

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

**MEETING MINUTES
Thursday, December 4, 2014**

Present Directors

Allen Lew, Chairman, District of Columbia
Edward L. Long, Second Vice Chairman, Fairfax County
Ellen Boardman, District of Columbia
Nicholas Majett, Prince George's County
Obiora "Bo" Menkiti, District of Columbia
Alan J. Roth, District of Columbia
Bonnie Kirkland, Alternate to Timothy Firestine, Montgomery County
Howard Gibbs, Alternate to Rachna Butani, District of Columbia
Victor L. Hoskins, Prince George's County
David Lake, Alternate to Vacant Position, Montgomery County

Present Alternates

Adam Ortiz, Prince George's County
James Patteson, Fairfax County
Shirley Branch, Prince George's County
Brenda Richardson, District of Columbia

DC Water Staff

George S. Hawkins, General Manager
Randy Hayman, General Counsel
Linda R. Manley, Board Secretary

Chairman Lew called the 204th Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m. The roll was called and a quorum established.

Approval of the November 6, 2014 Meeting Minutes

Chairman Lew asked for a motion to approve the November 6, 2014 minutes. Mr. Roth moved that the minutes be approved, and the motion was seconded. The minutes were approved unanimously by the Board of Directors.

Chairman's Overview

Chairman Lew stated that he was recognizing the Forest City partnership with D.C. Water which resulted from a \$17.3 million contract in 2012 for design and construction at the Tingrey Street diversion sewer utilizing a unique private/public partnership approach. The diversion sewer project was completed in 2014 and the strategy utilized was important in mitigating the impact to the community and redevelopment of the Navy Yard, a mixed use development project. Forest City was uniquely positioned to guide the construction project through a maze of coordination issues. D.C. Water acknowledged the innovation, collaboration, and leadership provided by Forest City and recognized the project as a major success for D.C. Water and the community. Chairman Lew applauded the efforts of the Forest City project team. The project was completed under budget, under time, and exceeded all D.C. Water goals for women and minority run businesses.

Governance Committee

Reported By: Ellen Boardman, Chair

Ms. Boardman reported that the Committee met on November 12, 2014 and was advised by William Pickering, Government Relations Manager, that the Fiscal Year 2015 Federal budget remained in continuing resolution status and would expire on December 11. She stated that the FY 2015 Federal payment for the Clean River's Project was not included in the Appropriations Bill and there was uncertainty of what would happen in the future.

Mr. Pickering reported to the Committee that the Tenant Water Bill Notice Regulation Amendment Act of 2014 requires D.C. Water to notify tenants when a lien has been placed on the property that they inhabit due to unpaid D.C. Water bills. This is problematic because D.C. Water's customer service system is unable to identify when specific properties are occupied by tenants and administrative costs will be triggered. The Bill is in Committee and D.C. Water is working with the D.C. Council on some of the problematic issues.

Ms. Boardman indicated that the D.C. Water Compliance Officer Korey Gray provided a report on D.C. Water's hiring and training initiatives. He summarized two pilot projects underway with Capital Paving and Fort Myer under which D.C. Water pays for the cost of employing and training two employees at each company. The Committee requested that Mr. Gray provide additional information on the manner in which D.C. Water monitors the pilots to ensure that goals are being met.

Mr. Gray also briefed the Committee on the Fiscal Year 2014 contractor/employment data for both goods and services and major construction contracts and included the number of positions and the breakdown by D.C. Water jurisdictions. Detailed statistics are available in the Committee's meeting minutes. He advised that a total of 21 new hires were recruited through D.C. Water's opportunity centers. Mr. Boardman stated that they received a briefing on the recent job fair in Ward 8 and news on the Women in Construction Job Fair planned for next spring.

Mr. Hawkins briefed the Committee on D.C. Water's response to issues raised by the Board involving labor compliance and procurement issues. He has appointed Mr. Gray to report to the Committee on D.C. Water's hiring and training initiatives. A labor lawyer is being hired by the General Counsel's Office to bring labor law expertise to D.C. Water.

General Manager Hawkins also reported that following a national search John Bosley of the General Counsel's Office has been selected to fill the newly created position of Chief Procurement Officer. He will facilitate a heightened focus on procurement governance and procurement regulations.

Also recently created was the position of Chief Operating Officer for a heightened focus on operational performance and improvement. The position will also include the duties of the Chief of Staff. A search is underway to fill the position.

Ms. Boardman indicated that the Committee was informed that proposed changes to the procurement manual on issues regarding debarment, suspension, and related issues have been submitted to the General Counsel for review and a report by the General Counsel will be provided in the January Committee meeting.

Human Resources and Labor Relations Committee

Reported By: Edward Long, Chair

Mr. Long reported that the Committee met on November 12, 2014. One of the major issues related to the health and welfare benefits renewals for the coming year and Otho Milbourne, Benefits Manager, made a presentation. They have been successful in working with Aon to negotiate initial proposal rate increases down significantly. The contracts are recommended for Board approval.

Mr. Long indicated that D.C. Water is working to develop a long term strategic plan to mitigate the costs of the Affordable Care Program's Cadillac Tax which will take effect in 2018-2019. He stated that it is a 40 percent excise tax which will mean big costs and all options will be explored.

Three union topics were discussed. The first issue related to the existing termination process and whether the General Manager should be added into the appeal steps. It was decided by the Committee that the termination process is very thorough and that there is no need to include the General Manager. If the General Manager feels that a situation is extraordinary, he can get involved.

The second issue related to the reorganization going on in the pumping area. Mr. Kiely briefed the Committee in detail and stated that the union concern presented by Mr. White was about safety. Mr. Kiely assured the Committee that the staff is reviewing the concerns and that no staff member will be put in an unsafe position.

Mr. Long stated that the third issue related to the letter the Board members received about who should appropriately serve as Chair of the Human Relations and Labor Relations Committee. General Counsel Hayman went through the details of how the process works and it was decided by the Committee that legal requirements are being met.

The Committee which meets six times a year agreed that they would meet at least three times a year and that other issues raised will be addressed in called special meetings. The issues brought to the Committee will not address pending grievances, pending negotiations or disciplinary proceedings.

Environmental Quality and Sewerage Services Committee

Reported By: Obiora "Bo" Menkiti

Mr. Menkiti stated that the Committee met on November 20, 2014. Walter Bailey, Assistant General Manager for Wastewater Treatment, provided plant performance data. The monthly flow was at 270 million gallons per day (mgd) which was below the 12 monthly average of 300 mgd. The nitrogen concentration was at 4.7 milligrams a liter which remains below the permit threshold.

Mr. Menkiti reported that the Committee also received an update from Mr. Bailey on the progress of ramping up the biosolids feed into the digesters. They were successful in ramping up from three percent to a five percent daily increase in the feed rate without a drop in pH. They expect full capacity to be reached by the end of December.

David McLaughlin, Director of Engineering and Technical Services, briefed the Committee on the Potomac Interceptor and the Odor Abatement Project. Construction continues on both of the Virginia sites and is expected that they will be completed in January.

Mr. Menkiti reported that the Committee has asked for a summary of all the activities related to the Old Angler's Inn site that have occurred to address the odor concerns. The staff believes that the current approach of using the counteractive chemicals has the potential to be the lowest cost solution and other options will be on hold until the current approach has been proven.

Carlton Ray, Director of Clean Rivers, briefed the Committee on the Poplar Point Pumping Station Replacement Program. A three step procurement process was used and the lowest bidder was selected. Mr. Ray indicated that the old pumping station has no value to D.C. Water and they will discuss the issue with the District Department of Transportation or another agency before deciding if it should be demolished. The Committee asked for additional renderings to be brought to them.

Mr. Menkiti stated that three joint use items and one non-joint use item were recommended for Board approval.

A presentation was made to the Committee by Kenneth D. Simonson, Chief Economist, from the Associated General Contractors of America on future trends in the construction industry and some information on the future of materials and labor costs. Material costs are expected to stay relatively flat with a one to three percent increase and labor costs are expected to increase from 2.5 to 5 percent annually.

Mr. Menkiti indicated that the Committee was updated on the status of the modification of the consent decree. The General Counsel assured the Committee that they would be briefed and asked for approval prior to the execution of the consent decree.

David McLaughlin provided a briefing on the Quarterly Capital Improvement Program Report. All priority projects remain on schedule and on budget. The ENR digester and Clean River's projects exceeded their projections but remain within budget. Of the key performance indicators 33 of 39 have been completed as planned. This is an 85 percent completion rate which exceeds the goal of 80 percent.

Water Quality and Water Services Committee

Reported By: Howard Gibbs

Mr. Gibbs stated that the Committee met on Thursday, November 20, 2015. Mr. Kiely reported that there were three positive Total Coliform Rule samples in October and two so far in November. This is still well under the action level. It is expected that those levels will decline as the cold weather sets in.

For lead and copper monitoring there were 72 samples collected out of the 100 required and they were evaluated at 4.6 parts per billion. Mr. Kiely noted that they expect to get the 100 samples returned and reported on in a timely manner.

Mr. Gibbs reported that David Walls, Manager of Distribution, briefed on the Fire Hydrant Upgrade Program. The number of out of service fire hydrants has been running well below the one percent guideline. Some hydrants have been out of service due to construction and inaccessibility for more than 120 days. Mr. Walls presented a detailed breakdown which explained the reasons for why some were out of service over 120 days. The focus in the past has been on repairing and replacing broken hydrants. Mr. Walls stated that they are focusing also on replacing old and obsolete hydrants.

Jessica Brandt-Edwards, Manager of Water Quality, reported on the Cross Connections Control Program which relates to the cross connection where a possible contamination of the drinking water can occur. A backflow preventer is installed to avoid contamination. Presently the inspection of backflow preventers are free but they are looking at methods for recovering the costs and increasing the inspections.

Mr. Gibbs stated that the Committee recommended one action item for Board approval.

General Manager's Report

Reported By: George Hawkins, General Manager

Mr. Hawkins provided additional information on the biosolids digester and the efforts to ramp up the amount of flow that is going into the digester. The digester creates methane which is a power generator. As reported by Mr. Bailey, they have ramped up the digester from three to five percent per day and they have been able to accomplish this because of the onsite research bench testing and operations at Blue Plains. Mr. Hawkins stated that this has been a tremendous success story. It will result in getting the digester fully ramped up sooner and thus save money. This is being accomplished because of the laboratory capabilities at Blue Plains that have been funded by the Board. They are looking at trying to turn this into a revenue stream. Mr. Hawkins congratulated the senior managers of Wastewater Treatment for their efforts.

General Manager Hawkins reminded the Board that the Finance and Budget Committee will meet following the January 8 Board meeting. The staff will present a package of the proposed FY 2016 budget, the 10 year financial plan, and an associated retail rate and wholesale customer expense. They have spent time considering what is most fair for D.C. Water's customers. The Retail Rates Committee will be presented with the theories and proposals at their December 19 meeting.

Mr. Hawkins announced that Mark Kim, Chief Financial Officer, and Timothy Firestine, Chair of the Board's Finance and Budget Committee, were in New York receiving D.C. Water's award for the Deal of the Northeast for bond buyer. D.C. Water is still in the running for the Deal of the Year for the Nation.

D.C. Water has been declared by the Engineering News Record as Owner of the Year, a national award. This means that D.C. Water is doing the best job working with its contractors.

Mr. Hawkins introduced to the Board employees who have received promotions on the leadership team. They were John Bosley promoted to Chief Procurement Officer; Joe Edwards promoted to Director of Infrastructure and Operations; Eric Ewell promoted to Manager of Financial Systems; Biju Thomas promoted to Senior Manager for Enterprise Solutions; and Joe Taylor promoted to Manager of Telecommunications.

Mr. Roth stated that Board members felt this meeting might be Chairman Lew's last meeting and wanted to thank him for his service as Chairman and express their appreciation. Mr. Hawkins indicated that if it was his last meeting, the staff was planning on calling him back in for a suitable celebration of his service. Chairman Lew stated that he thoroughly enjoyed it and felt that it was a great board.

Chairman Lew pointed out that the General Counsel is reviewing rules to determine if it is true that any Board members who are also employees of a jurisdiction are required to step down from the Board if they are no longer employees of the jurisdiction. This will affect him and a number of other Board members and alternates. Appointments take a while to go through the vetting process in the District and to be confirmed by the Council and they sometimes takes months to be effective.

Mr. Roth stated that Chairman Lew had shortened Board meetings because he has empowered the committees a lot more and issues are now worked out before reaching the whole Board. He thanked Chairman Lew for his leadership.

Consent Items (Joint Use)

Chairman Lew asked for a motion to approve joint use items. Mr. Roth moved to approve Resolutions No. 14-73 to 14-81 and 14-84 and it was seconded. The motion to approve Resolutions No. 14-73 to 14-81 and 14-84 was unanimously approved by the Board.

Consent Items (Non-Joint Use)

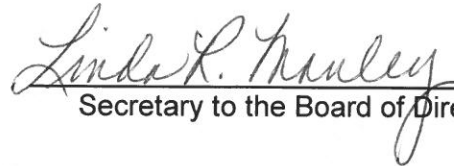
Chairman Lew asked for a motion to approve non-joint use items. Mr. Roth moved to approve Resolutions No. 14-82 and 14-83 and it was seconded. The motion to approve Resolutions 14-82 and 14-83 was unanimously approved by the District members of the Board.

Randy Hayman, General Counsel, stated that a motion was needed 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. Following a vote by roll call, it was so moved. The Board went into Executive Session at 10:14 a.m. and resumed at 10:27 a.m.

Chairman Lew asked for a motion to approve a joint use item which made three changes to the General Manager's employment contract. Mr. Long moved to approve Resolution No. 14-84

and it was seconded. The motion to approve Resolutions 14-84 was unanimously approved by the Board.

Chairman Lew adjourned the meeting at 10:29 a.m.


Secretary to the Board of Directors