



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

**MEETING MINUTES  
THURSDAY, MAY 7, 2015**

**Present Directors**

Matthew T. Brown, Chairman, District of Columbia  
Rachna Butani, District of Columbia  
Nicholas Majett, Prince George's County  
Robert L. Mallett, District of Columbia  
Timothy Firestine, Montgomery County  
Alan J. Roth, District of Columbia  
Elisabeth Feldt, Montgomery County  
Ellen O. Boardman, District of Columbia  
Obiora "Bo" Menkiti, District of Columbia

**Present Alternates**

Howard Gibbs, District of Columbia  
David W. Lake, Montgomery County  
Brenda Richardson, District of Columbia  
Adam Ortiz, Prince George's 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 209<sup>th</sup> Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:33 a.m. Ms. Manley called the roll and a quorum was established.

**Approval of the April 2, 2015 Meeting Minutes**

Chairman Brown asked for a motion to approve the April 2, 2015 minutes. The motion to approve was moved and seconded. The minutes were approved unanimously by the Board of Directors.

## **Chairman's Overview**

Chairman Brown reminded the Board members and the public of the D.C. Water public hearing scheduled for May 13, 2015, 6:30 p.m., District of Columbia Department of Employment Services' Community Room, 4058 Minnesota Avenue, N.E., Suite 1300. He encouraged all customers to attend the hearing, when the issues will include D.C. Water's service goals, in particular, the rate proposal. Customer comments will be considered when the rate increase is approved by the Board on July 2, 2015.

Chairman Brown thanked the D.C. Water staff for co-hosting the town halls that were recently held in each ward of the city. He also thanked the Board members who participated in various town halls for their dedication and time.

Chairman Brown also thanked all the Board members for their efforts on the committees since he became Board chairman in January.

## **Governance Committee**

Reported By: Ellen Boardman, Chair

Ms. Boardman stated that the Governance Committee held a special meeting telephonically on April 21, 2015 to consider the Memorandum of Agreement (MOA) between the District of Columbia and D.C. Water. The MOA is regarding job opportunities for District residents on the Green Infrastructure Program portion of the consent decree.

Ms. Boardman indicated that the Committee received a status update on the consent decree. It has been approved by the appropriate parties and will go for public notice before the citizens of the District. It is expected to be approved by late June or soon thereafter.

CEO/General Manager Hawkins made a presentation on the terms of the proposed MOA and the benefits to District residents and D.C. Water. He reported that the overall cost of the Green Infrastructure Program will be spread out over a course of five additional years due to the elimination of certain gray infrastructure projects and the advent of the Green Infrastructure Program. The benefit is that the District will have early advent of remediation with some of the combined sewer overflow problems. The fundamental provisions of the MOA are that D.C. Water will engage a third party to determine what certification standards will apply for workers who perform work on the Green Infrastructure Program; funds will be applied to operate a training program using D.C. Water facilities and some District Government facilities; and D.C. Water will commit to using D.C. residents on 51 percent on the projects and 35 percent of apprentice hours for D.C. residents. Ms. Boardman stated that the MOA was extremely well done and was narrowly tailored to achieve D.C. Water's interests, including providing jobs for D.C. residents under the Green Infrastructure Program. The Committee recommended that the Board approve the terms of the MOA.

Ms. Richardson indicated that she thought it sounded really good but that she was concerned about how D.C. Water will monitor the terms to make sure it was happening. Ms. Boardman replied that the Governance Committee will have a general oversight role of monitoring this program under the MOA and that it will align with the D.C. Water Works Program and be also monitored by Corey Gray, Compliance Officer.

Ms. Richardson asked CEO/General Manager Hawkins what will happen if the marks are not being met. He stated that the agreement is set up in such a way that there are significant goals

to achieve which include training certification and mentorship. There is a hiring preference for contractors and for employee hiring. They will be constantly evaluating and there will be monthly reports on performance. The mechanism for implementation will be improved if some elements are not working and numbers reached. Ms. Richardson stated that she wanted them to be mindful that there is a difference between evaluating a process and having repercussions for not following through on meeting the goal.

Ms. Feldt stated that she is a new Board member from Montgomery County and that she really applauds the Green Infrastructure Initiative in the MOA. She reported that Montgomery County is looking for ways to increase their utilization of green infrastructure in their storm water work. There is lots of synergies to be had between D.C. Water, Prince George's County and others in the green infrastructure world. She thanked them for taking the leadership.

Mr. Hawkins stated that he does not think the certification program exists nationwide. They are going to work with professional organizations so that what is created here is not done in a vacuum. Mr. Hawkins indicated that they will be looking at best practices everywhere in the country and hopes their efforts will be helpful for all jurisdictions.

Ms. Boardman added that D.C. Water continues to be in the forefront of many cutting edge things and she is optimistic that with the development of these standards D.C. Water will again be on the cutting edge and a national model.

Mr. Ortiz stated that Prince George's County is happy to partner and that they have received a grant in partnership with other organizational to come up with green certification for contractors. They are now wrapping up their third course at Prince George's Community College that provides certificates. The jurisdictions here are in the forefront of the national movement and setting the tone.

Chairman Brown welcomed Lisa Feldt to the Board officially. She attended a meeting a month ago and he indicated that she was finally sworn in as part of the long process.

### **Environmental Quality and Sewerage Services Committee**

Reported By: Howard Gibbs

Mr. Gibbs stated that the Committee met on April 16, 2015 and opened with the report on the operation of the Blue Plains Advanced Wastewater Treatment Plant. Aklile Tesfaye, Director of the Department of Wastewater Treatment, reported that total nitrogen released from the Plant is on target to be below the EPA permit effluent limit for this year. Overall plant operation was excellent and as expected, there was 100 percent permit compliance.

Mr. Tesfaye indicated that biosolids production was at 407 wet tons per day which is a remarkable accomplishment, considering that this time last year it was 1,100 wet tons per day. The main reason for this reduction is that the main process train is now processing 100 percent of the biosolids. Mr. Tesfaye said that the program is now implemented to total capacity.

There has also been an increase in the amount of electricity being used which is primarily due to the coming on line of the biosolids facility. Mr. Gibbs stated that the Committee asked about the operation of the heat and power plant because it was to be part of the biosolids facility. It is expected that the plant will be operating in July and the electricity purchased will go down. After that occurs, the Committee has asked that they receive updates on how much electricity is purchased and how much electricity is being generated on site.

Mr. Gibbs reported that they received a report from Ms. Maldonado, Director of Engineering and Technical Services, about the Potomac Interceptor Sewer Odor Abatement Project. The D.C. site and three in Maryland are substantially completed. The one site at the Old Angler's Inn still has a problem that Ms. Maldonado updated about. They think they have a perfume that will eliminate the odor but the owner of the Inn which is next door has objected to it. She stated that they are now looking at some other types of chemicals that may result in a more pleasant smell. Ms. Maldonado reported that one site in Virginia has started the operational demonstration and they found that the control and data acquisition system needs to be retested. The second Virginia site is expected to start operational demonstration in early July.

The Committee received an update on plans for the biosolids blending and potential marketing from Chris Peot, Director of Resource Recovery. He stated that the economic goal is to develop a zero cost in the biosolids program by marketing Class A biosolids which is being currently produced. Mr. Peot reported that in Virginia a 90-day certification period is required for a Class A generator and that the process has been started. Mr. Gibbs indicated that Mr. Peot had been asked to document the process they are going through and keep the Committee updated. They want to make all of this as profitable as possible, thus getting every dollar they can out of it.

Mr. Gibbs stated that the Committee then went into Executive Session and then adjourned.

Mr. Lake asked Ms. Maldonado about the problem that still exists at the Old Angler's Inn site. He wanted to know if they knew where the odor was coming from and if a sampling program had begun to identify where the odor could be coming from. Ms. Maldonado stated that she was incorrect in an earlier meeting and had not yet provided a correction. D.C. Water has done extensive sampling in multiple locations, upstream and downstream of the restaurant site. They found that the odor is from a chemical which is present everywhere in the sewers, at levels that are above the perception limit. Other jurisdictions have seen the same, so this is not unusual. She stated that in this particular instance the owner has a sensitivity to this odor. There is no way this odor can be removed from the sewage, so the question is what can be done to treat it so that it is not offensive at the site. They have continued to do sampling to determine if the concentration has changed, and it has not. Mr. Lake asked that this MDS issue be put on the work plan because he did not believe this should normally be found in sewers and wanted more work to be done on it. Ms. Maldonado agreed to discuss it further in the next meeting.

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

Reported By: Rachna Butani, Chair

Ms. Butani stated that the Committee met on Thursday, April 16, 2015 by conference call. Charles Kiely, Assistant General Manager for Customer Care and Operations, reported that there were zero positive samples of total coliform in March and zero to date in April.

With Lead and Copper Rule Monitoring, 80 percent of testing was completed and 78 samples had been analyzed. The first draw was at 3 parts per billion, which is excellent. The remaining results will be due at the end of June.

Ms. Butani said the Committee received the fire hydrant update which showed that of the 9,455 public hydrants, 73 were out of service due to defect and requiring repair and replacement, and 43 were out of service due to inaccessibility or temporary construction. It was reported that the increase to 73 was due to the work forces being diverted during the winter. Ms. Butani stated that the staff indicated at the meeting that the number was back down to 65.

An update on the White House fire hydrants was provided. Two fire hydrants had been reported as out of service. In communication with the White House staff, it was determined that one could be abandoned. It took a little while to coordinate access to the White House grounds to assess the other hydrant, but a report will be available at the next Committee meeting.

Ms. Butani updated the Board on the lining project that was starting at American University Park. The permits that were delayed by the District Department of Transportation have been approved and the work is proceeding. DDOT had been unhappy with the restoration work that had been done to patch the pavement at Colonial and Hawthorne the previous year, but the issues now have been resolved.

The Committee recommended Board approval of one non-joint use item for a contract concerning the bill printing and mailroom operations.

### **Audit Committee**

Reported By: Nicholas Majett, Chair

Mr. Majett stated that the Committee met on Thursday, April 23, 2015. Chief Financial Officer Kim presented the results of a Request for Proposal (RFP) that was issued last November for external audit services. The highest ranking firm was KPMG and the Committee recommended the awarding of the five-year contract. KPMG is D.C. Water's current audit firm.

The internal audit firm, McGladrey, provided the Committee a status review of the Fiscal Year 2015 Audit Plan and reported on prior audit findings. One report was on timekeeping which was of major interest to the Committee. It was stated that D.C. Water is currently converting the timekeeping system. Of four observations presented, one was closed and three will be addressed with the system conversion. The kick-off for the conversion to the new timekeeping process is June 1. The firm will conduct department-level testing once the conversion is completed and new processes implemented. During the field work, the audit team identified some considerations that will be addressed as part of the overtime and budget audits that have been added to the FY 2015 Audit Plan.

Mr. Majett reported on another issue of importance that was the Fraud Hotline and the discovery by the audit team that some of the referrals received were actually customer-service related calls and had nothing to do with fraud, waste or abuse which is the purpose of the hotline. The audit team agreed to look into somehow severing the non-hotline referrals with purely customer service referrals.

The Committee then went into Executive Session.

### **Finance and Budget Committee**

Reported By: Timothy Firestine, Chair

Mr. Firestine indicated that the Committee met on Thursday, April 23, 2015. The March 2015 Financial Report was received which showed that all financials were on track, with 50 percent of the fiscal year completed. Revenues were at \$274 million or 51 percent of the budget. Operating expenses were at \$222.9 million or 43 percent of the budget. Capital disbursements were at \$280 million or 45 percent of the budget. The operating cash balance was at \$146 million which was well above the target reserve level of \$125 million.

The Committee discussed the Biosolids Management Program related to the fiscal impact of the seven month delay of the Digester Project which cost about \$9.1 million. Mr. Firestine reported that the Committee's concern was of the budgetary impact because of the assumptions that were included in the budget. It appears that there will be under spending in 2015 of about \$4 million. With respect to the 2016 budget, there will probably be about a \$10.8 million savings in 2016.

Mr. Firestine stated that they discussed the Intermunicipal Agreement operating settlement and the new approach where D.C. Water will try to reconcile what was budgeted for the wholesale customers to what actually the costs were for that year. Usually there are reimbursements that are provided to wholesale customers. The staff has tried to approach it so that they can get closer to the actual costs. Now they have gotten so close that they have under billed the customers by \$4.1 million. The target is to work within a rate of about 3 percent of the actual results.

Mr. Firestine reported that the Committee recommended approval of the substitute letters of credit and some adjustments to the Series A, B, and C amounts for the commercial paper programs.

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

Reported By: George Hawkins, CEO/General Manager

Mr. Hawkins announced that it was National Drinking Water Week, and that on Monday it had been D.C. Water Night at the National's ballpark. They gave out free water bottles and Wendy the Water Drop took pictures with the Four Presidents.

A video on the Digester Project was shown during the meeting. It presents some of the interesting aspects of the unique and first-in-the- country project on its scale and implementation. He commended the Board on their leadership in making the project happen and leading the country and the green infrastructure and jobs efforts.

Mr. Hawkins spoke about the town hall meetings which would conclude on Wednesday, May 13, 2015. He stated that these meetings are a very important opportunity for customers who have challenges with D.C. Water to come out and discuss their issues in this forum. He admitted that mistakes are made and that this forum enables D.C. Water to hear about them directly, respond directly, and use them as case studies to move forward. Representatives from D.C. Water's major offices are there to answer and comment on issues raised. Mr. Hawkins took this opportunity to recognize Emanuel Briggs who was the linchpin in organizing the eight town halls in each of the wards. He commended Mr. Briggs for the spectacular work he does, including following up on specific requests that come out of the meetings.

D.C. Water continues to receive awards and Mr. Hawkins indicated some of the recent ones. They included the Sustainability Award from the local chapter of the American Society of Civil Engineers; Walter Bailey, Assistant General Manager for Wastewater Treatment, named a top 25 newsmaker of 2014 by the Engineering News Record; Grand Prize from the American Academy of Environmental Engineers and Scientists for communications outreach to External Affairs and also the Environmental Engineering Award for Clean Rivers Green Infrastructure at Fort Reno; and from the D.C. Society of Professional Engineers the Project of the Year Award for the Cambi and Digester Project and also the Engineer of the Year to Walter Bailey. Mr. Hawkins congratulated everyone involved.

Mr. Hawkins welcomed the following three employees who recently joined the team: Christine DeBarbadillo, Director of Clean Water Quality and Technology; James Pico, Manager of Pumping Operations, Department of Distribution and Conveyance Systems; and Gloria Ketevit, Program Manager for Strategic Initiatives in the Office of the Chief Financial Officer.

**Consent Items (Joint Use)**

Chairman Brown asked for a motion to approve joint use items. Mr. Firestine moved to approve Resolutions No. 15-40 and 15-41 and it was seconded. The motion to approve Resolutions No. 15-40 and 15-41 was unanimously approved by the Board.

Mr. Mallett stated that he wished to raise an issue about the RFP auditing services. He pointed out that he was very encouraged by the six firms that applied to provide the auditing services this time. KPMG won the award and he commended them for the superb job they continue to do. Mr. Mallett indicated that for a period of time in this country the number of firms available to provide these services declined and he is encouraged that the competition has now increased. He emphasized that there are other people besides brand-name firms and that D.C. Water can help smaller firms to emerge to be better competitors. He thanked D.C. Water for this kind of process.

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

Chairman Brown asked for a motion to approve two non-joint use items. Mr. Roth moved to approve Resolutions No. 15-42 and 15-43 and it was seconded. The motion to approve Resolutions No. 15-42 and 15-43 was unanimously approved by the District of Columbia members of the Board.

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 at 10:25 a.m. and resumed in public at 11:26 a.m.

Chairman Brown adjourned the meeting at 11:26 a.m.

  
Secretary to the Board of Directors