



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

**MEETING MINUTES
THURSDAY, JUNE 4, 2015**

Present Directors

Matthew T. Brown, Chairman, District of Columbia
Howard Gibbs, Alternate for Rachna Butani, District of Columbia
Nicholas Majett, Prince George's County
Robert L. Mallett, District of Columbia
Timothy Firestine, Montgomery County
Bradley W. Frome, Prince George's County
Alan J. Roth, District of Columbia
Elisabeth Feldt, Montgomery County
Ellen O. Boardman, District of Columbia (By Phone)
Edward Long, Fairfax County
Obiora "Bo" Menkiti, District of Columbia

Present Alternates

Howard Gibbs, District of Columbia
David W. Lake, Montgomery County
Brenda Richardson, District of Columbia
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 210th 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 May 7, 2015 Meeting Minutes

Chairman Brown asked for a motion to approve the May 7, 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 welcomed new Board member Bradley Frome from Prince George's County. He is the current Assistant Deputy Chief Administrative Officer for the Economic Development and Public Infrastructure Team. Chairman Brown stated that Mr. Frome has approximately 15 years' experience with the Prince George's County Government and the Maryland House of Delegates.

The 2015 Summer College Internship Program participants were in attendance and welcomed onboard by Chairman Brown. He thanked and recognized the program organizers from Human Capital Management—Director Rick Green, Stephanie Black, and Selena Allen. There are 62 interns from 35 colleges and universities across the country. Forty-five interns are here for the summer program and seventeen are year-round. Chairman Brown reported that local representation included the University of the District of Columbia, George Washington, Catholic, and Georgetown. There are interns from China, Singapore, India, Kenya, Israel, Nepal, France, Morocco, Vietnam, and Cambodia. This speaks to the kind of experience that D.C. Water is providing to the interns. Chairman Brown stated that this shows that D.C. Water is not only on the cutting edge in this country, but also worldwide for the work everyone does. He informed the interns that since D.C. Water permanently hires some of its interns, the summer program is a job interview and they should do their best.

The Board then took a few minutes to observe the official swearing in of Board member Frome.

Chairman Brown indicated that a review of the revisions to the procurement policy would be presented to the Board during the meeting. The effort to make revisions came from a desire to look holistically at the entire procurement procedures and regulations and make improvements before something falls short. He stated that a lot of work has been done by Board members and D.C. Water staff and he thanked everyone. Three people in particular were recognized—Ellen Boardman, Alan Roth, and Randy Hayman.

D.C. Water had a celebration a few weeks ago for the signing of the consent decree and a new Memorandum of Understanding that will promote green jobs in the District. Chairman Brown stated that there are many other good things to celebrate including gray infrastructure tunnel building, and green infrastructure.

Chairman Brown reported that another important activity that will be forthcoming is the gray infrastructure that will be installed using gravity rather than a big pumping station under the Potomac. He said that Len Benson, Chief Engineer, is responsible for a lot of the redesigning work on the tunnels that makes sure it is the best, will serve the District, will be green, and requires as little energy as possible.

In addition to the 8 town hall meetings on the rates which 350 citizens attended, Chairman Brown spoke about the May 13th rates meeting. He reported that only three individuals spoke about the proposed rate increase which is a big one. Chairman Brown commended the D.C.

Water staff for doing a great job of being proactive on getting the word out to the community. The three people who spoke each represented a different customer class and it was interesting to hear their views on the impact the rates will have on the community. He reminded everyone that the rates will come up for approval at the July 2nd Board meeting and that the public has until approximately June 14, 2015 to submit comments.

Governance Committee

Reported By: Ellen Boardman, Chair

Ms. Boardman stated that the Committee met on May 13, 2015. Korey Gray, Compliance Officer, reported on various contract segments and on the numbers for participation by both user jurisdictions and D.C. residents for goods and services, non-major construction projects, and major construction projects. The numbers for the specific projects are in the minutes.

Mr. Gray also provided details on the February 4, 2015 EE Cruz Job Fair and replied to Ms. Richardson's request for additional information. At the Job Fair a number of participants made prior reservations for interviews and others were walk-ins. EE Cruz continues to interview individuals to keep up with the demand for new employees.

Ms. Boardman reported that Ms. Gray also provided an update on the D.C. Water Works Program that they are continuing to expand and improve. This will include a comprehensive training and job placement function where D.C. Water will obtain bids from third-party providers to develop curriculum and training. They are also developing more robust job centers including resume writing support and contractor day once a month.

The last presentation made to the Committee was by Randy Hayman, General Counsel, on the revisions proposed for the Procurement Manual. The revisions are not up for Board approval as an action item because Mr. Hawkins, CEO/General Manager, has the authority to implement the revisions to the Procurement Manual.

Ms. Richardson stated that the Committee discussed the possibility of having more Ward 8 and District residents trained for jobs here at D.C. Water. She wanted everyone to be mindful that it is not just about helping people with resumes but helping people to acquire skills to qualify them to work at DC Water. Ms. Richardson indicated that she is not sure how that can be expanded in D.C. Water's current employment programs but it should be pursued. She is interested in individuals being able to work in one of the best utilities in the world. Chairman Brown said that he had the same interest and has spoken to the General Manager about the programs. He is planning to meet with Korey Gray in the near future to continue the discussion and invited Ms. Richardson to participate.

Environmental Quality and Sewerage Services Committee

Reported By: Obiora "Bo" Menkiti

Mr. Menkiti reported that the Committee met on May 21, 2015. Walt Bailey, Assistant General Manager for Wastewater Treatment, provided an update and stated that the average plant flow was 309 million gallons per day (MGD), bringing the 12 month average to 294 mgd. During December 3.4 inches of precipitation fell. The new Enhanced Nitrogen Removal Facility is performing well and producing a low total nitrogen concentration of 2.6 milligrams a liter. Mr. Bailey stated that overall plant performance was excellent and there was 100 percent permit compliance. Biosolids production was 467 wet tons per day. All biosolids were digested. D.C. Water's biosolids are still classified as Class B, while they await Class A certification by Virginia

State authorities. Combined Heat and Power has tested all three turbines, and the current operation of the turbines is pending PEPCO Energy Services coordination with PEPCO Utility on an interconnection agreement and procedures.

Mr. Menkiti provided a summary of the update on the Potomac Interceptor Sewer Odor Abatement Project made by Len Benson, Chief Engineer. On May 18, 2015 Site 27, the Old Angler's Inn, began operating with the exhaust stack modified to increase the dispersion of the exhaust plume. No odor complaints were noted. Site 31 in Fairfax is scheduled to come on line in July. Mr. Benson stated that their experience at Old Angler's Inn caused them to install a similar system and counteractant at Site 31. Mr. Menkiti reported that the Committee asked about Site 46 in Loudoun County and whether or not there was a backup power generator there. Mr. Benson explained that backup power was only provided for the SCADA System component and not for the overall process. He stated that if there is a future issue with that, it would be addressed. Gas samples were taken at Sites 17 and 27 to locate the source of dimethyl disulfide. This investigation will continue until the source in the Potomac Interceptor sewer is identified.

The Committee received a presentation on the Clean Rivers Quarterly Report from Chris Allen, Deputy Director. He noted that D.C. Water was awarded the American Academy of Environmental Engineers and Scientists Award for the Green Roof Project at Fort Reno and also an award for the Tweets from the Lady Bird tunneling machine. Mr. Allen highlighted the major accomplishments for 2015. Three accomplishments of special note include the fact that the Lady Bird tunnel boring machine is about half a mile from the destination of the main pumping station; Division E was substantially completed; and at Division P in Bloomingdale six families were relocated to make it easier for them because of their proximity to the construction. Also, Division U is proceeding to set up some of the utility work to prepare to begin Division J which is the largest construction contract by value ever awarded by D.C. Water. All of the accomplishments can be found listed and detailed in the Committee meeting materials.

Committee members asked about the outreach effort in Bloomingdale and the interface. They were assured that having a lead, dedicated D.C. Water staff member there on site has really created a lot of positive relationships with the community and created a more efficient management process.

Bethany Bezak, Manager of the Clean Rivers Green Infrastructure Project, updated the Committee on great news about the Long-Term Control Plan and the Consent Decree Modification that will eliminate the Rock Creek Tunnel, replace it with green infrastructure and substantially modify the Potomac River Tunnel.

Mr. Menkiti stated that Mr. Benson reported on the Capital Improvement Program Quarterly Report, Fiscal Year 2015 disbursements are projected to be at 94 percent. KPI Indicators and the method that they are communicated will be evaluated for effectiveness and possibly modified.

Mr. Benson informed the Committee that the illegally constructed building at 1744 D Street, N.W., over the Northeast Secondary Sewer, has been removed. Thus the asymmetrical loading of the sewer caused by the building has been resolved.

Mr. Lake wanted clarification of the Class A certification of biosolids that has been applied for from Virginia State. Is D.C. Water pursuing Class A certification from Maryland also? Mr. Hawkins did not know the answer but stated that they will find out.

Mr. Roth wanted to know if the coordination issue between PEPCO Energy Services and PEPCO Utility on interconnection has been awaited for a while by D.C. Water or is something that is just underway. Mr. Hawkins stated that the connection agreement becomes extremely relevant once the power plant is ready to operate. As reported by Walt Bailey, D.C. Water was just on the verge of firing up one of the turbines within a week or so. He indicated that D.C. Water has been anticipating and monitoring the coordination and expects it to happen any day.

Joint Meeting of the Environmental Quality and Sewerage Services Committee and the Water Quality and Water Services Committee

Reported By: Obiora "Bo" Menkiti

Mr. Menkiti stated that the Joint Committee met on May 21, 2015 to go over the Asset Management Program. Mr. Benson notified the Joint Committee that an Enterprise Asset Management candidate has been selected for the position. He indicated that the Program is geared up to meet Goals 8, 1, 4, 5, and 9 of the D.C. Water Blue Horizons 2020 strategic goals. Also, there is now a new international asset management standard that will be used to develop a framework for a World Class Asset Management Program. Alan Ispass, CH2M Hill Director for the Asset Management Program, summarized the Phase I accomplishments.

The Committee asked a number of questions. Among them was whether or not asset management includes innovation and intellectual property and how this is addressed. The reply was that asset management pertains to managing physical assets. Another question pertained to the development of relative risk of failure scoring and whether the risk framework provides an objective scoring methodology to balance an asset owner's personal preference in a scoring system for the enterprise to make across the enterprise comparative choices. Mr. Ispass responded that the development of a uniform enterprise-wide approach to scoring the asset is included.

The Committee inquired about whether software is considered an asset and Mr. Ispass replied that it was not unless it is directly attributed to the equipment. He stated that this was something that might warrant some further evaluation when Information Technology is included in the Asset Management Program.

The Committee asked to see some quantitative performance metrics for the Asset Management Program such as saved hours, completion of preventive maintenance orders and proactive and reactive work measurements. A report was requested on what had been accomplished in Phase I and what was the plan for Phase II.

Water Quality and Water Services Committee

Reported By: Howard Gibbs

Mr. Gibbs summarized the Committee's meeting held on May 21, 2015. Assistant General Manager Kiely reported that there were zero positive samples for April and to date in May. This is expected this time of the year because they just completed spring cleaning or the chlorine burn treatment. They have obtained optimum control with respect to treatment and the distribution system is as healthy as possible.

For the first time in five years they have 100 lead and copper monitoring samples in before June. This was a remarkable accomplishment. Mr. Kiely stated that 78 samples had already been test, with another 22 under analysis.

Mr. Kiely updated the Committee on the fire hydrants and reported that out of approximately 9,400 hydrants, 71 were out of service. Of that total, 53 were inaccessible. They talked about obstructed hydrants that were due to construction in the area or water mains being repaired or replaced. He stated that the D.C. Fire Department is always notified to ensure adequate fire flow, and adequate access to hydrants around the areas where there are out-of-service hydrants.

Mr. Gibbs reported that Lauren Preston, Director of Customer Care, updated the Committee on the Customer Information Service System and the progress being made to procure a new upgraded system. The procurement process went all the way through bidding and selection of the top three vendors. At that point the process was tabled. In January the current vendor informed them that they had a modular base using SAP and wanted D.C. Water to migrate to it because they were no longer going to support the current system. They are now back to the drawing board and are reengaging the first consultant they used to put together the list of requirements so that a new procurement can be started. It is expected that the new undertaking will take about 24 month to get the new system up and running.

Mr. Roth noted that an important issue had been left out of the minutes of the May meeting. He thought it was important enough to correct the oversight since it indicated that the Committee had done their due diligence with regard to the security issue. According to Mr. Roth the Committee engaged Mr. Kuczynski, Director of IT, in a discussion of security issues related to the system and the procurement process. Mr. Roth asked that the minutes be so corrected.

Human Resources and Labor Relations Committee

Reported By: Edward Long, Chair

Mr. Long stated that the Committee met and received a great presentation about the nuts and bolts of human capital management at D.C. Water. Topics covered included benefits, compensation, recruitment and selection, compliance, learning and development, and technology and how it is managed. Mr. Long encouraged everyone who may be interested to go online and review the packages that were presented to the Committee.

Mr. Long reported that there were a number of things that stood out in the presentation. One was the Learning and Development Programs that offers excellent opportunities for employees and even the interns to take advantage of them. Another issue was the commercial driving license (CDL) positions. The Committee asked for additional information about the determination of whether CDLs are needed for certain positions. This will be discussed at the next meeting.

Of special note is the issue of hiring and promotions that the General Manager highlights each month in his report to the Board. Mr. Long stated that D.C. Water should be commended for the quality of people that are attracted which makes this a first class organization. Staff should be encouraged to keep up the good work.

Chairman Brown stated that he too was impressed with the information presented during the meeting. He got answers to a lot of questions about benefits and improvements and labor contracts.

Chairman Brown also reported that he had been sitting in on a number of committee meetings in the last few months and he encouraged Board members to participate even on committees that they are not members of since the committee meetings are so productive.

General Manager's Report

Reported By: George Hawkins, CEO/General Manager

Mr. Hawkins began by welcoming the interns and stated that they are now two week veterans of D.C. Water. He stated that the Intern Program here is competitive and the range in scale of the applicants is impressive on a local, regional, national, and international basis. He told the interns that they are the best of the best.

Walter Bailey will be honored this month by the National Society of Professional Engineers as Engineer of the Year. Mr. Hawkins said that he will be delighted to be there for Mr. Bailey. He commended Mr. Bailey for assembling an all-star cast of deputies under him and allowing them to operate the largest facility of its kind in the world on a first-class level.

General Manager Hawkins thanked the Board for all its support on the Green Infrastructure Consent Decree. Many years, much effort, and significant funds have gone into this project. There has been a significant change in the design and as a result a tremendous innovative new design has occurred. The tunnel pump station planned at the Georgetown Waterfront deep underground has been avoided. The new design allows D.C. Water to integrate green infrastructure to create job opportunities that brings the community benefits and brings an engineering design that will work and perform better. It was the superb work of the team that accomplished this.

A member asked about how the creation of 200 green infrastructure jobs will be tracked to ensure that they are accomplished. Mr. Hawkins responded that the tracking system that is in place for all of the major contracts will be reported to the Governance Committee. That system is the D.C. Water Works Program. Under the Memorandum of Agreement and the D.C. Water Works Program core features include identifying and publicizing positions, creating easy to apply processes, and creating a training program to get people ready for those positions. Mr. Hawkins was asked if a dashboard system would be used for reporting. He replied that he was not sure but that something similar is used to report to the Governance Committee. This is of interest and will be reviewed.

Mr. Hawkins reported that one of the other attributes of the green infrastructure consent decree modification is the agreement with EPA to set up a certification program for people who are trained to do this work. This is the nation's first. D.C. Water's goal is not only to hire District residents but also to have them have a credential and a skill that they can take wherever they go in their lives.

In this General Manager's Report there are two red marks. An investigation showed that because there were not as many emergency responses measured in the month of April, the two emergencies were highlighted. One was an accident of a truck responding to the emergency which prevented the truck being utilized. Mr. Hawkins stated that they will be reviewing this to determine exactly why the two anomalous responses in a small statistical month caused the red marks to occur.

Mr. Hawkins reviewed with the Board another issue which was material management and the amount of time it takes to order and receive parts. In 2013 a part was ordered and it took 94

days to receive it. Now from requisition to receipt it takes 1.5 days for the same part. On average, it was 91 days to receipt but now it is down to 2.5 days. This improvement has taken some time. This process has been carefully reviewed and very specific performance measures have been established that show the investment has been worth it. It is hoped that similar measures will occur for asset management

Two individuals on the leadership team were mentioned by Mr. Hawkins. Maureen Holman was promoted to Sustainability Chief in the General Manager's Office. Scott Perry has been hired as Manager of Maintenance and Service Parts Materials in the Department of Procurement.

Mr. Roth stated that he wanted to recognize someone who has done a great job here. He was driving home and saw a bunch of D.C. Water trucks working on Florida Avenue. He saw Jonathan Shanks, President of Local 872, in his work uniform with his safety gear on. Mr. Roth said that he was impressed to see union leadership out there working alongside the people in the street.

Ms. Richardson indicated that it is getting hot out there with the climate change and she wanted the seniors and the children to be remembered. She knows that residents are no longer allowed to use fire hydrants in hot weather to cool off. Ms. Richardson stated that she wants to know about the mist tents that D.C. Water owns and whether these could play a role with the seniors and kids. Mr. Hawkins responded that there is a tremendous demand for the mist tents and that they use them all the time, most weekends. The big issue is to make sure that D.C. Water personnel look after them because they are reasonably fragile. He stated that they are glad to offer them. Mr. Hawkins said that they also have the water buggy that is taken out to offer free drinking water at lots of outdoor events during the summer. It connects into the fire hydrant. This schedule is also full. He indicated that they will review them to make sure they are being utilized on the scale they ought to be.

Mr. Mallett asked why this would be a responsibility of D.C. Water and not the City's responsibility since it is a social service in a time of an emergency. Ms. Richardson said that it is about goodwill. She is not saying that this should be done regularly but it use to help keep the kids from getting into trouble. There may be some places where people can use some cooling off. Chairman Brown indicated that they will look into this. He stated that he found out recently that the District has more pools per capita than any other city in the United States. These are provided to citizens at no charge, using D.C. water. Chairman Brown ensured them that this would be reviewed.

Review of Modifications to Procurement Manual

Presented By: Randy Hayman, General Counsel

Mr. Hayman stated that he was pleased to present the changes in the Procurement Manual to the Board. Even though it is not a requirement, they thought the changes were significant enough to at least inform the Board of them. The disseminated document is a final version and is the efforts of the Board and staff. The discussion of the Procurement Manual began back in 2013 with dialogue on debarment and suspension. After some of that discussion, the issues were expanded to labor violations and bad actors/individuals who break the law, commit fraud at either the federal or state level, and show a lack of integrity in business ethics. Mr. Hayman reported that they developed the processes and then took action to make sure individuals had to inform D.C. Water of their bad acts, labor violations, associated settlements, and judgments prior to contracts and successful bidders being brought to the Board for approval. This is very important so that the Board has all the information so that they can do their due diligence.

Board members Ellen Boardman, Alan Roth, and Rachna Butani and Catherine Cahill of the General Counsel's Office were acknowledge for their significant work on the project.

Mr. Hayman indicated that Chapter 5, Bonds and Insurances; Chapter 23, Contract Management; Chapter 25, Contractor Responsibility; and Chapter 26, Debarment and Suspension were modified. He went through each chapter.

Why are the changes made to the document important? Mr. Hayman stated that they want to make sure that there are no surprises, that all potential vendors brought to the Board are properly vetted, and that everyone is able to perform proper due diligence as done in the past. This effort also says to the community and ratepayers that D.C. Water unequivocally takes labor violations and any violations of state and federal laws seriously.

Mr. Hayman said that he thinks the changes make it a better Procurement Manual. The interaction between the Board and staff was exemplary. It is a stronger and more efficient document.

Mr. Mallett had two questions for Mr. Hayman. The first was concerning debarment for an administrative finding and where a number of facts or causes were laid out. Is that an administrative finding in any administrative proceeding anywhere, any other jurisdiction, since there are parent companies? Mr. Hayman responded that yes, it would be. Mr. Mallett said he wanted to be clear about this. If there was a finding of an administrative matter in a state far away and they failed to disclose, is that cause for debarment? Mr. Hayman replied that the emphasis would be on the third word of the sentence, the contractor "may" be debarred. D.C. Water will be able to review the information and take it under consideration. He stated that they will be hard on bad actors but in the process there will be review and analysis. Mr. Mallett said that he thinks this is pretty far reaching to hold a contractor responsible for some subcontractor's behavior in other jurisdictions that they might not be aware of. He indicated that he wanted to call this to their attention as they look it this.

The second question has to do with the notice and the way it is done by D.C. Water. Mr. Mallett said that he knows this tracks the Federal Rules of Civil Procedures but what about notice by email, by United Parcel Service, by Federal Express? Does it all have to be certified mail? People get decisions all the time by email or Federal Express. Mr. Hayman replied that with certified mail you get back a copy that is signed showing that it was received. He did state that they could review it. Mr. Mallett indicated that you can certify email and track Federal Express. He said that it is kind of outdated simply tracking the Federal Rules of Civil Procedure and that they should expand it. Mr. Hawkins stated that this can be taken under advisement that certified mail would be done, but if there are other things that could be done in parallel, there is no reason that it should be exclusive the way it is communicated.

Mr. Patteson had a process question. When changes are made under Mr. Hawkins purview, is there an industrial board or industry group that the changes are vetted through? Maybe these changes are bringing D.C. Water into line with federal regulations but other changes that are made should be reviewed to make sure there is not a dampening effect. Mr. Patteson asked if there was a vetting process and that you check with contractors who bid on D.C. Water's projects. Mr. Hayman stated that Procurement looks at different processes and that they are very sensitive to any changes and the effect they might have on contractor's willingness to bid on work. The changes being made are more legal and due process-oriented and bringing D.C. Water in line with current federal law. There is a Presidential Order on this issue at the federal

level, so he does not think the changes made are dampening. They are running parallel with the federal law. Mr. Hawkins said that he does not think they checked with trade associations. His experience in the broader utility world is that a lot of utilities are trying to get to the place where D.C. Water is. He stated that he does not see any issues with checking to see where D.C. Water is compared to other utilities.

Consent Items (Joint Use)

Chairman Brown asked for a motion to approve joint use items. He stated that Item No. 6, Resolution 15-49, is being deferred. Mr. Firestine moved to approve Resolutions No. 15-44 through 15-48 and it was seconded. The motion to approve Resolutions No. 15-44 through 15-48 was unanimously approved by the Board.

Consent Items (Non-Joint Use)

Chairman Brown asked for a motion to approve three non-joint use items. Mr. Roth moved to approve Resolutions No. 15-50 through 15-52 and it was seconded. The motion to approve Resolutions No. 15-50 and 15-52 was unanimously approved by the District of Columbia members of the Board.

Chairman Brown adjourned the meeting at 10:48 a.m.


Secretary to the Board of Directors