 **DISTRICT OF COLUMBIA**

**WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS**

**GOVERNANCE COMMITTEE**

**MEETING MINUTES**

**JANUARY 14, 2015**

**Committee Members** **D.C. Water Staff**

Ellen Boardman, Chairperson George Hawkins, General Manager

Alan Roth Randy Hayman, General Counsel

Edward Long Linda Manley, Board Secretary

Rachna Butani

Chairperson Boardman convened the meeting at 9:04 a.m.

The Chairperson requested Korey Gray, Compliance Officer, to address Agenda Item # 2 –DC Water Works! Employment Programs Update. Mr. Gray advised that his report would focus on the details of the pilot programs, addressing question posed by the Board members at the November Governance Committee meeting.

Capital Paving and Fort Meyer are the two DC Water contractors that are participating in the Work Force Training Pilot Program. The Program’s ultimate goal is to prepare participants for employment after completion of the training. Trainees receive a number of certifications, obtain field training, and are paid while they undergo training. Upon completion of their time in the program, the trainees will be employable by their current employer or may take their experience elsewhere. Mr. Gray stated that $322,000 was allocated for the Pilot Program, which included 4,600 man hours at the overall hourly cost per worker of $35.00. Because these are Davis-Bacon projects, prevailing wages are in effect. These workers are classified as Laborers. The rate for the laborers is $28.30 per hour, which includes a basic hourly rate and fringe benefits. Additionally, $6.70 goes toward the added training for certifications and field training, totaling $35.00/hour per worker.

The Chairperson asked for a clarification of what if any of these training certifications or classes is provided directly by the employer and how much is provided through the Laborers’ Training program. Mr. Gray showed a slide that broke down the actual training courses that indicated what was provided by the Laborers’ Union , and others that were provided by DC Water’s pilot program. He further indicated that the Laborers’ Union can provide these training courses so long as the contractor is signatory to a collective bargaining agreement with the Union, which is the case with Capital Paving and Fort Meyer. Mr. Gray advised that D.C. Water would have to work with non-union firms as well in the future who would not be signatory.

Mr. Gray showed a slide that listed the five certifications a worker would receive upon completion—confined space training, erosion control, first aid/CPR, flagger, and OSHA training.

Another question raised by the Committee related to D.C. Water’s oversight monitoring. Mr. Gray stated that the firms submit progress reports, as well as time sheets, and certified payroll reports. When the Program was started, DC Water did quarterly site visits and interviews of the workers and the contractors, but they found that was not frequent enough. They switched to a monthly review. Mr. Gray reported that DC Water is also holding monthly status meetings for the Program and are reviewing the monthly invoices detailing how the money is being spent. A DC Water Engineering and Technical Services Department employee is dedicated to this Pilot Program and receives the reports.

Mr. Gray stated that each of the firms started with two trainees. Mr. Long observed that it appeared to be a large expense for a small number of trainees. Mr. Gray advised that the two firms treated the trainees as Laborers, which they were required to do pursuant to their collective bargaining agreements. Accordingly, the employees would have been paid a $28.30 (with benefits) regardless of whether they were participants in the Pilot Program.. The extra cost is just the $6.70 that was spent on training required by the Pilot Program. DC Water will review the Program and determine the “lessons learned,” including whether the expense was a good use of money and resources. Mr. Gray advised that the two laborers working for Fort Meyer have completed their programs and continue to work on D.C. Water projects.

Ms. Boardman asked when the Committee would receive a report on the Program. Mr. Gray expected to have something to the General Manager before the next Governance Committee meeting and then will work on the final report for the Committee. Mr. Hawkins observed that a pilot program can be expensive because, with just a few individuals, there are no economies of scale. However, the purpose of pilot program is to get a sense of what works and what doesn’t, recognizing that costs are incurred at the front end of a program, which can be expensive. DC Water will do some kind of economic modeling to make the project more cost effective. Mr. Hawkins expects that they will come to the Committee in March with an assessment of where things are and a timeline for a report. Mr. Hawkins commented that these types of training programs are important issues of concern by the new Mayor. DC Water will communicate ideas on these and enhanced programs to the new City Administrator.

The Chairperson stated that she thinks this makes sense and this is a program that she would like to see continued, with the lessons learned to make it better and more efficient. The Chairperson expressed her pleasure that Fort Meyer has continued to retain those people and that they are able to keep them on D.C. Water projects. Mr. Hawkins reported that Mayor Bowser has highlighted labor force development as one of her highest priorities and mentioned D.C. Water’s efforts. The Chairperson wanted to know if there was more that D.C. Water could do. Mr. Gray answered additional questions.

Mr. Gray then moved to the update on the Work Force Incentive Pilot Project which seeks to increase the number of District residents on D.C. Water’s projects and to encourage new hires. There is a two tier approach. When the total work hours for a given invoice period was between 25 and 35 percent, the firm received a 5 percent incentive. If the total D.C. resident hours was greater than 35 percent, the incentive was 10 percent. There was no incentive paid if the total hours for DC residents fell below 20 percent. The achievement was based on the total number of hours worked by DC residents. Fort Meyer has an incentive cap of $100,000; Capital Paving has a cap of $250,000.

The Chairperson asked how DC Water tracked D.C. residency. Mr. Gray advised that contractors submit monthly reports with this information.

Mr. Roth asked if there is a sense whether this project is succeeding or failing or just not effective. Mr. Gray stated that DC Water is doing the close-out review now and will present a final analysis for the Committee’s review.

Mr. Gray provided an overall update for FY 2015 and the employment picture for D.C. Water’s contractors. Contractors are actively encouraged when they come on board to hire locally through the interim Water Works! Program. They submit an employment plan to let D.C. Water know what their employment opportunities will be and they track overall employment figures from all contracts. The statistics were for goods and services opportunities, non-major construction projects and major construction projects. The data can be found on D.C. Water’s website in the materials submitted with the agenda and other meeting materials for the January 14, 2015 meeting.

The last update by Mr. Gray concerned the job centers and their activities. There are three centers—Greater Urban League, Anacostia Development Corporation, and Blue Plains. From October through December 2014 there was a total of 179 visitors, 70 callers, and a subsequent number of applications for construction. Mr. Gray reported that they are now also tracking for goods and services. Mr. Long stated that the job centers are great and that D.C. Water should look at expanding them and adding more. Ms. Butani wanted to know if people come and take the applications so that they can report to the unemployment office that they are trying to find work. She wanted to know if they saw this because her company has people who come in and get applications and state that they have to take them to the unemployment office to keep getting benefits. Mr. Gray stated that they are trying to get data on how many are actually looking for work and how to pair them with actual opportunities. They do not want to have a great number of people interested but no one coming out with jobs. This program should be tailored and effective for the applicant, D.C. Water, and the contractor. He indicated that they want the applicants to have some type of skill set that matches the work. They want them to get good jobs and real job opportunities. Ms. Butani wants to get follow-up on people once they come in and apply. They should have an understanding of the types of jobs in which they were interested and for which they are qualified. Mr. Gray said that it is important to educate the applicant and to give them the requirements to apply. They do not want to lead the people on without results. Although most people may come in for construction jobs, Mr. Gray said that they try to encourage them to also consider goods and services opportunities. All the jobs are full-time. He stated that educating them about all of the jobs available is important.

The Chairperson provided background on Agenda Item # 3 –Proposed Amendments to the Procurement Manual - and stated that General Counsel Randy Hayman’s update on the Proposed Amendments to the Procurement Manual is an amalgamation of some of the work that the Committee started in 2013 as well as additional changes she requested. The Chairperson noted that she was not requesting that the Committee immediately make recommendations to submit this to the Board. The recommendations should be further considered to make sure the bases are covered and that the Committee members be given additional time to weigh in on items that are missing or that need enhancement. The Chairperson expressed her hope and expectation that at the March meeting the Committee will finalize the proposed changes and recommend them to the Board for approval.

Mr. Hayman stated that the task was to review and revise current disbarment and suspension language in certain sections contained in the Procurement Manual. As a result, four chapters were addressed —Chapter 26, Disbarment and Suspension; Chapter 25, Contractor Responsibility; Chapter 23, Contractor Management and Administration; and Chapter 5, Bonds and Insurance. The overall goal is to enhance D.C. Water’s ability to identify contractors who are bad actors and apply the disbarment and suspension rules accordingly. The goal is also to enhance due process elements. The goal is also to lessen the costs incurred by D.C. Water associated with violations and subsequent investigations by having these costs paid by the contractors to the extent possible. Mr. Hayman stated that these proposed changes are intended to enhance and clearly delineate contractor responsibilities. He indicated that the purpose of the changes is to keep bad actors from participating in DC Water contracts as best they can. Earlier discussions with the Board resulted in suggestions to tighten the enforcement mechanisms to address those situations.

Mr. Hayman then walked the Committee through the changes proposed in the four chapters. He presented each Committee member with a notebook containing a copy of the current language, redlined version with changes, and a clean version with all the changes. More details can be found in the materials included with the meeting’s agenda on the website. During Mr. Hayman’s presentation Committee members asked many questions for clarification, received responses, and made additional suggestions. He stated that he will take their comments and suggestions back and the documents will be revised. He asked that Committee members email him additional input and he will be happy to incorporate the changes.

Ms. Boardman stated that the goal is to accomplish this major task and to get it right. Mr. Hayman emphasized that his office will be working hand-in-hand with the Office of Procurement through this process to incorporate all of the changes. The Committee members thanked Ms. Boardman for all of her time and efforts, and commended the General Counsel’s staff on their work.

The Chairperson adjourned the meeting at 11:06 a.m. after it was determined that there was no other business.