



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS**

**MEETING MINUTES  
THURSDAY, MARCH 19, 2015**

**Present Directors**

Matthew T. Brown, Chairman, District of Columbia  
Edward Long, Fairfax County  
Rachna Butani, District of Columbia  
Nicholas Majett, Prince George's County  
Obiora "Bo" Menkiti, District of Columbia  
Timothy Firestine, Montgomery County  
Alan J. Roth, District of Columbia  
Robert Mallett, District of Columbia  
David Lake, Alternate for Vacant Principal, Montgomery County

**Present Alternates**

Adam Ortiz, Prince George's County  
Howard Gibbs, District of Columbia  
Shirley Branch, Prince George's County  
James Patteson, Fairfax County  
Bonnie Kirkland, Montgomery County

**DC Water Staff**

George S. Hawkins, CEO/General Manager  
Randy Hayman, General Counsel  
Mark Kim, Chief Financial Officer  
Linda R. Manley, Board Secretary

Chairman Brown called the 207<sup>th</sup> Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:35 a.m. Ms. Manley called the roll and a quorum was established.

## **Approval of the February 5, 2015 Meeting Minutes**

Chairman Brown asked for a motion to approve the February 5, 2015 minutes. The motion to approve was moved and seconded. The minutes were approved by the Board of Directors, with one member abstaining.

## **Chairman's Overview**

Chairman Brown stated that the March 19, 2015 meeting was postponed because it was a dangerous weather day. Even though that was the first time this happened with a Board meeting, he declared that it was the right thing to do.

Chairman Brown recognized Elizabeth Felt and he announced that she was joining the Board from Montgomery County. She will soon be sworn in by officials of the District Government. Chairman Brown congratulated her on her appointment.

Chairman Brown reported that in February there were 87 water main break calls that came in and one was in the alley behind his house. He stated that he did not make any special calls and that he just watched them do their work. Chairman Brown noted that he was very impressed with the communication. He saw firsthand the attention to customers and also the amount of work that is being done on the aging infrastructure during the winter months and especially during the month of February.

Chairman Brown mentioned the upcoming public hearings and will make sure everyone has a schedule. There are some big decisions that are going to be made by the Board as it moves forward with the budget. The Lifeline rates are new and will be discussed in the community. Also the Water Infrastructure Replacement Fee is realigning the rates. This is a fixed fee that pays for the one percent water main replacement. Chairman Brown commended the staff on all they have done and the presentations and the conversations they had with the Board. Chairman Brown stated that the next step is to go out to the public.

## **Environmental Quality and Sewerage Services**

Presented by: Obiora Menkiti

Mr. Menkiti reported that the Committee met on Thursday, February 19, 2015. Walter Bailey, Assistant General Manager for Wastewater Treatment, provided an update on plant performance. The monthly flow was at 299 million gallons per day (mgd) and there was 3.7 inches of precipitation in January.

There was a special February 14 valentine's gift that D.C. Water received which was as of that date 100 percent of the biosolids were being processed through the Cambi and digesters process. Mr. Bailey indicate that D.C. Water was no longer producing lime stabilized biosolids. That brought biosolids production down to 700 wet tons per day from the average of 1150 wet tons per day. Mr. Menkiti stated that plant performance was excellent with 100 percent permit compliance. There were some questions asked by the Committee about decommissioning the lime stabilization equipment. Mr. Bailey shared with the Committee that the Cambi process and the digesters are designed for peak month performance and therefore as Blue Plains approaches capacity, they want to keep the lime stabilization equipment there and capable of being used if necessary to handle the backups during peaks.

Mr. Menkiti reported that they also dug into the Combined Heat and Power and the sense that they will be generating electricity hopefully in April rather than in March as originally scheduled due to PEPCO delays. There was talk of boilers and what has been going on with the backup of the turbines and recouping some of those costs. Mr. Menkiti stated that the Committee was informed that there are liquidated damages in those contracts and some of the money is being held back to address some of those issues.

Mr. Menkiti stated that the Committee heard from Ms. Maldonado, Director of the Department of Engineering and Technical Services, about the Odor Abatement and the Potomac Interceptor Sewer. The Fairfax County project is getting close to being done, as is the Loudon County project. Both of those are behind schedule. There was additional discussion about the Old Angler's Inn site for which they continue to try to identify the source of the odor. They discussed those potential areas where that might be entering the system.

CEO/General Manager Hawkins provided the Committee with information about the Power Purchase Agreement that came before the Committee to review. It is a 20 year initial term with a 5 year renewal. The staff has selected Washington Gas and Energy Services and Standard Solar pending Board approval. It is a great opportunity to have some energy source on site at Blue Plains. These panels would go on top of some of the basins where they are currently working and possibly some other places. There was discussion about being energy independent and other factors.

Carlton Ray, Manager of the Clean Rivers Project, updated the Committee and all projects are on schedule. There was some exciting recognition from Cardinal Wuerl in the naming ceremony for the Anacostia Tunnel and from Vice President Biden. Mr. Menkiti stated that he got a chance to go down into the tunnel and ride the train out to the boring head. It was a tremendous experience and brought home the magnitude of the work that is going on here and the thousands of people that are making it happen. There is a lot going on down underground every day to help advance the residents of these jurisdictions. He thanked Mr. Ray and his team for allowing that to happen.

The Quarterly Capital Improvement Program Report (CIP) was presented to the Committee. D.C. Water had 9 for 9 on the key performance indicators (KPIs) but 5 of the 9 were met for last term and 4 were not.

Mr. Roth spoke about a radio debate he heard about PEPCO's Exelon merger proposal. There was a lot of discussion at the Committee meeting about various alternative energy opportunities here, solar power purchase agreement and various interrelationships with PEPCO. Mr. Roth asked if the staff had looked at the question about whether or not D.C. Water, one of PEPCO's largest customers, should take a position in that proceeding. Mr. Roth said that he does not know enough about the facts to know if D.C. Water should take a position. Clearly there were a lot of arguments on both sides and as he was listening, he was thinking perhaps D.C. Water should look into it because there might be some implications for the Authority.

CEO/General Manager Hawkins said that he is looking for General Counsel Hayman to guide what can or cannot be said about it. He stated that D.C. Water has in fact been engaged on whether the merger on a business basis is the right one or not. On the process of doing a merger there is an opportunity to have resolution of certain issues and they have been concerned about the manner in which some of the issues they care about as a customer are addressed. Mr. Hawkins would prefer if they could come to a particular Board committee and

describe that in more detail perhaps in executive session. Mr. Hayman said that D.C. Water is engaged and they are using the firm of Squire, Sanders, Patton, and Boggs and looking at whether there is anything D.C. Water needs as far as an interest out of the negotiations. They are continuing to meet on the issues.

### **Water Quality and Water Services Committee**

Presented By: Rachna Butani, Chair

Ms. Butani reported that the Committee met on Thursday, February 19, 2015. They had a fairly short meeting and then had a longer executive session. She stated that Mr. Hughes updated the Committee on water quality monitoring and stated that the total coliform rule was at .8 percent. There were zero positives in January and February. He also reported that in terms of lead and copper monitoring, 50 kits have been distributed, of which 28 have been analyzed and returned. The data on those was not available at the time of the report.

Ms. Butani indicated that Mr. Walls provided an update on fire hydrants and stated that 59 hydrants were out of service due to defect. The repair and replacement rate was slightly less than the previous month which had to do with emergencies—water main breaks, etc. There were 45 hydrants out of service due to construction or temporary conditions, down from 61 from the prior month.

The Committee had asked for a breakdown on the out of service hydrants due to defect in the previous month's report. Ms. Butani stated that they discussed a specific hydrant at the White House at length. They were concerned because D.C. Water had not been able to access that hydrant and the Committee wanted to make sure D.C. Water at least was covered in terms of documentation of requests for access to fix the hydrant. The Committee asked if Mr. Hayman could look into this and give an update at the next meeting.

Ms. Butani reported that the Committee went into executive session.

### **D.C. Retail Water and Sewer Rates Committee**

Presented By: Alan Roth, Chair

Mr. Roth stated that he is looking forward to the public hearings and he thanked the staff for all of their efforts.

He reported that the Committee met on February 24, 2015 and addressed three items of business. The staff reviewed a new Cost of Service Study for Fire Protection Services that D.C. Water renders to the District of Columbia which had been completed by Amawalk Consulting Group. It was based on the 2013 Memorandum of Understanding (MOU) that D.C. Water had entered into with D.C. Fire and Emergency Medical Services and it was aimed at determining D.C. Water's costs for carrying out its responsibilities under the MOU. This is described in more detail in the minutes. Based on a review of historical costs from FY 2006 to 2013 versus revenues that D.C. Water received from the District over that period, as well as a projection of capital and operating costs for the period FY 2014 to 2017, Amawalk concluded that a combination of those projected costs plus a recovery of a \$7 million shortfall in District reimbursements from the previous 9 years if spread over 3 fiscal years from 2015 to 2017 should result in a new Fire Protection Service Fee of approximately \$10.8 million annually. The Committee recommended that the Board approve that proposal before it goes to public hearing prior to finalization.

CEO/General Manager Hawkins and CFO Kim presented a proposal for the assessment of a new Development Impact Fee which would be charged to new developments or redevelopments to cover D.C. Water's investments in available system capacity and ensure that developers pay their fair share of the system's assets. Under the proposal all new development and redevelopment single family residences with one inch or smaller meters would pay the same fee. All other customers would pay based on meter size. Remodels of existing properties that maintain their current meter sizes would not be affected. Credit would be given in the case of a redevelopment for the amount of capacity returned to or removed from the system. Management projects that the revenue generated from this fee would be about \$8.1 million per year and those would be dollars that if raised would not have to come out of the regular retail rate pool in the future.

The Committee had an extensive discussion of that proposal and agreed to recommend that the Board move forward with the publication of a public notice to solicit public comments on it. After the comments come in, the staff will summarize them and make them available to the Committee members. The Committee will have an opportunity to review the issue again before final determination is made as to whether and how to proceed on it.

Ms. Preston, Director of Customer Care, updated the Committee on the status of D.C.'s GIS flyover which is an important part of D.C. Water's billing protocol for the Impervious Area charge. The new flyover will allow D.C. Water to refresh and recalibrate the data base. Ms. Preston reported that a procurement is underway to enable that to happen hopefully in time for when the October 1, 2015 rate changes take effect. Mr. Roth stated that they plan to get an update on that during the July Committee meeting.

#### **Finance and Budget Committee**

Presented By: Timothy Firestine, Chair

Mr. Firestine reported that the Committee's regularly scheduled meeting got canceled also because of the weather, so they did a conference call to consider a contract modification for legal services. The Committee recommended approval of that contract modification.

Mr. Lake stated that he and Elisabeth Feldt attended the Wholesale Customers Briefing in February. The Wholesale Customer Briefing is where D.C. Water budget staff brings in all the budget staffs from the suburban areas, the wholesale users, and briefs them on the program. Mr. Lake thanked D.C. Water's staff for doing that and stated that he thinks it is extremely useful and allows the budget representatives that pay the bills to come in and understand what the capital projects are and understand where the issues are at the facility. It is a very good presentation.

#### **General Manager's Report**

Presented By: George Hawkins, CEO/General Manager

Mr. Hawkins stated that the canceled regularly scheduled Board meeting was the first since 1996. He appreciated the cooperation and stated that the Board would have made it to the meeting but might not have made it out. It was the right decision.

Mr. Hawkins informed the Board members that they should have received a public hearing schedule. There is a hearing in each of the eight wards and are held in concert with the ward's councilmember. He encouraged the members to attend one so that they can see exactly what he and staff are describing to the ratepayers. The presentation itself tells a lot about the

organization. Also the members will hear the kinds of questions and comments they receive. Mr. Hawkins noted that he just finished recording robot calls and they invite anyone who has contacted D.C. Water for any reason within the prior year. They gear up the entire external affairs machine on social media and standard notices in bills to let everyone know what they are doing. This is fundamental to his position to present D.C. Water's case directly to the customers served and give the customers served an opportunity to question him directly on what D.C. Water does. Some of the town halls will have two or three people in them and some will be packed to the doors. Attendance by the public is incidental based on what is happening in the ward at the time. This is a huge operation, 25 to 30 employees, because every major office of the organization is there. Mr. Hawkins stated that their goal is that if you come to a town hall with a question, it will be answered that night or within 24 hours if no one in the room can answer it. All questions are written down so that there is a record of the persons asking them and how they can be reached, if they so choose.

Mr. Hawkins presented a chart to the members that was provided by Walter Bailey. He said it is important that the Board take tremendous credit for what is being done on the digesters project because it was ultimately the Board that made the decision to invest discretionary funds into a project using a technology that had never been used anywhere in the world at this scale and nowhere in North America. There are parts of the project that are way ahead and those that are behind. The chart shows all of this and measures what they monitor to determine the biosolids class that comes from the facility. Mr. Hawkins stated that D.C. Water may have the cleanest biosolids in North America and perhaps the world, based on EPA's standards. It is an incredible accomplishment. There is a whole group of good elements about this. It is so much cleaner for the environment. These are biosolids that are applied to farm fields in Maryland and Virginia, so it is incredibly good for the environment and when there is runoff and it rains, it is now cleaner than it has ever been as it is applied. It is an organic material. This also means the market that D.C. Water can create for this product that Chris Peot, Manager of Resource Recovery, is working on to be sold is going to be cleaner than anything on the market like it. There are many authorities that make tremendous revenue from this and D. C. Water will have a product that is off the chart in its quality. Mr. Hawkins saluted the Board for having had the faith to invest in this product and saluted Walter Bailey, Leonard Benson, and the whole team. Not everything has gone according to plan, but there are certain things that have been spectacular.

The General Manager reported that he had the budget oversight hearing with the D.C. City Council on March 4, 2015. Councilmember Cheh chairs the committee D.C. Water falls under and she and Councilmember Allen asked a lot of questions. The hearing had a positive outcome.

Mr. Hawkins introduced Patti Lamb who has joined one of the great strengths of the Enterprise. When there are emergency responses in the organization, Charles Kiely, Assistant General Manager for Customer Care and Operations, usually the one taking the incident command and he is incredibly good. Jonathan Reeves is known by everyone in the City on emergency response and emergency planning. Ms. Lamb has joined that all-star team and will be planning, monitoring, and coordinating Critical Infrastructure Protection Programs.

### **Consent Items (Joint Use)**

Chairman Brown asked for a motion to approve 5 contracts, joint use items. Mr. Firestone moved to approve Resolutions No. 15-25 through 15-30 and it was seconded. The motion to approve Resolutions No. 15-25 through 15-30 was unanimously approved by the Board.

**Consent Items (Non-Joint Use)**

Chairman Brown asked for a motion to approve 3 contracts, non-joint use items. Mr. Roth moved to approve Resolutions No 15-31 through 15-33 and it was seconded. The motion to approve Resolutions No. 15-31 through 15-33 was unanimously approved by the District of Columbia Board members

General Counsel Hayman asked for a motion to move into Executive Session to discuss legal, confidential, and privileged matters pursuant to Section 2-575(b)(4) of the D.C. Official Code. It was so moved and seconded. A roll call vote was conducted and the motion was approved unanimously. The Board went into Executive Session.

The Board moved back into public session. Chairman Brown asked for a motion to approve a joint use contract. The motion was moved to approve non-joint use Resolution 15-34 and it was seconded. The motion to approve Resolution No. 15-34 was unanimously approved by the District members of the Board.

There being no other business, Chairman Brown adjourned the meeting.

  
Secretary to the Board of Directors