%
Central Water Treatment	126.7	7.1%	27	6.2%
Central Total:	720.3	40.1%	157.0	36.2%
Forest Sewer	89.3	5.0%	20	4.6%
Forest Water	414.9	23.1%	74	17.1%
Forest Total:	504.2	28.1%	94.0	21.7%
Moneta Sewer Collection	85.1	4.7%	8	1.8%
Moneta Sewer Treatment	77.3	4.3%	78	18.0%
Moneta Sewer Total:	162.4	9.0%	86.0	19.8%
Montvale Sewer Collection	1.0	0.1%	2	0.5%
Montvale Sewer Treatment	0.0	0.0%	3	0.7%
Montvale Sewer Total:	1.0	0.1%	5.0	1.2%
Office - Admin Building	0.0	0.0%	4	0.9%
Office - Annex Building	2.5	0.1%	5	1.2%
Other	218.2	12.2%	39	9.0%
Offices/Other Total:	220.7	12.3%	48.0	11.1%
SML Central Distribution	92.5	5.2%	10	2.3%
SML Treatment (SMLWTF)	38.8	2.2%	24	5.5%
SML Total:	131.3	7.3%	34.0	7.8%
Stewartsville Water Total:	23.3	1.3%	4	0.9%
BRWA Well Systems Total:	31.5	1.8%	6	1.4%
Grand Totals:	1794.6	100.0%	434	100.0%

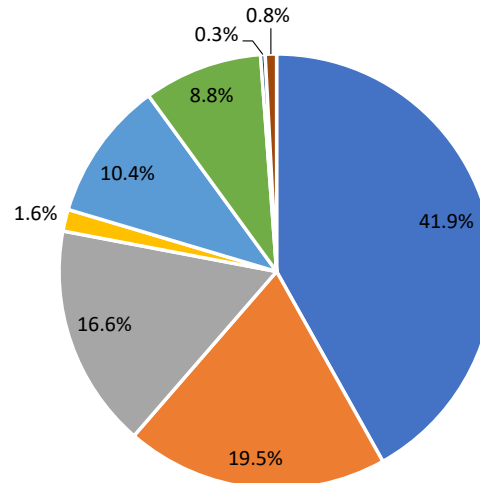




Work Order Summary **All Departments** **Running Totals Tracking Sheet**

Service Area	October '19	November '19	December '19	January '20	February '20	March '20	April '20	May '20	June '20	July '20	August '20	September '20	Running Total	Running Total %
Central	144	151	253	168	193	211	192	167	204	186	173	157	2199	41.9%
Forest	81	65	83	70	80	93	85	77	99	127	69	95	1024	19.5%
Moneta	39	30	71	76	105	80	65	61	83	93	83	86	872	16.6%
Montvale	2	4	4	9	14	8	9	11	6	4	9	5	85	1.6%
Offices/Other	19	11	35	39	57	68	48	52	47	64	55	50	545	10.4%
SML	42	29	33	49	52	43	34	38	36	39	35	34	464	8.8%
Stewartsville	1	1	1	1	2	3	3	1	0	0	1	4	18	0.3%
BRWA Well Systems	3	1	7	4	4	5	7	1	2	2	2	6	44	0.8%
Monthly Totals:	331	292	487	416	507	511	443	408	477	515	427	437	5251	100.0%

% of Work Orders Completed - Running Total



ADMINISTRATION REPORT



[Home](#) [News](#) [VRSA Blog](#) *Safety culture meets VOSH ETS: How the Bedford Regional Water Authority implemented new standards*

Safety culture meets VOSH ETS: How the Bedford Regional Water Authority implemented new standards

9/15/2020

By VRSA Senior Safety Consultant Edward Shelton

Many organizations seek to build a safety culture. The goal, of course, is to provide employees with the tools, resources, training, and supervision needed to ensure they can safely and effectively perform their jobs. This helps them provide valued and necessary services to citizens and customers.

At the Bedford Regional Water Authority (BRWA), building a safety culture is far more than a slogan.

Although the COVID-19 pandemic has created the necessity to change the way we go about our work, the BRWA has continued its dedication to employee safety and health.

Because of the nature of the work, and in compliance with the Virginia Occupational Safety and Health (VOSH) VOSH COVID-19 Emergency Temporary Standard (ETS), the BRWA developed a means to **electronically pre-screen employees** prior to entering the

workplace, as well as a means to simplify the process and remind employees to **complete the pre-screening prior to starting their shift.**



Utilizing Google forms, BRWA Marketing Communications Specialist Cody Lawhorn developed an electronic means for employees to conduct daily pre-screening through employee smartphones. Additionally, Lawhorn provided a QR code on the entry doors of all BRWA facilities for employees to simply scan in order to access the pre-screening form. This serves as a reminder for each employee prior to starting their shift.

Supervisors can verify that employees on shift have submitted their screening at the touch of a button, providing a verification step for the BRWA to ensure that employees are not only self-monitoring, but are not exhibiting symptoms of COVID-19 while at the workplace.

"The process of putting together our complete program was an administration team approach," said BRWA Safety Coordinator Darryl Burks. "The first step was informing our employees of the ETS, sending the standard out to everyone with mandatory implementation of face coverings and social distancing."

From there, the authority utilized the VOSH ETS training template by VRSA, customized with their policies, and provided this training to employees.

Of course, complying with one standard is not the mark of a culture of safety.

The BRWA is going above and beyond with the development and implementation of an employee-led safety committee helmed by Burks. In working with all levels of employees, the safety committee started from the ground up building the organization's safety mission and focus on workplace safety measures.

"We support our mission by providing quality service in a safe environment," said BRWA Human Resources Manager Melissa Meador. "The mission of this safety committee is to actively promote a healthy and safe work environment for all employees and our community in all aspects of water and wastewater treatment within the BRWA by way of education, communication and safe work practices."

Actions speak much louder than words. Even in this time of COVID-19 protections, the BRWA hosted a physically distanced OSHA 10 Hour Construction Course at their Smith Mountain Lake Water Treatment Facility. This class was facilitated by VRSA Senior Safety Consultants Eddie Shelton and Vinny Gallo.



"To us, safety is never an option, it is a necessity," said BRWA Director of Administration Megan Aubrey. "COVID has tested our flexibility and creativity in problem-solving and figuring out the best way to implement new safety measures, as well as coming up with creative ideas for implementation of trainings."

With the OSHA 10 course, the BRWA has shown that flexibility, creativity, and effective planning can allow for an organization to continue building a culture of safety, even while operating in the COVID-19 environment. It further demonstrates the dedication to safety in that attendees of this course consisted of front-line employees, supervisors, and managers.

A culture of safety is not built on one person.

It is built throughout an organization from the director level all the way down to the employee who was just hired.

"We didn't put safety on the shoulders of one person," said Aubrey.

When building a culture around safety, every employee needs to be empowered to understand; be trained in; and speak up in matters involving employee safety and health. The BRWA provides this opportunity through their safety committee, as well as training offerings that go above and beyond OSHA and VOSH minimum standards.

Many people look at safety in terms of cost. When building an organization focused on safety, risk management becomes an investment.

Sure, there are actual financial costs to safety; however, there are financial costs for failure to provide a safe and healthy work environment.

Yes, conducting classes does remove personnel from the field for the duration of the class. However, risk management and safety is not about cost... it is about investing in your organization's future.

The American Society of Safety Engineers (ASSE) reports that investing in safety: creates a positive public image; prevents financial costs involved with regulatory agencies (VOSH, DEQ, etc.); results in a reduction in workers' compensation over time; and increases the morale of employees.

From a dollars and cents standpoint, ASSE reports that for every dollar effectively invested into safety, organizations will save \$4 – \$6 in the long term. The BRWA fully understands that building a culture of safety is no accident; it is a long-term, strategic investment in the safety and health of employees.

Two of VRSA's senior safety consultants previously worked for VOSH, allowing VRSA members to draw on their experience for understanding of these new regulations – as well as the VOSH inspection process. Since the standard was announced, staff have presented several webinars, hosted regional and entity-specific roundtable discussions, developed programs and training templates, and provided consulting to assist members in implementing the standard.

For more information on how VRSA's staff can assist your organization with the VOSH ETS, contact your VRSA Risk Services Safety Consultant.

VRSA Blog



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ABOUT US

COVERAGES

SERVICES

Bedford County to grant funding toward Bedford Regional Water Authority's Forest sewer project

Shannon Kelly
Sep 19, 2020

In a Monday evening work session, Bedford County supervisors discussed the Bedford Regional Water Authority's request for county financial assistance to fund a \$12.53 million project constructing a gravity line from its Forest sewer pump station to Lynchburg's regional wastewater treatment plant.

Last month, the authority told supervisors the Forest sewer pump station was at critical capacity and in immediate need of the gravity line project to prevent the system from overflowing. The Forest sewer pump station is unable to take on more customers under current conditions. The gravity line provides a long-term solution.

The authority originally asked the county for \$500,000 annually over for the next six years to fund the gravity line project. Because of its current debt repayment on a separate loan for a different project, the authority is unable to obtain a new loan until 2023.

The county will grant \$500,000 to the authority annually for the next three years. In 2023, the authority will take over and cover remaining costs by procuring a new loan when it is free to do so. The county will give an additional \$1.5 million from general funds to kickstart the project immediately.

With a grant, the authority will not have to increase customer connection costs as it would need to if repaying a loan. Supervisors agreed keeping connection costs as low as possible would be ideal, be less likely to scare off potential new customers in a growing area of the county and encourage economic development.

Supervisor John Sharp said the county has a "vested interest" in making sure infrastructure, such as adequate sewer systems, are in place to foster growth.

Bedford Bulletin

Serving All of Bedford City & County Since 1857

VOL. 60 No. 28 WEDNESDAY, SEPTEMBER 30, 2020

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20 PAGES

TWO SECTIONS

\$1.00

Broadband Authority

The supervisors, acting in their capacity as the Broadband Authority, voted 6-1 to dissolve the Broadband Advisory Committee. At present, only three or four members regularly participate in the Committee's meetings. Davis, as a member of the Broadband Authority attended one committee meeting shortly after taking his seat on the board of supervisors and the Authority. He said he saw all he needed to see at that meeting.

Davis said nothing constructive came out of the meeting and it consisted of nothing but a "wholesale roasting of Mr. Hiss and [Bedford Regional Water Authority director] Brian Key." He said he was in favor of disbanding the committee.

District 1 Supervisor Mickey Johnson cast the lone dissenting vote. He suggested that, if there is a problem with people on the Committee, they should replace those people rather than dissolve the committee.

After the vote, the supervisors voted to appoint Davis and District 2 Supervisor Edgar Tuck as a Board of Supervisors Broadband Committee.

ENGINEERING REPORT

Current Projects

Bedford Regional Water Authority

Job #	2012001	Job Type:	Water & Sewer	Location	Central County/Bedford City	Last updated on:	
Job Name	Harmony in Bedford Site 1						9/3/2020
Description	49.47 AC in County & 9.61 AC in City. Concept for proposed subdivision for 58 single family lots, 181 TH's & 5 commercial lots (EXCLUDING the US Army Corps of Eng Site).					Department Contact:	S Foster
Status	TRC 1/12/12. Design Plan 01 & \$350 Review Fee rec'd 8/30/12. Courtesy comments issued 10/12/12. 2nd submittal rec'd 12/11/12 - not to PSA stds. Courtesy comments 02 issued 12/12/12. SWF/RBE met w/ Norm Walton 12/13/12. As-built 01 rec'd 11/13/13. 7/5/17 - Steve called George Aznavorian for 'annual' check on status. George was of the opinion all is done and he is willing to sign BOSQC & to contact Tom Hall with questions; stated that Tom Hall or P&O could provide as-builts if still outstanding. George also disclosed plans for a hotel coming in Fall 2017 (60-65 units). 7/17/17 - Shannell & Steve walked Phase 1 & went through project files to determine outstanding items & will compile comprehensive list w/in next three weeks as requested by RBE. "Annual" letter to be sent to Developer with comprehensive list of outstanding items in early August 2017. As-Built 02 rec'd 11/9/17. Esmnt Exhibit 01 Comments issued 12/6/17. As-Built 03 rec'd 1/17/18. 9/24/18 reached out to developer via email with outstanding project close out items. Annual project close out requirements letter mailed 9/3/20.						
Job #	2013086.2	Job Type:	Other	Location	Central - Bedford	Last updated on:	
Job Name	Route 43 - Stoney Creek Bridge VDOT Improvement						7/10/2020
Description	VDOT improvements to bridge over Stoney Creek. VDOT project 0043-009-738. VDOT Structure 1010. Near Pump Station 6 and Big Otter River Intake. Affects wells for Central system. See 2013086.1 for Big Otter crossing at Pump Station 6					Department Contact:	S Dade
Status	Plans received 3/10/17. Relocation of sewer lines as part of the project. Easement documents executed and returned 7/31/17. Plan revision 2 returned for comments on 8/29/17. Final Easement drawing rec'd 10/2/17. Final plans received for review 1/3/18. Executed Agmts mailed to VDOT 2/26/18. Project advertised Spring 2018. Sewer line relocation began 10/18/2018. Construction halted due to stream crossing permit requirements (fish study results). Construction planned to resume June 2019. Construction and testing complete. Working to gather close-out documents						
Job #	2015058	Job Type:	Water & Sewer	Location	Forest	Last updated on:	
Job Name	Corporate Park Drive Extension - Design						7/24/2020
Description	Proposed extension of Corporate Park Drive to connect to Route 221 (Forest Rd) at Elkton Farm Road intersection. Reference Forest Square Offsite Sewer 2003122, and Forest Square Sewerage Facilities plans dated 1-1994					Department Contact:	S Dade
Status	Rhonda met with County and H&P on 7/8/15 to discuss impacts to existing sewer lines affected by the proposed roadway and grading. Dsgn 01 rec'd 11/15/16. Meeting held 11/20/17 to discuss comments and rerouting of sewer for maintenance ability under proposed VDOT roadway. Dsgn 02 rec'd 4/5/18. Comments emailed to engineer 4/20/18. Dsgn 03 rec'd 8/28/2018. Comments emailed to Engineer 9/18/2018. Dsgn 04 rec'd 10/15/2018. Plans ready for approval and Developers Agreement sent to Bedford County 10/31/2018. Dsgn 05 rec'd 11/27/18. Shop Drawings 01 rec'd 2/13/19. Shop Drawings 02 rec'd 3/28/19. Developers Agreement Executed 4/24/19. Met with County, VDOT & H&P 5/24/19 to discuss rock issues and sewer redesign; redesign rec'd 5/24 and comments issued 6/3. Redesign approved 7/2/19 pending easement and limited access acknowledgement if casing not used at driveway entrance. Esmts recorded 8/22/19. Construction complete. Completed testing of the 12" sanitary sewermain from manhole "E", "I", "J", and "H". Manhole J03 removed 10/15/219 and existing sanitary sewer is now connected to new sanitary sewer alignment. Testing complete; puchlist mailed 2/10/20. Punchlist mailed 7/24/20.						
Job #	2016062	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	Kitsmont Subdivision - Design						4/23/2020
Description	New construction of approximately 4,100 LF of WL and appurtenances for 52 lots.					Department Contact:	S Dade
Status	TRC 8/11/16; rec'd 8/4/16. TRC 5/11/17; rec'd 5/5/17. FF Test Fee rec'd 5/15/17. Design 01 rec'd 6/21/17. Base Review Fee rec'd 6/22/17. Design 01 comments & Dev Pkg issued 7/5/17. Dsgn 02 rec'd 10/2/17. Dev Agmt & Review Fees rec'd 11/29/17. Dsgn 02 comments issued 11/30/17. Dsgn 03 rec'd 3/2/18. Re-Review Fee rec'd 3/23/18. Review 03 comments issued 3/27/18. Dsgn 04 rec'd 6/12/18; Re-Review Fee rec'd 6/19/18. Comments issued 7/23/18. Dsgn 05 rec'd 3/4/19. Awaiting \$200.00 Re-review fee 3/4/19. Dsgn 05 formally withdrawn, next submittal will be treated as Dsgn 05. Re-Review fee for submittal 5 received 3/15/19. Revised Design submittal 05 rec'd 3/18/15. Design 05 & Calc 03 submittal review comments issued 5/10/19. Design & Calc submittal 06 rec'd 10/3/19. \$200.00 Re-review fee rec'd 10/4/19. Comments issued 10/16/19. Met w/ Surveyor & Engineer to go over comments 10/21/19. Re-review fee rec'd 1/29/20. Dsgn 07 rec'd 1/30/20. Dsgn 07 approvable as of 2/26/20; email sent 2/27/20. Construction Cost Estimate rec'd 2/25/20; Calc 06 comments issued 3/2/20; Surety Rqmnt sent 3/2/20. Calc 07 approved 3/5/20. Surety LOC# 353 rec'd 3/18/20. Inspection fee rec'd 3/30/20. Shop Dwgs appv'd 3/24/20; Plans Approved and C2C issued to Inspector 3/30/20. C2C issued 3/31/2020. VDH Water Cert completed 4/23/20 (See 2020-003)						
Job #	2017058	Job Type:	Fire Flow Meter	Location	Forest	Last updated on:	
Job Name	Forest Enterprises LLC - Site Plan						5/11/2020
Description	Develop a 30,000 SF commercial warehouse building with parking.					Department Contact:	S Dade
Status	TRC 7/27/17. Site Plan 01 rec'd 2/8/18. Comments issued 3/2/18. Site Plan 02 rec'd 4/4/18. Comments & Dev Pkg issued 5/3/18. Re-Review & FF Test Fees rec'd 5/14/18. Site Plan 03 rec'd 7/10/18. Review complete - no further comments. Need 3 additional copies for C2C purposes. Approval pending receipt of Agmt & Fees. 3 additional copies rec'd 7/22/19. Signed Agmt & Fees rec'd 7/29/19. Comments released 7/30/19 & status e-mail issued 7/30/19. Contractor to be CL Garbee, Cost Estimate rec'd, Surety Amount required sent to Developer 8/30/19. Surety rec'd 9/23/19 - LOC# 19-192. C2C issued 10/31/19. Developers Agrmt executed 10/31/19. Notice to proceed not issued to contractor due to grading. Fire flow meter vault installed. Sewer connection to be installed at a later date.						

Job #	2017060	Job Type:	Sewer	Location	Forest	Last updated on:	
Job Name	Burnbridge Sewer Extension - Design						10/6/2020
Description	Discussions of sewer extension along Burnbridge Road to serve commercial lots and allow for development of the area and expansion of existing development.					Department Contact:	C Ward
Status	Meetings held with County, Doyle Allen and Tom Scott to discuss gaining interest and financial support from property owners, and the EDA. Desire to have prepayment credit to offer property owners for their contribution. Public meeting held by County on 8/29/17 to discuss with adjoining property owners. Most interested in contributing if gravity available. Met with Doyle & Tom 10/18/17 to discuss alignment & funding assistance options; Tom & Doyle preparing requests for Board review. Sent info on 3/27/18, 5/22/18, & 7/2/18 regarding next steps & what to include in prepayment & funding assistance request. Rec'd draft request on 9/24/18 and returned comments; Board reviewed draft request at October 2018 meeting and remanded to committee to review once final request is received. Final request rec'd 11/27/18, to P&P Committee on 12/13/18. Board approved prepayment 1/2019; D. Allen informed on 1/24/19. Meetings held 4/12, 4/24, and 5/1 to discuss administering of project; T. Scott to manage with EDA collecting funds through Escrow Agreements and reimbursing costs through the project. Dsgn Plan 01 rec'd 5/7/19. Comments emailed 5/23/2019. Dsgn Plan 02 rec'd 5/31/19. Comments emailed 6/13/2019. Developers Agrmt rec'd 6/17/19. Dsgn 03 & Calcs rec'd 7/24/19. Comments emailed 8/6/19. Dsgn 04 & Calcs rec'd 9/12/2019. Comments emailed 9/18/2019. Public meeting held 11/6 to discuss status & funding; escrow payments & easements due 12/6. EDA received \$91k from property owners. Prepayment approval expired 1/15/20; resolution passed by Board in Jan for re-approval. H&P working with Aldridge consultant on alignment through property; prepayment agreements will be issued upon easement being received from Aldridge. County, EDA, and H&P giving Aldridge 3 months to provide easement to T Scott property in desired location. Aldridge refused easements; 4/3/2020 H&P reviewing alternate pressure sewer alignment along roadways. 6/22/2020. Preliminary FM Dsgn 01 rec'd 10/06/20. Plans intended for VDOT's review. Full set of plans to be sent in at a later date.						
Job #	2017075	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	Country Estates 2017 NLE						7/10/2020
Description	Request to extend water along Country Estates Drive.					Department Contact:	C Ward
Status	David Oneil of 1350 Country Estates Dr requested an NLE Package on 9/7/17 for his property along with 5 other houses. NLE package mailed 9/8/17. Petition received in 1/2018 from all property owners. Project was reviewed with Policies & Projects Committee in 2/2018. Proposed rates and CIP funds for project to be reviewed by Board in April/May 2018. Separate rates not established - 5/3/18. CIP funding approved for 2018-19; will work with legal counsel to prepare property owner agreements necessary for project commitment & liens. EMLed Sam for AOI revisions 8/17/18; revisions rec'd 8/31/18. Verified portion for additional property owner funding to be the remaining amount after consideration of Capital Recovery Fees; rough monthly cost given to S. Hodge on 11/30/18 of \$30/month for 11 property owners. EMLed additional AOI revisions to Sam on 2/1/19; last revisions sent to Sam on 3/18/19. Draft documents reviewed by S. Hodge; to be updated and sent to property owners to execute. AOI & Lien documents mailed 9/4/19. Rec'd 9 agreements (90%) & 7 payments (70%) as of 11/6/19 with only 10 participating lots; Rec'd 10 agreements (100%) & 7 payments (70%) as of 11/19/19 with only 10 participating lots. Project Go letters mailed 12/3/19 to property owners. H&P completed survey. Internal walk-through scheduled 12/12/20 in preparation of design. Rec'd Hodge signed esmt on 4/1/20. Review Package sent to WVWA for Local Program Review on 4/6/2020. Comments are due 4/17/2020. WVWA approved plan on 4/20. Plans were sent to the CIP to order materials on 4/21. Still waiting on County/VDOT approval. Esmts #200004979, #200004975, #200004976 & 200004977 recorded 5/18/20. Esmts #200005538, #200005537, #200005533, #200005534 & #20005536 recorded 6/1/20. Esmt #200006067 recorded 6/11/20. Letters to sign up for service emailed & mailed 6/17/20. Wet tap installed 6/30/2020						
Job #	2018023.1	Job Type:	Water	Location	Lakes / Huddleston	Last updated on:	
Job Name	Mariners Landing System Transfer - Waterline Extension						9/4/2020
Description	Waterline extension along SML Parkway to connect Mariners Landing water system to public system.					Department Contact:	S Dade
Status	Proposal approved 8/9/18 for survey and design of waterline extension. Preliminary alignment reviewed 10/10/18 with H&P. Plans rec'd 2/13/19, comments returned 6/19. Will not require County SRP submission. Plans rec'd 8/13/2019. Plans emailed to VDOT & Natrual Resources 8/20/19. Natrual Resources LDP Application form & approval rec'd 8/28/19 Comments emailed 8/29/19. Comments received from VDOT. Dsgn 03 rec'd 10/28/19. 12" Waterline installation and pressure testing complete on SML Parkway. Bac-t samples and PRV vault to be installed at a later date. Water Analysis samples rec'd 8/21/20. Water Analysis sample rec'd 8/31/20. ESMT #200009947 recorded 8/31/20. Water Analysis sample rec'd 9/4/20.						
Job #	2018034	Job Type:	Other	Location	Forest / Goode	Last updated on:	
Job Name	VDOT Everett Rd Bridge Replacement						3/19/2018
Description	Replacement of railroad bridge past Canary Street, involving grading work over existing waterline (from JN 2001-151). Additional fill over parts of waterline as well as a ditchline cut over a portion. 12" waterline & a service line present in work area.					Department Contact:	
Status	VDOT emailed preliminary drawings identifying potential grading concerns. BRWA to verify depth of waterline in areas of concern.						
Job #	2018055	Job Type:	Preliminary Plan	Location	Forest	Last updated on:	
Job Name	Cambridge Manor Estates - Preliminary Plan						7/6/2020
Description	Preliminary layout for Country Club Meadows subdivision. 156 single family lots on public water & private septic. Roads Connecting to Everett Road and 221. Currently planned for 2 phases. Previously known as "Country Club Meadows - Prelim Plan".					Department Contact:	S Foster
Status	Preliminary Plan 01 rec'd 5/9/18. TRC 5/22/18. Preliminary Plan 02 rec'd 12/07/18. Comments issued 1/16/19. Preliminary Plan 03 rec'd 2/19/20. Comments sent to Planning 3/4/20. Preliminary Plan 04 rec'd 6/29/20. Items noted are outside BRWA purview - therefore no BRWA comments on 4th submittal & BRWA ok for approval.						

Job #	2018062.2	Job Type:	Internal	Location	Bedford Central	Last updated on:	
Job Name	BRWA Administration Parking Lot - North						8/7/2020
Description	Addition of a parking lot at the north side of the BRWA administration facilities.					Department Contact:	R English
Status	Concept drawing received from W W 7/19/2019; awaiting approval of additional land from County. Design proposal received 7/24/19, revised 8/16, executed 8/26. Survey completed week of 8/26/19. Design concept rec'd 11/14/19, comments sent 12/3. County approved transfer of land, including a revised 150' strip where 115' previously added to lease. Additional revisions sent to W W 1/10 in reference to additional land and parking. Area graded for mobile unit was surveyed by W W on 2/20 to incorporate into final design. Plans submitted to County late April for review. Contract executed for additional costs due to changes requested. Received E&S approvals and comments from County on 1st plan submittal; VDOT comments rec'd 7/9/20 indicating waiver request for new entrance would require review by regional office and possibly another 3 month's review time. Revised plans were submitted for VDOT review on 8/4/20. Nutrient purchase agreement and invoice were received 8/3.						
Job #	2018086	Job Type:	Sewer	Location	Forest	Last updated on:	
Job Name	Sewer Force Main for TM# 118-A-6A - Design						10/6/2020
Description	Sanitary Force Main Plan and Profile for TM# 118-A-6A. Waterline Relocation added to project in 8th submittal (See 2018-086.1 for Waterline C2C/COC purposes)					Department Contact:	S Foster
Status	Dsgn01 rec'd 7/19/18 - Withdrawn 7/20/18 per Engineer. Treat next submittal as Dsgn01. Dsgn01 rec'd 8/13/18. Base Review Fee rec'd 8/16/18. Comments issued 8/27/18. Current design does not meet BRWA criteria for being public. Dsgn02 rec'd 10/30/18. 11/8/18 SWF Met w/ Norm and Tommy to discuss submittal. No formal review comments being issued for submittal 02. P&O will revise and resubmit per meeting discussion. Dsgn03 rec'd 11/15/18 with hard copies of calculations. When plans were opened on 11/29/18 they were exactly the same as previous submittal. Dsgn 03 was voided and an e-mail sent to Engineer requesting revised submittal. Dsgn 04 rec'd 11/29/18. Dsgn 04 comments issued 12/5/18; Calc 02 comments issued 12/6/18. Dev Pkg issued 12/6/18. Met w/ Engineer & Developer 12/6/18. BRWA soliciting necessary Easements. Dsgn 05 rec'd 5/6/19. Comments emailed to engineer 5/28/2019. Dsgn 06 & Re-review fee rec'd 6/5/19. Slip sheets rec'd 6/10/19. Dsgn 06 Comments issued 6/13/19. Signed Developers Agrmt & Review & Inspection fees rec'd 7/3/19. Dsgn 07 & Re-Review Fee rec'd 8/19/19. Plans approvable. VDOT LUP App submitted to VDOT. Finalizing calcs w/ P&O and Liberty. Cost Est received from P&O 11/20/19 in review. Cost Est comments issued 12/9/19. FM Calcs approved 12/9/19. Unforeseen site conditions require a section of existing 12' waterline to be relocated. Plans forthcoming. Dsgn 08 rec'd 3/10/20; Comments issued 4/7/20. Additional Dev Fee rqmnts being sent to Developer for additon of Waterline Relocation to project Scope (See 2018-086.1) Dsgn 09 rec'd 4/14/20. Dsgn 09 approvable. Lis of outstanding items for C2C included in formal Dsgn 09 comments e-mailed to Engineer & Developer 4/21/20. Additional req'd review & inspection fees for waterline relocation rec'd 5/8/20 (reference 2018-086.1), Surety reviewed & revised surety forthcoming. Bond #22BSBII2206 rec'd 5/15/20. 7/30/20 - Called Tommy & responded to e-mail of 7/29 requesting guidance for what is needed to move forward. Per Developer - Falwell Corp to construct water & Vision Directional Drilling proposed to construct FM. Rec'd Contractor Qualification Statement and app'vd Vision Directional Drilling for the FM construction. FM Shop Dwg submittal 1 rec'd & review comments issued. Still awaiting issuance of VDOT permit. VDOT Land Use Permit #216-28329 rec'd 10/6/20.						
Job #	2018086.1	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	221 Car Wash Waterline Relocation - Design						10/5/2020
Description	For C2C & COC purposes only. Reference 2018-086.					Department Contact:	S Foster
Status	2018-086 Design 08 received 3/9/20 added Waterline Relocation to scope of project. Additional Dev Fee rqmnts being sent 4/7/20 to Developer for additon of Waterline Relocation to project scope. Additional req'd review & inspection fees for waterline relocation rec'd 5/8/20 (reference 2018-086), Surety reviewed & revised surety forthcoming. Bond #22BSBII2206 rec'd 5/15/20. Per Developer 7/30/20 - Falwell Corp to construct water. Shop Dwgs app'd 10/1/20 for water only. C2C for Water Only issued to Inspector 10/5/20.						
Job #	2018092	Job Type:	Internal	Location	Boonsboro	Last updated on:	
Job Name	Blackburn Subdivision Water System Inquiry						4/8/2019
Description	Private water system serving 6 lots with master meter and booster pump station at the end of Fox Hollow Road. Property owners inquiring about BRWA taking over system, including aged and failing booster station.					Department Contact:	R English
Status	Met with Dunstan & Riley on 6/5/18 to view system in field. Contacted Falwell on 8/3/18 to get plans for the system. Can offer submetering now; can discuss possible contract operation only upon rebuild of booster pump station & waterline information received. 1/4/19: meeting scheduled for 3/4/19 with BRWA and Falwell to review system again for upgrades needed. Falwell did not attend; property owners requesting list of upgrades needed for BRWA to consider contract operation or acceptance.						
Job #	2018096	Job Type:	Site Plan w/ Existing Utilities	Location	Forest	Last updated on:	
Job Name	Route 221 Carwash - Site Plan						7/30/2020
Description	AKA Lightning McClean Carwash. Concept Plan for proposed car wash, 5,300 sf drive thru facility. Sewer will be made available via FM Extension Developer Project (JN 2018-086).					Department Contact:	S Foster
Status	TRC 8/28/18. Site Plan 01 rec'd 7/11/19. Comments issued 7/30/19. Site Plan 02 rec'd 3/10/20. Comments issued 4/7/20. BRWA has no additional Site Plan comments. BRWA cannot accept new customer signups for the project until 2018-086 is issued a C2C from BRWA. Site Plan 03 rec'd 4/15/20. Comments issued 4/24/20 (no further comments). Per phone conversation with Planning 7/30/20 the Site Plan has been approved by Planning.						

Job #	2018106	Job Type:	Sewer	Location	Forest	Last updated on:	
Job Name	NLBTC Lot 7 EDA Shell Building - Site/Design Plan						5/11/2020
Description	Subdiving for a Shell building proposed industrial facility.					Department Contact:	S Dade
Status	Concept plan rec'd 9/19/18. Site/Design Plan 01 rec'd 12/17/18. Comments posted 1/17/19. Developer Package issued 1/30/19. Dev Agmt and Review & Inspection Fees rec'd 3/21/19. Site/Design Plan 02 & Sanitary Sewer Calcs rec'd 4/10/19. Site/Design Plan 02 comments posted 4/15/2019. Shop Dwgs 01 rec'd 5/29/19. Shop Dwgs 02 rec'd 8/7/19. Construction and testing complete. Substantial walk-thru scheduled for week of 11/11/2019. Punchlist mailed 11/18/19. Awaiting close out documents (i.e. as-builts, bill of sale, etc.)						
Job #	2018125	Job Type:	Sewer	Location	Forest	Last updated on:	
Job Name	Forest Middle School Improvements - Site/Design						7/10/2020
Description	Proposed expansion and upgrades to the existing Forest Middle School. Project will include relocating portion of existing public sewer and addressing unmetered fire line.					Department Contact:	S Dade
Status	TRC 12/13/18. Concept plan 01 rec'd 12/13/18. Site/Design Plan 01 rec'd 02/01/19 & waiting on \$400 Base Review Fee. Met w/ Engineer, BCPS, Planning & VDOT 2/8/19. Per the meeting, BRWA is deferring review & comment until 2nd submittal - posted comment to that effect for 1st submittal. Base Review Fee rec'd 3/8/19. Fire Flow Test Fee rec'd 4/12/19. Site Plan 02 rec'd 4/23/19. Meeting held 5/16/19. Several revised conceptual SS alignments sent via e-mail. Dsgn 02 comments issued 5/20/19. Dsgn 03 rec'd 5/24/19. Comments posted 5/29/19. Dev Agmt -Signed- rec'd 5/30/19. Dsgn 04 rec'd 6/10/19 - comments issued 6/18/19; Rev & Insp Fee reqmts issued 6/18/19; Esmt Exhibit 01 review comments issued 6/18/19. Dsgn 05 (Slip Sheets) rec'd 6/25/19. Site Plan appv'd by BRWA 6/26/19. Requested 4 copies for C2C purposes & e-mailed BCPS status update of outstanding items needed for C2C on 6/26/19. Shop Dwgs 01 rec'd 7/10/19. Review Fees, Inspection Fees & Re-Review Fees Rec'd 7/15/19. Construction Cost Estimate of \$197,500 rec'd/agreed upon 7/16/19. Shop Dwgs 02 rec'd 7/16/19; Shop Dwgs & Plans appv'd 7/19/19; C2C prepared for Pre-Con on 7/22/19; Easement Agmnts prepared to execute. Pre-Con meeting & C2C issued 7/22/19. Private waterlines have been disconnected from the public main and rerouted behind the existing vault. The sanitary sewerline has been constructed and tested. Punchlist mailed to BCPS and Contractor 5/20/2020						
Job #	2019034	Job Type:	Water & Sewer	Location	Forest	Last updated on:	
Job Name	Westyn Village Townhomes 2019 - Site/Design						7/16/2020
Description	Proposed (8) 9 unit residential townhomes and (3) 8 unit Townhomes with private road					Department Contact:	S Dade
Status	Site/Dsgn rec'd 3/12/19. Awaiting \$400 review fee. Comments & Dev Pkg issued 4/8/19. Met w/ Russ Orrison to discuss review & PS analysis 4/12/19. Requested flow data from CS 4/29/19; Site/Dsgn Plan 02 rec'd 8/29/19. CS water consumption data sent to Russ Orrison 8/29/19. Updated Plans rec'd 9/9/19 prior to review of the set rec'd 8/29. Replaced as Submittal 02 rec'd 9/9/19. Review & Inspection Fees rec'd 9/10/19. Review 02 comments issued 9/17/19. Re-review fee rec'd 11/06/19. Site/Design 03 rec'd 11/7/19. Signed Dev Agmt rec'd 11/22/19. Site Plan 03 approved pending matching plat submittal and approval. Requested 3 additional copies for construction purposes. Calcs approved 12/2/19. 3 copies of revised Plans Design 04 rec'd 12/20/19; Comments issued 1/21/20. Design 05 rec'd 1/27/20. Signed Dev agmt rec'd 2/6/20. Re-review fee rec'd 2/7/20. Comments issued 2/12/20 - Approvable. Shop Drawings approved 2/27/20. Awaiting Surety & Contractor confirmation. Revised Cost Est rec'd & revised Surety Rqmnt sent. Surety rec'd 7/7/20 with inaccuracies - returned to Developer 7/8/20 with notification of needed corrections. On-Site Contractor will be Thomas Builders of VA; Contractor for public connections to existing will be JL Crawford per e-mail from Developer 6/26/20. C2C pending receipt of corrected Surety. Awaiting Contractor & Surety Information. Surety LOC# 582 rec'd 7/15/20. Dev agmt executed 7/16/20. Water Cert completed 7/16/20. C2C issued 7/16/20.						
Job #	2019037	Job Type:	Water & Sewer	Location	Forest	Last updated on:	
Job Name	Boonsboro Meadows Section 2 Roadway, Water & Sanitary - Design						7/10/2020
Description	Roadway, Water & Sanitary Design for Boonsboro Meadow Section 2.					Department Contact:	S Dade
Status	Dsgn 01 & Water Calculations rec'd 3/13/19. Base Review Fee rec'd 3/19/19. Dev Pkg not issued yet due to number of review comments. Dsgn 01 and water & sewer calcs 01 comments issued 4/19/19. Road, Water & Sewer Design 02 rec'd 7/23/19. Comments & Dev Pkg issued 8/28/19. Signed Developer Agrmt & Review fees rec'd 10/29/19. Design 03 rec'd 11/20/19 (Re-review fee not rec'd). Plan review comments issued 12/30/19 & Calc Comments to be issued separately - need 2 re-review fees prior to accepting further submittals. 1 Re-review Fee rec'd 1/8/20. Re-review fee rec'd 1/22/20 for awaited 04 submittal. Design 04 rec'd 1/27/20 - comments issued 2/4/20 (Plans approvable) Water Calcs appv'd 3/13/20. FM Calcs appv'd 3/30/20,. Inspection fees rec'd 4/3/20. Bond #2020-053 rec'd 4/24/20. Plans stamped 'appv'd for construction', Water Cert completed and C2C signed & given to Insp 5/4/20. Developer Agmt execute 5/5/20. COC issued 5/6/20. VDH water cert. completed 5/4/20 (see 2020-003). Waterline construction completed the week of 7/6/2020. Forcemain sewer to begin the week of 7/13/2020						
Job #	2019049	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	NLBTC Lot 7 EDA Meade Road Extension - Design Plan						7/10/2020
Description	Proposed waterline extension down Meade Road.					Department Contact:	S Dade
Status	Dsgn 01 rec'd 3/29/19. Base Review Fee rec'd 4/1/19. Comments posted 4/3/2019. Inspection Fees rec'd 4/18/19. Review Fees rec'd 5/10/19. Dsgn 02 rec'd 7/2/19. Comments emailed to the engineer 7/12/19. FF Test Fee & signed developers agreement rec'd 7/22/19. Dsgn 03 rec'd 9/25/2019. Comments emailed to the engineer 10/1/2019. Dsgn 04 rec'd 11/21/19. Plans Approved, waiting on Shop Drawings 11/26/2019. Shop Drawings apvd 3/19/20. C2C issued 4/13/20. Construction completed and testing complete. Punchlist issued to Contractor 5/13/2020						

Job #	2019050	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	Country Club Meadows Phase 1 Waterline Extension - Design						6/8/2020
Description	Waterline extension along Everett Road to serve future Country Club Meadows.					Department Contact:	S Foster
Status	Dsgn 01 rec'd 4/2/19. Awaiting \$400.00 Base Review Fee 4/2/19. Base Review Fee red' 4/4/19. Comments emailed to engineer 5/6/2019 Developer package issued 5/6/2019. Dsgn 02 rec'd 6/5/19. Review completed 7/2/19 and comments will be released upon receipt of Agreement & Fees. Met w/ Engineer to discuss Dsgn 02 comments 7/3/19. Review & Inspection Fees rec'd 9/16/19. Dsgn 03 rec'd 10/3/19. Comments issued 10/21/19. Signed Dev Agmt rec'd 11/22/19. Dsgn 04 & Re-review fee rec'd 11/25/19. Plans are ok (12/10) - Requested 2 additional copies rec'd 12/20/19. Pre-payment has been requested. Per 6/8/20 e-mail - awaiting contractor's cost estimates from Developer before processing pre-payment request and resolution to the BRWA Board.						
Job #	2019061	Job Type:	Internal	Location	Central, Lakes	Last updated on:	
Job Name	Energy Performance Study and Improvements						10/1/2020
Description	Evaluation of existing facilities and upgrades that can be made that reduce energy costs to create savings greater than or equal to the cost of upgrade.					Department Contact:	N Carroll
Status	A meeting was held 5/13/19 with Scheider Electric to discuss their basic review of improvements to the Central WWTP that could be made. DMME presented the public process on 5/14/19 and provided template documents for the initial process. Schneider will review the proposed project with the Finance Committee on 9/12/19. Project included in financial study. Board resolution passed in Jan to execute IGA upon verification of procurement processes. Virtual walk-through of Central WWTP on 4/15. Design Intent Document (DID) was reviewed with proposed Energy Control Measures (ECMs). VRA funding application submitted. Final DID being prepared.						
Job #	2019081	Job Type:	Internal	Location	Lakes	Last updated on:	
Job Name	Paradise Point Water System Transfer Request						10/1/2020
Description	Owner is requesting BRWA take ownership of water system. Water system serves 24 customers. Treatment includes orthophosphate, soda ash, and chlorine.					Department Contact:	R English
Status	Met with system operator, J. Hughes, to review plant and system on 7/31/19. Financial analysis reviewed with Jean Maas on 9/16/19. Additional info received from Maas on 9/26, and financial analysis updated and sent on 9/27. Maas approached WVWA 10/2019. Rec'd financial comments from Maas on 11/12 & responded 11/15. Inquiry rec'd 2/4/20 regarding contract repairs. Inquiry rec'd on 2/21 for presentation to be given to subdivision. FOIA request received 3/8/20 regarding capital funding; response sent 3/12 with additional questions received afterwards. Owners made presentation to Board at 4/21 Rate Hearing; rate concerns to be further discussed with Finance Committee. Finance Committee recommended and Board approved \$37 rate with no further reductions based on 5/28/20 review and discussion of revised calculations. Request received on 7/28/20 from owners for system transfer. Information given to legal counsel for document preparation, with information being received from Paradise Point. Goals planned for draft documents by end of October, SCC submission by end of November, and transfer by 5/31/2021.						
Job #	2019085	Job Type:	Sewer	Location	Smith Mountain Lake	Last updated on:	
Job Name	Moneta Storage Units Lot 6 - Site Plan						4/20/2020
Description	New construction of a mini warehouse complex. Includes relocation of 40-ft of existing FM, installation of 1 FM valve, 1 sewer connection & 1 water connection - Requires a Developer Project					Department Contact:	S Foster
Status	Site Plan 01 rec'd 8/13/19. Comments issued 9/4/19. Site Plan 02 rec'd 10/29/19. Comments issued 11/12/19. Site Plan 03 rec'd 1/28/2020. Comments & Dev Pkg issued 2/13/20 - requested 3 additional copies of Plans; Site Plan approved by Planning 4/14/20; 4/20/20 - Warning layer posted to GIS not to accept new sign up fees until C2C is issued (have not rec'd signed Dev Agmt or Fees).						
Job #	2019088	Job Type:	Water	Location	Forest	Last updated on:	
Job Name	The Stables On Coffee Subdivision - Design						9/11/2020
Description	Proposed 15 lot residential subdivision with public roadway & water line. Comments Emailed to County 12/31/19.					Department Contact:	J Dean
Status	TRC 8/27/19. Dsgn 01 rec'd 12/10/19. Review Comments submitted to County & Engineer 12/31/19. Base Review Fee, Review Fee & Signed Developers Agmt rec'd 1/7/20. FFTR sent to Engineer on 1/21/2020. Dsgn 02 rec'd 1/31/20. Comments Emailed to Planning 2/13/2020. Dsgn 03 rec'd 7/1/20. Design & Water Calcs Approved and sent comments to Planning & Engineer 7/17/2020. Dsgn 04 rec'd 8/12/20. Inspection fees rec'd 8/13/20. Surety #20-200 rec'd 8/25/20. Shop Drwgs Approved 9/11/2020.						
Job #	2019101	Job Type:	Sewer	Location	New London	Last updated on:	
Job Name	Sheetz New London Sewer Extension - Design						9/24/2020
Description	Proposed sewer hookup for Sheetz in New London.					Department Contact:	C Slusser / S Dade
Status	Met with Ryan Gatewood (LE&D) & Charles Santore (BCPS) 12/9/19 at New London Academy to discuss alignment & easements. Dsgn 01 & Base Review Fee rec'd 2/20/20. Dsgn 01, Esmt Exhibit Comments & Dev Pkg EMLed 4/2/20. Dsgn 02, Esmt 02, Review Fee & Signed Dev Agmt rec'd 4/16/20. Esmt Exhibit approved & Dsgn 02 Comments issued 5/7/20. VDOT Permit App reviewed & original is forthcoming. Dsgn 03 rec'd 5/20/20. Dsgn 03A (slip sheets) rec'd 6/3/20. Final Dsgn plans approvable pending Dev documents; Esmt Agmts EMLed 6/3/20; VDOT Permit App being processed. Esmt #200006065 & #200006066 recorded 6/11/20. VDOT LUP# 216-28207 rec'd 6/25/20. Esmt #200007256 recorded 7/7/20. Shop Drawings 01 rec'd 7/31/20; contractor will be Counts & Dobyns. Construction Cost Est rec'd 8/11/20; need to revise & resubmit. Shop Drawings 02 rec'd 8/12/20. Inspection Fee rec'd 8/19/20. Const Cost Est & Shop Dwgs app'd 9/1/20. C2C will be issued upon receipt of Surety & Shop Dwgs as of 9/2/20. Shop Dwgs rec'd 9/21/20. Shop Dwgs app'd 9/22/20. Surety rec'd 9/22/20. C2C issued 9/23/20. Pre-construction meeting held 9/24/20.						

Job #	2019106	Job Type:	Water	Location	Stewartsville	Last updated on:	
Job Name	Hardy Road Waterline Extension					9/4/2020	
Description	Proposed waterline extension to serve Hardy Road mobile home park. VDH requesting EPA WIIN grant towards water system repairs or public line extension.					Department Contact:	R English
Status	Conference call with J Wells to discuss on 11/7/10; preparing cost estimates for line extension options. Estimates sent to VDH on 3/27/20. H&P preparing design upgrades for system as alternative to public waterline extension. VDH placed owner of Trailer Park under Consent Order. Conference call held 8/20 with VDH, SERCAP, RD, DHCD and owner to review options. Discussed with VDH on 8/24 inability to assist with funding or staffing for project currently.						
Job #	2019108	Job Type:	Water	Location	164-A-46A	Last updated on:	
Job Name	1906 Bunker Hill Loop Waterline Extension					10/1/2020	
Description	DEQ requesting a possible waterline extension to serve the 1906 Bunker Hill Loop					Department Contact:	W Blankenship
Status	11/18/19 DEQ request for Cost Estimate. Estimates emailed 11/22/19; response from DEQ was cost was too high for consideration. Looking for cost savings opportunities. Additional inquiry received from DEQ on 4/2 with intent to move forward. Survey and design proposal received from H&P (\$14,950.00) and was sent to DEQ for review and approval. Scope of Work for BRWA was emailed to DEQ for review/approval on 6/10/2020. Plans sent to Agencies for review on 8/3/2020. Public Hearing for Special Review Project on 9/15/2020. VDOT LUP App hand delivered (w/out check) 9/17/20. VDOT LUP Check hand delivered 10/1/20.						
Job #	2019113	Job Type:	Internal	Location	SML (Bridgewater Bay Deve	Last updated on:	
Job Name	Bridgewater Bay Water Pressure Issues					8/7/2020	
Description	11/18/19 - BRWA Engineering was made aware of ongoing high water pressure issues in Bridgewater Bay since about mid 2019 resulting in 13 +/- individual PRV failures.					Department Contact:	S Foster
Status	Engineering contacted Mr. Harmon to gather as much background info as possible. WO's were issued to Preventive Maintenance (PM) 11/20/19 to set up pressure recorders to collect pressure data. First round of pressure recorder data rec'd from PM 12/5/19. Pressure results communicated to Bridgewater Bay. Money has been requested in FY - 2020-2021 budget to install main line PRV. Responded to status update request from Mr. Harmon on 8/6/20 explaining CIP budget cut due to COVID. Also e-mailed info on BRWA waterline their private FM around entrance area per Mr. Harmon's request. Mr. Harmon reported they have not been having the failures that they had previously been experiencing.						
Job #	2019114	Job Type:	Site Plan w/Proposed Utilities	Location	Central	Last updated on:	
Job Name	Cardinal Senior Living - Site Plan					8/27/2020	
Description	Proposed Senior Living Center					Department Contact:	J Dean
Status	Site Plan 01 rec'd 12/06/19. Conference Call with Engineer 12/11/19. FF test check rec'd 12/23/2019. Site plan 02 rec'd 5/21/20. Developer Agreement sent on 6/29/2020. Site Plan 03 rec'd 8/27/20.						
Job #	2019117	Job Type:	Water & Sewer	Location	Forest	Last updated on:	
Job Name	Westyn Village Condotels - Site/Design					9/2/2020	
Description	Proposed 24 Condotel & 6 36 unit Condotel with a clubhouse. (Plan Name Changed to Westyn Village Ph II).					Department Contact:	S Foster
Status	Site/Design 01 rec'd 12/06/19. Comments & Dev Pkg issued 1/31/20. Site/Design 02 rec'd 4/13/20. Site Plan 02 comments, Esmt Exhibits 01 comments & Revised Developer Agreement issued 6/1/20. Easement Exhibit submittal 02 rec'd 6/11/20. Exhibit review comments e-mailed to Engineer 8/25/20. Project 'on-hold' pending sewer capacity issues being resolved.						
Job #	2020008	Job Type:	Water	Location	Bedford Central	Last updated on:	
Job Name	Turkey Mountain Booster Station					9/4/2020	
Description	Booster station and distribution lines to serve customers currently directly connected to WTP and dependent upon the plant being in operation. Part of FY 19-20 CIP					Department Contact:	W Blankenship
Status	Site reviewed with H&P on 1/21/20; proposal received 2/6. VDH to require full review and approval. Survey to begin week of 3/9/20. In design with H&P. WR&A provided min/max pressures utilizing water model - sent to H&P on 4/21. First draft of Design Report rec'd from H&P on 6/3 and was distributed internally for review/comments. Comments were provided to H&P on 6/10. H&P submitted the second submittal of the design report on 6/29 and 30% drawings on 6/30. BRWA comments were sent to H&P on 7/7. Public Hearing for Special Review Project on 9/15/2020.						
Job #	2020012	Job Type:	Sewer	Location	Montvale	Last updated on:	
Job Name	Montvale VFD Sewer Extension					9/2/2020	
Description	Proposed sewer extension.					Department Contact:	S Foster
Status	Working with VDOT to change the sewer line from private to public, so that the VFD would be able to be served. Working to determine if additional easements are needed for BRWA public portion of the sewer. Easements are needed. Easement Agreements w/ Exhibits have been prepared and e-mailed to VDOT and County for consideration/execution. As-Built 01 rec'd 6/18/20. Esmt #200009011 recorded 8/11/20. Working w/ VDOT on closeout documents.						

Job #	2020016	Job Type:	Water & Sewer	Location	Smith Mountain Lake	Last updated on:
Job Name	Eastlake Village Roadway, Water & Sanitary - Design					7/13/2020
Description	14 lot subdivision with roadway, water & sewer.					Department Contact: J Dean
Status	Dsgn 01 rec'd 1/27/20. (Needs \$400.00 base review fee).Comments Emailed to Planning 2/10/2020. Fire Flow Test Fee rec'd 2/20/20. Dsgn 02 rec'd 3/16/20. Dsgn 03 rec'd 3/17/20. Awaiting outstanding review fees in order for comments to be issued.					
Job #	2020020	Job Type:	Water	Location	Forest	Last updated on:
Job Name	Cambridge Manor Phase 1 - Design					7/31/2020
Description	Road & waterline plan & profile for Country Club Meadows Phase 1 (59 lot single family development). Previously known as "Country Club Meadows Phase 1 - Design".					Department Contact: S Foster
Status	Dsgn 01 rec'd 2/03/20. (Need \$400.00 base review fee). Dsgn 01 Comments & Dev Pkg issued 2/28/20. Dsgn 02 rec'd 6/30/20. Fees & Agment have not yet been rec'd. 2nd Review Comments issued and due to Project name change & design changes a revised Dev Pkg was issued 7/31/20. Please do not accept 3rd submittal w/o Agmnt, Base Fee, Review Fees & Re-Review Fee.					
Job #	2020022	Job Type:	Fire Flow Meter	Location	Forest	Last updated on:
Job Name	Berglund Toyota - Site/Design					9/14/2020
Description	Improvements proposed include demolition of existing (vacant) car dealership building & construction of new dealership building (automobile parts/supply & retail) with associated parking expansion & utilities.					Department Contact: C Slusser
Status	TRC 2/11/20. Concept 01 rec'd 2/5/20. FFT Fee rec'd 2/28/20. Site/Dsgn 01 & Calcs rec'd 6/5/20. Base Review Fee rec'd 6/11/20. Comments 01 & Dev Pkg emailed/mailed 7/10/20. Updated Dev Agmt emailed 7/29/20. Site/Dsgn 02 rec'd 8/3/20; hard copies rec'd from Planning 8/12/20. Site/Dsgn 02 approvable as of 8/14/20 - need Dev Agmt & Fees. Updated Dev Agmt emailed 8/24/20. Esmt Exhibit 01 reviewed & comments issued 9/14/20.					
Job #	2020023	Job Type:	Sewer	Location	Lakes	Last updated on:
Job Name	Bridgewater Bay Sewer Inquiry					2/7/2020
Description	Bridgewater Bay HOA inquiring for BRWA to accept sewer system, and as to BRWA's responsibility for upgrades necessary to meet BRWA standards.					Department Contact: R English
Status	Responsibility inquiry passed to Sam Vance for legal opinion on 11/25/19; response rec'd 12/13/19 that firm was in conflict. Sent information to GFDG on 2/6/20; gathering additional info requested for legal opinion to be made.					
Job #	2020024	Job Type:	Other	Location	East Crest Drive	Last updated on:
Job Name	SML Pump Station (at 460 & East Crest Dr)					3/4/2020
Description	SML WTF Pump Station (at 460 & East Crest Dr)					Department Contact: W Blankenship
Status	2/6/2020 - Construction Cost Estimate was requested from GEJ under annual contract and denied due to having to sub out a majority of the work to be performed. 2/20/2020 - Construction Cost Estimate was requested from CHA prior to bidding project. Updated budget pricing received from CHA (Total Cost \$2,315,018 w/ 20% Contingency of \$370,403); project on hold due to COVID-19.					
Job #	2020028	Job Type:	Site Plan w/ Existing Utilities	Location	Forest	Last updated on:
Job Name	Innerspec Building Addition - Site Plan					9/23/2020
Description	Proposed 10,400 SF building addition and associated stormwater measures. Building use will be light manufacturing.					Department Contact: J Dean
Status	TRC 2/25/20. Concept 01 rec'd 2/20/20. Site Plan 01 rec'd 9/23/20.					
Job #	2020032	Job Type:	Preliminary Plan	Location	Forest	Last updated on:
Job Name	Boonsboro Meadows Sections 3-8 - Preliminary Plan					8/18/2020
Description	Proposed 193 residential lots in 9 sections. Sections 1 (9 lots) already completed and Section 2 (22 lots) under construction w/ C2C issued 5/5/20.					Department Contact: S Foster
Status	Preliminary Plan 01 rec'd 2/21/20. TRC physical mtg cancelled (COVID19); Comments issued via e-mail 3/25/20. Preliminary Plan 02 rec'd 5/7/20. Prelim Plan 02 review completed 6/5/20 & corresponding FM Calcs review completed 6/26/20 - comments for both issued 6/29/30. BRWA will be preparing a Capacity Letter to Planning to follow. Preliminary Plan 03 rec'd 7/29/20 (e-mail); Calcs rec'd 8/7/20 (e-mail). Comments issued 8/18/20 - "no further comments". Requested one full size hard copy of final approved plan for BRWA files.					
Job #	2020035	Job Type:	Internal	Location		Last updated on:
Job Name	Asset Management Conversion					4/10/2020
Description	Conversion of SEMS asset management data into Cartegraph					Department Contact: A Browning
Status	Preliminary kickoff conference call held 2/27/20. Workshops scheduled with departments on 4/21-22 to prepare for conversion. Expected to be live in September.					

Job #	2020043.1	Job Type:	Water & Sewer	Location	Forest	Last updated on:
Job Name	Ivy Creek Divisions 5 & 6 Interceptors - PPEA					10/1/2020
Description	Unsolicited PPEA proposal received for Ivy Creek sewer and Route 460 Water Pump Station.					Department Contact: R English
Status	PPEA proposal received, accepted by Board on 4/21 for review. Posted and advertised for competing submittals, due 7/7/20. Two additional proposals received; internal review completion anticipated 7/31. Additional information requested of proposers to reach uniform proposals; interviews held 9/16 and 9/17 with all 3 groups. Selection made for EC Pace and CHA based on scoring. Debriefings being scheduled with groups as requested.					
Job #	2020043.2	Job Type:	Sewer	Location	Forest	Last updated on:
Job Name	Ivy Creek Divisions 5 & 6 Interceptors - Funding					7/9/2020
Description	Funding to complete the Ivy Creek sewer line to take the Lake Vista Pump Station offline.					Department Contact: R English
Status	PER modification completed for CWRLF funding application; application submitted on 7/8/20.					
Job #	2020048	Job Type:	Water & Sewer	Location	Town Tax Map 129	Last updated on:
Job Name	Avenel Ave Water & Sewer Replacement					9/4/2020
Description	To replace a 4"/3" waterline and 6" sewerline on Avenel Ave to coincide with the Town of Bedford paving schedule given by Wayne Hale.					Department Contact: C Ward
Status	Research and designPlans sent for BRWA internal review 4/24/2020. Plans revised and approved by BRWA 6/29/2020. Revised plans sent to Town of Bedford for review and approval 6/30/2020. Easement agreement mailed to Rucker 7/8/2020. Easement Agreement declined by property owner 7/21/2020. New easement agreement mailed to Johnston 7/23/2020. Comments rec'd from Town of Bedford 9/4/2020					
Job #	2020049	Job Type:	Site Plan w/Proposed Utilities	Location	Forest	Last updated on:
Job Name	Tractor Supply 2020 - Site Plan					9/9/2020
Description	Proposed Tractor Supply Store.					Department Contact: J Dean
Status	Site Plan 01 rec'd 4/7/20. Comments sent to Consultant & Planning on 4/30/2020. FFT fee rec'd 5/26/20. Site Plan 02 rec'd 6/18/20. Dev Agreement mailed 6/29/20. Review & Inspection fee rec'd 7/7/20. Site Plan 03 rec'd 7/24/20. Esmt #200009480 recorded 8/20/20. Signed Dev Agmt rec's 8/21/20. 4 sets of approved plans rec'd 9/1/20. Slip Sheets rec'd 9/3/20. Surety #S203236 rec'd 9/9/20.					
Job #	2020053	Job Type:	Sewer	Location	Lynchburg/Bedford	Last updated on:
Job Name	City of Lynchburg Lake Crest Drive Sewer Extension - Design					6/8/2020
Description	Sanitary sewer extension for proposed 3 lot subdivision. Line will be owned by Lybchburg. BRWA limited to inspection of connection to existing BRWA MH.					Department Contact: S Foster
Status	Dsgn 01 rec'd 4/21/20. Comments issued 5/8/20. Sewer line to be City of Lynchburg's up to the connection to existing BRWA manhole. Dsgn 02 rec'd 5/22/20. Comments 6/8/20 - no comments & requested 2 hard copies of final signed/app'd plans. Work order will be issued for BRWA connection inspection.					
Job #	2020066.1	Job Type:	Sewer	Location	Forest	Last updated on:
Job Name	FMS Pump Station Upgrades - Preliminary					10/1/2020
Description	Review of upgrades needed to Forest Middle School Pump Station to serve current and future development.					Department Contact: R English
Status	Basis of Design Report received from WRA on 9/3/20 and given to P&O.					
Job #	2020068	Job Type:	Site Plan w/ Existing Utilities	Location	Forest	Last updated on:
Job Name	Nanotouch Buidling Addition - Site Plan					7/22/2020
Description	Proposed building addition (5,025 gross square feet). The building addition will use the existing water/sewer connections. No proposed changes to BRWA water/sewer connections. No FOG.					Department Contact: S Foster
Status	TRC 6/9/20. Concept 01 rec'd 6/4/20. Site plan 01 rec'd 7/16/20. "NO COMMENTS" issued 7/22/20. Requested 1 full size hard copy of Site Plan upon final approval by Planning.					
Job #	2020073	Job Type:	Water	Location	Forest	Last updated on:
Job Name	West Crossing Section 4 - Design					8/6/2020
Description	Road plan, waterline design and profile for section 4. 19 lots approximately 2900 LF Waterline.					Department Contact: S Foster
Status	Dsgn 01 rec'd via e-mail (pdf) 6/29/20. Hard copy rec'd 7/8/20. Comments issued 8/6/20. Dev Pkg issued 8/6/20. Need Base Fee.					

Job #	2020079	Job Type:	Site Plan w/Proposed Utilities	Location	Forest	Last updated on:
Job Name	DNX Motors - Site Plan					10/6/2020
Description	Proposed DNX Motors building.					Department Contact: C Ward
Status	TRC 7/14/20. Concept 01 rec'd 7/09/20. Site Plan 01 rec'd 10/1/20. Comments emailed to engineer and planning 10/6/2020					
Job #	2020084	Job Type:	Site Plan w/ Existing Utilities	Location	New London	Last updated on:
Job Name	Liberty University Airport Expansion - Site Plan					9/30/2020
Description	New London Airport Expansion (non-conforming Aviation Facility, General Use. Project is to widen the existing runway/taxiway/dragstrip to 75 FT and extend the runway 296 FT.					Department Contact: S Foster
Status	TRC 7/28/20. Concept 01 rec'd 7/23/20. Site Plan 01 rec'd 9/24/20. Comments issued 9/30/20. Comment is minor and I requested they address ONLY if resubmittal req'd due to other agency comments. Otherwise approvable.					
Job #	2020093	Job Type:	Sewer	Location	Bedford Central	Last updated on:
Job Name	DEQ Central WWTP Consent Order Report 2020					9/4/2020
Description	Report of Sanitary Sewer improvements completed in FY 2019-2020, and those proposed in FY 2020-2021.					Department Contact: R English
Status	Gathering information necessary for report preparation. Overflow report and SEMS report received.					
Job #	2020095	Job Type:	Water & Sewer	Location	Forest	Last updated on:
Job Name	Boonsboro Meadows Sections 3 & 4 - Design					9/28/2020
Description	Sections 3 (19 Lots) & 4 (20 Lots) of Boonsboro Meadows. Water & Sewer (LPFM).					Department Contact: S Foster
Status	Water Calcs rec'd via e-mail from H&P 8/11/20. Link to Plans rec'd from H&P 8/26/20 while awaiting official submittal through Planning. Dsng 01 rec'd 9/28/20.					
Job #	2020098	Job Type:	Site Plan w/ Existing Utilities	Location	Forest	Last updated on:
Job Name	Impact Church Tent - Site Plan					9/16/2020
Description	Placing two tents on parcel.					Department Contact: J Dean
Status	Site Plan 01 rec'd 9/16/20.					
Job #	2020101	Job Type:	Site Plan w/ Existing Utilities	Location	Forest	Last updated on:
Job Name	Building 3 Montessori School - Site Plan					9/29/2020
Description	Proposed one story school building.					Department Contact: J Dean
Status	TRC 9/22/20. Concept 01 rec'd 9/17/20. Site Plan 01 rec'd 9/29/20.					
Job #	2020107	Job Type:	Water & Sewer	Location	Forest	Last updated on:
Job Name	Boonsboro Section 5 Roadway & Water - Design					9/28/2020
Description	Proposed section 5 (39 lots).					Department Contact:
Status	Desgn 01 rec'd 9/28/20.					
Job #	2020108	Job Type:	Internal	Location	Countywide	Last updated on:
Job Name	Capital Improvement Plan 2021-22					
Description	Listing of proposed projects and purchases for the 2021-2022 fiscal year.					Department Contact: W Blakenship
Status						



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COMMITTEE MEETING SUMMARY

To: BRWA Board of Directors
From: Rhonda English, Director of Engineering
Date: October 13, 2020
Re: Summary of October 13, 2020 Policies and Projects Committee Meeting

A meeting of the Policies and Projects Committee of the Bedford Regional Water Authority was held on **Tuesday, October 13, 2020 at 12:00 p.m.** in the **Board Room** of the Authority located in the **Annex** building at **1723 Falling Creek Road in Bedford County** with virtual attendance offered via Zoom.

Members Present: Walter Siehien
Thomas Segroves

Staff Present: Brian Key – Executive Director
Rhonda English – Director of Engineering
Jill Underwood – Director of Finance
Nathan Carroll – Assistant Executive Director (virtual)
Whitney Quarles – Engineering Manager (virtual)

Guests: Russ Orrison – Perkins & Orrison, Westyn Village (virtual)
Daniel Cyrus – Thomas Builders, Westyn Village (virtual)
Patrick Wade – E.C. Pace, Ivy Creek (virtual)
Stephen Steele – CHA, Ivy Creek (virtual)
Lindsay Swain – CHA, Ivy Creek (virtual)

The following Agenda items were discussed:

1. Call to Order: The meeting was called to order at approximately 12:04 p.m.
2. Prepayment Request for Forest Middle Lift Station Upgrades: The Committee discussed the prepayment request from Westyn Village for the upgrades to the Forest Middle School lift station. Daniel Cyrus stated the total Capital Recovery Fees that the Authority will receive for Westyn Village Phase 1 is \$864,000, which is greater than the cost of the station upgrades. It was discussed that Phase 1 does not require upgrades to the existing lift station to receive service, and that Westyn Village Phases 1, 2, and 3 will ultimately utilize approximately sixty-percent of the station capacity upon the station being upgraded. Staff discussed the desire to bring the station to more current standards, such as the construction of a small shelter to house SCADA equipment. In lieu of setting a maximum prepayment amount, the Committee agreed to requiring Westyn Village to absorb \$100,000 of the construction cost, with the remaining amount being eligible for prepayment. The Committee agreed to the

To: BRWA Board of Directors
From: Rhonda English, Director of Engineering
Date: October 13, 2020
Re: Summary of October 13, 2020 Policies and Projects Committee Meeting

prepayment being eligible for redemption towards both water and sewer capital recovery payments in all Authority service areas.

3. PPEA Agreement for Ivy Creek Sewer and 460 Pump Station: The Committee reviewed the recommendation from staff to enter into a Preliminary Stage Agreement with E.C. Pace Company based upon staff's selection process and the draft agreement that E.C. Pace provided. The schedule of Preliminary Stage tasks as part of the proposed Agreement was stated to be approximately 6 months. The funding schedule was discussed with final approval to be received for the Clean Water Revolving Loan fund in December 2020, closing available between January and Spring 2021, and the County's contribution of \$500,000 per year for 3 years to cover any debt expenses from the loan prior to 2023. The Committee recommended approval of the Preliminary Stage Agreement so that the project may begin and interim capacity solutions can be addressed for the Lake Vista lift station.
4. Motion to Adjourn: The meeting adjourned at approximately 12:55 p.m.



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RESOLUTION MEMORANDUM

To: BRWA Board of Directors
From: Rhonda English, Director of Engineering
Date: October 13, 2020
Re: Resolution 2020-10.01 – Prepayment for Forest Middle School Lift Station

Please see the attached information in regards to prepayment approval for Westyn Village LLC to perform upgrades to the Forest Middle School lift station; this request was reviewed by the Policies and Projects Committee Meeting on October 13, 2020. Also attached for your consideration is the resolution per the recommendation from the Committee.

MEMORANDUM

To: Policies and Projects Committee
From: Rhonda English, Director of Engineering
CC: Brian Key, Executive Director
Date: October 9, 2020
Re: Prepayment Request for Forest Middle School Lift Station Upgrades

Westyn Village LLC (through Thomas Builders) has submitted a request for prepayment credit for the cost to upgrade the Forest Middle School lift station to serve Phases 2 and 3 of the Westyn Village development. Please see the attached documentation from Thomas Builders regarding the request.

The existing lift station capacity has previously been a constraint for potential developers in considering the development of the referenced property. There is currently capacity for just over 200 equivalent residential connections (ERCs) in the station. Westyn Village Phase 1 will utilize 96 of those ERCs, leaving around 100 ERCs which is insufficient for the remaining phases of development.

Proposed Flow	Average Flow (GPD)	ERCs	Sewer Capital Recovery Fees	Water Capital Recovery Fees	Total
Westyn Village Phase 1	24,000	96	\$480,000	\$384,000	\$ 864,000
Westyn Village Phase 2	60,000	240	\$100,000	\$ 80,000	\$ 180,000
Westyn Village Phase 3	51,000	204	\$100,000	\$ 80,000	\$ 180,000
	135,000	540	\$680,000	\$544,000	\$1,224,000

The developer will be covering the design expenses for these upgrades and is requesting prepayment credit for the full amount of construction. As part of the station upgrades, the developer will include the capacity necessary to support additional growth in the drainage area for undeveloped parcels including 3 parcels within Planned Industrial Development zoning totaling 15 acres, a few vacant residential lots currently adjacent to sewer, as well as some ability for further expansion at the Forest Middle School. The potential additional water and sewer Capital Recovery Fees that could be generated outside of Westyn Village varies from \$108,000 to \$900,000 depending upon the metering structure of future development on those parcels.

Reserve Capacity Fee Potential	ERCs	Sewer Capital Recovery Fees	Water Capital Recovery Fees	Total
Residential, 5/8" meters (100)	100	\$500,000	\$400,000	\$900,000
Commercial, 1-1/2" meters (3)	100	\$ 60,000	\$ 48,000	\$108,000
Commercial, 1" meters (5)	100	\$ 60,000	\$ 50,000	\$110,000



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Based on the budgetary estimates provided through Anderson Construction, costs of upgrading the station are budgeted at \$602,820. The total additional Capital Recovery Fee revenue that may be generated from the lift station upgrades ranges from \$468,000 to \$1,260,000.

Prepayment Amount Eligibility

The amount that this project may be eligible for Prepayment credit eligibility is based upon the verifiable cost of construction, not to exceed the current estimate of \$602,820. If Prepayment is approved, a portion of the prepayment credits could be issued upon design approval and receipt of bonding for the project, with the remainder issued upon construction completion and receipt of final construction costs.

Recommendation

It is recommended that the Authority consider this request for participating with the developer in the upgrades to the lift station. Similar to Burnbridge, residential and commercial growth in this area and their corresponding Capital Recovery Fees will not occur without the upgrades in place. This enables the Authority to have more long-term customers as a result. This project is currently on the Authority's CIP project listing, with design initially requested this fiscal year and construction anticipated in a future fiscal year.

In considering the amount of prepayment participation, it is recommended to consider the total Capital Recovery Fees for Westyn Village Phases 2 and 3 of \$360,000, and the Capital Recovery Fees the Authority would most likely see from the additional capacity in the range of \$100,000 to \$150,000, for a total prepayment amount of \$500,000. Remaining costs for construction would be the responsibility of the developer, as has been handled by similar developments such as Farmington.



Bedford Regional Water Authority

1723 Falling Creek Rd.

Bedford, VA 24523

Attn: Rhonda B. English, Director of Engineering

Re: Forest Middle School Pump Station Improvement Prepayment Proposal

Ms. English;

Please accept the following correspondence as a request by Westyn Village LLC. ("The Developer") to the Bedford Regional Water Authority ("The Authority") for fee prepayment; specifically in regards to the Pump Station facilities known as the Forest Middle School Pump Station in accordance with the agency's policy number 4.40. Based on the Authority's policy manual this policy is devised in order to provide a "method by which a utility service area can be expanded as deemed feasible and aligned with the overall growth expectations for Bedford County and done so as a partnership between the Developers and the Authority; this policy provides the Developers with the opportunity to construct offsite utilities to their desired development areas with financial consideration being given by the Authority." (BRWA policy manual)

We are proposing to design and construct a new pump station to replace the existing Forest Middle School Pump Station, as recommended by the report dated 9/3/2020 by Whitman Requardt. As recommended by Whitman Requardt the new pump station will be constructed to include dual 40 HP pumps, an 80 KW generator, and a wet well with an operating capacity of at least 1767 gallons. We have worked with Anderson Construction Inc., whom has constructed numerous pump stations and performed work for the authority in the past with good success, to develop the attached proposed fee schedule for the construction of the new pump station. We are requesting that the Authority reimburse us for the costs associated with this project, in an amount not to exceed \$602,820.00 (this amount is calculated based on the projected cost provided by Anderson Construction Inc., including a 2% bond service charge). The cost of the design will be determined once the construction methodology is further defined; we are currently in the process of exploring a traditional construction methodology, as well as a prepackaged assembly by Oldcastle Infrastructure. Selection will be based cost, speed of construction, and quality of the completed product. The anticipated range of cost for the design and engineering services by Perkins & Orrison is \$ 35,000 - \$40,000. The developer is not requesting reimbursement for these services, in fact the developer has already engaged Perkins & Orrison to start the Preliminary fieldwork necessary for an appropriate design. The developer is requesting reimbursement for the costs associated with the construction of the pump station only, and acknowledges that the reimbursement



will not exceed the actual amount spent of construction and required bonds. The developer is not requesting reimbursement for design fees, nor cost of funds associated with financing the project. This will provide the authority with a new pump station, additional capacity, and a significantly increased customer base at no direct cost to the authority.

The construction of a new pump station at the Forest Middle School will provide numerous benefits to both the Bedford County Community and The Authority including:

- Additional capacity for the existing sewer shed. Based on the report provided by Whitman Requardt this pump station will provide an additional 100 ERC's for The Authority over and above the proposed connections for all three phases of Westin Village (The project that the developer is currently engaged in, and is the reason for this request). For The Authority to have the ability to accept 100 Additional ERC's could result in \$900,000 of Capital Recovery fees (assuming all connections are 5/8" water and sewer connections) over and above the Developers project. As well as a significant increase to the customer base of The Authority. As the project is built and data collected, it is likely that the number of additional connections available will grow.
- The area of the sewershed that is serviced by this pump station has long since been a targeted development area for Bedford County, as directed by the Board of Supervisors. This additional sewer capacity will further the development that Bedford County has indicated should be targeted to this area, and which can't currently be served.
- The development of the Westin Village project at its build out stage will result in over a hundred new BRWA customers within the mixed use development, this cannot occur if the Forest Middle School Pump Station is not upgraded.
- The construction of a new pump station will replace an aging component of The Authority's infrastructure system which will result in reduced maintenance costs, improved reliability, and reduced risk for The Authority.

The project that is currently under development (Westin Village) consists of three phases. Phase one (1) is under development and consists of 96 townhome units, and is currently approved and under construction. Phase two (2) consists of 240 units, final approvals for this phase are pending resolution to the existing ERC deficiency within the Forest Middle School Pump Station. Phase three (3) is currently in a master planning state and is planned to include approximately 204 units. Below is a breakdown of the capital recovery fees associated with each phase.



Phase	Number of Units	Capital Recovery Fees	Total Capital Recovery Fees
1	96	5/8" Water and Sewer Capital Recovery Fees at a cost of \$9,000.00 per connection	\$864,000
2	240	Capital Recovery Fees Per BRWA Fee Quote	\$180,000
3	204	Approximation based on number of unit in phase 2, and proposed units in phase 3	\$180,000
Grand Total Phase 1-3:			\$1,224,000

Phase 1 capital recovery fees total \$864,000

Phase 2 capital recovery fees total \$180,000

Phase 3 Capital recovery fees are yet to be determined based on the finalized unit count, and metering methodology, but are projected at a total of \$180,000.

The proposed Pump station will be designed in a manner to provide for 100 additional ERC's over and above the capacity required for Western Village one (1), two (2), and three (3). This additional reserve capacity has been determined by The Authority to be the necessary capacity to service the remaining undeveloped parcels within the sewershed. Some modifications from the basis of design may be required in order to achieve this reserve capacity, however it is anticipated this can be completed without the need for additional funding from The Authority.

The proposed schedule for the construction of the new Forest Middle School pump station is designed to coincide with the construction of Phase two (2) of Western Village; the below dates are target milestones based on the information available at this time



Milestone	Targeted Completion Date
Pre-payment agreement acceptance	11/2/2021
Design first submittal	1/4/2021
Design approval by The Authority	3/15/2021
Westin Phase II - Building Construction Commencement	3/29/2021
Pump Station Contract award for Construction	4/6/2021
Pump Station Construction Commencement	5/1/2021
Pump Station online and ready to receive flows	7/6/2021

In summary the developer is proposing to design and construct a new pump station to replace the existing Forest Middle School Pump Station, which does not have adequate capacity for the developers project, or additional projects in one of the areas most targeted for development within the County. The developer is requesting to partner with The Authority to provide the authority with this new facility, which will provide significant customers within the developers project as well as at least 100 additional customers over and above that which can be developed within the developers project. The developer will cover the cost of the design fees as well as fund the project, therefore eliminating The Authority's need to budget for this project in the future, or carry additional debt service to complete this project. It will also provide the authority with a product that will allow them to obtain additional customers in a significantly more rapid timeline than traditional infrastructure development if funded through The Authority, all at no direct cost to The Authority. We believe that per The Authorities prepayment program guidelines, this project is a perfect candidate for a prepayment agreement and provides benefits for both The Authority, and Bedford County as a whole.

We appreciate The Authority's review of this proposal, and look forward to engaging with staff, the Committee, and Board as needed to review this mutually beneficial proposal. Thank you for your time and your consideration.

Respectively Submitted,

Daniel Cyrus

Vice President, Thomas Builders, Inc.



ANDERSON CONSTRUCTION, INC.

P.O. Box 10053 - Lynchburg, VA 24506

Budget
Forest Middle School Pump Station
Forest, Virginia

October 7, 2020

Re: Budget for Forest Middle School Pump Station

Mr. Orrison,

Anderson Construction, Inc. (ACI) is pleased to provide you with pricing for the above referenced project.

SCOPE:

ACI is pleased to provide a budget for all Labor, Equipment and Material to perform the work associated with the following bid items:

Item 1— Dual 30 horsepower pumps and appendages

For providing all labor, equipment, tools, materials, and incidentals to furnish and install dual 30 horsepower pumps in a 10-foot diameter wet well.

ACI Pricing Included in this bid item:

- All associated piping, valves and fittings.
- Precast 10-foot dia. Wet well.
- Precast valve vault.
- Precast sanitary manhole.
- Emergency by-pass pumping connection.
- Dual pumps with rail and hoist system.

\$ 360,000.00 Dollars

Item 2 – Associated earthwork

For providing all labor, equipment, tools, materials, excavate and fine grade site.

ACI Pricing Included in this bid item:

- Excavate and safety shore for wet well/
- Backfill and fine grade area
- Place stone for gravel road access
- Seed and straw all disturbed areas.

\$ 38,000.00 Dollars

Item 3— 80kw Generator

For providing all labor, equipment, tools, materials, and incidentals to furnish and install generator, generator pad and control panel, the lump sum of

\$ 78,000.00 Dollars

Item 4— Electrical and Instrumentation/ Controls Work

For providing all labor, equipment, tools, materials, and incidentals to furnish and install all electrical, signal, electrical panel board and associated conduits, the lump sum of

\$ 115,000.00 Dollars

Payment & Performance Bond

Add 2.0% to total of Anderson Construction, Inc Bid Amount if required

• Clarifications and Exclusions:

- Includes All Building Permits associated with the Pump Station
- Got verbal budget for pumps from Commonwealth Engineering & Tencarva
- Excludes Removal of Rock and Unsuitable
- Excludes Bid Bond
- Excludes the demo of existing wet well and pump station.

• Total Price: \$591,000.00

I personally thank you for the opportunity to submit to you this proposal and look forward to the potential opportunity of working with you on this project. Should you have any questions please feel free to contact me.

Sincerely,

Chris Morgan, Project Manager
Anderson Construction, Inc.
434-239-4913



RESOLUTION

2020-10.01

Prepayment for Forest Middle School Lift Station

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 20th of October 2020, beginning at 7:00pm

WHEREAS, the Authority received a request from Westyn Village LLC ("Developer") for prepayment credits in the amount of \$602,820 per the Prepayment Policy 4.40 ("Policy") for the reimbursement of construction expenses for upgrades to the Authority's Forest Middle School Lift Station ("Station") in Forest, Virginia ("Project"); and,

WHEREAS, remaining capacity of the Station is unable to support Westyn Village Phase 2 and Phase 3 ("Development") as proposed by the Developer, or support further development in the drainage area of the Forest Middle School Lift Station; and,

WHEREAS, the Developer agrees to upgrade the Station to provide a minimum additional capacity of 25,000 gallons per day average and 44 gallons per minute peak flow above and beyond the additional capacity needed to serve their development; and,

WHEREAS, the Project is proposed as a future Capital Improvement Project for the Authority; and,

WHEREAS, the Authority desires to bring the Station up to its current standards which may increase the cost estimate for the Project as provided by the Developer; and,

WHEREAS, the Authority anticipates partial issuance of Prepayment credits upon receipt of bonding for the Project with the remaining credits to be issued upon final construction completion and verification of costs; and,

WHEREAS, the Policy states that "Each project proposed for reimbursement shall be evaluated by the Board of Directors on a case by case basis", and the Policies and Projects Committee ("Committee") has reviewed the request at a Committee meeting that took place on October 13, 2020; and,

WHEREAS, the Committee recommended partial approval of the prepayment credit issuance requested by the Developer with the requirement that the Developer hold some financial responsibility towards the Project cost; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the Executive Director to execute an agreement with the Developer for the issuance of prepayment credits as a reimbursement of the Project in an amount not to exceed \$100,000 less than the verifiable costs of construction for the Project.



On behalf of the Policies and Projects Committee, Member _____ made a motion to approve this Resolution.

Being a motion from a committee, no second was needed.

Board Member Votes: ____ Aye ____ Nay ____ Abstain

CERTIFICATION

The undersigned secretary of the Bedford Regional Water Authority does hereby certify that the foregoing is a true, complete, and correct Resolution adopted by a vote of a majority of the Directors of the Bedford Regional Water Authority, present at a regular meeting of the Board of Directors of the Bedford Regional Water Authority duly called and held October 20, 2020 at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of the above mentioned meeting.

(SEAL)

Brian M. Key, Secretary,
Bedford Regional Water Authority



1723 Falling Creek Road
Bedford, VA 24523-3137
(540) 586-7679 (phone)
(540) 586-5805 (fax)
www.brwa.com

RESOLUTION MEMORANDUM

To: BRWA Board of Directors
From: Rhonda English, Director of Engineering
Date: October 13, 2020
Re: Resolution 2020-10.02 – Ivy Creek Interceptor and 460 Pump Station Agreement

Attached is a resolution for consideration to enter into an Interim Agreement with E.C. Pace and CHA for the Ivy Creek Interceptor and 460 Pump Station PPEA project. The step of an Interim Agreement for preliminary stage services is not required prior to a Comprehensive Agreement through the PPEA process; however, this step allows work to begin with less financial commitment as we await funding through the Clean Water Revolving Loan Fund.

The initial draft of a Preliminary Stage Agreement is included separately for reference. Tasks proposed to begin under this agreement include survey, design, permitting, easement acquisition, and interim pumping solutions at the Lake Vista pump station. The draft agreement is currently in the process of detailed internal and legal reviews.

Please refer to the Policies and Projects Meeting summary and documentation for more information regarding this request.

MEMORANDUM

To: Policies and Projects Committee
From: Rhonda English, Director of Engineering
CC: Brian Key, Executive Director
Date: October 9, 2020
Re: PPEA Agreement for Ivy Creek Sewer and 460 Pump Station

Interviews were held with 3 proposing design-build teams to discuss their PPEA proposals for the above referenced project. A selection committee comprised of myself, Nathan Carroll, and Whitney Blankenship assigned scores to each team based on the information that was provided to us in their proposals and presentations. Based upon scoring, and supported by overall impressions, the committee unanimously selected the design-build team of E.C. Pace and CHA as the best-suited to carry the Authority forward with both the Ivy Creek sewer and 460 pump station projects.

Attached is a draft Preliminary Stage Agreement with E.C. Pace Company to allow the design and other preliminary work for the projects to begin while funding through the Clean Water Revolving Loan Fund ("CWRLF") is finalized for the sewer project. Tasks to be completed under this agreement include survey, design, permitting, easement acquisition, and interim pumping solutions at the Lake Vista pump station.

Category	Compensation Method	Amount
Geotechnical Data Collection	Lump Sum	\$ 6,500
Survey Data Collection	Lump Sum	\$ 200,000
Permitting	Lump Sum	\$ 10,000
Easement Acquisition	Lump Sum	\$ 51,900
Ivy Creek Design	Lump Sum	\$ 508,000
Route 460 Booster Station VE	Lump Sum	\$ 30,500
Easement Purchase Allowance	Allowance for Easement Purchase	\$ 60,000
Lake Vista PS Bypass Allowance	Requires Pre-Authorization	\$ 500,000
Total: Preliminary Stage Price		\$ 1,366,900

Legal counsel (Sam Vance) has reviewed the general structure of the Agreement for acceptability. He will assist us with a more comprehensive review of the details in the agreement upon further review by staff.

Staff is requesting the committee to recommend approval to award the contract to E.C.Pace for the Preliminary Stage services.

			Weighted Scores - Average								
			English \ H&P			Garney \ W/W			EC Pace \ CHA		
			Overall	Ivy Creek	460 PS	Overall	Ivy Creek	460 PS	Overall	Ivy Creek	460 PS
Ivy Creek Interceptor PPEA Review - Phase 1 Interviews											
<u>Qualifications and Experience</u>	16.3										
General qualifications, including specialty firms	5.3		4.6	4.6	4.6	5.2	5.2	4.4	5.0	5.0	5.0
Safety record and plan	5.7		4.3			5.5			5.1		
Workload Capacity - <i>Current and incomplete workload; pandemic planning</i>	2.7		1.7			2.5			2.6		
Availability for Warranty support	2.7		2.7			1.8			2.7		
<u>Project Characteristics</u>	48										
Project understanding	7.7		6.4	6.4	6.9	7.4	7.4	6.4	7.7	7.7	7.7
Quality Control process											
General QA / QC Process	4.0		3.2			3.5			3.7		
BRWA time minimized	3.7		3.1			3.2			3.2		
Project Coordination											
General Approach	5.0		4.2	4.0	3.0	4.5	4.5	3.5	4.8	4.8	4.8
Authority vs DB Responsibilities	5.3		4.3			4.4			4.8		
Easement Acquisition process and scheduling	6.0		4.6			5.2			5.2		
Permitting - Understanding, completeness and responsibility	5.7		5.5			5.5			5.5		
Construction Management	7.0		6.1			6.3			6.1		
Value engineering	3.7		3.1			2.8			3.2		
<u>Project Financing</u>	15.3										
Contingencies - Completeness and cost	6.3		3.2	3.2	3.6	4.5	4.4	4.0	6.1	6.1	6.1
Overall project cost	9.0		4.5	4.5	6.0	6.8	6.9	4.8	9.0	9.0	9.0
<u>General</u>	20.3										
Supplemental submittal information - completeness	2.7		1.8			2.5			2.4		
Preparedness	3.0		2.3			3.0			2.9		
Interview question responses	7.3		5.6			6.6			6.8		
Overall impression	7.3		5.4	5.4	5.4	6.6	6.6	5.1	6.8	7.1	7.3
Totals	100	100	76.3	28.1	29.5	87.7	35.0	28.3	93.6	39.7	39.9

IVY CREEK DIV 5 & 6 / ROUTE 460 PUMP STATION
BRWA JN 2020-043.1

Phase 1 - Presentation Reviews

Reviewer	English \ H&P			Garney \ W W			EC Pace \ CHA		
	Overall	Ivy Creek	460 PS	Overall	Ivy Creek	460 PS	Overall	Ivy Creek	460 PS
1	72.9	25.7	34.4	89.1	36.2	23.1	90.9	38.9	39.6
2	93.2	34.0	36.9	96.5	38.5	38.2	99.4	40.7	40.7
3	62.9	24.5	17.2	77.4	30.3	23.5	90.4	39.5	39.5
Average	76.3	28.1	29.5	87.7	35.0	28.3	93.6	39.7	39.9

AGREEMENT BETWEEN OWNER AND DESIGN-BUILDER FOR PROGRESSIVE DESIGN-BUILD

Prepared by



Issued and Published Jointly by



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INTRODUCTION

Progressive Design-Build is by its nature a flexible contracting method that allows the Owner and Design-Builder to maximize the benefits of design-build. In a typical application of Progressive Design-Build, Owner selects the Design-Builder primarily based on qualifications, rather than price; the parties enter into the contract early in the design phase, allowing substantial design input by both parties; and the determination of the final contract price (in particular construction cost) is deferred until a point when the design is well developed and both parties have sufficient information to establish a fair final price (Completion Stage Price)—whether a stipulated amount (lump sum) or a Guaranteed Maximum Price (GMP). This method of design-build contracting has increased in popularity for a number of reasons including:

1. Simple, inexpensive, and quick procurement process for selecting the Design-Builder, usually qualifications based, and without an extensive proposal process or premature price commitments.
2. Useful delivery method where project lacks initial definition.
3. Provides for a high level of collaboration during the planning and design process by Owner, Design-Builder, and Design-Builder's Engineer.
4. Allows Owner to participate in selecting key equipment suppliers and subcontractors, which may promote use of regional subcontractors and suppliers and Owner-preferred vendors.
5. Reduces unilateral, pre-set constraints on innovation, solutions, and scope.
6. Provides Owner with progressive open-book cost estimates throughout the design process, developed by the Design-Builder to support informed decision making on project scope and budget.
7. Provides lower risk of construction changes due to direct involvement of Design-Builder and Design-Builder's Engineer with the Owner in developing the project design, prior to establishing the Completion Stage Price.
8. Provides an off-ramp whereby Owner can reject the Design-Builder's Completion Stage Price and competitively bid the completion of the project (primarily construction) without significant delays to the project schedule.
9. Flexible procurement, contracting, and project delivery approach customizable to Owner's specific needs and project-specific regulatory constraints.

The Progressive Design-Build contracting methodology should be considered when an Owner places a priority on the qualifications of the Design-Builder; wishes to have a single contract arrangement with a Design-Builder; wants the Design-Builder to take primary responsibility for design from an early point on the schedule, but desires to have a high level of involvement in the design process with the Design-Builder; and is willing to defer the final project pricing until later in the design process, versus establishing the final price upon initial contract execution.

General Note Regarding the Agreement. A Progressive Design-Build contract must be prepared with care, and must clearly set forth the Owner's objectives for the project, including schedule requirements or constraints, performance criteria, design obligations, and the transition to a final Contract Price. Work under a Progressive Design-Build contract generally commences with the Owner, Design-Builder, and Design-Builder's Engineer working collaboratively to develop a design that fulfills the Owner's project

requirements, with the Design-Builder providing progressive cost estimates at specified intervals of the design to ensure the anticipated project cost meets the Owner's target price.

The contents of this EJCDC document (EJCDC® D-512), Agreement between Owner and Design-Builder for Progressive Design-Build ("Agreement") are intended to provide the general structure of the agreement between the Owner and Design-Builder entering into a progressive design-build contract arrangement, providing the Owner with a number of options with regard to establishing the Contract Times and Contract Price structure. EJCDC® D-512 is a unique agreement form that is longer and more involved than either EJCDC® D-520 (Stipulated Sum) or EJCDC® D-525 (Cost of the Work Plus a Fee). A significant amount of customization will be needed to draft the contents of the document and develop the exhibits to meet the Owner's specific requirements for the project.

Stages of Work. Under EJCDC® D-512, Agreement between Owner and Design-Builder for Progressive Design-Build, the contract arrangement provides for two distinct stages of Work—each has its own schedule and pricing terms:

Preliminary Stage. The Preliminary Stage generally includes traditional project study and design related activities including permitting, conceptual design, property acquisition, geotechnical investigations, detailed design, and construction planning, and may include material and/or equipment procurement or other project-specific activities at the Owner's discretion. The Preliminary Stage concludes with the establishment of the Completion Stage Price, generally after the design reaches a pre-determined level of completion. Upon receipt of the proposed Completion Stage Price for completion of the project, the Owner has the option of accepting the proposal and proceeding to the Completion Stage or taking an off-ramp and terminating the contract. Because of the collaborative and transparent scope and cost development process during the Preliminary Stage, there is a strong expectation that the parties will be able to move forward to completion together. However, the Owner does have the option of rejecting the proposal, terminating the Design-Build contract for convenience, and competitively bidding the remainder of the project using the Preliminary Stage documents provided by the Design Builder.

The scope of the Design-Builder's Preliminary Stage Work is set forth in an exhibit to the Agreement. EJCDC® D-512 includes model language for the planning and design services. Alternatively, if the detailed scope for these services is already set out in a Proposal or other document, that document could be attached and incorporated by reference.

Completion Stage. The Completion Stage includes design completion as well as construction-related activities to take the project to final completion and acceptance by the Owner, as well as any post-construction services.

Establishment of Completion Stage Price. The Owner in developing the Preliminary Stage scope of services has flexibility in determining the timing of the establishment of the Completion Stage Price as it relates to the general completion state of the project. It is typical for the Completion Stage Price to be established when the design has progressed to a design completion state between 60-100 percent, depending on the Owner's expectation for amount of control or influence over the design development and/or preferences regarding risk allocation for design-related construction changes. The Preliminary Stage scope of services is developed to include efforts and activities necessary to advance the design to the relative completion state reflective of the Owner's chosen time of establishment of Completion Stage Price.

Once the Completion Stage Price is established and is agreeable to Owner and Design-Builder either through initial acceptance or negotiations, the Completion Stage Price is memorialized between the parties through execution of a change order, or by re-execution of the original contract as modified to

include the Completion Stage Price, Completion Stage Contract Times, and any other modifications necessary to reflect the agreement between the Owner and Design-Builder for the Completion Stage Work.

Project Schedule. The Agreement contemplates that the parties will commit to a schedule for the Preliminary Stage Work, including submittals to the Owner followed by comments and approvals by Owner, in an iterative process. As to overall schedule including completion of construction, the Agreement allows for this to be set from the outset, or to be determined as part of the Preliminary Stage Work. The schedule agreed upon at the outset of the project for the Preliminary Stage Work and overall completion shall be reflective of required milestones necessary to meet any regulatory or other mandatory completion dates. If the overall schedule is not set at the outset and is determined during the Preliminary Stage Work, it will be finalized during the Completion Stage Price development and memorialized with the Completion Stage Price at the conclusion of the Preliminary Stage.

Compensation. The Preliminary Stage Work consists primarily of professional services—planning, design, management—and hence for this stage the Agreement proposes the use of compensation methods and formats that are typically used for professional services agreements, such as Standard Hourly Rates, and Direct Labor Times a Factor. See Exhibit B, Exhibits B-1 through B-5.

The Completion Stage Work is predominantly construction and construction-related services. For this stage the Agreement provides for compensation based either on a lump sum, or on the Cost of the Completion of the Work Plus a Fee, Subject to a Guaranteed Maximum Price.

Owner's Contingency. When the Agreement is executed, the primary focus is on the Preliminary Stage Work, and it is too early to establish a final price for the work as a whole. Even at this early point, however, the owner may wish to set a flexible, temporary project price by including a large contingency amount for later use in funding the Completion Stage Work.

Bonds. The Contract's Performance Bond and Payment Bond, when required, are not obtained until the Completion Stage Price is formalized.

Preparation of a Project-Specific Agreement using EJCDC® D-512. Suggested wording is presented in this document, together with Notes to User to assist in drafting. Much of the language is broadly applicable, but modifications and additional provisions will be necessary due to the wide variety, scope, and conditions of projects built on a progressive design-build basis. The suggested wording and terminology have been coordinated with the other standard design-build documents produced by EJCDC. When modifying the suggested language or writing additional provisions, the preparer must check the other documents thoroughly for conflicts and coordination of terms, and make appropriate revisions in all affected documents.

Paragraphs in the document are numbered in EJCDC document format. The Agreement as published contains various Notes to Users, typically set out under the heading ***“NOTE(S) TO USER”*** in ***bold, italicized text***, or embedded in the document text in ***[bracketed, bold, italicized]*** form. These Notes are meant to assist the user in drafting an Agreement for use on a specific project. The user should delete all such notes prior to finalization and issuance of the project-specific Agreement.

The Agreement has important legal consequences, and consultation with an attorney is encouraged with respect to the development, drafting, and use of the Agreement.

AGREEMENT
BETWEEN OWNER AND DESIGN-BUILDER
FOR PROGRESSIVE DESIGN-BUILD

THIS AGREEMENT is by and between Bedford Regional Water Authority (“Owner”) and
E.C. Pace Company, Inc. (“Design-Builder”).

PROJECT INFORMATION

Project: Ivy Creek Interceptor and Route 460 Booster Pump Station Projects

Design-Build Contract: 2020-043

Owner’s Consultant: N/A

Engineer: Design-Builder has retained CHA Consulting, Inc. (“Engineer”) for the performance of professional engineering services under this Contract.

Authorized Representatives: Owner and Design-Builder each hereby designates a specific individual authorized to act as representative with respect to the performance of responsibilities under this Contract. Such an individual shall have authority to transmit instructions, receive formal notices, receive information, and render decisions relative to this Contract on behalf of the respective party that the individual represents.

1. Owner’s Authorized Representative:

Rhonda B. English, P.E.
r.english@brwa.com
1723 Falling Creek Road
Bedford, VA 24523
(540) 586-7679

2. Design-Builder’s Authorized Representative:

Patrick Wade, P.E.
pwade@ecpace.com
1811 Hollins Road NE
Roanoke, VA 24012
(540) 314-8552

Owner and Design-Builder further agree as follows:

ARTICLE 1 – THE WORK

- 1.01 *General Description: Design-Builder shall complete all Work as specified or indicated in the Contract. The Work is generally described as the design and construction of the following:*

The Ivy Creek Interceptor and Route 460 Booster Station Projects for the Bedford Regional Water Authority (BRWA) includes approximately 18,500 linear feet of new sewer interceptor and a new 2.0 MGD water booster pump station. E. C. Pace and CHA Consulting, Inc. (CHA) have partnered together to provide a design-build team that will provide design, permitting, easement acquisition, construction administration, and construction services as outlined in Exhibit A.

Work Stages:

- A. *Preliminary Stage:* As set forth in more detail in Exhibit A, which is attached and incorporated by reference, Design-Builder shall perform the following in the Preliminary Stage: permitting, survey data collection, geotechnical investigation, land acquisition services, design services (Ivy Creek Interceptor, value engineering (Route 460 Booster Station), bypass pumping services, and construction planning services (including preparation of proposed Completion Stage Price).
- B. *Completion Stage:* If Owner and Design-Builder advance to the Completion Stage pursuant to Paragraph 3.03, then Design-Builder shall perform the following in the Completion Stage: Construction, construction phase services, representative project representation, project start-up, and preparation of as-builts and operation and maintenance manual.
- C. Regardless of stage, the Work is subject to the terms of the Standard General Conditions.

ARTICLE 2 – CONTRACT TIMES

- 2.01 *Time of the Essence*

- A. All time limits for Design-Builder's attainment of Milestones, Substantial Completion, and completion and readiness for final payment, as stated in the Contract, are of the essence of the Contract.

- 2.02 *Contract Times: Preliminary Stage*

- A. Design-Builder shall complete the Work under the Preliminary Stage within 180 days of the Effective Date.
- B. In addition to Design-Builder's Preliminary Stage completion commitment above, the parties shall meet the following Preliminary Stage Schedule:

<u>PRELIMINARY STAGE SCHEDULE</u>		
<u>Party</u>	<u>Action</u>	<u>Schedule</u>
Design-Builder	Complete Geotechnical Field Work (Ivy Creek and Route 460 Booster Station)	Within 30 days of the Effective Date
Design-Builder	Complete Survey Field Data Collection	Within 45 days of the Effective Date
Design-Builder	Complete Design of Ivy Creek Interceptor	Within 120 days of the Effective Date
Design-Builder	Complete Ivy Creek Permitting	Within 150 days of the Effective Date
Design-Builder	Complete Easement Acquisition for Ivy Creek	Within 180 days of the Effective Date
Design-Builder	Complete Route 460 Booster Station Permitting	Within 90 days of the Effective Date
Design-Builder	Complete Route 460 Booster Station Value Engineering	Within 90 days of the Effective Date
Design-Builder	Provide Completion Stage	Provided based on DEQ Funding requirements.

2.03 Contract Times: Completion Stage

- A. The Work will be substantially completed within 570 days after completion of Preliminary Stage services and Owner approval of a binding Completion Stage agreement.

2.04 Liquidated Damages; Early Completion Bonus

- A. *Construction:* Design-Builder and Owner recognize that time is of the essence as stated in Paragraph 2.01 and that Owner will suffer financial and other losses if the Work is not completed within the times specified in Paragraph 2.03, as such may be revised in accordance with the Contract. The parties also recognize the delays, expense, and difficulties involved in proving, in a lawsuit or arbitration proceeding, the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Design-Builder agree that as liquidated damages for delay (but not as a penalty):

1. Liquidated Damages will not be part of the Preliminary Stage agreement.

ARTICLE 3 – CONTRACT PRICE

3.01 Contract Price Definitions

- A. For purposes of this Agreement, the following definitions apply:
1. Contract Price—The money that Owner has agreed to pay Design-Builder for performance and completion of the Work in accordance with the Contract Documents. Contract Price

is comprised of the Preliminary Stage Price and the Completion Stage Price, and when applicable the Owner's Completion Contingency. Contract Price is subject to and governed by any duly established Guaranteed Maximum Price.

2. Preliminary Stage Price—the portion of the Contract Price established in Paragraph 3.02, as Design-Builder's compensation for the performance of the Preliminary Stage Work.
3. Completion Stage Price—the portion of the Contract Price established in Paragraph 3.03, as Design-Builder's compensation for the performance of the Completion Stage Work.
4. Owner's Completion Contingency—When applicable, a contingent amount included in the Contract Price for use by Owner, at its sole discretion, in funding the Completion Stage Price.

3.02 Preliminary Stage

- A. For performance of the Preliminary Stage Work in accordance with the Contract Documents, Owner shall pay Design-Builder the Preliminary Stage Price (1) pursuant to the following compensation methods, and (2) in the amounts that follow, subject to adjustment under the Contract, and subject to the applicable terms of Exhibit B:

Category	Compensation Method	Amount
Geotechnical Data Collection	Lump Sum	\$ 6,500
Survey Data Collection	Lump Sum	\$ 200,000
Permitting	Lump Sum	\$ 10,000
Easement Acquisition	Lump Sum	\$ 51,900
Ivy Creek Design	Lump Sum	\$ 508,000
Route 460 Booster Station VE	Lump Sum	\$ 30,500
Easement Purchase Allowance	Allowance for Easement Purchase	\$ 60,000
Lake Vista PS Bypass Allowance	Requires Pre-Authorization	\$ 500,000
Total: Preliminary Stage Price		\$ 1,366,900

- B. Monetary amounts stated for portions of the work to be performed on a Stipulated Price basis are fixed and binding. For portions of the Work subject to the Direct Labor Costs Times a Factor or Standard Hourly Rates methods of payment, the stated monetary amounts are estimates of the amounts that will become payable for the specified services; such stated amounts are for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Design-Builder under the Agreement.

3.03 Completion Stage

1. As part of Construction Planning under the Preliminary Stage, Design-Builder is required to determine an estimate of the cost of completion of the Work, including completion of the design and all Construction labor, administration, equipment, materials, and subcontracts ("Completion Cost Estimate"). Any categories of Construction that are not included in the Construction Cost Estimate, because their price will be determined by competitive bidding as set forth in Exhibit B, should be noted. Design-Builder shall use the final Completion Cost Estimate as the basis for developing and submitting to Owner a proposed Completion Stage Price based on the Stipulated Price method of compensation, as set forth in Exhibit B.
- B. The proposed Completion Stage Price shall be based on the Contract Times established in this Agreement; or if no Contract Times were established with respect to the Completion Stage

when the Agreement was executed, then upon proposed or mutually-agreed Contract Times developed during the Preliminary Stage and expressly stated as an essential part of Design-Builder's Completion Stage Price submittal to Owner.

- C. The proposed Completion Stage Price submitted by Design-Builder to Owner constitutes an offer that is binding on Design-Builder for 30 days.
- D. After receipt of the proposed Completion Stage Price from Design-Builder, Owner shall either (1) accept the Completion Stage Price, in which case the Completion Stage Price is binding on both Owner and Design-Builder for the performance of the Completion Stage Work; or (2) enter into negotiations with Design-Builder regarding the Completion Stage Price and the corresponding scope of Work and schedule, or (3) reject the Completion Stage Price. If Owner accepts the Completion Stage Price, or an accord is reached through negotiations, the parties shall prepare and enter into a Change Order or special amendment to the Contract, memorializing the acceptance of such Completion Stage Price, as modified by any negotiations, and establishing an adjusted Contract Price or Guaranteed Maximum Price based upon such Completion Stage Price.

If Owner does not accept the proposed Completion Stage Price, and negotiations (if any) are not successful, then the Contract shall terminate for convenience. Under such a termination for convenience,

- 1. Design-Builder shall be entitled to full payment for all Preliminary Stage Work;
- 2. Owner shall be entitled to use of the Preliminary Technical Documents; and
- 3. Owner shall assume and discharge all remaining payment obligations for any equipment or materials that Design-Builder has ordered or purchased for the Project pursuant to express authorization from Owner, and Design-Builder shall assign to Owner all rights and interests in any such equipment and materials.

3.04 *Changes in Contract Price Based on Cost of the Work*

- A. If the price of Design Professional Services covered by a Change Order or an adjustment in the Contract Price is determined on the basis of Cost of the Work, then for such Design Professional Services (exclusive of reimbursable expenses, if any) the Engineer, Project Design Professional, or other design entity performing the Design Professional Services (regardless of tier) may invoice no more than the direct labor cost of each employee providing services multiplied by a factor of 3.0, which covers labor costs, overhead, and profit.
- B. If the value of Work covered by a Change Order or an adjustment in the Contract Price is determined on the basis of Cost of the Work, and involves Work performed under Construction Subcontracts or Design Agreements, the allowable mark-ups on lower tier invoices shall be limited as stated in Paragraph 11.05.D.2.c and d of the General Conditions.

ARTICLE 4 – PAYMENT PROCEDURES

4.01 *Submittal and Processing of Payments*

- A. Design-Builder shall submit Applications for Payment for processing by Owner in accordance with Article 14 of the General Conditions.

4.02 *Progress Payments; Retainage*

- A. During the Preliminary Stage the Owner shall make payment within 30 days of the receipt of Design-Builder's invoice for Preliminary Stage services. Owner shall not withhold any portion of such payment as retainage.
- B. During the Completion Stage the Owner shall make progress payments on account of the Completion Stage Price on the basis of Design-Builder's Applications for Payment on or about the 1st day of each month during construction as provided in Paragraphs 4.02.A.1 and 4.02.A.2 below, provided that such Applications for Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract.
 - 1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract:
 - a. 95 percent of the Cost of Work completed (or in the case of a Stipulated Price contract, such percentage of the value of Work completed), with the balance being retainage. If the Work has been 50 percent completed as determined by Owner, and if the character and progress of the Work have been satisfactory to Owner, then as long as the character and progress of the Work remain satisfactory to Owner, there will be no additional retainage; and
 - b. 95 percent of cost of materials and equipment not incorporated in the Work (with the balance being retainage).
 - 2. Upon Substantial Completion, Owner shall pay an amount sufficient to increase total payments to Design-Builder to 100 percent of the Work completed, less such amounts set off by Owner pursuant to Paragraph 14.01.G of the General Conditions, and less 200 percent of Owner's estimate of the value of Work to be completed or corrected as shown on the punch list of items to be completed or corrected prior to final payment.
 - 3. Notwithstanding the provisions above, no retainage shall be withheld with respect to the portion of an Application for Payment pertaining to engineering, design, and other professional services.
- C. *For Design-Builder's fee:* In the case of a Cost of the Work contract, progress payments on account of the Design-Builder's fee will be made as follows:
 - 1. If Design-Builder's fee is a fixed fee, payments prior to Substantial Completion will be in an amount equal to 95 percent of such fee earned to the date of the approved Application for Payment (less in each case payments previously made on account of such fee) based on the progress of the Work measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work on the number of units completed), and upon Substantial Completion in an amount sufficient to increase total payments to Design-Builder on account of his fee to 100 percent of Design-Builder's fee. In the event there is no Schedule of Values the progress of the Work will be measured as provided elsewhere in the Contract.

2. If Design-Builder's fee is a percentage fee, payments prior to Substantial Completion will be in an amount equal to 95 percent of such fee (less in each case payments previously made on account of such fee) based on the Cost of the Work completed, and upon Substantial Completion in an amount sufficient to increase total payments to Design-Builder on account of that fee to 100 percent of Design-Builder's fee.
- D. Notwithstanding any provision above, no retainage shall be withheld with respect to the portion of a payment application pertaining to engineering, design, and other professional services.

4.03 *Final Payment*

- A. Upon final completion and acceptance of the Work in accordance with Paragraph 14.06 of the General Conditions, Owner shall pay the final amount due.

ARTICLE 5 – INTEREST

5.01 *Interest Rate*

- A. All amounts not paid when due shall bear interest at the rate of 2 percent per annum, or if applicable at the rate stated in a governing prompt payment statute.

ARTICLE 6 – INSURANCE AND BONDS

6.01 *Insurance*

- A. Design-Builder and Owner shall obtain and maintain insurance as required by the General Conditions and Supplementary Conditions.

6.02 *Performance, Payment, and Other Bonds*

- A. As part of the Work under the Completion Stage, the Design-Builder shall furnish a performance bond and a payment bond, each in an amount equal to the Completion Stage Price as duly established and modified under this Contract, as security for the faithful performance and payment of Design-Builder's obligations under the Completion Stage. These bonds shall be in the form prescribed by the Contract and governed by the provisions of Paragraph 6.01 of the General Conditions. Design-Builder shall also furnish such other bonds as are required by other specific provisions of the Contract.

ARTICLE 7 – DESIGN-BUILDER'S REPRESENTATIONS

7.01 *Representations*

- A. Design-Builder makes the following representations for Owner's reliance:
 1. Design-Builder has examined and carefully studied the Contract Documents, and any data and reference items identified in the Contract Documents.
 2. Design-Builder has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
 3. Design-Builder is familiar with and is satisfied as to all Laws and Regulations that may affect cost, progress, and performance of the Work.

4. Design-Builder has carefully studied all: (a) reports of explorations and tests of subsurface conditions at or adjacent to the Site, and all drawings of physical conditions relating to existing surface or subsurface structures at the Site, if any, that Owner has identified or made available to Design-Builder, especially with respect to Technical Data in such reports and drawings, and (b) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site, that Owner has identified or made available to Design-Builder, especially with respect to Technical Data in such reports and drawings.
5. Design-Builder has considered the information known to Design-Builder itself, and to Construction Subcontractors and Project Design Professionals that Design-Builder has selected as of the Effective Date; information commonly known to design professionals, design-builders, and contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings (if any) identified in the Contract Documents or otherwise made available to Design-Builder, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Design-Builder; and (3) Design-Builder's safety precautions and programs.
6. Based on the information and observations referred to in the preceding paragraph, Design-Builder agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary prior to entry into the Contract at the Contract Price, subject to the Contract Times.
7. Design-Builder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
8. Design-Builder has given Owner written notice of all conflicts, errors, ambiguities, or discrepancies that Design-Builder has discovered in the Contract Documents, and the written response from Owner is acceptable to Design-Builder.
9. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.
10. Design-Builder's entry into this Contract constitutes an incontrovertible representation by Design-Builder that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

ARTICLE 8 – ACCOUNTING RECORDS

8.01 *Maintaining and Preserving Cost Records*

- A. Design-Builder shall keep such full and detailed accounts of materials incorporated and labor, services, and equipment utilized for the Work as may be necessary for proper financial management under this Agreement. Subject to prior written notice, Owner shall be afforded reasonable access during normal business hours to all Design-Builder's records, books, correspondence, instructions, drawings, receipts, vouchers, memoranda, and similar data relating to cost-based or time-based compensation or reimbursement of any type or

description, including but not limited to direct labor hours, standard rate hours, reimbursable expenses, change order pricing, and the Cost of the Work (if applicable). Design-Builder shall preserve all such documents for a period of three years after the final payment by Owner.

ARTICLE 9 – CONTRACT DOCUMENTS

9.01 *Contents*

- A. The Contract Documents consist of the following:
 - 1. This Agreement (pages 1 to 13, inclusive).
 - 2. General Conditions (pages 1 to 73, inclusive).
 - 3. Exhibit A, Preliminary Stage Work.
 - 4. Exhibits B-1 and B-7, Compensation.
 - 5. Addenda (numbers N/A).
 - 6. Design-Builder's Proposal.
 - 7. Proposal Amendment.
 - 8. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:
 - a. Performance Bond (in the form attached).
 - b. Payment Bond (in the form attached).
 - c. Work Change Directives.
 - d. Change Orders.
 - e. Record Drawings and Record Specifications.
 - 9. Other Exhibits to this Agreement (enumerated as follows):
 - a. N/A
- B. The documents listed in Paragraph 9.01.A are attached to this Agreement (except as expressly noted otherwise above).
- C. There are no Contract Documents other than those listed above in this Article 9.
- D. The Contract Documents may only be amended, modified, or supplemented as provided in the General Conditions.

ARTICLE 10 – MISCELLANEOUS

10.01 *Terms*

- A. Terms used in this Agreement will have the meanings stated in the General Conditions and Supplementary Conditions.

10.02 *Assignment of Contract*

- A. Unless expressly agreed to elsewhere in the Contract, no assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, money that may become due and money that is due may not be assigned without such

consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract.

10.03 *Successors and Assigns*

- A. Owner and Design-Builder each binds itself, its successors, assigns, and legal representatives to the other party hereto, its successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract.

10.04 *Severability*

- A. Any provision or part of the Contract held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Design-Builder, who agree that the Contract shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

10.05 *Design-Builder's Certifications*

- A. Design-Builder certifies that it has not engaged in corrupt, fraudulent, collusive or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 15.05:
 - 1. "corrupt practice" means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the bidding process or in the Contract execution;
 - 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
 - 3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
 - 4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

10.06 *Other Provisions*

IN WITNESS WHEREOF, Owner and Design-Builder have signed this Agreement.

This Agreement will be effective on [] (which is the Effective Date of the Contract).

OWNER:

DESIGN-BUILDER:

By: _____

By: _____

Title: _____

Title: _____

[If Design-Builder is a corporation, partnership, LLC, or a joint venture, attach evidence of authority to sign. In the case of a joint venture, expand the signature section to accommodate execution of the Agreement by an authorized representative of each joint venturer.]

Attest: _____

Attest: _____

Title: _____

Title: _____

Address for giving notices:

Address for giving notices:

License No.: _____
(where applicable)

[If Owner is a corporation, partnership, or LLC, attach evidence of authority to sign. If Owner is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of this Agreement.]

[State a license number in those states or other jurisdictions where applicable or required.]

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the controlling Laws and Regulations.

STANDARD GENERAL CONDITIONS OF THE CONTRACT BETWEEN OWNER AND DESIGN-BUILDER

Prepared by



Issued and Published Jointly by



These General Conditions have been prepared for use with one of the three Agreements between Owner and Design-BUILDER (EJCDC® D-512, D-520, and D-525, 2016 Editions). Their provisions are interrelated and a change in one may necessitate a change in the others. The comments and instructions contained in the Guide to Use of EJCDC Design-Build Documents (EJCDC® D-001, 2016 Edition) are also carefully interrelated with the wording of these General Conditions.

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STANDARD GENERAL CONDITIONS OF THE CONTRACT BETWEEN OWNER AND DESIGN-BUILDER

TABLE OF CONTENTS

	Page
ARTICLE 1 – DEFINITIONS AND TERMINOLOGY	1
1.01 Defined Terms.....	1
1.02 Terminology	6
ARTICLE 2 – PRELIMINARY MATTERS	7
2.01 Delivery of Bonds and Evidence of Insurance.....	7
2.02 Copies of Documents	7
2.03 Conceptual Documents.....	7
2.04 Before Starting the Work	8
2.05 Authorized Representatives.....	8
2.06 Initial Conference	8
2.07 Review of Schedules	8
2.08 Electronic Transmittals	9
ARTICLE 3 – DOCUMENTS: INTENT, AMENDING, REUSE	9
3.01 Contract Documents	9
3.02 Reference Standards.....	10
3.03 Resolving Discrepancies.....	10
3.04 Ownership and Reuse of Documents.....	10
ARTICLE 4 – COMMENCEMENT AND PROGRESS OF THE WORK	11
4.01 Commencement of Contract Times.....	11
4.02 Starting the Work.....	11
4.03 Progress Schedule	11
4.04 Delays in Design-Builder’s Progress	11
ARTICLE 5 – SITE; SUBSURFACE AND PHYSICAL CONDITIONS; HAZARDOUS ENVIRONMENTAL CONDITIONS	12
5.01 Availability of Lands	12
5.02 Use of Site and Other Areas.....	13
5.03 Reference Points	13
5.04 Differing Site Conditions	14
5.05 Underground Facilities.....	14

5.06	Hazardous Environmental Conditions at Site	16
ARTICLE 6 – BONDS AND INSURANCE.....		17
6.01	Performance, Payment, and Other Bonds.....	17
6.02	Insurance—General Provisions.....	18
6.03	Design-Builder’s Insurance.....	20
6.04	Owner’s Liability Insurance.....	23
6.05	Property Insurance.....	23
6.06	Waiver of Rights	25
6.07	Receipt and Application of Property Insurance Proceeds	26
ARTICLE 7 – DESIGN-BUILDER’S RESPONSIBILITIES.....		26
7.01	Design Professional Services.....	26
7.02	Construction.....	26
7.03	Supervision and Superintendence of Construction	27
7.04	Labor; Working Hours	27
7.05	Services, Materials, and Equipment	27
7.06	“Or Equals” and Substitutions.....	27
7.07	Concerning Project Design Professionals, Construction Subcontractors, Suppliers, and Others	28
7.08	Patent Fees and Royalties.....	29
7.09	Permits and Utility Charges.....	30
7.10	Taxes	30
7.11	Laws and Regulations.....	30
7.12	Record Documents.....	31
7.13	Safety and Protection	31
7.14	Safety Representative	32
7.15	Hazard Communication Programs	32
7.16	Emergencies.....	32
7.17	Post-Construction Phase	32
7.18	Design-Builder’s General Warranty and Guarantee	33
7.19	Indemnification	33
ARTICLE 8 – SUBMITTALS		34
8.01	Design-Builder’s Preparation of Submittals	34
8.02	Owner’s Review of Submittals	35

ARTICLE 9 – OTHER CONSTRUCTION	36
9.01 Other Work	36
9.02 Coordination	37
9.03 Legal Relationships.....	37
ARTICLE 10 – OWNER’S RESPONSIBILITIES	38
10.01 General.....	38
10.02 Insurance.....	40
10.03 Limitations on Owner’s Responsibilities	40
10.04 Undisclosed Hazardous Environmental Condition.....	40
10.05 Owner’s Site Representative.....	40
10.06 Owner’s Consultants and Managers.....	40
10.07 Safety Programs	40
10.08 Permits and Approvals.....	41
ARTICLE 11 – AMENDING THE CONTRACT DOCUMENTS; CHANGES IN THE WORK.....	41
11.01 Amending and Supplementing Contract Documents	41
11.02 Authorized Changes in the Work	41
11.03 Unauthorized Changes in the Work.....	41
11.04 Changes Involving the Design	42
11.05 Change of Contract Price	42
11.06 Change of Contract Times.....	43
11.07 Execution of Change Orders	43
11.08 Notice to Sureties.....	44
ARTICLE 12 – COST OF THE WORK ADJUSTMENTS; UNIT PRICE WORK.....	44
12.01 Cost of the Work.....	44
12.02 Unit Price Work.....	47
ARTICLE 13 – TESTS AND INSPECTIONS; CORRECTION, REMOVAL, OR ACCEPTANCE OF DEFECTIVE CONSTRUCTION.....	47
13.01 Access to Construction.....	47
13.02 Tests, Inspections, and Approvals.....	47
13.03 Uncovering Construction	48
13.04 Defective Construction	49
13.05 Owner May Correct Defective Construction.....	49
13.06 Costs.....	49

13.07	Owner's Acceptance of Defective Construction	50
13.08	Owner May Stop Construction	50
ARTICLE 14 – PAYMENTS TO DESIGN-BUILDER; COMPLETION.....		50
14.01	Progress Payments.....	50
14.02	Design-Builder's Warranty of Title.....	52
14.03	Substantial Completion.....	52
14.04	Partial Use or Occupancy	53
14.05	Final Inspection	54
14.06	Final Payment.....	54
14.07	Waiver of Claims	55
14.08	Correction Period	55
ARTICLE 15 – SUSPENSION OF WORK AND TERMINATION		56
15.01	Owner May Suspend Work	56
15.02	Owner May Terminate for Cause.....	56
15.03	Owner May Terminate for Convenience	57
15.04	Design-Builder May Stop Work or Terminate.....	57
ARTICLE 16 – DISPUTES.....		57
16.01	Methods and Procedures.....	57
ARTICLE 17 – MISCELLANEOUS		58
17.01	Giving Notice.....	58
17.02	Computation of Times	58
17.03	Cumulative Remedies	59
17.04	Limitation of Damages	59
17.05	No Waiver	59
17.06	Survival of Obligations	59
17.07	Controlling Law	59
17.08	Headings.....	59

STANDARD GENERAL CONDITIONS OF THE CONTRACT BETWEEN OWNER AND DESIGN-BUILDER

ARTICLE 1 – DEFINITIONS AND TERMINOLOGY

1.01 *Defined Terms*

- A. Wherever used in the Contract Documents and printed with initial capital letters, the following terms have the meanings indicated which are applicable to both the singular and plural thereof. In addition to terms specifically defined, terms with initial capital letters in the Contract Documents include references to identified articles and paragraphs, and the titles of other documents or forms.
1. *Addenda*: Written or graphic instruments issued by Owner prior to the opening of Proposals which clarify, correct, or change the Request for Qualifications, Request for Proposals, or the proposed Contract Documents, including the Conceptual Documents.
 2. *Agreement*: The written instrument, executed by Owner and Design-Builder, that sets forth the Contract Price and Contract Times, identifies the parties, and designates the specific items that are Contract Documents.
 3. *Application for Payment*: The form which is to be used by Design-Builder during the course of the Work in requesting progress or final payments and which is to be accompanied by such supporting documentation as is required by the Contract Documents.
 4. *Authorized Representative*: The individual designated by a party to represent it with respect to this Contract, as indicated in the Agreement.
 5. *Change Order*: A document which is signed by Design-Builder and Owner and authorizes an addition, deletion, or revision in the Work, or an adjustment in the Contract Price or the Contract Times, or other revision to the Contract, issued on or after the Effective Date of the Contract.
 6. *Claim*: A demand or assertion by Owner or Design-Builder seeking an adjustment of Contract Price or Contract Times, or both, or other relief with respect to the terms of the Contract. A request or proposal for a Change Order is not a Claim.
 7. *Conceptual Documents*: The documents prepared by or for the Owner to describe the Work to be performed, issued to Proposers during the design-builder selection process, and expressly identified in the Agreement.
 8. *Constituent of Concern*: Asbestos, petroleum, radioactive materials, polychlorinated biphenyls (PCBs), hazardous waste, and any substance, product, waste, or other material of any nature whatsoever that is or becomes listed, regulated, or addressed pursuant to (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. ("CERCLA"); (b) the Hazardous Materials Transportation Act, 49 U.S.C. §§5101 et seq.; (c) the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. ("RCRA"); (d) the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; (e) the Clean Water Act, 33 U.S.C. §§1251 et seq.; (f) the Clean Air Act, 42 U.S.C. §§7401 et seq.; or (g) any other Laws or Regulations regulating,

relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.

9. *Construction*: The part of the Work that consists generally of making physical improvements at the Site, and is the result of performing or furnishing of labor, the furnishing and incorporating of materials and equipment into the Work (including any correction of defective Construction), and the furnishing of services (other than Design Professional Services) and documents, all as required by the Contract Documents and Construction Drawings and Construction Specifications, as duly modified.
10. *Construction Drawings*: Documents prepared by or for Design-Builder, and approved by Owner for purposes of allowing Design-Builder to proceed with the Construction or specific portions of the Construction, and consisting of drawings, diagrams, illustrations, schedules, and other data that graphically show the scope, extent, and character of the Construction (or specific portions of the Construction) to be performed by or for Design-Builder. Construction Drawings are not Contract Documents.
11. *Construction Specifications*: Documents prepared by or for Design-Builder, and approved by Owner for purposes of allowing Design-Builder to proceed with the Construction or a specific portion of the Construction, and consisting of written requirements for materials, equipment, systems, standards, workmanship, and administrative procedures as applied to the Construction (or a specific portion of the Construction). Construction Specifications are not Contract Documents.
12. *Construction Subcontract*: A written agreement between Design-Builder and a Construction Subcontractor for provision of all or a portion of the Construction, and any delegated Design Professional Services.
13. *Construction Subcontractor*: An individual or entity (other than a Supplier) having a direct contract with Design-Builder or with any other Construction Subcontractor for the performance of a part of the Construction, and any delegated Design Professional Services.
14. *Contract*: The entire and integrated written agreement between Owner and Design-Builder concerning the Work.
15. *Contract Documents*: Those items so designated in the Agreement, and which together comprise the Contract.
16. *Contract Price*: The money that Owner has agreed to pay Design-Builder for completion of the Work in accordance with the Contract Documents.
17. *Contract Times*: The numbers of days or the dates stated in the Agreement to (a) achieve Milestones, if any; (b) achieve Substantial Completion; and (c) complete the Work.
18. *Design-Builder*: The individual or entity with which Owner has contracted for performance of the Work, as designated in the Agreement.
19. *Design Professional Services*: That part of the Work comprised of the furnishing of engineering, surveying, architecture, and other design services, and including but not limited to providing research, analysis, and conclusions regarding engineering and related matters; exercising professional judgment with respect to technical issues; the preparation of plans, reports, calculations, models, schematics, drawings, specifications,

Design Submittals, the Construction Drawings, Construction Specifications, and other instruments of service; other services included in the Contract Documents and required to be performed by or under the responsible charge of licensed design professionals; and the review of shop drawings, observation of construction, response to requests for information or interpretation, analysis of the technical aspects of Change Orders, and other engineering and related professional services provided by or for licensed design professionals during Construction.

20. *Design Agreement*: A written agreement between Design-Builder and a design firm or entity for provision of Design Professional Services.
21. *Design Submittal*: A Submittal that pursuant to Laws and Regulations or this Contract must be prepared by or under the supervision of a licensed engineer or other licensed design professional, including drawings, specifications, Construction Drawings, Construction Specifications, and revisions to such documents (but not including Record Documents).
22. *Effective Date of the Contract*: The date indicated in the Agreement on which the Contract becomes effective, but if no such date is indicated it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.
23. *Engineer*: The Project Design Professional identified as Engineer in the Agreement, and engaged by Design-Builder to provide engineering and related professional services under a Design Agreement.
24. *Hazardous Environmental Condition*: The presence at the Site of Constituents of Concern in such quantities or circumstances that may present a danger to persons or property exposed thereto. The presence at the Site of materials that are necessary for the execution of the Work, or that are to be incorporated in the Work, and that are controlled and contained pursuant to industry practices, Laws and Regulations, and the requirements of the Contract, does not establish a Hazardous Environmental Condition.
25. *Laws and Regulations; Laws or Regulations*: Any and all applicable laws, statutes, rules, regulations, ordinances, binding resolutions, codes, decrees, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.
26. *Liens*: Charges, security interests, or encumbrances upon Contract-related funds, real property, or personal property.
27. *Milestone*: A principal event in the performance of the Work that the Contract requires Design-Builder to achieve by an intermediate completion date or by a time prior to Substantial Completion of Construction.
28. *Notice of Award*: The written notice by Owner to a Proposer stating that Owner will enter into the design-build contract with the Proposer.
29. *Notice to Proceed*: A written notice by Owner to Design-Builder fixing the date on which the Contract Times will commence to run and on which Design-Builder shall start to perform the Work.
30. *Owner*: The individual or entity with which Design-Builder has contracted regarding the Work, and which has agreed to pay Design-Builder for the performance of the Work, pursuant to the terms of the Contract.

31. *Owner's Consultant:* An individual or entity with which the Owner has contracted to furnish services (typically including planning, preparation of Conceptual Documents, and advisory services) to Owner with respect to the Project, and which is identified as such in the Agreement.
32. *Owner's Site Representative:* A representative of Owner at the Site, as indicated in Paragraph 10.05.
33. *Project:* The total undertaking to be accomplished for Owner by engineers, consultants, Design-Builder, subcontractors, and others, including planning, study, design, construction, testing, start-up, and commissioning, and of which the Work to be performed under the Contract Documents is a part.
34. *Project Design Professionals:* The Engineer and any other independent entities or individuals, or employees of Design-Builder, engaged by Design-Builder or a Construction Subcontractor to provide Design Professional Services with respect to a portion of the Work.
35. *Proposal:* The documents submitted by Design-Builder in response to the Request for Proposals, setting forth technical concepts, proposed prices, and other conditions for the Work to be performed, and stating any proposed revisions, modifications, clarifications, exceptions, or supplements to the proposed Contract Documents.
36. *Proposal Amendment:* A Contract Document that is prepared after submittal of Design-Builder's Proposal; identifies mutually agreed revisions, modifications, exceptions, supplements, and clarifications to the Proposal or proposed Contract Documents; and is executed by Owner and Design-Builder.
37. *Proposer:* An entity that submits a Statement of Qualifications or Proposal to Owner.
38. *Record Documents:* The record copy of all Construction Drawings, Construction Specifications, Addenda, Change Orders, Work Change Directives, and approved Submittals maintained by Design-Builder at the Site, including any annotations to such documents made by Design-Builder during Construction.
39. *Record Drawings and Record Specifications:* Documents depicting the completed Project, or a specific portion of the completed Project, based on or comprised of the Record Documents delivered to Owner by Design-Builder at the completion of the Construction.
40. *Request for Proposals:* The document prepared by or for Owner specifying and describing Owner's objectives, the procedures to be followed in preparing and submitting a Proposal, and the process for evaluating Proposals and awarding a contract.
41. *Request for Qualifications:* The document prepared by or for Owner requesting that Proposers submit a Statement of Qualifications with respect to their candidacy for selection as Design-Builder.
42. *Schedule of Values:* A schedule, prepared and maintained by Design-Builder, allocating portions of the Contract Price to various portions of the Work, and used as the basis for reviewing Design-Builder's Applications for Payment.

43. *Site*: Lands or areas indicated in the Contract Documents as being furnished by Owner upon which Construction is to be performed, including rights-of-way and easements, and such other lands furnished by Owner which are designated for use of Design-Builder.
44. *Statement of Qualifications*: The document submitted by a Proposer in response to the Request for Qualifications, including any completed forms, attachments, and exhibits.
45. *Submittal*: A written or graphic document, prepared by or for Design-Builder, which the Contract Documents require the Design-Builder to submit to the Owner. Submittals may include reports, preliminary drawings and specifications, cost estimates, proposed Construction Drawings and Construction Specifications, progress schedules, cash flow projections, Schedules of Values, shop drawings, product data, samples, delegated designs, certifications, proposed modifications to the Construction Drawings and Construction Specifications, results of tests and evaluations, results of source quality control testing and inspections, results of field or Site quality control testing and evaluations, sustainable design information, information on special procedures, operations and maintenance data, sustainable design closeout information, record documents, records of spare parts and extra stock materials, and other such documents required by the Contract Documents. Submittals, whether approved or accepted by Owner or not, are not Contract Documents. Claims, notices, Change Orders, Applications for Payment, and requests for information/interpretation are not Submittals.
46. *Substantial Completion*: The time at which the Construction (or a specified part thereof) has progressed to the point where it is sufficiently complete, in accordance with the Contract Documents, so that the Construction (or the specified part thereof) can be utilized for the purposes for which it is intended. The terms “substantially complete” and “substantially completed” as applied to all or part of the Construction refer to Substantial Completion thereof.
47. *Supplementary Conditions*: The part of the Contract Documents which amends or supplements these General Conditions.
48. *Supplier*: A manufacturer, fabricator, supplier, distributor, or vendor having a direct contract with Design-Builder or with any Construction Subcontractor to furnish materials or equipment to be incorporated in the Work by Design-Builder or a Construction Subcontractor, and any lessor of rental equipment used by Design-Builder or a Construction Subcontractor during Construction at the Site.
49. *Technical Data*: Data contained in boring logs, recorded measurements of subsurface water levels, laboratory test results, and other factual, objective information regarding (a) subsurface conditions at the Site, (b) physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities), or (c) environmental conditions at the Site, that are set forth in any geotechnical or environmental report prepared for the Project and relied upon by Design-Builder in agreeing to a price (either stipulated, or a Guaranteed Maximum Price) that includes Construction.
50. *Underground Facilities*: All underground lines, pipelines, conduits, ducts, cables, wires, manholes, vaults, tanks, tunnels, or other such facilities or systems, including but not limited to those that produce, transmit, distribute, or convey telephone or other communications, cable television, fiber optic transmissions, power, electricity, light,

heat, gases, oil, crude products, liquid petroleum products, water, steam, waste, wastewater, storm water, other liquids or chemicals, fire or police signal systems, or traffic or other control systems; and any encasements containing such facilities or systems.

- 51. *Underground Facilities Data*: Information and data shown or indicated in the Contract Documents or otherwise provided to Design-Builder by Owner with respect to existing Underground Facilities at or adjacent to the Site.
- 52. *Unit Price Work*: Work to be paid for on the basis of unit prices.
- 53. *Work*: The entire design and construction or the various separately identifiable parts thereof required to be performed or furnished by Design-Builder under the Contract Documents. Work includes and is the result of performing or furnishing Design Professional Services and Construction required by the Contract Documents and all labor, services, and documentation necessary to produce such Design Professional Services and Construction; furnishing, installing, and incorporating all materials and equipment into such Construction; and related services such as testing, start-up, and commissioning, all as required by the Contract Documents.
- 54. *Work Change Directive*: A written directive to Design-Builder, issued on or after the Effective Date of the Contract, signed by Owner, ordering an addition, deletion or revision in the Work.

1.02 Terminology

- A. The words and terms discussed in Paragraph 1.02.B are not defined terms that require initial capital letters, but when used in the Contract Documents have the indicated meanings.
- B. *Intent of Certain Terms or Adjectives*:
 - 1. The word “day” shall constitute a calendar day of 24 hours measured from midnight to the next midnight.
 - 2. The word “defective,” when modifying the word “Construction” refers to Construction that is unsatisfactory, faulty, or deficient in that it does not conform to the Contract Documents, or does not meet the requirements of any inspection, reference standard, test or approval referred to in the Contract Documents, or has been damaged prior to Owner’s final payment (unless responsibility for the protection thereof has been assumed by Owner at Substantial Completion) provided that the defect was not caused by Owner.
 - 3. The word “furnish,” when used in connection with services, materials, or equipment, shall mean to supply and deliver said services, materials or equipment to the Site (or some other specified location) ready for use or installation and in usable or operable condition.
 - 4. The word “install,” when used in connection with services, materials, or equipment, shall mean to put into use or place in final position said services, materials or equipment or equipment complete and ready for intended use.

5. The words “perform” or “provide” when used in connection with services, materials, or equipment, shall mean to furnish and install said services, materials, or equipment complete and ready for intended use.
6. When “furnish,” “install,” “perform,” or “provide” is not used in connection with services, materials, or equipment in a context clearly requiring an obligation of Design-Builder, “provide” is implied.
7. Unless stated otherwise in the Contract Documents, words or phrases that have a well-known technical or construction industry or trade meaning are used in the Contract Documents in accordance with that meaning.

ARTICLE 2 – PRELIMINARY MATTERS

2.01 *Delivery of Bonds and Evidence of Insurance*

- A. *Bonds:* When Design-Builder delivers the executed Agreements to Owner, Design-Builder shall also deliver to Owner such Bonds as Design-Builder may be required to furnish in accordance with Paragraph 6.01.A.
- B. *Evidence of Insurance:* Before any Work is started, Design-Builder and Owner shall each deliver to the other those certificates of insurance that Design-Builder and Owner respectively are required to purchase and maintain in accordance with Article 6.

2.02 *Copies of Documents*

- A. Owner shall furnish to Design-Builder four printed copies of the Contract (including one fully executed counterpart of the Agreement), and one copy in electronic portable document format (PDF). Additional printed copies will be furnished upon request at the cost of reproduction.
- B. Owner shall maintain and safeguard at least one original printed record version of the Contract. Owner shall make such original printed record version of the Contract available to Design-Builder for review.

2.03 *Conceptual Documents*

- A. *Design-Builder’s Review of Conceptual Documents:*
 1. Design-Builder acknowledges that the Conceptual Documents furnished by Owner are preliminary and incomplete, and subject to stated limitations and reservations.
 2. Design-Builder shall carefully review, analyze, and verify the contents and suitability of the Conceptual Documents before proceeding with the Work (including but not limited to the Design Professional Services).
 3. Design-Builder shall promptly report in writing to Owner any conflict, error, ambiguity, or discrepancy that Design-Builder may discover in the Conceptual Documents, whether during such review or at any later point.
 4. Upon receipt of a report from Design-Builder that there is a conflict, error, ambiguity, or discrepancy in the Conceptual Documents, Owner shall either provide a written interpretation, clarification, or correction to Design-Builder, or authorize Design-Builder to correct or resolve the issue under a Change Order providing an equitable adjustment in Contract Times or Contract Price, or both.

5. Design-Builder shall not proceed with any Work affected by a reported conflict, error, ambiguity, or discrepancy in the Conceptual Documents until the issue is resolved.
- B. Owner shall not be responsible for any deficiency in the Conceptual Documents that Design-Builder does not discover or report to Owner.
- C. Subject to the foregoing review and reporting obligations, Design-Builder may use the Conceptual Documents as a partial basis for performing or furnishing Design Professional Services, including the preparation of Design Submittals such as the Construction Drawings and Construction Specifications, but despite any such use of the Conceptual Documents the Design-Builder nonetheless shall be responsible to Owner for the quality and soundness of the Design Professional Services.

2.04 *Before Starting the Work*

- A. *Preliminary Schedules:* Within 10 days after commencement of the Contract Times (unless otherwise specified in the Contract Documents), Design-Builder shall submit the following to Owner for Owner's timely review:
 1. A preliminary progress schedule indicating the times (numbers of days or dates) for starting and completing the various stages of the Work, including any Milestones specified in the Contract Documents;
 2. A preliminary schedule of Submittals (including Design Submittals) which will list each required Submittal and the times for submitting, reviewing, and processing each Submittal;
 3. A preliminary Schedule of Values for all of the Work which will include quantities and prices of items which when added together equal the Contract Price and subdivides the Work into component parts in sufficient detail to serve as the basis for progress payments during performance of the Work. Such prices will include an appropriate amount of overhead and profit applicable to each item of Work; and
 4. A preliminary cash flow projection estimating that portion of the Contract Price to be due during each month of performance.

2.05 *Authorized Representatives*

- A. The Authorized Representative for each party has been designated in the Agreement. A party may change its Authorized Representative at any time by giving notice to the other party of the name, mailing and delivery addresses, e-mail address, and telephone numbers of the new Authorized Representative.

2.06 *Initial Conference*

- A. Within 20 days after the Contract Times start to run, Design-Builder will arrange a conference attended by Owner and Design-Builder and others as appropriate to establish a working understanding among the parties as to the Work and to discuss the design concepts, schedules referred to in Paragraph 2.04.A, procedures for handling Submittals, processing Applications for Payment, maintaining required records, and other matters.

2.07 *Review of Schedules*

- A. Not less than 10 days before submission of the first Application for Payment (unless otherwise provided in the Contract Documents), Design-Builder will arrange a conference attended by Design-Builder, Owner, and others as appropriate to review and discuss the

schedules submitted in accordance with Paragraph 2.04.A. Design-Builder shall have an additional 10 days after the conference to make corrections and adjustments and to complete and resubmit the schedules for Owner's acceptance. No progress payment shall be made to Design-Builder until Design-Builder submits schedules that comply with the following requirements:

1. Design-Builder's progress schedule shall provide an orderly progression of the Work to completion within any specified Milestones and the Contract Times.
2. Design-Builder's schedule of Submittals shall provide a workable arrangement for submitting, reviewing, and processing Submittals in accordance with Article 8.
3. Design-Builder's Schedule of Values shall provide a reasonable allocation of the Contract Price to component parts of the Work.

2.08 *Electronic Transmittals*

- A. Except as otherwise stated elsewhere in the Contract, the Owner and Design-Builder may transmit, and shall accept, Project-related correspondence, text, data, documents, drawings, information, and graphics, including but not limited to Submittals, in electronic media or digital format, either directly, or through access to a secure Project website.
- B. If the Contract does not establish protocols for electronic or digital transmittals, then Owner and Design-Builder shall jointly develop such protocols.
- C. Unless expressly stated otherwise elsewhere in this Contract, Design-Builder shall not be obligated to furnish documents (including but not limited to Construction Drawings, Construction Specifications, or Record Drawings and Record Specifications) to Owner in any executable, native-file format.
- D. When transmitting items in electronic media or digital format, the transmitting party makes no representations as to long term compatibility, usability, or readability of the items resulting from the recipient's use of software application packages, operating systems, or computer hardware differing from those used in the drafting or transmittal of the items, or from those established in applicable transmittal protocols.

ARTICLE 3 – DOCUMENTS: INTENT, AMENDING, REUSE

3.01 *Contract Documents*

- A. The Contract Documents are complementary; what is called for by one is as binding as if called for by all.
- B. It is the intent of the Contract Documents to require the design and construction of a functionally complete project (or part thereof).
- C. Design-Builder shall prepare or furnish Construction Drawings and Construction Specifications that are in accord with the Contract Documents and that describe a functionally complete Project (or part thereof) to be constructed in accordance with such Construction Drawings and Construction Specifications, as duly modified.
- D. The Contract supersedes prior negotiations, representations, or agreements, whether written or oral.
- E. Design-Builder will furnish or perform all labor, documentation, services (including professional services), materials, and equipment that may reasonably be inferred from the

Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called, for at no additional cost to Owner.

3.02 *Reference Standards*

A. *Standards, Specifications, Codes, Laws or Regulations:*

1. Reference to standards, specifications, manuals or codes of any technical society, organization or association, or to Laws or Regulations, whether such reference be specific or by implication, shall mean the standard, specification, manual, code, or Laws or Regulations in effect on the Effective Date except as may be otherwise specifically stated in the Contract Documents.
2. No provision of any such standard, specification, manual, or code, or instruction of a Supplier, shall be effective to change the duties and responsibilities of Owner, Design-Builder, or any of their subcontractors, consultants, agents, or employees from those set forth in the Contract Documents, nor shall it be effective to assign to Owner or its officers, directors, members, partners, employees, agents, consultants, or subcontractors any duty or authority to supervise or direct the furnishing or performance of the Work or any duty or authority to undertake responsibility inconsistent with the provisions of the Contract Documents.

3.03 *Resolving Discrepancies*

- A. If there is a discrepancy between (1) the Conceptual Documents or other Contract Documents issued with the Request for Qualifications or Request for Proposals and (2) the Proposal, the Proposal will control.
- B. If there is a discrepancy between (1) the Conceptual Documents, other Contract Documents issued with the Request for Qualifications or Request for Proposals, or the Proposal and (2) the Proposal Amendment, the Proposal Amendment will control.
- C. If there is a discrepancy between (1) the Contract Documents and (2) the Construction Drawings and Construction Specifications, the Contract Documents will control unless Design-Builder gave notice of the discrepancy in a Submittal, and Owner approved the Submittal, pursuant to the provisions of Article 8.

3.04 *Ownership and Reuse of Documents*

- A. All documents prepared for or furnished to Owner by Design-Builder pursuant to this Contract (including but not limited to Design Submittals) are instruments of service. With respect to such documents:
 1. Design-Builder shall have and retain the ownership, title, and property rights, including copyright, patent, intellectual property, and common law rights, in the documents.
 2. During the course of the Project, Design-Builder will provide copies of Design Submittals to Owner for purposes of review and comment. Owner may retain copies of such documents for its records.
 3. Owner may use its copy of the Record Drawings and Record Specifications for Owner's purposes in operating and maintaining the constructed facilities.
 4. Upon Owner's termination of this Contract for cause pursuant to Paragraph 15.02, Owner shall receive a limited, non-exclusive license to use any completed Design Submittals in continuing the Project, subject to the limitations in this Paragraph 3.04.

5. The documents prepared or furnished by Design-Builder under this Contract, regardless of ownership, transfer, license, completion status, or termination of the Contract, are for Design-Builder's use, and are not intended or represented to be suitable for use on the Project by Owner or any party other than Design-Builder, or for reuse by Owner or others on extensions of the Project or on any other project, except as otherwise stated in this Contract. Any use or reuse by Owner or others on Owner's behalf will be at Owner's sole risk, and without liability or legal exposure to Design-Builder, the Project Design Professionals, or their subconsultants, and Owner shall indemnify and hold harmless Design-Builder, the Project Design Professionals, and their subconsultants from all claims, damages, losses and expenses, including attorneys' fees, arising out of or resulting from any such use or reuse.

ARTICLE 4 – COMMENCEMENT AND PROGRESS OF THE WORK

4.01 *Commencement of Contract Times*

- A. The Contract Times will commence to run on the Effective Date of the Contract.

4.02 *Starting the Work*

- A. Design-Builder shall start to perform the Work as of the Effective Date of the Contract. No Construction shall be done at the Site prior to the Effective Date of the Contract.

4.03 *Progress Schedule*

- A. Owner may rely on the progress schedule established in accordance with Paragraph 2.04, as duly adjusted, in planning and conducting ongoing operations and other work at the Site.
- B. Design-Builder shall adhere to the progress schedule established in accordance with Paragraph 2.04 as it may be adjusted from time to time, as provided below:
 1. Design-Builder shall submit to Owner proposed adjustments in the progress schedule that will not change the Contract Times (or Milestones). Owner shall accept such adjustments provided that Owner, in planning and conducting ongoing operations and other work at the Site, has not reasonably relied on the schedule element that is proposed to be adjusted. If Owner has so relied, then Owner and Design-Builder shall promptly meet and seek a resolution that addresses the objectives of both parties, or adjust the Contract Price.
 2. Design-Builder shall submit proposed adjustments in the progress schedule that will change the Contract Times (including Milestones) in accordance with the requirements of Paragraph 11.06. Such adjustments may only be made by a Change Order.
- C. *Continuing the Work:* Design-Builder shall continue the Work and adhere to the progress schedule during all disputes or disagreements with Owner. No Work shall be delayed or postponed pending resolution of any disputes or disagreements, except as Design-Builder and Owner may otherwise agree in writing.

4.04 *Delays in Design-Builder's Progress*

- A. If Owner or anyone for whom Owner is responsible delays, disrupts, or interferes with the performance or progress of the Work, then Design-Builder shall be entitled to an equitable adjustment in the Contract Times and Contract Price. Design-Builder's entitlement to an adjustment of the Contract Times is conditioned on such adjustment being essential to Design-Builder's ability to complete the Work within the Contract Times.

- B. Design-Builder shall not be entitled to an adjustment in Contract Price or Contract Times for delay, disruption, or interference within the control of Design-Builder. Delay, disruption, and interference attributable to and within the control of a Project Design Professional, Construction Subcontractor, or Supplier shall be deemed to be delays within the control of Design-Builder.
- C. If Design-Builder's performance or progress is delayed, disrupted, or interfered with by unanticipated causes not the fault of and beyond the control of Owner, Design-Builder, and those for which they are responsible, then Design-Builder shall be entitled to an equitable adjustment in Contract Times. Design-Builder's entitlement to such an adjustment of the Contract Times is conditioned on such adjustment being essential to Design-Builder's ability to complete the Work within the Contract Times. Such an adjustment shall be Design-Builder's sole and exclusive remedy for the delays, disruption, and interference described in this paragraph. Causes of delay, disruption, or interference that may give rise to an adjustment in Contract Times under this paragraph include but are not limited to the following:
 - 1. Severe and unavoidable natural catastrophes such as fires, floods, epidemics, and earthquakes;
 - 2. Abnormal weather conditions;
 - 3. Acts or failures to act of utility owners (other than those performing other work at or adjacent to the Site by arrangement with the Owner, as contemplated in Article 9); and
 - 4. Acts of war or terrorism.
- D. Delays, disruption, and interference to the performance or progress of the Work resulting from the existence of a differing subsurface or physical condition, an Underground Facility that was not shown or indicated by the Contract Documents, or not shown or indicated with reasonable accuracy, and those resulting from Hazardous Environmental Conditions, are governed by Article 5.
- E. Paragraph 9.03 governs delays, disruption, and interference to the performance or progress of the Work resulting from the performance of certain other work at or adjacent to the Site.
- F. Design-Builder shall not be entitled to an adjustment in Contract Price or Contract Times for any delay, disruption, or interference if such delay is concurrent with a delay, disruption, or interference caused by or within the control of Design-Builder.
- G. If Design-Builder seeks an adjustment in Contract Price or Contract Times under this paragraph, Design-Builder shall submit a request for a Change Order to Owner within 30 days of the commencement of the delaying, disrupting, or interfering event.

ARTICLE 5 – SITE; SUBSURFACE AND PHYSICAL CONDITIONS; HAZARDOUS ENVIRONMENTAL CONDITIONS

5.01 *Availability of Lands*

- A. Owner shall furnish the Site. Owner shall notify Design-Builder of any encumbrances or restrictions not of general application but specifically related to use of the Site with which Design-Builder will have to comply in performing the Work.
- B. Upon reasonable written request, Owner shall furnish Design-Builder with a current statement of record legal title and legal description of the lands upon which the

Construction is to be performed and Owner's interest therein as necessary for giving notice of or filing a mechanic's or construction lien against such lands in accordance with applicable Laws or Regulations.

- C. Design-Builder shall provide for all additional lands and access thereto that may be required for temporary construction facilities or storage of materials and equipment.

5.02 *Use of Site and Other Areas*

A. *Limitation on Use of Site and Other Areas:*

1. Design-Builder shall confine construction equipment, the storage of materials and equipment, and the operations of construction workers to the Site and other areas permitted by Laws or Regulations, and shall not unreasonably encumber the Site and other areas with construction equipment or other materials or equipment. Design-Builder shall assume full responsibility for any damage to any such land or area, or to the owner or occupant thereof or of any adjacent land or areas, resulting from the performance of the Work.
2. Should any claim be made by any such owner or occupant because of the performance of Work, Design-Builder shall promptly settle with such other party by negotiation, or otherwise resolve the claim by arbitration or other dispute resolution proceeding, or at law.
3. To the fullest extent permitted by Laws or Regulations, Design-Builder shall indemnify and hold harmless Owner, Owner's consultants, and anyone directly or indirectly employed by any of them from and against all claims, costs, losses and damages (including, but not limited to, fees of engineers, architects, attorneys and other professionals and court and arbitration or other dispute resolution costs) arising out of or resulting from any claim brought by any such owner or occupant against Owner, or any other party indemnified hereunder to the extent caused by or based upon Design-Builder's performance of the Construction.

- B. *Removal of Debris:* During the performance of the Construction, Design-Builder shall keep the premises free from accumulations of waste materials, rubbish, and other debris resulting from the Construction. Removal and disposal of such waste materials, rubbish, and other debris shall conform to applicable Laws or Regulations.

- C. *Cleaning:* Prior to Substantial Completion, Design-Builder shall clean the Site and make it ready for utilization by Owner. At completion of Construction, Design-Builder shall remove all tools, appliances, construction equipment, temporary construction and machinery, and surplus materials and shall restore to original condition all property not designated for alteration by the Contract Documents.

- D. *Loading Structures:* Design-Builder shall not load nor permit any part of any structure to be loaded in any manner that will endanger the structure, nor shall Design-Builder subject any part of the Construction or adjacent property to stresses or pressures that will endanger it.

5.03 *Reference Points*

- A. Design-Builder shall be responsible for laying out the Work and shall protect and preserve reference points and property monuments established by Owner, and shall make no changes or relocations of such reference points or monuments without the prior written approval of Owner. Design-Builder shall report to Owner whenever any reference point or

property monument is lost or destroyed, or requires relocation because of necessary changes in grades or locations, and shall be responsible for the accurate replacement or relocation of such reference points or property monuments by professionally qualified personnel.

5.04 *Differing Site Conditions*

- A. Design-Builder shall promptly, and before the conditions are disturbed, give a written notice to Owner of (i) subsurface or latent physical conditions at the Site (whether discovered during investigation of the Site or during Construction) which differ materially from those indicated in the Contract Documents, or in any Technical Data, or (ii) unknown physical conditions at the Site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character called for by the Contract Documents.
- B. Owner will investigate the Site conditions promptly after receiving the notice. Design-Builder shall supplement the notice by promptly submitting to Owner any additional information regarding schedule and cost impacts, and a specific request for a Change Order. Owner shall then make a determination regarding the site condition and the impact, if any, on Contract Price and Contract Times. If the conditions do materially so differ and cause an increase or decrease in the Design-Builder's cost of, or the time required for, performing any part of the Work, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the Contract Price or Times modified in writing by Change Order in accordance with Article 11.
- C. No request by Design-Builder for an equitable adjustment under this Paragraph 5.04 shall be allowed unless Design-Builder has given the written notice required.
- D. The provisions of this Paragraph 5.04 are not intended to apply to a Hazardous Environmental Condition or Underground Facility uncovered or revealed at the Site.

5.05 *Underground Facilities*

- A. *Procedure for Identifying Underground Facilities:* Promptly after the Effective Date of the Contract, Design-Builder shall review the Underground Facilities Data furnished by Owner and use ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data," as a basis for establishing a procedure ("Underground Facilities Procedure") for the further identification, investigation, and mapping of Underground Facilities at or adjacent to the Site. Design-Builder shall establish and use the Underground Facilities Procedure to aid in the provision of Design Professional Services and the performance of Construction, and to reduce and manage risks associated with Underground Facilities. Such Underground Facilities Procedure shall take into account the Site and the nature of the Project.
 - 1. The Underground Facilities Procedure shall include a plan to keep Underground Facilities information current as Design-Builder proceeds with the provision of Design Professional Services, and to add new or relocated Underground Facilities information to the base utility or Site drawings.
 - 2. To manage the potential impact of design changes on Underground Facilities, Design-Builder shall modify or reapply the Underground Facilities Procedure as the design progresses and changes.

- B. *Design-Builder's Responsibilities:* Unless otherwise expressly provided in the Contract, Design-Builder shall have full responsibility for the following; and, subject to the provisions of Paragraphs 5.05.C, D, and E, the cost of all of the following will be included in the Contract Price:
1. Establishing and executing the Underground Facilities Procedure referred to in Paragraph 5.05.A, including updating, modification, and reapplication duties;
 2. Coordinating the Work with the owners (including Owner) of such Underground Facilities, during the provision of Design Professional Services and Construction;
 3. Verifying the actual location of specific Underground Facilities through exposure, as needed for the Design Professional Services;
 4. Complying with applicable state and local utility damage prevention Laws and Regulations during Construction; and
 5. The safety and protection of all existing Underground Facilities at the Site, and repairing any damage to such Underground Facilities resulting from the Construction, subject to the provisions of Paragraph 5.05.D.
- C. *Results of Design-Builder's Execution of Underground Facilities Procedure:* If, during the execution of the Underground Facilities Procedure referred to in Paragraph 5.05.A, the Design-Builder identifies an Underground Facility that was not shown or indicated in the Underground Facilities Data, or was not shown or indicated with reasonable accuracy, causing an increase or decrease in the Design-Builder's cost of, or the time required for, providing Design Professional Services or performing the Construction, then Design-Builder shall submit to Owner a request for a Change Order seeking an equitable adjustment to the Contract Price or Times under this clause. Such request shall be made within 30 days of the identification of the Underground Facility in question.
- D. *Underground Facility Found During Construction:* If Design-Builder believes that an Underground Facility that is uncovered, exposed, or revealed at the Site during Construction was not shown or indicated in the Underground Facilities Data, or was not shown or indicated with reasonable accuracy, and also that such Underground Facility was not identified or mapped with reasonable accuracy despite Design-Builder's adequate establishment and execution of the Underground Facilities Procedure referred to in Paragraph 5.05.A, then Design-Builder shall promptly give written notice to Owner, and supplement the notice by submitting to Owner a request for a Change Order seeking an equitable adjustment to the Contract Price or Times under this clause. Such request shall be made within 30 days of the uncovering or revealing of the Underground Facility in question.
1. *Owner's Review:* Owner will investigate the Underground Facility found during Construction promptly after receiving the notice. If Owner concurs with Design-Builder that the Underground Facility that is uncovered, exposed, or revealed at the Site was not shown or indicated in the Underground Facilities Data, or was not shown or indicated with reasonable accuracy, and further was not identified or mapped with reasonable accuracy despite Design-Builder's adequate establishment and execution of the Underground Facilities Procedure referred to in Paragraph 5.05.A, causing an increase or decrease in the Design-Builder's cost of, or the time required for, performing any part of the Work, whether or not changed as a result of the actual location, then an equitable adjustment shall be made under this clause and the Contract Price or Times

modified in writing by Change Order in accordance with Article 11. If Owner does not concur with Design-Builder, then Owner shall so indicate in writing, with a specific explanation of the reason for non-concurrence.

2. No request by Design-Builder for an equitable adjustment under Paragraph 5.05.D shall be allowed unless Design-Builder has given the written notice required.
- E. *Inadequate Establishment or Execution of Underground Facilities Procedure:* If Design-Builder does not establish an Underground Facilities Procedure that is (1) adequate for the Site and the nature of the Project and (2) consistent with the guidelines set forth in ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data," or Design-Builder does not adequately execute a duly established Underground Facilities Procedure, then Design-Builder shall bear all costs associated with the presence of an Underground Facility that was not identified or located with reasonable accuracy, including but not limited to delay, redesign, relocation, and increased Construction costs, if such Underground Facility would have been identified and located with reasonable accuracy by an adequate and properly executed Underground Facilities Procedure that was consistent with ASCE 38.

5.06 *Hazardous Environmental Conditions at Site*

- A. *Reliance by Design-Builder on Technical Data Authorized:* Design-Builder may rely on the accuracy of the Technical Data with respect to environmental conditions at the Site.
- B. Design-Builder shall not be responsible for removing or remediating any Hazardous Environmental Condition encountered, uncovered, or revealed at the Site unless such removal or remediation is expressly identified in the Contract Documents to be within the scope of the Work.
- C. Design-Builder shall be responsible for controlling, containing, and duly removing all Constituents of Concern brought to the Site by Design-Builder, Project Design Professionals, Construction Subcontractors, Suppliers, or anyone else for whom Design-Builder is responsible, and for any associated costs; and for the costs of removing and remediating any Hazardous Environmental Condition created by the presence of any such Constituents of Concern.
- D. If Design-Builder encounters, uncovers, or reveals a Hazardous Environmental Condition (whether during Site investigation or during Construction) whose removal or remediation is not expressly identified in the Contract Documents as being within the scope of the Work, or if Design-Builder or anyone for whom Design-Builder is responsible creates a Hazardous Environmental Condition, then Design-Builder shall immediately: (1) secure or otherwise isolate such condition; (2) stop all Work in connection with such condition and in any area affected thereby (except in an emergency as required by Paragraph 7.16); and (3) notify Owner (and promptly thereafter confirm such notice in writing). Owner shall promptly determine whether to retain a qualified expert to evaluate such condition or take corrective action, if any, and take such actions as are necessary to permit Owner to timely obtain required permits and provide Design-Builder the written notice required by Paragraph 5.06.E. If Design-Builder or anyone for whom Design-Builder is responsible created the Hazardous Environmental Condition in question, then Owner may remove and remediate the Hazardous Environmental Condition, and impose a set-off against payments to account for the associated costs.

- E. Design-Builder shall not resume Work in connection with such Hazardous Environmental Condition or in any affected area until after Owner has obtained any required permits related thereto, and delivered written notice to Design-Builder either (1) specifying that such condition and any affected area is or has been rendered safe for the resumption of Work, or (2) specifying any special conditions under which such Work may be resumed safely.
- F. If after receipt of such written notice Design-Builder does not agree to resume such Work based on a reasonable belief it is unsafe, or does not agree to resume such Work under such special conditions, then the portion of the Work that is in the area affected by such condition shall be deleted from the Work, following the contractual change procedures in Article 11. Owner may have such deleted portion of the Work performed by Owner's own forces or others in accordance with Article 9.
- G. To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Design-Builder, Project Design Professionals, Construction Subcontractors, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to a Hazardous Environmental Condition, provided that such Hazardous Environmental Condition (1) was not shown or indicated in the Contract Documents or the Technical Data, or identified in the Contract Documents to be included within the scope of the Work, and (2) was not created by Design-Builder or by anyone for whom Design-Builder is responsible. Nothing in this Paragraph 5.06.G shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence.
- H. To the fullest extent permitted by Laws and Regulations, Design-Builder shall indemnify and hold harmless Owner and its officers, directors, members, partners, employees, agents, consultants, and subcontractors from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to the Design-Builder's failure to control, contain, or remove a Constituent of Concern brought to the Site by Design-Builder or by anyone for whom Design-Builder is responsible, or to a Hazardous Environmental Condition created by Design-Builder or by anyone for whom Design-Builder is responsible. Nothing in this Paragraph 5.06.H shall obligate Design-Builder to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence.

ARTICLE 6 – BONDS AND INSURANCE

6.01 *Performance, Payment, and Other Bonds*

- A. Design-Builder shall furnish a performance bond and a payment bond, each in an amount at least equal to the Contract Price, as security for the faithful performance and payment of Design-Builder's obligations under the Contract. These bonds shall remain in effect until one year after the date when final payment becomes due, or until completion of the correction period specified in Paragraph 14.08, whichever is later, except as provided otherwise by Laws or Regulations, the terms of a prescribed bond form, the Supplementary Conditions, or other specific provisions of the Contract. Design-Builder shall also furnish such other bonds

as are required by the Supplementary Conditions or other specific provisions of the Contract.

- B. All bonds shall be in the form prescribed by the Contract except as provided otherwise by Laws or Regulations, and shall be executed by such sureties as are named in “Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies” as published in Circular 570 (as amended and supplemented) by the Financial Management Service, Surety Bond Branch, U.S. Department of the Treasury. A bond signed by an agent or attorney-in-fact must be accompanied by a certified copy of that individual’s authority to bind the surety. The evidence of authority shall show that it is effective on the date the agent or attorney-in-fact signed the accompanying bond.
- C. Design-Builder shall obtain the required bonds from surety companies that are duly licensed or authorized in the jurisdiction in which the Project is located to issue bonds in the required amounts.
- D. If the surety on a bond furnished by Design-Builder is declared bankrupt or becomes insolvent, or its right to do business is terminated in any state or jurisdiction where any part of the Project is located, or the surety ceases to meet the requirements above, then Design-Builder shall promptly notify Owner and Engineer and shall, within 20 days after the event giving rise to such notification, provide another bond and surety, both of which shall comply with the bond and surety requirements above.
- E. If Design-Builder has failed to obtain a required bond, Owner may exclude the Design-Builder from the Site and exercise Owner’s termination rights under Article 15.
- F. Upon request to either Owner or Design-Builder from any Construction Subcontractor, Project Design Professional, Supplier, or other person or entity claiming to have furnished labor, services, materials, or equipment used in the performance of the Work, the recipient of the request shall provide a copy of the payment bond to such person or entity.

6.02 *Insurance—General Provisions*

- A. Owner and Design-Builder shall obtain and maintain insurance as required in this Article and in the Supplementary Conditions.
- B. All insurance required by the Contract to be purchased and maintained by Owner or Design-Builder shall be obtained from insurance companies that are duly licensed or authorized, in the state or jurisdiction in which the Project is located, to issue insurance policies for the required limits and coverages. Unless a different standard is indicated in the Supplementary Conditions, all companies that provide insurance policies required under this Contract shall have an A.M. Best rating of A-VII or better.
- C. All insurance required by the Contract to be purchased and maintained by Design-Builder shall be primary and without contribution by insurance maintained by Owner.
- D. Alternative forms of insurance coverage, including but not limited to self-insurance and “Occupational Accident and Excess Employer’s Indemnity Policies,” are not sufficient to meet the insurance requirements of this Contract, unless expressly permitted in the Supplementary Conditions.
- E. Design-Builder shall require (a) its Construction Subcontractors and Engineer (and any other Project Design Professional that is an independent individual or entity) to purchase and maintain commercial general liability, automobile liability, workers’ compensation,

employer's liability, professional liability (as applicable), and umbrella or excess liability insurance, and (b) its Construction Subcontractors to purchase and maintain contractor's pollution liability insurance. All such required insurance shall meet the same requirements for the applicable category of insurance established in this Contract for Design-Builder, unless otherwise indicated in the Supplementary Conditions.

- F. Design-Builder shall deliver to Owner, with copies to each additional insured (as identified in this Article, in the Supplementary Conditions, or elsewhere in the Contract), certificates of insurance establishing that Design-Builder has obtained and is maintaining the policies, coverages, and endorsements required by the Contract. Upon request by Owner or any other insured, Design-Builder shall also furnish other evidence of such required insurance, including but not limited to copies of policies and endorsements, documentation of applicable self-insured retentions (if permitted) and deductibles, and evidence of insurance required to be purchased and maintained by Design-Builder's Construction Subcontractors, Engineer, and any other Project Design Professional that is an independent individual or entity. Design-Builder may block out (redact) any confidential premium or pricing information contained in any policy or endorsement furnished under this provision.
- G. Owner shall deliver to Design-Builder, with copies to each additional insured (as identified in this Article, the Supplementary Conditions, or elsewhere in the Contract), certificates of insurance establishing that Owner has obtained and is maintaining the policies, coverages, and endorsements required of Owner by the Contract (if any). Upon request by Design-Builder or any other insured, Owner shall also provide other evidence of such required insurance (if any), including but not limited to copies of policies and endorsements, and documentation of applicable self-insured retentions and deductibles. Owner may block out (redact) any confidential premium or pricing information contained in any policy or endorsement furnished under this provision.
- H. Failure of Owner or Design-Builder to demand such certificates or other evidence of the other party's full compliance with these insurance requirements, or failure of Owner or Design-Builder to identify a deficiency in compliance from the evidence provided, shall not be construed as a waiver of the other party's obligation to obtain and maintain such insurance.
- I. If either party does not purchase or maintain all of the insurance required of such party by the Contract, such party shall notify the other party in writing of such failure to purchase prior to the start of the Work, or of such failure to maintain prior to any change in the required coverage.
- J. If Design-Builder has failed to obtain and maintain required insurance, Owner may exclude the Design-Builder from the Site, impose an appropriate set-off against payment, and exercise Owner's termination rights under Article 15.
- K. Without prejudice to any other right or remedy, if a party has failed to obtain required insurance, the other party may elect to obtain equivalent insurance to protect such other party's interests at the expense of the party who was required to provide such coverage, and the Contract Price shall be adjusted accordingly.
- L. Owner does not represent that insurance coverage and limits established in this Contract necessarily will be adequate to protect Design-Builder or Design-Builder's interests.

- M. The insurance and insurance limits required herein shall not be deemed as a limitation on Design-Builder's liability under the indemnities granted to Owner and other individuals and entities in the Contract.

6.03 *Design-Builder's Insurance*

- A. *Workers' Compensation and Employer's Liability:* Design-Builder shall purchase and maintain workers' compensation and employer's liability insurance for:
1. Claims under workers' compensation, disability benefits, and other similar employee benefit acts.
 2. United States Longshoreman and Harbor Workers' Compensation Act and Jones Act coverage (if applicable).
 3. Claims for damages because of bodily injury, occupational sickness or disease, or death of Design-Builder's employees (by stop-gap endorsement in monopolist worker's compensation states).
 4. Foreign voluntary worker compensation (if applicable).
- B. *Commercial General Liability—Claims Covered:* Design-Builder shall purchase and maintain commercial general liability insurance, covering all operations by or on behalf of Design-Builder, on an occurrence basis, against:
1. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Design-Builder's employees.
 2. Claims for damages insured by reasonably available personal injury liability coverage.
 3. Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom.
- C. *Commercial General Liability—Form and Content:* Design-Builder's commercial liability policy shall be written on a 1996 (or later) ISO commercial general liability form (occurrence form) and include the following coverages and endorsements:
1. Products and completed operations coverage:
 - a. Such insurance shall be maintained for three years after final payment.
 - b. Design-Builder shall furnish Owner and each other additional insured (as identified in the Supplementary Conditions or elsewhere in the Contract) evidence of continuation of such insurance at final payment and three years thereafter.
 2. Blanket contractual liability coverage, to the extent permitted by law, including but not limited to coverage of Design-Builder's contractual indemnity obligations in Paragraph 7.19.
 3. Broad form property damage coverage.
 4. Severability of interests and no insured-versus-insured or cross-liability exclusions.
 5. Underground, explosion, and collapse coverage.
 6. Personal injury coverage.
 7. Additional insured endorsements that include both ongoing operations and products and completed operations coverage through ISO Endorsements CG 20 10 10 01 and CG

20 37 10 01 (together). If Design-Builder demonstrates to Owner that the specified ISO endorsements are not commercially available, then Design-Builder may satisfy this requirement by providing equivalent endorsements.

8. For design professional additional insureds, ISO Endorsement CG 20 32 07 04, "Additional Insured—Engineers, Architects or Surveyors Not Engaged by the Named Insured" or its equivalent.
- D. *Commercial General Liability—Excluded Content:* The commercial general liability insurance policy, including its coverages, endorsements, and incorporated provisions, shall not include any of the following:
1. Any modification of the standard definition of "insured contract."
 2. Any exclusion for water intrusion or water damage.
 3. Any provisions resulting in the erosion of insurance limits by defense costs.
 4. Any exclusion of coverage relating to earth movement.
 5. Any exclusion for the insured's vicarious liability, strict liability, or statutory liability.
 6. Any limitation or exclusion based on the nature of Design-Builder's work.
 7. Any professional liability exclusion broader in effect than ISO form CG 22 79 07 98.
- E. *Automobile liability:* Design-Builder shall purchase and maintain automobile liability insurance against claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance, or use of any motor vehicle. The automobile liability policy shall be written on an occurrence basis.
- F. *Umbrella or excess liability:* Design-Builder shall purchase and maintain umbrella or excess liability insurance written over the underlying employer's liability, commercial general liability, and automobile liability insurance described in the paragraphs above. Subject to industry-standard exclusions, the coverage afforded shall be procured on a "follow the form" basis as to each and every one of the underlying policies. Design-Builder may meet the combined limits of insurance (underlying policy plus applicable umbrella or excess) specified for employer's liability, commercial general liability, and automobile liability through the primary policies alone, or through combinations of the primary insurance policies and an umbrella or excess liability policy that follows the form of the underlying policy, as specified herein.
- G. *Contractor's pollution liability insurance:* Design-Builder shall purchase and maintain a policy covering third-party injury and property damage claims, including clean-up costs, as a result of pollution conditions arising from Design-Builder's operations and completed operations. This insurance shall be maintained for no less than three years after final completion.
- H. *Additional insureds:* The Design-Builder's commercial general liability, automobile liability, umbrella or excess, and pollution liability policies shall include and list as additional insureds Owner and any individuals or entities identified as required additional insureds in the Supplementary Conditions; include coverage for the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of all such additional insureds; and the insurance afforded to these additional insureds shall provide primary coverage for all claims covered thereby (including as applicable those arising from

both ongoing and completed operations) on a non-contributory basis. Design-Builder shall obtain all necessary endorsements to support these requirements.

I. *Professional liability insurance:*

1. Design-Builder shall be responsible for purchasing and maintaining professional liability insurance. This insurance shall provide protection against claims arising out of performance of professional design or related services, and caused by a negligent error, omission, or act for which Design-Builder is legally liable.
2. If in the performance of this Contract any Design Professional Services, or other professional engineering or similar services, are to be performed by an independent design professional, under direct contract to Design-Builder or at any lower contractual tier, then Design-Builder shall be responsible for assuring that such independent design professional purchases and maintains professional liability insurance. This insurance shall provide protection against claims arising out of performance of professional design or related services, and caused by a negligent error, omission, or act for which the independent design professional is legally liable.
3. If a Construction Subcontractor at any tier will provide or furnish design, engineering, or other similar professional services under this Contract, as the result of a delegation of professional design responsibilities or otherwise, then Design-Builder shall assure that such Construction Subcontractor purchases and maintains applicable professional liability insurance. This insurance shall provide protection against claims arising out of performance of professional design or related services, and caused by a negligent error, omission, or act for which the insured party is legally liable.
4. Any professional liability insurance required under this Contract shall be maintained throughout the duration of the Contract and for a minimum of three years after Substantial Completion. For each claims-made professional liability policy furnished and maintained to satisfy the requirements of this Paragraph 6.03.I, the retroactive date on the policy shall pre-date the commencement of furnishing services on the Project.

J. *General provisions:* The policies of insurance required by this Paragraph 6.03 shall:

1. Include at least the specific coverages provided in this Article.
2. Be written for not less than the limits of coverage provided in this Article and in the Supplementary Conditions, or required by Laws or Regulations, whichever is greater.
3. Contain a provision or endorsement that the coverage afforded will not be canceled, materially changed, or renewal refused until at least 10 days' prior written notice has been given to Design-Builder. Within 3 days of receipt of any such written notice, Design-Builder shall provide a copy of the notice to Owner and each other insured under the policy.
4. Remain in effect at least until final payment and Design-Builder's departure from the Site (and longer if expressly required elsewhere in this Contract), and at all times thereafter when Design-Builder may be correcting, removing, or replacing defective Construction as a warranty or correction obligation, or otherwise, or returning to the Site to conduct other tasks arising from the Contract Documents.
5. Provide applicable protection from claims that may arise out of or result from the performance of the Work, whether such performance is by Design-Builder, a Project

Design Professional, any Construction Subcontractor or Supplier, or anyone directly or indirectly retained by any of them to perform any of the Work, or by anyone for whose acts any of them may be liable.

6.04 *Owner's Liability Insurance*

- A. In addition to the liability insurance required to be provided by Design-Builder, the Owner, at Owner's option and expense, may purchase and maintain Owner's own liability insurance to protect Owner against claims which may arise with respect to the Project.
- B. Owner's liability policies, if any, operate separately and independently from policies required to be provided by Design-Builder, and Design-Builder cannot rely upon Owner's liability policies for any of Design-Builder's obligations to the Owner or third parties.

6.05 *Property Insurance*

- A. *Builder's Risk:* Unless otherwise provided in the Supplementary Conditions, Design-Builder shall purchase and maintain builder's risk insurance upon the Construction on a completed value basis, in the amount of the full insurable replacement cost thereof (subject to such deductible amounts as may be provided in the Supplementary Conditions or required by Laws and Regulations). This insurance shall:
 - 1. Include the Owner and Design-Builder as named insureds, and all Construction Subcontractors, and any individuals or entities required by the Supplementary Conditions to be insured under such builder's risk policy, as insureds or named insureds. For purposes of the remainder of this Paragraph 6.05, Paragraphs 6.06 and 6.07, and any corresponding Supplementary Conditions, the parties required to be insured shall collectively be referred to as "insureds."
 - 2. Be written on a builder's risk "all risk" policy form that shall at least include insurance for physical loss or damage to the Construction, temporary buildings, falsework, and materials and equipment in transit, and shall insure against at least the following perils or causes of loss: fire; lightning; windstorm; riot; civil commotion; terrorism; vehicle impact; aircraft; smoke; theft; vandalism and malicious mischief; mechanical breakdown, boiler explosion, and artificially generated electric current; earthquake; volcanic activity, and other earth movement; flood; collapse; explosion; debris removal; demolition occasioned by enforcement of Laws and Regulations; water damage (other than that caused by flood); and such other perils or causes of loss as may be specifically required by the Supplementary Conditions. If insurance against mechanical breakdown, boiler explosion, and artificially generated electric current; earthquake; volcanic activity, and other earth movement; or flood, are not commercially available under builder's risk policies, by endorsement or otherwise, such insurance may be provided through other insurance policies acceptable to Owner and Design-Builder.
 - 3. Cover, as insured property, at least the following: (a) the Construction (including but not limited to all buildings, structures, foundations, excavations, underground property, pilings, underground pipes, flues, drains, wiring, cables, and the like) and all materials, supplies, machinery, apparatus, equipment, fixtures, and other property of a similar nature that are to be incorporated into the Construction, including Owner-furnished or assigned property; (b) spare parts inventory required within the scope of the Contract; and (c) temporary works which are not intended to form part of the permanent Construction but which are intended to provide working access to the Site, or to the

Construction, or which are intended to provide temporary support for the Construction, including scaffolding, form work, fences, shoring, lighting, cribbing, falsework, and temporary structures.

4. Cover expenses incurred in the repair or replacement of any insured property (including but not limited to fees and charges of engineers and architects).
 5. Extend to cover damage or loss to insured property while in temporary storage at the Site or in a storage location outside the Site (but not including property stored at the premises of a manufacturer or Supplier).
 6. Extend to cover damage or loss to insured property while in transit.
 7. Allow for partial occupation or use of the Construction by Owner, such that those portions of the Construction that are not yet occupied or used by Owner shall remain covered by the builder's risk insurance.
 8. Provide for the waiver of claims and waiver of the insurer's subrogation rights, as set forth in Paragraph 6.06.
 9. Provide primary coverage for all losses and damages caused by the perils or causes of loss covered.
 10. Not include a co-insurance clause.
 11. Include an exception for ensuing losses from physical damage or loss with respect to any defective workmanship, design, or materials exclusions.
 12. Include performance/hot testing and start-up.
 13. Be maintained in effect, subject to the provisions herein regarding Substantial Completion and partial occupancy or use of the Construction by Owner, until the Construction is complete.
- B. *Notice of Cancellation or Change:* All the policies of insurance (and the certificates or other evidence thereof) required to be purchased and maintained in accordance with this Paragraph 6.05 will contain a provision or endorsement that the coverage afforded will not be canceled or materially changed or renewal refused until at least 10 days' prior written notice has been given to the purchasing policyholder. Within 3 days of receipt of any such written notice, the purchasing policyholder shall provide a copy of the notice to each other insured.
- C. *Deductibles:* The purchaser of any required builder's risk or property insurance shall pay for costs not covered because of the application of a policy deductible.
- D. *Partial Occupancy or Use by Owner:* If Owner will occupy or use a portion or portions of the Construction prior to Substantial Completion of all the Work as provided in Paragraph 14.04, then Owner (directly, if it is the purchaser of the builder's risk policy, or through Design-Build) will provide notice of such occupancy or use to the builder's risk insurer. The builder's risk insurance shall not be canceled or permitted to lapse on account of any such partial use or occupancy; rather, those portions of the Construction that are occupied or used by Owner may come off the builder's risk policy, while those portions of the Construction not yet occupied or used by Owner shall remain covered by the builder's risk insurance.

- E. *Additional Insurance:* If Design-Builder elects to obtain other special insurance to be included in or supplement the builder's risk or property insurance policies provided under this Paragraph 6.05, it may do so at Design-Builder's expense.
- F. *Insurance of Other Property:* If the express insurance provisions of the Contract do not require or address the insurance of a property item or interest, such as tools, construction equipment, or other personal property owned by Design-Builder, a Construction Subcontractor, or an employee of Design-Builder or a Construction Subcontractor, then the entity or individual owning such property item will be responsible for deciding whether to insure it, and if so in what amount.
- G. *Loss of Use and Delay in Start-up:* Unless otherwise expressly stated elsewhere in this Contract, the Owner is responsible, at its option, for purchase and maintenance of insurance to protect Owner against the loss of use or delays in start-up caused by property damage.

6.06 *Waiver of Rights*

- A. All policies purchased in accordance with Paragraph 6.05, expressly including the builder's risk policy, shall contain provisions to the effect that in the event of payment of any loss or damage the insurers will have no rights of recovery against any insureds thereunder, or against any Project Design Professional or its consultants, or their officers, directors, members, partners, employees, agents, consultants, or subcontractors. Owner and Design-Builder waive all rights against each other and the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, for all losses and damages caused by, arising out of, or resulting from any of the perils or causes of loss covered by such policies and any other property insurance applicable to the Construction; and, in addition, waive all such rights against the Project Design Professionals, their consultants, all Construction Subcontractors, all individuals or entities identified in the Supplementary Conditions as insureds, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, under such policies for losses and damages so caused. None of the above waivers shall extend to the rights that any party making such waiver may have to the proceeds of insurance held by Owner or Design-Builder as trustee or fiduciary, or otherwise payable under any policy so issued.
- B. Owner waives all rights against Design-Builder, the Project Design Professionals, and the Construction Subcontractors, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them, for:
 - 1. Loss due to business interruption, loss of use, or other consequential loss extending beyond direct physical loss or damage to Owner's property or the Construction caused by, arising out of, or resulting from fire or other perils whether or not insured by Owner; and
 - 2. Loss or damage to the completed Project or part thereof caused by, arising out of, or resulting from fire or other insured peril or cause of loss covered by any property insurance maintained on the completed Project or part thereof by Owner during partial occupancy or use pursuant to Paragraph 14.04, after Substantial Completion pursuant to Paragraph 14.03, or after final payment pursuant to Paragraph 14.06.
- C. Any insurance policy maintained by Owner covering any loss, damage, or consequential loss referred to in Paragraph 6.06.B shall contain provisions to the effect that the insured is

allowed to waive the insurer's rights of subrogation against Design-Builder, Project Design Professionals, Construction Subcontractors, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, in a written contract executed prior to the loss, damage, or consequential loss.

- D. Design-Builder shall be responsible for assuring that each Construction Subcontract contains provisions whereby the Construction Subcontractor waives all rights against Owner, Design-Builder, all individuals or entities identified in the Supplementary Conditions as insureds, the Project Design Professionals, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, for all losses and damages caused by, arising out of, relating to, or resulting from any of the perils or causes of loss covered by builder's risk insurance and any other property insurance applicable to the Project.

6.07 *Receipt and Application of Property Insurance Proceeds*

- A. Any insured loss under the builder's risk and other policies of property insurance required by Paragraph 6.05 will be adjusted and settled with the named insured that purchased the policy. Such named insured shall act as fiduciary for the other insureds, and give notice to such other insureds that adjustment and settlement of a claim is in progress. Any other insured may state its position regarding a claim for insured loss in writing within 15 days after notice of such claim.
- B. Proceeds for such insured losses may be made payable by the insurer either jointly to multiple insureds, or to the named insured that purchased the policy in its own right and as fiduciary for other insureds, subject to the requirements of any applicable mortgage clause. A named insured receiving insurance proceeds under the builder's risk and other policies of insurance required by Paragraph 6.05 shall maintain such funds in a segregated account, and distribute such proceeds in accordance with such agreement as the parties in interest may reach, or as otherwise required under the dispute resolution provisions of this Contract or applicable Laws and Regulations.
- C. If no other special agreement is reached, the damaged Construction shall be repaired or replaced, the money so received applied on account thereof, and the Construction and the cost thereof covered by Change Order, if needed.

ARTICLE 7 – DESIGN-BUILDER'S RESPONSIBILITIES

7.01 *Design Professional Services*

- A. Design-Builder shall provide the Design Professional Services needed to successfully perform and complete the Work required under this Contract.
- B. *Standard of Care:* The standard of care for all Design Professional Services performed or furnished by Design-Builder under this Contract will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality.

7.02 *Construction*

- A. Design-Builder shall perform and furnish the Construction pursuant to the Contract Documents, the Construction Drawings, and the Construction Specifications, as duly modified.

- B. Design-Builder shall keep Owner advised as to the progress of the Construction.

7.03 *Supervision and Superintendence of Construction*

- A. Design-Builder shall supervise, inspect, and direct the Construction competently and efficiently, devoting such attention thereto and applying such skills and expertise as may be necessary to provide the Construction in accordance with the Contract Documents. Design-Builder shall be solely responsible for the means, methods, techniques, sequences, and procedures of Construction.
- B. At all times during the progress of Construction, the Design-Builder shall assign a competent resident superintendent who shall not be replaced without written notice to Owner except under extraordinary circumstances.

7.04 *Labor; Working Hours*

- A. Design-Builder shall provide competent, suitably qualified personnel to perform the Work as required by the Contract Documents. Design-Builder shall at all times maintain good discipline and order at the Site.
- B. Except as otherwise required for the safety or protection of persons or the Work or property at the Site or adjacent thereto, and except as otherwise indicated in the Contract Documents, and in the absence of any Laws or Regulations to the contrary, Design-Builder may perform the Construction on legal holidays, during any or all hours of the day, and on any or all days of the week, at Design-Builder's sole discretion.

7.05 *Services, Materials, and Equipment*

- A. Unless otherwise specified in the Contract Documents, Design-Builder shall furnish or cause to be furnished and assume full responsibility for all services, materials, equipment, labor, transportation, construction equipment and machinery, tools, appliances, fuel, power, light, heat, telephone, water, sanitary facilities, temporary facilities, and all other facilities and incidentals necessary for the performance, testing, start-up, and completion of the Work.
- B. All materials and equipment incorporated into the Work shall be as specified by Owner or in the Construction Drawings or Construction Specifications, and unless specified otherwise shall be new and of good quality. All warranties and guarantees specifically called for by the Contract Documents shall expressly run to the benefit of Owner. If required by Owner, Design-Builder shall furnish satisfactory evidence (including reports of required tests) as to the source, kind, and quality of materials and equipment.
- C. All materials and equipment shall be stored, applied, installed, connected, erected, protected, used, cleaned, and conditioned in accordance with instructions of the applicable Supplier, except as otherwise provided in the Contract Documents.

7.06 *"Or Equals" and Substitutions*

- A. If an item of material or equipment is specified or described in the Contract Documents by using the name of a proprietary item or the name of a particular Supplier, then during the preparation of the proposed Construction Drawings and Construction Specifications, the Design-Builder may request that Owner authorize the use of other items of material or equipment, or items from other proposed suppliers, by including the proposed items in the proposed Construction Drawings or Construction Specifications, with required notice to Owner that the Submittal contains a variation from the Contract Documents. Owner in its

sole discretion may approve the use of the item if Owner determines that the item is functionally equal to that named and sufficiently similar so that no change in related Work will be required, taking into consideration whether the item:

1. Is at least equal in materials of construction, quality, durability, appearance, strength, and design characteristics;
 2. Will reliably perform at least equally well the function and achieve the results imposed by the design concept of the completed Project as a functioning whole;
 3. Has a proven record of performance and availability of responsive service; and
 4. Is not objectionable.
- B. *Effect of Owner's Determination:* Neither approval nor denial of an "or-equal" request shall result in any change in Contract Price. The denial of an "or-equal" request shall be final and binding, and may not be reversed through an appeal under any provision of the Contract Documents.
- C. *Substitutes:* During the preparation of the proposed Construction Drawings and Construction Specifications, the Design-Builder may propose a substitute to an item of material or equipment that is required to be furnished by the Contract Documents. Any such proposal shall be made in a transmittal to Owner that is separate from and independent of any Design Submittals. The proposal shall describe the advantages, disadvantages, and changes in Contract Price or Contract Time associated with the proposed substitute. Approval of the proposed substitute shall be at Owner's sole discretion. If approved, the substitute item shall be incorporated in the Construction Drawings and Construction Specifications.
- D. *Design Professional Review:* Before Design-Builder transmits its proposal to Owner, the Project Design Professional that designed the portion of the Work affected by the proposed "or equal" or substitute shall review and approve the proposal.
- E. *Construction Drawings and Construction Specifications:* "Or equal" or substitute proposals with respect to items of material or equipment that are required in the Construction Drawings and Construction Specifications shall be considered proposed modifications of the Construction Drawings and Construction Specifications, and shall be governed by the provisions of Paragraph 8.02.H.

7.07 *Concerning Project Design Professionals, Construction Subcontractors, Suppliers, and Others*

- A. Design-Builder may retain Project Design Professionals, Construction Subcontractors, and Suppliers for the performance of parts of the Work. Such Project Design Professionals, Construction Subcontractors, and Suppliers must be acceptable to Owner.
- B. Design-Builder shall retain specific Project Design Professionals, Construction Subcontractors, Suppliers, or other individuals or entities for the performance of designated parts of the Work if required to do so by the Contract Documents (including but not limited to the Proposal Amendment) as of the Effective Date.
- C. Prior to entry into any binding Design Agreement, Construction Subcontract, or purchase order, Design-Builder shall submit to Owner the identity of the proposed Project Design Professional, Construction Subcontractor, or Supplier (unless Owner has already deemed such proposed contractual party acceptable, during the bidding process or otherwise). Such

proposed contractual party shall be deemed acceptable to Owner unless Owner raises a substantive, reasonable objection within 5 days.

- D. Owner may require the replacement of any Project Design Professional, Construction Subcontractor, Supplier, or other entity retained by Design-Builder to perform any part of the Work solely on the basis of substantive, reasonable objection after due investigation. Design-Builder shall submit an acceptable replacement for the rejected Project Design Professional, Construction Subcontractor, Supplier, or other entity.
- E. If Owner requires the replacement of any Project Design Professional, Construction Subcontractor, Supplier, or other entity retained by Design-Builder to perform any part of the Work, then Design-Builder shall be entitled to an adjustment in Contract Price or Contract Times, or both, with respect to the replacement.
- F. No acceptance by Owner of Engineer or of any Project Design Professional, Construction Subcontractor, Supplier, or other entity, whether initially or as a replacement, shall constitute a waiver of the right of Owner to the completion of the Work in accordance with the Contract Documents.
- G. Design-Builder shall be fully responsible to Owner for all acts and omissions of the Project Design Professionals, Construction Subcontractors, Suppliers, and other individuals or entities performing or furnishing any of the Work, just as Design-Builder is responsible for Design-Builder's own acts and omissions.
- H. Design-Builder shall be solely responsible for scheduling and coordinating the services and work of the Project Design Professionals, Construction Subcontractors, Suppliers, and all other individuals or entities performing or furnishing any of the Work.
- I. Design-Builder shall restrict all Project Design Professionals, Construction Subcontractors, Suppliers, and such other individuals or entities performing or furnishing any of the Work from communicating directly with Owner, except in case of an emergency or a matter involving public health, safety, or welfare, or as otherwise expressly allowed herein.
- J. Owner may furnish to any Project Design Professional, Construction Subcontractor, or Supplier, to the extent practicable, information about amounts paid to Design-Builder on account of Work performed for Design-Builder by the requesting party.
- K. Nothing in the Contract Documents:
 - 1. Shall create for the benefit of any Project Design Professional, Construction Subcontractor, Supplier, or other third-party individual or entity any contractual relationship between Owner and such third-party individual or entity; nor
 - 2. Shall create any obligation on the part of Owner to pay or to see to the payment of any money due any Project Design Professional, Construction Subcontractor, Supplier, or other third-party individual or entity except as may otherwise be required by Laws and Regulations.

7.08 *Patent Fees and Royalties*

- A. Design-Builder shall pay all license fees and royalties and assume all costs incident to the use in the performance of the Work or the incorporation in the Work of any invention, design, process, product, or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product, or device is specified in the Conceptual

Documents or other Contract Documents for use in the performance of the Construction, and if to the actual knowledge of Owner its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, then Owner has disclosed the existence of such rights to Design-Builder in the Conceptual Documents or other Contract Documents.

- B. To the fullest extent permitted by Laws or Regulations, Design-Builder shall indemnify and hold harmless Owner and Owner's Consultant, and the officers, directors, partners, employees or agents, and other consultants of each and any of them from and against all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) arising out of or resulting from any infringement of patent rights or copyrights incident to the use in the performance of the Work or resulting from the specification or incorporation in the Work of any invention, design, process, product or device, except those required by the Contract Documents.
- C. To the fullest extent permitted by Laws or Regulations, Owner shall indemnify and hold harmless Design-Builder and its officers, directors, members, partners, employees or agents, Project Design Professionals, Construction Subcontractors, and Suppliers from and against all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) arising out of or resulting from any infringement of patent rights or copyrights incident to the use in the performance of the Work or resulting from the incorporation in the Work of any invention, design, process, product or device required by the Contract Documents, but not identified by Owner as being subject to payment of any license fee or royalty to others required by patent rights or copyrights.

7.09 *Permits and Utility Charges*

- A. The Contract Documents allocate responsibility for obtaining and paying for specified permits, licenses, certificates of occupancy, and approvals of governmental authorities having jurisdiction over the Work. Each party shall assist the other, when necessary, in obtaining such permits, licenses, certificates, and approvals.
- B. Design-Builder shall pay all charges of utility owners for temporary service to the Work. Owner shall pay all charges of utility owners for connections for providing permanent service to the Work, and for capital costs related thereto.

7.10 *Taxes*

- A. Design-Builder shall pay all sales, consumer, use, and other similar taxes required to be paid by Design-Builder in accordance with the Laws or Regulations of the place of the Project which are applicable during the performance of the Work.

7.11 *Laws and Regulations*

- A. Design-Builder shall give all notices required by and comply with all Laws and Regulations applicable to the performance of the Work. Except where otherwise expressly required by applicable Laws and Regulations, Owner shall not be responsible for monitoring Design-Builder's compliance with any Laws or Regulations.
- B. If Design-Builder performs any Work knowing or having reason to know that it is contrary to Laws or Regulations, Design-Builder shall bear all claims, costs, losses, and damages

(including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such Work.

- C. Changes in Laws or Regulations that occur after the date on which the Design-Builder committed to the Contract Price (whether by negotiation or making an offer or proposal) and affect the cost or time of performance shall be the subject of an equitable change in Contract Price or Contract Times.

7.12 *Record Documents*

- A. Design-Builder shall maintain the Record Documents in good order, in a safe place at the Site. Design-Builder shall annotate the Record Documents to show all changes and clarifications made (whether in the field or otherwise) during performance of Construction. The Record Documents, as annotated, will be available to Owner for reference. Upon completion of the Construction, Design-Builder shall deliver the Record Documents, as annotated, to Owner.
- B. After receipt and review of the Record Documents from Design-Builder upon completion of Construction, the Owner may comment on any possible inaccuracies. After Owner and Design-Builder collaboratively address any such comments, the Record Documents shall be deemed to be Record Drawings and Record Specifications.
- C. The Record Drawings and Record Specifications are Contract Documents, and are binding upon Design-Builder with respect to its obligations to comply with the Contract Documents, including but not limited to correction period responsibilities and warranty obligations.

7.13 *Safety and Protection*

- A. Design-Builder shall be solely responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Work. Such responsibility does not relieve Construction Subcontractors of their responsibility for the safety of persons or property in the performance of their work, nor for compliance with applicable safety Laws and Regulations. Design-Builder shall take all necessary precautions for the safety of, and shall provide the necessary protection to prevent damage, injury, or loss to:
 - 1. All persons on the Site or who may be affected by the Work;
 - 2. All the Work and materials and equipment to be incorporated therein, whether in storage on or off the Site; and
 - 3. Other property at the Site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures, utilities and Underground Facilities not designated for removal, relocation, or replacement in the course of Construction.
- B. Design-Builder shall comply with applicable Laws and Regulations relating to the safety of persons or property, or to the protection of persons or property from damage, injury, or loss; and shall erect and maintain all necessary safeguards for such safety and protection. Design-Builder shall notify Owner; the owners of adjacent property, Underground Facilities, and other utilities; and other contractors and utility owners performing work at or adjacent to the Site, when prosecution of the Work may affect them, and shall cooperate with them in the protection, removal, relocation, and replacement of their property or work in progress.

- C. Design-Builder shall comply with the applicable requirements of Owner's safety programs, if any. The Supplementary Conditions identify any Owner's safety programs that are applicable to the Work.
- D. Design-Builder shall inform Owner of the specific requirements of Design-Builder's safety program with which Owner and its employees and representatives must comply while at the Site.
- E. All damage, injury, or loss to any property referred to in Paragraph 7.13.A.2 or 7.13.A.3 caused, directly or indirectly, in whole or in part, by Design-Builder, any Construction Subcontractor, Supplier, or any other individual or entity directly or indirectly employed by any of them to perform any of the Work, or anyone for whose acts any of them may be liable, shall be remedied by Design-Builder.
- F. Design-Builder's duties and responsibilities for safety and for protection of the Construction shall continue until such time as all the Work is completed, Owner has issued a notice to Design-Builder in accordance with Paragraph 14.06.B that the Work is acceptable (except as otherwise expressly provided in connection with Substantial Completion), and Design-Builder has left the Site.
- G. Design-Builder's duties and responsibilities for safety and protection shall resume whenever Design-Builder or any Construction Subcontractor, Supplier, or other representative returns to the Site to fulfill warranty or correction obligations, or to conduct other tasks arising from the Contract Documents.

7.14 *Safety Representative*

- A. Design-Builder shall designate a qualified and experienced safety representative at the Site whose duties and responsibilities shall be the prevention of accidents and the maintaining and supervising of safety precautions and programs.

7.15 *Hazard Communication Programs*

- A. Design-Builder shall be responsible for coordinating any exchange of safety data sheets or other hazard communication information required to be made available to or exchanged between or among employers at the Site in accordance with Laws or Regulations.

7.16 *Emergencies*

- A. In emergencies affecting the safety or protection of persons or the Work or property at the Site or adjacent thereto, Design-Builder is obligated to act to prevent threatened damage, injury or loss. Design-Builder shall give Owner prompt written notice if Design-Builder believes that any significant changes in the Work or variations from the Contract Documents have been caused thereby or are required as a result thereof. If a change in the Contract Documents is required because of the action taken by Design-Builder in response to such an emergency, a Work Change Directive or Change Order will be issued.

7.17 *Post-Construction Phase*

- A. Design-Builder shall:
 - 1. Provide assistance in connection with the start-up and testing of any equipment or system.
 - 2. Assist Owner in training staff to operate and maintain the Work.

7.18 *Design-Builder's General Warranty and Guarantee*

- A. Design-Builder warrants and guarantees to Owner that Design-Builder will perform and complete the Construction as required by the Contract Documents, and that all Construction will be in accordance with the Contract Documents, the Construction Drawings, and the Construction Specifications (as duly modified in accordance with the Contract), and will not be defective.
- B. Design-Builder's warranty and guarantee hereunder excludes defects or damage caused by:
 - 1. Abuse, modification or improper maintenance or operation by persons other than Design-Builder, Construction Subcontractors, or Suppliers or any other individual for whom Design-Builder is responsible; or
 - 2. Normal wear and tear under normal usage.
- C. None of the following will constitute an acceptance by Owner of Work that is not in accordance with the Contract Documents or a release of Design-Builder's obligation to perform the Work in accordance with the Contract Documents, unless expressly stated otherwise in writing:
 - 1. Observations by Owner;
 - 2. The making of any progress or final payment;
 - 3. The issuance of a certificate of Substantial Completion;
 - 4. Use or occupancy of the Work or any part thereof by Owner;
 - 5. Any review and approval of a Submittal;
 - 6. Any inspection, test, or approval by others; or
 - 7. Any correction of defective Construction by Owner.

7.19 *Indemnification*

- A. To the fullest extent permitted by Laws and Regulations, Design-Builder shall indemnify and hold harmless Owner, Owner's Consultant, and their officers, directors, members, partners, employees, agents, consultants, and subcontractors, from losses, damages, and judgments (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) arising from third-party claims or actions relating to or resulting from the performance or furnishing of the Work, provided that any such claim, action, loss, damages, or judgment is attributable to bodily injury, sickness, disease, or death, or to damage to or destruction of tangible property (other than the Work itself) including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Design-Builder, a Project Design Professional, any Construction Subcontractor, any Supplier, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors.
- B. In any and all claims or actions against Owner, Owner's Consultant, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors, by any employee (or the survivor or personal representative of such employee) of Design-Builder, a Project Design Professional, any Construction Subcontractor, any Supplier, any individual or entity directly or indirectly employed or retained by any of them to perform any of the Work, or anyone for whose acts any of them may be liable, the indemnification obligation

under Paragraph 7.19.A shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Design-Builder, a Project Design Professional, or any Construction Subcontractor, Supplier, or other individual or entity under workers' compensation acts, disability benefit acts, or other employee benefit acts.

- C. The indemnification obligations of Design-Builder under Paragraph 7.19.A shall not extend to the liability of Owner's Consultant, other consultants or design professionals of Owner, or their officers, directors, members, partners, employees, agents, consultants, or subcontractors arising out of the preparation or approval of maps, drawings, opinions, reports, surveys, designs, or specifications.

ARTICLE 8 – SUBMITTALS

8.01 *Design-Builder's Preparation of Submittals*

- A. Design Submittals shall be prepared by Project Design Professionals, on behalf of Design-Builder.
- B. The appropriate Project Design Professional shall review and approve each Submittal (including but not limited to all Design Submittals), other than those Submittals not involving technical or engineering matters, before Design-Builder's transmittal of such Submittal to Owner. Such review and approval shall account for the following, as appropriate:
 - 1. That any items covered by such Submittal will, after installation or incorporation in the Construction, comply with the information and requirements in the Contract Documents and the Construction Drawings and Construction Specifications, as duly modified, and be compatible with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents, Construction Drawings, and Construction Specifications, as duly modified.
 - 2. That if the Submittal includes any proposed modification of the Contract Documents, Construction Drawings, or Construction Specifications, or any proposed variation from the requirements of such documents, such proposed modification or variation is acceptable based on the standards of the engineering profession (or other applicable design profession), and if implemented will be supported by signing or sealing by a licensed design professional, as necessary.
- C. Before Design-Builder's transmittal of a Submittal to Owner, the Design-Builder shall, as applicable:
 - 1. Review and coordinate the Submittal with other Submittals and with the requirements of the Work, the Contract Documents, the Construction Drawings, and the Construction Specifications, as duly modified;
 - 2. Determine and verify all field measurements, quantities, dimensions, specified performance and design criteria, installation requirements, materials, catalog numbers, and similar information with respect to the Submittal, and confirm that the Submittal is complete with respect to all related data included in the Submittal;
 - 3. Determine and verify the suitability of proposed materials and equipment with respect to the indicated application, fabrication, shipping, handling, storage, assembly, and installation; and

4. Determine and verify all information relative to Design-Builder's responsibilities for the means, methods, techniques, sequences, and procedures of construction, and for safety precautions and programs incident thereto.
- D. Design-Builder shall give Owner specific written notice of any proposed modification of the Contract Documents, Construction Drawings, or Construction Specifications, and any variations that a Submittal may have from the requirements of the Contract Documents, Construction Drawings, and Construction Specifications, as duly modified. This notice shall be set forth in a written communication separate from the Submittal; and, in addition, in the case of a Submittal in drawing form, by a specific notation made on the drawing itself.
- E. Each Submittal shall bear a stamp or specific written certification by Design-Builder that it has satisfied its obligations under the Contract Documents with respect to preparation of the Submittal, and that Design-Builder approves the Submittal.
- F. All Submittals must be acceptable based on compliance with form and content requirements of the Contract Documents. Design-Builder shall submit Design Submittals for Owner's review and approval. Other Submittals shall not require express approval, except as indicated in the Supplementary Conditions or elsewhere in the Contract Documents.

8.02 *Owner's Review of Submittals*

- A. Owner will review all Submittals, and may comment on any Submittal. Any response to a Submittal by Owner shall be in accordance with the schedule of required Submittals accepted by Owner as required by Paragraph 2.07, and the provisions of the Contract Documents.
- B. For those Submittals requiring Owner's review and approval, Owner's response will be in writing and will indicate either that Owner approves the Submittal or rejects the Submittal. Owner may also include comments regarding the approved or rejected Submittal. For those Submittals that do not require approval, the Submittal shall be deemed acceptable to Owner unless Owner responds with a timely objection or adverse comment.
- C. Unless a specific provision of the Contract Documents expressly provides otherwise, Owner's review of a Submittal will be to determine if the Submittal complies with and is consistent with the Contract Documents. If Owner concludes that a Submittal requiring approval complies with and is consistent with the Contract Documents, the Owner shall approve such Submittal.
- D. Owner's approval, rejection, or acceptance of a Submittal will not extend to the means, methods, techniques, sequences, or procedures of Construction, or to safety precautions or programs incident thereto.
- E. Owner's review, comments, approval, rejection, or acceptance of Submittals shall not relieve Design-Builder from responsibility for (1) performance of the Work in accordance with the Contract Documents, (2) the scheduling and progress of the Work, (3) the means, methods, sequences, techniques, and procedures of Construction, and safety precautions and programs incident thereto, or (4) any variation from the requirements of the Contract Documents, unless Design-Builder has in a separate written communication at the time of submission called Owner's attention to each such variation, and Owner has given written approval of each such variation; nor shall Owner's review, comments, approval, rejection, or acceptance of a Submittal impose any such responsibility on Owner.

- F. Construction tasks and expenditures by Design-Builder prior to Owner's review and approval or acceptance of any Submittal will be at the sole risk of Design-Builder.
- G. In reviewing, approving, rejecting, accepting, or commenting on any Design Submittal, Owner does not assume responsibility for the design, for any deficiencies in the Design Submittal or in the Design Professional Services by which they were prepared, or for constructability, cost, or schedule problems that may arise in connection with the Design Submittal.
- H. The parties acknowledge that Design-Builder's design responsibilities continue after commencement of Construction. During the course of Construction, the Design-Builder may propose modifications to the Construction Drawings and Construction Specifications. Owner shall approve such proposed modifications if (1) they comply with and are consistent with the Contract Documents, (2) Design-Builder has demonstrated that the modification is minor in character, or will not be detrimental to the quality and function of the Work, (3) the appropriate Project Design Professional has reviewed and approved the proposed modification with respect to any technical or engineering matters, and (4) Owner has not relied on the previously-approved Construction Drawings and Construction Specifications, such that the proposed modification would be detrimental to the Owner's interests. At its option, Owner may also approve more substantial or divergent proposed modifications, provided that the appropriate Project Design Professional has reviewed and approved the proposed modification with respect to any technical or engineering matters.

ARTICLE 9 – OTHER CONSTRUCTION

9.01 *Other Work*

- A. In addition to and apart from the Work to be performed and furnished by Design-Builder under the Contract Documents, the Owner may perform other construction work at or adjacent to the Site during the course of the Project. Such other work may be performed by Owner's employees, or through contracts between the Owner and third parties. Owner may also arrange to have third-party utility owners perform work on their utilities and facilities at or adjacent to the Site.
- B. If Owner performs other work at or adjacent to the Site with Owner's employees, or through contracts for such other work, then Owner shall give Design-Builder written notice thereof prior to starting any such other work. If Owner has advance information regarding the start of any third-party utility work at or adjacent to the Site, Owner shall provide such information to Design-Builder.
- C. Design-Builder shall afford proper and safe access to the Site to each contractor that performs such other work, each utility owner performing other work, and to Owner, if Owner is performing other work with Owner's employees, and provide a reasonable opportunity for the introduction and storage of materials and equipment and the execution of such other work. Design-Builder shall do all cutting, fitting, and patching of the Construction that may be required to properly connect or otherwise make its several parts come together and properly integrate with such other work. Design-Builder shall not endanger any work of others by cutting, excavating, or otherwise altering such work; provided, however, that Design-Builder may cut or alter others' work with the written consent of Owner and the others whose work will be affected.

- D. If the proper execution or results of any part of the Construction depends upon work performed by others under this Article 9, Design-Builder shall inspect such other work and promptly report to Owner in writing any delays, defects, or deficiencies in such other work that render it unavailable or unsuitable for the proper execution and results of the Construction. Design-Builder's failure to so report will constitute an acceptance of such other work as fit and proper for integration with the Construction, except for latent defects and deficiencies in such other work.

9.02 *Coordination*

- A. If Owner intends to contract with others for the performance of other work at or adjacent to the Site, to perform other work at or adjacent to the Site with Owner's employees, or to arrange to have utility owners perform work at or adjacent to the Site, the following will be set forth in the Supplementary Conditions or provided to Design-Builder prior to the start of any such other work:
 - 1. The identity of the individual or entity that will have authority and responsibility for coordination of the activities among the various contractors;
 - 2. An itemization of the specific matters to be covered by such authority and responsibility; and
 - 3. The extent of such authority and responsibilities.
- B. If the Supplementary Conditions do not identify the individual or entity that will have authority and responsibility for coordination of the activities among the various contractors, Owner shall have sole authority and responsibility for such coordination.

9.03 *Legal Relationships*

- A. If, in the course of performing other work for Owner at or adjacent to the Site, the Owner's employees, any other contractor working for Owner, or any utility owner that Owner has arranged to perform work, causes damage to the Construction or to the property of Design-Builder or the Construction Subcontractors, or delays, disrupts, interferes with, or increases the scope or cost of the performance of the Construction, through actions or inaction, then Design-Builder shall be entitled to an equitable adjustment in the Contract Price or the Contract Times, or both. The entitlement to, and extent of, any such equitable adjustment shall take into account information (if any) regarding such other work that was provided to Design-Builder in the Contract Documents, and any provisions in Laws or Regulations concerning utility action or inaction, or related remedies. When applicable, any such equitable adjustment in Contract Price shall be conditioned on Design-Builder assigning to Owner all Design-Builder's rights against such other contractor or utility owner with respect to the damage, delay, disruption, or interference that is the subject of the adjustment. Design-Builder's entitlement to an adjustment of the Contract Times is conditioned on such adjustment being essential to Design-Builder's ability to complete the Work within the Contract Times.
- B. Design-Builder shall take reasonable and customary measures to avoid damaging, delaying, disrupting, or interfering with the work of Owner, any other contractor, or any utility owner performing other work at or adjacent to the Site. If Design-Builder fails to take such measures and as a result damages, delays, disrupts, or interferes with the work of any such other contractor or utility owner, then Owner may impose a set-off against payments due to Design-Builder, and assign to such other contractor or utility owner the Owner's contractual

rights against Design-Builder with respect to the breach of the obligations set forth in this paragraph.

- C. When Owner is performing other work at or adjacent to the Site with Owner's employees, Design-Builder shall be liable to Owner for damage to such other work, and for the reasonable direct delay, disruption, and interference costs incurred by Owner as a result of Design-Builder's failure to take reasonable and customary measures with respect to Owner's other work. In response to such damage, delay, disruption, or interference, Owner may impose a set-off against payments due to Design-Builder.
- D. If Design-Builder damages, delays, disrupts, or interferes with the work of any other contractor, or any utility owner performing other work at or adjacent to the Site, through Design-Builder's failure to take reasonable and customary measures to avoid such impacts, or if any claim arising out of Design-Builder's actions, inactions, or negligence in performance of the Work at or adjacent to the Site is made by any such other contractor or utility owner against Design-Builder or Owner, then Design-Builder shall (1) promptly attempt to settle the claim as to all parties through negotiations with such other contractor or utility owner, or otherwise resolve the claim by arbitration or other dispute resolution proceeding or at law, and (2) indemnify and hold harmless Owner and its officers, directors, members, partners, employees, agents, consultants and subcontractors from and against any such claims, and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such damage, delay, disruption, or interference.

ARTICLE 10 – OWNER'S RESPONSIBILITIES

10.01 General

- A. Owner shall do the following in a timely manner so as not to delay the services of Design-Builder:
 - 1. If requested in writing by Design-Builder, furnish reasonable evidence satisfactory to Design-Builder that sufficient funds are available and committed for the entire cost of the Project. Unless such reasonable evidence is furnished, Design-Builder is not required to commence or continue any Work, or may, if such evidence is not presented within a reasonable time, stop Work upon 15 days' notice to the Owner;
 - 2. Make payments to Design-Builder promptly when they are due, as provided in Paragraph 14.01 and 14.06;
 - 3. Furnish the Site as set forth in Paragraph 5.01; arrange for safe access to and make all provisions for Design-Builder to enter upon public and private property as may reasonably be required for Design-Builder to perform Work under the Contract.
 - 4. Furnish to Design-Builder, as required for performance of the Work, the following, all of which Design-Builder may use and rely upon in performing services under this Agreement:
 - a. Environmental assessment and impact statements;
 - b. Property, boundary, easement, right-of-way, and other special engineering surveys or data;

- c. Property descriptions;
 - d. Zoning, deed, and other land use restrictions;
 - e. Utility and topographic mapping and surveys;
 - f. Explorations and tests of subsurface conditions at or adjacent to the Site; geotechnical reports and investigations; drawings of physical conditions relating to existing surface or subsurface structures at the Site; any information or data known to Owner concerning underground facilities at the Site; hydrographic surveys, laboratory tests and inspections of samples, materials, and equipment; with appropriate professional interpretation of such information or data;
 - g. Any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Site;
 - h. Engineering surveys to establish reference points which in Owner's judgment are necessary to enable Design-Builder to proceed with the Work;
 - i. Assistance to Design-Builder in filing documents required to obtain necessary permits, licenses, and approvals of governmental authorities having jurisdiction over the Project; and
 - j. Permits, licenses, and approvals of government authorities that the Contract Documents expressly require Owner to obtain.
5. Provide information known to Owner relating to the presence of materials and substances at the Site that could create a Hazardous Environmental Condition.
- B. If an obligation ascribed to Owner in Paragraph 10.01.A is expressly assigned to Design-Builder, in the description of the Work or elsewhere in the Contract Documents, then such express assignment to Design-Builder shall supersede the provision in Paragraph 10.01.A.
- C. Recognizing and acknowledging that Design-Builder's services and expertise do not include the following services, Owner shall furnish or obtain, as required for the Project:
- a. Accounting, bond and financial advisory (including, if applicable, "municipal advisor" services as described in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and the municipal advisor registration rules issued by the Securities and Exchange Commission), independent cost estimating, and insurance counseling services.
 - b. Legal services with regard to issues pertaining to the Project as Owner requires, or Design-Builder reasonably requests.
 - c. Such auditing services as Owner requires to review cost submittals or ascertain how or for what purpose Design-Builder has used the money paid.
- D. Examine all studies, reports, alternate solutions, sketches, drawings, specifications, proposals, Submittals (including Design Submittals), and other documents presented by Design-Builder (including obtaining advice of an attorney, insurance counselor, and other consultants as Owner deems appropriate with respect to such examination), and if a decision is required with respect to any such document, render such decision in writing pursuant to any specific schedule, or if no specific schedule pertains, within a reasonable time after receipt of the document.

10.02 *Insurance*

- A. Owner's responsibilities with respect to purchasing and maintaining liability and property insurance are set forth in Article 6.

10.03 *Limitations on Owner's Responsibilities*

- A. The Owner shall not supervise, direct, or have control or authority over, nor be responsible for, Design-Builder's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Design-Builder to comply with Laws or Regulations applicable to the furnishing or performance of the Work. Owner will not be responsible for Design-Builder's failure to perform the Work in accordance with the Contract Documents.

10.04 *Undisclosed Hazardous Environmental Condition*

- A. Owner's responsibility with respect to undisclosed Hazardous Environmental Conditions uncovered or revealed at the Site is set forth in Paragraph 5.06.

10.05 *Owner's Site Representative*

- A. Owner may furnish an Owner's Site Representative to observe the performance of Construction. The duties, responsibilities and limitations of authority of any such Owner's Site Representative and assistants will be as provided in the Supplementary Conditions.

10.06 *Owner's Consultants and Managers*

- A. Owner's Consultant, if any, is identified in the Agreement.
- B. Owner shall advise Design-Builder of the identity and scope of services of any other independent consultants or managers retained by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, constructability review, program management, project management, or contract administration.
- C. Neither Owner's Consultant, Owner's Site Representative, nor any other consultant or manager retained by Owner, has any duties, responsibilities, or authorities with respect to Design-Builder, unless expressly provided in this Contract. Owner's Consultant and such other consultants and managers shall not supervise, direct, or have control or authority over, nor be responsible for, Design-Builder's means, methods, techniques, sequences, or procedures of construction or the safety precautions and programs incident thereto, or for any failure of Design-Builder to comply with Laws or Regulations applicable to the furnishing or performance of the Work; and will not be responsible for Design-Builder's failure to perform the Work in accordance with the Contract Documents.

10.07 *Safety Programs*

- A. While at the Site, Owner's employees and representatives shall comply with the specific applicable requirements of Design-Builder's safety programs of which Owner has been informed pursuant to Paragraph 7.13.D.
- B. Owner shall inform Design-Builder of any specific requirements of safety or security programs that are applicable to Design-Builder while at the Site.

10.08 *Permits and Approvals*

- A. Owner shall obtain reviews, approvals, certificates, and permits from governmental authorities having jurisdiction over the Project as indicated in the Contract Documents.

ARTICLE 11 – AMENDING THE CONTRACT DOCUMENTS; CHANGES IN THE WORK

11.01 *Amending and Supplementing Contract Documents*

- A. The Contract Documents may be amended or supplemented by a Change Order or a Work Change Directive.
 - 1. *Change Orders*: If an amendment or supplement to the Contract Documents includes a change in the Contract Price or the Contract Times, such amendment or supplement must be set forth in a Change Order. A Change Order also may be used to establish amendments and supplements of the Contract Documents that do not affect the Contract Price or Contract Times.
 - 2. *Work Change Directives*: The Work modification ordered or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order. When a Work Change Directive is issued, the parties will promptly meet to attempt to negotiate the Work Change Directive's effect, if any, on the Contract Times and Contract Price. The effect, if any, on Contract Times and Contract Price, together with the Work Change Directive's addition, deletion, or revision to the Work, will be set forth in a subsequently issued Change Order.
- B. Either Owner or Design-Builder may propose or request a Change Order. With respect to certain events, this Contract may indicate specific times in which such requests or proposals must be submitted to the other party. With respect to all other events, the request or proposal shall be submitted to the other party within 30 days of the event giving rise to the request or proposal.

11.02 *Authorized Changes in the Work*

- A. Without invalidating the Contract and without notice to any surety, and notwithstanding any other provision of the Contract, Owner may, at any time or from time to time, order or authorize additions, deletions, or revisions in the Work within the general scope of the Contract. Such changes may be accomplished by a Change Order, if Owner and Design-Builder have agreed as to the effect, if any, of the changes on Contract Times or Contract Price; or by a Work Change Directive. Upon receipt of any such document, Design-Builder shall promptly proceed with the Work involved; or, in the case of a deletion in the Work, promptly cease construction activities with respect to such deleted Work. Added or revised Work shall be performed under the applicable conditions of the Contract Documents. Nothing in this paragraph shall obligate Design-Builder to undertake work that Design-Builder reasonably concludes cannot be performed in a manner consistent with Design-Builder's safety or professional obligations under the Contract Documents or Laws and Regulations.

11.03 *Unauthorized Changes in the Work*

- A. Design-Builder shall not be entitled to an increase in the Contract Price or an extension of the Contract Times with respect to any Work performed that is not required by the Contract Documents, as duly amended, except in the case of an emergency as provided in Paragraph 7.16, or in the case of uncovering Construction as provided in Paragraph 13.03.A.3.

11.04 *Changes Involving the Design*

- A. To the extent a change, whether proposed by Design-Builder or Owner, ordered by Owner, or set forth in a proposed Change Order or in a Work Change Directive, involves the design (as set forth in the Construction Drawings, Construction Specifications, or otherwise) or other engineering or technical matters, such changes must be reviewed and approved by the applicable Project Design Professional. The review and approval may occur at the time the change occurs, or as part of Design-Builder's provision of Professional Design Services in response to the change.

11.05 *Change of Contract Price*

- A. The Contract Price may only be changed by a Change Order. Any Claim regarding an adjustment in the Contract Price shall be presented by written notice to the other party in accordance with Paragraph 16.01.
- B. If the Contract Price is based on Cost of the Work, then the provisions in the Agreement regarding Cost of the Work and changes in the Design-Builder's fee, Contract Price, Guaranteed Maximum Price, and Guaranteed Maximum Fee, apply.
- C. The value of any Work covered by a Change Order or of any adjustment in the Contract Price will be determined as follows:
 - 1. Where the Work involved is covered by unit prices contained in the Contract Documents, by application of such unit prices to the quantities of the items involved (subject to the provisions of Paragraph 12.02); or
 - 2. Where the Work involved is not covered by unit prices contained in the Contract Documents, by a mutually agreed lump sum (which may include an allowance for overhead and profit not necessarily in accordance with Paragraph 11.05.D); or
 - 3. Where the Work involved is not covered by unit prices contained in the Contract Documents, and agreement to a lump sum is not reached under Paragraph 11.05.C.2, then on the basis of the Cost of the Work for price adjustments (determined as provided in the Cost of the Work provisions in the Agreement, if applicable, or in Paragraph 12.01), plus a Design-Builder's Fee for overhead and profit (determined as provided in Paragraph 11.05.D).
- D. *Design-Builder's Fee:* The Design-Builder's fee for overhead and profit on Change Orders shall be determined as follows:
 - 1. A mutually acceptable fixed fee; or
 - 2. If a fixed fee is not agreed upon, then a fee based on the following percentages of the various portions of the Cost of the Work:
 - a. For costs incurred under Paragraphs 12.01.B.1.a. and 12.01.B.2, the Design-Builder's fee shall be 15 percent;
 - b. For costs incurred under Paragraph 12.01.B.3, 12.01.B.4, 12.01.B.5, and 12.01.B.6, the Design-Builder's fee shall be 5 percent;
 - c. With respect to Construction Subcontracts, where one or more tiers of subcontracts are on the basis of Cost of the Work plus a fee and no fixed fee is agreed upon, the intent of this Contract is that the Design-Builder's fee shall be based on: (1) a fee of 15 percent of the costs incurred under Paragraph 12.01 by the subcontractor that

actually performs the Work, at whatever tier, and (2) with respect to Design-Builder itself, and to any Construction Subcontractors of a tier higher than that of the Construction Subcontractor that actually performs the Work, a fee of 5 percent of the amount (fee plus underlying costs incurred) attributable to the next lower tier Construction Subcontractor; provided, however, that for any such subcontracted work the maximum total fee to be paid by Owner shall be no greater than 27 percent of the costs incurred by the Construction Subcontractor that actually performs the Work;

- d. With respect to Design Agreements, the Engineer or other invoicing Project Design Professional under a Design Agreement may add a fee of 5 percent to an invoice from a lower tier design entity, and Design-Builder may add a fee of 5 percent to an invoice from Engineer or other invoicing Project Design Professional; Owner shall not be responsible for any other mark-up at any tier (other than those incorporated in a factor, multiplier, hourly rate, or stipulated sum from the entity performing the subject Design Professional Services);
- e. No fee will be payable on the basis of costs itemized in Paragraph 12.01.B.7 or 12.01.C;
- f. The amount of credit to be allowed by Design-Builder to Owner for any change which results in a net decrease in cost will be the amount of the actual net decrease in cost plus a deduction in Design-Builder's fee by an amount equal to 5 percent of such net decrease; and
- g. When both additions and credits are involved in any one change, the adjustment in Design-Builder's fee shall be computed on the basis of the net change in accordance with Paragraphs 11.05.D.2.a through 11.05.D.2.e., inclusive.

11.06 *Change of Contract Times*

- A. The Contract Times may only be changed by a Change Order. Any Claim regarding an adjustment of the Contract Times shall be presented by written notice to the other party pursuant to Paragraph 16.01.
- B. Design-Builder's entitlement to an adjustment of the Contract Times under this Contract is conditioned on such adjustment being essential to Design-Builder's ability to complete the Work within the Contract Times.

11.07 *Execution of Change Orders*

- A. Owner and Design-Builder shall execute appropriate Change Orders covering:
 - 1. Changes in the Contract Price or Contract Times which are agreed to by the parties, including any undisputed sum or amount of time for Work actually performed in accordance with a Work Change Directive;
 - 2. Changes in Contract Price resulting from an Owner set-off, unless Design-Builder has duly contested such set-off;
 - 3. Changes in the Work which are: (a) ordered by Owner pursuant to Paragraph 11.02, (b) required because of Owner's correction of defective Work under Paragraph 13.05 or Owner's acceptance of defective Work under Paragraph 13.07, or (c) agreed to by the

parties (all subject to the need for review and approval by the applicable Project Design Professional pursuant to Paragraph 11.04); and

4. Changes in the Contract Price or Contract Times, or other changes, which embody the substance of any final and binding results under Article 16.
- B. If Owner or Design-Builder refuses to execute a Change Order that is required to be executed under the terms of this Paragraph 11.07, it shall be deemed to be of full force and effect, as if fully executed.

11.08 *Notice to Sureties*

- A. If notice of any change affecting the general scope of the Work or the provisions of the Contract Documents (including, but not limited to, Contract Price or Contract Times) is required by the provisions of any Bond to be given to a surety, the giving of any such notice will be Design-Builder's responsibility. The amount of each applicable Bond will be adjusted to reflect the effect of any such change.

ARTICLE 12 – COST OF THE WORK ADJUSTMENTS; UNIT PRICE WORK

12.01 *Cost of the Work*

- A. *Costs of the Work Adjustment:* When the price of Work covered by a Change Order or an adjustment in Contract Price is to be determined on the basis of Cost of the Work, the Cost of the Work adjustment means the sum of all costs necessarily incurred and paid by Design-Builder in the proper performance of the specific portion of the Work. The costs to be reimbursed to Design-Builder will be only those additional or incremental costs required because of the change of the Work or because of the event giving rise to the adjustment. If the Agreement contains Cost of the Work provisions, such provisions shall govern in determining the Cost of the Work for Change Order or adjustment purposes. If the Agreement does not contain Cost of the Work provisions, then the provisions in Paragraph 12.01 shall apply.
- B. *Costs Included:* The Cost of the Work adjustment does not include any of the costs itemized in Paragraph 12.01.C, and shall include only the following items with respect to the subject Work:
 1. Payroll costs for employees in the direct employ of Design-Builder in the performance of the subject Work, under schedules of job classifications agreed upon by Owner and Design-Builder in advance of such performance.
 - a. Such employees shall include without limitation superintendents, foremen, and other personnel employed full-time at the Site. Payroll costs for employees not employed full time on the Work shall be apportioned on the basis of their time spent on the subject Work. Payroll costs shall include, but not be limited to, salaries and wages plus the cost of fringe benefits which shall include social security contributions, unemployment, excise and payroll taxes, workers' compensation, health and retirement benefits, bonuses, sick leave, vacation, and holiday pay applicable thereto. The expenses of performing the subject Work outside the hours or days permitted by this Contract shall be included in the above to the extent such performance of Work is authorized by Owner.
 - b. Such employees shall also include engineers, engineering technicians, architects, and others providing Design Professional Services as employees of Design-Builder.

For purposes of this Paragraph 12.01.B.1.b, Design-Builder shall be entitled to payment for such employees an amount equal to salary costs times a factor, as designated in the Agreement, for services in the performance of the subject Work.

2. Cost of all materials and equipment furnished and incorporated in the subject Work, including costs of transportation and storage thereof, and Suppliers' field services required in connection therewith. All cash discounts shall accrue to Design-Builder unless Owner deposits funds with Design-Builder with which to make payments, in which case the cash discounts shall accrue to Owner. All trade discounts, rebates, and refunds and returns from sale of surplus materials and equipment shall accrue to Owner, and Design-Builder shall make provisions so that they may be obtained.
3. Cost of permits obtained by Design-Builder.
4. Payments made by Design-Builder to Construction Subcontractors for subject Work performed or furnished by such Construction Subcontractors. If any subcontract provides that the Construction Subcontractor is to be paid on the basis of Cost of the Work plus a fee, the Construction Subcontractor's Cost of the Work and fee shall be determined in the same manner as Design-Builder's Cost of the Work and fee.
5. Payments made by Design-Builder for Design Professional Services provided or furnished with respect to the subject Work under a Design Agreement.
6. Costs of special consultants (not including Project Design Professionals), including but not limited to testing laboratories, attorneys, and accountants, retained for services specifically related to the subject Work.
7. Supplemental costs including the following items:
 - a. The proportion of necessary transportation, travel, and subsistence expenses of Design-Builder's employees incurred in discharge of duties connected with the Work.
 - b. Cost, including transportation and maintenance, of all materials, supplies, equipment, machinery, appliances, office and temporary facilities at the Site and hand tools not owned by the workers, which are consumed in the performance of the Work, and cost, less market value, of such items used but not consumed that remain the property of Design-Builder.
 - c. Rentals of all construction or engineering equipment and machinery, and their parts, whether rented from Design-Builder or from others in accordance with rental agreements approved by Owner, and the costs of transportation, loading, unloading, installation, dismantling and removal of such equipment, machinery, and parts. All such costs shall be in accordance with the terms of such rental agreements. The rental of any such equipment, machinery, or parts shall cease when its use is no longer necessary for the Work.
 - d. Sales, consumer, use, and other similar taxes related to the subject Work, and for which Design-Builder is liable, imposed by Laws or Regulations.
 - e. Deposits lost for causes other than negligence of Design-Builder, any Construction Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, and royalty payments and fees for permits and licenses.

- f. Losses, damages, and related expenses caused by damage to the subject Work not compensated by insurance or otherwise, sustained by Design-Builder in connection with the furnishing and performance of the Work provided they have resulted from causes other than the negligence of Design-Builder, any Construction Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable. Such losses shall include settlements made with the written consent and approval of Owner. No such losses, damages, and expenses shall be included in the Cost of the Work for the purpose of determining Design-Builder's fee.
 - g. The cost of utilities, fuel, and sanitary facilities at the Site, as applicable to the subject Work.
 - h. Minor expenses such as long distance telephone calls, telephone service at the Site, express and courier services, and similar petty cash items in connection with the Work.
 - i. Cost of premiums for all Bonds and insurance Design-Builder is required by the Contract Documents to purchase and maintain.
- C. *Costs Excluded:* The term Cost of the Work shall not include any of the following items:
 - 1. Payroll costs and other compensation of Design-Builder's officers, executives, principals (of partnerships and sole proprietorships), general managers, estimators, attorneys, auditors, accountants, purchasing and contracting agents, expeditors, timekeepers, clerks, and other personnel employed by Design-Builder whether at the Site or in Design-Builder's principal or a branch office for general administration of the Work and not specifically included in the agreed upon schedule of job classifications referred to in Paragraph 12.01.B.1, all of which are to be considered administrative costs covered by the Design-Builder's fee.
 - 2. Expenses of Design-Builder's principal and branch offices other than Design-Builder's office at the Site.
 - 3. Any part of Design-Builder's capital expenses, including interest on Design-Builder's capital employed for the subject Work and charges against Design-Builder for delinquent payments.
 - 4. Costs due to the negligence of Design-Builder, any Construction Subcontractor, Engineer or other Project Design Professionals, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, including but not limited to the correction of defective Work, disposal of materials or equipment wrongly supplied, and making good any damage to property.
 - 5. Other overhead or general expense costs of any kind, and the costs of any item not specifically and expressly included in Paragraph 12.01.B.
- D. *Design-Builder's Fee:* When the value of the Work covered by a Change Order is determined on the basis of Cost of the Work, Design-Builder's fee shall be determined as set forth in Paragraph 11.05.D.
- E. *Documentation:* Whenever the cost of any Work is to be determined pursuant to Paragraph 12.01.B and 12.01.C, Design-Builder will establish and maintain cost records in accordance

with generally accepted accounting practices and submit in a form acceptable to Owner an itemized cost breakdown together with supporting data.

12.02 *Unit Price Work*

- A. Where the Contract Documents provide that all or part of the Work is to be Unit Price Work, initially the Contract Price will be deemed to include for all of Unit Price Work an amount equal to the sum of the established unit prices for each separately identified item of Unit Price Work times the estimated quantity of each item as indicated in the Agreement. The estimated quantities of items of Unit Price Work are not guaranteed and are solely for the purpose of determining an initial Contract Price. Determinations of the actual quantities and classifications of Unit Price Work performed by Design-Builder will be made by Owner.
- B. If Design-Builder's compensation is based on Cost of the Work, this Contract will not include compensation under unit prices unless expressly stated otherwise.
- C. Each unit price will be deemed to include an amount considered by Design-Builder to be adequate to cover Design-Builder's overhead and profit for each separately identified item.
- D. Design-Builder or Owner may seek an adjustment in the Contract Price if:
 - 1. The quantity of any item of Unit Price Work performed by Design-Builder differs materially and significantly from the estimated quantity of such item indicated in the Agreement;
 - 2. Such an adjustment would not duplicate, and is coordinated with, any other related adjustments of Contract Price; and
 - 3. Design-Builder has incurred additional expense, or less expense, as a result of the variation in quantity.

ARTICLE 13 – TESTS AND INSPECTIONS; CORRECTION, REMOVAL, OR ACCEPTANCE OF DEFECTIVE CONSTRUCTION

13.01 *Access to Construction*

- A. Owner, Owner's Consultant, Owner's Site Representative, and other representatives and personnel of Owner, independent testing laboratories, and governmental agencies with jurisdictional interests will have access to the Site and the Construction at reasonable times for their observation, inspecting, and testing. Design-Builder shall provide them proper and safe conditions for such access and advise them of Design-Builder's Site safety procedures and programs so that they may comply therewith as applicable.

13.02 *Tests, Inspections, and Approvals*

- A. Design-Builder shall be responsible for arranging, obtaining, and paying for all inspections and tests required:
 - 1. By the Contract Documents, unless the Contract Documents expressly allocate responsibility for a specific inspection or test to Owner;
 - 2. By Laws and Regulations, unless the Contract Documents or Laws and Regulations expressly allocate responsibility for a specific inspection or test to Owner;
 - 3. To attain Owner's acceptance of materials or equipment to be incorporated in the Construction;

4. By manufacturers of equipment furnished under the Contract Documents;
 5. To meet the requirements of the Construction Drawings and Construction Specifications;
 6. For testing, adjusting, and balancing of mechanical, electrical, and other equipment to be incorporated into the Construction; and
 7. For acceptance of materials, mix designs, or equipment submitted for approval prior to Design-Builder's purchase thereof for incorporation in the Construction.
- B. Owner shall be responsible for arranging, obtaining, and paying for all inspections and tests expressly required by the Contract Documents or Laws and Regulations to be furnished and paid for by Owner, except that costs incurred in connection with tests or inspections of covered Construction shall be governed by the provisions of Paragraph 13.03.
- C. All inspections and tests shall be performed by independent inspectors, testing laboratories, or other qualified individuals or entities acceptable to Owner and Design-Builder.
- D. If the Contract Documents require the Construction (or part thereof) to be approved by Owner or another designated individual or entity, then Design-Builder shall assume full responsibility for arranging and obtaining such approvals.
- E. Design-Builder shall give Owner reasonable notice of the planned schedule for all required inspections, tests, and approvals.
- F. Design-Builder shall give Owner timely notice of readiness of the Construction (or specific parts thereof) for all required inspections and tests, and shall cooperate with inspection and testing personnel to facilitate required inspections and tests.
- G. Each party shall provide the other with copies of any certificates of inspection or approval obtained with respect to tests and inspections.
- H. Both parties may rely on the results of inspections and tests, performed pursuant to this paragraph and the governing provisions of the Contract Documents, Laws and Regulations, and the Construction Drawings and Construction Specifications.
- I. If any Construction (or the construction work of others) that is required to be inspected, tested, or approved is covered by Design-Builder without written concurrence of Owner, then Contractor shall, if requested by Owner, uncover such Construction for observation. Such uncovering shall be at Design-Builder's expense unless Design-Builder has given Owner timely notice of Design-Builder's intention to cover the same and Owner has not acted with reasonable promptness in response to such notice.

13.03 *Uncovering Construction*

- A. If Owner considers it necessary or advisable that covered Construction be observed by Owner or inspected or tested by others, then Design-Builder, at Owner's request, shall uncover, expose or otherwise make available for observation, inspection, or testing, as Owner may require, that portion of the Construction in question, furnishing all necessary labor, material, and equipment.
1. If the Construction had been covered contrary to the written request of Owner or a requirement of the Contract Documents, then uncovering it for Owner's observation and re-covering it shall be at Design-Builder's expense, regardless of whether it is defective.

2. If it is found that the covered Construction is defective, Design-Builder shall pay all costs and damages caused by or resulting from such uncovering, exposure, observation, inspection, and testing, and of satisfactory replacement, re-covering, or reconstruction (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals, all court or arbitration or other dispute resolution costs, and all costs of repair or replacement of work of others); and Owner shall be entitled to an appropriate decrease in the Contract Price.
3. If the covered Construction is not found to be defective, Design-Builder shall be allowed an increase in the Contract Price or an extension of the Contract Times (or Milestones), or both, directly attributable to such uncovering, exposure, observation, inspection, testing, replacement, re-covering, and reconstruction, subject to the provisions of Paragraph 13.03.A.1.

13.04 *Defective Construction*

- A. It is Design-Builder's obligation to assure that the Construction is not defective.
- B. Owner shall give Design-Builder prompt written notice of all defective Construction of which Owner has actual knowledge. Owner may reject, accept, or correct defective Construction.
- C. Promptly after receipt of written notice of defective Construction, unless Owner expressly indicates that it will accept the defective Construction, Design-Builder shall correct all such defective Construction, whether or not fabricated, installed, or completed; or, if Owner has rejected the defective Construction, remove it from the Project and replace it with Construction that is not defective.
- D. When correcting defective Construction, Design-Builder shall take no action that would void or otherwise impair Owner's special warranty and guarantee, if any, on said Construction.

13.05 *Owner May Correct Defective Construction*

- A. If Design-Builder fails within a reasonable time after written notice from Owner to correct defective Construction or to remove and replace rejected Construction, or if Design-Builder fails to perform the Construction in accordance with the Contract Documents, or if Design-Builder fails to comply with any other provision of the Contract Documents, Owner may, after 7 days' written notice to Design-Builder, correct and remedy any such deficiency.
- B. In exercising the rights and remedies under this Paragraph 13.05 Owner shall proceed expeditiously. In connection with such corrective and remedial action, Owner may exclude Design-Builder from all or part of the Site, take possession of all or part of the Construction, and suspend Design-Builder's services related thereto, and incorporate in the Construction all materials and equipment stored at the Site or for which Owner has paid Design-Builder but which are stored elsewhere. Design-Builder shall allow Owner, Owner's Consultant, Owner's Site Representative, and Owner's other representatives, agents, employees, and contractors, access to the Site to enable Owner to exercise the rights and remedies under this paragraph.

13.06 *Costs*

- A. Design-Builder shall bear all costs arising out of or relating to the correction, removal, or replacement of defective Construction, including but not limited to repair of adjacent Work or property; delay costs and impacts; fees and charges of engineers, architects, attorneys, and other professionals; and all court, arbitration, or other dispute resolution costs.

- B. All costs, losses, and damages (included but not limited to fees and charges of engineers, architects, attorneys and other professionals, all court or arbitration or other dispute resolution costs, and all costs of repair or replacement of work of others) incurred or sustained by Owner in exercising its rights and remedies arising from defective Construction under this Article will be charged against Design-Builder, by set-off against payment or otherwise.
- C. Design-Builder shall not be allowed an extension of the Contract Times (or Milestones) because of any delay in the performance of the Work attributable to defective Construction.

13.07 *Owner's Acceptance of Defective Construction*

- A. If, instead of requiring correction or removal and replacement of defective Construction, Owner prefers to accept it, Owner may do so. If such acceptance is proposed prior to final payment, it shall be subject to confirmation by the applicable Project Design Professional that such acceptance is in general accord with the design intent and applicable engineering principles, and will not endanger public safety. Design-Builder shall pay all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) attributable to Owner's evaluation of and determination to accept such defective Construction. If any such acceptance occurs prior to final payment, a Change Order will be issued incorporating the necessary revisions in the Contract Documents, and Owner shall be entitled to an appropriate decrease in the Contract Price reflecting the diminished value of the Construction so accepted.

13.08 *Owner May Stop Construction*

- A. If Construction is defective, or Design-Builder fails to supply sufficient skilled workers or suitable materials or equipment, or fails to furnish or perform Construction in such a way that the completed Construction will conform to the Contract Documents, Owner may order Design-Builder to stop Construction or any portion thereof, until the cause for such order has been eliminated; however, this right of Owner to stop Construction will not give rise to any duty on the part of Owner to exercise this right for the benefit of Design-Builder or any other party.

ARTICLE 14 – PAYMENTS TO DESIGN-BUILDER; COMPLETION

14.01 *Progress Payments*

- A. *Basis for Progress Payments:* The Schedule of Values established as provided in Paragraph 2.04 will serve as the basis for progress payments. Progress payments on account of Unit Price Work will be based on the number of units completed.
- B. *Application for Progress Payment:* On or about the date established in the Agreement for submission of each application for progress payment (but not more often than once a month), Design-Builder shall submit to Owner for review an Application for Payment filled out and signed by Design-Builder covering the Work completed as of the date indicated on the Application and accompanied by supporting documentation as required by the Contract Documents. If payment is requested on the basis of materials and equipment not incorporated in the Work but delivered and suitably stored at the Site or at another location agreed to in writing, the Application for Payment shall also be accompanied by a bill of sale, invoice or other documentation warranting that Owner has received the materials and equipment free and clear of all Liens and evidence that the materials and equipment are

covered by appropriate property insurance and other arrangements to protect Owner's interest therein, all of which will be satisfactory to Owner.

C. Payment of Obligations:

1. Beginning with the second Application for Payment, each Application shall include an affidavit of Design-Builder stating that all previous progress payments received on account of the Work have been applied on account to discharge Design-Builder's legitimate obligations associated with prior Applications for Payment.
2. If Design-Builder contends that it has withheld payment of underlying obligations for good cause, then Design-Builder shall inform Owner of the identity of the entity from which Design-Builder has withheld payment, the amount of the withholding, and the reason for the withholding.

D. The amount of retainage with respect to progress payments will be as stipulated in the Agreement.

E. Review of Applications:

1. Owner will, within 10 days of receipt of each Application for Payment, either indicate in writing its acceptance of the Application and state that the Application is being processed for payment, or return the Application to Design-Builder indicating in writing its reasons for refusing to accept the Application.

F. Not more than 10 days after accepting such Application the amount will become due and when due will be paid by Owner to Design-Builder.

1. If Owner should fail to pay Design-Builder at the time the payment of any amount becomes due, then Design-Builder may, at any time thereafter, upon serving written notice that he will stop the Work within 7 days after receipt of the notice by Owner, and after such 7-day period, stop the Work until payment of the amount owing has been received. Written notice shall be deemed to have been duly served if sent by certified mail to the last known business address of Owner.
2. Payments due but unpaid shall bear interest at the rate specified in the Agreement.
3. No Progress Payment nor any partial or entire use or occupancy of the Project by Owner shall constitute an acceptance of any Work not in accordance with the Contract Documents.

G. Reduction in or Refusal to Make Payment:

1. Owner may impose a set-off against the whole or any part of any such payment, or nullify any previous payment because of subsequently discovered evidence or the results of subsequent inspections or tests, to the extent that is reasonably necessary to protect Owner from loss because:
 - a. Claims have been made against Owner on account of Design-Builder's conduct in the performance or furnishing of the Work, or Owner has incurred costs, losses, or damages on account of Design-Builder's conduct in the performance or furnishing of the Work, including but not limited to claims, costs, losses, or damages from breach of warranty, workplace injuries, adjacent property damage, non-compliance with Laws and Regulations, and patent infringement;

- b. Design-Builder has failed to take reasonable and customary measures to avoid damage, delay, disruption, and interference with other work at or adjacent to the Site;
 - c. Design-Builder has failed to provide and maintain required bonds or insurance;
 - d. Owner has been required to remove or remediate a Hazardous Environmental Condition for which Design-Builder is responsible;
 - e. Owner has incurred extra charges or engineering costs related to submittal reviews, evaluations of proposed substitutes, tests and inspections, or return visits to manufacturing or assembly facilities;
 - f. The Construction is defective, requiring correction or replacement;
 - g. Owner has been required to correct defective Construction in accordance with Paragraph 13.05, or has accepted defective Construction pursuant to Paragraph 13.07;
 - h. The Contract Price has been reduced by Change Orders;
 - i. An event that would constitute a default by Design-Builder and therefore justify a termination for cause has occurred;
 - j. Liquidated damages, special damages, or performance damages have accrued under the Contract Documents as a result of Design-Builder's failure to achieve Milestones, Substantial Completion, final completion of the Work, or performance requirements, as applicable;
 - k. Liens have been filed in connection with the Work, except where Design-Builder has delivered a specific bond satisfactory to Owner to secure the satisfaction and discharge of such liens; or
 - l. There are other items entitling Owner to a set off against the amount recommended.
2. If Owner imposes any set-off against payment, Owner will give Design-Builder immediate written notice stating the reasons for such action and the specific amount of the reduction, and promptly pay Design-Builder any amount remaining after deduction of the amount so withheld. Owner shall promptly pay Design-Builder the amount so withheld, or any adjustment thereto agreed to by Owner and Design-Builder, if Design-Builder remedies the reasons for such action. The reduction imposed shall be binding on Design-Builder unless it duly presents a written notice of Claim contesting the reduction.

14.02 *Design-Builder's Warranty of Title*

- A. Design-Builder warrants and guarantees that title to all Construction, materials, and equipment covered by any Application for Payment, whether already incorporated in the Project or not, will pass to Owner no later than the time of payment free and clear of all Liens.

14.03 *Substantial Completion*

- A. When Design-Builder considers the Work ready for its intended use Design-Builder shall notify Owner in writing that the Work is substantially complete (except for items specifically listed by Design-Builder as incomplete) and request that Owner issue a certificate of

Substantial Completion. Promptly thereafter, Owner and Design-Builder shall make an inspection of the Work to determine the status of completion. If Owner does not consider the Work substantially complete, Owner will notify Design-Builder in writing giving the reasons therefor.

- B. If Owner considers the Work substantially complete:
 - 1. Owner and Design-Builder will confer regarding Owner's use or occupancy of the Work following Substantial Completion, review the builder's risk insurance policy with respect to the end of the builder's risk coverage, and confirm the transition to coverage of the Work under a permanent property insurance policy held by Owner. Unless Owner and Design-Builder agree otherwise in writing, Owner shall bear responsibility for security, operation, protection of the Work, property insurance, maintenance, heat, and utilities upon Owner's use or occupancy of the Work.
 - 2. Owner will prepare and deliver to Design-Builder a certificate of Substantial Completion which shall fix the date of Substantial Completion. Owner shall attach to the certificate a punch list of items to be completed or corrected before final payment.
- C. After Substantial Completion the Design-Builder shall promptly begin work on the punch list of items to be completed or corrected prior to final payment. In appropriate cases Design-Builder may submit monthly Applications for Payment for completed punch list items, following the progress payment procedures set forth above.
- D. Owner shall have the right to exclude Design-Builder from the Site after the date of Substantial Completion subject to allowing Design-Builder reasonable access to remove its property and complete or correct items on the punch list.

14.04 *Partial Use or Occupancy*

- A. Prior to Substantial Completion of all the Work, Owner may use or occupy any substantially completed part of the Construction which (1) has specifically been identified in the Contract Documents, or (2) Owner and Design-Builder agree constitute a separately functioning and usable part of the Construction that can be used by Owner for its intended purpose without significant interference with Design-Builder's performance of the remainder of the Construction, subject to the following:
 - 1. Owner at any time may request Design-Builder in writing to permit Owner to use or occupy any such part of the Construction that Owner believes to be ready for its intended use and substantially complete. If Design-Builder agrees that such part of the Work is substantially complete, Design-Builder and Owner will follow the procedures of Paragraph 14.03 for that part of the Construction.
 - 2. Design-Builder at any time may notify Owner in writing that Design-Builder considers any such part of the Work ready for its intended use and substantially complete and request Owner to issue a certificate of Substantial Completion for that part of the Work.
 - 3. Within a reasonable time after either such request, Owner and Design-Builder shall make an inspection of that part of the Work to determine its status of completion. If Owner does not consider that part of the Work to be substantially complete, Owner will notify Design-Builder in writing giving the reasons therefor. If Owner considers that part of the Work to be substantially complete, the provisions of Paragraph 14.03 will apply

with respect to certification of Substantial Completion of that part of the Work and the division of responsibility in respect thereof and access thereto.

4. No use or occupancy of part of the Construction will be accomplished prior to compliance with the requirements of Paragraph 6.05 regarding property insurance.

14.05 *Final Inspection*

- A. Upon written notice from Design-Builder that the entire Work or an agreed portion thereof is complete, Owner will make a final inspection with Design-Builder and will notify Design-Builder in writing of all particulars in which this inspection reveals that the Work is incomplete or defective. Design-Builder shall immediately take such measures as are necessary to complete such Work or remedy such deficiencies.

14.06 *Final Payment*

A. *Application for Payment:*

1. After Design-Builder has completed all such corrections to the satisfaction of Owner and delivered in accordance with the Contract Documents all maintenance and operating instructions, schedules, guarantees, Bonds, certificates or other evidence of insurance, certificates of inspection, and Record Documents, Design-Builder may make application for final payment following the procedure for progress payments.
2. The final Application for Payment shall be accompanied (unless previously delivered) by:
 - a. All documentation called for in the Contract Documents;
 - b. Consent of the surety, if any, to final payment;
 - c. Satisfactory evidence that all title issues have been resolved such that title to all Work, materials, and equipment has passed to Owner free and clear of any Liens or other title defects, or will so pass upon final payment;
 - d. A list of all disputes that Design-Builder believes are unsettled; and
 - e. Complete and legally effective releases or waivers (satisfactory to Owner) of all Lien rights arising out of the Work, and of Liens filed in connection with the Work.
3. In lieu of such releases or waivers of Liens specified in Paragraph 14.06.A.2, and as approved by Owner, Design-Builder may furnish receipts or releases in full and an affidavit of Design-Builder that: (a) the releases and receipts include all labor, services, material, and equipment for which a Lien could be filed, and (b) all payrolls, material and equipment bills and other indebtedness connected with the Work for which Owner might in any way be responsible, or which in any way might result in liens or other burdens on Owner's property, have been paid or otherwise satisfied. If any Project Design Professional, Construction Subcontractor, or Supplier fails to furnish such a release or receipt in full, Design-Builder may furnish a Bond or other collateral satisfactory to Owner to indemnify Owner against any Lien.

- B. *Final Payment and Acceptance:* If Owner is satisfied that the Work has been completed and Design-Builder's other obligations under the Contract Documents have been fulfilled, Owner will, within 10 days after receipt of the final Application for Payment, give written notice to Design-Builder that the Work is acceptable. Otherwise, Owner will return the Application to Design-Builder, indicating in writing the reasons for refusing to process final payment, in

which case Design-Builder shall make the necessary corrections and resubmit the Application.

- C. *Completion of Work*: The Work is complete (subject to surviving obligations) when it is ready for final payment.
- D. *Payment Becomes Due*: The amount will become due and will be paid by Owner to Design-Builder 30 days after the presentation to Owner of the acceptable Application and accompanying documentation, in appropriate form and substance and with Owner's notice of acceptability.

14.07 *Waiver of Claims*

- A. The making of final payment will not constitute a waiver by Owner of claims or rights against Design-Builder. Owner expressly reserves claims and rights arising from unsettled Liens, from defective Work appearing after final inspection pursuant to Paragraph 14.05, from Design-Builder's failure to comply with the Contract Documents or the terms of any special guarantees specified therein, from unresolved disputes or Claims presented by Owner, or from Design-Builder's continuing obligations under the Contract.
- B. The acceptance of final payment by Design-Builder will constitute a waiver by Design-Builder of all claims and rights against Owner other than those pending matters that have been duly submitted to dispute resolution under the provisions of Article 16.

14.08 *Correction Period*

- A. If within one year after the date of Substantial Completion of the entire Work or such longer period of time as may be prescribed by Laws or Regulations or by the terms of any applicable special guarantee required by the Contract Documents or by any specific provision of the Contract Documents, any Construction is found to be defective, Design-Builder shall promptly, without cost to Owner and in accordance with Owner's written instructions, (1) correct such defective Construction, or, if it has been rejected by Owner, remove it from the Site and replace it with Construction that is not defective, and (2) satisfactorily correct or remove and replace any damage to other Construction or the work of others resulting therefrom. If Design-Builder does not promptly comply with the terms of such instructions, or in an emergency where delay would cause serious risk of loss or damage, Owner may have the defective Construction corrected or the rejected Construction removed and replaced, and all costs, losses, and damages caused by or resulting from such removal and replacement (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals, all court or arbitration or other dispute resolution costs, and all costs of repair or replacement of work of others) will be paid by Design-Builder.
- B. In special circumstances where a particular item of equipment is placed in continuous service before Substantial Completion of all the Work, the correction period for that item may start to run from an earlier date if so provided in the Conceptual Documents.
- C. Where defective Construction (and damage to other Construction resulting therefrom) has been corrected, or removed or replaced, under this Paragraph 14.08, the correction period hereunder with respect to such Construction will be extended for an additional period of one year after such correction or removal and replacement has been satisfactorily completed.

ARTICLE 15 – SUSPENSION OF WORK AND TERMINATION

15.01 *Owner May Suspend Work*

- A. At any time and without cause, Owner may suspend the Work or any portion thereof for a period of not more than 90 days by notice in writing to Design-Builder, which will fix the date on which Work will be resumed. Design-Builder shall resume the Work on the date so fixed. Design-Builder shall be entitled to an adjustment in the Contract Price or an extension of the Contract Times, or both, directly attributable to any such suspension.

15.02 *Owner May Terminate for Cause*

- A. The occurrence of any one or more of the following events justifies termination for cause:
 - 1. Design-Builder's persistent failure to perform the Work in accordance with the Contract Documents (including, but not limited to, failure to supply sufficient skilled workers or suitable materials or equipment, or failure to adhere to the progress schedule as duly adjusted).
 - 2. Design-Builder's disregard of Laws or Regulations of any public body having jurisdiction.
 - 3. Design-Builder's violation in any substantial way of provisions of the Contract Documents.
- B. If one or more of the events identified in Paragraph 15.02.A occurs, Owner may, after giving Design-Builder (and the surety, if any) 7 days' written notice, terminate the services of Design-Builder, take possession of any completed Design Submittals prepared by or for Design-Builder (subject to the limited license and indemnification provisions of Paragraph 3.04), exclude Design-Builder from the Site, take possession of the Work, and incorporate in the Work all materials and equipment stored at the Site or for which Owner has paid Design-Builder but which are stored elsewhere, and finish the Work as Owner may deem expedient. In such case Design-Builder shall not be entitled to receive any further payment until the Work is finished. If the unpaid balance of the Contract Price exceeds all costs, losses and damages sustained by Owner arising out of or resulting from completing the Work (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) such excess will be paid to Design-Builder. If such costs, losses and damages exceed such unpaid balance, Design-Builder shall pay the difference to Owner. Such costs, losses and damages incurred by Owner will be incorporated in a Change Order. When exercising any rights or remedies under this paragraph Owner shall not be required to obtain the lowest price for the Work performed.
- C. Notwithstanding Paragraph 15.02.B, Design-Builder's services will not be terminated if Design-Builder begins, within 7 days of receipt of notice of intent to terminate, to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt of said notice.
- D. Where Design-Builder's services have been so terminated by Owner, the termination will not affect any rights or remedies of Owner against Design-Builder then existing or which may thereafter accrue. Any retention or payment of moneys due Design-Builder by Owner will not release Design-Builder from liability.

15.03 *Owner May Terminate for Convenience*

- A. Upon 7 days' written notice to Design-Builder, Owner may, without cause and without prejudice to any other right or remedy of Owner, elect to terminate the Contract. In such case, Design-Builder shall be paid (without duplication of any items) for:
 - 1. Completed and acceptable Work executed in accordance with the Contract Documents prior to the effective date of termination, including fair and reasonable sums for overhead and profit on such Work;
 - 2. Expenses sustained prior to the effective date of termination in performing services and furnishing labor, materials or equipment as required by the Contract Documents in connection with uncompleted Work, plus fair and reasonable sums for overhead and profit on such expenses;
 - 3. Amounts paid in settlement of terminated contracts with Project Design Professionals, Construction Subcontractors, Suppliers and others (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs incurred in connection with such terminated contracts); and
 - 4. Reasonable expenses directly attributable to termination.
- B. Design-Builder shall not be paid on account of loss of anticipated profits or revenue or other economic loss arising out of or resulting from such termination.

15.04 *Design-Builder May Stop Work or Terminate*

- A. If, through no act or fault of Design-Builder, the Work is suspended for a period of more than 90 days by Owner or under an order of court or other public authority, Owner fails to act on any Application for Payment within 30 days after it is submitted, or Owner fails for 30 days to pay Design-Builder any sum finally determined to be due, then Design-Builder may, upon 7 days' written notice to Owner, and provided Owner does not remedy such suspension or failure within that time, terminate the Contract and recover from Owner payment on the same terms as provided in Paragraph 15.03.A. In lieu of terminating the Contract and without prejudice to any other right or remedy, if Owner has failed for 30 days to pay Design-Builder any sum finally determined to be due, Design-Builder may upon 7 days' written notice to Owner stop the Work until payment is made of all such amounts due Design-Builder, including interest thereon. The provisions of this paragraph are not intended to preclude Design-Builder from obtaining an increase in Contract Price or Contract Times or otherwise for expenses or damage directly attributable to Design-Builder's stopping Work as permitted by this paragraph.

ARTICLE 16 – DISPUTES

16.01 *Methods and Procedures*

- A. *Notice of Claim:* If Owner and Design-Builder are not in agreement regarding a proposed or requested Change Order, other proposed adjustment of Contract Price or Contract Times, a Work Change Directive issued by Owner, or any other relief proposed or requested under the Contract, then either party may provide written notice of a Claim to the other party. Such notice of Claim shall be given within 90 days of: the proposal or request for a Change Order; such other proposed adjustment of Contract Price or Contract Times; the issuance of the Work Change Directive; or the proposal or request for other relief under the Contract.

- The notice of Claim shall be given within the 90 days regardless of whether the other party has responded to such proposal, request, or issuance, and regardless of whether discussions or negotiations are in progress; provided, however, that the parties may extend the time to give such notice of Claim by mutual written agreement. The notice of Claim shall include a statement of position, specification of the remedy sought, and supporting documentation.
- B. *Response:* Within 30 days of the date of notice of Claim, the receiving party shall respond with a written statement of position and any supporting documentation.
 - C. *Direct Negotiations:* Owner and Design-Builder agree to directly negotiate all Claims between them in good faith for a period of 60 days from the date of notice of Claim.
 - D. *Mediation:* If direct negotiations are unsuccessful in resolving a Claim, then Owner and Design-Builder shall submit the unsettled Claim to mediation by a mutually agreeable mediator or mediation service. Owner and Design-Builder agree to participate in the mediation process in good faith. The process shall be conducted on a confidential basis, and shall be completed within 120 days.
 - 1. The fees and expenses, including filing fees, of the mediator and any mediation service shall be shared equally by Owner and Design-Builder.
 - 2. The mediation shall be held in the locality where the Project is located, unless another location is mutually agreed upon by the parties.
 - 3. A settlement (if any) resulting from such mediation will be specifically enforceable under the prevailing law, by any court having jurisdiction.
 - 4. Participation in the mediation process in good faith is a condition precedent to commencing final or binding dispute resolution.
 - E. If mediation is unsuccessful in resolving a Claim, then within 120 days of the completion of the mediation (1) the parties may mutually agree to a binding dispute resolution process of their choice, or (2) the claimant may give notice to the other that the claimant will seek to have the dispute resolved by a binding dispute resolution method established in this Contract, or if no such method has been established, by a court of competent jurisdiction. Failure by claimant to give such notice in a timely manner shall result in a waiver of the Claim.

ARTICLE 17 – MISCELLANEOUS

17.01 Giving Notice

- A. Whenever any provision of the Contract Documents requires the giving of written notice to the other party to this Contract, it will be deemed to have been validly given if delivered to the Authorized Representative of the other party:
 - 1. In person, by a commercial courier service or otherwise; or
 - 2. By registered or certified mail, postage prepaid; or
 - 3. By e-mail, with the words “Formal Notice” or similar in the e-mail’s subject line.

17.02 Computation of Times

- A. When any period of time is referred to in the Contract Documents by days, it will be computed to exclude the first and include the last day of such period. If the last day of any

such period falls on a Saturday or Sunday or on a day made a legal holiday by the law of the applicable jurisdiction, such day will be omitted from the computation.

17.03 Cumulative Remedies

- A. Unless expressly stated otherwise in this Contract, the duties and obligations imposed by these General Conditions and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, or waiver of, any rights and remedies available to any or all of them which are otherwise imposed or available by:
 - 1. Laws or Regulations; or
 - 2. Any special warranty or guarantee; or
 - 3. Other provisions of the Contract.
- B. The provisions of Paragraph 17.03.A will be as effective as if repeated specifically in the Contract in connection with each particular duty, obligation, right and remedy to which they apply.

17.04 Limitation of Damages

- A. With respect to this Contract and any and all Claims and other matters at issue, Owner shall not be liable to Design-Builder for any claims, costs, losses, or damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) sustained by Design-Builder on or in connection with any other project or anticipated project.

17.05 No Waiver

- A. A party's non-enforcement of any provision shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Contract.

17.06 Survival of Obligations

- A. All representations, indemnifications, warranties and guarantees made in, required by or given in accordance with the Contract Documents, as well as all continuing obligations indicated in the Contract Documents, will survive final payment, completion and acceptance of the Work and termination or completion of the Contract.

17.07 Controlling Law

- A. The Contract Documents will be construed in accordance with the law of the place of the Project.

17.08 Headings

- A. Article and paragraph headings are inserted for convenience only and do not constitute parts of these General Conditions.

EXHIBIT A – PRELIMINARY STAGE WORK

ARTICLE 1 –BASIC SERVICES: Preliminary Stage

A1.01 Study and Report Phase (Complete)

A1.02 Preliminary Technical Documents

Geotechnical Evaluation

Two (2) borings will be taken from the proposed Route 460 Booster Station for use in designing the foundation for the structure. A report will be prepared outlining the findings and the available bearing capacity for the site.

Surveying

The following surveying services will be provided in order to develop construction level documents for the Ivy Creek Interceptor:

- All field survey data will be provided in AutoCAD format on the Virginia State Plane Coordinate System (83 Horizontal Datum and 88 Vertical Datum).
- Property and right-of-way determinations along the PIPELINE alignments will be determined through deed verification and physical locations of existing pins located in the field, as necessary for design and/or easement obtainment.
- Field survey will locate planimetry, Miss Utility marked underground utilities, above ground utilities, storm drain features, property lines, edge of pavement, signs, mailboxes, driveways, etc. as necessary for design and construction.
- Topographic features critical to design will be located along the proposed pipeline for profile generation.
- All field data will be provided in AutoCAD format to be used as base files for the engineering design.
- GPS control points will be established along the entire project route.

Easement Plats – these services will be provided for areas where full Easement Plat preparations are required for legal or other purposes.

Subdivision Plats – these services will be provided for the Manassas Pump Station Site. Subdivision plat will be prepared for the selected site and will be submitted for approval to the appropriate Town departments for approval.

Supplemental Information for Enhanced Project Value:

- Survey information will be established using a local control system to tie into the Virginia State Plane Coordinate System. This will allow all available GIS data along with Aerial Photography as an overlay to the field survey that will provide a detailed background that clearly shows construction features/existing conditions of the immediate impact area as well as outlying adjacent areas that may be impacted by construction activities.
- A local grid of GPS control points will tie into the existing state plane system and the County GIS system. Control points established during field collection will be of permanent types and can be utilized for construction stakeout. Stakeout services are excluded from this scope of services.

EXHIBIT A – Preliminary Stage Work.

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Permitting

Provide environmental review and permitting services to support the construction of the Ivy Creek Interceptor and Route 460 Booster Station projects.

- Permitting required to construct these projects are anticipated to be as follows:

Permit	Application Requirement	Coverage	Agencies
Environmental Assessment (EA)	General Agency Submittal	Area of Potential Impact	DEQ, DGIF, DHR, DCR, USACE, USFWS, VDH, VMRC
DEQ and Corps of Engineers 401 and 404 Permits and VMRC Permit	Joint Permit Application	Stream Crossings	VMRC, USACE, DEQ
Certificate to Construct	N/A	Ivy Creek Sanitary Sewer	DEQ
Waterworks Construction Permit	N/A	Route 460 Booster Station	VDH
Special Review Project	N/A	Ivy Creek Sanitary Sewer	Bedford County Planning Commission

- Provide local permitting services for the Special Review Project process that is required by the Bedford County Planning Commission. This will include completing the permit application, development of supporting documents, and providing the signature ready application to BRWA for execution. Engineer will attend one (1) Planning Commission Meeting to provide information that may be required at the review meeting. BRWA will be responsible for the submission of all permit applications.
- Environmental Assessment – CHA will perform the necessary screenings, research and field reconnaissance to prepare an Environmental Assessment (EA) in compliance with the National Environmental Policy Act (NEPA) to support the environmental review requirements of the applicable federal and state funding agencies. Engineer assumes that the EA will culminate in a Finding of No Significant Effect (FONSE).
- Compile the results of screenings, research and reconnaissance in the form of a stand-alone EA document for initial review and approval by BRWA and for subsequent submittal to the designated funding agencies. This scope of services does not include the detailed analysis, evaluation or mitigation of any specific environmental resources or attributes. In the event that the preparation of the EA identifies or indicates the presence of wetlands, endangered species, archaeological resources or other items requiring the performance of special studies or evaluations, Engineer will provide a separate scope of services and cost breakdown for providing those additional services for consideration by BRWA. Engineer will not perform additional services unless authorized by BRWA.

EXHIBIT A – Preliminary Stage Work.

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The costs for preparation for and participation in any public hearings or agency meetings required to support the EA review and approval process are excluded from this scope of services and will be prepared as additional work for consideration by BRWA. BRWA will be responsible for any fees or costs associated with any public notices or meeting advertisements.

- Virginia Marine Resources Commission (VMRC), Department of Environmental Quality (DEQ) and Corps of Engineers Permits (USCOE) – Engineer will prepare a Joint Permit Application (JPA) to support the attainment of the DEQ, USCOE and VMRC permits required for the construction of the Ivy Creek Interceptor and for the stream crossings associated with the installation of the pipeline. Engineer will provide a draft JPA to BRWA for review and approval by BRWA. Upon review and approval by BRWA Engineer will submit the final JPA to VMRC on behalf of BRWA for distribution to the USCOE, DEQ, and other applicable review agencies.

The costs of any additional services, above and beyond those described above, that may be required for the preparation and/or participation in any public hearings or agency meetings are excluded from this scope of services and will be prepared for consideration by BRWA as additional work. BRWA will be responsible for any permits fees and the costs associated with public notice or meeting advertisements.

Land Acquisition Services

CHA will provide the following Land Acquisition Services to facilitate securing approximately 21 easements that are anticipated to be required for the construction of the interceptor:

- Property Owner Communication – Engineer will represent BRWA by coordinating and communicating with property owners regarding the anticipated project impacts. Engineer will develop a plan of action with the parcel owner(s) including an easement settlement amount and/or property betterments that can be presented to BRWA for consideration and negotiation purposes. BRWA will have the final responsibility to approve all successful parcel owner negotiations and record the signed easement with the proper courthouse. BRWA will be responsible for the issuance of compensation for negotiated construction easements.
- Easement Sketches – To facilitate property owner communications, Engineer will prepare easement sketches for each effected property. This document will be prepared and reviewed with the respective property owners to clearly outline how the proposed construction will impact the parcel owner's property. The document prepared by Engineer will include the owners information, tax map (or parcel ID) number, magisterial district, assigned easement number, the permanent and temporary easement areas, general location of property lines, existing buildings and other visible features on the property, and a basic identification of the contemplated work. Each easement sketch will include specific disclaimer language clearly indicating that the document does not represent a property line survey. This effort assumes that Engineer will meet with each affected property owner no more than three (3) times.
- Engineer will prepare for, conduct and document no more than three (3) community informational meetings for the purposes of meeting and distributing/discussing project materials in a group session with parcel owners regarding the project.

Ivy Creek Interceptor Design Services

Engineer will provide the following design services for the development of construction ready documents for the Ivy Creek Interceptor.

- Engineer will utilize survey data acquired, including a combination of aerial survey, field survey, field investigations and available GIS/record drawings, to develop design milestones deliverables and contract documents.
- Engineer will advance design development plans based on furtherance of the 30% design documents that were provided in the BRWA issued Notice of Unsolicited Proposal Acceptance (Exhibit A). The developed design documents will reference the BRWA specifications.
- 60% Design Level Documents - The development of 60% Design Review Documents will include 60% design level technical specifications in CSI Master Format; 60% design level drawings to include plans and profiles with a horizontal scale of 1"=50' and vertical scales of 1"=5' and 1"=10'. Drawings will include final horizontal and preliminary vertical alignments and will be based on available survey data and GIS data including available utilities, GIS level topography and aerial imagery; and 60% design level construction details.
- 90% Design Level Documents - The advancement from 60% to 90% Final Design Documents will include 90% final design technical specifications in CSI Master Format; 90% final design drawings containing survey data identifying the physical location of proposed waterline in field for detailed survey locations, as necessary; 90% final design plan and profile drawings which will include horizontal alignment and profiles with details at stream crossings, utility conflicts based on available mapping and survey data, erosion and sediment control measures, etc.; and 90% final design construction details.
- 100% Construction Documents - Final design development milestone will be based upon advancing the 90% milestone work products to 100% construction ready documents that will incorporate the resolution of comments stemming from final internal quality control and E.C. Pace constructability reviews.

Route 460 Booster Station Value Engineering

Engineer will provide the following value engineering services for the review and development of construction ready documents for the Route 460 Booster Station. The Route 460 Booster Station design has been previously performed and completed. This task is solely intended for, and expressly limited to, the effort required by CHA to offer value engineering expertise and input into improving the design of the Route 460 Booster Station.

- E.C. Pace will work with BRWA to determine a list of components that will be considered for value engineering evaluation.
- CHA assumes that the overall operation of the currently designed booster station will be maintained, and value engineered edits to the current design will be incorporated via notes for construction purposes.
- Engineer will prepare as-build drawings of the Route 460 Booster Station at the end of the construction phase.
- For the purposes of this estimate, Engineer will provide up to a maximum 120 hours of qualified value engineering evaluation services upon request from Design-Builder. These services may include mechanical, electrical, structural, and water design services.

Easement Allowance

Easement allowance amount will be utilized by the BRWA to purchase easements required to construct the Ivy Creek Interceptor. The documents required to finalize easement purchase will be prepared and provided to BRWA for use in preparing payment for the easement(s).

Bypass Pumping

In the event that bypass pumping is required at the Lake Vista PS, plans will be provided to BRWA for review and approval along with a price for providing the rate and duration that is requested by BRWA.

A1.03 *Construction Planning*

- A. *Planning Tasks:* Concurrent with Design-Builder's development of the Preliminary Technical Documents, Design-Builder shall begin to plan and organize anticipated construction activities. Tasks shall include (but are not limited to) the following:
 - 1. Identification of potential Construction Subcontractors and Suppliers.
 - 2. Constructability reviews, with ongoing feedback to the design professionals.
 - 3. Development and refinement of the construction schedule, with the addition of greater scheduling detail as the design and construction planning progresses.
 - 4. Identification of potential for phased or fast-track construction.
 - 5. Consideration of off-site fabrication options.
 - 6. Identification of the need for or advantage in making long lead-time equipment and materials purchases.
 - 7. Development of Subcontract bid packages that will be let by competitive bidding.
- B. *Development of Completion Cost Estimate:* Throughout the Preliminary Stage, Design-Builder shall develop and refine the Completion Cost Estimate, based on Site information, square-foot or similar estimated costs, the draft design, budget considerations, construction planning, projected schedule, quantity estimates, unit prices, cost of materials and labor, anticipated allowances, permits and taxes, storage and transportation costs, insurance costs, information from prospective Subcontractors and Suppliers, construction-phase engineering services, standard contingencies, administrative costs, Contract terms and conditions, and other relevant factors. Design-Builder shall conduct the development and refinement of the Completion Cost Estimate using a transparent "open book" process. Under the open book process:
 - 1. Owner and Design-Builder shall meet as needed to review the status of the draft Completion Cost Estimate, including detailed line item components and supporting data and information.
 - 2. Owner may at any time during the Preliminary Stage indicate to Design-Builder ways in which the draft Completion Cost Estimate might be improved, including opportunities for Owner to furnish materials or equipment, access to improved information regarding the Site or local conditions, changes in scope or schedule, and enhancing competition.
- C. *Final Completion Cost Estimate:* After delivering the final Preliminary Technical Documents, as duly reviewed and revised, to Owner, as required in Paragraph A1.02 above, Design-Builder shall prepare a final Completion Cost Estimate, based on such final Preliminary Technical Documents and all other relevant factors relevant to cost.
- D. *Completion Price:* Pursuant to the Preliminary Stage Schedule, Design-Builder shall submit to Owner proposed Completion Price(s) as set forth in Paragraph 3.03 of this Agreement. The proposed Completion Price(s) shall indicate the Contract Times applicable to each specific Contract Price.

EXHIBIT A – Preliminary Stage Work.

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A1.04 Initial Equipment and Materials Procurement

- A. As Design-Builder develops the Preliminary Technical Documents, it shall:
 - 1. identify equipment to be installed during construction that (a) requires early procurement to allow sufficient time for manufacture or customization, and delivery to the Site, or (b) will not be readily available, or will be inordinately expensive if not procured well in advance of construction.
 - 2. Identify materials needed for construction that (a) should be procured and stockpiled to avoid potential shortages, (b) are currently priced advantageously and should be procured or ordered to avoid possible price fluctuations, (c) require early procurement to give sufficient time for shipment and delivery.
- B. In the case of any such item, Design-Builder shall propose to Owner early procurement, prior to completion of the Preliminary Technical Documents. Owner shall at its option (1) procure the item itself, and make the item available to Design-Builder during construction, (2) authorize Design-Builder to purchase the item, for mutually agreed compensation or reimbursement based on cost and standard mark-ups, or (3) inform Design-Builder that the item is not to be procured until a later point, with acknowledged acceptance by Owner of the risk of adverse price or schedule impacts.

ARTICLE 2 – ADDITIONAL SERVICES

A2.01 Owner's Authorization in Advance Required

- A. If authorized in writing by Owner, during the Preliminary Stage the Design-Builder shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by Owner as indicated in Article 4 of the Agreement.
 - 1. Prepare applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans, or advances in connection with the Project; prepare or review environmental assessments and impact statements; review and evaluate the effects on the design requirements for the Project of any such statements and documents prepared by others; and assist in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.
 - 2. Verify the accuracy of drawings or other information furnished by Owner.
 - 3. Perform services resulting from significant changes in the scope, extent or character of the portions of the Project presented or specified by Design-Builder or its design requirements including, but not limited to, changes in size, complexity, Owner's schedule, character of construction, or method of financing; and revise previously accepted studies, reports, technical exhibits, or other Contract Documents when such revisions are required by changes in Laws or Regulations enacted subsequent to the Effective Date of the Agreement, or are due to any other causes beyond Design-Builder's control.
 - 4. Perform services required as a result of Owner's providing incomplete or incorrect Project information.
 - 5. Provide renderings or models for Owner's use.
 - 6. Undertake investigations and studies of Owner's operations including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; prepare feasibility studies, cash flow and economic evaluations, rate schedules, and appraisals;

EXHIBIT A – Preliminary Stage Work.

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assist in obtaining financing for the Project; evaluate processes available for licensing, and assist Owner in obtaining process licensing, audits, or inventories required in connection with construction performed by Owner.

7. Perform services requiring out-of-town travel by Design-Builder, other than for visits to the Site or Owner's office.
8. Prepare for, coordinate with, participate in, and respond to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructability review requested by Owner; and perform or furnish services required to revise studies, reports, Technical Documents or other Proposal Documents as a result of such review processes.

DRAFT

EXHIBIT A – Preliminary Stage Work.

**EJCDC® D-512, Agreement Between Owner and Design-Builder for Progressive Design-Build.
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B-1: PRELIMINARY STAGE—STIPULATED PRICE

Article 3 of the Agreement is supplemented as follows:

B3.01 Preliminary Stage Work Subject to Stipulated Price Compensation

- A. For each phase of Work under the Preliminary Stage that is subject to Stipulated Price compensation under Paragraph 3.02 of the Agreement, Owner shall pay Design-Builder for performance of such Work the Stipulated Price indicated in that paragraph.
- A. The Stipulated Price includes compensation for the subject Work and the services, labor, and materials furnished by Design-Builder's Project Design Professionals and Construction Subcontractors, if any. Appropriate factors have been incorporated into the Stipulated Price to account for labor, overhead, profit, and expenses.
- B. The portion of the Stipulated Price billed will be based upon Design-Builder's estimate of the proportion of the total Work actually completed during the billing period to the Stipulated Price for the phase.

DRAFT

This is **EXHIBIT B-7**, consisting of 1 page, referred to in and part of the **Agreement between Owner and Design-Builder for Progressive Design-Build** dated 10-7-2020.

B-7: COMPLETION STAGE PRICE—STIPULATED PRICE

ARTICLE 1 – STIPULATED PRICE

- 1.01 Owner shall pay Design-Builder for performance of the Completion Stage Work in accordance with the Contract Documents once the negotiated stipulated amount is agreed upon Between the Owner and the Design-Builder (Completion Stage Price).

DRAFT



RESOLUTION

2020-10.02

Ivy Creek Interceptor and 460 Pump Station Agreement

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 20th of October 2020, beginning at 7:00pm

WHEREAS, the Board of Directors authorized acceptance of an unsolicited proposal for the Ivy Creek Interceptor, Divisions 5 and 6, and the Route 460 Pump Station ("Project") on April 21, 2020 in Resolution 2020-04.04; and,

WHEREAS, the Project was publicly advertised per the Authority's policy Document 10.45 – Public-Private Education Facilities and Infrastructure Guidelines ("Policy") and received additional proposals for the Project; and,

WHEREAS, a Selection Committee ("Committee") comprised of three Authority staff personnel was created for the selection of a Design-Builder for the Project; and,

WHEREAS, the Committee has followed the guidelines set forth in the Policy; and,

WHEREAS, the Committee reviewed information and held interviews with all three proposing Design-Builders and unanimously agreed to recommend to the Board of Directors that they approve of the execution of a contract with E.C. Pace Company, Inc. as the Design-Builder providing the best value for the Project; and,

WHEREAS, an agreement ("Agreement") has been prepared by E.C. Pace Company, Inc. to provide Preliminary Stage services for the Project including development of a Guaranteed Maximum Price ("GMP") for Project construction, and the Board of Directors has been provided with a copy of the draft Agreement for their review; and,

WHEREAS, the Executive Director concurs with the Committee's recommendation and recommends the award of the Agreement; and,

WHEREAS, the Executive Director will execute the Agreement following the review, editing, and approval from legal counsel; and,

WHEREAS, the Policies and Projects Committee discussed the scope of the proposed Agreement on October 13, 2020 and are recommending approval of the agreement to the Board of Directors; now,

THEREFORE, BE IT RESOLVED, that the Bedford Regional Water Authority Board of Directors authorize the Executive Director to execute the Agreement with E.C. Pace Company, Inc. that is substantially similar to the attached Agreement in the amount not to exceed \$1,366,900.



On behalf of the Policies and Projects Committee, Member _____ made a motion to approve this Resolution.

Being a motion from a committee, no second was needed.

Board Member Votes: ____ Aye ____ Nay ____ Abstain

CERTIFICATION

The undersigned secretary of the Bedford Regional Water Authority does hereby certify that the foregoing is a true, complete, and correct Resolution adopted by a vote of a majority of the Directors of the Bedford Regional Water Authority, present at a regular meeting of the Board of Directors of the Bedford Regional Water Authority duly called and held October 20, 2020 at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of the above mentioned meeting.

(SEAL)

Brian M. Key, Secretary,
Bedford Regional Water Authority

EXECUTIVE DIRECTOR'S REPORT



Petty, Livingston, Dawson & Richards

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September 28, 2020

Mailing Address:
P.O. Box 1080
Lynchburg, VA 24505

Street Address:
925 Main Street
Suite 300
Lynchburg, VA 24504

Bedford Regional Water Authority
Attn: Brian Key
1723 Falling Creek Road
Bedford, Virginia 24523

Dear Brian:

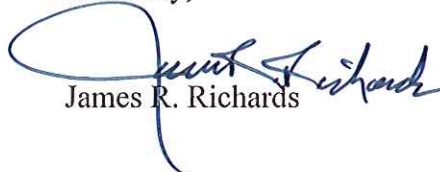
Pursuant to Va. Code Ann. § 2.2-3700, et seq., I am submitting this FOIA request to obtain copies of the following records, information, and communications on behalf of Blue Ridge Towers, Inc.:

- All internal communications, including but not limited to electronic communications as defined by Va. Code Ann. § 2.2-3701, between or among any Bedford Regional Water Authority ("BRWA") staff members, related to the placement of towers and/or equipment by Blue Ridge Towers, Inc. or by Blue Ridge Internet Service Company, LLC on BRWA property, or the subject matter of which involves Blue Ridge Towers, Inc., Blue Ridge Internet Service Company, LLC, or Anthony Smith; and
- All external communications, including but not limited to electronic communications as defined by Va. Code Ann. § 2.2-3701, between or among any BRWA staff member(s) and any third party or parties, related to the placement of towers and/or equipment by Blue Ridge Towers, Inc. or by Blue Ridge Internet Service Company, LLC on BRWA property, or the subject matter of which involves Blue Ridge Towers, Inc., Blue Ridge Internet Service Company, LLC, or Anthony Smith.

I would appreciate your office contacting me with the cost of this request prior to sending the information.

Thank you for your prompt attention and assistance. Please immediately confirm your receipt of this letter and contact me with any questions or concerns.

Sincerely,



James R. Richards

JRR/kem

From: Key, Brian
To: [Hiss, Robert](#)
Subject: FW: BRT
Date: Tuesday, October 6, 2020 1:38:00 PM
Attachments: [image001.png](#)
Importance: High

Robert,

FYI, please see below.

The subcontractors actually showed up onsite this morning; no one from BRT told Kevin Everhart to cancel, so the crane and the tower crew were onsite until about 10am.

Just wanted to keep you in the loop.

Brian

Brian M. Key, PE
Executive Director



Bedford Water Core Value: **"Providing Quality Service to Everyone"**

From: Jim Richards <jrichards@pldrlaw.com>
Sent: Monday, October 5, 2020 5:01 PM
To: Key, Brian <b.key@brwa.com>
Cc: 'Anthony Smith' <asmith@blueridgetowers.com>
Subject: BRT
Importance: High

Brian:

Anthony just told me Kevin has had a stroke and is in the hospital (he just got this information), so will be no work at New London tomorrow. However, this now gives us the chance to start fresh as I suggested on the phone. Anthony will give me the information for our request for access we will make to the Broadband Authority (and not to you) and the Broadband Authority can work out the details with you and the Water Authority. I wanted to get you this information hot off the press so you had a chance to digest before you saw no one show up tomorrow.

Jim

James R. Richards
Petty, Livingston, Dawson & Richards
Mailing Address:
P. O. Box 1080
Lynchburg, Virginia 24505
Street Address:
925 Main Street, Suite 300
Lynchburg, Virginia 24504

Office: (434) 846-2768

LEGAL COUNSEL REPORT

Memorandum

To: Directors of Bedford Regional Water Authority
From: HMDJr
Date: October 20, 2020
Re: Report of Counsel

1. Purchase Contract with Invoice Cloud.

I reviewed and helped negotiate terms of a purchase contract between the Authority and a company with a trade name of "Invoice Cloud." This is a billing and forwarding of funds service that is used by several waste and water authorities in Virginia. My review required Invoice Cloud to (1) delete the reference to terms and conditions on their website which could be changed at any time and (2) agree that the terms and conditions could only be changed with a signed document as well as to make less stringent the indemnity provisions in the contract and make them subject to authorizing statutes as well as no waiver of sovereign immunity.

2. Forest Sewer.

I monitored the status on the Forest Sewer Board of Supervisor commitment of funds and the DEQ approval process and reviewed the existing support agreements.

3. Closing documents for VRA Fall Pool Bond (ESCO Financing).

I am in the middle of working out the engineering certifications that are required for the VRA Fall Pool ESCO Financing. Most of the standard engineering terms are going to be certified by Rhonda as Director of Engineering. We are using Dennis Knight of Wiley|Wilson for the 1.5 debt service ratio requirements in the existing and the new bonds.

4. FOIA Request.

I reviewed an FOIA request and the production that was tendered by the Authority with a view toward discerning what might be the motivation of Blue Ridge Towers. It looks like an after-the-fact blaming process on who was responsible for delays in the process.

HMD:wmj:0600112