



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

**MEETING MINUTES  
THURSDAY, APRIL 2, 2015**

**Present Directors**

Edward Long, Second Vice Chairman, Fairfax County  
Rachna Butani, District of Columbia  
Nicholas Majett, Prince George's County  
Robert L. Mallett, District of Columbia  
Bonnie Kirkland, Alternate to Timothy Firestine, Montgomery County  
Alan J. Roth, District of Columbia  
David Lake, Alternate for Vacant Principal, Montgomery County  
Ellen O. Boardman, District of Columbia

**Present Alternates**

Howard Gibbs, District of Columbia  
Brenda Richardson, District of Columbia  
James Patteson, Fairfax County

**DC Water Staff**

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

Second Vice Chairman Long called the 208<sup>th</sup> Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:32 a.m. Ms. Manley called the roll and a quorum was established.

## **Chairman's Overview**

Second Vice Chairman Long welcomed former Board Chairman Allen Lew to the meeting. He told Mr. Lew that he had made the Board meetings run efficiently and that he appreciated his efforts to keep meetings to a more manageable amount of time since everyone's time was so valuable. Also, he mentioned the use of committees and how Mr. Lew empowered them to review issues and bring them back to the Board. Second Vice Chairman Long spoke about how Mr. Lew worked with the staff to accomplish a lot that the Board had previously struggled with. Second Vice Chairman Long said that the Board wished Mr. Lew well in all his future endeavors.

Mr. Hawkins stated that it was his pleasure on behalf of the staff of D.C. Water to honor Mr. Lew. He indicated that Mr. Lew embodies three characteristics that make a good career and life. They are to work with good people, to do work that is interesting, and to do something of value. Mr. Hawkins said that it had been an absolute pleasure to work at Mr. Lew's side for eight and a half years.

CEO/General Manager Hawkins indicated that the organization is a better organization for Mr. Lew's service as a Board member, Chairman, and City Administrator. Four huge issues were being addressed prior to Mr. Lew's and part of his legacy is that progress was made on all four. The first is the finalization of the PILOT Agreement, the right of way agreement, the Bloomingdale Project which after being a centuries-long problem was resolved, and the work done on the Green Infrastructure Consent Decree. Mr. Hawkins stated that when the issues go into Mr. Lew's sight, big things were accomplished that will be of value for years just like the buildings he has built.

Mr. Hawkins concluded by saying that working with Mr. Lew had been magic. It was magic in meetings when issue after issue were successfully addressed for the City, the Enterprise, and for Mr. Hawkins and the staff. He stated that Mr. Lew will always have incredible friends and allies at D.C. Water and that he and all the people working at D.C. Water have loved Mr. Lew's service and wanted to honor him.

Mr. Lew stated that he enjoyed being on the Board. He reported that when he became Chairman, there was a conflict and he had to convince the Board for the Washington Convention and Sports Authority to change their monthly meeting schedule. He was told when he joined the D.C. Water Board that it was a great and professional board. Mr. Lew indicated that the organization has changed over the last ten years and it is now a standard for the industry. He stated that George Hawkins has been a great ambassador for D.C. Water. He spoke about all the smiling faces in the room and that it is a sense of pride that everyone shares in the roles they have played and what has been accomplished. Mr. Lew thanked everyone for having him back.

Mr. Lew was presented with a plaque that read "Allen Lew, thank you for your leadership and dedication as Chairman of the D.C. Water Board of Directors. The participants applauded and Mr. Lew thanked everyone.

## **Approval of the March 19, 2015 Meeting Minutes**

Second Vice Chairman Long asked for a motion to approve the March 19, 2015 minutes. The motion to approve was moved and seconded. The minutes were approved unanimously by the Board of Directors.

## **Governance Committee**

Reported By: Ellen Boardman, Chair

Ms. Boardman stated that the Committee met on March 1, 2015. Korey Gray, Compliance Officer, provided a full report on the D.C. Waterworks Employment Program. He presented statistics on employment in three categories—goods and services, non-major construction projects and the major construction projects. Only one person was hired which prompted a discussion of why it was limited to one.

Mr. Gray provided a report on the job fair conducted in Ward 8 by E. E. Cruz and informed the Committee that there would be additional job fairs in the summer. He also talked about the activities of the job centers.

Ms. Boardman indicated that Mr. Gray also reported on two Workforce PILOT Programs, one with Capitol Paving and Fort Myer which were training programs. With Capitol Paving two trainees were recruited and one of those stayed and became Safety Supervisor. Fort Myer trained two recruits but both left without completing the training.

The next program discussed was the Incentive PILOT Program which was based on financial incentives up to 10 percent for hiring D.C. residents and two employees were hired. They discussed whether they should go forward, whether the program could be restructured or modified. Mr. Gray provided the Committee with a lessons-learned summary. They had to manage expectations for individuals coming into the training programs, identify what opportunities were there, decide if they could meet that need, and determine if these were really jobs that individuals wanted to take before moving to a career.

Ms. Boardman stated that the Committee was focused on continuing its efforts in local hiring because it is significant. CEO/General Manager Hawkins informed the Committee of local hiring components of the Green Infrastructure Program and the consent decree. He said that he would discuss it further in his General Manager's Report.

According to Ms. Boardman, the Committee then discussed the proposed modifications to the Procurement Regulations Manual. General Counsel Hayman will continue to assist in finalizing the modifications.

Ms. Boardman reported that the Committee went into Executive Session to discuss cyber security.

Ms. Richardson raised questions about the job fairs. She wanted to know why out of 500 participants only 27 were identified for follow-up interviews. Ms. Boardman stated that the Committee also raised questions about this issue and the need to manage expectations. If 500 people showed up, why were follow-up interviews so low? Was it that there were not enough job opportunities, not enough qualified candidates, or not enough people interested in the job that were available. Mr. Gray will provided additional information on these issues at the May Committee meeting. Ms. Boardman agreed to share the information with the Board.

## **Human Resources and Labor Relations Committee**

Reported By: Edward Long, Chair

Mr. Long reported that the Committee met in March for the regularly scheduled meeting where the unions bring issues that they want considered. There were four issues put on the table. The first was the possibility for an early-out retirement package similar to what the Federal Government does. The Committee asked staff to review the issue and determine if it would be something that would be a useful tool for D.C. Water when the succession planning program moves forward. Under the succession planning program there will be efforts to retain some workforce talent as employees consider retirement. The Committee will continue to look at this and report back to the Board at a later meeting.

Mr. Long stated that they also discussed with the unions the issue of certification. He reported that the CEO/General Manager is trying to make sure that there is a highly trained staff and that certification is beneficial for both the Authority and the employee. Mr. Long indicated that the Committee will continue to monitor the issue and make sure that if there are concerns, that the unions will be heard prior to the implementation of certification.

The requirement for commercial driving licenses (CDLs) was debated for some time. There were questions about positions that require a CDL but use the skill very infrequently. Mr. Long stated that the Authority continues to try to become more efficient which includes making many positions flexible and multi-tasked in terms of skills that can be utilized. The Committee asked General Manager Hawkins to look at various positions and report back at the next meeting the positions requiring CDLs, what they are trying to accomplish with the added flexibility, how it relates to employee compensation, and how to address some of the concerns raised by the unions in terms of CDL use very sporadically. Mr. Long informed the Board that the Committee will keep them updated.

Mr. Long reported that the last issue was about safety concerns at the sewer pumping station. This was raised in earlier discussion, so Mr. Long informed the Board that the issue was tabled because some of the concerns have already been addressed. The Committee will continue to monitor this.

Mr. Long concluded by stating that the Committee went into Executive Session and then the meeting was adjourned.

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

Reported By: Rachna Butani, Chair of the Water Quality and Water Services Committee

Ms. Butani stated that there was a joint meeting of the two committees on March 19 following the monthly Board meeting. The meeting agendas were truncated to include water quality monitoring, a high-level overview of the American University park cleaning and lighting project, and the Asset Management Program.

The first update received was from Charles Kiely, Assistant General Manager for Customer Care and Operations, on water quality monitoring. He stated that starting March 23 through May 4, 2015 the Washington Aqueduct's secondary treatment would change from chloramines to free chlorine disinfection. This occurs around the same time each year. The public relations rollout to notify the public was accomplished.

Mr. Kiely reported that there were zero positives of coliforms for the months of February and March.

The American University park cleaning and lighting project will start the week of April 5<sup>th</sup>. A full report on the water main lining pilot will be presented at the April Committee meeting. This project is similar to the one completed last year at the Colonial and Hawthorne areas.

Ms. Butani reported on the comprehensive presentation provided on the Asset Management Plan (AMP) which is going to address D.C. Water's Blue Horizon 2020 Strategic Goal No. 8. Leonard Benson, Chief Engineer, explained that the program is a three to five year process to develop the framework both organizational and cultural to support the asset management goals of the Enterprise. He stated that the AMP work plan will outline the deliverables, schedule, and functionality, with progress being assessed by objectively evaluating what was planned as compared to what was actually delivered.

Another presentation was made by Alan Ispass from CH2M Hill, Director for the Asset Management Project. He highlighted some characteristics of world class AMPs. Mr. Ispass explained that modern AMPs evaluate the life cycles of assets to consider the overall cost of installing, operating, and maintaining an asset instead of just initial capital costs. This helps an enterprise to understand not just the initial costs but costs of the overall life cycle of the project. The Committee asked how the markets would reward D.C. Water for implementing the AMP. He stated that it takes many years for an AMP to mature into a state where costs are actually being saved. Ms. Butani stated that starting the process now will enable D.C. Water to be more effective at its capital investment decisions in the near term.

The presentation was concluded with a discussion of a chart depicting the three phases of the AMP that showed that the majority of the efforts will be transferred from the consultants to D.C. Water during phase three, approximately three years into the program. Mr. Benson stated that efforts were underway to recruit a full time AMP Manager. Mr. Hawkins added that the new Chief Operating Officer, Mr. George, who has significant asset management experience will be instrumental in recruiting the AMP Manager.

Four joint use action items and one non-joint use action item were discussed and recommended for approval.

### **Audit Committee**

Report By: Nicholas Majett, Chair

Mr. Majett stated that the Committee met on March 26, 2015 and received a presentation from Mark Kim, Chief Financial Officer, and McGladrey, audit contractor. They indicated that D.C. Water is in a strong financial position with double-digit growth over the previous year. Results were in line with expectations, consistent with historical performance.

Mr. Kim reported that there was a decline in source of revenue from the Federal Government due in part to the executive order which requires a reduction in energy consumption and the General Accounting Office's mandate to convert federal land to other uses.

Mr. Majett indicated that operating expenses were relatively flat over the year. The Committee received an external audit report which issued a claim or unmodified opinion on the FY 2014 financial statements which is the highest level of assurance that can be given.

The internal auditor's report showed no material weaknesses and three deficiencies. There were no instances of noncompliance with laws or regulations. The deficiencies were about time and attendance. There were some issues with managers reporting time where the employees had not submitted their reports. The managers were informed and the deficiencies were corrected.

There was an issue with updating the ethics policy which is being done now, and there was an issue with potential conflicts of interest with Board members. This is also being addressed.

Of the 28 outstanding issues left by KPMG, only 10 are left unresolved but each is being addressed.

The McGladrey indicated that the staff was fully compliant with giving reports and other information that they needed to do the audit.

### **Finance and Budget Committee**

Reported By: James Patteson

Mr. Patteson stated that the Committee met on March 26, 2015. Gail Alexander-Reeves, Director of Budget, provided an update that indicated that all financial performance metrics were on target with 40 percent of the fiscal year completed. D.C. Water is at 44 percent on revenues, 36 percent on operating expenses, and 39 percent on capital disbursements.

One revenue questions was raised regarding a dispute between D.C. Water and the District Government on the RFK Impervious Area Charge. The ownership and who is responsible for that charge is being questioned. The Committee was assured that all the parties are fully engaged in the process and that it would be kept up-to-date on their progress.

Mr. Patteson reported that Mr. Hunt, Director of Finance, updated on cash and investments. The ending operating cash balance of \$148 million was well above the target reserve level of \$125 million and the investment portfolio is properly diversified and is within the compliance of the Authority's investment policy. Their overall yield is an astounding 0.4 percent.

Mr. Kim gave an update on the letters of credit commercial paper program and reported that they are all due to expire next month. The Committee will receive a recommendation next month.

Mr. Patteson informed the Board that the Committee had a lengthy update about the financial aspects of the biosolids program and the impacts to the 2015 and 2016 budgets. They looked at the assumptions regarding chemical hauling costs for biosolids and utility charges. Mr. Patteson reported that the charges fit within available contingencies with the 2015 budget and it is anticipated that there will be no impacts for the 2016 budget.

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

Reported By: George Hawkins, CEO/General Manager

Mr. Hawkins spoke about the effect that the cold weather, "Siberian Express," had on D.C. Water this winter and especially in February. He stated that when the challenges are greatest, D.C. Water personnel really stand the tallest. Mr. Hawkins reported that in February 2015 they had the highest number of water main breaks for one month ever. Each year there are usually between 400 and 500 water main breaks over a calendar year. In February, which had only 28

days, there were 125 water main breaks, often in sub-zero weather. Solving the problems when it is 5 degrees with a wind chill of 10 below, made it hard to imagine more challenging circumstances. Mr. Hawkins provided additional statistics that included 1,114 investigations and emergency work orders in February, and 11,478 calls to the call center, which usually has 2,000 to 3,000 in a month. On President's Day 1,800 calls were received. Usually 5,000 high notification alerts are sent out per year and there were 1,400 alerts in February because there were so many water main breaks, water lines freezing and breaking, and water entering residences.

Mr. Hawkins recognized Mr. Shanks and Reverend Coles, union leadership, and stated that it was not just union employees in the Water Services Division, but employees throughout D.C. Water who worked so hard to assist customers.

The General Manager reported that an agreement is being reached on a consent decree modification that will enable a green infrastructure element to the consent decree to respond to combined sewer overflows. Mr. Hawkins stated that the agreement is with the Federal Government for approval and once accomplished, it will be presented to the public.

Mr. Hawkins informed the Board that a memorandum of agreement is being negotiated with the District Government under which D.C. Water will develop a greens jobs program for District residents for the green infrastructure portion of the consent decree modification. He reported that they are near completion on negotiations and that this will be 100 percent District funded. Mr. Hawkins stated that they wanted the entire Board to be aware of this program. The memorandum of agreement will be brought before the Governance Committee for review and authorization hopefully at the May meeting. They are planning to then have a conference call with Board members for an approval vote, and then the signing the week after Earth Day.

General Manager Hawkins reported on the town hall meetings that began in April in each ward. The first was in Ward 7 and there was standing room only. The last meeting will be held on May 13, 2015. They got some tough questions and he believes that is the reason for the town hall meetings—to answer fair questions about service issues. He encouraged Board members to attend one or more.

Mr. Hawkins then announced three employees who had been added to the management team. They are Alan Gesany, newly hired as Supervisor of Process Control; Heidi DeClipiere, newly hired as Program Manager for Research; and Mustaafa Dozier, promoted to Chief of Staff in the General Manager's Office. Mr. Dozier was previously the Manager of Labor Relations. Mr. Hawkins welcomed and congratulated them all.

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

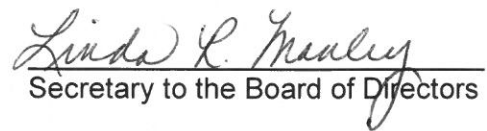
Second Vice Chairman Long asked for a motion to approve joint use items. Mr. Lake moved to approve Resolutions No. 15-35 through 15-38 and it was seconded. The motion to approve Resolutions No. 15-35 through 15-38 was unanimously approved by the Board.

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

Second Vice Chairman Long asked for a motion to approve a non-joint use item. Mr. Roth moved to approve Resolution No. 15-39 and it was seconded. The motion to approve Resolution No. 15-39 was unanimously approved by the District of Columbia members of the Board.

Second Vice Chairman Long asked for other business and Mr. Hawkins stated that he forgot to mention one additional item in his General Manager's Report. On March 24, 2014 D.C. Water won the 2015 Sustainability Award for the American Society of Civil Engineers. He reported that the award was for the Cambi anaerobic digesters at Blue Plains. Mr. Hawkins stated that D.C. Water had previously won awards for the planning and design for the digesters, and now it was for installation by Salil Kharkar's process control team. He congratulated Water Bailey, Assistant General Manager for Wastewater, and his team. Mr. Lake asked if D.C. Water would get one next year for operations and Mr. Hawkins said he hoped so.

Second Vice Chairman Long adjourned the meeting at 10:23 a.m. after hearing no other business.

  
Secretary to the Board of Directors