

## **HRSD Commission Governance Guidelines**

The Commission is charged with managing and controlling the functions, affairs and property of the Hampton Roads Sanitation District (HRSD). HRSD's operation is accomplished by its employees under the direct supervision of the General Manager. These governance guidelines are intended to support the Commission in its oversight role, which is set forth in the Acts of Assembly. Some additional Commission responsibilities are specified in HRSD's Trust Agreements, required by federal law or mandated by the Virginia Public Procurement Act.

The Commission and HRSD's management recognize that the interests of HRSD are advanced by responsibly addressing the concerns of other constituencies, including employees, customers and the communities in which HRSD provides services. The Commission will review these guidelines regularly in its continuing effort to achieve this goal.

### **SECTION 1. ROLE AND FUNCTION OF THE COMMISSION**

#### **A. Composition**

1. The Commission consists of eight members appointed by the Governor of Virginia to four-year terms.
2. At the time of their appointment, Commissioners shall reside in the locality from which they were appointed. Moving from this locality terminates the appointment.
3. With the exception of the aforementioned residency restriction, a Commissioner's term continues until the successor is appointed. Any person appointed to fill a vacancy shall serve for the unexpired term.
4. Commissioners are eligible for reappointment without limitation to the number of terms. Members may be suspended or removed at the Governor's pleasure.

#### **B. Structure**

1. The Commission shall annually elect one of its members as chair and another as vice-chair.
2. The Commission's committees are (1) Finance and (2) Operations and Nominations (O&N). These committees report as needed to the full Commission. The Commission may elect to form a new standing or special committee or to disband an existing committee.
  - a. The Finance Committee shall review the Comprehensive Annual Financial Report; ensure the annual audit is completed and receive the audit report from the external auditor; review the work plan and receive reports from the audit firm performing internal audits; review the financial forecast and the annual operating and capital budgets and

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report out to the full Commission prior to Commission action on the annual budgets; participate in selection of internal and external auditors; and other financial related matters as may be referred to the committee by the chair.

- b. The O&N Committee shall prepare a slate of officers for Commission consideration annually; review the Governance Guidelines on a regular basis; review the Remote Participation Policy annually; review the Ethics Policy; and review other Commission policies as required or directed by the chair.
3. The Commission chair annually appoints the committee members and chairs. Committees are composed of two Commissioners and both are required for a quorum. All Commissioners are invited to participate in all Committee meetings.

### C. Operation

1. The Commission has the authority to adopt bylaws and to make rules and regulations for the management of its affairs and the conduct of its business.
2. Unless otherwise announced, the Commission meets on the fourth Tuesday of each month January through November and on the third Tuesday of December. Special meetings are held when necessary. The General Manager sets the meeting agendas with advice from the Department Directors and the chair. Agendas, with any relevant accompanying information or reports, are distributed to the Commissioners prior to meetings for review. When circumstances require, items may be added to the agenda after it has been distributed.
3. Four members shall constitute a quorum.
4. The rules contained in the current edition of ***Rosenberg's Rules of Order*** shall govern the Commission in all cases to which they are applicable and in which they are not inconsistent with state law or any special rules of order the Commission may adopt.

### D. Commissioner Policies

1. Newly appointed Commissioners will receive a briefing from the General Manager and Department Directors regarding matters related to HRSD's mission and core services. At a minimum, Commissioners are briefed on operations, financial matters and strategic directions. The Commission Secretary will provide information related to [Virginia's Freedom of Information Act](#) and Commission membership. In addition, new Commissioners shall tour HRSD facilities as their schedules permit and be introduced to the chief elected officials of their localities as appropriate and practical to facilitate effective working relationships.

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2. Commissioners are expected to devote as much time and attention as necessary to discharge their duties. This includes attending all monthly Commission meetings and the meetings of any committees on which they may serve. Commissioners should notify the Commission Secretary whenever they are unable to attend a scheduled meeting. Commissioners may participate remotely in accordance with the Remote Participation Policy. Commissioners must notify the Chair of their desire to participate remotely prior to the meeting. Commissioners also may be asked to participate in special events and to represent HRSD at public meetings.
3. Commissioners shall be mindful of the best interest of the HRSD service area at large as opposed to those of the localities in which they reside.
4. At the request of the Commission, individual Commissioners may serve as liaisons to officials in the communities in which they reside or other localities within HRSD's service area.
5. Commissioners receive no salary but are compensated for travel and expenses associated with meeting attendance at the rate paid to members of the Commonwealth Transportation Board.
6. Each Commissioner shall be covered by a public official's liability policy paid for by HRSD.
7. Commissioners are expected to recuse themselves from discussion and abstain from voting on matters in which they may have a personal or professional conflict, and to announce the recusal or abstention in advance.

### **E. Responsibilities**

The Acts of Assembly authorize and empower the Commission to perform a variety of specified acts by means of its own officers, agents and employees or by contracts with any persons. Some of the most significant functions are:

1. To construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a sewage disposal system or systems.
2. To issue revenue bonds, notes or other obligations.
3. To fix and collect rates, fees and other charges for the services.
4. To acquire land, structures, property, rights, rights-of-way and easements by purchase, lease, grant or the exercise of the right of eminent domain.

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5. To employ, in its discretion, consulting engineers, attorneys, accountants, construction and financial experts, managers and other such officers, employees and agents as may be necessary, and to fix their compensation.
6. To sue and to be sued.
7. To prevent any person, jurisdiction or corporation from discharging into District waters any sewage, industrial wastes or other refuse that would pollute these waters.
8. To seek civil penalties or civil charges against owners in violation of pretreatment standards in permits.
9. To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and execution of its powers.
10. The Commission does not have the power to mortgage, pledge, encumber or otherwise dispose of any part of the sewerage system except that which may no longer be necessary or useful.

### SECTION 2. HRSD MANAGEMENT AND THE COMMISSION

Commissioners have complete access to the General Manager, who may refer them to Department Directors or other appropriate resources for assistance. The Commission Secretary shall assist Commissioners with matters related to scheduling, expense reimbursement, access to information and meeting attendance.

#### A. Staff Relations

1. The Commission appoints a General Manager, who serves at the pleasure of the Commission. As the chief administrative officer, the Commission delegates day-to-day operations to the General Manager within the broad framework of Commission established policies and strategies. The Commission shall review the General Manager's performance and set compensation at least annually.
2. The Commission appoints a Secretary and a Treasurer who serve in these roles at the pleasure of the Commission. These appointments are made from existing staff positions. The Commission fixes their compensation through the annual budget process as these positions are in the HRSD position classification and compensation system.
3. The Commission periodically reviews and assesses the compensation paid to all HRSD employees as part of the annual budget process.

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4. Establishment and maintenance of appropriate human resource policies have been delegated to the General Manager.

### **B. Financial Oversight**

1. The Commission approves HRSD's Financial Policy.
2. The Commission approves the Annual Budget, Capital Improvement Program (CIP), Financial Plan and Schedule of Rates.
3. The Finance Committee meets as required to perform their financial oversight duties, including overseeing the Financial and Internal Auditors, and reports to the Commission regarding these activities.

## **SECTION 3. COMMISSION ACTIONS**

### **A. Commission Approval Items**

1. Policies – All policies that govern HRSD business processes, financial practices, service to localities, etc.
2. Annual Operating Budget – Budget policy allows General Manager to transfer between budget object codes within total approved budget without further Commission action. Additional action is only required if total annual operating budget is amended.
3. Capital Improvement Program
  - a. 10-year program without authorization of specific projects
  - b. Authorization of projects in first year without appropriation
  - c. Changes in program that impact first-year projects previously authorized
4. Capital Improvement Projects
  - a. Appropriation of full project funding specific to each project at time first dollar is to be spent
  - b. Changes requiring additional funding
  - c. Changes resulting in significant reduction in scope (greater than 25 percent of appropriation)
5. Schedule of rates including facility charges
6. Resolutions authorizing issuance of definitive bonds, interim receipts or temporary bonds, notes or other obligations

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7. Acceptance or award of grants
8. Procurement
  - a. The HRSD Procurement Policy
  - b. Use of alternative project delivery methods prior to solicitation (Design-Build, Construction Management, etc.)
  - c. Agreements – Contracts, task orders or purchase orders where the total value is projected to exceed \$200,000
  - d. Rejection of bids for all contracts where total value is projected to exceed \$200,000
  - e. Change orders to contracts (exclusive of increases to individual task orders) that will result in changing the total value of the contract inclusive of all change orders to either 125 percent or more of the original contract award amount or \$50,000, whichever is greater
  - f. HRSD use of an existing competitively awarded contract vehicle (State contract, cooperative procurement, General Services Administration, etc.,) where the total value of HRSD participation is projected to exceed \$200,000
  - g. Sole Source Procurement – Initial sole source determination for specific vendor, item(s) and location(s) where total value is projected to exceed \$10,000
  - h. Debarment – Review staff recommendation and make the final determination of all firm/contractor debarment, the conditions and length of term for the debarment.

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- i. Real Property
  - (1) Acquisition by condemnation in accordance with the Code of Virginia §15.2
  - (2) Acquisitions by purchase, lease, grant or conveyance
  - (3) Sale, lease or permanent encumbrance of HRSD property
  - (4) Easements or Right of Entry Agreements (temporary or permanent) with value in excess of \$25,000
  - (5) Transfer of ownership, disposition of easements and easement vacation
  
- 9. Intellectual Property (IP)
  - a. IP rights agreements
  - b. Royalty distribution agreements
  
- 10. Personnel
  - a. Compensation of General Manager
  - b. Compensation of Treasurer, Secretary and other employees through annual budget process
  
- 11. Regulations
  - a. HRSD Industrial Wastewater Discharge Regulations
  - b. Enforcement Response Plan
  
- 12. Selection of Commission consultants
  - a. Legal
  - b. Auditors
    - (1) Financial Auditors
    - (2) Internal Auditors
  
- 13. Agreements with other entities meeting one of the following criteria:
  - a. Design or construction of infrastructure with a constructed value in excess of \$50,000
  - b. Provides use of real property for temporary (greater than one year) or permanent use
  - c. Provides use of personal property valued at more than \$50,000 for temporary (greater than one year) or permanent use

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- d. Provides a service or other benefit that spans multiple years
- e. Obligates significant financial resources (\$200,000 or more)
- f. Obligates significant personnel resources (one full time employee or more)
- g. Is or has the potential to be politically significant

### **B. Commission Recognition Items**

- 1. Employees celebrating length of service 20 years and above (in increments of 5)
- 2. New employees Grade 9 and above
- 3. Awards and recognition earned by HRSD
- 4. Awards and recognition granted by HRSD

### **C. Commission Information Items**

- 1. Monthly reports from General Manager and each Department Director
- 2. Monthly Interim Financial Report (included in Director of Finance report)
- 3. Notice of declaration of emergency
- 4. Internal Audit Reports and updates
- 5. Quarterly Investment Report
- 6. Quarterly CIP Update

## **SECTION 4. COMMISSION MEETINGS**

All meetings of the Commission shall be held in accordance with the Virginia Freedom of Information Act. Remote participation in meetings shall be in accordance with the Remote Participation policy.

### **A. Commission Meeting Agenda**

The Commission meeting agenda shall be prepared by the General Manager and distributed to the Commission typically five calendar days prior to the meeting date. Public notice of the meeting and posting of the agenda shall be in accordance with the

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Virginia Freedom of Information Act (§ 2.2-3700 et. Seq. of the Code of Virginia). The General Manager shall review the agenda with the chair prior to the meeting.

The agenda shall be structured to ensure efficient and effective use of Commissioner's time and expertise.

1. Full agenda items with briefings may be provided for the following items and other items as deemed appropriate:
  - a. Annual Budget
  - b. Capital Improvement Program
  - c. Individual Capital Improvement Projects when requesting appropriation or additional appropriations to individual Capital Improvement Projects
  - d. Changes in CIP that impact first-year projects
  - e. Schedule of Rates
  - f. Resolutions related to bonds, notes or other obligations
  - g. Resolutions related to certain employee benefit plans
  - h. Acceptance or award of grants
  - i. New, modified, amended or reissued Commission approved policies
  - j. Use of alternative project delivery methods for contracts
  - k. Agreements
  - l. Rejection of bids for contracts
  - m. Real estate acquisitions by condemnation including requisite public hearings
  - n. Real estate acquisitions
  - o. Sale, lease or conveyance of HRSD property
  - p. Intellectual property agreements
  - q. Patent applications

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- r. Changes, amendments or reissuance of the Industrial Wastewater Discharge Regulations or Enforcement Response Plan
  - s. Selection of Commission consultants
  - t. Agreements requiring Commission approval
2. Consent agenda items shall be limited to items meeting the requirements for Commission approval as detailed herein but not typically warranting of a full briefing due to the nature of the action or previous communication with the Commission.
- a. Contract awards
  - b. Contract Change orders
  - c. Task orders
  - d. HRSD use of existing competitively awarded contract vehicle
  - e. Sole source procurement
  - f. Transfer of Ownership of Sanitary Sewer Facilities
  - g. Vacation of Easement
  - h. Service Area Expansion
3. Informational agenda items (with or without briefings) may be presented with the agenda as appropriate.
- a. Monthly reports
  - b. Quarterly investment reports
  - c. Emergency declarations
  - d. CIP update
  - e. Strategic Planning Metrics Summary
  - f. Effluent Summary (Monthly and Annual)
  - g. Air Summary (Monthly and Annual)
  - h. Other items as needed

### **B. Commission Workshops**

Workshops shall be scheduled as needed to allow informal dialogue on a topic or narrow range of topics. Appropriate staff shall be available to brief and facilitate as well as provide subject matter expertise. No official actions shall be taken during workshops. Workshops are public meetings and shall be held in conformance with Virginia's Freedom of Information Act.

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### C. Committee Meetings

Committee meetings shall be scheduled as needed. Committee meetings are public meetings and shall be held in conformance with Virginia’s Freedom of Information Act. Remote participation in committee meetings is not allowed. The Commission Chair shall be an ex-officio member of all committees, with voice and vote. However, the Commission Chair shall not be counted in determining the number required for a Committee quorum or in determining whether or not a quorum is present.

### SECTION 5. ANNUAL CALENDAR OF COMMISSION ACTIONS

Action	Schedule
Quarterly CIP Update	January
Finance Committee Meeting to Review Operating Budget	March
Quarterly CIP Update	April
Receive Finance Committee report	April
Appoint Operations & Nominations (O&N) Committee	May
Approve Annual Budget, CIP, Financial Plan and Schedule of Rates	May
O&N Committee Meeting after Regular Meeting	May
O&N Committee Meeting before Regular Meeting	June
Elect Officers	June
Appoint Finance Committee	June-July
Quarterly CIP Update	July
Finance Committee Meeting to Review Comprehensive Annual Financial Report (CAFR)	September -October
Accept CAFR	September-October
Quarterly CIP Update	October
Diversity Procurement Report	October
Evaluate General Manager’s Performance	October

### SECTION 6. ADVISORY ROLE OF FORMER COMMISSIONERS

So as not to lose the benefit of the insights gained during their years of service, former Commissioners may be asked to serve in an advisory role following the end of their term. Equipment required to facilitate communications with the General Manager and Commission officers may be provided to those serving in an advisory role.

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## SECTION 7. MODIFICATIONS

The operation of HRSD is a dynamic and evolving process. As such, the O&N Committee annually reviews these Guidelines and recommends proposed modifications to the Commission when appropriate and when statutes or regulations dictate changes.

The O&N Committee also annually reviews the schedule of items to be considered by the Commission to ensure effective oversight and efficient meetings.

## SECTION 8. APPENDIX

*The most current versions of the following documents are available on HRSD.com or, upon request, in hard copy.*

- Budget
- Capital Improvement Program
- Comprehensive Annual Financial Report
- Enabling Act
- Schedule of Rates
- Trust Agreements